



YIT



yitgroup.com



Q1

Interim Report 1-3/2023

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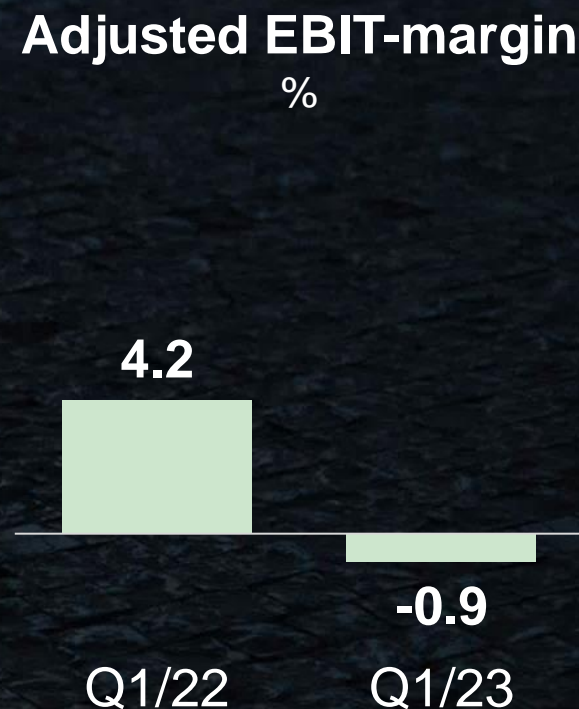
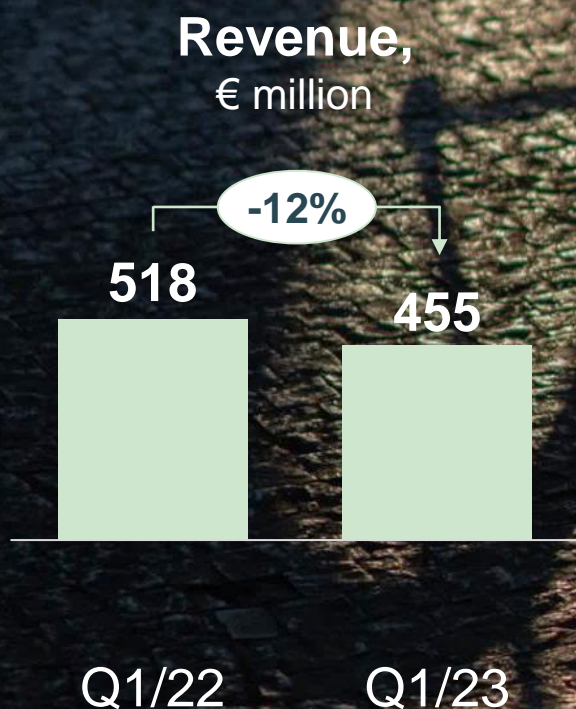
Q1 – profitability decreased in an unprecedentedly weak housing market

Strong headwinds from the market persisted throughout the quarter

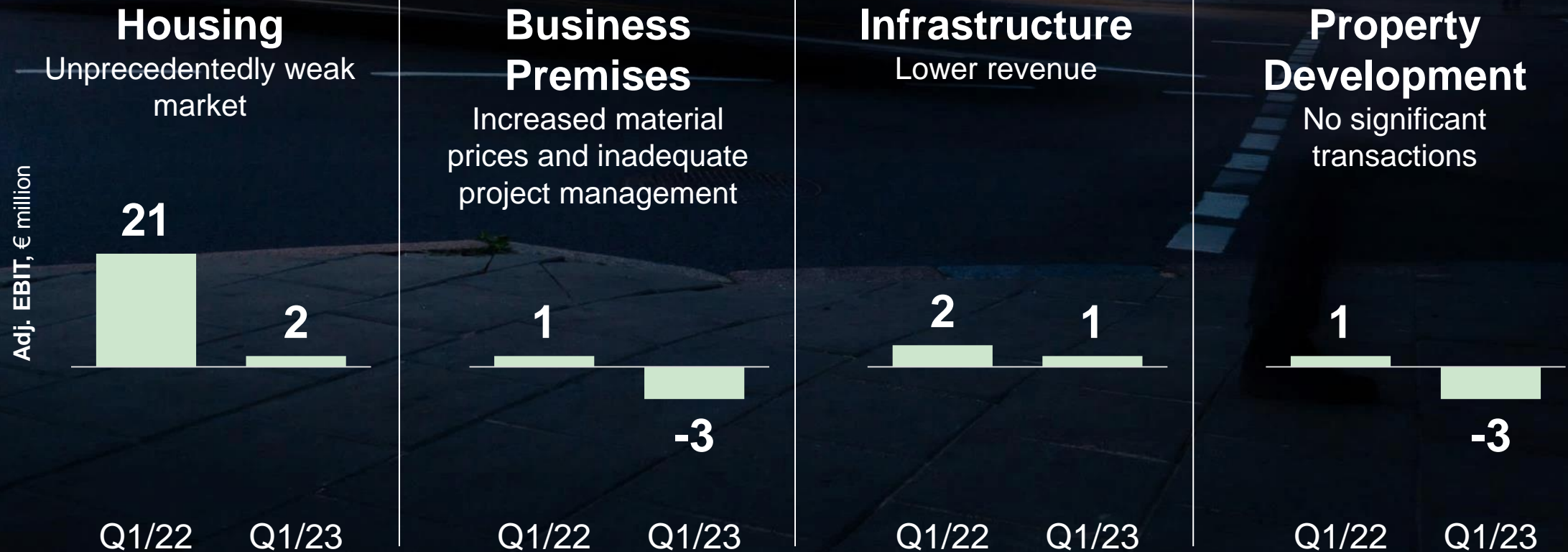
Profitability burdened primarily by very low consumer sales in Housing

