



# Nordea Investor lunch

13 June 2024

Heikki Vuorenmaa




CEO and President, YIT Corporation



# YIT is a leading construction and development company

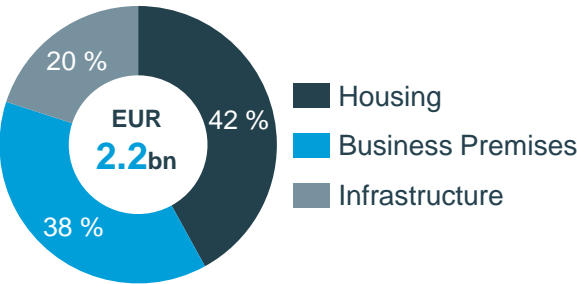
- Our goal is to create more sustainable, functional and attractive cities and living environments operating through three segments: Housing, Business Premises and Infrastructure.
- In growing cities, the YIT builds, develops and renovates homes, public premises and business premises that have long lifespans and are highly functional. YIT further builds infrastructure to facilitate smooth mobility and transport for people - already since 1912.
- During 2023, YIT continued the implementation of its strategy and specified the action plans for its segments. The company strengthened its strategic focus on the customer and continued the determined work to improve productivity and sustainability with the ultimate plan of increasing competitiveness and performance.

## Segments

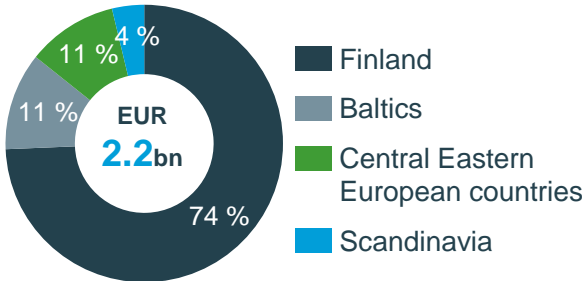
-  Housing
-  Business Premises
-  Infrastructure



Revenue by segment, 2023



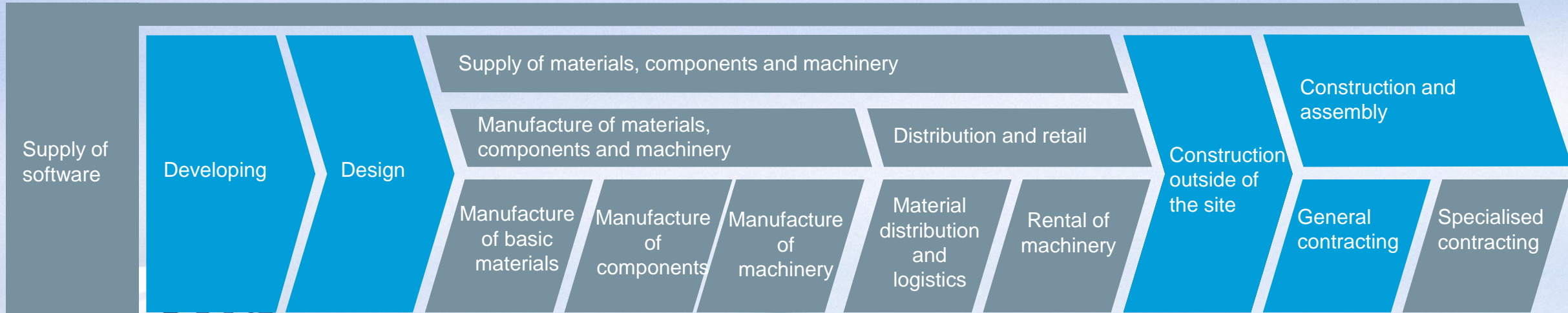
Revenue by geography, 2023



\* In January 2024, YIT announced the closing down of its operations in Sweden. Ongoing projects are expected to be completed by 2027.



