



# Annual Report 2002

Residences | Working Environments | Public Sector | Industry | Telecommunications

Together we can do it.



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## Annual General Meeting

The Annual General Meeting of YIT Corporation will be held on Thursday, March 13, 2003, at 15:00 at the company's head office, Panuntie 11, Helsinki. The right to participate in the meeting rests with a shareholder who by March 3, 2003 has been entered as a shareholder in the company's shareholder register that is kept by Finnish Central Securities Depository Ltd.

Shareholders who wish to participate in the Annual General Meeting must notify the company thereof no later than by 16:00 on March 10, 2003, either by writing to YIT Corporation, Marja Salo, P.O. Box 36, FIN-00621 Helsinki, Finland, or by telephoning +358 20 433 2453 or +358 20 433 2257 or by emailing [pirkko.pesonen@yit.fi](mailto:pirkko.pesonen@yit.fi) or [liisa.nordberg@yit.fi](mailto:liisa.nordberg@yit.fi). It is requested that any proxies be sent to the above address before the expiry of the registration period.

## Dividend payout

The Board of Directors has decided to propose to the Annual General Meeting that a dividend of EUR 0.90 per share be paid for the 2002 financial year. The right to a dividend rests with a shareholder who by the record date of March 18, 2003 has been entered as a shareholder in the company's shareholder register that is kept by Finnish Central Securities Depository Ltd. The Board of Directors proposes that the dividend payout be started on March 25, 2003.

## Financial information in 2003

YIT Corporation publishes the 2002 financial statement bulletin on February 13, 2003, and the Annual Report during week 10 in Finnish and during week 11 in English and Swedish. Interim Reports will be published as follows in 2003:

Interim Report for the January-March period	May 6, 2003
Interim Report for the January-June period	August 1, 2003
Interim Report for the January-September period	October 30, 2003

The Annual Report and Interim Reports will be published in Finnish, English and Swedish. A printed version of the Annual Report will be mailed to all shareholders. Interim Reports will not be printed; rather, they will be published as stock exchange releases and on the company's site at [www.yit.fi](http://www.yit.fi).

Financial reports can be ordered from:

YIT Corporation, Corporate Communications, P.O. Box 36, FIN-00621 Helsinki, Finland  
Email: [tuula.niinikoski@yit.fi](mailto:tuula.niinikoski@yit.fi)  
Fax +358 20 433 3746  
Internet: [www.yit.fi](http://www.yit.fi)

## Address changes

Shareholders are requested to make notification of changes in their address to the bank branch office in which their book-entry account is handled. If the account is handled at Finnish Central Securities Depository Ltd, notifications of address changes should be sent to Finnish Central Securities Depository Ltd, P.O. Box 361, FIN-00131 Helsinki, Finland.

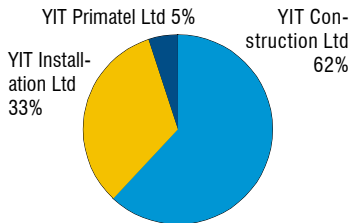
## Investor Relations

YIT Corporation, Corporate Communications, P.O. Box 36, FIN-00621 Helsinki, Finland  
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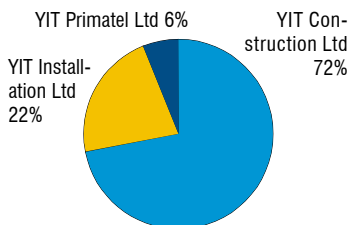
*The Board of Directors has decided to propose to the Annual General Meeting that a dividend of EUR 0.90 per share be paid for the 2002 financial year.*

This Annual Report is a translation of YIT Corporation's Finnish Vuosikertomus 2002 (Annual Report).

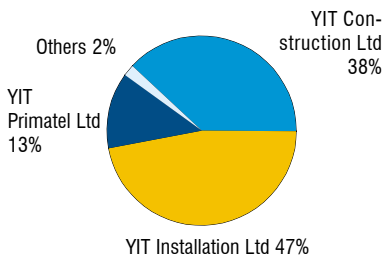
### Breakdown of net sales



### Breakdown of operating profit



### Personnel by subgroups

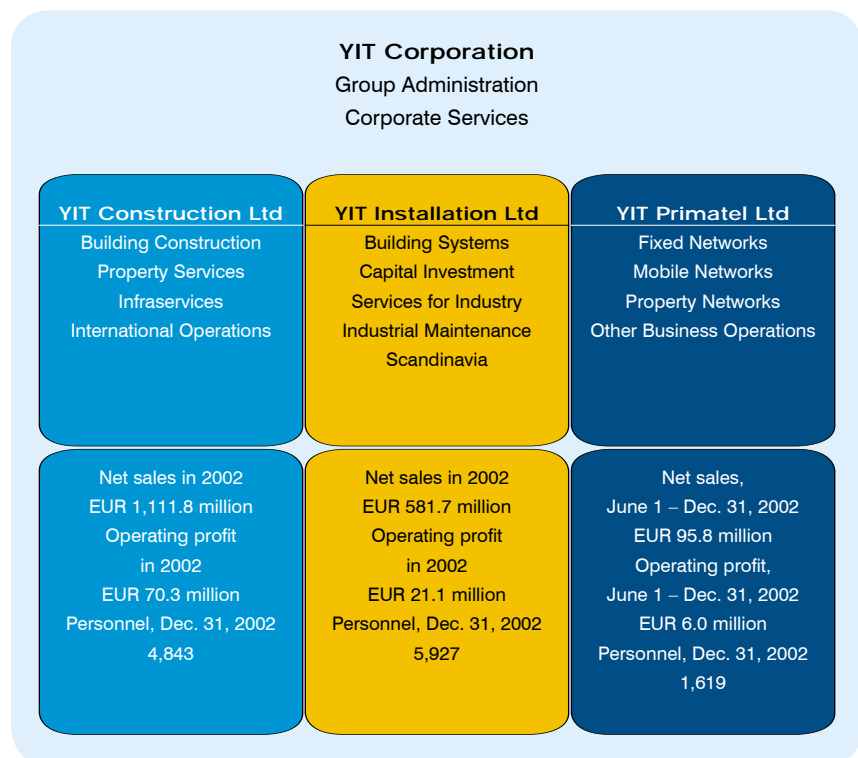


YIT's mission is to build and maintain a good living environment for people. We offer services for residential and working environments, public associations, industry and telecommunications. Our service chain extends from design and implementation to maintenance in all our business sectors.

In 2002, the Group had net sales of EUR 1.8 billion and racked up operating profit of EUR 90 million. There are close to 13,000 YIT employees, of whom 3,000 work abroad. In addition to Finland, our main markets are Scandinavia, the Baltic countries and Russia.

2002 was YIT's 90th year in business. Yleinen Insinööritoimisto began its operations in the Grand Duchy of Finland in 1912.

### Structure of the YIT Group



The YIT Group's net sales grew by 9 per cent in 2002 and amounted to EUR 1,763.0 million (2001: 1,623.1 EUR million). The share of net sales accounted for by the Group's international activities grew from 20 to 22 per cent. The portion of net sales generated by YIT Primatel, which builds and maintains telecommunications networks and was integrated into the YIT Group at the beginning of June, amounted to EUR 95.8 million.

Operating profit came in at EUR 89.8 million (EUR 99.7 million). The operating profit margin was 5.1 (6.1). Operating profit for the previous year includes EUR 10.9 million in non-recurring capital gains from sales, and thus profit exclusive of non-recurring items was at the previous year's level.

Return on investment remained at a good level and was 17.8 per cent (21.6%). In spite of acquisitions, the equity ratio also stayed strong, 38.2 per cent (40.3%).

The Group's backlog of orders - i.e., the value of work not recognized as income - was 28 per cent higher at the end of the review period than a year earlier, amounting to EUR 938.8 million (EUR 735.8 million). Of that amount, 27 per cent (24%) were foreign orders. A quarter of the Group's net sales come from its industrial, property, telecommunications network and traditional infrastructure maintenance and servicing business. Part of this business comprises works that are not included in the order backlog.

YIT is a service company whose core businesses are investment and maintenance services. In August, the company was recategorized as an Other Services business sector company on Helsinki Exchanges so that the listing better reflects YIT's current business structure.

The Board of Directors proposes that a dividend of EUR 0.90 be paid per share (EUR 0.85).

### Key figures

	2002	2001
Net sales, EUR million	<b>1,763.0</b>	1,623.1
- change on the previous year	<b>8.6%</b>	31.4%
Operating profit, EUR million	<b>89.8</b>	99.7
- % of net sales	<b>5.1%</b>	6.1%
Profit before extraordinary items and taxes, EUR million	<b>77.6</b>	88.8
Profit for the period, EUR million	<b>43.0</b>	61.6
Shareholders' equity, EUR million	<b>373.2</b>	350.4
Net interest-bearing debt, EUR million	<b>104.1</b>	110.7
Balance sheet total, EUR million	<b>1,038.2</b>	916.4
Gross capital expenditures, EUR million	<b>60.6</b>	75.1
Order backlog, Dec. 31, EUR million	<b>938.8</b>	735.8
Earnings/share (EPS), EUR	<b>1.49</b>	2.14
Earnings/share, EUR, exclusive of residual taxes	<b>1.86</b>	
Equity per share, EUR	<b>12.54</b>	11.92
P/E ratio	<b>11.3</b>	6.3
Return on investment	<b>17.8%</b>	21.6%
Return on equity	<b>12.2%</b>	19.1%
Equity ratio	<b>38.2%</b>	40.3%
Gearing ratio	<b>28.2%</b>	31.9%
Average personnel	<b>11,990</b>	10,118

*YIT's net sales amounted to EUR 1,763 million and operating profit to EUR 90 million. Backlog of orders at year-end was EUR 939 million.*

### Currency exchange rates at Dec. 31

	2002	2001
1 EUR = USD	1.0487	0.8813
GBP	0.6505	0.6085
SEK	9.1528	9.3012
NOK	7.2756	7.9515
EKK	15.6466	15.6466
RUB	33.506	26.875

# YIT implements a growth strategy

## YIT continues its active dividends policy

Last year, YIT Corporation's net sales grew by 9 per cent to EUR 1.8 billion. In 2002, profit before extraordinary items amounted to EUR 77.6 million. The financial result for 2001 included EUR 10.9 million in non-recurring sales gains, and thus the comparable result was at the previous year's level. Return on investment was 17.8 per cent and the equity ratio 38.2 per cent. The order backlog grew by 28 per cent to EUR 939 million. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.90 per share be paid. YIT's goal is to keep achieving a steady flow of dividends for our shareholders.

## Systematic implementation of our strategy

YIT's objective is profitable growth. Our financial key indicator targets are: annual net sales growth of 10-15 per cent, return on investment of 18 per cent and an equity ratio of 40 per cent.

During the past five years, YIT has increased its annual net sales by 14 per cent on average while raising the return on investment to 18 per cent. In spite of the acquisitions we have carried out to ensure growth, the equity ratio has remained good thanks to good earnings. We have been able to maintain the effective net yield on shares at a good level of 5-6 per cent during this period. In the last few years, the dividend payout has corresponded to about 40 per cent of the financial result, which is in the middle range of our dividends policy (30 - 50 per cent of the profit after taxes and minority interest).

We have reduced YIT's susceptibility to business cycles by expanding the scope of our maintenance and servicing business in industry, properties, telecom networks and traditional infrastructure. The acquisition of extensive plot reserves in the growth centres has made it possible to increase the share of construction operations accounted for by developer contracting and to reduce the share of contract production.

## Moving from the Construction Business to Other Services

In August 2002, YIT was recategorized as an Other Services Business Sector company on Helsinki Exchanges.

Although YIT is Finland's largest construction company, it is no longer competing only with construction companies. YIT is also the market leader in piping deliveries for industry in Sweden and Finland and in the construction and maintenance of telecom networks in Finland. Technical maintenance and servicing account for just under a quarter of our net sales. The share of our business operations accounted for by service provision is growing.

YIT Installation's services for industry and property owners and YIT Primatel's services for telecom network owners are labour-intensive expert services. Over half of them are part of our regular maintenance and servicing business. Construction now involves a greater emphasis on service and a feel for the needs of customers. Nowadays, residences and business premises are designed together with their eventual users from day one.

## Growth in international operations gathers momentum

Operations have been diversified geographically as well by means of acquisitions, with the Group expanding into the Scandinavian markets for capital investment and maintenance services for industry and building systems. These markets are already over three times larger in Scandinavia than in Finland.

YIT's construction capacity in the Baltic countries has been increased by means of acquisitions. We already have subsidiaries in all of the Baltic countries. In these regions, the company is preparing itself for the EU's next stage of enlargement in 2004, at which point the pace of investments will probably leap further ahead.

YIT has been in business in Russia for over 40 years running. The trend in the Russian economy is now upbeat, which means YIT has potential markets for the implementation of investments in that country. The works on St. Petersburg's southwestern wastewater treatment plant and the Japanese Embassy in Moscow will increase the net sales of export projects to Russia in 2003 and 2004. Concurrently, YIT's developer-based residential construction will expand significantly in St. Petersburg and the largest cities in the Baltic countries.

A quarter of YIT's 13,000 employees work outside Finland's borders.

## YIT operates in the growth centres

Each year, about five per cent of Finland's population has moved from one municipality to another. The years-long migration of young people will also lead to natural population growth in the influx areas for many years to come. Population growth will lead to a greater need for residences, day-care centres, schools, health care buildings and commercial and public service buildings.

Our network of outlets in the growth centres offers YIT market prospects that are superior to the volume trend for the whole country, even in the long term. For example, it is estimated that the population of the Greater Helsinki area will grow by 200,000 people by the year 2020.

### **Greater energy investments in the Nordic countries**

In the next few years, all of the Nordic countries will have to step up substantially their investments in energy generation. YIT Industria and YIT Scandinavia are streaming their expertise and installation and manufacturing capacity into these markets. The implementation of industrial and energy projects always involves a significant construction technology component. Large-scale total deliveries can be provided in these markets through the combined expertise and high performance of YIT Construction and YIT Installation.

### **YIT is a desirable employer**

In spring 2002, students in their final year at universities and polytechnics of technology named YIT as the fourth most desired employer after Nokia, VTT and UPM-Kymmene. Indeed, YIT offers employees a challenging opportunity to further their careers. Our reputation as a good employer is also based on usually long employment relationships and respect for professional expertise. At YIT, every person is important. YIT's Competence Centre continuously upgrades the vocational skills of employees by means of a business management training programme and extensive personnel coaching programmes, which are organized in cooperation with both our own and external educational institutions.

### **For a good living environment**

YIT is a service company whose core business is capital investment and maintenance services. Our service palette includes a diverse range of design, implementation and maintenance services for the needs of residences, working environments, public sector bodies, industry and telecommunications. Our mission is to build good technical living environments and to keep them up and running. Our customers invest in the basic foundations of our modern society's functioning and well being, such as homes, production and service buildings as well as energy, telecommunications and logistics networks.

### **Together we can do it**

Our customers have the right to expect that their projects will be carried out with the utmost expertise. It is our wish for YIT to be synonymous with superior customer service, reliability and cooperation.

The best service is the outcome of good cooperation. We wish to be our customers' partner in their projects.



"Together we can do it" is our pledge and our message that we are on board the effort to make better living environments for people – together with our customers.

### **Stable trends to continue in 2003**

During the past two years, YIT's operations were not affected by a business cycle downswing, unlike the Finnish economy. YIT's net sales and order backlog grew buoyantly, while profitability remained good. The fact that the YIT Group operates in numerous geographical regions and fields of business will in future continue to balance out the effects of cyclical variations in individual sectors on the YIT Group's net sales and earnings.

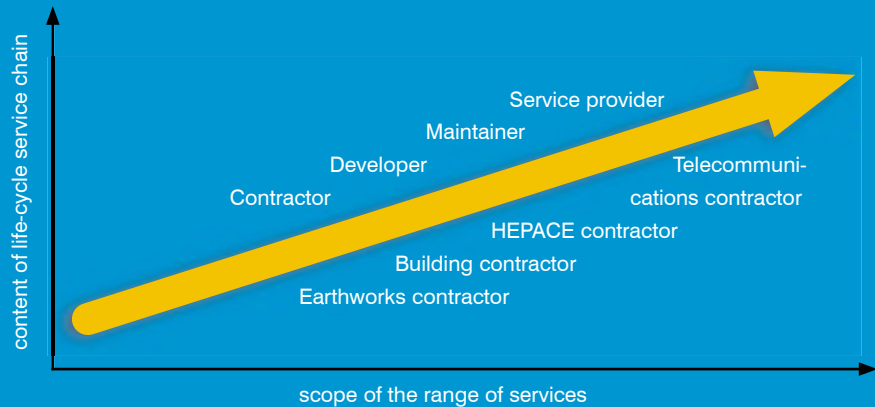
Dear customers, partners in cooperation and shareholders, I would like to extend my thanks to you for the confidence you have shown in our operations. I would also like to thank all YIT employees for their contributions to our mutual success. 2002 was YIT's 90<sup>th</sup> year in business. Clients can rely on us for reliable operations honed by our long experience and our increasingly diverse expertise as a service company, both now and in the decades to come.

Reino Hanhinen  
Group CEO

## YIT's operational concept is based on the entire life cycle of a project

*YIT helps customers to invest productively and maintain the value of their investments.*

### Strategic development of the service chain



*YIT has been systematically developed to become a service company that provides coverage for the entire life cycle of a project.*

### The main strategy for the 2003-2005 strategic period is profitable growth

In line with the mission statement, the YIT Group's strategy aims to provide and manage a service chain covering the life cycle of investments in all of the Group's business sectors. The life cycle strategy seeks to achieve better service capability, growth in our business operations and a steadier stream of profits.

In the case of construction in Finland, the aim is to maintain the Group's market leadership and to strengthen it further. Thanks to the vibrant development of the construction and property cluster, YIT is well poised to make the most of the growing markets. The focus areas of growth are market-financed residential construction in the growth centres and renovation. YIT's particular strengths are a good portfolio of plots in key locations in the growth centres and constant development efforts.

Building automation and equipment (building systems) comprise a highly significant growth area for YIT, both in Finland and in the other Nordic countries. Growth is being supported by extending the service chain and augmenting our technical expertise. In the case of capital investment services for industry, we mean to consolidate our market leadership in Scandinavia.

Last year YIT expanded its service portfolio to include telecommunications networks by acquiring the field's market leader, Primatel. The growth in the volume of data being transferred through telecommunications networks and the new services enabled by broadband connections increase both the need for network construction and maintenance services and the demand for connections and telecommunications services. This has a positive effect on YIT Primatel's outlook for the future.

The market for industrial, telecommunications network, property and infrastructure maintenance will expand as the outsourcing trend progresses. The YIT Group's strategy is to expand its maintenance services, offering different customer segments suitable content and coverage.

The main thrust of YIT's international operations is construction in the Baltic Rim, where we aim to bolster local operations by establishing a stronger business presence in the major target areas in the Baltic countries and Russia. In services for industry and property technology, international operations focus on Scandinavia and the rest of Western Europe.

Residences

Working Environments

Public Sector

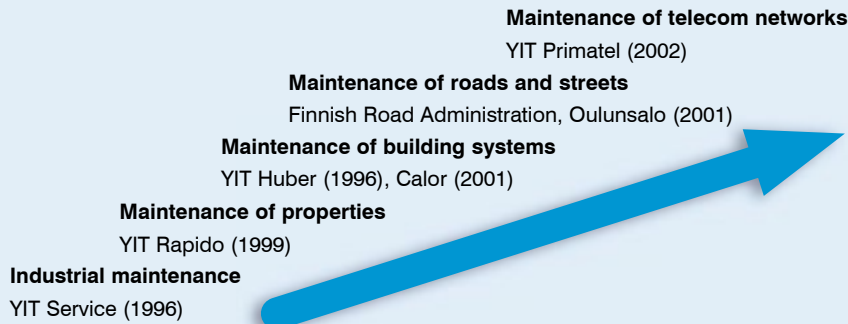
Industry

Telecommunications

*Our service palette includes a full range of design, implementation and maintenance services for the needs of residences, working environments, public sector bodies, industry and telecommunications.*



## YIT's life cycle service chain



*The life-cycle strategy seeks to achieve better service capability, growth in our business operations and a steadier stream of profits.*

YIT is systematically developing all of its operations as a service company and as a responsible pioneer in its fields of business. YIT's range of products and services is being vigorously upgraded with the aid of new technology. YIT's broad range of expertise means that the company has a good synergy foundation to build from. Development efforts are also supported by means of networking with leading companies representing various fields of business.

As far as our corporate culture is concerned, our goal is to strengthen our service and quality culture as well as cooperation throughout the entire organization. We provide extensive training for personnel to strengthen their expertise – which is one of the Group's competitive and superiority factors.

### Goal-directed progress towards the financial indicator targets

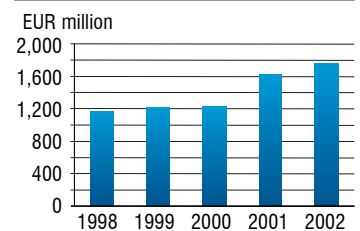
The YIT Group's strategic targets for investors were confirmed in 1998. The set target levels have been reached for the most part. During last year's strategic review, the target level for the equity ratio was changed from 45 to 40 per cent, which better matches the growth and return on investment targets set for the Group.

### Financial indicators: target levels and the actual figures, 1998-2002

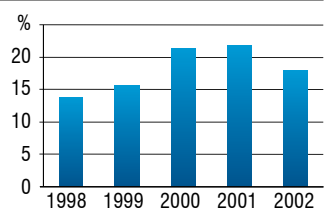
	Target level	2002	2001	2000	1999	1998
Annual growth in net sales, %	10-15	<b>8.6</b>	31.4	1.1	4.7	24.1
Return on investment, %	18	<b>17.8</b>	21.6	21.2	15.5	13.7
Equity ratio, %	40	<b>38.2</b>	40.3	40.2	41.6	37.3
Dividend payout, %	30-50	<b>48.4*</b>	39.7	39.5	37.7	43.0

\* Calculated on earnings per share exclusive of the residual taxes (see page 59)

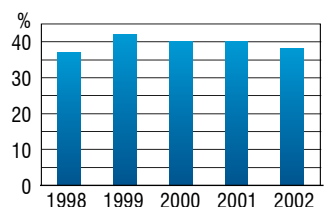
Net sales



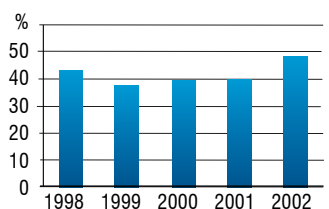
Return on investment



Equity ratio



Dividend payout





### Competitive strategies of the divisions

**Building Construction's** strategic focus area is to vigorously develop and increase market-financed housing production, especially when it comes to small houses. Operations focus on Finland's growth centres, where strategic acquisitions of land in key locations are made to ensure that competitiveness can be retained. Thanks to its efficient and flexible construction operations, the division can offer different customer segments exactly the types of residential and business premise solutions and products they want.

**Property Services'** vision is to be the leading service company in the property cluster, with a comprehensive service chain ranging from the design and implementation of investments to maintenance. The aim of the division is to develop modern and flexible spatial solutions and services for property users and owners in association with other YIT units.

**Infraservices** aims to be the country's leading provider of infrastructure construction and maintenance services. Its expertise, which is based on long experience as well as the latest equipment and technology, comprises a solid foundation for profitable operations. YIT aims to become a pioneer in the field as the infrastructure cluster maintenance market is continuing to open up to competition.

**International Operations** aims to be a major local constructor in the Baltic countries, St Petersburg and Moscow. The competitiveness of the division's specialist expertise in water and environmental services is being improved by means of strong development efforts. The Makroflex polyurethane sealing foam brand and its marketing are being developed vigorously.

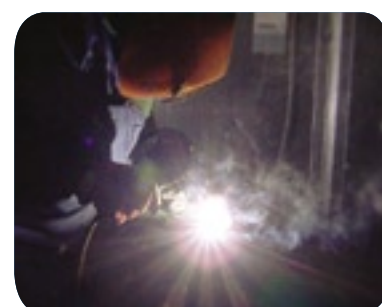
**Building Systems** offers a complete range of property technology-related services covering the entire life cycle of a property. The division aims to expand its business operations profitably by means of developing its services and carrying out acquisitions in all of its main business areas.

**Capital Investment Services for Industry**'s core business areas are piping and tank contracting and equipment installations for industry and equipment suppliers. Capital Investment Services for Industry's goal is to retain its market leadership in Finland and Sweden and the division aims to become an increasingly significant European player as a supplier of piping for power plants.

**Industrial Maintenance** aims to offer industrial production plants services that ensure disturbance-free production and thereby the improvement of productivity. As the outsourcing trend in industry continues and industrial companies continue to focus on their core businesses, the aim of the division is to claim a larger share of the growing maintenance market.

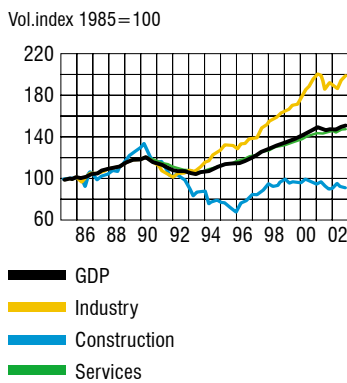
**Scandinavia** is one of the field's largest players in building automation and equipment and capital investment services for industry in Sweden. The business division is also actively seeking growth potential in the other Nordic countries.

**YIT Primatel** is a leading telecommunications expert that builds and maintains telecommunications networks and supplies operators' customers with telecommunications connections and services. Its areas of expertise include fixed telecommunications networks, mobile networks and property information and security solutions, complete with terminal devices. YIT Primatel's aim is to grow in all of the YIT Group's territories. Greater outsourcing imparts significant growth potential. We are playing an active role in these developments in the Group's domestic market area.



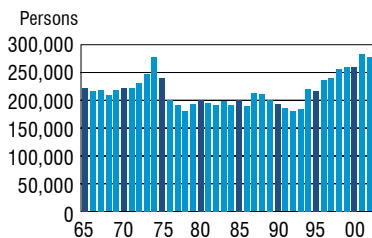
## Forecasts indicate that the market situation will remain stable in YIT's main business areas and market territories

### Total output in Finland



Source: Statistics Finland/TT, Dec.2002

### Migration between municipalities



Jan. -Dec./2002: 276,978

Source: Statistics Finland, Jan. 2003

### Finland

In its business cycle report published in December 2002, the Research Institute of the Finnish Economy ETLA predicts that Finland's GDP will grow by 2.7 per cent in 2003, corresponding to the long-term average growth in domestic product. The rate of GDP growth picked up from the depressed climate of 2001, when it was 0.7 per cent, to 1.7 per cent in 2002. Investments declined by 2.4 per cent in 2002. ETLA estimates that they will increase by 2.5 per cent in 2003. Private consumption was up 2.4 per cent and it is estimated that growth will continue at a rate of 2.9 per cent in 2003. The two-year nationwide incomes policy agreement concerning wages, salaries and collective agreements as well as the growth in disposable income have upheld the confidence of households in the stable development of their personal finances. Exports began to grow during the second quarter of 2002 and full-year growth is anticipated to have amounted to 1.6 per cent. ETLA predicts that exports will increase by 3.7 per cent in 2003.

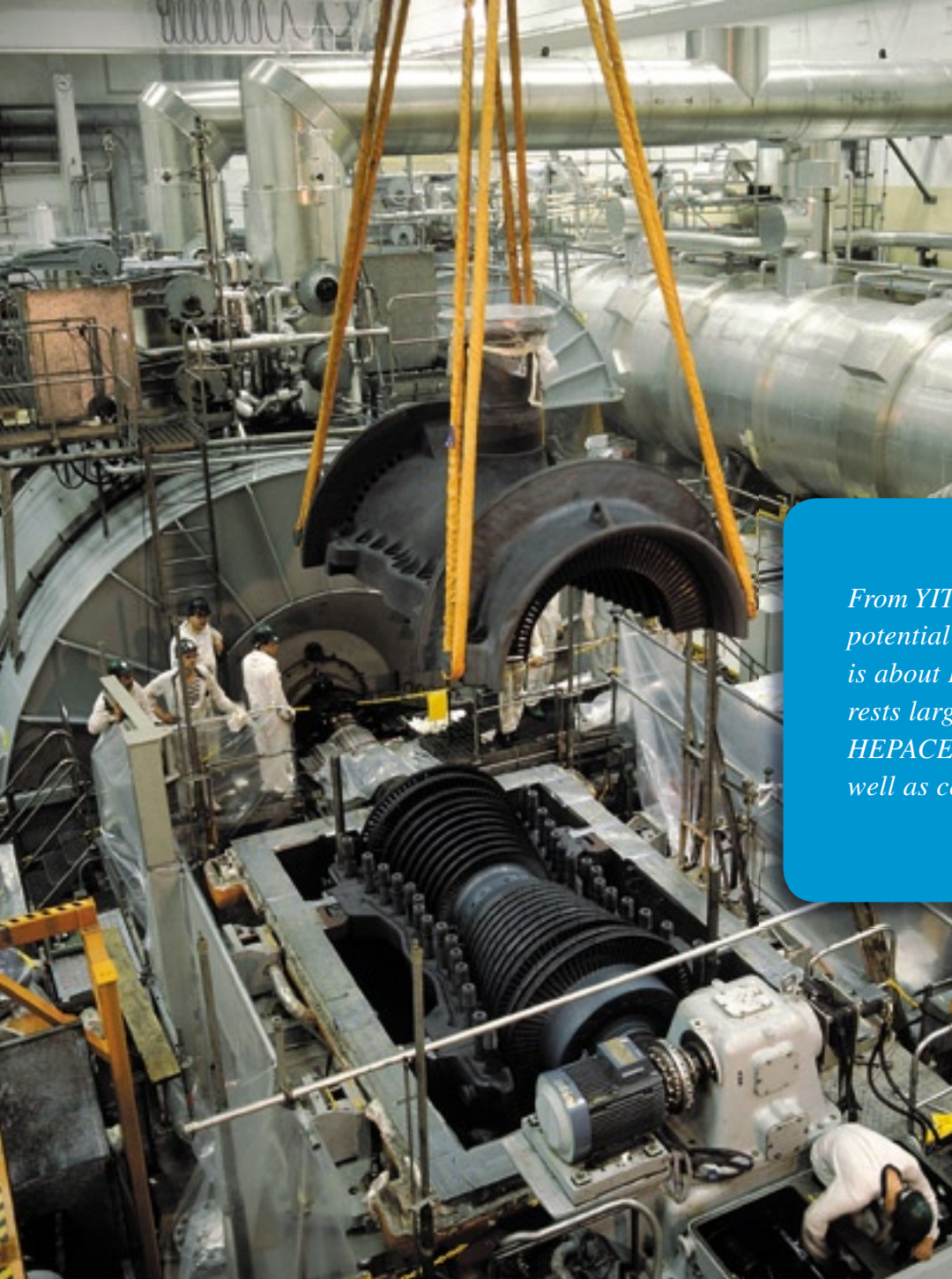
ETLA estimates that Finland's GDP will grow by an average of 3.1 per cent annually until 2006, while industrial output will increase by 4.2 per cent per year. Production by the private service sector will grow by slightly under 4 per cent, but the growth of the public sector will stall at about 2 per cent per year. According to ETLA, construction will swing into growth of 1.8 per cent this year, increasing by an average of slightly over 3 per cent per year until 2006. The estimates of the Confederation of Finnish Construction Industries RT and VTT, which represents Finland in Euroconstruct, indicate that the construction market will remain stable in Finland. Both organizations evaluate that construction declined by one per cent in 2002, but predict growth of one per cent in 2003.

