



Q1/2024

Interim Report January – March 2024

Heikki Vuorenmaa, President and CEO
Tuomas Mäkipeska, CFO

LEPPÄVAARA



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Cash flow and financial position improved, profitability impacted by the Finnish housing market and rising yields

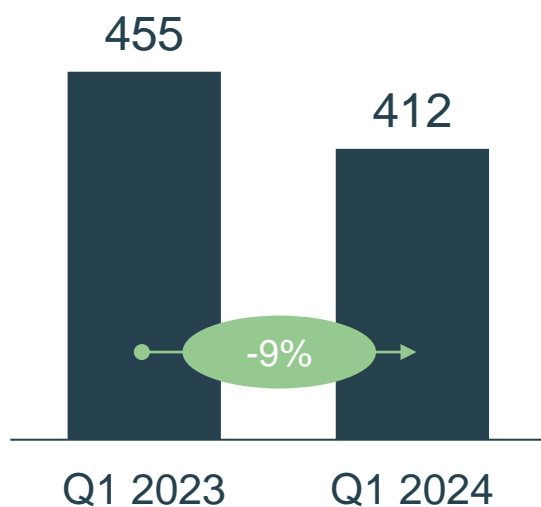
Underlying operating performance was solid, profitability was affected by EUR 12 million negative impact from the yield increase in Tripla Mall

Group operating cash flow after investments was positive and improved by over EUR 200 million

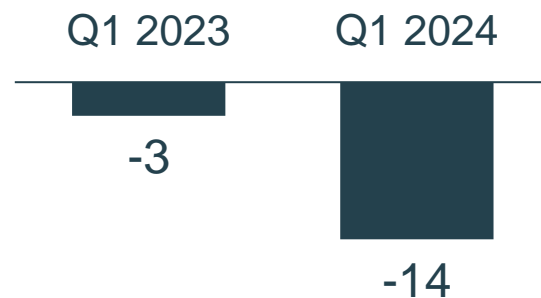
Consumer apartment sales increased by 59% y-o-y, fifth consecutive quarter of sales growth in the Baltic and CEE countries

Adjusted operating profit affected by a decrease in fair values

Revenue
EUR million

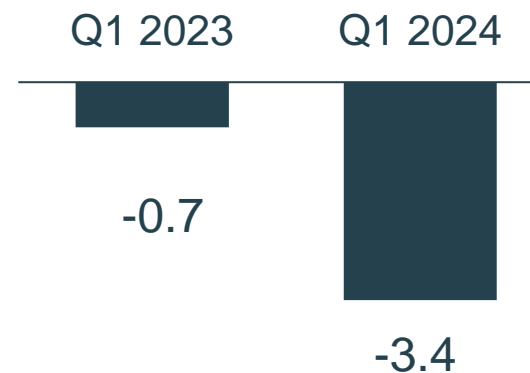


Adjusted operating profit
EUR million



Includes a EUR 12 million negative impact from the yield increase in Tripla Mall.

Adjusted operating profit margin, %



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

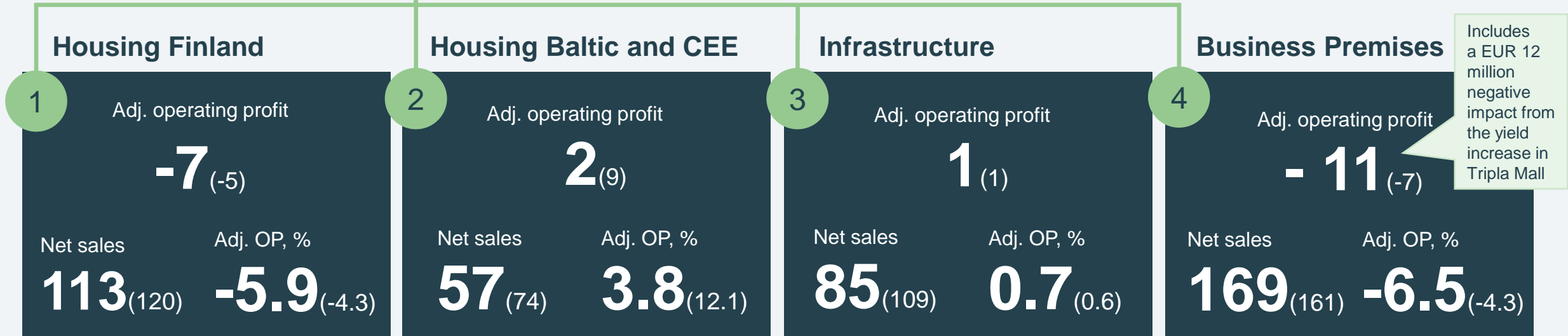
YIT Group, EUR million

Adj. operating profit	Net sales	Adj. OP, %
-14 (-3)	412 (455)	-3.4 (-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