YIT's transformation program launched in February off to a good start

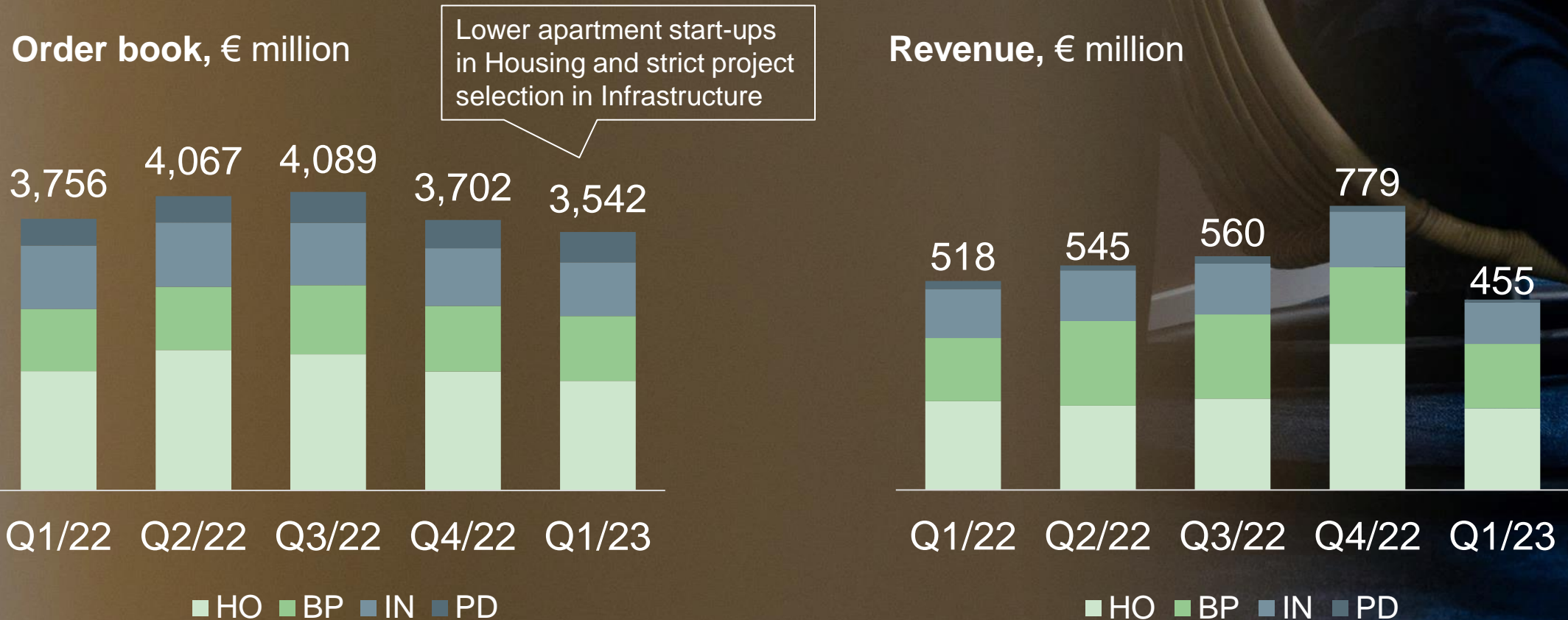
Profitability burdened primarily by very low consumer sales in Housing



Slow start to the year across the segments

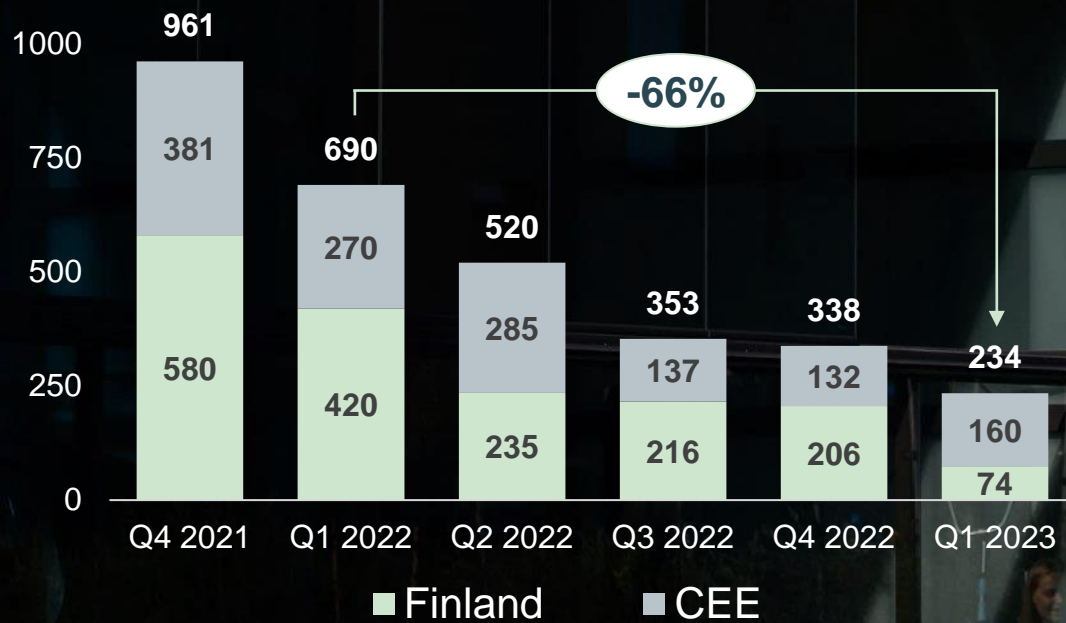


Order book remained balanced; revenue impacted by very low consumer sales in Housing



Housing: Unprecedentedly weak market in Finland

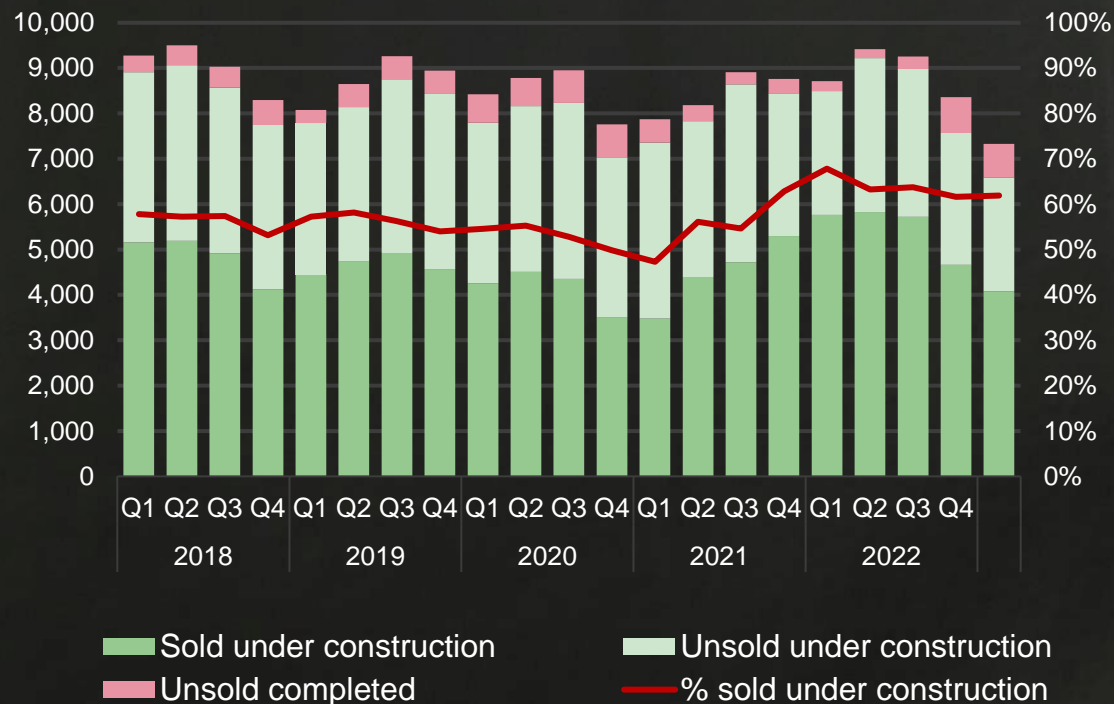
Sold to consumers, housing units



- Consumer sales -66% y-o-y, with Finland -82% and CEE -41%.
- New start-ups and plot investments slowed down. New consumer start-ups in Q1 amounted to 29 (Q1/2022: 624).
- Focus on refining the existing land bank, which enables the construction of 33,000 new homes.