The years-long population shift is maintaining demand for residences in Finland's growth centres. According to the preliminary information released by Statistics Finland, 277,000 people moved from one municipality to another in 2002. They represent about five per cent of Finland's population.

Sales of residences began to pick up in summer 2001, and this continued during all of 2002. The market is well poised to see further demand for residences. Demand is supported by the relatively stable and low interest rate levels in the EMU area and the increase in the disposable income of households. VTT and the Confederation of Finnish Construction Industries RT estimate that the construction of a total of 28,000 residential units was begun in Finland in 2002 and that the number of start-ups will increase slightly in 2003.

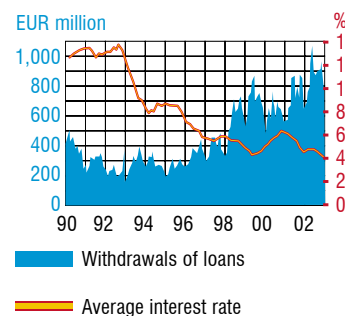
The number of vacant industrial and commercial buildings is currently significantly below the normal levels in the growth centres of Finland. On the other hand, the vacancy rate of office buildings has risen to about five per cent in numerous growth centres. Office





*From YIT's standpoint, the market potential of the nuclear power plant is about EUR 600-700 million and it rests largely on piping deliveries and HEPACE and automation systems as well as construction works.*

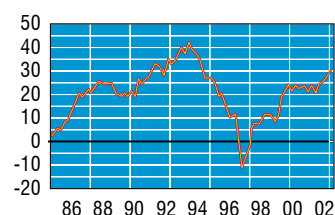
#### Housing loans and interest rates



Source: Bank of Finland, Jan. 2003

#### Is this a favourable time to raise a loan?

Saldo (%-share of consumers' positive answers - %-share negative answers)



Source: Statistics Finland's Consumer Survey, Jan. 2003

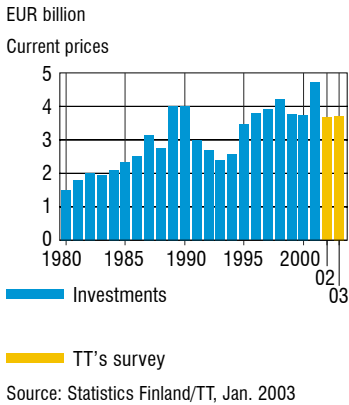
building start-ups were already slashed in the second half of 2001, and thus the supply of new offices that are about to be completed is contracting dramatically. The centralization of the population in the growth centres and the increase in consumption and services are still causing a need for the construction of additional public and commercial service buildings.

The growth in residential production and renovation compensates for the decline in office and industrial construction. The growth in repair works also strengthens the market for building automation and equipment.

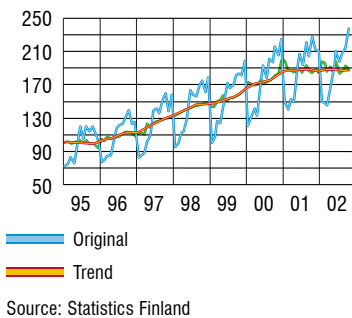
Motorway, railway and harbour investment projects will be started up in Southern Finland, leading to a surge in civil engineering investments. VTT estimates that in 2003 such investments will grow by three per cent in Finland. The infrastructure investments required by the Vuosaari Harbour, the Turku motorway, the Kehä III ring road, the Lahti branch line and the new nuclear power plant will increase civil engineering production in many years to come.

The construction of Finland's fifth nuclear power plant will call for a significant volume of construction, building system and industrial piping works. In addition to the power plant, office and social premises, residences and storage facilities will be

### Industry's investment 1980-2003



### Net sales index, building construction, 1995 = 100



built. The expertise and capacity of YIT's prefabrication factories in Finland and Calor's plants in Sweden are suitable for the construction and installation of the power plant's process piping, tanks and reservoir lining. In the Nordic countries, YIT is the market leader in the design, production, installation and maintenance of high-pressure piping systems for power plants. In addition to the ordinary building systems required in the properties, ventilation, cooling, fire alarm and fire extinguisher systems for various equipment premises will be installed in the project.

From YIT's standpoint, the market potential of the nuclear power plant is about EUR 600-700 million and it rests largely on piping deliveries and HEPACE and automation systems as well as construction works.

ETLA predicts that capital investments by Finnish industry, which are important to YIT Installation's operations, declined by about 10 per cent in 2002. Total fixed investments by the national economy decreased by 2.5 per cent. In export businesses, capacity utilization ratios will only increase slightly in 2003 and thus no great changes are expected in the demand for investments. ETLA predicts that fixed investments will rise by 2.5 per cent in 2003. The market for industrial, property, infrastructure and telecom network maintenance will expand as the outsourcing trend progresses.

Deliveries of broadband connections as well as telecom networks and security systems for properties are continuing to grow. Property automation, various monitoring and surveillance systems, and their remote control are also growing fields. Thanks to the rising number of broadband connections, there will also be a greater need to build urban networks, initially in the growth centres in particular.

Due to the uncertainty prevailing in the telecommunications business, operators have pushed back their investments and raised the capacity utilization rate of their networks. Investments in mobile communications networks in particular have declined and no significant growth is expected at least in 2003. Demand for wireless local networks, on the other hand, has grown and is expected to keep growing.

Teleoperators are focusing even more intensely on developing their core expertise services and sales to end customers – and are outsourcing technical functions related to network construction and maintenance. To date, local Finnish telcos have primarily outsourced fixed network construction. The outsourcing of other functions will also expand in the next few years.

### Sweden

The Swedish National Institute of Economic Research KI estimated in December 2002 that Sweden's GDP had grown by 1.6 per cent and predicted that growth in 2003 and 2004 will amount to 1.8 and 2.8 per cent, respectively. KI estimates that GDP growth will gain momentum starting in the latter half of 2003 thanks to private household consumption and exports. Growth in exports became positive, 0.7 per cent, in 2002 and is expected to accelerate to 3.1 per cent in 2003 and to 6.9 per cent in 2004. Fixed investments declined by 3.5 per cent in 2002. KI predicts that investments will grow by 1.5 and 4.8 per cent in 2003 and 2004, respectively. In KI's business cycle barometer published in December, Swedish industry did not expect to see growth in the first months of 2003. In November 2002, the Swedish construction federation Sveriges Byggindustrier estimated that construction had grown by one per cent in 2002 and that it will grow by 3 and 4 per cent in 2003 and 2004, respectively. In December 2002, Euroconstruct evaluated that Sweden's construction production had swung into growth of 0.7 per cent in 2002 and predicted that there will be growth of 3.6 per cent in 2003. The business cycle barometer which the National Institute of Economic Research released in December predicts that construction will still decline during the next few months.

The decline in industrial and office construction in Finland and Sweden is compensated for by the rise of residential production and renovation works. The growth in repair works also strengthens the market for building automation and equipment in both countries. Industrifakta of Sweden estimates that the market for building automation and equipment, which is important to YIT's Calor, will either remain stable or grow slightly in 2003. During the next few years, demand for piping and tank deliveries in the Nordic countries will be increased by energy investments and the construction of the Snöhvit gas field in Norway and certain projects for the wood processing industry.

VVS-Installatörerna, the installation engineering employers' union of Sweden, estimates that the Swedish installation market amounted to about EUR 6 billion in 2001.

### The Baltic countries and Russia

GDP grows at a significantly faster rate in the Baltic countries and Russia than in the Nordic countries. In November, the European Commission published its GDP predictions for the Baltic countries. The GDP growth predictions for 2002-2004 were: Estonia, 4-5 per cent, Latvia, 5-6 per cent, and Lithuania, 4-5 per cent. In Russia, growth will amount to about 4 per cent both this year and the next. The growth of investments and construction outpaces that of GDP in these countries.

Preparations for EU membership in 2004 have led to greater industrial, water supply and wastewater treatment and environmental investments, along with more construction of business premises. As the income levels of the population have risen, demand for modern residences has begun in the largest cities in the Baltic countries and Russia. YIT's order backlog has grown rapidly in the region thanks to projects based on international funding and the start-up of residential production.

### Global political situation is uncertain

The prolongation of global political uncertainty might put the brakes on economic development and weaken the market outlook described above.

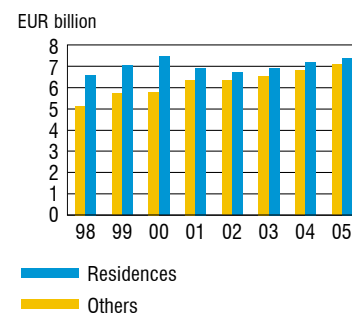
### YIT's market strategy

YIT aims to achieve growth outpacing that of the market and a steadier flow of income, relying on a strategy of pragmatically extending the service chain over the entire life cycle of investment projects, from design and implementation to maintenance, upkeep and operating services.

The market for industrial, telecom network, property and infrastructure maintenance will expand as the outsourcing trend progresses. The structure of the YIT Group's business areas enables the company to offer capital investment and maintenance services – of various scales and content – to industrial, energy, property and telecommunications sector customers. The Group's strategic expansion areas are the Scandinavian installation market and the construction markets of the Baltic countries and Russia. YIT has implemented its strategy consistently. The latest example of this is the integration of YIT Primatel Ltd into the Group during the review period.

### Construction market in Sweden

(EUR billion, at 2001 prices)



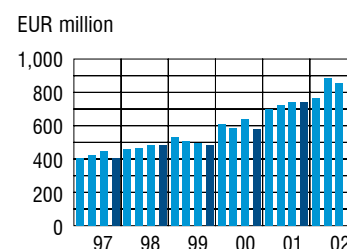
Source: Euroconstruct, Dec. 2002

### Growth estimate in Russia and Baltikum

GDP				
%	2001	2002	2003	
Russia	4.9	4.2	3.9	
Estonia	5.0	5.7	5.5	
Latvia	7.7	5.9	6.5	
Lithuania	5.9	6.1	6.0	
Investments				
%	2001	2002	2003	
Russia	11.5	3.0	6.0	
Estonia	9.1	16.1	13.6	
Latvia	17.0	9.7	15.0	
Lithuania	10.6	14.8	14.0	

Source: Nordea, Jan. 2003

### YIT's order backlog by quarter







# Developing a competitive advantage

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## **A virtual model for property marketing**

One of the largest development outlays in recent years was made on virtual modelling, which serves as a tool in construction design control and property marketing. The virtual world may be a whole urban quarter, residential area, technology park or individual premises. The user can roam freely inside the model. Homebuyers, for example, can take tours of virtual models of residences. They can also test out what different materials, colours and furnishings would look like in their home. The model

can be used via an Internet browser.

The residential areas that have been modelled as pilot sites are Vanhankaupunginkoski in Helsinki and Järvenperä in Espoo and one of the business premise pilot sites is Avia Forum in Vantaa.

## **A product model assembles a building from smart parts**

A construction product model is a three-dimensional computerized model of a building in which the construction elements are "smart". In the model, each component, such as a door or wall, identifies what its location, materials and dimensions are – and even its date of installation.

Project management becomes more efficient, as the model combines all the stages of the construction process from project planning to maintenance. The product model enables the visualization of plans and facilitates the comparison of alternative solutions and the performance of conversion works.

Product model technology is emerging strongly in the international arena, especially in the United States, Japan and Singapore. Many large European construction companies are also interested in product models. YIT is the international pioneer in product model technology.



*Virtual modelling is a tool for use in construction design control and property marketing. Homebuyers can take tours of virtual models of residences and also test out what different materials, colours and furnishings would look like in their home.*

*YIT's objective is to be the technological pioneer in its fields of business.*

*The Group's strategy includes the vigorous development of its product and service portfolio by means of new technology.*

*Technological development is supported by networking with companies and research institutions that are leaders in their own fields.*



*In a product model, each construction element knows what its location, materials and dimensions are. The product model facilitates the comparison of alternative solutions and the performance of conversion works. YIT is the international pioneer in product model technology.*

*Building systems are heating, water, ventilation, electrical, automation and security systems.*

### **YIT Smart is a trailblazer in building systems**

The aim of the YIT Smart technology programme is to provide total solutions and services for building systems over the entire life cycle of properties and to boost the efficiency of the production processes of building systems. Building systems are heating, water, ventilation, electrical, automation and security systems. The YIT Smart Housing programme provides end-to-end building system solutions for residential construction and the YIT Smart Office the same for business premise construction. Tekes, the National Technology Agency, has granted R&D support for the first stages of both programmes.

Flat-specific building systems for apartment buildings expand the residents' latitude for decisions concerning their homes to encompass building systems over the period during which they live in their flats. The multimedia handbook for homes is an instruction manual for the use of the apartment and links up to the housing company's electronic service log and the user interface permitting flat-specific control of the indoor environment.

Factors contributing to comfortable and healthy indoor environments are being determined in cooperation with Tekes' Terve Talo (Healthy House) technology programme.

The project examines the residential needs of the ageing in particular. The aim is to bring nursing service providers and users together through the YIT Media Home service platform. Conversion works related to accessible living over the entire time of residence comprise another development area.

A security and locking system for apartment buildings was created by modifying the access control system for business premise construction. In addition, an inspection service for household insurance coverage has been negotiated for the concept with the Tapiola Insurance Group.

Another objective is to meet the requirements the authorities will impose on energy consumption in the future. This development project is part of Eco-efficient Urban Buildings 2003, a project involving State-financed residential production. It is a joint project of the Housing Production Department of the City of Helsinki, YIT Construction and Parma Betonila. In the project, design instructions are made for alternative external wall, roof and building system solutions and a test construction site will be implemented.

#### **A new model for the production and installation of ship piping**

The modelling of the ship piping production line aimed at shorter lead times and a lower volume of incomplete production. The problem situations and bottlenecks that arose were analyzed together with the manufacturing teams and a production model was drafted on the basis of the findings. The research results were used to make a paperless real-time production control system in which control data is transferred directly to workstations.

A new system was developed for the three-dimensional measuring of the fitting sections of ship piping. The system includes the electronic transfer of measuring data to the manufacturing plant and the installation of the fitting pipes of the equipment in an installation model. Installation works were moved to workshops that were more cost-efficient and featured better working conditions. The system was developed and used in our own production operations during the report year.

#### **Greater efficiency in the material logistics of maintenance**

In spring 2002, YIT Installation started up a new project funded by Tekes: Models for the Material Logistics of Maintenance. The project aims to examine and achieve greater efficiency in the logistics chain linking manufacturers of spare parts and materials and YIT's customers. The project is being carried out jointly by the Helsinki University of Technology, material manufacturers, importers, suppliers, YIT Installation and YIT's maintenance customers. The project will last until March 2004.

#### **Improving the process management of telecom networks**

YIT Primatel's most important success factor is good process management. The largest development project in 2002 concerned the overhaul of the structure of the product and service range. All processes were broken down into stages from design to installation, commissioning and maintenance. The required products and services can be picked from the service chains and introduced into the customer's processes. At the same time, opportunities for cost savings and new customer segments were identified. In association with YIT's other business areas, synergy benefits were found in areas such as property management and maintenance, safety and the protection of automation systems.

Operations entail having knowledge of the customer's processes and the latest technologies. Outlay areas in the technological development of the field are information security, wireless networks and broadband networks. Wirelessness and data processing in public premises increase information security requirements. Moreover, since the advent of broadband connections many people are now online all the time and need beefed-up information security to prevent hacking and viruses.



*YIT Smart develops new building system solutions. The aim is to create comfortable, healthy, safe and eco-logical indoor environments.*

# Social responsibility

is part of YIT's mission

*YIT's mission is to build and maintain a good living environment. Social responsibility means operating responsibly in line with sustainable development and upholding good corporate citizenship. This concept of social responsibility is part of YIT's mission.*

Social responsibility is based on YIT's mission and values, the expectations of society and our interest groups as well as legislation. Our concept of social responsibility hinges on providing high-quality products and services; generating financial security; ensuring the well being, safety and vocational expertise of our employees; and managing environmental considerations. We seek to take on responsibility for the development of our divisions by participating in the activities of our field's organizations.

The key issues guiding our operations are collected in a guidebook entitled "Yhteistyöllä huipputuloksiin" ("Achieving Excellence Through Cooperation"). The company's management and employees are committed to these operating procedures – and each and every YIT employee is responsible for complying with them. The goals for the development of quality, environmental, health and safety activities are set forth in the strategic plans of the Group and divisions. The units draft their operating plans on the basis of the strategy while taking into account the distinctive features of their own business environments.





*The joint values that guide our operations were agreed upon the basis of wide-ranging value discussions in 1996. The values are the foundation for the Group's key results that are confirmed each year and the objectives of each YIT employee. The joint values and key results thus guide the company's managerial practices, everyday operations and development efforts. The values highlight the significance of personnel as a corporate resource, personnel development, professional skills, cooperation and service-mindedness.*

*YIT keeps its eye on the long term in its personnel policy. The average duration of a stint of employment among employees in Finland is 10 years. The company offers career advancement opportunities by means of active job rotation.*

## Employees are a success factor

### **Close to 13,000 YIT employees build and maintain our living environment**

In 2002, the YIT Group employed an average of 11,990 people (10,118 in 2001). The number of personnel was 12,633 (10,264) at the end of the financial year; of them, 9,668 (7,700) were Finns. The number of personnel rose sharply following the acquisition of YIT Primatel Ltd, but many other units also saw strong growth. The Group's foreign units employed almost a quarter of all personnel, or 2,965 (2,564) people.

YIT makes outlays on its personnel and keeps its eye on the long term in its personnel policy. Most of the Group's salaried employees are permanently employed. The number of long-term relationships among other employees has also risen in line with objectives. The average duration of a stint of employment among employees in Finland is 10 years. In 2002, 9 YIT employees were awarded bonuses for 40 years of service, 187 for 30 years, 93 for 20 years and 84 for 10.

YIT actively engages in job rotation with the goal of offering its employees new avenues for vocational development and the expansion of their expertise – and thus their wherewithal to make career progress. The major overhauls of unit management and the organizational structure were primarily carried out by means of internal job rotation.

### **Management by objectives is YIT's chosen mode of operations**

Management by objectives is the Group's chosen mode of operations. The goals of each salaried employee are agreed upon during a performance evaluation and development discussion with his or her supervisor. The realization of objectives is then evaluated during monitoring discussions.





## YIT'S VALUES

### EXCELLENCE IN SERVICE

- You can rely on our quality
- We find the right solutions for our customers
- We seek to forge durable customer relationships

### CONTINUOUS LEARNING

- Top-notch professional skills and project management
- Competitiveness over borders
- We build a good living environment

### WELL-RUN COOPERATION

- Working as a team, respecting our partners
- Trust is built on openness and honesty
- At YIT, every person is important

### GOOD EARNINGS

- Entrepreneurship is our strength
- Healthy profitability generates dividends
- We shoulder our social responsibilities

The majority of salaried employees are covered by a bonus system. The amount of the bonuses that are paid depends not only on the financial results of the entire Group and the division and unit in question, but also significantly on the realization of personal key results. About 140 of the Group's key employees were covered by the 1998 share option programme, while about 210 were covered by the 2002 programme.

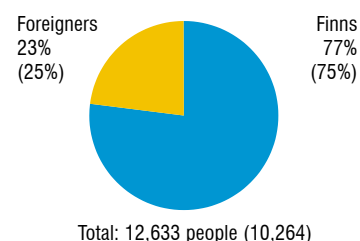
### Outlays on the future

The average age of Finnish employees working for the YIT Group is 45 years. The aim is to ensure a balanced personnel structure – in terms of both age and education – by means of development efforts and recruitment. Over 10 per cent of YIT's Finnish salaried employees have completed a university degree, slightly under 50 per cent a college or vocational polytechnic degree and about 30 per cent a two-year technical degree or the equivalent. The number of non-salaried employees who now have a vocational degree has also risen significantly in line with the target programme.

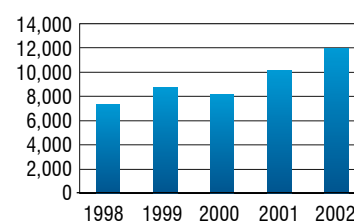
YIT makes great outlays on ensuring that it will have employees in the future as well. About 800 trainees were in training positions related to vocational studies during the report year. A great many theses or diploma projects were prepared under the auspices of the Group's various units. YIT participated actively in recruitment fairs and other student events. Greater attention is being paid to working on our contacts with educational institutions.

In 2002, students at universities of technology who were close to graduating selected, in the Universum Graduate Survey, YIT as the fourth most desirable employer in Finland, after Nokia, VTT and UPM-Kymmene. A total of 1,850 university students in Finland, of whom 985 were majoring in technology, replied to the survey.

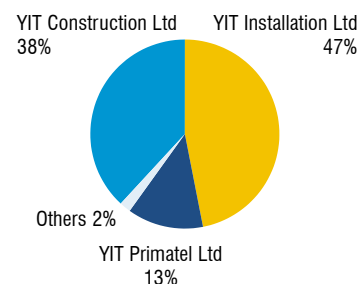
### Personnel at the end of 2002 (2001)



### Average personnel, 1998-2002



### Breakdown of personnel in December 2002



*Management by objectives is the Group's chosen mode of operations. The goals of each salaried employee are agreed upon during a performance evaluation and development discussion with his or her supervisor. The realization of objectives is then evaluated during monitoring discussions.*



*Erecting concrete structures at the construction site of the As Oy Liesitori service building under the direction of construction worker Pentti Kokkonen.*

### **Versatile development of expertise**

Continuous learning is the right and obligation of every YIT employee. Expertise and its development comprise an increasingly important success factor. Development efforts are an important tool in the implementation of the strategy as well.

Personnel development continued to be brisk both within the framework of the Group's and the units' own development programmes. The YIT Competence Centre was established to coordinate the development efforts. Its task is to ensure that the Group's development activities are kept up to date and to promote the flow of information and interaction between the Group's units.

In the autumn of 1999, YIT made a cooperation agreement with the Siikaranta Institute, which is owned by the Finnish Construction Trade Union, in order to strengthen employee training. Over 400 people have taken part in its training programmes. To date, 212 degrees have been completed, of which 81 in 2002 alone. The palette of training programmes was also expanded into new vocational areas; the first vocational degrees in earthworking were completed in November 2002. In addition, a great many vocational and specialized vocational degree programmes are completed at other educational institutions.

YIT's first own management training programme began in January 2002. The Supervisors as Unit Developers coaching programme, which aims to develop management and joint activities, commenced in autumn 2002. YIT Installation also organized apprenticeship training that prepares the students for special vocational degrees in management.

Numerous orientation events were organized for new employees and trainees in 2002. Eighteen regional orientation events were held for the staff of YIT Primatel, who entered the Group's employ when YIT acquired the company, and close to 1,400 people took part in them. In addition, the large-scale orientation programme included personal tutoring in various units. The positive feedback given by YIT Primatel employees in the survey of workplace morale in autumn is proof positive that the orientation activities were successful.

### **Workplace morale has developed favourably**

The development of the climate of the working community is tracked by means of extensive annual surveys directed at the personnel. The results are used in the planning of development operations. Over 4,000 YIT employees responded to the survey carried out in October 2002. According to the survey, workplace morale as a whole has developed favourably. However, differences between personnel groups are quite large in some units; greater attention will be paid to balancing out these variations in future.

In association with Pension Insurance Company Ilmarinen Ltd, YIT Installation has tailor-made a process called Motivo, which spurs working communities to establish local development groups. These groups act to promote YIT's operating procedures and the improvement of the activities of the working community at a practical level.

YIT provides financial support for the recreational choices of its personnel. These activities are headed by local personnel societies and clubs, which have continued to engage in a great many pursuits.



# Health and occupational fitness as the foundation of well-being

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The provision of occupational health care for personnel covers not only legally required, preventative occupational health provision but also medical care by general practitioners for all YIT Group employees.

In addition to promoting occupational well being, occupational fitness activities focus on preventing accidents at work and musculo-skeletal ailments, as they are the prime cause of declining occupational fitness in our field of business. Medical care emphasizes the early diagnosis and treatment of ailments causing occupational disability and the monitoring of sick leave and rehabilitation needs.

As health care experts, occupational health care staff disseminate information on health hazards in the workplace and their prevention, accidents at work, work-caused ailments, the use of protective gear and lifestyle-related health risks. Psychological occupational protection and ergonomics are the focus areas of occupational health care in the 2001-2003 period. Activities revolve around the needs and wishes of the working communities. Personal guidance is provided during health inspections and workplace visits.

The occupational health care providers gauge the effectiveness of their own work by means such as occupational fitness and well-being surveys and statistics. The monitoring is continuous.

*The aim of YIT's occupational health services is to contribute to strengthening occupational fitness and wellness at work. In addition to the fitness of individual employees, we aim to provide a safe and healthy working environment and a working community that fosters health.*



## Safety objective: Zero Accidents

*The basic concept underlying occupational safety at the YIT Group is Zero Accidents. We believe that every accident can be prevented. Our goal is for every YIT employee to get back home safe and sound at the end of each work-day. Proper management and accounting for safety are the prime considerations for ensuring this when work is performed.*

### **The Zero Accidents operating model:**

- accidents are never acceptable
- when a dangerous situation arises, we must learn from it
- we react immediately to dangerous situations and keep an eye on them
- everyone must pitch in to achieve this goal

*During the report year, the safety level at YIT Construction's work sites improved from 82 to 88 per cent. Carpenter Mikko Taskila is responsible for safety at his own site.*

Safety management training is targeted at all responsible persons in the line organization. Safety issues play a central role in the Group's vocational training. Our new occupational safety card training teaches employees the basics of how to work safely in industrial plants and construction sites. Training was organized in 2002 for those who are responsible for occupational safety card training. About 400 people took part in basic and advanced training in hot work in 2002.

### **Safety level improves**

A new real-time system, TAVA, has been developed for accident statistics. It provides, in electronic form, insurance certificates, accident notifications and reports on dangerous situations and close calls. The system went online in all of the Group's units in 2002. Data is processed at the sites and during management reviews and site supervisor discussions alike.

YIT Construction uses TR measurements to gauge the safety level of building construction sites and MVR measurements to assess the safety of earthworks. Factors having a bearing on safety at sites are checked and passed as being appropriately safe when they measure up to a certain safety level. The safety level target was set at 85 per cent. The target was achieved and the share of appropriately safe sites was 88 on average in 2002 (82% in 2001).

YIT Installation uses the Ten Points for Safety method, which assesses safety levels from ten different points of view: management, organization, planning operations, safeguarding operations, interest groups, risk management, emergencies and crisis situations, training, flow of information, documentation and measurements.

YIT Primatel's accident reduction efforts focused on network construction and maintenance, which risk surveys indicate are among the most dangerous jobs performed by the company. They include all tasks carried out in the field, such as those involving personnel working with poles, cables and towers. The accident reduction project was carried out as a Zero Accidents campaign in association with cooperation partners. In 2002, no accidents took place on towers, while only one minor accident marred work on poles.



# Quality improvement brings added value

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*Petteri Pulkki installing bypass manifolds for the floor heating system of a terraced house.*



YIT continuously gauges the functionality of its processes and the satisfaction of its customers. Employees appointed to be in charge of divisional and regional quality keep track of customers' opinions. Feedback enables us to increase the efficiency of our operations and meet the needs of customers better. Quality benchmarks, feedback forms and analysis tools are under constant development.

Quality training for work supervisors, workers and subcontractors continued in the regional units in 2002. About 320 people took part in quality training within the YIT Group in the report year. Quality training has also been incorporated into vocational degree training and site supervisor discussions. "Driver's license" training for residential design was started up towards the end of 2002. Such training gives the trainees the mental tools to comprehend the effects of design control on finances, sales and quality.

## **Continuous quality development**

In 2002, the EU began to apply the European Pressure Equipment Directive as a legal requirement in pressure equipment design and manufacture. YIT Installation is one of the first companies in Finland to receive a Module H certificate that complies with the Pressure Equipment Directive and which entitles the company to approve pressure equipment designs. The certificate is based on a quality control system that is in line with ISO 9000 and the EN 729 series. The directive pertains to pressure equipment such as pressure vessels, piping, steam boilers and equipment made from such components operating at a pressure of over 0.5 bar.

YIT Primatel measures customer satisfaction using annual customer satisfaction questionnaires. They indicate that customer satisfaction has risen during the year from 3.8 to 3.9 as measured on a scale of 1 to 5.

The company made a concerted effort to upgrade its operating system in 2002. The operating system includes all of the key operating principles having a bearing on quality, the environment, health and safety. Part of the development work involves the consistent description of processes and the definition of benchmarks. The rate and reliability of deliveries has been under particular scrutiny and YIT has made outlays on classifying and recording the reasons for late deliveries. Now we are even more capable of analyzing the reasons for delays and then addressing them.

*Quality development aims to generate added value for customers and create better living environments. Quality is assuming a greater significance as a factor underlying functionality and economy in operations. In addition to social regulations, the quality criteria are affected by the company's quality targets, the requirements of the customers and the desired cost levels.*

*YIT's mission to build and maintain good living environments for people is in line with the principles of sustainable development. The mission includes the objective of operating in an environmentally friendly way and creating and maintaining quality products.*

## A good living environment – created with ecological efficiency

A quarter of the Group's net sales are generated by its maintenance business. Maintenance services are offered in all business sectors, from construction to industry and telecom networks. Keeping the living environment in a good shape complies with the principles of sustainable development. By means of our maintenance services, we can affect the environmental pressures arising over the life cycle of investments.

### **Ecological efficiency lies in the relationship of functionality and environmental pressure**

The objective of YIT's environmental activities is to increase ecological efficiency. In construction, ecological efficiency is assessed in terms of the relationship of the functionality of a property and its environmental pressure over its life cycle. The aim is for the building to be both ecologically durable and designed to serve its intended purpose properly. These requirements that are set on the functionality of a property can be achieved by means of alternative methods, which determine the environmental pressure of the building. "Environmental pressure" means the possible environmental impacts of land use, construction work and the use of the building, that is, changes in the environment.

The key challenges in environmental operations are to combine eco-efficiency considerations with design, implementation and maintenance as well as carry out comparisons that cover alternative operating models and take environmental and financial perspectives into account. We can do this by integrating information on life cycles and service lives into the technical development of construction and product models.

### **Energy savings, regional planning and recycling**

The most significant share of the environmental pressures arising during the use of a building comprises energy consumption. More stringent regulations concerning the energy economy of buildings will be introduced soon.

The requirement level for the energy consumption of apartment buildings in Viikki, Helsinki, is 30-40 per cent below normal. As Oy Helsingin Salvia in Viikki has the largest solar electricity system to be installed in an apartment building. The solar electricity panels were laminated inside ordinary balcony glass. YIT developed the technical solutions employed in the system in association with Naps Systems Oy and Helsinki Energy. The electrical generation capacity of the system meets about a quarter of the electricity needs of the 29 apartments in the building. The project is part of a joint Nordic study on trial solar energy construction.

The planning of the Espoonkartano residential area includes an extensive study of the environmental impacts of the regional development project over its life cycle. An environmental programme will be drafted for the project; it will take into account the planning and zoning of the area, the construction work and the environmental impacts of the maintenance and use of the area. The aim of the environmental programme is achieve an ecological, pleasant and safe residential milieu. Design, construction and living will be dovetailed with environmental, natural and cultural considerations and the distinctive features of the area's environment and history will be highlighted.