# Our role in the construction value chain



## We are part of a diverse construction value chain

- We develop and design our self-developed projects such as apartments and offices
- Construction, assembly and general contracting are in our own hands
- In other areas, we rely on our strong network of partners

Market environment stable; housing market in Finland expected to continue to be weak in the second and third quarter of 2024

	Housing market	Real estate market	Infrastructure market
Finland	Weak →	Normal →	Normal →
Baltic countries	Weak ↗	Normal →	
Central Eastern Europe	Normal →	Normal →	

Q1 market environment

■ Good
 ■ Normal
 ■ Weak

Short-term market outlook

↗ Improving
 → Stable
 ↘ Weakening



# Significantly improved cash flow, indebtedness decreasing

Adjusted operating profit  
at

EUR **-14** million

(Q1/23: -3)

Operating cash flow  
after investments was

EUR **1** million

(Q1/23: -216)

Capital employed  
amounted to

EUR **1,591** million

(Q1/23: 1,672)

Net debt at

EUR **768** million

(Q1/23: 837)

(Q4/23: 795)



# Uncertainty in the Finnish housing market remains, operational performance improving in other businesses

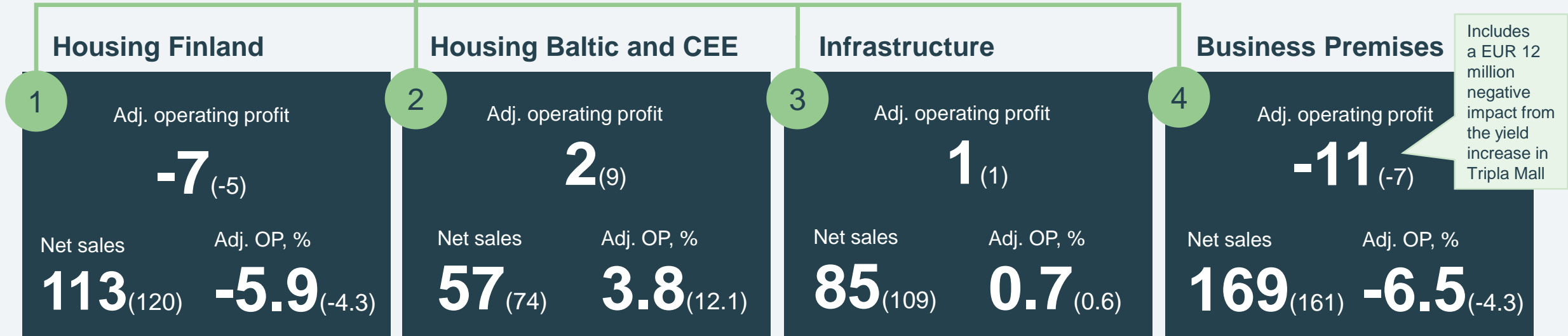
## YIT Group, EUR million

Adj. operating profit	Net sales	Adj. OP, %
<b>-14</b> (-3)	<b>412</b> (455)	<b>-3.4</b> (-0.7)

(previous year comparable period in parenthesis)