Number of unsold completed apartments decreased in Q1

Total number of apartments under construction and unsold, housing units



- Total number of apartments under construction was 6,579.
- The number of unsold completed apartments decreased to 747 (Q4/2022: 794), driven by the sale of 144 apartments to a rental portfolio of one of YIT's joint ventures.
- More than 80% of the 747 unsold completed are in the capital regions or university towns in Finland and Central Eastern Europe.

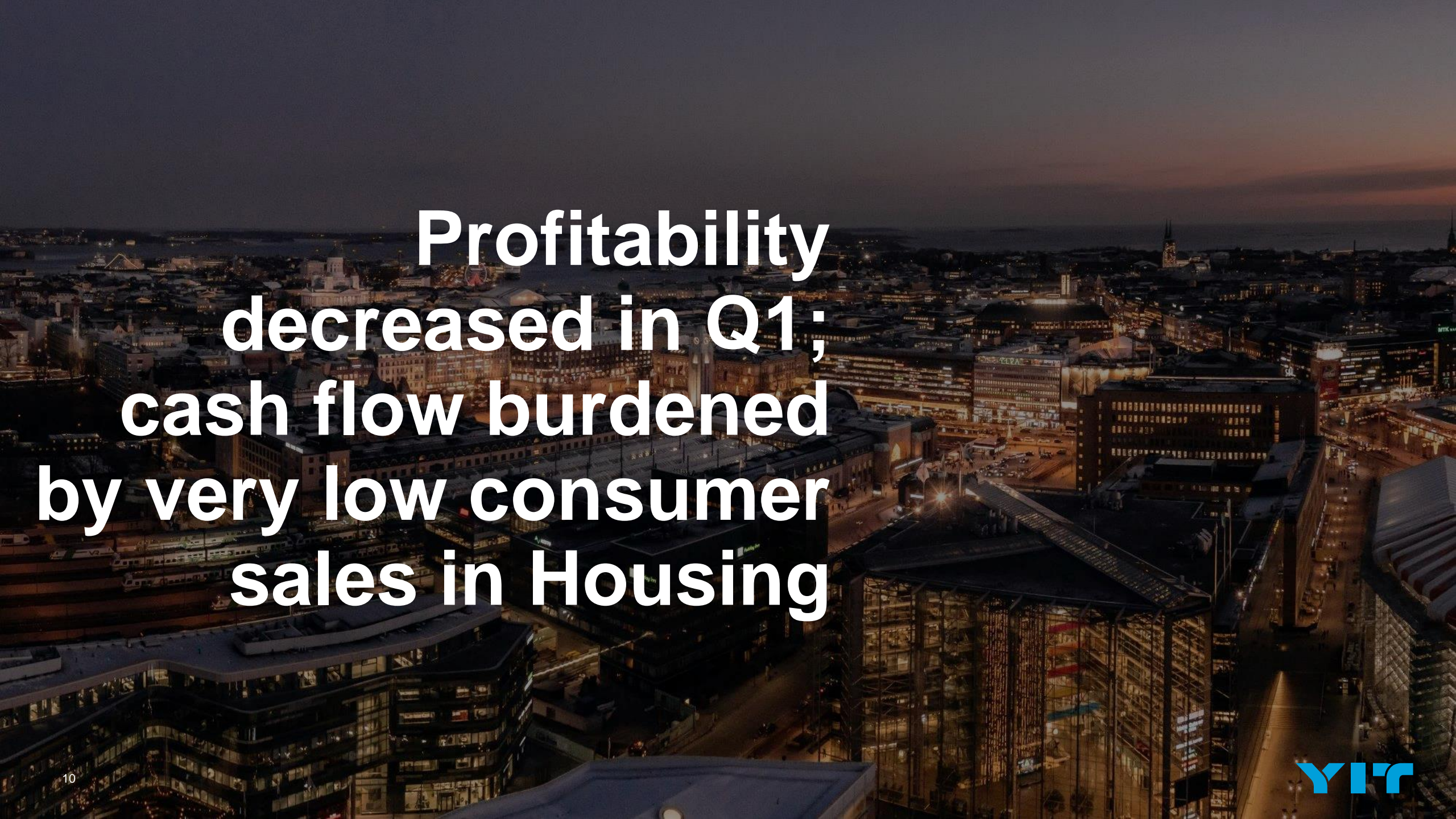
Transformation program to generate structural long-term efficiencies

TRANSFORMATION PROGRAM

- Targeted run-rate cost savings are at least EUR 40 million by the end of 2024, with more than half achieved already during 2023.
- Strong focus on improving capital efficiency.
- Good start in Q1:
 - New structure with three agile and customer-focused segments from 1 April 2023: Housing, Business Premises and Infrastructure
 - Strategic partnership with Tech Mahindra to increase transparency in data management and drive efficiencies across value chain.
 - Actions taken by the end of the quarter will result in annualised cost savings of €16 million by the end of 2024. Realised program costs amounted to €4 million.

ESG

- Updated design principles for new apartment buildings; all new apartment buildings in Finland will be designed to energy class A.
- New functionality introduced to YIT's construction site access management in Finland to prevent site access from contractors who have operated in violation of YIT Supplier Code of Conduct or law.

An aerial night view of a city, likely Oslo, showing illuminated buildings and streets. The text is overlaid on the left side of the image.

**Profitability
decreased in Q1;
cash flow burdened
by very low consumer
sales in Housing**

Q1 in numbers

Order book
amounted to
€3,542
million
(3,756)