The European Parliament will soon vote on the WEEE Directive on the recycling of waste electrical and electronic equipment and the RoHS Directive, which restricts the use of poisonous materials,



such as lead and quicksilver, in telecommunications equipment. The directives will most likely come into effect next year. YIT Primatel will revise its operations once the requirements of the directives become clear. In addition to the comprehensive sorting practices it employs today, it will start to sort electronic and electrical scrap from metal scrap in the first half of 2003.

### **Environmental business in building systems and water and environmental services**

St. Petersburg's southwestern wastewater treatment plant is the most important environmental protection project to improve the condition of the Gulf of Finland and the Baltic Sea. The treatment plant is being implemented by SWTP Construction Oy, a project company established by YIT Construction Ltd, NCC International AB and Skanska Eastern Europe Oy. The construction project is valued at EUR 128 million. The contract agreement was signed in May and the site was handed over to SWTP at the end of the year so that construction works could be started up. The plant has been dimensioned for the treatment of the wastewater of over 700,000 people.

In June, a landfill gas incineration plant and pumping system went operational at YTV's waste treatment centre in Ämmässuo, Espoo. This is the largest such plant in Finland and one of the largest in Europe. Landfill gas is created when waste decomposes. Thanks to incineration, the landfill's emissions of greenhouse gases can be reduced by as much as 95 per cent. At an annual level, about 30 million m<sup>3</sup> of gas is recovered; the energy potential of the gas corresponds to the heating needs of 5,500 single-family houses. The main contractor of the plant was YIT Environment Ltd.

Energy audits of controlled commissioning comprise a new product from Huber Analysis that ensures the functionality and energy-efficient use of building systems. Using the E-value method, annual energy consumption under ordinary conditions is calculated for a property. At the same time, it is assessed what the energy is consumed for and how it could be conserved. Substantial conservation opportunities were discovered at the new office building that is serving as the pilot site, such as 35 per cent savings on thermal energy. The E-value method is a registered trademark.

*Environmentally friendly residential solutions have been studied in Viikki, Helsinki. One example of ecological construction is Oy Helsingin Salvia, which boasts the largest solar electricity system to be installed in a residential building in Finland. "Solar electricity panels made of thin silicon were laminated inside balcony glass and plugged into the building's electrical system. The extra electricity that is generated on sunny summer days is fed into the nationwide grid and in winter Helsinki Energy reimburses the electricity to the real estate corporation," says Lasse Vanhanen, project manager at YIT Residential Construction.*



*YIT Construction has organized its services around four business concepts: Residences, Working Environments, Public Sector and Infraservices. Residences comprises residential construction, user services, maintenance and servicing and renovation. Working Environments covers the development of business premises, rental, sales of investment properties, project design and construction, user services, property management and maintenance and renovation. Public Sector services include working environments for public administration and their maintenance, infrastructure management and maintenance, new residential and service concepts, housing estate refurbishing and public-private partnership contracts. Infraservices comprise earthworks, network construction, tunnelling, foundation works and environmental construction.*



## Increase in YIT Construction's net sales

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In terms of its business operations, YIT Construction has been divided into five divisions, which are: Residential Construction, Building Construction, Property Services, InfraserVICES, and International Operations. In financial reporting, the Residential and Building Construction divisions are dealt with as one group, Building Construction.

In 2002, YIT Construction's net sales were up 10 per cent on the previous year, rising to EUR 1,111.8 million (2001: EUR 1,013.8 million) and representing 62 per cent of the entire YIT Group's net sales (61%). Operating profit was EUR 70.3 million (EUR 79.4 million), down 11 per cent on the previous year. One of the reasons underlying the weakening of operating profit is that the result for the comparison year included capital gains from the sale of the head office (EUR 4.9 million). YIT Construction's operating profit represented 72 per cent (76%) of the entire Group's net sales. Return on investment was 19.6 per cent (23.3%).

At the end of the year, YIT Construction's order backlog – i.e., the value of orders not recognized as income – was 21 per cent larger than a year earlier, or EUR 619.3 million (EUR 509.8 million). The share of the entire order backlog accounted for by international operations saw especially vigorous growth, rising to 26 per cent (15%).

At the end of the year, YIT Construction had a payroll of 4,843 people (4,363), or 38 per cent (43%) of the entire Group's employees.

### Business development in Public Sector services

Public Sector services are a key business development area for YIT Construction. Such partnerships are offered to municipalities, municipal federations and State institutions and involve property and infrastructure construction, ownership, funding, maintenance and the implementation of new types of residential areas.

The market in this field of business will grow as public sector bodies network and focus on their core competence areas. Financial pressures are forcing public sector bodies to develop new operating procedures cost-effectively and in reaction to changes.

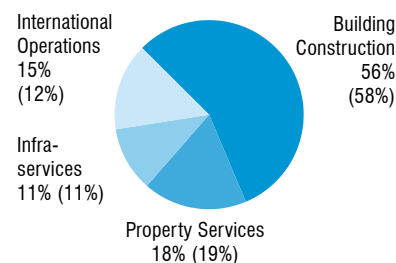
The services YIT offers to public sector bodies are working environments for the public sector, the maintenance of infrastructure and properties, water and waste treatment processes and public construction. Examples of YIT's Public Sector services include the expansion, refurbishing and maintenance of the wastewater treatment plant in Haapavesi, the management of the municipal road network in Oulunsalo, and an entire residential area being planned for Espoonkartano. One of the aims of the latter project is to implement public sector working environments and infrastructure without direct municipal investments. A preliminary agreement has been made on the realization of the Kilo health care centre in Espoo.

### Outlook for 2003

It is expected that the trend in YIT Construction's net sales and operating profit will be stable in 2003.

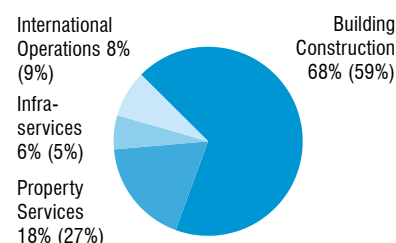
*Shown installing an integral HEPAC element: construction engineer Johan Jusslin, construction engineer Olli Pekka Heinonen and construction worker Pentti Kokkonen.*

### Breakdown of net sales 2002 (2001)



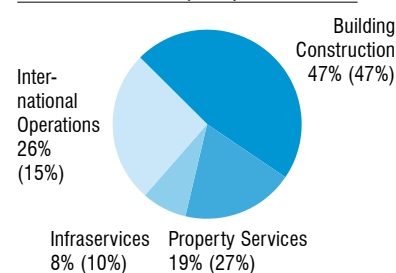
Net sales: EUR 1,111.8 million (1,013.8)

### Breakdown of operating profit 2002 (2001)



Operating profit: EUR 70.3 million (79.4)

### Breakdown of order backlog 2002 (2001)



Order backlog EUR 619.3 million (509.8)



*New concepts guide the development of the Espoonkartano region. Its planning hinges on communality, safety and aesthetic considerations.*

## YIT acquires plots in key locations in the growth centres

YIT Construction's aim is to offer customer-focused space solutions for property users and owners. The company actively acquires developable properties in good locations and both plots and areas that are ripe for construction in the growth centres. In addition to its portfolio of plots and properties which are included in the balance sheet, YIT has, through various agreements, a substantial portfolio of zoned plots and plots that will come under zoning.

The company's portfolio of plots and development properties is a resource that is an integral element in the future of its core business; a sufficiently large portfolio ensures the continuity of business operations. However, the capital turnover rate must be rapid enough so that the profitability target can be achieved.

### More building rights acquired in the growth centres

In 2002, 193,000 m<sup>2</sup> (2001: 232,000) of floor area in residential plots and 35,000 m<sup>2</sup> (35,000) of floor area in business premise plots went into production. In the same period, 250,000 m<sup>2</sup> (210,000) of floor area in building rights for residential buildings and 31,000 m<sup>2</sup> (76,000) of floor area in building rights for business premises were acquired in Finland's growth centres. During 2002, new plots for future housing and business premise construction were acquired at a cost of EUR 77.1 million (48.3).

When acquiring plots, YIT focused on key locations in the growth centres. Plots were bought mainly for non-rental housing construction. In the Greater Helsinki area, building rights were secured in areas such as Lauttasaari, Vuosaari, Viikki and Konala in Helsinki as well as Järvenperä and Amiraalinmäki in Espoo. Sizeable building rights for small houses were acquired in the neighbouring municipalities. In addition, plots were bought in cities such as Turku, Tampere, Jyväskylä, Lahti, Lappeenranta and Joensuu. In Oulu, the company zeroed in on the zoning of the Etu-Lyöty area.

A zoning plan is being completed for the Vanhankaupunginkoski area, which is situated close to the centre of Helsinki, enabling the construction of about 400 residential units.

In the spring, YIT and Esbogård Ab made a cooperation agreement to develop the Espoonkartano area into a high-quality residential area for 5,000 to 8,000 people. This area measuring 570 hectares is located 24 kilometres from the centre of Helsinki. It is intended that the project will be carried out in association with the City of Espoo.

YIT Construction Ltd and Kapiteeli Oy made an agreement in October whereby YIT will purchase plots in the Tilkka area of Helsinki from Kapiteeli and build a high-quality residential area with about 300 residential units close to the centre of Helsinki. The zoning plan is in legal force and the construction work will begin in spring 2003.

### Strong plot reserves are a resource for the future

At the end of 2002, YIT's plot portfolio amounted to 2.0 (1.8) million m<sup>2</sup> of floor area. There are enough zoned housing plots for almost three years' worth of housing production. New building rights are systematically acquired in the areas with the greatest demand for residences and business premises.





*The Vanhankaupunginkoski rapids are of great historical importance to Helsinki, as King Gustav Wasa established the city at the mouth of the Vantaanjoki river in 1550.*

*The Vanhankaupunginkoski area in Helsinki.*

#### YIT's plot reserves, Dec. 31, 2002

1,000 m2 of floor area *	Residential plots	Business premise plots	Total
Greater Helsinki Area	368	250	618
Surrounding municipalities	135	20	155
Turku area	117	211	328
Tampere area	173	235	408
Jyväskylä	38	20	58
Lahti	32	2	34
Oulu	69	41	110
Rest of Finland	190	88	278
<b>Total</b>	<b>1,122</b>	<b>867</b>	<b>1,989</b>

\* Building rights and zoning potential

## Brisk demand for residences increases the net sales of Building Construction

*Building Construction offers its customers a wide range of residential implementation and maintenance services with Finland-wide coverage. Outside the Greater Helsinki area, its services also include implementation and maintenance services for working environments and public sector bodies.*

*As Oy Vantaan Majakka and As Oy Värehtaanpolku in Tikkurila, Vantaa.*

The net sales of Building Construction grew by 5 per cent and were EUR 619.4 million (2001: EUR 592.1 million). Operating profit amounted to EUR 49.3 million (EUR 49.1 million) and was at the same level as last year. Return on investment was 22.0 per cent (23.4%). The order backlog was 22 per cent larger at the end of the year than in the previous year, or EUR 292.6 million (EUR 240.6 million).

### **Building Construction's business concepts**

The operations of Building Construction are grouped into five business concepts: Residences, Working Environments, Public Sector services, Tender-based Construction and Maintenance.

Our residential solutions are YIT Home and negotiated contracts (both market-financed as well as financed by the National Housing Board and loans with interest-subsidies, that is, "ARA contracts"). In residential solutions, YIT offers its customers end-to-end service, from design to maintenance.

Working Environments are primarily developed for the growth centres. These services hinge on the in-depth understanding of the business functions that operate on the premises and the needs of the people who work there. YIT offers customers' sites customized products and total services.

With our Public Sector services, we offer full-service working environments for public administration and public sector bodies.

In Tender-based Construction, YIT is an efficient, top-notch and reliable contractual partner for customers, implementing investment projects on schedule and in the manner agreed upon. Services are based on our strong expertise in project management and implementation – we will not let our partners down even at difficult and demanding sites.

Maintenance services are rapid, comprehensive, flexible and reliable small-scale maintenance tasks. Services are based on efficient network-based implementation.

Demand for residences in the growth centres remains brisk

In 2002, demand for residences in the Greater Helsinki area and the other growth centres remained high once again. Demand for non-rental housing was increased not only by the rising population in the growth centres but also by the low





*As Oy Helsingin Mokkaestari in Lauttasaari, Helsinki, is one of the three apartment buildings erected by YIT in that area.*

(1,413) were market financed. At the end of the year, a total of 3,338 (3,224) residential units were under construction, of which 2,198 (1,382) were market financed.

#### **A portfolio of plots in good locations is a success factor**

Successful plot acquisitions played an important role in 2002. Plots in good locations in the growth centres which are suitable for residential buildings will safeguard the continuation of market-financed residential construction in the future as well.

The best results are yielded by the right land acquisition strategy coupled with controlled planning and expert implementation. YIT offers services for the entire life cycle of projects and develops total solutions to meet the needs of customers.

interest rate levels and consumers' confidence in the positive development of their own finances.

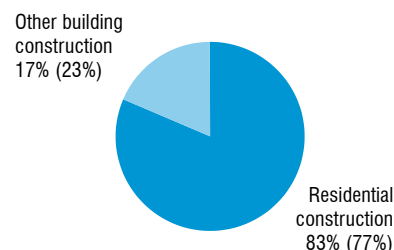
During the report year, the construction of 2,047 (2001: 1,031) non-rental residential units was started up and 1,560 (1,108) residences were sold. At the end of the year, the number of completed unsold residences stood at 85 (199). Production focused even more intensively on non-rental housing. In 2002, 721 ARA residences were started up along with 197 market-financed rental residences. The number of tender-based site start-ups was 313.

During 2002, a total of 3,170 (2,989) residential units were completed, of which 1,534 (1,669) were market financed. During the report year, the construction of a total of 3,278 (3,169) residential units was started up, of which 2,244

*Musta Pörssi Maailma, Turku.*



#### **Breakdown of net sales 2002 (2001)**



Net sales EUR 619.4 million (592.1)

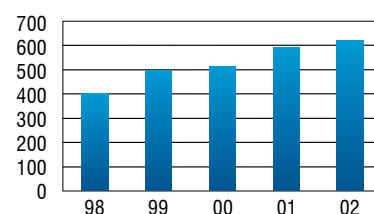
#### **Division balance sheet summary, EUR million**

	2002	2001
Non-current assets	1.3	1.4
Inventories	261.0	189.2
Financial assets	224.2	212.7
Shareholders' equity	129.2	120.1
Obligatory reserves	0.2	0.3
Interest-bearing liabilities	102.6	98.1
Interest-free liabilities	254.5	184.8
Balance sheet total	486.5	403.3

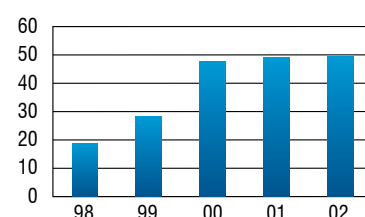
#### **Key figures, EUR million**

	2002	2001
Net sales	619.4	592.1
Operating profit	49.3	49.1
- % of net sales	8.0%	8.3%
Return on investment	22.0%	23.4%
Order backlog, Dec. 31	292.6	240.6
Average personnel	1,839	1,761
Share of the Group's net sales	35%	36%
Share of the Group's operating profit	49%	45%

#### **Net sales 1998-2002, EUR million**



#### **Operating profit 1998-2002, EUR million**





### **Commercial and business facility projects were carried out in provincial centres.**

In September, the Suomi Group bought from YIT Construction Ltd the fifth stage of the medical R&D centre Finn-Medi in Tampere. The purchase price was about EUR 16 million. The construction of the fifth stage began in July 2002 and the building will be inaugurated in February 2004. YIT also built the four earlier stages of Finn-Medi.

In mid-August, the construction of a multipurpose hall in Joensuu was started up in association with Infraservices. The volume of this hall will be 262,000 m<sup>3</sup>, making it the largest wooden building in Finland. YIT is building the hall on a turnkey basis. The delivery includes all construction and building system works. The agreement is valued at EUR 10.7 million.

Other projects that were implemented included the Mediaani business premise project for Technopolis Oyj in Oulu, the Mediwest health technology centre in Seinäjoki and Hartwall's production plants in Lahti.



*As Oy Vantaan Mainari, Vantaa.*

### **Outlook for 2003**

The market for market-financed residential production is expected to remain stable and at a good level. The market for ARA construction is hard to predict. It is expected that the working environment market will remain at its present moderate level. The market for public sector services is anticipated to open gradually, but not to a significant degree in 2003. The tender-based market is expected to remain tight. The volume of renovation works will increase. A clear trend in the maintenance market is for customers to seek to forge nationwide partnerships.



*Terraced and semi-detached houses, As Oy Tampereen Ahomansikka, Tampere.*

*Asunto Oy Turun Elegant in Turku. A timeless urban apartment building.*



## Property Services firms up its customer relationship expertise

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The division's operations are divided into four units, of which three, Property Business and Project Development, Non-residential Construction and Renovation Services, operate in the Greater Helsinki area and its vicinity. YIT Rapido Property Management Services Ltd on the other hand operates all over Finland. The division's customer expertise has been organized into customer relations teams that serve different customer segments.

Property Services' net sales were 10 per cent higher than a year earlier, rising to EUR 206.8 million (EUR 187.2 million). Its operating profit contracted to EUR 13.1 million (EUR 22.7 million). One of the reasons underlying the weakening of operating profit is that the result for the comparison year included capital gains from the sale of the head office (EUR 4.9 million).

Return on investment was 13.3 per cent (23.7%). At the end of the year, the order backlog amounted to EUR 117.6 million (EUR 138.9 million).

### **2002: a year of great changes**

2002 was a challenging year for Property Services, as the supply of vacant office premises increased dramatically, as expected. However, significant office sites were started up and sold in the first half of the year. The development of business premise projects for the retail and logistics sectors progressed according to plan in numerous zoning development and joint projects.

Due to the decline in office construction, competition in new construction heated up significantly towards the end of the year. In the construction of business premises, Property Services shifted its focus on to public construction and tender-based and project management contracting. Tenders were also targeted actively at areas around Greater Helsinki.

### **Major property development projects are started and sold**

In 2002, rental agreements were made for a total of over 40,000 m<sup>2</sup> and six properties that were either complete or under construction were sold. The total value of property sales was EUR 87.6 million.

The construction of an office building in Itä-Pasila, Helsinki, that will be owned by the Suomi Group commenced in January. The tenants of the building will be TKP Tieto Oy and Finnmap Consulting Oy.

In October, a project management-type agreement was made with Ilmarinen Mutual Pension Insurance Company concerning the refurbishing of the Ympyrätalo building in Hakaniemi, Helsinki.

Kiinteistö Oy Perkiöntie 2 was completed in Helsinki and sold in June to Nordisk Renting Oy. Kiinteistö Oy Panimokatu 4, the last stage of the Hermanni office complex being built in the Sörnäinen quarter of Helsinki, was sold to the Tapiola Insurance Group in June. The tenant of the building will be Tietokarhu Oy.

The construction of the Megaherts shopping centre in Herttoniemi, Helsinki, was started up in September and it was sold to Ilmarinen Mutual Pension Insurance Company in December.

In line with its strategy, YIT completed the divestiture of its investment properties when Kehä-Koskelo in Espoo was sold to Ilmarinen Mutual Pension Insurance Company in October.

Microsoft Oy's business building in Espoo, Pohjantähti Mutual Insurance Company's head office in Hämeenlinna and Hall 600 of the Helsinki University of Technology (which was carried out as a joint project with Senaatti Real Estate) were completed as project management contracts in 2002. The refurbishing of the Itämerentalo building in Ruoholahti was carried out for the real estate investment company Kapiteeli Ltd and the refurbishing of the Pitäjänmäki children's home for the Helsinki Deaconess Institute. The construction of the Kerava library is ongoing and it will be completed in the first months of 2003.

*Property Services offers customer groups that use business premises working environment solutions and services that facilitate their operations. For investors, Property Services offers services and solutions that turn properties into competitive investment sites. Its range of services is based on a chain that covers the entire life cycle of a property: property development, rental of business premises, completed investment properties, construction management, new construction, renovation, property maintenance, upkeep, property management and working environment services for users.*



*Ympyrätalo is a business and office building designed by Kaija and Heikki Siren. The building was completed in 1968 and has become a unique landmark in Helsinki. After its renovation, the building measures up in all respects to today's technical and operational requirements and is one of the major office sites in central Helsinki.*

*YIT Rapido handled the landscaping and cleaning of the grounds of the Tuusula housing fair. In the photo: gardener Mia Kovanen.*



## Renovation, property maintenance and property management growing vigorously

Renovation grew by over a third compared with the previous year. The good level of operational control achieved in recent years has laid an excellent foundation for growth and the implementation of large and challenging projects. Growth is forecast to be even more vigorous in 2003.

The operations of YIT Rapido Property Management Services Ltd grew. Its major new clients included the Slot Machine Association RAY, Paloheimo Oy, Riihimäki, Metso Automation Oy, Tampere, the Oulu Region Joint Authority for Vocational Training OSAKK and TOAS in Tampere.

The focus of YIT Rapido's business area was honed towards the end of the year such that the unit will concentrate purely on property maintenance, upkeep and management services. Landscaping services were transferred to YIT Infra-services and repair contracting to Renovation Services.



*The preventative maintenance of properties ensures that they will serve their users in an optimal fashion. In the photo, seasonal repairman Juha Jylhä is shown taking moisture measurements.*

*The Herttoniemi church was refurbished in 2001-2002. The church was designed by architect Osmo Lappo in the 1950s.*

*The construction of an office building in Itä-Pasila, Helsinki, that will be owned by the Suomi Group commenced in January. The tenants of the building will be TKP Tieto Oy and Finnmap Consulting Oy.*



## Development challenges and outlook for 2003

Property Services' customer base is shared to a significant degree by the division's various units. In 2003, we will continue our customer expertise development efforts, which have already yielded good results. The aim is to tap into all of the division's know-how to develop services and total solutions that serve the operations of different customer groups even better than before. Life-cycle expertise will also be reformulated into a more tangible service package and separate products that generate a new breed of customer value.

The quite extensive number of vacant office premises at the beginning of 2003 will impact further on new office site start-ups. It is expected that start-ups will decline compared with the first half of 2002. YIT, however, can offer many head office and business park projects complete with a wide range of services for key locations. This lays the foundation for future development.

Competition will remain tight in new construction. A greater number of developers have now adopted quality ratings to guide them in their choice of contractor. This trend offers YIT a good shot at success, as developers are taking the reliability of the contractor's deliveries and quality perspectives into fuller consideration when making their choices. Property Services has made great strides in honing its site quality and schedule management, which is evident in the significantly lower number of quality defects and improved customer satisfaction.

Zoning development for the retail and logistics sectors is expected to result in the first start-ups in the latter half of the year. Likewise, it is anticipated that the first cooperation projects with the public sector will be greenlit.

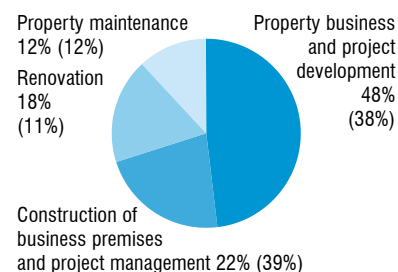
In renovation, the volume is expected to grow both in business premises and residences. Substantial growth is being sought from renovation by means of even larger projects.

Strong growth is sought in property maintenance, upkeep and management as customers are calling out for competitive bids on property service packages and continuing to initiate property service outsourcing projects.

*The refurbishing of the Pitäjänmäki children's home for the Helsinki Deaconess Institute in Helsinki.*



## Breakdown of net sales 2002 (2001)



Net sales EUR 206.8 million (187.2)

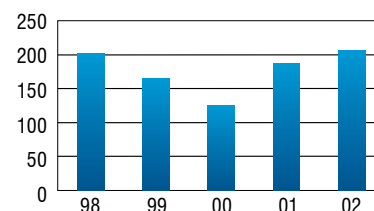
## Division balance sheet summary, EUR million

	2002	2001
Non-current assets	2.8	3.9
Inventories	34.1	44.8
Financial assets	94.8	98.8
Shareholders' equity	68.2	66.4
Obligatory reserves	7.0	4.9
Interest-bearing liabilities	21.0	41.5
Interest-free liabilities	35.5	34.6
Balance sheet total	131.7	147.5

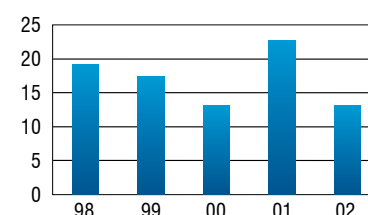
## Key figures, EUR million

	2002	2001
Net sales	206.8	187.2
Operating profit	13.1	22.8
- % of net sales	6.3%	12.2%
Return on investment	13.3%	23.7%
Order backlog, Dec. 31	117.6	138.9
Average personnel	731	624
Share of the Group's net sales	11%	11%
Share of the Group's operating profit	13%	20%

## Net sales 1998-2002, EUR million



## Operating profit 1998-2002, EUR million



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## Infraservices – a multiskilled civil engineer

*Infraservices is a multi-skilled civil engineer. Our services cover the entire life cycle of infrastructure projects – project preparation, implementation and maintenance. A customer-focused business model, active R&D, good equipment and above all our skilled employees make Infraservices a partner with which the customers can carry out their infrastructure projects all over Finland.*

In 2002, Infraservices' net sales were up 3 per cent on the previous year, rising to EUR 118.8 million (2001: EUR 115.5 million). Operating profit was EUR 4.1 million (EUR 4.3 million), slightly lower than in the previous year. Return on investment was 22.6 per cent (21.4%). At the end of the year, the order backlog amounted to EUR 50.5 million (EUR 51.3 million).

### **Versatile products and services**

Thanks to our extensive range of products and services, Infraservices is one of Finland's leading players in infrastructure. Our traditional services, which we continuously hone, include tunnelling, municipal engineering works, earthworks, foundation works, construction of sports facilities, bridge and harbour construction, demanding concrete structures and environmental construction.

The year-round maintenance of roads and areas, the non-invasive renovation of underground piping and repairs of concrete surfaces in turn are maintenance and repair services that customers need during the life cycle of infrastructure.

### **Non-invasive renovation of piping is added to the product range**

In February 2002, YIT acquired the business operations of Kaukotek Oy, including the non-invasive renovation of piping and the implementation of special structures for landfills. The main customer groups for these products are the water and sewage departments of municipalities and cities as well as industry. The market for this field will grow during the next few years.

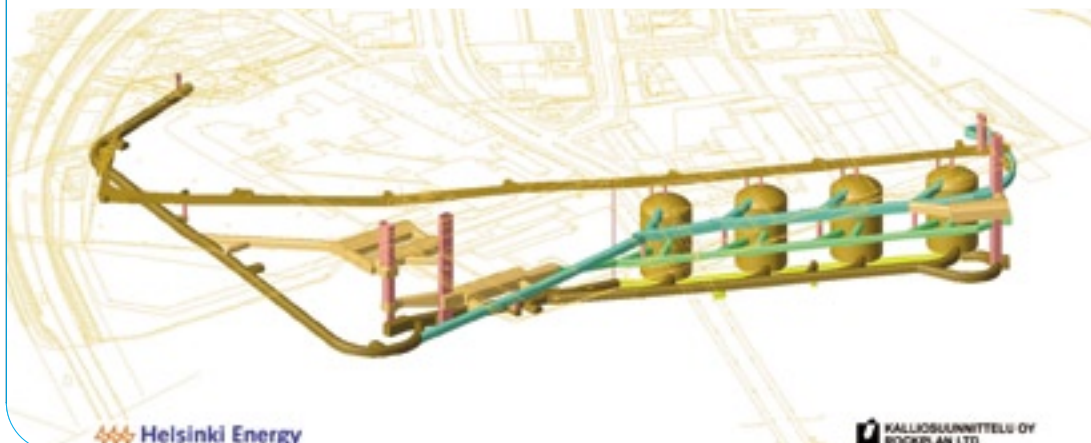
### **New maintenance agreements**

During 2002, YIT landed one more three-year public road maintenance agreement – in the Pietersaari area – that had been put out for competitive bids by the Finnish Road Administration and thus further consolidated its position as the market leader amongst private players in road maintenance. During the report year, YIT also gained from the City of Helsinki a maintenance contract for the Kaarela region. The contract lasts for two and a half years. In addition, long term service agreements concerning infrastructure maintenance were made with various industrial plants.

### **Outlook for 2003**

Many large infrastructure projects will be started up in Finland during the next few years, and thus the field's market is growing. In 2003, for example, numerous tunnel projects and the dredging of the Vuosaari harbour channel will be started up. More public road maintenance contracts will be opened to competition and the market for the maintenance of the infrastructure of municipalities, cities and industry will provide new opportunities to active players.

*Helsinki Energy has commissioned an automated subterranean vertical silo system for its power plant in Salmisaari. This is the only such system in the world. 60,000 tonnes of hard coal fit into a single silo.*







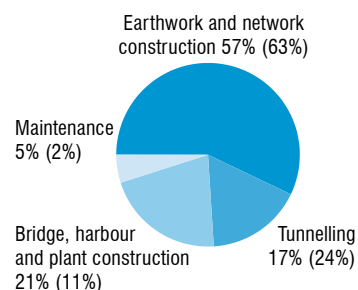
*Tartan surfacing works on the running track of the Hiekkaharju track and field arena.*

*Landscaper Päivi Ainamo performing finishing works at As Oy Lehtikaskenkuja.*

*The cornerstone of the Parliament extension was laid on January 15, 2003, under the direction of Speaker of Parliament Riitta Uosukainen.*



### Breakdown of net sales 2002 (2001)



Net sales EUR 118.8 million (115.5)

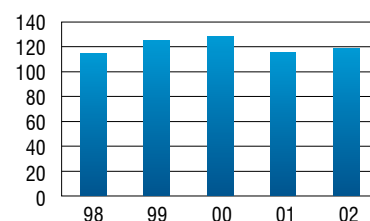
### Division balance sheet summary, EUR million

	2002	2001
Non-current assets	0.7	0.7
Inventories	2.0	0.5
Financial assets	40.8	35.9
Shareholders' equity	24.8	23.8
Obligatory reserves	0	0
Interest-bearing liabilities	0	0
Interest-free liabilities	18.7	13.3
Balance sheet total	43.5	37.1

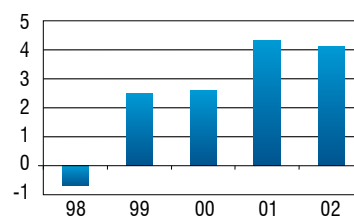
### Key figures, EUR million

	2002	2001
Net sales	118.8	115.5
Operating profit	4.1	4.3
- % of net sales	3.5%	3.7%
Return on investment	22.6%	21.4%
Order backlog, Dec. 31	50.5	51.3
Average personnel	695	744
Share of the Group's net sales	7%	7%
Share of the Group's operating profit	4%	4%

### Net sales 1998-2002, EUR million



### Operating profit 1998-2002, EUR million



## International Operations consolidates its position

*International Operations offers development, design, implementation and maintenance services for residences, properties, infrastructure and industrial projects in Scandinavia, the Baltic countries and Russia. Projects involving water and environmental services are carried out in Northern and Eastern Europe and some countries in the Far and Middle East. Makroflex's polyurethane insulation and sealant products are manufactured in Finland and Estonia. They are sold also in Europe, Russia and the Far East.*

The net sales of International Operations were 40 per cent higher than in the previous year, hitting EUR 168.4 million (2001: EUR 120.3 million). Operating profit came in at EUR 6.2 million (EUR 7.1 million). Return on investment was 12.5 per cent (22.4%). The order backlog grew significantly and at year's end had doubled up on the previous year, amounting to EUR 158.6 million (EUR 79.0 million).