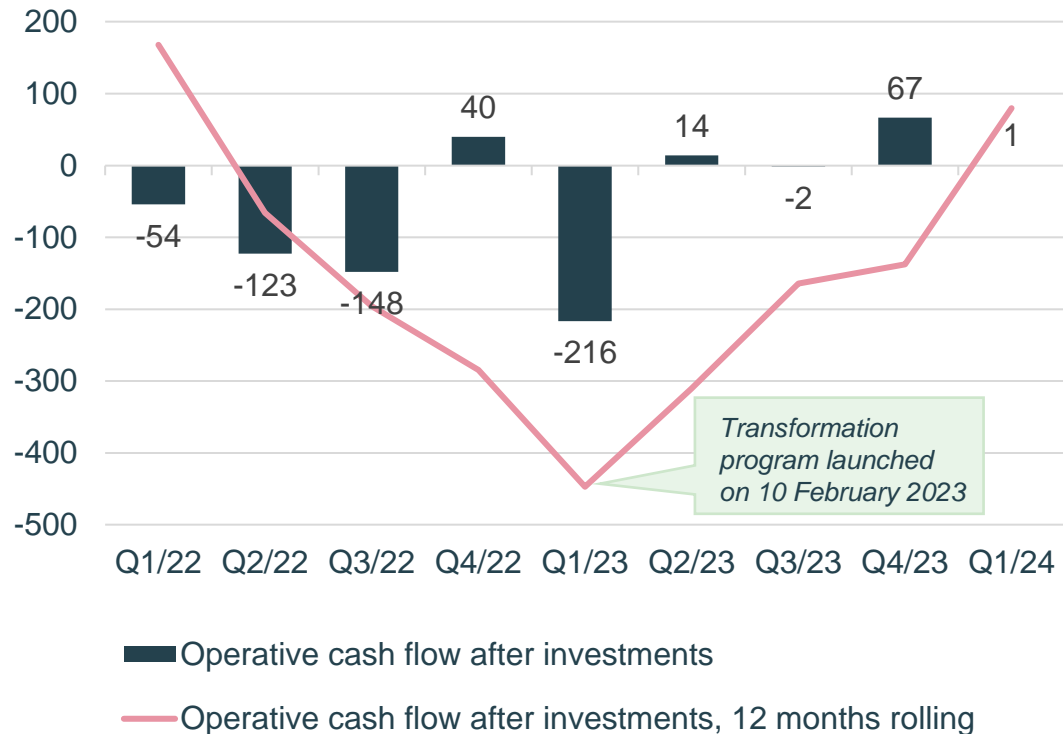
- Housing market in Finland remained weak impacting both net sales and profitability
- Strong performance in Housing operations in Baltic and CEE countries, lower number of completions reflected in the Q1 results
- Profitability remained stable in Infrastructure
- Improved underlying performance in Business Premises, adjusted operating profit affected by the yield increase in Tripla Mall

EUR million



# Operating cash flow after investments improved by over EUR 200 million in Q1-24 year-on-year

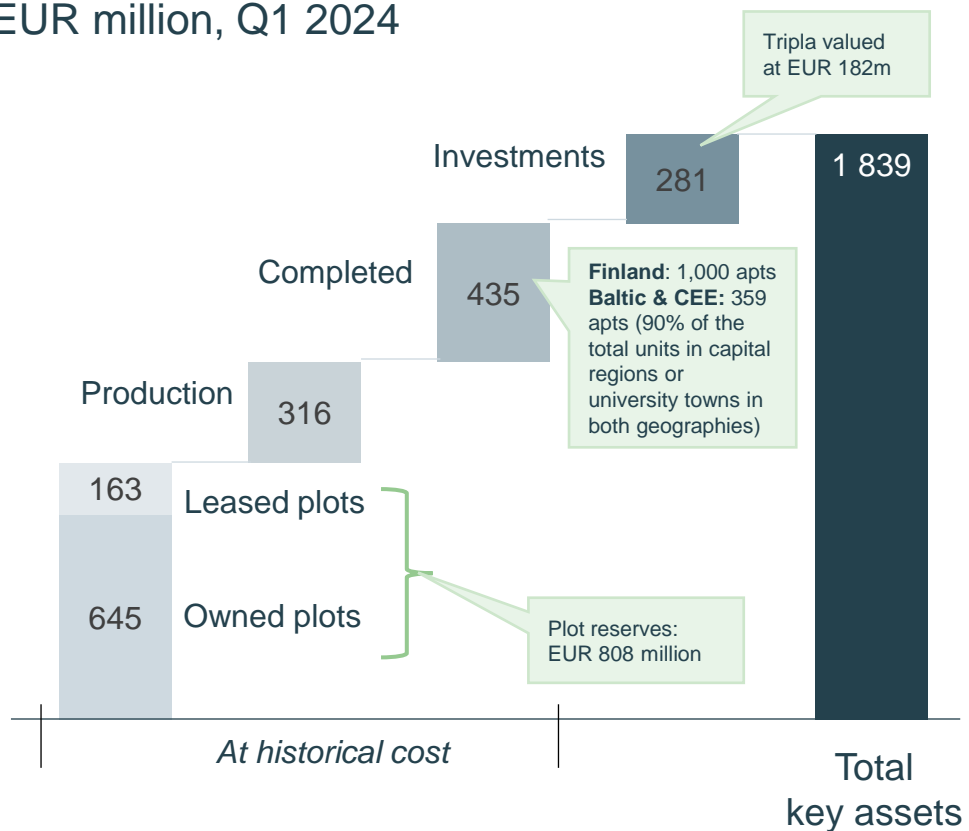
**Operating cash flow after investments,**  
EUR million