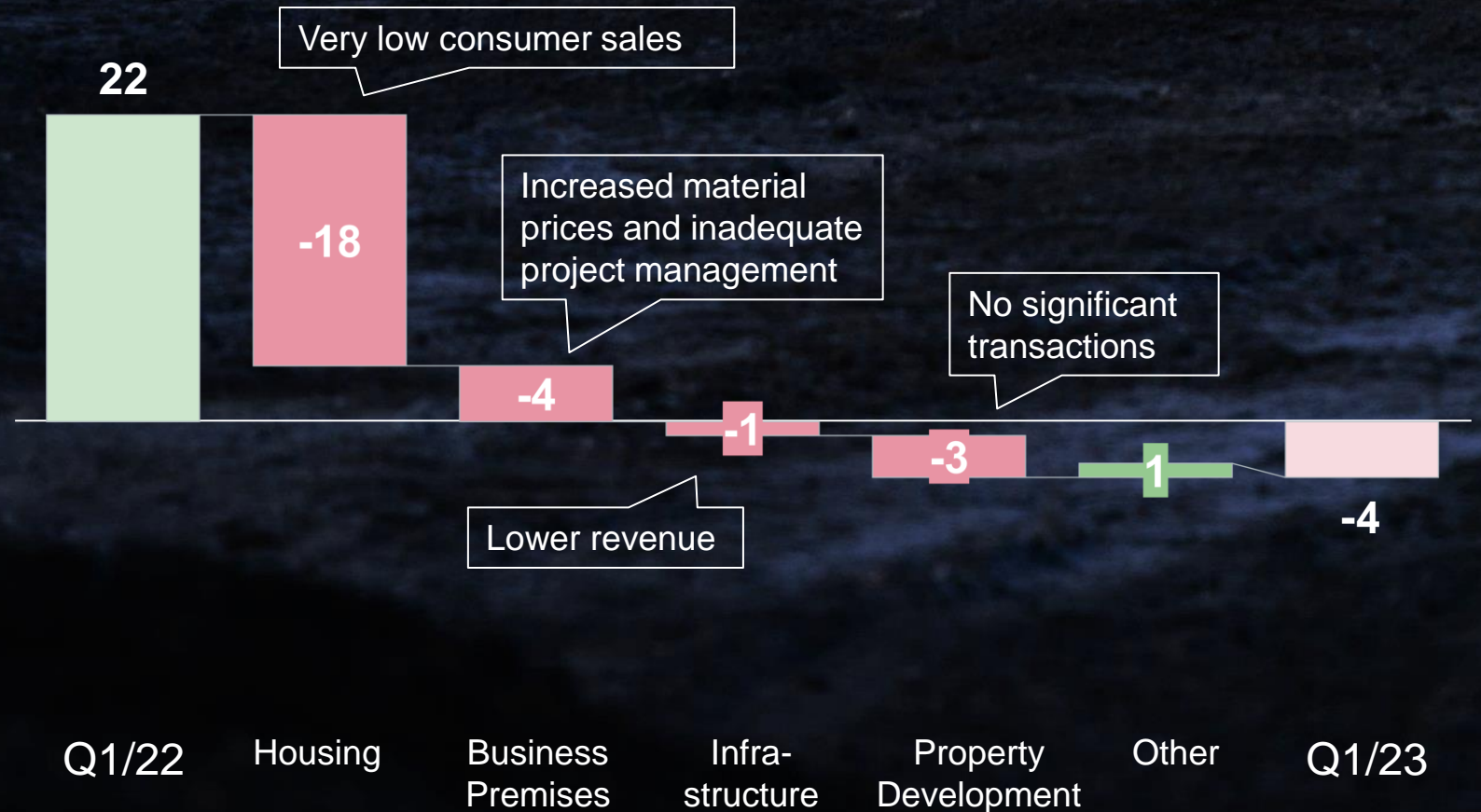
Adjusted EBIT
decreased to
€-4
million
(22)

Operating cash
flow after
investments
amounted to
€-211
million
(-41)

Net debt
amounted to
€791
million
(338)