The volume registered buoyant growth in Baltic construction services and sales of Makroflex products. Growth was steady in Russian construction services. The volume of water and environmental services remained unchanged.

The focus of development and training operations was on customers' product applications, customer-oriented service and the development of export applications for the operations control system. Concerted efforts were made to develop the conditions for market-financed residential construction.

### **Strong growth in construction services in the Baltic countries**

Operations grew buoyantly in Lithuania and Estonia. AB Kausta consolidated its position as its field's leading contractor in Lithuania and FKSM retained its position as one of Estonia's leading construction companies.

Market-financed housing production was developed vigorously in Tallinn, Pärnu and Vilnius. Demand is expected to grow steadily in 2003.

### **Construction services register steady growth in Russia**

The favourable economic trends in Russia imparted stability to the continuation of the positive development of the country. YIT's operational volume rose steadily. The Japanese Embassy in Moscow, St. Petersburg's southwestern wastewater treatment plant and the start-ups of market-financed housing production projects in the latter city lay the foundation for sizeable volume growth.

### **Water and environmental services maintain their position**

The focus of operations in water and environmental services was on the Baltic rim. YIT continued to enjoy a strong position and steady demand in this region. In Sweden, the outlook is and will remain good in the forest industry and solid waste treatment. The

construction of St. Petersburg's southwestern wastewater treatment plant was started up towards the end of the year. Operations in the Far and Middle East remained stable.

### **The Makroflex sealant business grows vigorously**

Makroflex is a registered trademark used to market polyurethane insulation and sealant products. Makroflex has production and marketing companies in Finland and Estonia as well as marketing companies in Russia, Sweden and Poland. In 2002, it strengthened its market position further in its main market areas. Sales growth was buoyant in Russia and continental Europe. Sales in 2003 are estimated to see stable growth in all market areas.



*YIT's Estonian subsidiary AS FKSM is building two 19-storey apartment buildings in the centre of Tallinn.*



*Makroflex develops and produces eco-friendly polyurethane insulation for use in construction and renovation.*

*The Forumas congress and recreational centre, Vilnius, Lithuania.*



### Outlook for 2003

It is forecast that in 2003 there will be moderate growth in the economies of Russia and the Baltic countries and in construction operations in these countries. Demand for residences will continue in St. Petersburg and large cities in the Baltic countries.

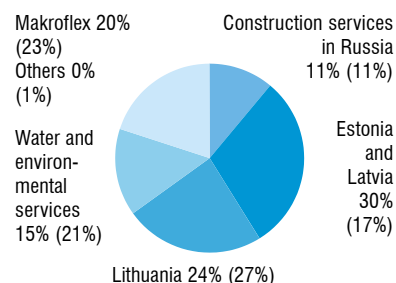


*The settling tank, machinery and power plant of the wastewater treatment plant of the City of Sakaka, Saudi Arabia.*

*The Akropolis shopping and recreational centre, Vilnius, Lithuania.*



### Breakdown of net sales 2002 (2001)



Net sales EUR 168.4 million (120.3)

### Division balance sheet summary, EUR million

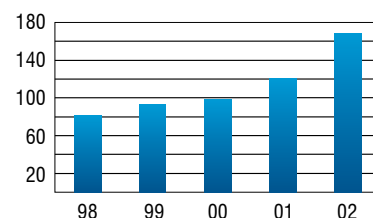
	2002	2001
Non-current assets	17.7	20.9
Inventories	14.8	7.0
Financial assets	57.3	44.1
Shareholders' equity	12.9	9.6
Obligatory reserves	0	0
Interest-bearing liabilities	23.3	27.7
Interest-free liabilities	49.4	30.6
Balance sheet total	89.8	72.0

### Key figures, EUR million

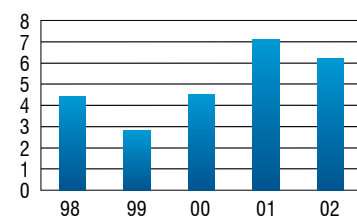
	2002	2001
Net sales	168.4	120.3
Operating profit	6.2	7.1
- % of net sales	3.7%	5.9%
Return on investment	12.5%	22.4%
Order backlog, Dec. 31	158.6	79.0
Average personnel*	1,329*	1,023
Share of the Group's net sales	9%	7%
Share of the Group's operating profit	6%	7%

\* ) of which abroad 1,181

### Net sales 1998-2002, EUR million



### Operating profit 1998-2002, EUR million



*YIT Installation is one of the largest companies offering building system services and capital investment and maintenance services for industry in the Nordic countries. Its Swedish subsidiary Calor attends to service provision in Scandinavia.*



## YIT Installation's earnings improve

# 45

The business operations of YIT Installation are grouped into four divisions: Building Systems, Capital Investment Services for Industry, Industrial Maintenance and Scandinavia.

In 2002, YIT Installation had net sales of EUR 581.7 million (EUR 627.8 million), representing 33 per cent of the entire YIT Group's net sales (39%). Its maintenance and servicing business accounted for 61 per cent (53%) of net sales. The value of international activities rose to EUR 228.8 million (EUR 218.5 million), or 39 per cent of total net sales (35%).

Operating profit came in at EUR 21.1 million (EUR 24.9 million), representing 22 per cent (24%) of the entire Group's operating profit. The previous year's operating profit included EUR 6 million in capital gains from the sale of surface treatment business, and thus profit exclusive of non-recurring items was 12 per cent higher than in the previous year. Return on investment was 25.0 per cent (32.1%).

At the end of the year, YIT Installation's order backlog was at the same level as a year earlier, or EUR 225.5 million (EUR 226.0 million). The order backlog of international activities accounted for EUR 95.4 million (EUR 99.6 million) of this amount.

At year's end, YIT Installation had a payroll of 5,927 people (5,673), representing 47 per cent (55%) of the entire Group's employees.

### Inconsistent trends in different fields of business in 2002

YIT Installation's markets developed inconsistently in 2002. The trend in industrial maintenance remained stable, but demand for investments declined dramatically.

Brisk residential construction maintained the demand for building systems in the Greater Helsinki area, but demand was weaker in the rest of the country. Demand for maintenance and servicing remained good during the entire report year.

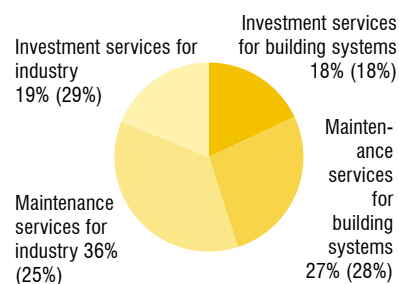
The situation in Sweden was very similar to that in Finland, but the construction of business premises tailed off strongly towards the end of the year in the Stockholm area. Residential construction has been on the rise also in Sweden.

### Outlook for 2003

It is expected that the trend in YIT Installation's net sales and operating profit will be stable in 2003.

*Maintenance works at OMG Kokkola Chemicals Oy's factories in Kokkola. In the photo: Jouni Jääskä*

### Breakdown of net sales by business sectors 2002 (2001)



Net sales EUR 581.7 million (627.8)

### Division balance sheet summary, EUR million

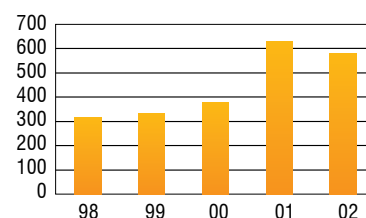
	2002	2001
Non-current assets	57.4	69.0
Inventories	23.7	17.2
Financial assets	170.9	171.4
Shareholders' equity	44.8	42.8
Obligatory reserves	4.0	4.9
Interest-bearing liabilities	62.1	71.1
Interest-free liabilities	139.5	136.7
Balance sheet total	252.0	257.6

### Key figures, EUR million

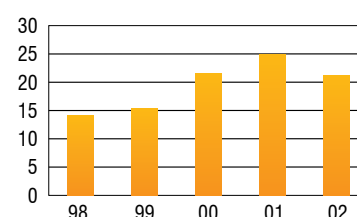
	2002	2001
Net sales	581.7	627.7
Operating profit	21.1	24.9
- % of net sales	3.6%	4.0%
Return on investment	25.0%	32.1%
Order backlog, Dec. 31	225.5	226.0
Average personnel	6,098 *)	5,671
Share of the Group's net sales	33%	39%
Share of the Group's operating profit	22%	24%

\*) of which abroad 1,575

### Net sales 1998-2002, EUR million



### Operating profit 1998-2002, EUR million



## Building Systems' net sales down, but earnings are up

*Building Systems provides maintenance and upkeep services as well as end-to-end services for building systems. It offers heating, water, ventilation, electrical and automation system services for the entire life cycle of properties. The division's range of services also includes sprinklers and other fire extinguisher and alarm systems as well as electronic security services.*

*Building Systems was responsible for the building system works of Innopoli II in Espoo. The photo shows ventilation ducts.*

Building Systems has thirty business locations all over Finland and slightly over 1,300 employees. About 50 per cent of its net sales are generated by its maintenance and servicing business. Its aim is to create safe, comfortable and healthy working and residential environments.

In 2002, the net sales of the Building Systems division declined by 8 per cent compared with the previous year and amounted to EUR 145.8 million (EUR 158.2 million). Its earnings trend was positive. The order backlog declined from last year's figure and was EUR 48.5 million (EUR 56.3 million) at year's end.

### Acquisitions bolster the service portfolio

In the second half of the year, YIT acquired the shares outstanding in Härkätien Sähkö Oy in Lieto. The deal served to expand YIT's range of services in the economic area of Western Finland, primarily in Turku.

The business operations of Linke Oy, a refrigeration business specialist, were acquired in Kemi. The deal strengthens YIT Installation's position, primarily in Northern Finland, as a provider of maintenance services for industry and commercial premises.

In September, Kruunuhaan Putki Oy was merged into YIT Huber Ltd. The merger



streamlines both operations and visibility in the Greater Helsinki area.

### The market as a whole is stable

In 2002, the overall trend in the market for building systems was stable. However, significant changes took place inside the market. Capital investments by industry and the construction of business premises contracted substantially.

The construction of new residences and both renovation and refurbishing works grew. Demand for maintenance and servicing remained solid during the entire report year.

It is estimated that construction will remain stable over the next few years, but trends will vary significantly by the type of construction and geographical area in question.

Demand for maintenance and servicing is rising. The share of building system works will increase in new construction and especially in repair works. Technology will assume greater significance in maintenance and servicing, while the importance of property security and safety will increase both in the case of access control and fire safety.

Building Systems is responding to changes in the market by refocusing its operations on its maintenance and servicing business, which is already at a good level, and on the construction of new residential buildings as well as refurbishing and repairs.

### Results of R&D

The development of new products and services continued during the entire report year under the YIT Smart technology programme. In-depth information on YIT Smart products and operations is provided in the section on the development of the Group.

In 2002, the E-value method ® was entered in the Trademark Register of the National Board of Patents and Registration of Finland. The method enables the verification of a building's real annual consumption of thermal and cooling energy using measurements and calculations carried out over a few days.

### **The strategic process starts up the development of functions**

Building Systems carried out an extensive strategic process in 2002. Consequently, new business areas were chosen for the division and the organization was realigned to match the business areas selected for the Greater Helsinki area and all of Southern Finland.

A business area development process covering all of Finland was started up to upgrade the efficiency of operations, elaborate services into products and expand the service ranges. In addition, customer relationship development efforts were kicked off in Southern Finland. In future, these efforts will be expanded to cover the rest of the country.



On the basis of the competence needs identified in the strategic process, the expertise of employees will be improved by means of continuous training and by acquiring new resources whenever necessary.

*Sprinkler equipment of Hartwall's factories in Lahti.*



*The renovation of the operating theaters of the Central Hospital of Central Ostrobothnia. Shown in the photo: Heikki Svärd, project installer.*



*One of Building Systems' major end-to-end deliveries of building systems was for the Hermanni office complex, Tynnyrintekijänkatu 1, Helsinki.*

## YIT Installation is the market leader in industrial services

*The services offered for capital investments by industry include deliveries of piping systems, tanks, instrumentation and automation for various industrial processes. The products and services encompass everything from piping and boiler components manufactured at workshops to total projects. The customers of capital investment services are the forest, energy, oil and petrochemical industries as well as shipyards and the offshore industry. The main market area is the Nordic countries, but projects are exported worldwide.*

*YIT Installation carried out works valued at a total of EUR 17 million at AvestaPolarit's factories in Tornio.*

The net sales of the Capital Investment Services for Industry division declined by 20 per cent compared with the previous year, amounting to EUR 163.4 million (EUR 204.1 million). The contraction of net sales was due to the smaller demand for industrial investment projects. Nevertheless, the operating result remained good. At the end of the year, the order backlog amounted to EUR 40.0 million (EUR 50.0 million) and the division had a payroll of 1,750 people.

The net sales of the Industrial Maintenance division were up 15 per cent on the previous year, amounting to EUR 104.4 million (EUR 91.1 million). The operating result was at the same level as in the previous year. The order backlog, which primarily comprises long-term partnership agreements, stood at EUR 64.2 million (EUR 45.2 million) at year's end. The division had about 1,300 employees at the end of the year.

### **Honing the organization by means of mergers and acquisitions**

In 2002, a key development project for Capital Investment Services for Industry was the merger of two companies that are part of the division, YIT Industry Ltd and YIT Power Ltd. The merger entered into force on January 1, 2003, and the new company was named YIT Industria Ltd. It now comprises the Capital Investment Services for Industry division.

A new operating model was established in line with the business areas. The re-grouping improves customer service and lays the foundation for even stronger project expertise.

In addition, YIT Installation streamlined its range of maintenance and upkeep services for the pulp and paper industry: in September 2002, YIT Installation Ltd sold its 51 per cent stake in Scandinavian Mill Service Oy to Metso Paper Oy and the company thus became fully owned by Metso Corporation. After the deal, YIT Installation centralized all of its maintenance services for the forest industry within Oy Botnia Mill Service Ab, an associated company that is jointly owned with Metsä Botnia Oy.

In 2002, YIT Service Ltd acquired two companies providing electrical and automation installation and servicing, the Lahti-based ARK Sähköpalvelu Oy and the Jyväskylä-based





Pronor Automaatio. ARK Sähköpalvelu Oy was also merged into YIT Service Ltd. On January 1, 2003, after the end of the financial year, YIT Service acquired the business operations of Instrumenttitekniikat Oy, which offers electrical and automation installation and servicing in Turku.

### **Demand for capital investments by industry declines, but remains good**

Capital investments by the forest industry fell markedly and demand in the energy industry also declined compared with the previous year. One of the largest deliveries for the energy industry was gasification plant piping for Siemens AG's power plant in Huntstown, Ireland. The delivery was valued at over EUR 6 million. In Finland, one of the largest deliveries is a cracking furnace ordered by Neste Engineering Ltd. The delivery will be seen to completion in 2003.

Investments were in demand in the process and base metals industry. The most significant delivery comprised process and hydraulics piping for Avesta Polarit's Double project, valued at over EUR 12 million. Demand was also brisk in tank deliveries.

The volume of investments was good in the marine industry during the first half of the year, but began to slide dramatically towards the end of the year due to the declining order backlogs of shipyards. During the report year, numerous piping prefabrication and end-to-end projects were delivered to all Finnish shipyards. A major piping delivery for Kimek AS in Norway comprises a new bridgehead.



*Piping of the Edenderry peat power plant, Ireland.*



*The construction of Kymin Voima's new biofuel power plant has been carried out jointly by numerous YIT units. The new power plant was equipped with piping, process equipment and a sprinkler plant. It was inaugurated in autumn 2002.*

*Industrial maintenance services for production plants cover both mechanical maintenance and automation expertise. Maintenance aims to ensure that the production operations of customers proceed without malfunctions and thereby improve the productivity of their plants. To this end, partnership agreements are made with the customers. The services may be either individual works or comprehensive process operation.*

*Alholmens Kraft Oy Ab, Pietarsaari. YIT Huber has made a maintenance agreement concerning the building systems of the power plant. In the photo: Rainer Joupers.*

### **Stable demand in the maintenance market**

The report year's most significant maintenance agreement was made with UPM-Kymmene. Demand was brisk in the forest industry and especially in the oil and petrochemical industry, where the most important deliveries were made for Fortum in Porvoo.

Major shutdown sites included the summer shutdown of Oy Metsä-Botnia Ab's mill in Joutseno and maintenance works on nuclear power plants.

Automation installations were performed at sites such as Oyj Hartwall Abp's new factory in Lahti, Avesta Polarit Oyj's factory in Tornio and Forchem Oy's pine oil factory in Rauma. Major equipment installation works were carried out at the cosmetics factory of Noiro, which is part of the Orion Group, and at numerous mechanical wood-processing plants.



### **Outsourcing continues in industry**

Production plants have continued to focus on their core businesses and seek to hand over maintenance and its development to specialist companies. Outsourcing as a whole has progressed in line with expectations. The capacity utilization ratio of the division has remained satisfactory, although needs for maintenance and shutdown works have varied regionally in Finland.

Numerous new partnership agreements were made in industrial maintenance in 2002. Under partnership agreements, YIT Installation takes on complete responsibility for the maintenance of a production plant and its development. Sites covered by the new partnership agreements include Yhtyneet Sahat Oy's sawmill in Seikku and Karjaportti's new production plants in Mikkeli.

Neste Marketing Ltd renewed its service station maintenance agreement. YIT Installation now provides maintenance for about 1,200 service stations.

### **Plaudits for the development of customer service**

One of the most important development projects for YIT Installation's industrial services is upgrading the operation of industrial processes. The aim is to improve the operational reliability of processes and increase their productivity.

An example of such development is the Nero (Neural Diagnosis of Rotation Machines) condition monitoring system, which uses cutting-edge monitoring technology. It has now been ushered into the commercial phase and deliveries to customers have begun. In addition, customers in different fields of business have been provided with FATMO analysis, which is used as an aid in determining the remaining service life of structures and the productivity of processes.

The dynamic development efforts to improve customer service were praised in Imatra when Stora Enso Oyj's factories in that city chose YIT Service Ltd's Imatra unit as the Service Provider of 2001. According to Stora Enso, YIT Service's Imatra unit is a top-notch supplier of maintenance and projects that is not only able to deliver on its service promises, but is also delighted to serve customers and improve itself. YIT Service's comprehensive management system, which includes the management of quality, environmental and safety considerations, was also praised.

YIT Service ensures the constant development of the management system by means of systematic self-analysis carried out using the quality award criteria of the European Foundation for Quality Management.

### **Demand for maintenance will most likely remain good and investments are expected to increase in the next few years**

YIT Installation's outlook for demand in 2003 varies by business area. The market for maintenance services will in all likelihood develop favourably, but investments, especially those of the forest and energy industries, will remain slight, particularly in the first half of the year.

Investments by the forest and energy industries are expected to pick up in the second half of the year. The outlook for the marine industry also seems to be improving thanks to the orders for new ships received by Finnish shipyards at the end of 2002. The high price of electricity and the growth in electricity consumption are believed to set the stage for new energy projects in the next few years.

Investments will probably commence in 2004, when it is thought that demand will start recovering in Finland and Sweden.

YIT Installation is also actively involved in the preparations for upcoming projects that are particularly large in scale, such as Finland's fifth nuclear power plant.

*Maintenance works at OMG Kokkola Chemicals Oy's factories in Kokkola. In the photo: Jouni Jääskä.*



*Jorma Heinonen inspecting the condition of the pump automation at Koff's factories in Kerava.*

## Business operations grow in Scandinavia and earnings improve

*YIT Installation's subsidiary Calor AB provides building system services and capital investment and maintenance services for industry in Sweden and Norway.*

The net sales of the Scandinavia division increased by 5 per cent and rose to EUR 201.1 million (EUR 192.3 million). Earnings improved compared with the previous year. At the end of the year, the order backlog was at the previous year's level and amounted to EUR 92.1 million (EUR 90.7 million). At year's end, the division had about 1,500 employees.

In 2002, three new companies were integrated into the Scandinavia division: Ulf Martinsson Rör & Svets AB, Nynäs Rör AB and E Berglunds Värme AB. The combined net sales of these companies amount to EUR 3.3 million and they employ 25 people. On January 13, 2003, after the end of the financial year, AC Luft AB and its subsidiaries Lycksele Rör AB and Vennäs Rör AB were acquired. YIT Industrier AS and Ing. Morten Juel AS are responsible for operations in Norway.

### **Construction volume declining**

The downswing in the business sector had a clear impact on construction volumes. Growth in the Swedish construction market came to a halt towards the end of the year and the overall construction volume declined by about one per cent. Residential construction, however, increased by approximately 6 per cent. Business premise, industrial and other construction contracted by 4 per cent.

In 2003, residential construction is anticipated to keep growing at a rate of 4 per cent. Construction of commercial premises is expected to decline by 3 per cent, while industrial construction is expected to rise by 5 per cent.

Industry remained cautious in its investments, and it is believed that they will not increase until the end of 2003. It has been assessed that the market will be quiet next year until the business cycles improve again.

The total number of end-to-end building system contracts has risen in new construction.

### **Development yields good results**

Outlays were made on the development of operations during the report year. Joint projects between different units have been started up within YIT Installation so that all available synergy benefits can be tapped into. In addition, the efficiency of regional development efforts has been increased by appointing people in each production area in Sweden to take on the responsibility for development work.

The development of the project management and calculation system (Callog) has yielded good results. The certification of operations has continued so that the requirements of the European Pressure Equipment Directive can be met.

A new service concept for building system maintenance was introduced during the report year with a view to increasing both the volume and profitability of operations. Development has taken place in numerous areas, such as customer service, quality, marketing and operating procedures.





*Södra Cell, factory in Värö: the installation of the process piping of a new soda recovery boiler and HEPAC works.*

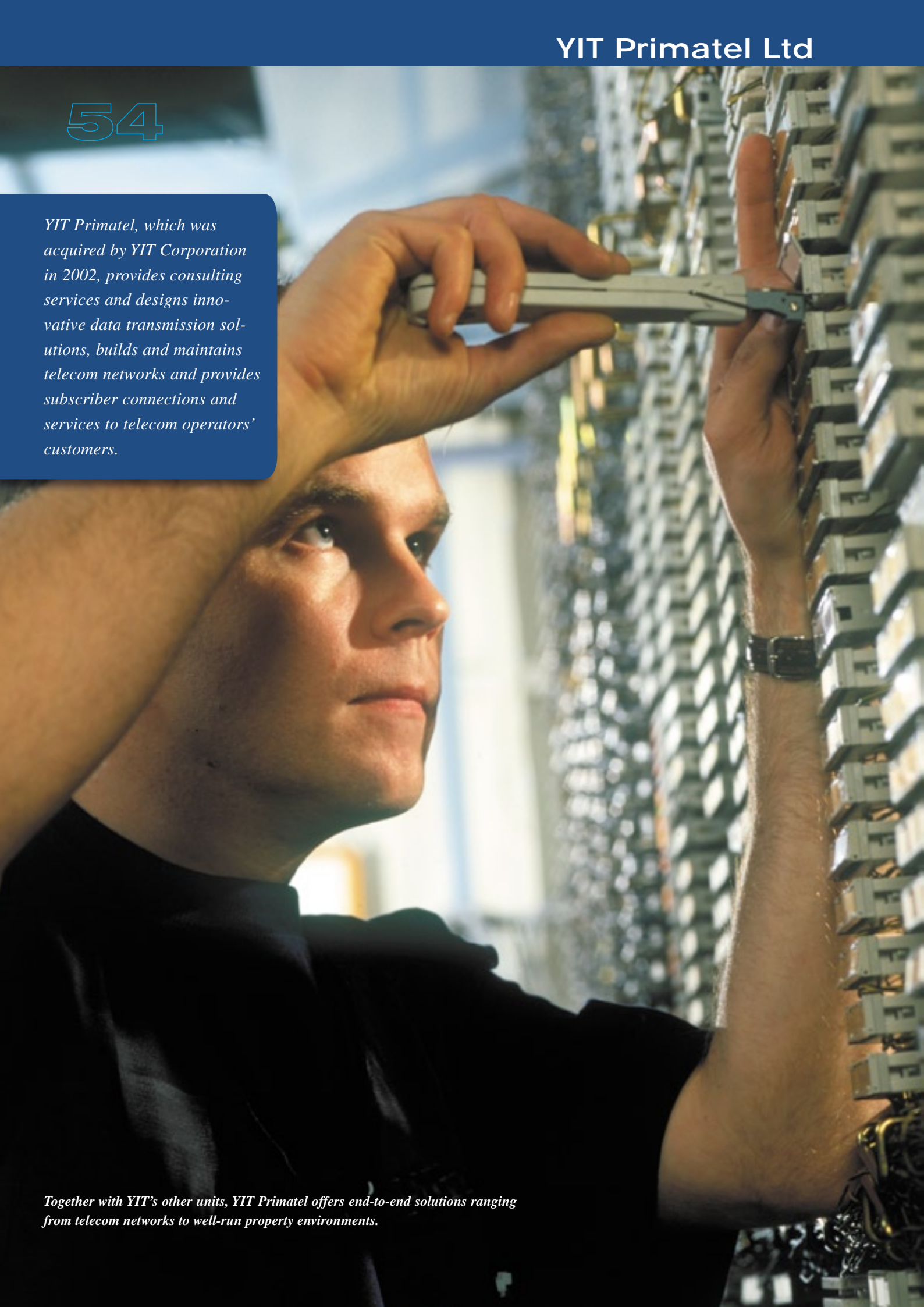
*Swedish Match, a new snuff factory, Kungälv: piping installation, including heating, gas, various cooling systems, heat recovery, pressurized air systems and various usage water and sewage systems.*



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*YIT Primatel, which was acquired by YIT Corporation in 2002, provides consulting services and designs innovative data transmission solutions, builds and maintains telecom networks and provides subscriber connections and services to telecom operators' customers.*

*Together with YIT's other units, YIT Primatel offers end-to-end solutions ranging from telecom networks to well-run property environments.*



# YIT Primatel offers telecom expertise with Finland-wide coverage

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## Business is on a stable footing

In the June-December period of 2002, YIT Primatel had net sales of EUR 95.8 million, which represents 5 per cent of the entire YIT Group's net sales. 59 per cent of net sales are based on long-term customer agreements and 40 per cent on project production. International operations, which focus on Scandinavia, the Baltic countries and the nearby areas of Russia, generated about one per cent of net sales.

Operating profit in the June-December period of 2002 amounted to EUR 6.0 million, or 6 per cent of the entire Group's operating profit. Return on investment was 22.8 per cent.

YIT Primatel's order backlog at the end of the year was EUR 94.0 million.

At the end of the year, YIT Primatel had a payroll of 1,619 people, or 13 per cent of the entire Group's employees.

## YIT Primatel's services and products

YIT Primatel's strengths are its high level of expertise in telecommunications technology, its comprehensive grasp of customers' needs and its nationwide service network that boasts over one hundred business locations. Its expertise encompasses fixed telecom networks both on land and in water, mobile networks and information and security solutions for properties.

The Fixed Networks division provides services for fixed network construction and maintenance ranging from design to repairs. Its services and products fall into connection deliveries, network construction and local area network (LAN) operations.

The Mobile Networks division provides services for mobile phone operators encompassing the entire life cycle of mobile communications networks. Its main products are network construction, maintenance and design.

The Property Networks division builds IT networks and security systems and implements telecommunications systems. In information networks and security systems, the division focuses on internal and LAN solutions that benefit property users and owners. In addition, it offers regional security monitoring solutions to customers operating nationwide.

## Integration into the YIT Group improves Primatel's position

For Primatel, the major event in 2002 was its transfer from Sonera Corporation to YIT Corporation. Through this deal, YIT Primatel Ltd became an independent player that is not dependent on a telecom operator. Moreover, its post-acquisition status as one of its new owner's core businesses improved its position in relation to its competitors and in terms of the market and customers.

Its status as part of the YIT Group strengthens substantially the coverage of the services it offers – backed by the entire Group, it can establish an extensive service concept for properties and communications technology.

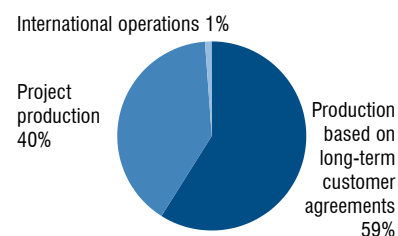
## Expanding clientele

Telecom operators are outsourcing their network construction and maintenance-related functions in YIT Primatel's entire market area. In 2002, for example, Song Networks Oy's Service business was transferred to YIT Primatel and at the same time it was agreed to engage in extensive cooperation whereby Song Networks will purchase from YIT Primatel the nationwide telecom network construction, maintenance and servicing works it requires in Finland.

Cooperation and service agreements concerning network implementation and maintenance packages were also made with many Finnet companies.

In the case of property networks, numerous extensive technical solutions were delivered to large corporations, the forest industry and others during the year now ended.

## Breakdown of net sales by business sectors



Net sales June-Dec./2002 EUR 95.8 million

## Division balance sheet summary, EUR million

	2002
Non-current assets	34.2
Inventories	1.8
Financial assets	31.2
Shareholders' equity	7.6
Obligatory reserves	2.9
Interest-bearing liabilities	33.0
Interest-free liabilities	23.7
Balance sheet total	67.2

## Key figures, EUR million

	2002
Net sales (June-Dec./2002)	95.8
Operating profit (June-Dec./2002)	6.0
- % of net sales	6.3%
Return on investment	22.8%
Order backlog, Dec. 31	94.0
Personnel, Dec. 31	1,619
Share of the Group's net sales	5%
Share of the Group's operating profit	6%



### **A pioneer in the development of its field**

The company upgraded the competitiveness and quality of its services as the markets opened to competition and evolved. The service portfolio was expanded to include exchange installations and maintenance.

The companies continued to develop local information and security technology services that are required in customer environments. As development continues, systems supplier partners are being sought with which comprehensive data transfer and IT service concepts can be created.

In its own operations, the company shifted its business responsibility closer to the customer. This enables it to augment its market sensitivity and react faster to customers' wishes and changes in the competition situation.

### **The markets in transition**

Due to the uncertainty prevailing in the IT field and the weaker financing situation, operators have pushed back their network investments. In particular, investments in mobile communications networks have declined. Demand for the construction of new mobile networks has been slight and the scale of UMTS network construction has not become significant yet.

In 2002, the company prepared itself for changes in the market by both boosting the efficiency of operations and implementing structural overhauls.

### **Network investments will see growth at the end of 2003 at the earliest**

The pent-up investment pressures are expected to be released over the longer term. It is expected that there will be small growth in the construction of UMTS networks towards the end of 2003.

In the case of mobile networks, growth in Finland's neighbouring areas will remain the strongest in Russia, where GSM networks in particular are being built. Players in the Baltic countries are keeping an eye on how the EU membership negotiations progress and the markets are in an expectant mood. Sweden is making headway with the construction of UMTS networks, as the regulator is adhering closely to the plans outlined in the conditions of the permit.

### **Further operational efficiency in line with customers' needs**

If we are to succeed, we must hone our operations continuously in Finland and renew ourselves internationally.