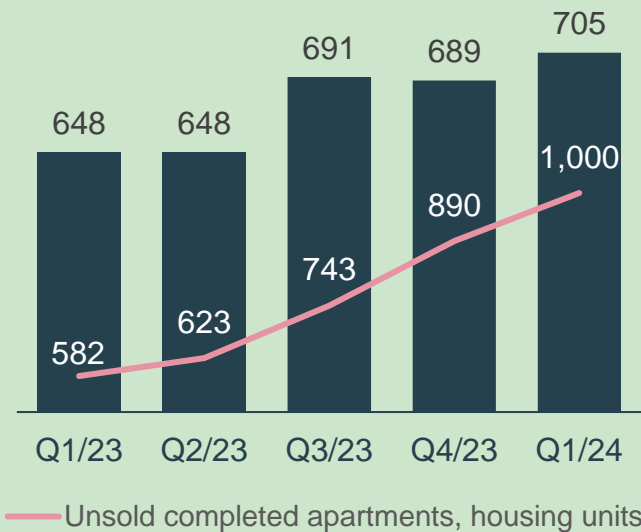
EUR million



Housing Finland: Consumer sales continued low

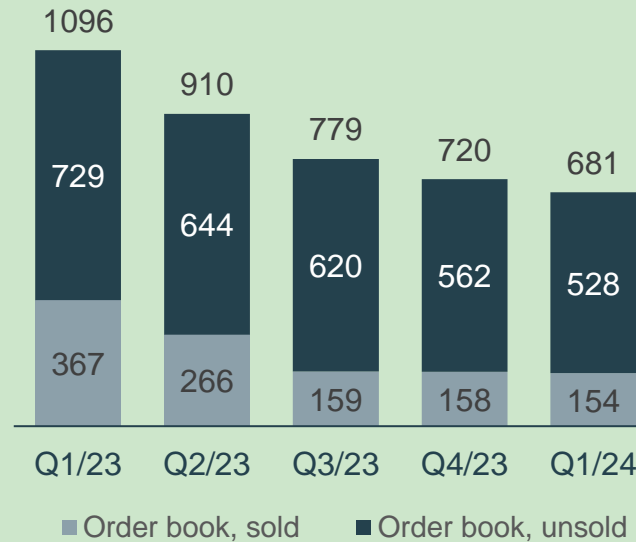


Capital employed, EUR million



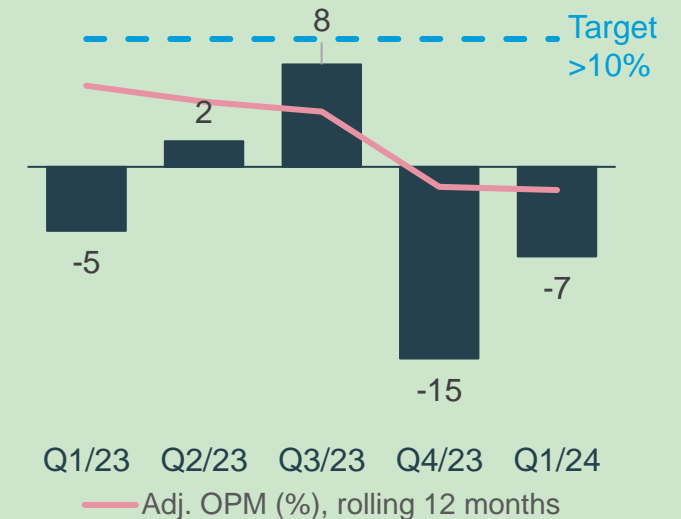
The stock of unsold completed apartments burdens the capital employed.