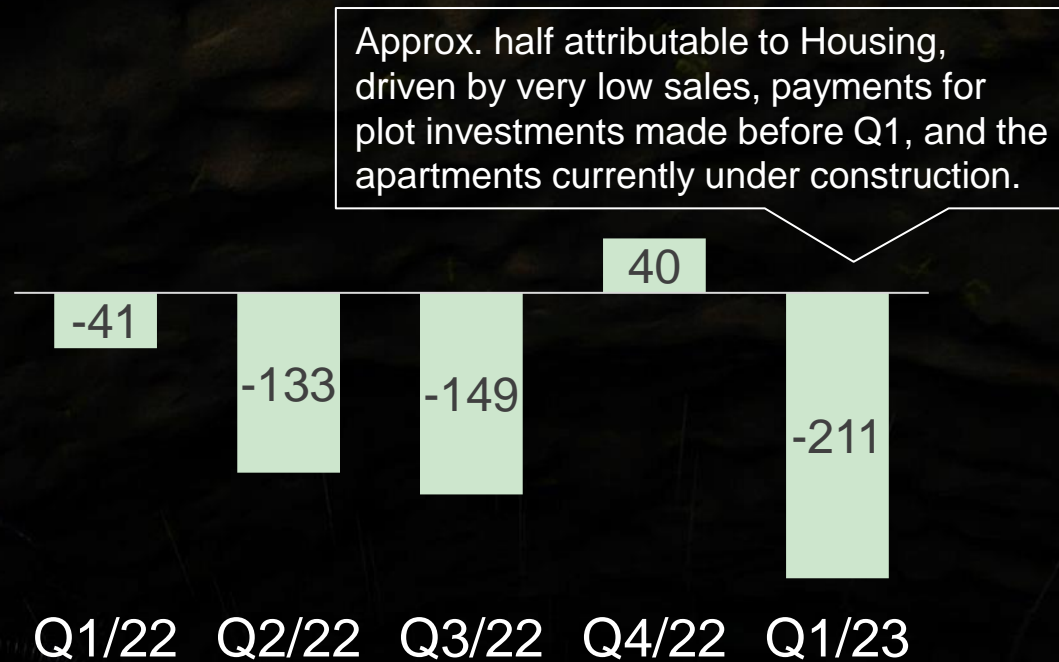
Profitability decreased year-over-year

Adjusted EBIT bridge per segment, € million

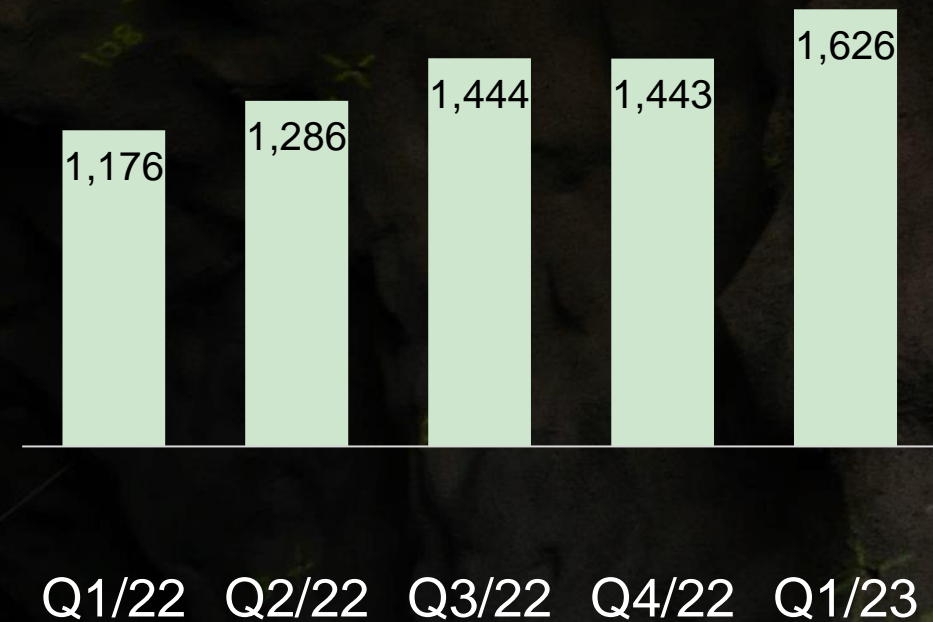


Cash flow burdened by very low consumer sales in Housing

Operating cash flow after investments, € million

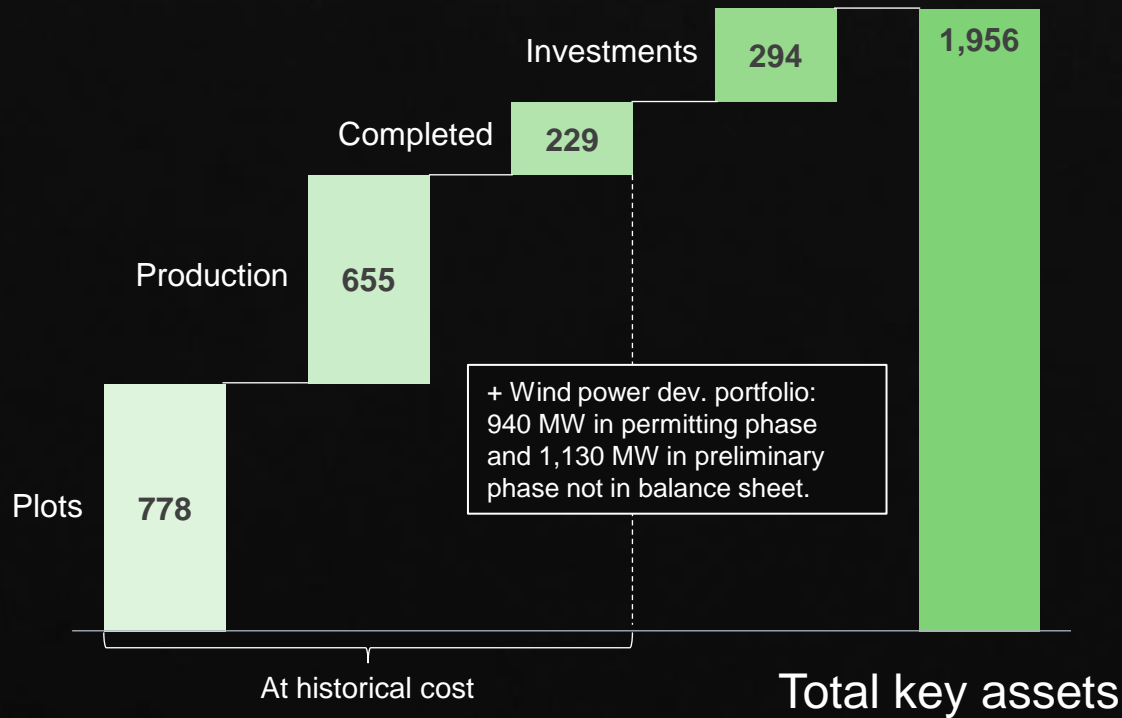


Capital employed, continuing operations, € million

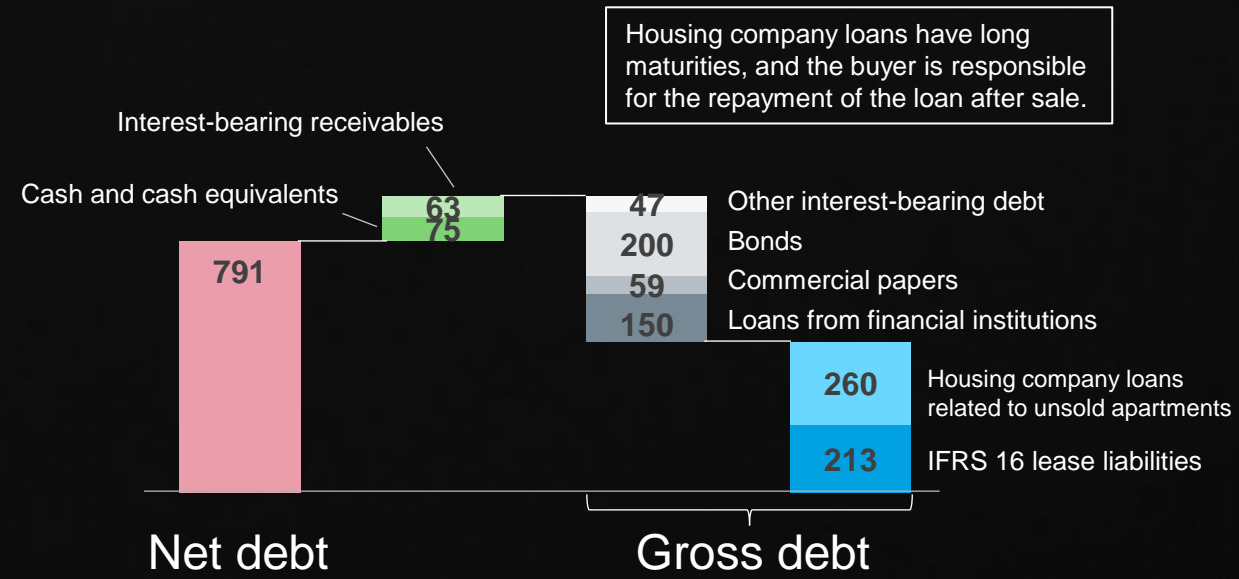


Underlying asset base is strong; debt structure remains well-balanced

Distribution of key assets in balance sheet,
€ million



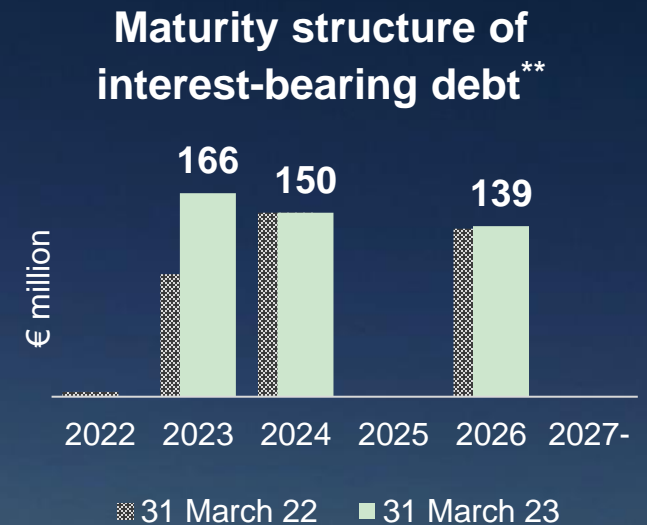
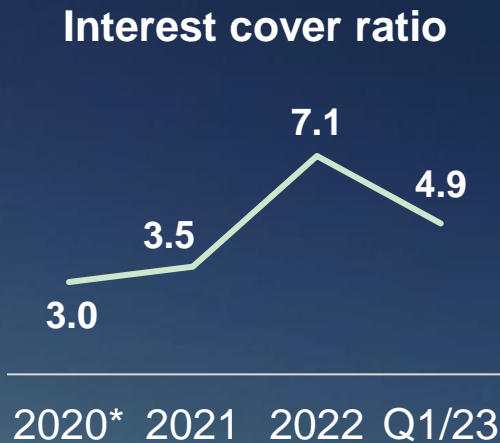
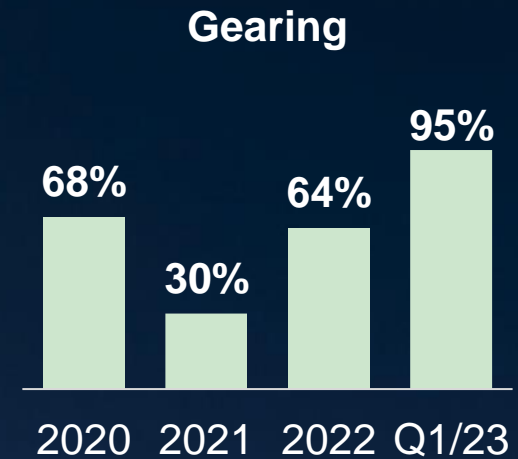
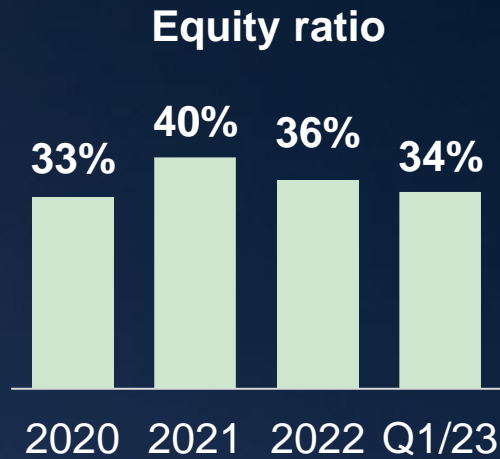
Distribution of interest-bearing debt,
€ million



Plots = Plot reserve; Leased plot reserve
 Production = Work in progress; Raw materials and consumables; Leased plots, WIP; Advance payments; Other
 Completed = Completed apartments and real estate; Leased plots, completed apartments and real estate
 Investments = Equity investments; Investments in associated companies and joint ventures

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

Gearing increased to 95% in Q1



*Balance sheet and cash flow statement for comparative periods were not restated for the sale of Russian businesses in 2022. For Interest cover ratio, comparative periods before 2021 were not restated.


**Excluding housing company loans related to unsold apartments, €260 million and lease liabilities, €213 million. The hybrid bond, €100 million, is recorded as part of equity under IFRS and therefore excluded from this paragraph.

We are in a good position to face the challenging market

**Our underlying
asset base is
strong**

**Debt structure
remains well-
balanced**

**Transformation
program will result
in increased
efficiencies**



**Strong headwinds
from the market
are expected
to persist**

Outlook in Housing remains weak for H1 but is expected to gradually recover in H2