Development focuses on the quality of operations, ramping up their efficiency and cooperating with customers. Developing service concepts to match customers' needs entails networking as well.







In the product and service portfolio, the company concentrates on its division-specific core expertise and fieldwork. The same level of quality is provided to nationwide customers all over Finland and operations are focused regionally in accordance with customers' needs.

International operations are developed in the YIT Group's home market areas in Scandinavia, Russia and the Baltic countries. Various alternative solutions are being sought with the YIT Group's other subgroups.

### **The prevalence of broadband connections brings stability**

In spite of the fact that network investments are tailing off, the growth in broadband connections is stable. For example, the popularity of ADSL connections will step up urban network related construction, especially in the growth centres.

### **Growth through outsourcing**

Growth is being sought from the incipient outsourcing of network installation functions by telecom operators. It is believed that operators in Finland will continue to outsource network construction and maintenance. Such outsourcing has for the most part already taken place in the other Nordic countries. It is expected that in the Baltic countries this trend will kick in during the next few years.

It seems that the trends are positive, although new competitors have entered the market, among them traditional electrical installation companies, system integrators and equipment suppliers.

### **Indoor coverage solutions comprise a new product range**

In spite of the slump affecting mobile phone operators, the comparable net sales of the Mobile Networks division remained at the previous year's level in 2002. The dismantling of the NMT 900 network lasted well into the year now ended and the construction of the Virve digital radio network, meant for the use of the authorities, continued until autumn 2002.

In the next few years, the need for indoor coverage solutions for the Virve network will provide us with growth potential. The development of other indoor coverage solutions will also open up a new customer group for us and create demand for a new product range.





### **Demand for wireless local networks to grow as information and security technology evolve**

Customer network services and both information and security solutions will become more advanced, which will increase demand for local services and bring growth potential. Demand for wireless local networks has been on the rise, and it is expected that this trend will continue.

The construction of fixed information networks for offices is in a lull, but there is demand at the residential end of the spectrum, as the number of broadband connections, for example, is growing significantly.

Growth in telecom networks and security systems is expected to continue in spite of the temporary decline in the construction of business premises. However, competition is tight.

### **New services impart market potential**

Services based on new network technologies increase the amount of information being transferred in networks and create the need for new network investments.

In the case of mobile networks, new products and services are being developed for the upper links of the value chain, especially user and maintenance services. Product elaboration is being honed to match the clientele and market situation.

### **Outlook for 2003**

YIT Primatel's net sales growth is expected to be slight in 2003. Thanks to the efficiency upgrading measures carried out in 2002, the company's annual profitability is anticipated to develop better than its net sales.

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## YIT's net sales see stable growth

In 2002, the YIT Group's net sales rose to EUR 1,763.0 million (2001: EUR 1,623.1 million), representing growth of 9 per cent on the previous year. Of the net sales, 62 per cent (61%) were generated by the business operations of the YIT Construction subgroup, which offers construction-related services, and 33 per cent (39%) by the YIT Installation subgroup, which offers capital investment and maintenance services for industry and building system services. The share of net sales accounted for by YIT Primatel, which builds and maintains telecom networks, was 5 per cent. YIT Primatel has been included in the consolidated financial statements as from June 1, 2002.

### Net sales by subgroup (EUR million)

	Jan.-Dec./ 2002	Jan.-Dec./ 2001	Change
<b>YIT Construction</b>			
<b>subgroup</b>	<b>1,111.8</b>	<b>1,013.8</b>	<b>10%</b>
<b>YIT Installation</b>			
<b>subgroup</b>	<b>581.7</b>	<b>627.8</b>	<b>-7%</b>
<b>YIT Primatel</b>			
<b>subgroup</b>	<b>95.8</b>		
<b>Other items</b>	<b>-26.3</b>	<b>-18.5</b>	<b>42%</b>
<b>YIT Group,</b>			
<b>total</b>	<b>1,763.0</b>	<b>1,623.1</b>	<b>9%</b>

YIT's service chain spans the entire life cycle of investments. A growing share of the Group's net sales come from its industrial, property, telecom network and traditional infrastructure maintenance and servicing business. In 2002, the share of total net sales accounted for by the maintenance business rose to EUR 425.1 million, representing 24 per cent of total net sales.

The share of the net sales accounted for by the Group's international activities rose from 20 to 22 per cent. Of the net sales, 78 per cent (80%) were generated in Finland, 13 per cent (13%) in the other Nordic countries, 6 per cent (3%) in the Baltic countries, 2 per cent (2%) in Russia and the remainder in the rest of Europe and from exports to distant markets.

## Operating profit exclusive of non-recurring items comes in at the previous year's level

The YIT Group's operating profit for 2002 was EUR 89.8 million (EUR 99.7 million). The operating profit margin was 5.1 (6.1). Operating profit for the previous year included EUR 10.9 million in non-recurring capital gains from a sale, and thus profit exclusive of non-recurring items was at the same level. The YIT Construction subgroup accounted for 72 per cent (76%) of operating profit, the YIT Installation subgroup for 22 per cent (24%) and YIT Primatel for 6 per cent.

### Operating profit by subgroup (EUR million)

	Jan.-Dec./ 2002	Jan.-Dec./ 2001	Change
<b>YIT Construction</b>			
<b>subgroup</b>	<b>70.3</b>	<b>79.4</b>	<b>-11%</b>
<b>YIT Installation</b>			
<b>subgroup</b>	<b>21.1</b>	<b>24.9</b>	<b>-15%</b>
<b>YIT Primatel</b>			
<b>subgroup</b>	<b>6.0</b>		
<b>Other items</b>	<b>-7.6</b>	<b>-4.6</b>	<b>65%</b>
<b>YIT Group,</b>			
<b>total</b>	<b>89.8</b>	<b>99.7</b>	<b>-10%</b>

Profit before extraordinary items and taxes was EUR 77.6 million (EUR 88.8 million). Profit after taxes declined to EUR 43.0 million (EUR 61.6 million). In addition to the income taxes for the review period, the figure includes the residual taxes levied for 1997 by the Tax Office for Major Corporations in March 2002, EUR 10.9 million, in their entirety. YIT appealed the tax decision and the Tax Correction Board of the Tax Office for Major Corporations approved the appeal in December. The residual taxes repaid to YIT in January 2003 by the Finnish Tax Administration have not been accounted for in the 2002 financial result.

The residual taxes impacted on earnings per share in particular, which declined to EUR 1.49 (EUR 2.14). Exclusive of the residual taxes, earnings per share amounted to EUR 1.86. Equity per share rose to EUR 12.54 (EUR 11.92).

## Dividend proposal: EUR 0.90 per share

YIT's objective is profitable growth. The Board of Directors reconfirmed 10-15 per cent as the target for average annual net sales growth when it reviewed the strategy in August. In 2002, net sales grew by 9 per cent. During the past five years, net sales have grown by 14 per cent on average. The target level for return on investment was reconfirmed at 18 per cent. In 2002, return on investment amounted to 17.8 (21.6%). The target level for the equity ratio was changed from 45 to 40 per cent, which better matches the growth and return on investment targets set for the Group. In spite of the fact that acquisitions were carried out, the equity ratio amounted to 38.2 per cent (40.3%) in 2002.

The dividend payout target was reconfirmed at 30-50 of annual earnings after taxes and minority interest. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.90 be paid per share (EUR 0.85), representing 48.4 per cent (39.7%) of earnings per share calculated exclusive of residual taxes.

## The order backlog strengthens

The Group's market position is strong. The Group's backlog of orders - i.e., the value of work not recognized as income - was 28 per cent higher at the end of the review period than a year earlier, amounting to EUR 938.8 million (EUR 735.8 million). The foreign order backlog saw especially strong growth, amounting to EUR 255.0 million (EUR 180.2 million) at year's end. The margin of the order backlog was good.

Part of the Group's maintenance and servicing business comprises works that are not included in the order backlog.

### Order backlog by subgroup (EUR million)

	Dec./2002	Dec./2001	Change
<b>YIT Construction</b>			
<b>subgroup</b>	<b>619.3</b>	<b>509.8</b>	<b>21%</b>
<b>YIT Installation</b>			
<b>subgroup</b>	<b>225.5</b>	<b>226.0</b>	<b>0</b>
<b>YIT Primatel</b>			
<b>subgroup</b>	<b>94.0</b>		
<b>YIT Group,</b>			
<b>total</b>	<b>938.8</b>	<b>735.8</b>	<b>28%</b>



### YIT's financial position is good

The Group's financial position remained good during the report period. The Group's interest-bearing liabilities amounted to EUR 143.0 million (EUR 147.7 million) at the end of the period and net debt to EUR 104.1 million (EUR 110.7 million). Net financial expenses were EUR 12.2 million (EUR 10.9 million), or 0.7 per cent (0.7%) of net sales. Liquid assets at the close of the year amounted to EUR 38.9 million (EUR 37.0 million).

The construction-stage contract receivables sold to financing companies totalled EUR 126.1 million (EUR 92.8 million) at the end of the year. The interest paid on them to the financing companies, EUR 4.9 million (EUR 4.9 million), is included in net financial expenses.

The proportion of fixed-interest loans in the Group's entire loan portfolio was 87 per cent (83%). Loans raised directly on the capital and money markets amounted to 52 per cent (51%).

Total assets in the consolidated balance sheet amounted to EUR 1,038.2 million (EUR 916.4 million) at the end of the financial year. The growth in the balance sheet was primarily due to the acquisition of Primatel and plots as well as the increase in market-financed residential production.

### Number of personnel increases by close to a quarter

In 2002, the YIT Group employed 11,990 (10,118) people on average. At the end of the year, the number of employees was 12,633, whereas it was 10,264 at the beginning of the year, representing growth of 23 per cent. The personnel increase was due to the acquisition of Primatel Ltd and organic growth.

The Group's foreign units employed slightly under a quarter of all personnel, or 2,965 (2,654) people.

Of the employees, 38 per cent (43%) were on the payroll of YIT Construction, 47 per cent (55%) of YIT Installation, 13 per cent of YIT Primatel and 2 per cent (2%) of the parent company and incorporated service units.

### Personnel by subgroup, Dec. 31, 2002

	Dec./2002	Dec./2002	Change
<b>YIT Construction</b>			
<b>subgroup</b>	<b>4,843</b>	4,363	11%
<b>YIT Installation</b>			
<b>subgroup</b>	<b>5,927</b>	5,673	4%
<b>YIT Primatel</b>			
<b>subgroup</b>	<b>1,619</b>		
<b>Other</b>	<b>244</b>	228	7%
<b>YIT Group,</b>			
<b>total</b>	<b>12,633</b>	10,264	23%

The development of the personnel and of operation systems comprises a part of the Group's business operations. The Group's financial outlays on development operations amounted to about EUR 13 million (EUR 12 million) in 2002, representing 0.7 per cent (0.7%) of net sales.

### Capital expenditures and largest acquisitions

During the financial year, gross capital expenditures on non-current assets included in the balance sheet totalled EUR 60.6 million (EUR 75.1 million), representing 3.4 per cent (4.6%) of net sales. Investments in construction equipment amounted to EUR 6.7 million (EUR 9.0 million) and investments in information technology to EUR 6.6 million (EUR 4.5 million). Other production investments came in at EUR 1.9 million (EUR 1.3 million). Other investments, including the goodwill on consolidation of the acquired companies, amounted to EUR 45.4 million (EUR 60.3 million).

By means of an agreement signed on April 24, 2002, YIT Corporation acquired all the shares outstanding in Primatel Ltd from Sonera Corporation. The purchase price was agreed at EUR 41.6 million minus the actual net debt at the time when the deal would be consummated. The Finnish Competition Authority approved the acquisition on May 16, 2002. The deal was consummated and the final purchase price, EUR 33.7 million, was paid on May 31, 2002. The goodwill on consolidation resulting from the deal, EUR 33 million, will be amortized over 10 years.

In January, YIT Rapido Property Management Services Ltd acquired the property maintenance operations of Sau-nakallion Kiinteistöhoito Oy. The business operations of Kaukotek Oy, which focuses on municipal piping renovations and special environmental structures, were transferred to YIT Construction Ltd by means of a deal made in February.

Likewise in January, YIT Service Ltd acquired ARK-Sähköpalvelu Oy, an electrical and automation company in Lahti. In October, YIT Huber Ltd acquired Härkätien Sähkö Oy, which operates in the Turku economic area, and Linke Oy, which offers refrigeration equipment servicing and contracting in Northern Finland.

In September, YIT Installation Ltd sold its 51 holding in Scandinavian Mill Service Oy to Metso Paper Oy. The net sales of this company that specializes in maintenance services for the paper industry amounted to EUR 5.3 million in 2001.

### Changes in the corporate structure

A third subgroup was established alongside YIT Construction Ltd and YIT Installation Ltd on June 1, 2002: YIT Primatel Ltd, which comprises the organization of the acquired company Primatel Ltd. Hannu Leinonen, M.Sc. (Eng.), was appointed as the president of YIT Primatel Ltd.

In September, Kruunuhaan Putki Oy was merged into YIT Huber Ltd and in October, ARK-Sähköpalvelu Oy was merged into YIT Service Ltd.

YIT Installation Ltd's subsidiaries YIT Power Ltd and YIT Industry Ltd were merged on December 31, 2002, and renamed YIT Industria Ltd as from January 2, 2003. YIT Industria Ltd comprises YIT Installation's Capital Investment Services for Industry division.

The winding up of AS YIT Huber was seen to completion during the year under review.

### Decisions taken by the Annual General Meeting

YIT Corporation's Annual General Meeting was held on March 7, 2002. The Annual General Meeting adopted the 2001 financial

statements and discharged the accountable parties from liability. The meeting confirmed that a dividend of EUR 0.85 would be paid per share for 2001 (EUR 0.75 in 2000), or a total of EUR 24.5 million (EUR 22.0 million). It was decided that the dividend payout will begin on March 19, 2002.

The Annual General Meeting confirmed that the number of Board members shall be set at six. The following persons were elected as members of the Board of Directors: Ilkka Brotherus, Eino Halonen, Reino Hanhinen, Asmo Kalpala, Mikko Kivimäki and Teuvo Salminen. At its organization meeting on March 13, 2002, the Board of Directors elected Ilkka Brotherus as its chairman and Asmo Kalpala as its vice chairman.

PricewaterhouseCoopers Oy, Authorized Public Accountants, was elected as the company's auditor; it appointed Pekka Nikula, Authorized Public Accountant, as chief auditor.

The Annual General Meeting also decided on the purchase and transfer of YIT shares and the granting of share options.

### **Systematic implementation of the strategy**

In accordance with its strategy, YIT continued to develop its business structure during the report year. In April, YIT acquired from Sonera the shares outstanding in Primatel Ltd in their entirety. Primatel's net sales in 2001 amounted to EUR 153.5 million and it employed about 1,700 people. The integration of YIT Primatel into the Group at the beginning of June expanded YIT's service chain to cover telecom networks, which are part of today's and especially tomorrow's infrastructure. YIT is a full-service company offering its customers design, construction and maintenance services for industry, properties, telecom networks and traditional infrastructure.

YIT expanded its maintenance and servicing-related operations and its ancillary services for users in all its business areas. This serves to further reduce the company's dependence on cyclical fluctuations. The acquisition of extensive plot reserves in key locations in the growth centres makes it possible to increase the share of construc-

tion operations accounted for by developer contracting.

The share of net sales accounted for by the Group's international activities grew. In line with its strategy, YIT is seeking growth in the market for capital investment and maintenance services for industry and building systems in Scandinavia and in the construction market in the Baltic countries and Russia. Several smaller installation companies were acquired in Sweden and Finland. The works on St. Petersburg's southwestern wastewater treatment plant and the Japanese Embassy in Moscow were started up in Russia. Developer-based residential construction was started up in St. Petersburg and in the largest cities in the Baltic countries.

### **YIT is recategorized from a Construction to an Other Services company**

The company requested Helsinki Exchanges to recategorize YIT on its list from a Construction Business Sector company to an Other Services Business Sector company so that the listing better reflects YIT's current business structure. Helsinki Exchanges approved the transfer effective on August 12, 2002.

### **Forecasts indicate that the market situation will remain stable in YIT's main business areas and market territories**

#### **Finland**

In its business cycle report published in December 2002, the Research Institute of the Finnish Economy ETLA predicts that Finland's GDP will grow by 2.7 per cent in 2003, corresponding to the long-term average growth in domestic product. The rate of GDP growth picked up from the depressed climate of 2001, when it was 0.7 per cent, to 1.7 per cent in 2002. Investments declined by 2.4 per cent in 2002. ETLA estimates that they will increase by 2.5 per cent in 2003. Private consumption was up 2.4 per cent and it is estimated that growth will continue at a rate of 2.9 per cent in 2003. The two-year nationwide incomes policy agreement concerning

wages, salaries and collective agreements as well as the growth in disposable income have upheld the confidence of households in the stable development of their personal finances. Exports began to grow during the second quarter of 2002 and full-year growth is anticipated to have amounted to 1.6 per cent. ETLA predicts that exports will increase by 3.7 per cent in 2003.

ETLA estimates that Finland's GDP will grow by an average of 3.1 per cent annually until 2006, while industrial output will increase by 4.2 per cent per year. Production by the private service sector will grow by slightly under 4 per cent, but the growth of the public sector will stall at about 2 per cent per year. According to ETLA, construction will swing into growth of 1.8 per cent this year, increasing by an average of slightly over 3 per cent per year until 2006. The estimates of the Confederation of Finnish Construction Industries RT and VTT, which represents Finland in Euroconstruct, indicate that the construction market will remain stable in Finland. Both organizations evaluate that construction declined by one per cent in 2002, but predict growth of one per cent in 2003.

The years-long population shift is maintaining demand for residences in Finland's growth centres. According to the preliminary information released by Statistics Finland, 277,000 people moved from one municipality to another in 2002. They represent about five per cent of Finland's population.

Sales of residences began to pick up in summer 2001, and this continued during all of 2002. The market is well poised to see further demand for residences. Demand is supported by the relatively stable and low interest rate levels in the EMU area and the increase in the disposable income of households. VTT and the Confederation of Finnish Construction Industries RT estimate that the construction of a total of 28,000 residential units was begun in Finland in 2002 and that the number of start-ups will increase slightly in 2003.

The number of vacant industrial and commercial buildings is currently significantly below the normal levels in the growth centres of Finland. On the other

hand, the vacancy rate of office buildings has risen to about five per cent in numerous growth centres. Office building start-ups were already slashed in the second half of 2001, and thus the supply of new offices that are about to be completed is contracting dramatically. The centralization of the population in the growth centres and the increase in consumption and services are still causing a need for the construction of additional public and commercial service buildings.

The growth in residential production and renovation compensates for the decline in office and industrial construction. The growth in repair works also strengthens the market for building automation and equipment.

Motorway, railway and harbour investment projects will be started up in Southern Finland, leading to a surge in civil engineering investments. VTT estimates that in 2003 such investments will grow by three per cent in Finland. The infrastructure investments required by the Vuosaari Harbour, the Turku motorway, the Kehä III ring road, the Lahti branch line and the new nuclear power plant will increase civil engineering production in many years to come.

The construction of Finland's fifth nuclear power plant will call for a significant volume of construction, building system and industrial piping works. In addition to the power plant, office and social premises, residences and storage facilities will be built. The expertise and capacity of YIT's prefabrication factories in Finland and Calor's plants in Sweden are suitable for the construction and installation of the power plant's process piping, tanks and reservoir lining. In the Nordic countries, YIT is the market leader in the design, production, installation and maintenance of high-pressure piping systems for power plants. In addition to the ordinary building systems required in the properties, ventilation, cooling, fire alarm and fire extinguisher systems for various equipment premises will be installed in the project.

From YIT's standpoint, the market potential of the nuclear power plant is about EUR 600-700 million and it rests lar-

gely on piping deliveries and HEPACE and automation systems as well as construction works.

ETLA predicts that capital investments by Finnish industry, which are important to YIT Installation's operations, declined by about 10 per cent in 2002. Total fixed investments by the national economy decreased by 2.5 per cent. In export businesses, capacity utilization ratios will only increase slightly in 2003 and thus no great changes are expected in the demand for investments. ETLA predicts that fixed investments will rise by 2.5 per cent in 2003. The market for industrial, property, infrastructure and telecom network maintenance will expand as the outsourcing trend progresses.

Deliveries of broadband connections as well as telecom networks and security systems for properties are continuing to grow. Property automation, various monitoring and surveillance systems, and their remote control are also growing fields. Thanks to the rising number of broadband connections, there will also be a greater need to build urban networks, initially in the growth centres in particular.

Due to the uncertainty prevailing in the telecommunications business, operators have pushed back their investments and raised the capacity utilization rate of their networks. Investments in mobile communications networks in particular have declined and no significant growth is expected at least in 2003. Demand for wireless local networks, on the other hand, has grown and is expected to keep growing.

Teleoperators are focusing even more intensely on developing their core expertise services and sales to end customers – and are outsourcing technical functions related to network construction and maintenance. To date, local Finnish telcos have primarily outsourced fixed network construction. The outsourcing of other functions will also expand in the next few years.

### Sweden

The Swedish National Institute of Economic Research KI estimated in December 2002 that Sweden's GDP had grown by 1.6 per cent and predicted that growth in 2003

and 2004 will amount to 1.8 and 2.8 per cent, respectively. KI estimates that GDP growth will gain momentum starting in the latter half of 2003 thanks to private household consumption and exports. Growth in exports became positive, 0.7 per cent, in 2002 and is expected to accelerate to 3.1 per cent in 2003 and to 6.9 per cent in 2004. Fixed investments declined by 3.5 per cent in 2002. KI predicts that investments will grow by 1.5 and 4.8 per cent in 2003 and 2004, respectively. In KI's business cycle barometer published in December, Swedish industry did not expect to see growth in the first months of 2003.

In November 2002, the Swedish construction federation Sveriges Byggindeindustrier estimated that construction had grown by one per cent in 2002 and that it will grow by 3 and 4 per cent in 2003 and 2004, respectively. In December 2002, Euroconstruct evaluated that Sweden's construction production had swung into growth of 0.7 per cent in 2002 and predicted that there will be growth of 3.6 per cent in 2003. The business cycle barometer which the National Institute of Economic Research released in December predicts that construction will still decline during the next few months.

The decline in industrial and office construction in Finland and Sweden is compensated for by the rise of residential production and renovation works. The growth in repair works also strengthens the market for building automation and equipment in both countries. Industrifakta of Sweden estimates that the market for building automation and equipment, which is important to YIT's Calor, will either remain stable or grow slightly in 2003. During the next few years, demand for piping and tank deliveries in the Nordic countries will be increased by energy investments and the construction of the Snöhvit gas field in Norway and certain projects for the wood processing industry.

VVS-Installatörerna, the installation engineering employers' union of Sweden, estimates that the Swedish installation market amounted to about EUR 6 billion in 2001.

## **The Baltic countries and Russia**

GDP grows at a significantly faster rate in the Baltic countries and Russia than in the Nordic countries. In November, the European Commission published its GDP predictions for the Baltic countries. The GDP growth predictions for 2002-2004 were: Estonia, 4-5 per cent, Latvia, 5-6 per cent, and Lithuania, 4-5 per cent. In Russia, growth will amount to about 4 per cent both this year and the next. The growth of investments and construction outpaces that of GDP in these countries.

Preparations for EU membership in 2004 have led to greater industrial, water supply and wastewater treatment and environmental investments, along with more construction of business premises. As the income levels of the population have risen, demand for modern residences has begun in the largest cities in the Baltic countries and Russia. YIT's order backlog has grown rapidly in the region thanks to projects based on international funding and the start-up of residential production.

## **Global political situation is uncertain**

The prolongation of global political uncertainty might put the brakes on economic development and weaken the market outlook described above.

## **YIT's market strategy**

YIT aims to achieve growth outpacing that of the market and a steadier flow of income, relying on a strategy of pragmatically extending the service chain over the entire life cycle of investment projects, from design and implementation to maintenance, upkeep and operating services.

The market for industrial, telecom network, property and infrastructure maintenance will expand as the outsourcing trend progresses. The structure of the YIT Group's business areas enables the company to offer capital investment and maintenance services – of various scales and content – to industrial, energy, property and telecommunications sector customers. The Group's strategic expansion areas are the Scandinavian installation market and the

construction markets of the Baltic countries and Russia. YIT has implemented its strategy consistently. The latest example of this is the integration of YIT Primatel Ltd into the Group during the review period.

## **Earnings trends of the subgroups:**

### **YIT Construction**

The net sales of the YIT Construction subgroup grew by 10 per cent on the previous year and amounted to EUR 1,111.8 million (EUR 1,013.8 million). Operating profit was EUR 70.3 million (EUR 79.4 million), down 11 per cent on the previous year. At the end of the year, the order backlog was 21 per cent larger than a year earlier, or EUR 619.3 million (EUR 509.8 million). The order backlog of international operations saw especially vigorous growth, with its share of the entire order backlog rising to 26 per cent (15%).

The net sales of **Building Construction** grew by 5 per cent and were EUR 619.4 million (EUR 592.1 million). Operating profit was EUR 49.3 million (EUR 49.1 million), at the same level as in the previous year. At the end of the year, the order backlog was 22 per cent higher than in the previous year, having risen to EUR 292.6 million (EUR 240.6 million).

Building Construction is responsible for the Group's residential construction in the entire country. Outside the Greater Helsinki area, its field of business also includes other types of building construction. Demand for residences remained high in the Greater Helsinki area and the other growth centres. In addition to the population shift, low interest rates and consumers' confidence in the positive development of their personal finances also underlay the brisk demand for non-rental housing.

During 2002, the construction of a total of 3,278 (3,169) residences was started up. Of them, 2,244 (1,413) were market financed. During the review period, 3,170 (2,989) residential units were completed, of which 1,534 (1,669) were market financed. At the end of the year, a total of

3,338 (3,224) residential units were under construction, of which 2,198 (1,382) were market financed.

Commercial and business facility projects were carried out in provincial centres; among them were the Mediaani business building in Oulu, the Mediwest health technology centre in Seinäjoki and Hartwall's production plants in Lahti. YIT has building rights for commercial and office premises in central locations in Tampere, Oulu, Turku and Jyväskylä. The construction of a multi-purpose hall was started up in Joensuu. Once completed, it will be the largest wooden building in Finland.

**Property Services'** net sales were 10 per cent higher than a year earlier, amounting to EUR 206.8 million (EUR 187.2 million). Its operating profit contracted to EUR 13.1 million (EUR 22.7 million). One of the reasons behind the weaker operating profit is that the result for the comparison year included EUR 4.9 million in capital gains from the sale of the head office property. The decline in the vacancy rate of office buildings increased the yield requirements of investors and thereby weakened the profitability of property development operations. At the end of the year, the order backlog amounted to EUR 117.6 million (EUR 138.9 million).

Property Services offers property maintenance and operation and project management services in all of Finland. In the Greater Helsinki area and nearby areas, the division also provides services for projects and business premises as well as business facility construction and renovation services. Major property development projects were started up in the Greater Helsinki area and sold to investors. Demand for office premises contracted during the review year, but demand for commercial premises continued. In the construction of business premises, Property Services shifted its focus onto public construction and tender-based and project management contracting.

Renovation, property servicing and maintenance and property management saw strong growth.

**Infraservices'** net sales were EUR 118.8 million (EUR 115.5 million), up 3 per cent on the previous year. Its operating profit of EUR 4.1 million was slightly smaller than in the previous year (EUR 4.3 million). At the end of the year, the order backlog amounted to EUR 50.5 million (EUR 51.3 million).

Infraservices offers infrastructure construction and maintenance services. In 2002, the renovation of pipes using non-invasive methods was added to the product range.

In the case of **International Operations**, net sales rose by 40 per cent to EUR 168.4 million (EUR 120.3 million). Operating profit came in at EUR 6.2 million (EUR 7.1 million). The order backlog doubled during the year under review, rising to EUR 158.6 million (EUR 79.0 million).

International operations focus on the Baltic rim. The volume saw vigorous growth in Baltic construction services and sales of Makroflex products. Russian construction services enjoyed steady growth. The volume in water and environmental services remained unchanged. The construction of the Japanese Embassy in Moscow got under way in autumn and that of the south-western waste water treatment plant of St. Petersburg at the end of the year. Market-financed residential production was developed vigorously in St. Petersburg, Tallinn, Pärnu and Vilnius.

### YIT Installation

The net sales of the YIT Installation subgroup amounted to EUR 581.7 million (EUR 627.8 million), down 7 per cent on the previous year. YIT Installation is one of the largest companies offering building system services and capital investment and maintenance services for industry in the Nordic countries. The markets saw inconsistent growth during the report year. Brisk residential construction maintained the demand for building systems in both Finland and Sweden in spite of the contraction in the construction of business premises. The trend in industrial maintenance remained stable, but demand for investments declined dramatically. The share of YIT Installation's net sales accounted for

by its maintenance and servicing business was 61 per cent (53%).

The value of international operations was EUR 228.8 million (EUR 218.5 million) and its share of net sales rose to 39 per cent. The bulk of net sales generated from international activities came from Sweden and Norway, where operations are handled by YIT's Swedish subsidiary Calor AB.

Operating profit came in at EUR 21.1 million (EUR 24.9 million). The result for the comparison year included EUR 6 million in capital gains from the sale of a surface-treatment business, and thus profit exclusive of non-recurring items was 12 per cent higher than in the previous year.

At the end of the year, YIT Installation's order backlog was at the same level as a year earlier, or EUR 225.5 million (EUR 226.0 million). The share of the order backlog accounted for by international activities was EUR 95.4 million (EUR 99.6 million).

In 2002, the net sales of the **Building Systems** division declined by 8 per cent compared with the previous year, amounting to EUR 145.8 million (EUR 158.2 million). Earnings improved compared with the previous year. The division operated in thirty localities in Finland. About half of its net sales are generated by its maintenance and servicing business. At the end of the year, the order backlog amounted to EUR 48.5 million (EUR 56.3 million).

The net sales of the **Capital Investment Services for Industry** division were down 20 per cent compared with the previous year, amounting to EUR 163.4 million (EUR 204.1 million). The decline in net sales was due to the smaller demand for industrial investment projects. However, the operational result remained good. At the end of the year, the order backlog amounted to EUR 40.0 million (EUR 50.0 million).

Investments by the forest industry contracted substantially during the year under review and demand in the energy industry also declined. Demand remained at a good level in the process and base metals industry. In the marine industry, demand was good in the first half of the year, but weakened towards the end of the year.

The organization of the division was streamlined at year's end by merging YIT

Industry Ltd and YIT Power Ltd to form one company named YIT Industria Ltd. It now comprises the Capital Investment Services for Industry division.

The net sales of the **Industrial Maintenance** division increased by 15 per cent compared with the previous year and amounted to EUR 104.4 million (EUR 91.1 million). The operational result was at the same level as in the previous year. Demand in the maintenance market remained stable during the entire year. The outsourcing trend continued in maintenance services and in 2002 YIT made numerous new partnership agreements for the maintenance of production plants and the development of maintenance in different fields of industry. The order backlog, which primarily comprises long-term partnership agreements, stood at EUR 64.2 million (EUR 45.2 million) at year's end.

The **Scandinavia** division provides building system services and capital investment and maintenance services for industry in Sweden and Norway. The division's net sales grew by 5 per cent in 2002, coming in at EUR 201.1 million (EUR 192.3 million). The earnings trend remained favourable. At period's end, the order backlog was EUR 92.1 million (EUR 90.7 million).