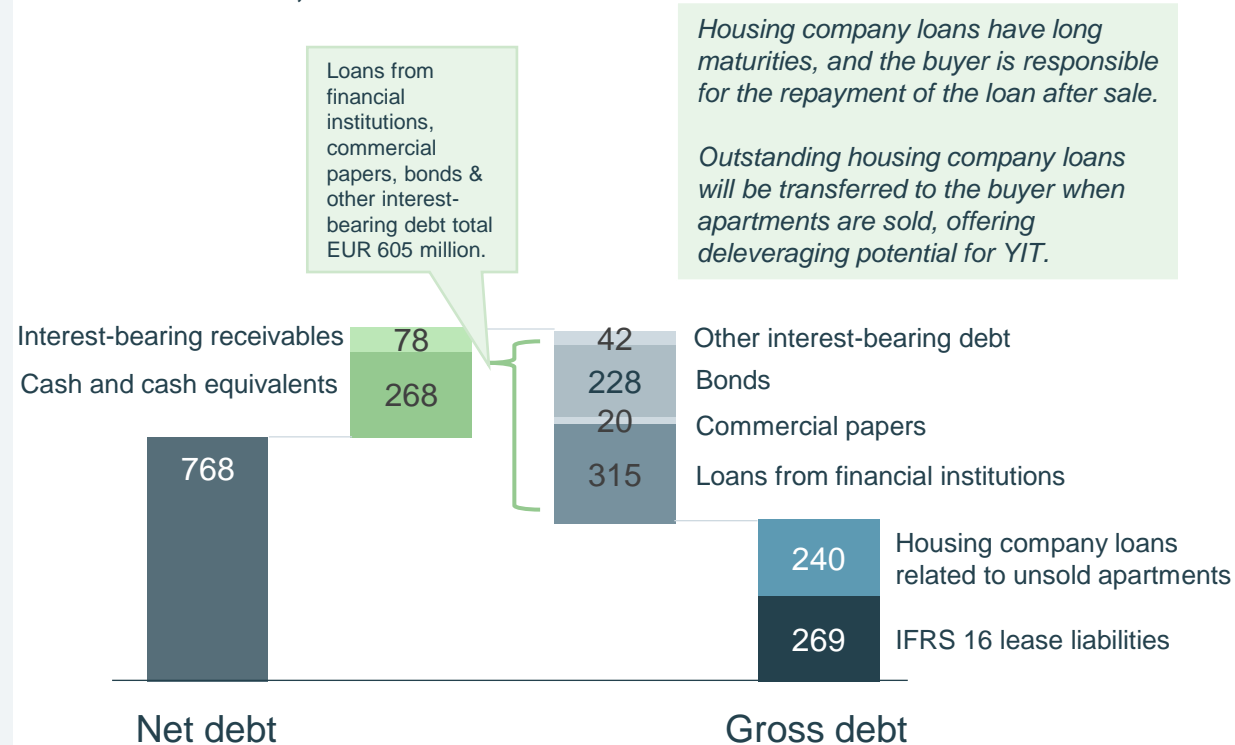
- Operating cash flow after investments increased significantly to EUR 1 million (-216) in Q1/24
- Cash flow was supported by YIT's improved net working capital efficiency and the successful divestment of the equipment services business YIT Kalusto Oy
- 12 months rolling operative cash flow after investments EUR 80 million positive at the end of Q1/24
- Cash and cash equivalents at the end of Q1/24 amounted to EUR 268 million (31 Dec 2023: 128), supported by the successful financing arrangement