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

Q1 market environment

Good

Normal


Weak

Short-term market outlook

↗ Improving

→ Stable

↘ Weakening



**2023 Group
adjusted
operating
profit is
expected to be
lower than in
2022, but at
least EUR 50
million**

(2022: EUR 110 million)

YIT expects its Group adjusted operating profit for continuing operations to be lower than in 2022, but at least EUR 50 million (2022: EUR 110 million).

In Housing, the demand outlook remains weak for the first half of the year but is expected to gradually recover in the second half of the year.

In Business Premises and Infrastructure, the underlying operational performance is expected to improve, but certain low-margin legacy projects will still affect Infrastructure's performance.

YIT's performance will be supported by the increased efficiencies from the transformation program launched on 10 February 2023.

Developments in housing markets may have an impact on the outlook. Rising interest rates may have a negative impact on the fair value of investments.

Completions of consumer apartments to remain stable in 2023

Estimated completions of consumer apartment projects under construction, housing units

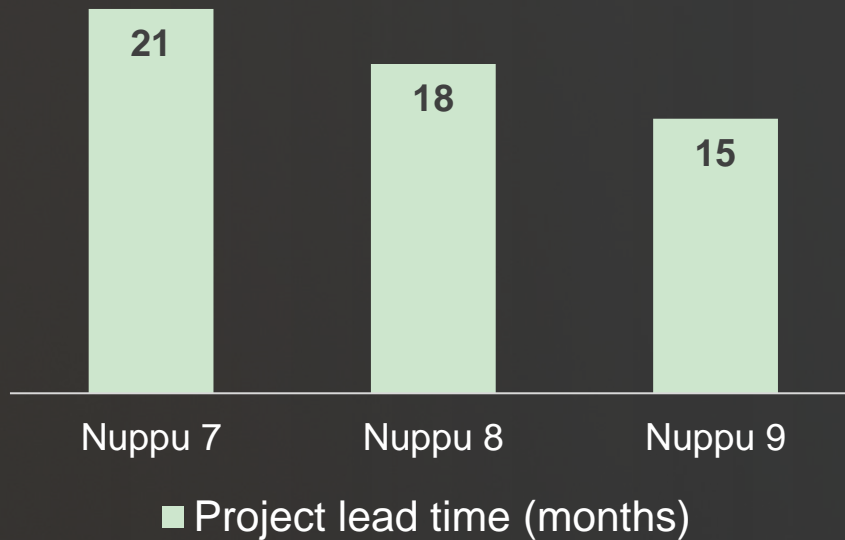


On 31 March 2023, there were additionally approx. 3,200 units under construction for investors, that will be recognised over time (POC).



Focus on improving productivity and decreasing construction lead times

Example of lead time improvement with industrial construction in Nuppu residential projects in Slovakia*



- We have continued our determined work to implement industrial construction methods.
- Lean based tools enable us to shorten not only the construction but also the design phase.
- High potential in CEE by increasing prefabrication.
- Shorter lead times improve capability to react to market changes.

*For illustrative purposes only. Lead times depend on multiple factors and can vary significantly between projects.