Residential construction is on the rise in Sweden, but the rate of growth slowed down in the latter half of the year. Demand for building automation and equipment in new construction remained at a good level in spite of the decline in the construction of business premises. The demand for servicing and maintenance is stable in building systems. Capital investments by industry remained at a modest level and are only expected to pick up towards the end of 2003.

### YIT Primatel

In the June-December period of 2002, YIT Primatel had net sales of EUR 95.8 million. About 60 per cent of net sales are based on long-term customer agreements and 40 per cent on project production. Operating profit amounted to EUR 6.0 million. At the end of the report year, its order backlog was EUR 94.0 million.



As part of the YIT Group, YIT Primatel is an independent player that is not dependent on operators. In addition to Finland, it operates in Scandinavia, the Baltic countries and the nearby areas of Russia. Teleoperators are outsourcing their network construction and maintenance-related functions in this entire market area. In 2002, YIT Primatel made an extensive cooperation agreement with Song Networks.

### **Shares and share capital**

YIT Corporation's share capital was EUR 58,767,370 at the beginning of 2002 and the number of shares outstanding was 29,383,685. The share subscriptions based on the 1998 share options raised the share capital by a total of EUR 725,300 in four instalments. At the end of the year, the share capital was EUR 59,492,670 and the number of shares was 29,746,335.

The closing price of YIT's share on the final day of trading in 2002 was 24 per cent higher than in the previous year, or EUR 16.79 (2001: EUR 13.50). The share trend was significantly better than average share trends on Helsinki Exchanges.

The highest price of YIT's share during 2002 was EUR 19.65 (EUR 13.95) and the lowest was EUR 13.20 (EUR 10.42). The average price was EUR 16.40 (EUR 12.66). YIT Corporation's market capitalisation at the end of the year was EUR 489.9 million (EUR 389.7 million).

Share turnover on Helsinki Exchanges amounted to 9,911,550 shares in 2002 (4,447,612). The value of share turnover was EUR 162.5 million (EUR 56.3 million).

### **Authorizations to increase the share capital**

At the end of 2002 the Board of Directors did not have valid share issue authorizations or authorizations to issue convertible bonds or bonds with warrants.

### **Own shares**

At the beginning of 2002, YIT held a total of 515,279 of its own shares, representing 1.8 per cent of the shares outstanding and the votes conferred by them. The shares had been acquired on Helsinki Exchanges

on the basis of decisions taken by general meetings of shareholders in previous years. From January 2 to 23, 2002, the company acquired a total of 52,021 of its own shares. The total price of the bought shares was EUR 709,186 and the average price was EUR 13.63 per share.

The Annual General Meeting held on March 7, 2002, decided to purchase a minimum of 200 to a maximum of 700,000 of the company's own shares with distributable shareholders' equity. Furthermore, the Annual General Meeting resolved to authorize the Board of Directors to decide on the disposal of a maximum of 1,267,300 of its own shares previously bought for the company or acquired on the basis of the above decision. On the basis of the decision, the company acquired 200 of its own shares on November 1, 2002. No own shares were disposed of in 2002.

On December 31, 2002, the company held a total of 567,500 of its own shares, representing 1.9 per cent of all of the company's shares and voting rights. The shares were acquired at an average price of EUR 12.64 per share. YIT's subsidiaries did not own shares in the parent company.

### **Changes in the ownership structure**

The number of registered shareholders was 2,969 at the beginning of 2002 and 3,271 at the end. According to the figures for nominee registrations, foreigners' holdings in the company were 15.0 per cent at the beginning of the year and 22.1 per cent at the end. Other foreign ownership at the end of the review period amounted to 2.7 per cent; foreign ownership thus rose to 24.8 per cent in all.

On February 13, 2002, the Tapiola Insurance Group announced that its stake in YIT's share capital and voting rights had declined to 13.49 per cent. On December 9, 2002 the Tapiola Insurance Group announced that its stake had declined to 9.97 per cent. On February 28, 2002, Pohjola Non-Life Insurance Company Limited announced that its stake in YIT's share capital and voting rights had fallen to 4.16 per cent.

### **1998 share options**

Under the terms of the share options from 1998 (Series A and B), about 140 persons belonging to Group management and among the key employees have the right to subscribe for a maximum total of 1,200,000 YIT shares, on the basis of which the share capital can be increased by a maximum of EUR 2,400,000.

During 2002, 562,580 Series A share options were traded at an average price of EUR 4.41. A total of 341,250 shares were subscribed for with the options and the share capital was raised by EUR 682,500 on the basis of the subscriptions.

Trading in the Series B share options commenced on October 15, 2002. By the end of the year, 82,700 share options had been traded at an average price of EUR 3.67. A total of 21,400 shares were subscribed for with the options and the share capital was raised by EUR 42,800 on the basis of the subscriptions.

### **2002 share options**

The Annual General Meeting held in spring 2002 granted a maximum total of 450,000 Series C share options and a maximum total of 950,000 Series D shares for subscription without consideration. 191 members of the Group's management and key employees named by the Board of Directors subscribed for 406,140 Series C share options during their subscription period, May 13 - June 14, 2002. The subsidiary YIT Construction Ltd subscribed for the remaining 43,860 Series C share options, of which 33,210 were granted by the end of 2002 for subscription by 19 managers and key employees. YIT Construction Ltd subscribed for all of the Series D share options; it is intended that they will be distributed to the Group's management and key employees in 2003-2005, provided the profitability and growth targets laid out in the option programme are met.

Each share option entitles its holder to subscribe for one share with a nominal value of two euros. A maximum total of 1,400,000 shares can be subscribed for, which on December 31, 2002, would have represented 4.7 per cent of the company's shares outstanding in their entirety. On the

basis of the subscriptions, the company's share capital may be raised by a maximum amount of EUR 2,800,000. The shares can be subscribed for annually during the period from April 1 – November 30 such that the subscription period for the Series C share options begins on April 1, 2004, and for the Series D share options on April 1, 2005. Both subscription periods end on November 30, 2006.

The subscription price of the share is EUR 15.19 per share. The subscription price will be lowered after January 1, 2003, by the amount of dividends per share distributed by the date when the share subscription period begins.

#### **Events since the end of the review period**

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YIT appealed the EUR 10.9 million in residual taxes for 1997 levied in March by the Tax Office for Major Corporations. In December 2002, the Tax Correction Board of the Tax Office for Major Corporations announced it would approve the appeal. The residual taxes, complete with interest, were repaid to YIT on January 16, 2003. The total sum was EUR 11.0 million. Because the appeal period concerning the decision is still ongoing, the repayment of the residual taxes has not been accounted for in the calculation of the financial result for 2002.

#### **Outlook for 2003**

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In our estimation, the trend in YIT's net sales and earnings will be stable in 2003.

The Board of Directors

# Income statement

(EUR thousands)

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Note	Consolidated		Parent Company		
	2002	2001	2002	2001	
<b>Net sales</b>	1)	<b>1,763,047</b>	1,623,142	<b>2,879</b>	5,116
Change in inventories of finished goods and in work in progress		<b>-3,964</b>	-9,313		
Production for own use		<b>643</b>	647		
Share of results in associated companies		<b>802</b>	-592		
Other operating income	2)	<b>3,126</b>	17,745	<b>3,199</b>	4,209
Materials and services	3)	<b>1,015,613</b>	946,597		
Personnel expenses	4)	<b>417,390</b>	368,257	<b>4,150</b>	3,792
Depreciation and write-downs	5)	<b>29,681</b>	26,200	<b>454</b>	408
Other operating expenses		<b>211,160</b>	190,829	<b>12,150</b>	10,846
		<b>1,673,844</b>	1,531,883	<b>16,754</b>	15,046
<b>Operating profit</b>	6)	<b>89,810</b>	99,746	<b>-10,676</b>	-5,721
Financial income and expenses	7)	<b>-12,194</b>	-10,975	<b>-400</b>	-112
<b>Profit before extraordinary items</b>		<b>77,616</b>	88,771	<b>-11,076</b>	-5,833
Extraordinary items	8)			<b>53,630</b>	51,000
<b>Profit before taxes</b>		<b>77,616</b>	88,771	<b>42,554</b>	45,167
Appropriations	9)				875
Income taxes	10)	<b>-33,778</b>	-26,775	<b>-22,750</b>	-13,481
Minority interests		<b>-812</b>	-435		
<b>Profit for the financial period</b>		<b>43,026</b>	61,561	<b>19,804</b>	32,561

Note	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>ASSETS</b>				
<b>Non-current assets</b>	11)			
Intangible assets				
Intangible rights	945	218	113	113
Goodwill	161	513		
Other capitalized expenditure	8,555	6,924	127	14
Advance payments	22			
	<b>9,683</b>	7,655	<b>240</b>	127
Goodwill on consolidation	<b>71,768</b>	46,916		
Tangible assets	11)			
Land and water areas	3,056	3,482	682	682
Buildings and structures	15,706	16,054	1,117	934
Machinery and equipment	40,858	39,757	882	934
Other tangible assets	1,269	1,533	260	144
Advance payments	1,058	8,884		
	<b>61,947</b>	69,710	<b>2,941</b>	2,694
Investments	12, 24)			
Shares in Group companies			326,555	289,219
Shares in associated companies	3,448	2,918		
Other shares and holdings	3,533	3,413	1,057	1,057
Own shares	7,173	6,461	7,173	6,461
Other investments	142			
	<b>14,296</b>	12,792	<b>334,785</b>	296,737
<b>Total non-current assets</b>	<b>157,694</b>	137,073	<b>337,966</b>	299,558
<b>Current assets</b>				
Inventories				
Materials and supplies	14,950	13,296		
Work in progress	50,124	46,022		
Other inventories	266,048	197,975		
Advance payments	7,012	1,976		
	<b>338,134</b>	259,269		
Receivables	15)			
Deferred tax assets	7,536	4,552		
Accounts receivable	235,330	211,749	582	489
Loan receivables	156,667	159,431	160,854	170,501
Other receivables	15,571	22,503	58,661	68,369
Prepaid expenses and accrued income	88,379	84,801	1,681	2,207
	<b>503,483</b>	483,036	<b>221,778</b>	241,566
Marketable securities	10,691	18,618	9,840	14,077
Cash and cash equivalents	28,247	18,398	2,306	1,789
<b>Total current assets</b>	<b>880,555</b>	779,321	<b>233,924</b>	257,432
<b>Total assets</b>	<b>1,038,249</b>	916,394	<b>571,890</b>	556,990

# Balance sheet

(EUR thousands)



Note	Consolidated		Parent Company		
	2002	2001	2002	2001	
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>	17)				
Share capital		59,493	58,767	59,493	58,767
Share premium account		58,478	54,920	58,478	54,920
Fund for own shares		7,173	6,461	7,173	6,461
Reserve fund		482	618		
Retained earnings		204,547	168,103	149,638	142,165
Profit for the financial period		43,026	61,561	19,804	32,561
		<b>373,199</b>	<b>350,430</b>	<b>294,586</b>	<b>294,874</b>
<b>Minority interests</b>		<b>2,929</b>	<b>3,199</b>		
<b>Provisions for liabilities and charges</b>	19)	<b>14,178</b>	<b>10,097</b>		
<b>Liabilities</b>					
Deferred tax liabilities	20)	<b>6,915</b>	5,353		
Non-current liabilities	20)				
Bonds		<b>73,637</b>	73,638	<b>73,637</b>	73,638
Loans from credit institutions		<b>32,105</b>	29,763	<b>31,581</b>	25,108
Pension loans		<b>24,301</b>	30,013	<b>23,374</b>	29,050
Accounts payable		<b>329</b>	112		
Other long-term liabilities		<b>946</b>	2,265	<b>9</b>	48
		<b>131,318</b>	<b>135,791</b>	<b>128,601</b>	<b>127,844</b>
Current liabilities	21)				
Loans from credit institutions		<b>6,540</b>	5,058	<b>3,217</b>	3,217
Pension loans		<b>5,712</b>	8,444	<b>5,676</b>	5,676
Advances received	22)	<b>71,757</b>	54,510		
Debts to construction fund		<b>164,205</b>	108,581		
Accounts payable		<b>71,869</b>	65,603	<b>531</b>	503
Other current liabilities		<b>52,664</b>	40,451	<b>134,628</b>	119,236
Accrued expenses and deferred income		<b>136,963</b>	128,877	<b>4,651</b>	5,640
		<b>509,710</b>	<b>411,524</b>	<b>148,703</b>	<b>134,272</b>
<b>Total liabilities</b>		<b>647,943</b>	<b>552,668</b>	<b>277,304</b>	<b>262,116</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,038,249</b>	<b>916,394</b>	<b>571,890</b>	<b>556,990</b>



# Cash flow statement

(EUR thousands)

	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>Cash flow from operating activities</b>				
Profit before extraordinary items	77,616	88,771	-11,076	-5,833
Adjustments:				
Depreciation according to plan	29,681	26,200	454	408
Other non-cash flow income and expenses	1,414	3,821	6	
Gains/losses on sale of tangible and intangible assets	-941	-15,578	-6	-1,984
Financial income and expenses	12,194	10,975	400	112
<b>Cash flow before change in working capital</b>	<b>119,964</b>	<b>114,189</b>	<b>-10,222</b>	<b>-7,297</b>
Change in working capital				
Change in short-term interest-free receivables	-18,399	-70,763	11,129	-7,325
Change in inventories	-78,865	-9,903		
Change in short-term interest-free liabilities	104,279	39,642	-2,342	1,424
<b>Cash flow from operations before financial items and taxes</b>	<b>126,979</b>	<b>73,165</b>	<b>-1,435</b>	<b>-13,198</b>
Interest and other financial expenses paid	-13,893	-11,044	-11,355	-8,837
Dividends received	88	237	2,440	72
Interest and other financial income received	1,420	2,141	8,542	9,679
Taxes paid	-37,935	-24,197	-25,732	-14,178
<b>Net cash from operating activities</b>	<b>76,659</b>	<b>40,302</b>	<b>-27,540</b>	<b>-26,462</b>
<b>Cash flow from investing activities</b>				
Capital expenditure on tangible and intangible assets	-60,260	-66,319	-814	-308
Proceeds from sale of tangible and intangible assets	12,365	42,533		9,983
Investments	-338	-158	-37,336	-49,234
Proceeds/losses from sale of investments	-392	13,553	7	40,483
<b>Cash flow from investing activities</b>	<b>-48,625</b>	<b>-10,391</b>	<b>-38,143</b>	<b>924</b>
<b>Cash flow from financing activities</b>				
Share issue	4,283		4,283	
Purchase of own shares	-712	-5,261	-712	-5,261
Change in loan receivables	844	770	9,977	-13,550
Withdrawals of short-term loans	70		131,588	110,436
Payments of short-term loans	380	-2,162	-110,436	-99,885
Withdrawals of long-term loans	10,403	58,721	10,000	50,000
Payments of long-term loans	-16,126	-35,691	-9,243	-35,670
Dividends paid	-24,494	-21,964	-24,494	-21,965
Group contributions received			51,000	53,179
<b>Cash flow from financing activities</b>	<b>-26,112</b>	<b>-5,587</b>	<b>61,963</b>	<b>37,284</b>
<b>Change in liquid assets</b>	<b>1,922</b>	<b>24,324</b>	<b>-3,720</b>	<b>11,746</b>
Liquid assets at January 1	37,016	12,692	15,866	4,120
Liquid assets at December 31	38,938	37,016	12,146	15,866

# Accounting policy

YIT Corporation (Business ID 0112650-2) is the parent company of the YIT Group. The company is domiciled in Helsinki. Copies of the consolidated financial statements are available at the address YIT Corporation, Panuntie 11, 00620 Helsinki.

## Consolidation

### Extent of the consolidated financial statements

The consolidated financial statements include the parent company YIT Corporation and all principal Group and associated companies included in investments.

### Intra-Group transactions and margins

The revenue and expenses between Group companies have been eliminated in the consolidation, along with internal margins and the distribution of profit, intercompany receivables and liabilities as well as intercompany share ownership.

### Intercompany share ownership

The acquisition cost method has been used in eliminating cross-ownership of shares. In practice this means that the purchase price of the shares in subsidiaries has been eliminated against their balance sheet equity at the moment of acquisition. In carrying out the elimination, the difference between subsidiaries' acquisition value and the balance sheet values has been entered in the consolidated balance sheet as goodwill on consolidation. The goodwill items arising before 1995 have been amortized according to a 10 per cent straight-line schedule. The goodwill on consolidation arising after 1995 has been amortized on a straight-line basis over 5-10 year periods. Differences arising due to additional purchase prices paid after the year of acquisition have been charged to the income statement.

### Minority interests

Minority interests have been separated out from the Group's shareholders' equity and net profit and are presented as separate items in the consolidated balance sheet and the consolidated income statement.

### Associated companies

The financial statement data of associated companies has been consolidated using the equity method. During consolidation, the share of the capitalized internal margin of the associated company corresponding to the Group's holding has been eliminated. The Group's shares of the aggregate results of associated companies, calculated in accordance with the Group's holdings in them, are shown as a separate item in the income statement.

### Fixed assets and depreciation

The balance sheet values of fixed assets are based on the original acquisition costs less depreciation according to plan.

In the income statement, depreciation is calculated as planned depreciation – i.e., based on the economic life of the assets. The depreciation periods are as follows:

Intangible rights	5-10 years
Goodwill	5-10 years
Other capitalized expenditure	5-10 years
Buildings	5-40 years
Machinery and equipment	3-15 years
Other fixed assets	4-40 years

Personal computers and their printers are recorded directly as expenses.

### Revaluations

Revaluations of land, water and buildings are no longer carried out within the Group as these sites were sold.

### Inventories

Inventories have been valued either at the acquisition cost including variable costs arising from purchase or manufacture, or at the repurchase price or the probable market cost, whichever is lower. In valuing real estate properties held in inventories, the available market information and the level of the yield on the properties have been taken into account.

The use of substances and supplies has been booked according to the average cost principle.

### Change in inventories

The change in the Group's inventories cannot be derived from the balance sheets due to changes that have taken place in the Group structure.

### Recording of income from projects

Income from construction projects has been recorded according to the degree of completion. The degree of completion is calculated on the basis of the costs realized according to the physical degree of completion and the total cost estimate. Projects that are partially credited to earnings are spread over two financial periods. The margin on so-called developer contracting projects has been recognized as income on the basis of the degree of completion or the degree of sale of the shares in a condominium or property, whichever is lower. The forecast loss on loss-making projects included in the backlog of orders has been booked to expenses in its entirety.

During the 2002 financial year, the Calor Group adopted the YIT Group's gross accounting policy in the booking of partial credits to earnings. YIT Primatel Ltd adopted partial credits to earnings in its financial statements on December 31, 2002.

### Items denominated in foreign currency

Receivables and liabilities in foreign currency have been valued at the exchange rates quoted by the European Central Bank on December 31, 2002. Forward exchange contracts related to loan receivables and liabilities and contract receivables denominated in a foreign currency have been valued according to the market rates on December 31, 2002.

In carrying out consolidation, the financial statements of foreign subsidiaries have been

translated into euros using the exchange rates quoted by the European Central Bank on December 31, 2002. The translation difference arising therefrom has been charged to shareholders' equity.

Investments in the shareholders' equities of foreign subsidiaries have been hedged with loans denominated in foreign currency, forward exchange contracts and currency swaps. In the consolidated financial statements, the translation difference of hedged shareholders' equity amounts denominated in foreign currency has been booked in the income statement against the exchange rate differences arising from hedging.

Agreements denominated in foreign currencies are hedged with forex derivatives. Exchange differences in hedging have been recorded as revenue in accordance with the degree of completion of projects.

### Treatment of the corporate group account

During the 2002 financial year, subsidiaries changed over to recording the balances of their bank accounts that are part of the corporate group account either under short-term loan receivables from the parent company or under other short-term liabilities to the parent company. In the parent company, the balance of the corporate group account is shown under cash assets and the subsidiaries' shares thereof either as receivables or liabilities. The change has no effect on the Group's method of stating financial information. The comparison figures for the previous years have been adjusted to correspond to the new statement method.

### Pension arrangements

Pension security for the employees of Group companies has mainly been covered through policies with external pension insurance companies. Pension liabilities that are directly recorded as expenses are shown in the balance sheet under long-term liabilities.

### Leasing payments

Leasing payments are recorded as annual expenses and rents for future years are presented in the notes to the financial statements.

### Guarantee liabilities

10-year liabilities in the construction industry are recorded as expenses when they are incurred.

### Appropriations

In the consolidated financial statements, the accumulated difference between planned and total depreciation is divided between the deferred tax liability and non-restricted equity. The deferred tax liability has been calculated according to local tax bases. In accordance with the Finnish Companies Act, the portion calculated in shareholders' equity is not part of distributable equity.

### Income taxes

The taxes estimated on the results of Group companies for the year are entered in the consolidated income statement, as are adjustments to taxes for previous financial years and imputed deferred taxes. Imputed deferred taxes and tax assets are calculated on the periodization differences between the taxation calculations and the financial statements, applying the local tax base.

## Definitions of financial indicators

Return on investment (%) =	$\frac{\text{Profit before extraordinary items} + \text{interest expenses and other financial expenses}}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average for the period)}} \times 100$
Return on equity (%) =	$\frac{\text{Profit before extraordinary items} - \text{taxes}}{\text{Shareholders' equity} - \text{own shares} + \text{minority interest (average for the period)}} \times 100$
Equity ratio (%) =	$\frac{\text{Shareholders' equity} - \text{own shares} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}} \times 100$
Quick ratio =	$\frac{\text{Financial assets}}{\text{Current liabilities} - \text{advances received}}$
Gearing ratio (%) =	$\frac{\text{Interest-bearing liabilities} - \text{liquid financial assets}}{\text{Shareholders' equity} - \text{own shares} + \text{minority interest}} \times 100$
Share issue-adjusted earnings per share (EUR) =	$\frac{\text{Profit before extraordinary items} - \text{taxes} \pm \text{minority interest from profit/loss for the period}}{\text{Share issue-adjusted average number of outstanding shares during the period}}$
Equity per share (EUR) =	$\frac{\text{Shareholders' equity} - \text{own shares}}{\text{Share issue-adjusted number of outstanding shares at December 31}}$
Share issue-adjusted dividend per share (EUR) =	$\frac{\text{Dividend for the period per share}}{\text{Adjustment ratios of share issues during the period and afterwards}}$
Dividend per earnings (%) =	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield (%) =	$\frac{\text{Share issue-adjusted dividend per share}}{\text{Share issue-adjusted share price at December 31}} \times 100$
P/E ratio =	$\frac{\text{Share issue-adjusted share price at December 31}}{\text{Share issue-adjusted earnings per share}}$
Market capitalisation =	(Number of shares - own shares) x share price at December 31
Share turnover (%) =	$\frac{\text{Shares traded (number of shares)}}{\text{Total number of outstanding shares (average during the period)}} \times 100$



# Management of financial risks

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The financial risks connected with the YIT Group's business operations consist of foreign exchange, interest rate and liquidity risks.

## **Foreign exchange risk**

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The objective of managing foreign exchange risk across YIT's units is to hedge equity and earnings generated by operations against foreign exchange risks.

Shareholders' equity items of significant international subsidiaries are hedged by means of loans taken out in foreign currency and through derivative contracts.

The Group's net exposure is hedged against foreign exchange risks by means of loans, deposits and derivative instruments. The position to be hedged includes contractual accounts receivable and accounts payable as well as assets and liabilities denominated in foreign currency.

Subsidiaries' contractual currency flows are hedged on a company-specific basis against the base currency of the company in question. Hedging is performed by the parent company's Finance Department, either as intra-Group or external transactions.

The derivative instruments used are forward exchange contracts, swaps and options.

## **Interest rate risk**

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The management of interest rate risk across YIT's units is centralized within the parent company's Finance Department.

Interest rate risks are examined from the perspective of both the financial balance sheet and the entire balance sheet. The main focus in 2002 was on managing interest rate risks having an effect on earnings in the financial balance sheet.

The loan portfolio comprises the bulk of the company's financial balance sheet. The interest rate risk connected with interest-bearing liabilities is regulated by changing the composition of the loan portfolio either by undertaking actual loan operations or through derivatives. The derivative instruments used are swaps and forward rate agreements (futures).

## **Liquidity risk**

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The parent company's Finance Department handles the YIT Group's asset management and funding on a centralized basis. YIT's internal debt relationships exist directly between the Group's parent company and the subsidiaries.

The Group's liquidity management is based on the financial budget as well as on short-term, up-to-date cash funds planning.

The tools used in liquidity management are Group bank accounts with an overdraft, financing credit facilities and commercial paper programmes. Deposits will not be used as a liquidity buffer until the Group's equity ratio exceeds the strategic target limit (40%).

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Key financial indicators,  
1998-2002

	2002	2001	2000	1999	1998
<b>INCOME STATEMENT, EUR mill.</b>					
Net sales	1,763.0	1,623.1	1,235.4	1,222.1	1,167.7
Change, %	8.6	31.4	1.1	4.7	24.1
Share of international activities	386.9	330.5	146.4	165.3	200.0
Operating income and expenses	-1,643.5	-1,497.2	-1,126.8	-1,141.2	-1,095.7
Depreciation and write-downs	-16.9	-16.8	-13.9	-12.9	-14.2
Amortization of goodwill	-12.8	-9.4	-5.0	-5.7	-3.3
Operating profit	89.8	99.7	89.7	62.3	54.5
% of net sales	5.1	6.1	7.3	5.1	4.7
Financial income and expenses, net	-12.2	-10.9	-10.2	-7.1	-8.5
Profit before extraordinary items	77.6	88.8	79.5	55.2	46.0
% of net sales	4.4	5.5	6.4	4.5	3.9
Extraordinary income				18.5	0.1
Extraordinary expenses			-0.1		-0.3
Profit before taxes	77.6	88.8	79.4	73.7	45.8
% of net sales	4.4	5.5	6.4	6.0	3.9
Profit for the financial period	43.0	61.6	54.7	60.7	28.4
<b>BALANCE SHEET, EUR mill.</b>					
<b>ASSETS</b>					
Intangible assets	9.7	7.7	10.1	8.3	5.4
Goodwill on consolidation	71.8	46.9	13.7	12.3	12.1
Tangible assets	61.9	69.7	85.2	78.3	88.1
Investments					
Owns shares	7.2	6.5	7.8	4.2	
Other investments	7.1	6.3	11.0	11.4	13.8
Inventories	338.1	259.3	249.4	175.4	222.2
Receivables	503.5	483.0	411.0	389.2	320.1
Marketable securities	10.7	18.6	1.4	13.4	5.1
Cash and cash equivalents	28.2	18.4	11.2	10.2	10.5
Total assets	1,038.2	916.4	800.8	702.7	677.3
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
Share capital	59.5	58.8	58.8	58.8	49.3
Other shareholders' equity	313.7	291.6	250.2	212.7	176.3
Minority interests	2.9	3.2	1.6	6.7	11.1
Provisions for liabilities and charges	14.2	10.1	6.9	6.7	3.2
Non-current liabilities					
Interest-bearing	130.4	133.5	89.2	125.2	128.4
Interest-free	7.8	7.7	3.3	4.8	9.3
Current liabilities					
Interest-bearing	12.6	14.2	38.9	15.5	44.7
Advances received	71.8	54.5	47.1	43.7	42.4
Other interest-free	425.3	342.8	304.8	228.6	212.6
Total shareholders' equity and liabilities	1,038.2	916.4	800.8	702.7	677.3

	2002	2001	2000	1999	1998
<b>KEY FIGURES</b>					
Return on investment, %	17.8	21.6	21.2	15.5	13.7
Return on equity, %	12.2	19.1	19.1	18.3	13.9
Equity ratio, %	38.2	40.3	40.2	41.6	37.3
Net interest-bearing debt, EUR mill.	104.1	110.7	115.4	117.1	157.5
Quick ratio	1.2	1.5	1.2	1.7	1.3
Gearing ratio, %	28.2	31.9	38.1	42.8	66.6
Gross capital expenditures on non-current assets, EUR mill.	60.6	75.1	34.3	35.6	35.9
% of net sales	3.4	4.6	2.8	2.9	3.1
Backlog of orders at year-end, EUR mill.	938.8	735.8	574.7	479.1	477.5
Share of international orders	255.0	180.2	57.3	46.8	89.2
Average personnel	11,990	10,118	8,189	8,721	7,340
<b>PER-SHARE KEY FIGURES</b>					
Earnings/share, EUR	1.49	2.14	1.90	1.59	0.98
Earnings/share, EUR, diluted	1.47				
Earnings/share, EUR, exclusive residual taxes	1.86				
Equity/share, EUR	12.54	11.92	10.52	9.25	7.69
Dividend/share, EUR	0.90 *)	0.85	0.75	0.60	0.42
Dividend/earnings, %	60.4 *)	39.7	39.5	37.7	43.0
Dividend/earnings, %, exclusive residual taxes	48.4 *)				
Effective dividend yield, %	5.4	6.3	5.5	5.5	5.7
Price/earnings ratio (P/E)	11.3	6.3	7.2	6.9	7.6
Share price trend					
Average price, EUR	16.40	12.66	12.73	8.77	10.76
Low, EUR	13.20	10.42	10.40	6.50	6.56
High, EUR	19.65	13.95	14.20	11.00	16.15
Price at December 31, EUR	16.79	13.50	13.60	10.90	7.40
Market capitalisation at December 31, EUR mill.	489.9	389.7	389.3	315.0	217.1
Share turnover trend					
Share turnover, in thousands	9,912	4,448	10,825	9,066	11,831
Share turnover as % of shares outstanding	34.2	15.4	37.8	31.4	40.4
Weighted average share-issue adjusted number of shares outstanding, in thousands	28,970	28,747	28,762	28,871	29,308
Weighted average share-issue adjusted number of shares outstanding, in thousands, diluted	29,257				
Share-issue adjusted number of shares outstanding at December 31, in thousands	29,179	28,868	28,626	28,897	29,338

\*) Board of Directors' proposal

Definitions of financial indicators on page 72.