Order book, EUR million



Orderbook declined as a result of low number of start-ups.

Quarterly adj. operating profit, EUR million



Adjusted operating profit remained negative, affected by the weak market conditions.

The increase in apartment sales supported by successful campaigns

Interest rate cap campaign

YIT pays a 2% interest rate cap for five years on the reference mortgage rate for mortgage loan of YIT Home buyer, when the customer takes out a loan from a YIT partner bank and completes a purchase of a ready-for-occupancy YIT Home.

"In a challenging market, it was nice to take advantage of a great benefit where costs are known in advance. At the same time, the family got just the right apartment at a moderate cost compared to renting, now the mortgage taken on the apartment is effectively paid off in the background."

"The interest rate cap brings stability to everyday life and even though the existing home was unsold, the interest rate cap made it possible to buy a new home, protecting overall household expenditure."

"Everything was handled smoothly and professionally. The interest rate cap was the main trigger for buying a new home for us."

Rent-to-buy campaign

The process of buying a home starts with renting it. First, a preliminary contract is signed, subject to a deposit. Within two years of signing the preliminary contract, the buyer can become the homeowner. The deposit and rents paid will be deducted from the price when the sale is completed.

"The Rent-to-buy deal enabled a smooth move from another area to a new home."

"Our son will later redeem our current apartment as his own, so we were able to move to a new home near the city center."

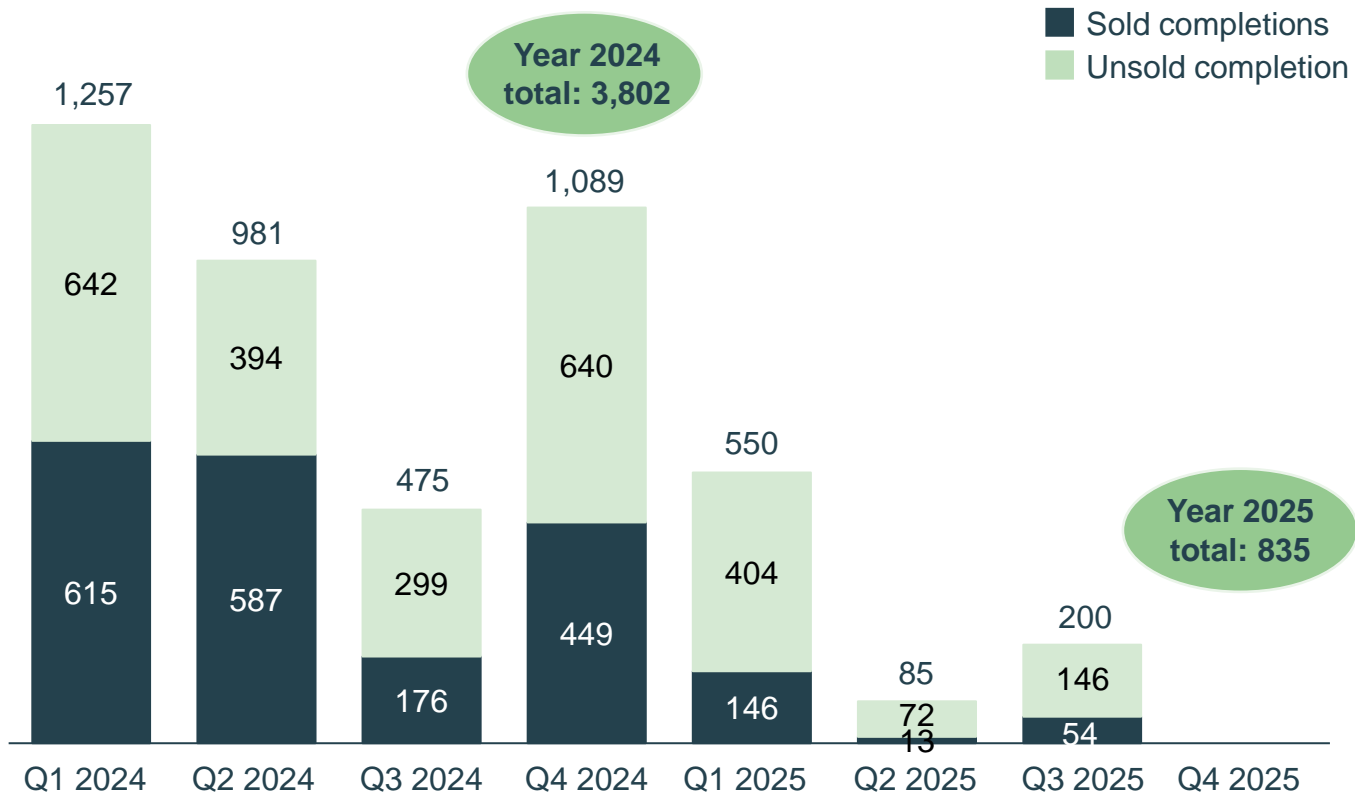
"We lived in the same area in a housing cooperative and want to stay in the area. We have previously bought an investment apartment in this building. The cost of living in the housing cooperative was slightly higher than the rent of this new home."