# Valuable assets safeguarding liquidity and creating deleveraging potential

## Distribution of key assets in balance sheet, EUR million, Q1 2024



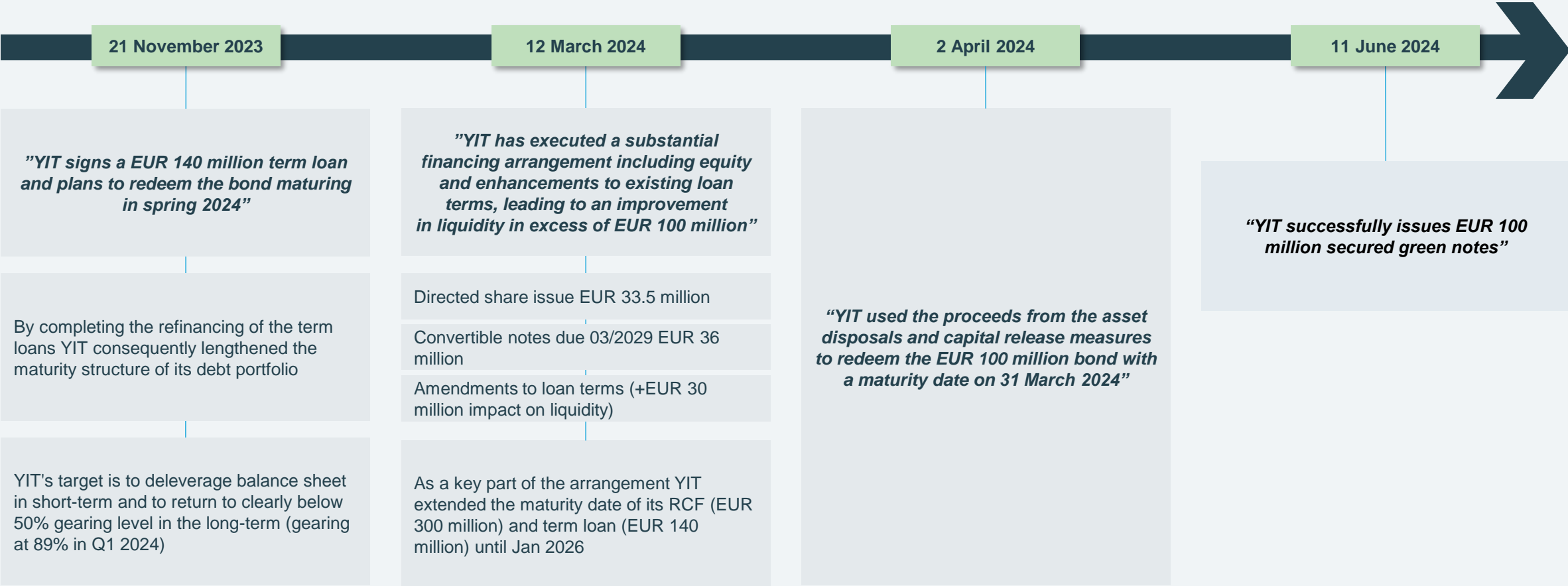
## Distribution of interest-bearing debt, EUR million, Q1 2024



The hybrid bond, EUR 100 million, is recorded as part of equity under IFRS and therefore excluded from this graph.



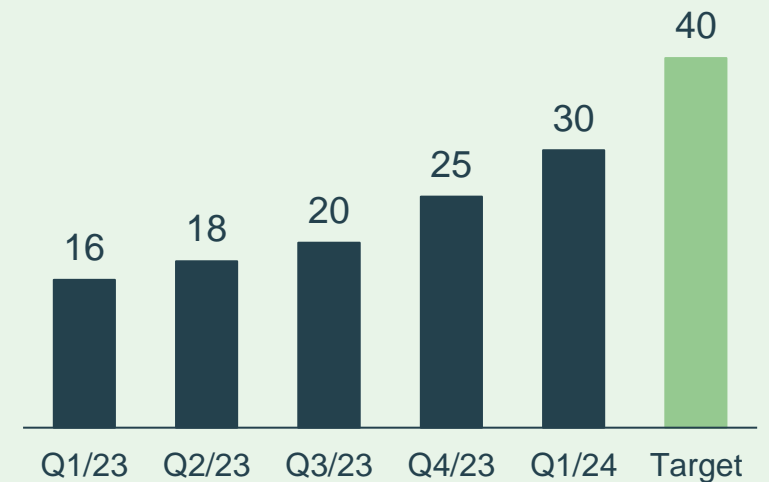
# YIT has undertaken several significant balance sheet strengthening measures