## Notes to the income statement

(EUR thousands)

	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>1. Net sales</b>				
<b>Net sales by division</b>				
YIT Construction				
Building Construction	619,386	592,137		
Property Services	206,821	187,183		
Infraservices	118,830	115,515		
International Operations	168,447	120,304		
Other items	-1,683	-1,318		
YIT Installation	581,745	627,753		
YIT Primatel	95,752			
Other items	-26,251	-18,432	2,879	5,116
<b>Total</b>	<b>1,763,047</b>	<b>1,623,142</b>	<b>2,879</b>	<b>5,116</b>
Net sales include:				
Sale of company-built condominium shares	162,243	127,972		
<b>Net sales by geographical area</b>				
Finland	1,376,181	1,296,467	2,879	5,116
Nordic Countries	227,973	208,545		
Russia	40,622	33,510		
Baltic countries	96,963	59,199		
Other Europe	18,138	18,528		
Asia	2,818	6,476		
Africa	352	417		
<b>Total</b>	<b>1,763,047</b>	<b>1,623,142</b>	<b>2,879</b>	<b>5,116</b>
<b>2. Other operating income</b>				
Gains on sale of fixed assets	1,505	9,544		3,426
Others	1,621	8,201	3,199	783
<b>Total</b>	<b>3,126</b>	<b>17,745</b>	<b>3,199</b>	<b>4,209</b>
<b>3. Materials and services</b>				
Materials, supplies and goods				
Purchases during the period	614,147	524,837		
Change in inventories	-64,202	-6,147		
	549,945	518,690		
External services	465,668	427,907		
<b>Total</b>	<b>1,015,613</b>	<b>946,597</b>		
<b>4. Information concerning personnel and members of administrative bodies</b>				
<b>Personnel expenses</b>				
Wages, salaries and remunerations	323,806	282,115	3,137	2,729
Pension expenses	49,431	47,492	696	861
Other indirect personnel expenses	44,153	38,650	317	202
<b>Total</b>	<b>417,390</b>	<b>368,257</b>	<b>4,150</b>	<b>3,792</b>



	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>Salaries and remunerations of the management</b>				
Presidents and Executive Vice Presidents	3,653	4,265	762	599
Members of the Board of Directors	92	108	92	106
<b>Total</b>	<b>3,745</b>	<b>4,373</b>	<b>854</b>	<b>705</b>
<b>Average number of personnel by division</b>				
YIT Construction				
Building Construction	1,839	1,761		
Property Services	731	624		
Infraservices	695	744		
International Operations	1,329	1,023		
Others	68	66		
YIT Installation	6,098	5,671		
YIT Primatel	988			
Others	242	295		
<b>Total</b>	<b>11,990</b>	<b>10,118</b>		
<b>Personnel at December 31, total</b>	<b>12,633</b>	<b>10,264</b>		
<b>Pension commitments to members of the Board of Directors and Presidents</b>				
It has been agreed that the President and the Executive Vice President of the parent company will retire at the age of 62. Two of the Presidents of the Group companies will retire at the age of 60 and a deputy to the President of one Group company will retire at the age of 62. The Presidents of other Group companies will retire at the statutory age.				
<b>5. Depreciation and write-downs</b>				
Depreciation on intangible assets	2,572	3,361	11	9
Depreciation on buildings and structures	1,536	1,021	126	113
Depreciation on machinery and equipment	12,413	12,016	299	257
Depreciation on other tangible assets	373	432	18	29
Amortization on goodwill	12,787	9,370		
<b>Total</b>	<b>29,681</b>	<b>26,200</b>	<b>454</b>	<b>408</b>
<b>6. Operating profit by division</b>				
YIT Construction				
Building Construction	49,308	49,140		
Property Services	13,077	22,743		
Infraservices	4,116	4,251		
International Operations	6,216	7,069		
Other items	-2,360	-3,782		
YIT Installation	21,077	24,865		
YIT Primatel	6,006			
Other items	-7,630	-4,540		
<b>Total</b>	<b>89,810</b>	<b>99,746</b>		

	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>7. Financial income and expenses</b>				
<b>Dividend income</b>				
From Group companies			2,452	
From other companies	124	149	98	102
<b>Total</b>	<b>124</b>	<b>149</b>	<b>2,550</b>	<b>102</b>
<b>Interest income on non-current investments</b>				
From Group companies			7,246	7,937
From associated companies				292
From other companies	90	452	77	149
<b>Total</b>	<b>90</b>	<b>452</b>	<b>7,323</b>	<b>8,378</b>
<b>Other interest and financial income</b>				
From Group companies			882	772
From other companies	1,236	1,374	278	468
<b>Total</b>	<b>1,236</b>	<b>1,374</b>	<b>1,160</b>	<b>1,240</b>
<b>Write-downs on investments</b>				
Write-downs on non-current investments	-395	-53		
<b>Total</b>	<b>-395</b>	<b>-53</b>		
<b>Interest expenses and other financial expenses</b>				
To Group companies			-3,721	-3,093
To other companies	-13,249	-12,897	-7,712	-6,739
<b>Total</b>	<b>-13,249</b>	<b>-12,897</b>	<b>-11,433</b>	<b>-9,832</b>
<b>Total financial income and expenses</b>	<b>-12,194</b>	<b>-10,975</b>	<b>-400</b>	<b>-112</b>
<b>Exchange rate differences (net) included in financial income and expenses</b>	<b>-353</b>	<b>-143</b>	<b>-416</b>	<b>446</b>
<b>8. Extraordinary items</b>				
<b>Extraordinary income</b>				
Group contribution			53,630	51,000
<b>Total</b>			<b>53,630</b>	<b>51,000</b>
<b>Total extraordinary items</b>			<b>53,630</b>	<b>51,000</b>
<b>9. Appropriations</b>				
Difference between depreciation according to plan and depreciation in taxation				875
<b>10. Income taxes</b>				
Income taxes on extraordinary items			-15,553	-14,790
Income taxes on ordinary activities	-25,157	-28,048	3,786	1,355
Income taxes on previous years	-10,827	-109	-10,983	-46
Change in deferred tax liabilities	2,206	1,382		
<b>Total</b>	<b>-33,778</b>	<b>-26,775</b>	<b>-22,750</b>	<b>-13,481</b>

## Notes to the balance sheets

(EUR thousands)

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	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>11. Changes in fixed assets</b>				
<b>Intangible assets</b>				
<b>Intangible rights</b>				
Acquisition cost at January 1	341	344	113	142
Increases	896	33		
Transfers from another asset group	15			
Decreases	6	36		29
<b>Acquisition cost at December 31</b>	<b>1,246</b>	<b>341</b>	<b>113</b>	<b>113</b>
Accumulated depreciation and write-downs at January 1	123	94		
Depreciation for the period	178	29		
<b>Accumulated depreciation and write-downs at December 31</b>	<b>301</b>	<b>123</b>		
<b>Book value at December 31</b>	<b>945</b>	<b>218</b>	<b>113</b>	<b>113</b>
<b>Goodwill</b>				
Acquisition cost at January 1	3,801	3,217		
Increases	27	584		
<b>Acquisition cost at December 31</b>	<b>3,828</b>	<b>3,801</b>		
Accumulated depreciation and write-downs at January 1	3,288	2,636		
Depreciation for the period	379	652		
<b>Accumulated depreciation and write-downs at December 31</b>	<b>3,667</b>	<b>3,288</b>		
<b>Book value at December 31</b>	<b>161</b>	<b>513</b>		
<b>Other capitalized expenditure</b>				
Acquisition cost at January 1	15,824	15,476	5,349	10,078
Increases	2,687	2,306	124	
Increases from another asset group	1,032			
Decreases	58	1,958		4,729
Transfers to another asset group	15			
<b>Acquisition cost at December 31</b>	<b>19,470</b>	<b>15,824</b>	<b>5,473</b>	<b>5,349</b>
Accumulated depreciation and write-downs at January 1	8,900	6,220	5,335	5,326
Depreciation for the period	2,015	2,680	11	9
<b>Accumulated depreciation and write-downs at December 31</b>	<b>10,915</b>	<b>8,900</b>	<b>5,346</b>	<b>5,335</b>
<b>Book value at December 31</b>	<b>8,555</b>	<b>6,924</b>	<b>127</b>	<b>14</b>
<b>Advance payments</b>				
Acquisition cost at January 1				
Increases	991			
Transfers from another asset group	63			
Transfers to another asset group	1,032			
<b>Book value at December 31</b>	<b>22</b>			
<b>Total intangible assets</b>	<b>9,683</b>	<b>7,655</b>	<b>240</b>	<b>127</b>



	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>Goodwill on consolidation</b>				
Acquisition cost at January 1	85,120	42,550		
Increases	38,021	42,570		
Decreases	382			
<b>Acquisition cost at December 31</b>	<b>122,759</b>	85,120		
<b>Accumulated depreciation and write-downs at December 31</b>				
	50,991	38,204		
<b>Book value at December 31</b>	<b>71,768</b>	46,916		
<b>Tangible assets</b>				
<b>Land and water areas</b>				
Acquisition cost at January 1	3,482	14,162	682	682
Increases	41	842		
Decreases	467	11,522		
<b>Acquisition cost at December 31</b>	<b>3,056</b>	3,482	<b>682</b>	682
<b>Book value at December 31</b>	<b>3,056</b>	3,482	<b>682</b>	682
<b>Buildings and structures</b>				
Acquisition cost at January 1	28,169	49,778	3,552	3,527
Increases	1,318	2,462	309	25
Transfers from another asset group	1,383			
Decreases	1,513	24,071		
<b>Acquisition cost at December 31</b>	<b>29,357</b>	28,169	<b>3,861</b>	3,552
Accumulated depreciation and write-downs at January 1	12,115	18,300	2,618	2,505
Accumulated depreciation of decreases and transfers		7,206		
Depreciation for the period	1,536	1,021	126	113
<b>Accumulated depreciation and write-downs at December 31</b>	<b>13,651</b>	12,115	<b>2,744</b>	2,618
<b>Book value at December 31</b>	<b>15,706</b>	16,054	<b>1,117</b>	934
<b>Machinery and equipment</b>				
<b>Construction equipment bought after Jan. 1, 1995, acquisition cost over EUR 8,400</b>				
Acquisition cost at January 1	45,030	33,932	3,639	3,639
Increases	8,061	11,858		
Transfers from another asset group	800			
Decreases	1,864	760		
<b>Acquisition cost at December 31</b>	<b>52,027</b>	45,030	<b>3,639</b>	3,639
Accumulated depreciation and write-downs at January 1	20,170	14,099	3,639	3,639
Accumulated depreciation of decreases and transfers	212			
Depreciation for the period	6,703	6,071		
<b>Accumulated depreciation and write-downs at December 31</b>	<b>26,661</b>	20,170	<b>3,639</b>	3,639
<b>Book value at December 31</b>	<b>25,366</b>	24,860		



	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>Other equipment and construction equipment bought before Jan. 1, 1995 *)</b>				
Book value at January 1	14,897	18,615	934	7,579
Increases	7,587	3,569	247	263
Decreases	885	1,342		6,651
Transfers to another asset group	397			
<b>Book value at December 31, before depreciation</b>	<b>21,202</b>	<b>20,842</b>	<b>1,181</b>	<b>1,191</b>
Depreciation for the period	5,710	5,945	299	257
<b>Book value at December 31</b>	<b>15,492</b>	<b>14,897</b>	<b>882</b>	<b>934</b>
<b>Total book value of equipment at December 31</b>	<b>40,858</b>	<b>39,757</b>	<b>882</b>	<b>934</b>
*) All construction equipment and other equipment bought before Jan. 1, 1995 and subsequently purchased construction equipment having an acquisition cost under EUR 8,400, and other equipment.				
<b>Other tangible assets</b>				
Acquisition cost at January 1	2,996	1,927	613	604
Increases	535	1,149	134	20
Decreases	23	80		11
Transfers to another asset group	403			
<b>Acquisition cost at December 31</b>	<b>3,105</b>	<b>2,996</b>	<b>747</b>	<b>613</b>
Accumulated depreciation and write-downs at January 1	1,463	1,031	469	440
Depreciation for the period	373	432	18	29
<b>Accumulated depreciation and write-downs at December 31</b>	<b>1,836</b>	<b>1,463</b>	<b>487</b>	<b>469</b>
<b>Book value at December 31</b>	<b>1,269</b>	<b>1,533</b>	<b>260</b>	<b>144</b>
<b>Advance payments</b>				
Acquisition cost at January 1	8,884	176		
Increases	303	9,603		
Decreases	1,446	895		
Transfers to another asset group	6,683			
<b>Book value at December 31</b>	<b>1,058</b>	<b>8,884</b>		
<b>Total balance sheet value of construction machinery and equipment at December 31</b>	<b>26,413</b>	<b>28,854</b>		
<b>Total tangible assets</b>	<b>61,947</b>	<b>69,710</b>	<b>2,941</b>	<b>2,694</b>
<b>12. Investments</b>				
<b>Shares in Group companies</b>				
Acquisition cost at January 1			289,219	238,065
Increases			37,336	57,821
Decreases				6,667
<b>Acquisition cost at December 31</b>			<b>326,555</b>	<b>289,219</b>

	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>Shares in associated companies</b>				
Acquisition cost at January 1	2,918	2,643		918
Increases	830	1,067		
Decreases	300	792		918
<b>Acquisition cost at December 31</b>	<b>3,448</b>	<b>2,918</b>		
<b>Other shares and holdings</b>				
Acquisition cost at January 1	3,413	3,563	1,057	1,300
Increases	562	1,521	1	1
Decreases	442	1,671	1	244
<b>Acquisition cost at December 31</b>	<b>3,533</b>	<b>3,413</b>	<b>1,057</b>	<b>1,057</b>
<b>Own shares</b>				
Acquisition cost at January 1	6,461	7,773	6,461	7,773
Increases	712	5,262	712	5,262
Decreases		6,574		6,574
<b>Acquisition cost at December 31</b>	<b>7,173</b>	<b>6,461</b>	<b>7,173</b>	<b>6,461</b>
<b>Receivables from Group companies</b>				
Acquisition cost at January 1				24,524
Decreases				24,524
<b>Acquisition cost at December 31</b>				
<b>Receivables from associated companies</b>				
Acquisition cost at January 1		4,751		4,751
Decreases		4,751		4,751
<b>Acquisition cost at December 31</b>				
<b>Other investments</b>				
Acquisition cost at January 1		106		
Increases	142			
Decreases		106		
<b>Acquisition cost at December 31</b>	<b>142</b>			
<b>Total investments</b>	<b>14,296</b>	<b>12,792</b>	<b>334,785</b>	<b>296,737</b>
<b>13. Revaluations</b>				
<b>Land areas</b>				
Value at January 1	337			
Increases		337		
Decreases	337			
<b>Value at December 31</b>		<b>337</b>		
<b>Buildings</b>				
Value at January 1	336			
Increases		336		
Decreases	336			
<b>Value at December 31</b>		<b>336</b>		

	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>14. Inventories</b>				
<b>Other inventories</b>				
Land and plot-owning companies	153,059	105,697		
Shares in housing and real estate corporations under construction	89,689	56,524		
Shares in completed housing corporations	8,453	17,370		
Shares in completed real estate corporations	13,085	15,835		
Others	1,762	2,549		
<b>Total</b>	<b>266,048</b>	<b>197,975</b>		
<b>15. Receivables</b>				
<b>Long-term receivables</b>				
Accounts receivable	441	240		
Receivables from Group companies				
Loan receivables			132,819	34,274
<b>Total</b>			<b>132,819</b>	<b>34,274</b>
Loan receivables	2,735	3,579	1,833	2,573
Other receivables	92	470		
Prepaid expenses and accrued income	12	329		329
<b>Total long-term receivables</b>	<b>3,280</b>	<b>4,618</b>	<b>134,652</b>	<b>37,176</b>
<b>Deferred tax assets</b>				
On periodization differences	6,538	3,329		
On consolidation entries	998	1,223		
<b>Total</b>	<b>7,536</b>	<b>4,552</b>		
<b>Short-term receivables</b>				
Accounts receivable	234,855	211,509	1	110
Receivables from Group companies				
Accounts receivable			580	379
Loan receivables			26,202	133,368
Other receivables			56,450	57,000
Prepaid expenses and accrued income			1,517	1,661
<b>Total</b>			<b>84,749</b>	<b>192,408</b>
Receivables from associated companies				
Accounts receivable	34		1	
Loan receivables	186			
<b>Total</b>	<b>220</b>		<b>1</b>	
Loan receivables	153,746	155,852		286
Other receivables	15,479	22,033	2,211	11,369
Prepaid expenses and accrued income	88,367	84,472	164	217
<b>Total short-term receivables</b>	<b>492,667</b>	<b>473,866</b>	<b>87,126</b>	<b>204,390</b>
<b>Total receivables</b>	<b>503,483</b>	<b>483,036</b>	<b>221,778</b>	<b>241,566</b>
<b>Loan receivables from limited companies included in other inventories, total</b>				
	<b>153,698</b>	<b>154,707</b>		

	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>Prepaid expenses and accrued income</b>				
Periodization difference caused by partial recognition of income	72,136	70,231		
Other items	16,243	14,570	1,681	2,207
<b>Total</b>	<b>88,379</b>	<b>84,801</b>	<b>1,681</b>	<b>2,207</b>
In accordance with the principle of conservatism, deferred tax assets do not account for tax assets arising from the confirmed losses of foreign subsidiaries.				
<b>16. Marketable securities</b>				
Repurchase price	10,691	18,618	9,840	14,077
Book value	10,691	18,618	9,840	14,077
<b>Difference</b>				
<b>17. Shareholders' equity</b>				
Share capital at January 1	58,767	58,767	58,767	58,767
Option subscriptions during the report period	726		726	
<b>Share capital at December 31</b>	<b>59,493</b>	<b>58,767</b>	<b>59,493</b>	<b>58,767</b>
Share premium account at January 1	54,920	53,492	54,920	53,492
Share premium from options	3,558		3,558	
Gains on disposal of own shares		1,428		1,428
<b>Share premium account at December 31</b>	<b>58,478</b>	<b>54,920</b>	<b>58,478</b>	<b>54,920</b>
Fund for own shares at January 1	6,461	7,773	6,461	7,773
Use of own shares in acquisition		-6,574		-6,574
Transfer from retained earnings	712	5,262	712	5,262
<b>Fund for own shares at December 31</b>	<b>7,173</b>	<b>6,461</b>	<b>7,173</b>	<b>6,461</b>
Reserve fund at January 1	618	486		
Transfer from retained earnings		137		
Transfer to retained earnings	-137			
Translation difference	1	-5		
<b>Reserve fund at December 31</b>	<b>482</b>	<b>618</b>		
Retained earnings at January 1	229,664	188,526	174,726	162,817
Dividend payout	-24,494	-21,964	-24,494	-21,964
Transfer to reserve fund		-137		
Transfer from reserve fund	137			
Change in translation differences	-233	280		
Other changes	185	86	118	
Transfer from fund for own shares		6,574		6,574
Transfer to fund for own shares	-712	-5,262	-712	-5,262
<b>Retained earnings at December 31</b>	<b>204,547</b>	<b>168,103</b>	<b>149,638</b>	<b>142,165</b>
Profit for the financial period	43,026	61,561	19,804	32,561
	247,573	229,664	169,442	174,726
<b>Total shareholders' equity</b>	<b>373,199</b>	<b>350,430</b>	<b>294,586</b>	<b>294,874</b>

	Consolidated		Parent Company	
	2002	2001	2002	2001
Distributable funds at December 31				
Retained earnings	204,547	168,103	149,638	142,165
Profit for the financial period	43,026	61,561	19,804	32,561
Increases in share capital	-109	-109		
Transfer to reserve fund in Sweden	-880			
Portion of accumulated depreciation difference and voluntary reserves entered in shareholders' equity	-5,667	-5,416		
<b>Distributable funds from shareholders' equity</b>	<b>240,917</b>	<b>224,139</b>	<b>169,442</b>	<b>174,726</b>
<b>18. Accumulated appropriations</b>				
Depreciation difference at January 1				875
Decrease				-875
<b>Depreciation difference at December 31</b>				
<b>19. Provisions for liabilities and charges</b>				
Provisions for pensions	2,707			
Obligatory provisions for long-term projects				
Provisions for guarantees	1,972	1,225		
Provisions for loss-making projects	4,700	4,559		
Other obligatory provisions				
Provisions for rental guarantees	2,715	678		
Provisions for loss-making projects	900	1,000		
Provision for reorganization	1,184	1,628		
Other provisions		1,007		
<b>Total</b>	<b>14,178</b>	<b>10,097</b>		
<b>Change in provisions for liabilities and charges</b>				
Provisions for pensions	2,707			
Change in obligatory provisions for long-term projects	888	-224		
Provision for rental guarantees	2,037			
Provision for reorganization	-444	1,628		
Provision for bad debts	-100	1,000		
Change in other obligatory provisions	-1,007	825		
<b>Total</b>	<b>4,081</b>	<b>3,229</b>		

	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>20. Non-current liabilities</b>				
<b>Deferred tax liabilities</b>				
On appropriations	6,915	5,353		
<b>Total</b>	<b>6,915</b>	<b>5,353</b>		
<b>Liabilities falling due after five years</b>				
Loans from credit institutions	10,860	14,705	10,841	14,682
Pension loans	2,280	7,290	1,467	6,883
<b>Total</b>	<b>13,140</b>	<b>21,995</b>	<b>12,308</b>	<b>21,565</b>
<b>21. Current liabilities</b>				
<b>Liabilities to Group companies</b>				
Accounts payable			374	353
Other liabilities			134,378	118,759
Accrued expenses and deferred income			245	233
<b>Total</b>			<b>134,997</b>	<b>119,345</b>
<b>Accrued expenses and deferred income</b>				
Periodization differences caused by partial recognition of income	52,888	58,586		
Periodization differences in recognition of personnel expenses	69,432	55,954	895	796
Other items	14,643	14,337	3,756	4,844
<b>Total</b>	<b>136,963</b>	<b>128,877</b>	<b>4,651</b>	<b>5,640</b>
<b>22. Effect of partial recognition of projects on balance sheet items</b>				
Inventories/Work in progress	479,778	408,130		
./. Partial recognition of income	429,654	362,108		
<b>Work in progress entered in the balance sheet</b>	<b>50,124</b>	<b>46,022</b>		
Liabilities/Advances received	492,806	478,279		
./. Partial recognition of income	421,049	423,769		
<b>Advances received entered in the balance sheet</b>	<b>71,757</b>	<b>54,510</b>		

	Consolidated		Parent Company	
	2002	2001	2002	2001
<b>23. Contingent liabilities</b>				
<b>Mortgages given as security for loans, total</b>	<b>32,806</b>	33,456	<b>29,265</b>	29,265
Mortgages given for own commitments are mainly given as security of pension loans.				
<b>Shares pledged as security for loans, total</b>		7,286		
<b>Other collateral given for own commitments</b>				
Others	<b>1,004</b>	1,089		
Pension liabilities are entered in the balance sheet under long-term pension loans.				
<b>Leasing commitments</b>				
Payable during the current financial year	<b>8,314</b>	4,753	<b>237</b>	225
Payable in subsequent years	<b>10,030</b>	8,667	<b>335</b>	351
<b>Total</b>	<b>18,344</b>	13,420	<b>572</b>	576
<b>Other commitments</b>				
Repurchase commitments for contract receivables sold to credit institutions	<b>91,288</b>	86,211		148
Other contingent liabilities	<b>604</b>	559	<b>399</b>	442
<b>Total</b>	<b>91,892</b>	86,770	<b>399</b>	590
<b>Guarantees</b>				
On behalf of Group companies			<b>325,695</b>	293,660
On behalf of associated companies	<b>564</b>	557	<b>468</b>	557
On behalf of other companies	<b>7,215</b>	6,708	<b>961</b>	1,360
<b>Total</b>	<b>7,779</b>	7,265	<b>327,124</b>	295,577
<b>Derivative contracts</b>				
Foreign currency forward contracts				
Fair value	<b>17,192</b>	12,574	<b>17,192</b>	11,737
Value of underlying assets	<b>16,635</b>	12,762	<b>16,635</b>	11,912



## 24. Shares and holdings

Name	Holding %	Number of shares	Nominal value	Book value EUR 1,000
<b>Shares in subsidiaries (owned by the parent company)</b>				
YIT Construction Ltd, Helsinki	100.00	5,000,000	EUR 50,000	193,140
YIT Installation Ltd, Helsinki	100.00	1,000,000	EUR 10,000	26,259
YIT Primatel Ltd	100.00	50,000	EUR 5,000	37,336
YIT Kalusto Oy, Urjala	100.00	25,000	EUR 5,000	5,170
YIT Information Technology Ltd, Helsinki	100.00	2,500,000	EUR 5,000	5,018
YIT-Yhtymän Lomakeskus Oy, Helsinki	100.00	2,300	EUR 391	1,811
Calor AB, Solna (Group)	100.00	30,000	SEK 3,000	57,821
E. Berglunds Värme AB, Solna	100.00	1,000	SEK 100	220 *)
H.Bergström Rör & Svets i Falmark AB,Solna	100.00	1,000	SEK 100	13 *)
BR Energi AB, Solna	100.00	1,000	SEK 100	11 *)
Brunnanders Rör AB, Solna	100.00	1,000	SEK 100	10 *)
Calnova Ingenjörer AB, Solna	100.00	2,000	SEK 200	22 *)
Calor Fastigheter AB, Solna	100.00	1,000	SEK 100	12 *)
YIT Projektrör AB, Solna	100.00	1,000	SEK 100	12 *)
Calvan Maskin AB, Solna	100.00	3,500	SEK 350	58 *)
Elofssons Rör AB, Solna	100.00	1,000	SEK 100	13 *)
A.E. Erikssons Rörlednings AB, Solna	100.00	1,100	SEK 110	14 *)
Calor Tank AB, Solna	100.00	10,000	SEK 1,000	109 *)
Carlsson & Myrberg AB, Solna	100.00	1,500	SEK 150	57 *)
Ing. Morten Juel AS, Baerum	100.00	150	NOK 150	71 *)
Lindéns Rörlednings AB, Solna	100.00	20,000	SEK 2,000	215 *)
Majornas Rörläggari AB, Solna	100.00	1,000	SEK 100	13 *)
Nässjö Värmebolag AB, Solna	100.00	1,000	SEK 100	13 *)
Rörlednings AB Montör, Solna	100.00	5,000	SEK 100	55 *)
More AB, Solna	100.00	1,000	SEK 100	12 *)
Nordrör i Umeå AB, Solna	100.00	1,600	SEK 160	21 *)
Nynäs Rör AB, Solna	100.00	6,000	SEK 600	564 *)
Runes Rör AB, Solna	100.00	1,000	SEK 100	13 *)
Rättviks Rör AB, Solna	100.00	1,000	SEK 100	7 *)
Rörgillet i Göteborg AB, Solna	100.00	1,000	SEK 100	13 *)
Sandviken - Gimo Rör AB, Solna	100.00	3,000	SEK 300	39 *)
AB Joh. Sjöström, Solna	100.00	1,000	SEK 100	11 *)
Strömbergs Rostfria & Industrimontage AB, Solna	100.00	1,000	SEK 100	13 *)
Stålnackes Rör AB, Solna	100.00	1,000	SEK 100	13 *)
Sören Nilssons Industrirör AB, Solna	100.00	1,000	SEK 100	13 *)
Ulf Martinsson Rör Svets AB, Solna	100.00	1,000	SEK 100	189 *)
Värmebolaget i Västerås AB, Solna	100.00	1,000	SEK 100	2,912 *)
Västsprinkler AB, Solna	100.00	1,000	SEK 100	12 *)
<b>Total</b>				<b>326,555</b>

\*) The figures of the subgroup are not included in the sum total.



Name	Holding %	Number of shares	Nominal value	Book value EUR 1,000
<b>Shares in subsidiaries (owned by YIT Construction Ltd)</b>				
Rakennustoimisto Tolonen Oy, Hämeenlinna	100.00	800	EUR 720	6,365
YIT Rapido Property Management Services Ltd, Helsinki	100.00	14,000	EUR 140	4,582
YIT Concept Project Management Services Ltd, Helsinki	100.00	40	EUR 8	8
AS FKSM, Tallinn (Group)	84.62	3,122,080	EEK 31,221	8,517
AS Keskkonnaehitus, Tallinn	100.00	80	EEK 800	148 *)
OÜ Raudalu Väikemaja, Tallinn	100.00	1	EEK 100	6 *)
AS Koidu Kinnisvara, Tallinn	100.00	265	EEK 2,650	169 *)
AS Pihlammaa, Tallinn	100.00	10,000	EEK 10,000	639 *)
AS Epona, Pärnu	100.00	1,200	EEK 600	38 *)
UAB FKSM, Vilnius	100.00	10	LTL 10	3 *)
SIA FKSM, Riga	100.00	4,335	LVL 434	710 *)
SIA YIT Latvija, Riga	100.00	259	LVL 26	43 *)
AS Papiniidu Projekt, Tallinn	100.00	400	EEK 400	26 *)
OÜ FKSM Haldus, Tallinn	100.00	1	EEK 40	3 *)
OÜ Plasma Project, Tallinn	100.00	1	EEK 40	3 *)
OÜ Koger ja Sumberg Kinnisvara, Tallinn	100.00	1	EEK 100	6 *)
YIT Vatten & Miljöteknik AB, Landskrona	100.00	5,000	SEK 500	68
AS Makroflex, Tallinn	100.00	1,406,400	EEK 14,064	848
YIT Universaalehituse AS, Tallinn	100.00	700	EEK 700	49
YIT UAB, Vilnius	100.00	2,000	LTL 200	36
ZAO YIT-Genstroj, Moscow	100.00	2,500	RUB 887	127
YIT Invest Export Oy, Helsinki	100.00	2,000	EUR 51	52
YIT Environment Ltd	100.00	500,000	EUR 1,000	1,001
YIT Project Invest Oy, Helsinki	100.00	60,000	EUR 1,009	1,009
ZAO Lentek, St. Petersburg	88.00	880	RUB 10	1,009 *)
Makroflex Oy, Oitti	100.00	2,700	EUR 230	1,578
ZAO Makroflex, Moscow	100.00	1,000	RUB 100	0 *)
Urepol Oy	100.00	3,000	EUR 51	51
YIT Polska Sp zo.o, Cracow	100.00	100	PLN 100	27
AB Kausta, Kaunas (Group)	74.60	7,459,920	LTL 7,460	1,961
UAB Kausta Guder, Kaunas	51.00	16,830	LTL 168	49 *)
UAB Alkausta, Vilnius	100.00	100	LTL 10	29 *)
UAB Zaidimu tinklas, Vilnius	100.00	280	LTL 28	0 *)
UAB Kausta Guder, Kaunas	20.00	6,600	LTL 66	72
YIT Salym Development Oy, Helsinki	100.00	500	EUR 8	8
Oy Tortum Ab	100.00	150	EUR 3	3
SWTP Construction Oy, Helsinki	33.33	30	EUR 3	3
<b>Total</b>				<b>26,365</b>

\*) The figures of the subgroup are not included in the sum total.

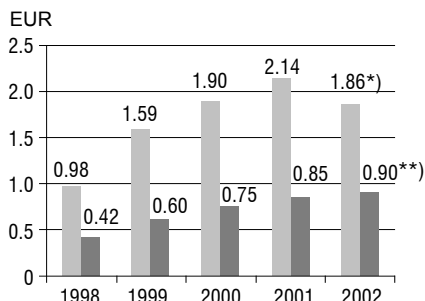


Name	Holding %	Number of shares	Nominal value	Book value EUR 1,000
<b>Shares in subsidiaries (owned by YIT Installation Ltd)</b>				
YIT Safetytec Oy, Helsinki	100.00	700	EUR 119	1,273
YIT Huber Oy, Helsinki	100.00	3,000	EUR 510	4,996
Järvenpään Putki- ja Metallityö (Group), Järvenpää	100.00	2,027	EUR 4	1,687 *)
Nykyilmastointi Oy, Järvenpää	100.00	3,200	EUR 3	87 *)
Härkätien Sähkö Oy, Lieto	100.00	100	EUR 8	1,135 *)
YIT Industry Ltd ,Helsinki	100.00	145,000	EUR 2,465	11,879
YIT Service Oy, Helsinki	100.00	10,000	EUR 850	1,357
AsOy Nurmipetäjä, Helsinki	100.00	467	EUR 4	291
YIT-Huber East Oy, Helsinki	100.00	500	EUR 8	8
YIT-Huber Invest Oy, Helsinki	100.00	2,000	EUR 34	34
ZAO YIT-Peter, St. Petersburg	100.00	1,000	RUB 1,000	0 *)
YIT Industrier A/S, Austrheim	100.00	2,601	NOK 2,601	381
<b>Total</b>				<b>20,219</b>

\*) The figures of the subgroup are not included in the sum total.