Finnish housing market completions outlook

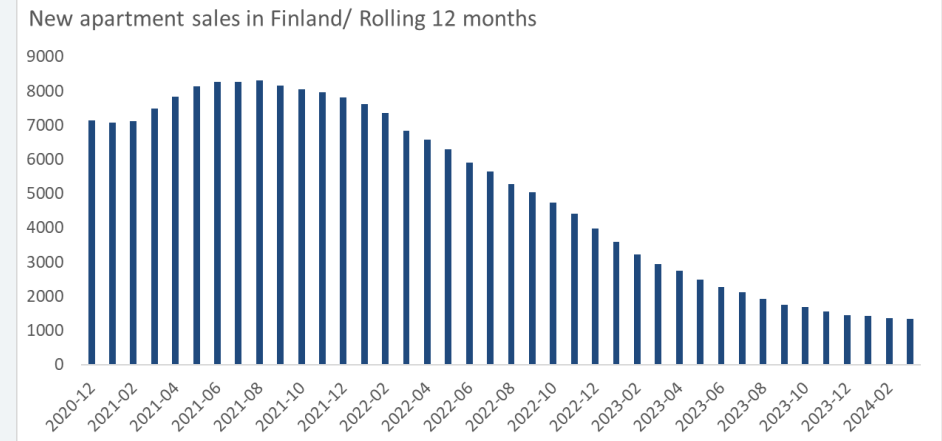
Q1 2024 – Q4 2025

Self-developed housing unit completions in the Finnish housing market



Source: Project list from STH Group 1/2024, company websites

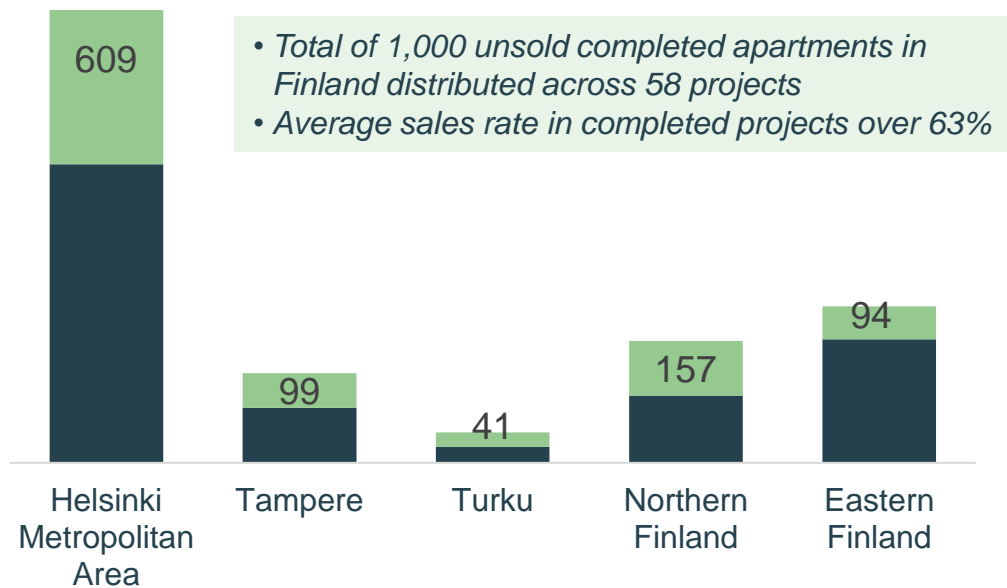
- 4,600 unsold completed apartments in Finland at the end of March 2024, out of which 1,000 (~20%) YIT's
- 2024 start-ups are expected to remain on low level, availability of housing may become bottleneck for cities growth
- With current outlook, completions during 2025 will be historically low.