# The impact of the transformation program is already visible in Q1/24 numbers

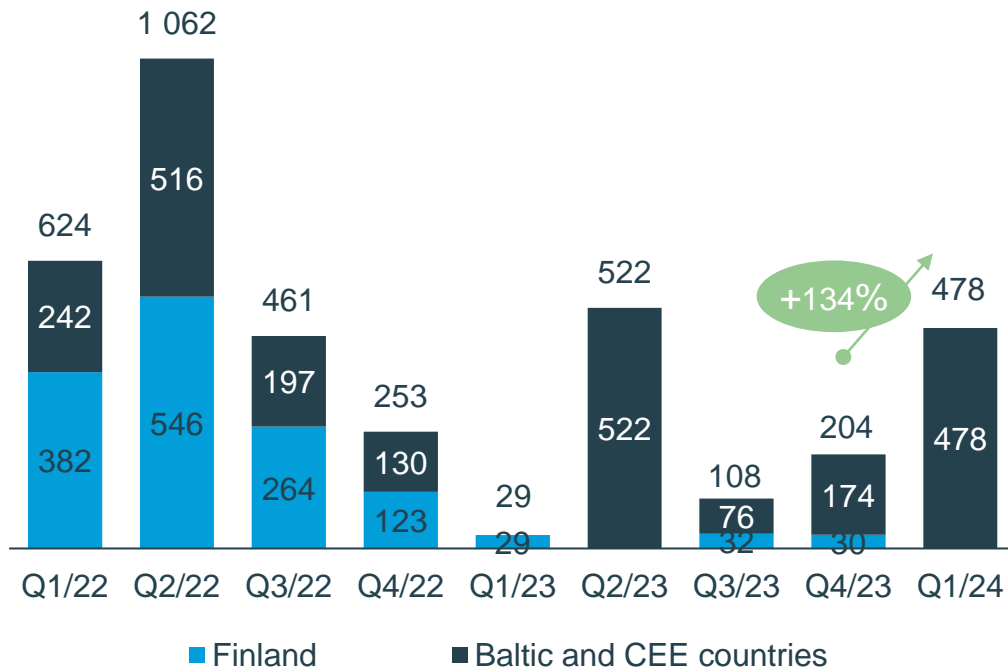
- YIT's transformation program has progressed faster than originally expected.
- With the actions taken by the end of March 2024, YIT will gain annualised run-rate cost savings of EUR 30 million, which will be fully realised by the end of 2024.
- Competitiveness is improved by increasing efficiency in procurement and project management and improving productivity.
- The transformation program also includes measures to release capital. With the actions taken by the end of 2023, YIT had released over EUR 100 million of capital with divestments. In addition, EUR 120 million was released from current assets such as self-developed projects, unsold apartments and land plots by the end of 2023.
- The sale of service equipment business YIT Kalusto Oy contributed to the capital release activities in Q1/24.
- Actions to improve net working capital are proceeding according to plan.