Several actions ongoing to improve our performance and competitiveness

We have taken decisive actions to release cash from our operations

We focus firmly on executing our transformation and delivering value to our customers

We are determined to seize the opportunities the market situation might offer us

Additional information

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YIT's financial reporting and AGM in 2023

Annual Review	Week 7-8/2023
Annual General Meeting	16 March
Interim Report Q1/2023	3 May
Half-year Report 2023	1 August
Interim Report Q3/2023	1 November

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Appendices

- I. Key figures
- II. Housing sales and start-ups
- III. Property Development highlights

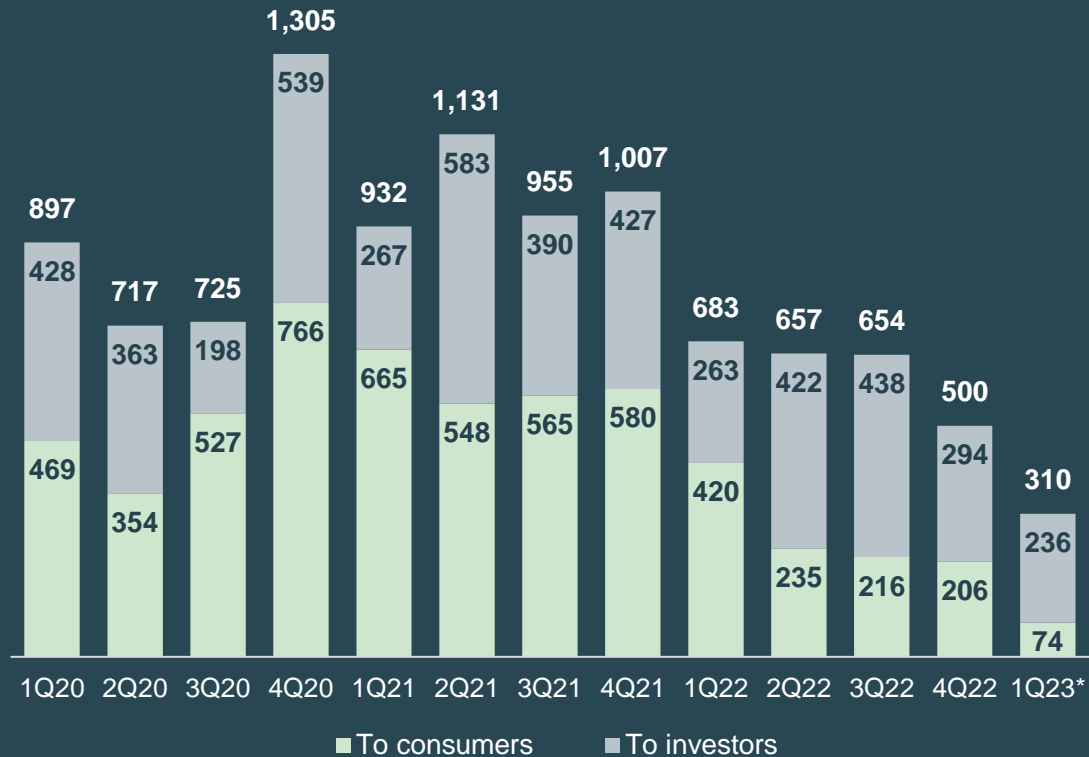
I. Key figures

€ million	1-3/23	1-3/22	1-12/22
Revenue	455	518	2,403
Operating profit	-8	22	102
Operating profit, %	-1.7	4.2	4.2
Adjusted operating profit	-4	22	110
Adjusted operating profit margin, %	-0.9	4.2	4.6
Result before taxes	-19	14	74
Result for the period, continuing operations	-14	12	63
Result for the period, including discontinued operations	-14	-133	-375
Earnings per share, continuing operations, EUR	-0.07	0.05	0.28
Operating cash flow after investments	-211	-41	-281
Net interest-bearing debt	791	338	569
Gearing ratio, %	95	41	64
Equity ratio, %	34	34	36
Return on capital employed, % (ROCE, rolling 12 months)	6.0	7.6	8.4
Order book	3,542	3,756	3,702
Combined lost time injury frequency (cLTIF, rolling 12 months)	13.5	10.5	13.3
Customer satisfaction rate (NPS)	47	53	49