Name	Holding %	Number of shares	Nominal value	Book value EUR 1,000
<b>Shares in associated companies (owned by the parent company)</b>				
Finn-Stroi Oy, Helsinki	31.56	1,010	EUR 3	0
<b>Shares in associated companies (owned by subsidiaries)</b>				
Kiinteistö Oy Juronaki, Rovaniemi	27.76	349	EUR 6	146
Arabian Finnish Contracting and Maintenance Co Ltd, Saudi Arabia	49.00	2,450	SAR 2,450	571
Beijing Makroflex Building Material Technology LTD, China	40.00		USD 60	24
Haapaveden Puhdistamo Oy, Helsinki	40.50	405	EUR 10	4
Kiinteistö Oy Leppävirta, Leppävirta	40.00	20	EUR 841	336
Oy Botnia Mill Service Ab, Kemi	49.83	6,000	EUR 1,020	553
AS Normanni Linnagrupp, Tallinn	50.00	1,000	EEK 500	32
AS Tartu Maja Betoontooted, Dorpat	25.00	400	EEK 100	6
OÜ Voorepuu, Tallinn	50.00	1	EEK 20	1
OÜ Hovard, Tallinn	50.00	3	EEK 50	3
OÜ Hermastu Kinnisvara, Tallinn	50.00	1	EEK 20	1
<b>Total</b>				<b>1,677</b>
<b>Shares and holdings in other companies (owned by the parent company)</b>				
Helsinki Exchanges Group Ltd Oy, Helsinki		24,400		25
OKR-Liikkeeseenlaskijat Osuuskunta, Helsinki		6	EUR 20	20
PPTH Steelmanagement Oy, Peräseinäjoki	19.00	10,070	EUR 10	8
Rautaruukki Corporation, Oulu		198,160	EUR 337	747
Shares in housing and real estate corporations				21
Shares and holdings in telephone companies				145
Other shares and holdings, total				91
<b>Total</b>				<b>1,057</b>
<b>Shares and holdings in other companies (owned by subsidiaries)</b>				
LLC Nordvod, St. Petersburg	13.67		RUB 4,903	157
Inlook Oy	4.70	4,765	EUR 16	96
Turku Science Park Oy	0.19	2,500	EUR 50	17
Jyväskylän Teknologikeskus Oy		6	EUR 10	25
Shares in housing and real estate corporations				1,483
Shares and holdings in telephone companies				88
Other shares and holdings, total				213
<b>Total</b>				<b>2,079</b>

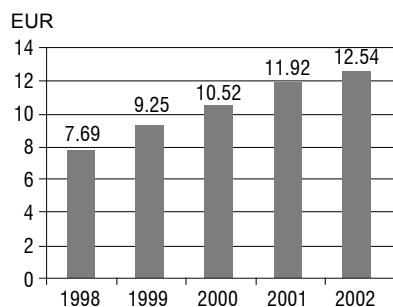
**Earnings/share and dividend/share**



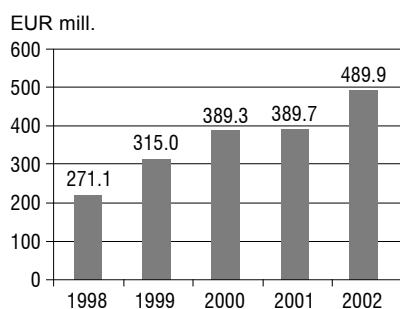
\*) excl. residual taxes

\*\*\*) Board of Directors' proposal

**Equity/share**



**Market capitalisation**



**Shares and share capital**

At the end of 2002, YIT Corporation's share capital amounted to EUR 59,492,670. According to the Articles of Association, the company's minimum share capital is EUR 50 million and the maximum share capital is EUR 200 million. Within these limits, the share capital can be increased or decreased without amending the Articles of Association.

YIT Corporation's share is quoted on the Main List of Helsinki Exchanges under the Other Services business sector. The company has one series of shares and all the shares carry one vote and an equal right to a dividend. The nominal value of the share is 2 euros. The size of a trading lot is 200 shares. At the end of 2002, the total number of shares issued by the company amounted to 29,746,335.

**Increases in share capital, 1998-2002**

Registration date	New shares, no.	New no. of shares	New share capital, EUR
Nov. 5, 1998 1)	35,000	29,337,662	49,342,405
Mar. 12, 1999 2)	-	29,337,662	58,675,324
May 11, 1999 1)	12,500	29,350,162	58,700,324
Nov. 12, 1999 1)	33,523	29,383,685	58,767,370
May 6, 2002 3)	125,100	29,508,785	59,017,570
June 27, 2002 3)	124,900	29,633,685	59,267,370
Aug. 26, 2002 3)	1,400	29,635,085	59,270,170
Dec. 5, 2002 3)	111,250	29,746,335	59,492,670

- 1) Shares subscribed for on the basis of the 1994 option loan.
- 2) By a resolution of the Annual General Meeting the nominal value of the share was increased from EUR 1.68 to EUR 2.00 through a bonus issue.
- 3) Shares subscribed for on the basis of the 1998 share options.

**Authorizations to increase the share capital**

At the end of 2002 the Board of Directors did not have valid share issue authorizations or authorizations to issue convertible bonds or bonds with warrants.

**Share price trend and turnover**

On the last day of trading in 2002, YIT's closing rate was 24 per cent higher than in the previous year, coming in at EUR 16.79 (2001: EUR 13.50). The share price trend was significantly better than the general share price trends on Helsinki Exchanges, because, as measured by the HEX All-share Index, share prices were 34 per cent lower at the end of 2002 than at the turn of the previous year. The average decline in share prices, as measured by the balanced HEX Portfolio Index, was 17 per cent.

The highest price of YIT's share during 2002 was EUR 19.65 (EUR 13.95) and the lowest was EUR 13.20 (EUR 10.42). The average price was EUR 16.40 (EUR 12.66). YIT Corporation's market capitalisation at the end of the year was EUR 489.9 million (EUR 389.7 million).

Share turnover on Helsinki Exchanges amounted to 9,911,550 shares in 2002 (4,447,612). The value of share turnover was EUR 162.5 million (EUR 56.3 million). The taxation value of YIT's share confirmed for 2002 in Finland is EUR 11.41 (EUR 9.24) per share.

**Own shares**

At the beginning of 2002, YIT held a total of 515,279 of its own shares, representing 1.8% of the shares outstanding and the votes conferred by them. The shares had been

acquired on Helsinki Exchanges on the basis of decisions taken by general meetings of shareholders in previous years. From January 2 to 23, 2002, the company bought a total of 52,021 of its own shares. The total price of the acquired shares was EUR 709,186 and the average price was EUR 13.63/share.

The Annual General Meeting held on March 7, 2002, decided to purchase a minimum of 200 to a maximum of 700,000 of the company's own shares with distributable shareholders' equity. Furthermore, the Annual General Meeting resolved to authorize the Board of Directors to decide on the disposal of a maximum of 1,267,300 of its own shares previously bought for the company or acquired on the basis of the above decision. On the basis of this decision, the company acquired 200 of its own shares on November 1, 2002. YIT did not transfer its own shares in 2002.

On December 31, 2002, the company held a total of 567,500 of its own shares, representing 1.9 per cent of the company's total share capital and the voting rights conferred by the shares. The shares were acquired at an average price of EUR 12.64 per share. YIT's subsidiaries did not own shares in the parent company.

**Purchase obligation clause**

The Articles of Association include a purchase obligation clause. According to this clause, a shareholder whose stake in the company's shares outstanding or the votes conferred by them either reaches or exceeds one third and/or half must offer to purchase the remainder of the shares issued by the company and the securities entitling to these shares as defined in the Companies Act.

**1998 share options**

On the basis of the share options granted by the 1998 Annual General Meeting, about 140 members of the Group's management and key employees have the right to subscribe for a maximum of 1,200,000 YIT shares. On the basis of the subscriptions, the share capital can be increased by a maximum of EUR 2,400,000. The subscriptions periods and prices are shown below:

Option type	No. Shares/option	Share subscription price, EUR	Share capital, EUR million	Subscription periods	Last subscription date
A	600,000	1/1	11.77	1.2	Mar. 20 – Nov. 30, 01 Mar. 20 – Nov. 30, 02 Mar. 20 – Nov. 30, 03
B	600,000	1/1	12.45	1.2	Oct. 15 - Nov. 30, 02 Mar. 20 – Nov. 30, 03

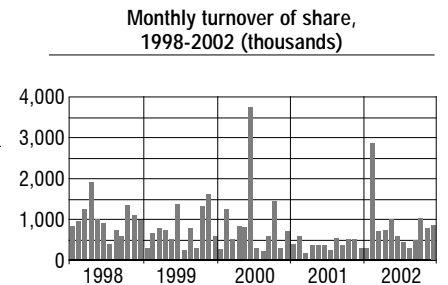
The Series A share options have been traded on Helsinki Exchanges since March 21, 2001. During 2002, 562,580 share options were traded at an average price of EUR 4.41. A total of 341,250 shares were subscribed for with the options, raising the share capital by EUR 682,500.

The Series B share options could be traded starting on October 15, 2002. By the end of the year, 82,700 of the share options had been traded at an average price of EUR 3.67. A total of 21,400 shares were subscribed for with the options, raising the share capital by EUR 42,800.

The new subscribed shares provide all shareholder rights once the increase in the share capital corresponding to the share subscriptions has been entered in the Trade Register.

**2002 share options**

The Annual General Meeting held in spring 2002 granted a maximum total of 450,000 Series C share options and a maximum total of 950,000 Series D shares for subscription without consideration. 191 members of the Group's management and key employees named by the Board of Directors subscribed for 406,140 Series C share options during their subscription period, May 13 - June 14, 2002. The subsidiary YIT Construction Ltd subscribed for the remaining 43,860 Series C share options, of which 33,210 were





*In November, YIT participated in the Invest Fair in Helsinki.*

granted for subscription by 19 management and key employees by the end of 2002. YIT Construction Ltd subscribed for all of the Series D share options; it is intended that they will be distributed to the Group's management and key employees in 2003-2005, provided the profitability and growth targets laid out in the option programme are met.

**Option criteria**

Programme	Maximum number of options	Criterion	Benchmark Threshold values
D1	600,000	Profitability	Annual return on investment: 14-21%
D2	350,000	Growth	Net sales in 2004: EUR 1,950 – 2,300 million

Each share option entitles its holder to subscribe for one share with a nominal value of two euros. A maximum total of 1,400,000 shares can be subscribed for and the company's share capital may thus be raised by a maximum amount of EUR 2,800,000. The shares can be subscribed for annually during the period from April 1 – November 30 such that the subscription period for the Series C share options begins on April 1, 2004, and for the Series D share options on April 1, 2005. Both subscription periods end on November 30, 2006.

The subscription price of the share is EUR 15.19/share. The subscription price will be lowered after January 1, 2003, by the amount of dividends per share distributed by the date when the share subscription period begins.

**Management's share ownership**

On December 31, 2002, the members of YIT Corporation's Board of Directors as well as the president and CEO and the executive vice president owned a total of YIT 441,942 shares, corresponding to 1.5% of the company's shares and the votes conferred by them. These figures included their own holdings and those of their underage children and corporations in which they have a controlling interest.

On December 31, 2002, the president and CEO and the executive vice president held a total of 60,000 share options from 1998 and 24,120 from 2002. The 1998 share options represented 5.0 per cent and the 2002 share options 1.7 per cent of the total number of share options provided for subscription. On the basis of these share options, YIT Corporation's number of shares can be increased by 84,120 at most and the share capital by a maximum of EUR 168,240, which on December 31, 2002, would have corresponded to 0.3 per cent of the company's votes and share capital. Members of the Board of Directors who are not employed by the company are not covered by the share option programmes.

Management's share ownership is presented in detail on pages 102-103.

**Dividend payout policy**

YIT's goal is to achieve a steady flow of dividends for shareholders. The company has set itself the strategic goal of paying out as dividends 30-50 per cent of annual earnings after taxes and minority interest.

	2002	2001	2000	1999	1998
Dividend/share, EUR	<b>0.90*)</b>	0.85	0.75	0.60	0.42
Dividend/per-share earnings, %	<b>48.4**)**)</b>	39.7	39.5	37.7	43.0
Dividends paid, EUR million	<b>26.3*)</b>	24.5	22.0	17.3	12.4

\*) Proposal of the Board of Directors

\*\*) Calculated of earnings per share exclusive of residual taxes.

Per-share key figures, 1998-2002, on page 75.

**Principal shareholders at December 31, 2002**

		Shares, no.	% of shares and votes
<b>Suomi Group</b>			
Mutual Life Insurance Company Suomi	2,207,370		
Suomi Insurance Company Ltd	730,000	2,937,370	9.9
<b>Tapiola Insurance Group</b>			
Tapiola General Mutual Insurance Company	2,148,030		
Tapiola Mutual Life Assurance Company	641,200		
Tapiola Corporate Life Insurance Company	133,215	2,922,445	9.8
<b>Sampo Life Insurance Company Ltd</b>		2,667,780	9.0
<b>Varma-Sampo Mutual Pension Insurance Company</b>		2,161,352	7.3
<b>Pohjola Group</b>			
Pohjola Non-Life Insurance Company Ltd	1,083,067		
Pohjola Group Insurance Corporation	530,433		
A-Vakuutus Oy	18,000	1,631,500	5.5
<b>Ilmarinen Mutual Pension Insurance Company</b>		1,180,800	4.0
<b>Kaleva Mutual Insurance Company</b>		766,000	2.6
<b>Local Government Pensions Institution</b>		645,796	2.2
<b>YIT Corporation</b>		567,500	1.9
<b>LEL Employment Pension Fund</b>		407,700	1.4
<b>Nominee-registered</b>		6,574,696	22.1
<b>Other shareholders, total</b>		7,283,396	24.3
<b>Total</b>		<b>29,746,335</b>	<b>100.0</b>

This information is based on the shareholder list maintained by Finnish Central Securities Depository Ltd.

**Distribution by groups of shareholders, Dec. 31, 2002**

	Proportion of shareholders	Proportion of shares
Companies	8.7	6.3
Financial and insurance institutions	1.6	41.6
Public sector entities	1.2	16.7
Non-profit institutions	3.3	2.9
Households	84.2	7.7
Foreign owners	1.0	24.8
(of which nominee-registered)	(0.2)	(22.1)
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Distribution of shareholdings by size class, Dec. 31, 2002**

Shares, no.	No. of shareholders	Proportion of shareholders	Shares, total no.	Proportion of shares
1 - 100	827	25.3	49,031	0.2
101 - 1,000	1,832	56.0	763,828	2.6
1,001 - 10,000	494	15.1	1,529,617	5.1
10,001 - 100,000	89	2.7	2,759,479	9.3
100,001 - 1,000,000	22	0.7	7,165,847	24.1
1,000,001 - 10,000,000	7	0.2	17,478,533	58.7
<b>Total</b>	<b>3,271</b>	<b>100.0</b>	<b>29,746,335</b>	<b>100.0</b>





## Board of Directors' proposal for the distribution of profit

According to the Consolidated Balance Sheet at 31 December 2002, the Group's distributable equity is EUR 240,917,000. The distributable equity of the parent company, YIT Corporation, shown in the balance sheet at 31 December 2002, is EUR 169,441,970.37 which is made up as follows:

– retained earnings	149,638,325.87
– profit for the financial period	<u>19,803,644.50</u>
	169,441,970.37

The Board of Directors proposes that the profit be disposed of as follows:

– Payment of a dividend of 45% of the nominal value or EUR 0.90 per share to shareholders	26,260,951.50
– Transfer to retained earnings	<u>143,181,018.87</u>
	169,441,970.37

Helsinki, February 12, 2003

<b>Ilkka Brotherus</b> Chairman	<b>Asmo Kalpala</b> Vice Chairman
<b>Eino Halonen</b>	<b>Mikko Kivimäki</b>
<b>Teuvo Salminen</b>	<b>Reino Hanhinen</b> Group CEO

## Auditors' report

### To the shareholders of YIT Corporation

We have audited the accounting, the financial statements and the corporate governance of YIT Corporation for the financial year ended 31 December 2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company's income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit, we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Finnish Companies' Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of the financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable funds is in compliance with the Finnish Companies' Act.

Helsinki, February 14, 2003

**PricewaterhouseCoopers Oy**  
Authorized Public Accountants  
**Pekka Nikula**  
Authorized Public Accountant



# Analyst coverage



According to our information, the following analysts have made investment analysis on YIT Corporation during the year 2002:

<b>Company</b>	<b>Analyst</b>	<b>Phone</b>	<b>E-mail</b>
Aktia Securities	Sabah Samaletdin	+358 10 247 6412	sabah.samaletdin@aktia.fi
Alfred Berg AB	Christian Roos	+46 8723 5908	christian.roos@alfredberg.se
D. Carnegie AB, Finland Branch	Raoul Konnos	+358 9 6187 1233	raoul.konnos@carnegie.fi
Conventum Securities Ltd	Tuomas Hirvonen	+358 9 231 23322	tuomas.hirvonen@conventum.fi
Deutsche Bank	David Hallden	+46 8463 5515	david.hallden@db.com
Enskilda Securities AB	Tommy Ilmoni	+358 9 6162 8720	tommy.ilmoni@enskilda.se
Evli Securities	Janne Sarvikivi	+358 9 4766 9176	janne.sarvikivi@evli.com
FIM Securities Ltd	Jari Westerberg	+358 9 6134 6217	jari.westerberg@fim.com
Handelsbanken Securities	Marko Saastamoinen	+358 10 444 2753	marko.saastamoinen@handelsbanken.se
Impivaara Securities Ltd	Jeffery Roberts	+44 20 7284 3937	impivaara@pomor.com
Mandatum Stockbrokers Ltd	Esa Hirvonen	+358 10 2364 852	esa.hirvonen@mandatum.fi
Nordea Securities	Juha Iso-Herttua	+358 9 369 49429	juha.iso-herttua@nordeasecurities.com
Nordic Partners Inc.	Henrik Ullner	+1 212 829 4200	henrik.ullner@nordicpartners.com
Opstock Securities	Henri Parkkinen	+358 9 404 4409	henri.parkkinen@oko.fi

## Main stock exchange releases

- **Feb. 14 Financial statement bulletin for 2001**  
The Group's net sales grew by 31 per cent and its operating profit by 11 per cent. Earnings per share rose to EUR 2.14. The proposed dividend was EUR 0.85 per share.
- **Mar. 7 Decisions taken by the Annual General Meeting**  
The Annual General Meeting adopted the financial statements and discharged the accountable parties from liability. A decision was made to pay a dividend of EUR 0.85 per share. The Annual General Meeting confirmed that the number of Board members shall be set at six, made a decision concerning the acquisition of the company's own shares and authorized the Board of Directors to decide on the transfer of the company's own shares. In addition, the Annual General Meeting decided to grant C and D share options for subscription by the Group's management and key employees.
- **Mar. 13 Ilkka Brotherus elected as chairman of the Board**  
The Board of Directors elected Ilkka Brotherus as its chairman and Asmo Kalpala as its vice chairman.
- **Apr. 24 YIT acquires Primatel from Sonera**  
YIT announced it would acquire from Sonera the shares outstanding in Primatel Ltd which builds and maintains telecommunications networks. Primatel rounds out YIT's service chain and comprises a subgroup of its own. The approval of the competition authorities was required before the deal could enter into force.
- **May 3 Interim Report for the January-March period 2002**  
Net sales were up 9 per cent on the previous year. Operating profit exclusive of non-recurring items was at the previous year's level. The EUR 10.9 million in residual taxes levied for 1997 by the Tax Office for Major Corporation was fully accounted for in the result for the review period. YIT appealed the tax decision.
- **May 16 The Finnish Competition Authority approves the acquisition of Primatel**  
The Finnish Competition Authority approved the acquisition whereby YIT bought all the shares outstanding in Primatel.
- **May 21 Contract agreement for the wastewater treatment plant of St. Petersburg**  
The project company established by YIT, NCC and Skanska signed a contract agreement on the realization of the southwestern wastewater treatment plant of St. Petersburg.
- **May 31 YIT's acquisition of Primatel is consummated**  
The acquisition was consummated and YIT paid the final purchase price of EUR 33.7 million. YIT Primatel Ltd was integrated into the YIT Group on June 1, 2002.
- **Aug. 2 Interim Report for the January-June period 2002**  
Net sales were up 7 per cent on the first half of the previous year. Operating profit exclusive of non-recurring items was at the previous year's level. The order backlog at the end of the period was almost a quarter higher than in the previous year.
- **Aug. 2 YIT is recategorized from a Construction to an Other Services business sector company**  
YIT requested Helsinki Exchanges to transfer the listing of its shares from the Construction Business sector to the Other Services business sector. The transfer took place on August 12, 2002.
- **Sept. 2 YIT to build a residential area in Tilkka**  
YIT will build a high-class residential area comprising about 300 residences in the Tilkka area of Helsinki.
- **Nov. 1 Interim Report for the January-September period 2002**  
Net sales were up 8 per cent on the previous year. Operating profit exclusive of non-recurring items was 4 per cent higher than in the previous year.
- **Dec. 31 The Tax Correction Board of the Tax Office For Major Corporations approves YIT's appeal**  
The Tax Correction Board of the Tax Office for Major Corporations approved YIT's appeal for the rectification of the EUR 10.9 million in residual taxes assessed for 1997.

# Corporate Governance

The administration of the YIT Group is based on the Companies Act and the Articles of Association of the Group's parent company, YIT Corporation. Management is organized in line with the guidelines on the administration of public listed companies issued by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers (TT).

## **Annual General Meeting**

YIT Corporation's Annual General Meeting is the Group's highest decision-making body. The Annual General Meeting is held annually by the end of March. It takes decisions on matters such as:

- approving the financial statements
- the payment of dividends
- discharging the members of the Board of Directors and the president from liability
- the election of Board members and the remuneration to be paid to them
- the election of the auditor and the remuneration to be paid for the audit
- amendments to the Articles of Association
- share buyback and transferring the company's own shares
- the granting of share options.

## **The Board of Directors**

The operations of the Group are guided and overseen by the parent company's Board of Directors. It is responsible for the company's administration and the proper organization of operations. In line with the working principles ratified in 2000, the Board of Directors takes decisions on matters that are of far-reaching significance to the Group and which are significant in principle, such as:

- the Group's strategy and objectives,
- budgets and operating plans and overseeing their realization,
- the Group's operational structure
- significant acquisitions and other investments
- the election of the president and deciding on his salary and other benefits.

According to the Articles of Association, the Board of Directors shall include a minimum of five and a maximum of seven members. At the end of 2002, the Board of Directors had six members (see page 102). With the exception of the parent company's president and CEO, none of the members are employed by the Group. The members' term of office begins at the Annual General Meeting which elected them and ends at the next Annual General Meeting. A person who is 67 years old or over cannot be elected as a member.

The Board of Directors elects a chairman and vice chairman from amongst its members. In 2002, the Board of Directors convened 11 times.



### **President and CEO**

The president and CEO of the parent company leads the Group's business operations and attends to the company's administration in line with the instructions and regulations laid down by the Board of Directors. He serves as the chairman of the Group's Management Board and the chairman of the most important subsidiaries' Boards of Directors.

Since 1987, YIT Corporation's president and CEO has been Reino Hanhinen, who was also appointed as Group CEO on June 1, 2000. The deputy to the president and CEO is Executive Vice President Esko Mäkelä.

### **The Group's Management Board**

The Group's strategic planning is prepared and coordinated by the Group's Management Board, which meets once a month. Its central tasks include the preparation of annual planning and major acquisitions as well as the development of intra-Group activities, the corporate culture and the corporate image.

The Management Board includes not only the Group CEO and the executive vice president of the parent company, but also the presidents of YIT Construction Ltd, YIT Installation Ltd and YIT Primatel Ltd as well as the Group's vice president of corporate planning and vice president of corporate communications.

### **Organization of business operations**

The Group's business operations have been divided into three subsidiaries that are fully owned by the parent company: YIT Construction Ltd, YIT Installation Ltd and YIT Primatel Ltd, each of which comprises its own subgroup. The Group CEO is the chairman of the Board of Directors of each of these three companies. The Board members are the executive vice president of the parent company and the president of each subsidiary and, as a rule, the managers of the divisions. In 2002, the Boards of YIT Construction Ltd and YIT Installation Ltd convened 11 times and the Board of YIT Primatel Ltd, which was integrated into the Group in June, convened 6 times.

Each of the divisions within the subgroups has its own management board whose major task is to attend to matters related to business planning, performance monitoring and the development of operations. The management boards convene monthly and also include personnel representatives.

### **Salaries and remuneration paid to management**

In 2002, the salaries and remuneration paid to the presidents and executive vice presidents within the Group amounted to EUR 3,653 thousand. The salaries and remuneration of the parent company's president and CEO and executive vice president amounted to EUR 762 thousand, of which bonuses accounted for EUR 128 thousand. A total of EUR 92 thousand in remuneration was paid to the members of the parent company's Board of Directors who are not employed by the Group. No separate remuneration for participation in corporate governance is paid to such members of the Boards of Directors of the Group's subsidiaries who are on YIT's payroll.

### **Auditor**

According to the Articles of Association, the company shall have one auditor that must be a firm of auditors approved by the Central Chamber of Commerce. The auditor's term of office is the financial period at the time of his election and ends at the conclusion of the next Annual General Meeting. The Annual General Meeting in spring 2002 elected PricewaterhouseCoopers Oy, Authorized Public Accountants, to audit the administration and accounts in 2002. The chief auditor is Pekka Nikula, Authorized Public Accountant, M.Sc. (Econ.).

### **The company's insiders**

The YIT Group employs insider regulations that are in line with the Guidelines for Insiders approved by Helsinki Exchanges for listed companies.

Statutory insiders, as determined on the basis of their positions, are the members of the parent company's Board of Directors, the president and CEO and the executive vice president as well as the chief auditor. Specified insiders, as determined on the basis of their positions, include, but are not limited to, the members of the Group's Management Board, persons responsible for personnel and legal affairs, accounting, financing, communications and investor relations at the Group level, as well as the secretaries to senior management. In addition, the members of the Boards of YIT Construction Ltd, YIT Installation Ltd and YIT Primatel Ltd are permanent insiders. The Group has about 40 permanent insiders in all.



*Ilkka Brotherus**Asmo Kalpala**Eino Halonen**Reino Hanhinen**Mikko Kivimäki**Teuvo Salminen*

### The Board of Directors

#### Chairman

Ilkka Brotherus, born 1951, M.Sc. (Econ.),

member of YIT's Supervisory Board from 1998 to 2000,  
member of the Board of Directors since 2000 and  
Chairman of the Board of Directors since 2002.

Managing Director of Sinituote Oy.

Member of the Board of Directors of the Amer Group.

Owns 368,800 YIT shares.

#### Vice Chairman

Asmo Kalpala, born 1950, M.Sc. (Econ.),

member of YIT's Board of Directors from 1984 to 1990,

Chairman and member of YIT's Supervisory Board from 1990 to 2000 and Vice Chairman of the Board of Directors since 2000.

President and Chairman of the Boards of the Tapiola Insurance Group.

Member of the Board of Directors of M-real Corporation.

Does not own YIT shares.

#### Members

Eino Halonen, born 1949, M.Sc. (Econ.),

member of YIT's Board of Directors since 2000.

Managing Director of Suomi Mutual Life Assurance Company and  
Suomi Insurance Company Ltd.

Member of the Board of Directors of Pohjola Group plc.

Does not own YIT shares.

Reino Hanhinen, born 1943, M.Sc. (Eng.),

member of YIT's Board of Directors since 1988 and Chairman from 1989 to 2000.

YIT's President and CEO since 1987 and Group CEO since 2000.

Owns 43,692 YIT shares and has 45,000 share options from 1998 and 16,080 from 2002.

Mikko Kivimäki, born 1939, LL.M.,

member of YIT's Supervisory Board from 1990 to 2000 and

member of the Board of Directors since 2000.

President and CEO and member of the Board of Directors of Rautaruukki Corporation.

Vice Chairman of the Board of Directors of Metso Corporation.

Does not own YIT shares.

Teuvo Salminen, s. 1954, M.Sc. (Econ.),

member of YIT's Board of Directors since 2001.

Executive Vice President and Deputy CEO of Jaakko Pöyry Group Oyj.

Member of the Board of Directors of Capman plc.

Owns 3,400 YIT shares.

Executive Vice President Esko Mäkelä serves as the secretary of the Board of Directors.

#### Auditor

**Pricewaterhouse Coopers Oy**, Authorized Public Accountants, with Pekka Nikula, Authorized Public Accountant, M.Sc. (Econ.), as chief auditor. Pekka Nikula does not own YIT shares.

The information on share and share option ownership is valid as at January 2, 2003. These figures include their own holdings and those of their underage children and corporations in which they have a controlling interest. Information on ownership is available at YIT's site and updated monthly.

# The Group's Management Board

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## Chairman

Reino Hanhinen, born 1943, M.Sc. (Eng.),

YIT's President and CEO since 1987 and Group CEO since 2000, in the Group's employ since 1968.

Owns 43,692 YIT shares and has 45,000 share options from 1998 and 16,080 from 2002.

## Vice Chairman

Esko Mäkelä, born 1943, M.Sc. (Eng.), MBA,

Executive Vice President of YIT since 1987, in charge of the Group's administration and finance, in the Group's employ since 1965.

Owns 26,050 YIT shares and has 15,000 share options from 1998 and 8,040 from 2002.

## Members

Ilpo Jalasjoki, born 1951, M.Sc. (Eng.),

President of YIT Construction Ltd since 2000, in the Group's employ since 1987.

Owns 2,000 YIT shares and has 15,000 share options from 1998 and 8,040 from 2002.

Hannu Leinonen, born 1962, M.Sc. (Eng.),

President of YIT Primatel Ltd since 2001 (previously Primatel Ltd), in the Group's employ since 2002.

Does not own YIT shares. Has 5,000 share options from 1998 and 4,830 from 2002.

Veikko Myllyperkiö, born 1946, M.Sc. (Pol.Sc.),

Vice President, Corporate Communications, in the Group's employ since 2001.

Does not own YIT shares. Has 10,000 share options from 1998 and 4,830 from 2002.

Juhani Pitkääkoski, born 1958, LL.M.,

President of YIT Installation Ltd since 2001, in the Group's employ since 1988.

Does not own YIT shares. Has 17,000 share options from 1998 and 8,040 from 2002.

Sakari Toikkanen, born 1967, Lic. (Tech.),

Vice President, Corporate Planning, in the Group's employ since 1997.

Does not own YIT shares. Has 7,500 share options from 1998 and 4,830 from 2002.

**Antero Saari**lahti, Vice President, Personnel, serves as the secretary of the Group's Management Board.

The information on share and share option ownership is valid as at January 2, 2003. Information on ownership is available at YIT's site and updated monthly.



*Reino Hanhinen*



*Esko Mäkelä*



*Ilpo Jalasjoki*



*Hannu Leinonen*



*Veikko Myllyperkiö*



*Juhani Pitkääkoski*



*Sakari Toikkanen*

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Production:  
YIT Corporation  
Corporate Communications  
March 2003

Printed in  
Erweko Painotuote Oy

The papers used in this Annual Report are:  
cover stock: Galerie Art Silk 300 g/m<sup>2</sup>  
text stock 1: Galerie Art Silk 130 g/m<sup>2</sup>  
text stock 2: Charts 90 g/m<sup>2</sup>

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