**Cumulative annualised cost savings secured from the transformation program, EUR million**



# Apartment start-ups are concentrated in markets where demand is on a healthy level

## Consumer apartments start-ups, housing units



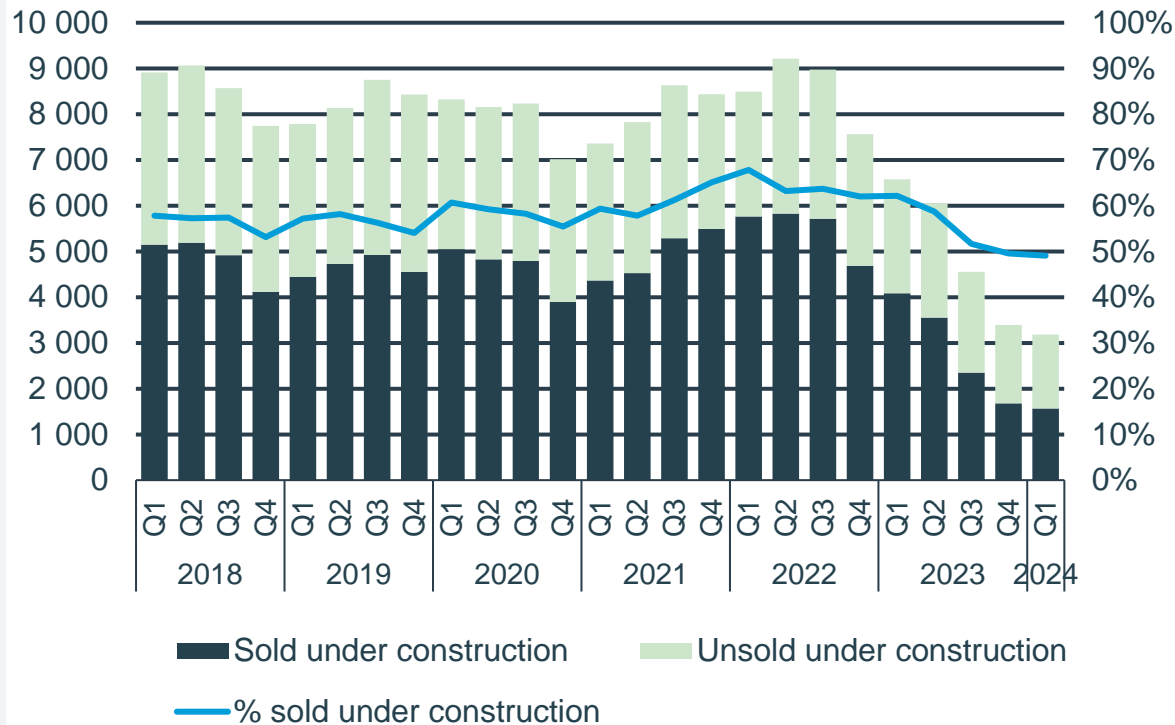
- Consumer apartment start-ups increased to 478 (29) apartments in the first quarter of 2024
- All the start-ups in Q1/24 were in the Baltic and CEE countries