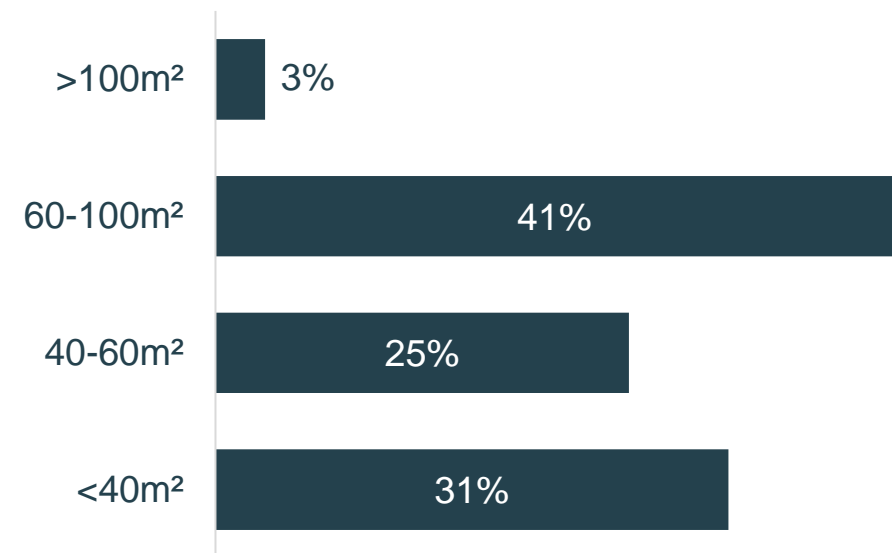
Source: Federation of Real Estate Agency

Well-balanced portfolio of unsold completed apartments in Finland is an asset for the company