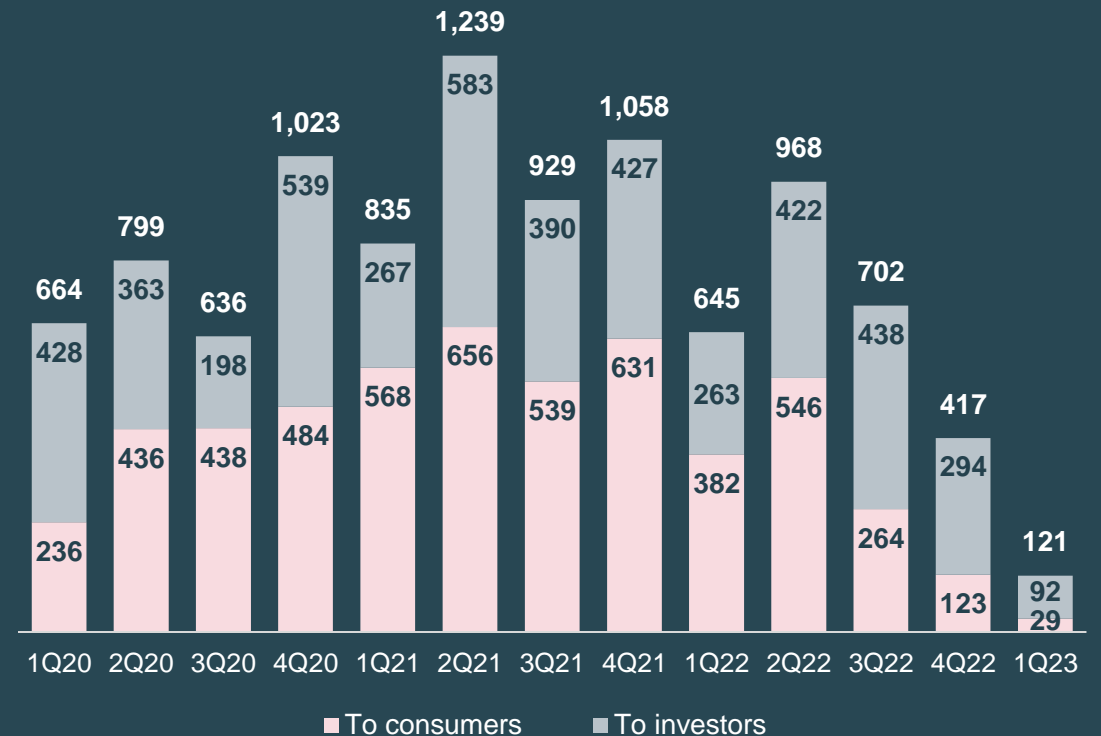
The Housing segment in Finland

II. Sales and start-ups Q1/2020-Q1/2023

SOLD APARTMENTS, units



APARTMENT START-UPS, units

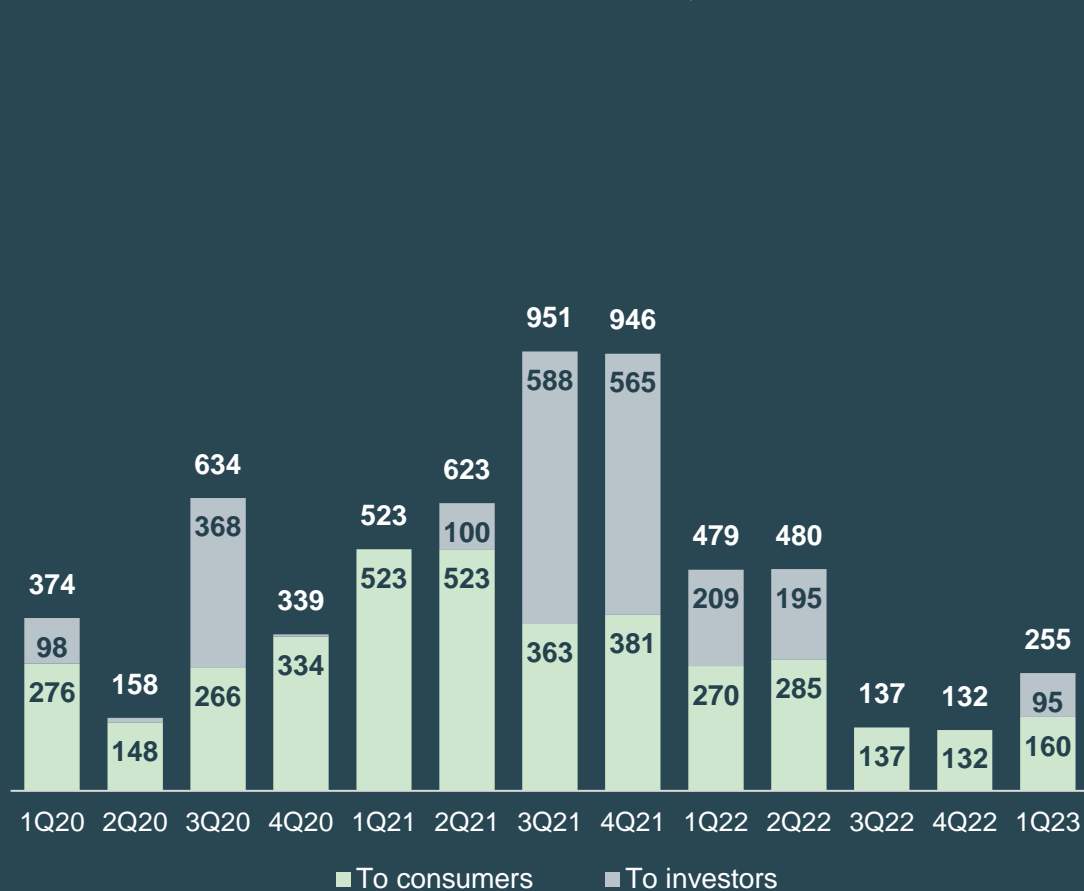


*Q1/2023 "To investors" figure includes 144 units initially started for consumers from a bundle deal.

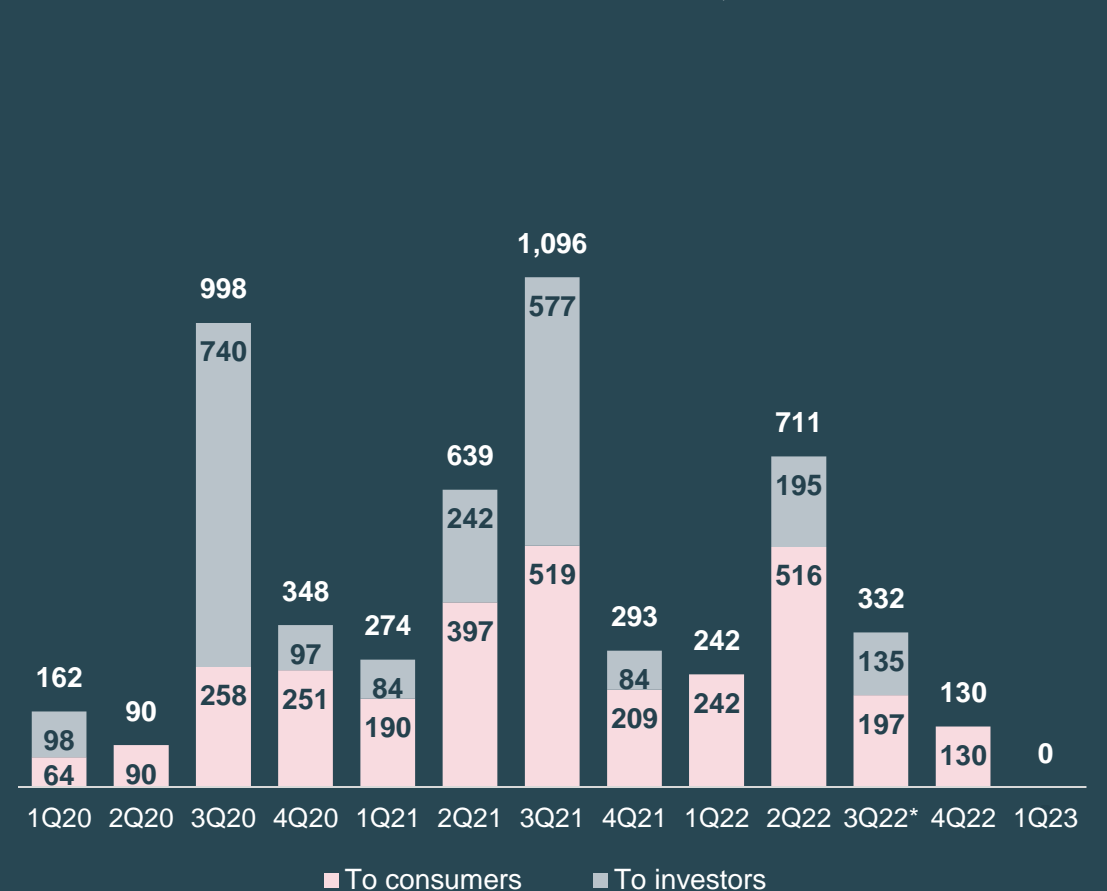
The Housing segment in Central Eastern Europe

II. Sales and start-ups Q1/2020-Q1/2023

SOLD APARTMENTS, units



APARTMENT START-UPS, units



* 135 units initially started for consumers in Q3/2022, were later sold to investors. The figures have been adjusted so that the units sold to investors appear under "Started for investors".

III. Investment portfolio and development highlights, 31 March 2023

INVESTMENT PORTFOLIO

EUR million	Value ¹	Change 1/23 - 3/23 ²	Change 4/22 - 3/23 ²
Housing	71	-1	13
Commercial	206	1	-2
Infra	6	-	-1
Total	283	0	10

¹ Book value of Property Development's equity investment including shareholder/capital loan.

² Including changes in book value, e.g., fair value, additional investments, and/or capital returns.

HIGHLIGHTS OF ONGOING DEVELOPMENT PROJECTS

Project	Type	Key metric	Illustrated timeline ³
Maistraatinportti 1	Commercial property	Lettable area 12,200 sqm	
Campus Maria	Commercial property	Lettable area 50,000 sqm	
Tuultenristi	Commercial property	Lettable area 4,200 sqm	
Murtomäki 2	Wind power	Total capacity 112 MW	
Taraskallio	Wind power	Total capacity 32 MW	


³ For illustrative purposes only. Timeline estimates are based on the company's own assessment and are subject to change.

■ Planning and zoning period ■ Construction period ■ Potential exit period



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