# Production adapted to meet the market conditions

**Total number of apartments under construction for consumers and investors, housing units**



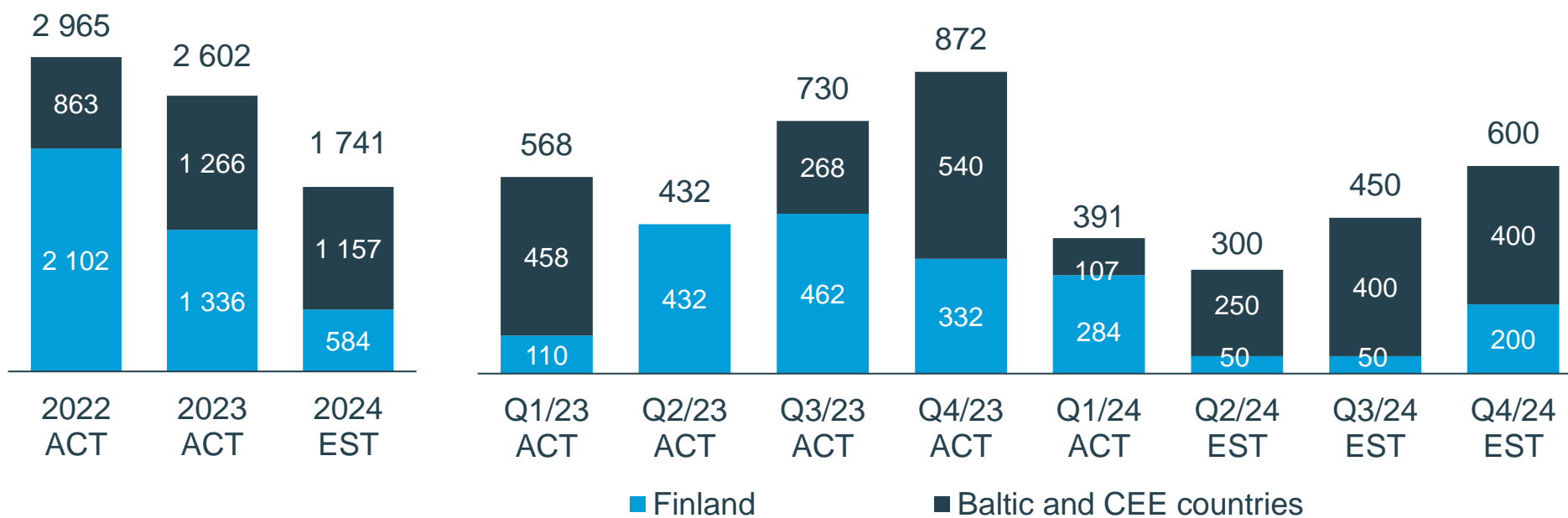
- Total number of apartments under construction was 3,186 (6,579), majority of which located in the Baltic and CEE countries
- Sales rate of apartments under construction at 49% (R24M: 58%), reflecting lower portion of investor sales



# Over 70% of the apartments will be completed in the Baltic and CEE countries in 2024

## Estimated completions of consumer apartments under construction

Housing units



# Towards carbon-neutral construction

TARGETING  
CARBON-NEUTRAL  
CONSTRUCTION  
+  
PREVENTING THE  
LOSS OF  
BIODIVERSITY

- ✓ Carbon roadmap towards carbon neutral construction for 2022-2030
- ✓ Climate targets validated by the Science Based Targets initiative (SBTi)
  - ✓ Reduce absolute scope 1 and 2 GHG emissions 90% by 2030 from a 2019 base year<sup>1</sup>
  - ✓ Reduce absolute scope 3 GHG emissions 30% by 2030 from a 2019 base year
- ✓ Group-wide biodiversity principles developed
- ✓ All new housing projects in Finland will achieve energy class A (since Jan 2023)
- ✓ New Green Finance Framework is dated April 2024

GREEN FINANCE  
FRAMEWORK  
APRIL 2024

## GREEN PROJECT CATEGORIES:

*Green and energy efficient buildings*

- ✓ New buildings<sup>2</sup> (built after 31 December 2020)
- ✓ Existing buildings (built before 31 December 2020)
- ✓ Major renovations
- ✓ Energy efficiency measures

YIT

YIT Green Finance Framework  
April 2024



## MOST RELEVANT UN SDGs TO YIT'S OPERATIONS



## MEMBERSHIPS IN ASSOCIATIONS



<sup>1</sup> The target boundary includes land-related emissions and removals from bioenergy feedstocks.

<sup>2</sup> May cover land held for development and its development costs, and development costs related to buildings under construction that will, once completed, reach the eligibility criteria for the category.



## YIT is the ideal construction industry employer for engineering students

- Engineering students ranked YIT as the most ideal construction industry employer in Universum's Student Survey 2024, for the sixth consecutive year.
- YIT was also ranked as the ideal construction industry employer among university-educated professionals in Universum's Professionals Survey for the fourth year running.
- Investing in an excellent trainee experience and a systematic training path are of high priority at YIT.
- This year, YIT aims to offer summer jobs or trainee positions to approximately 350 young people.



# Firm focus on completing our transformation and taking the performance of the company to a new level

Focused on delivering full impact of the transformation program and capital release measures

Operational diversification across different business segments and geographies

Building acceleration capacity for the point in time when it is visible that the Finnish housing market is starting to turn around





# Thank you!

**Additional information:**

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YIT's Half-Year Report Q2/2024  
will be published on Friday,

**26 July**  
2024

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