Unsold completed apartments in Finland by region



Size distribution of the unsold completed apartments in Finland

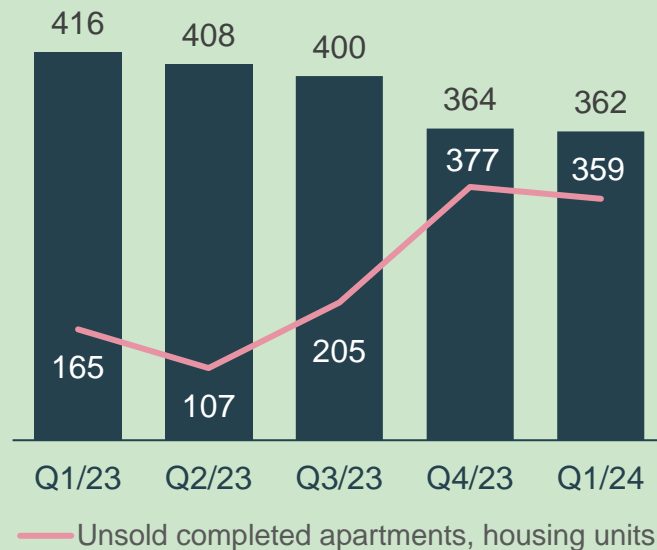


Source: <https://www.yit.fi/en/homes/apartments-for-sale>, 31 March 2024

Housing Baltic and CEE countries: Strong performance continued

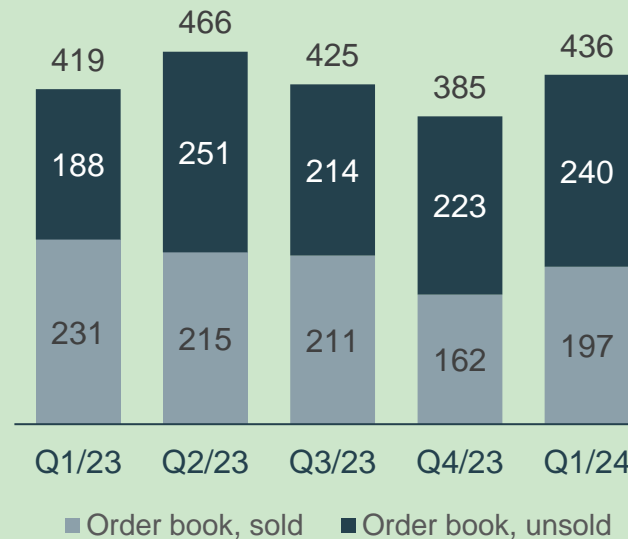


Capital employed, EUR million



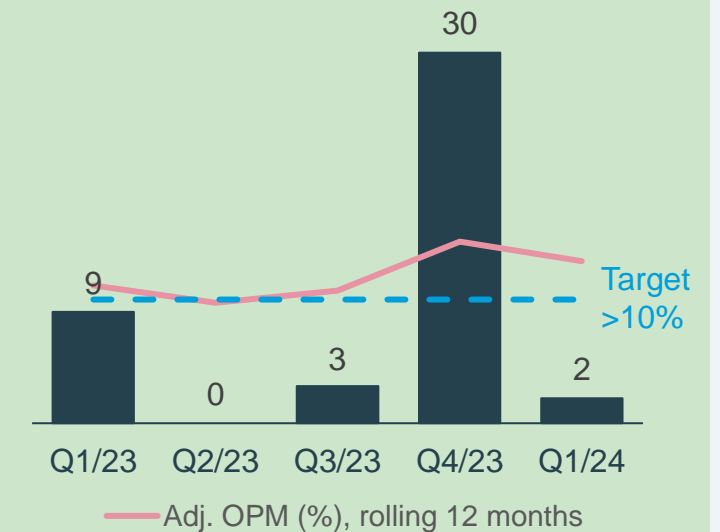
Capital released by over EUR 50 million during the last 12 months.

Order book, EUR million



Strong order book supported by a healthy number of start-ups.

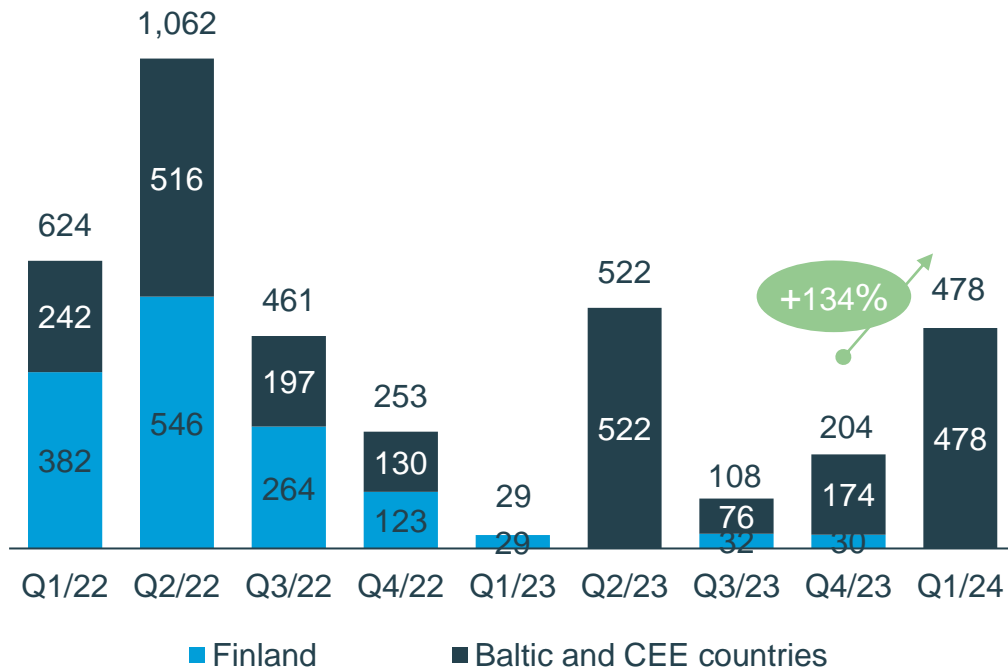
Quarterly adjusted operating profit, EUR million



Adjusted operating profit margin for the last 12 months above the target level.

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

Consumer apartments start-ups, housing units

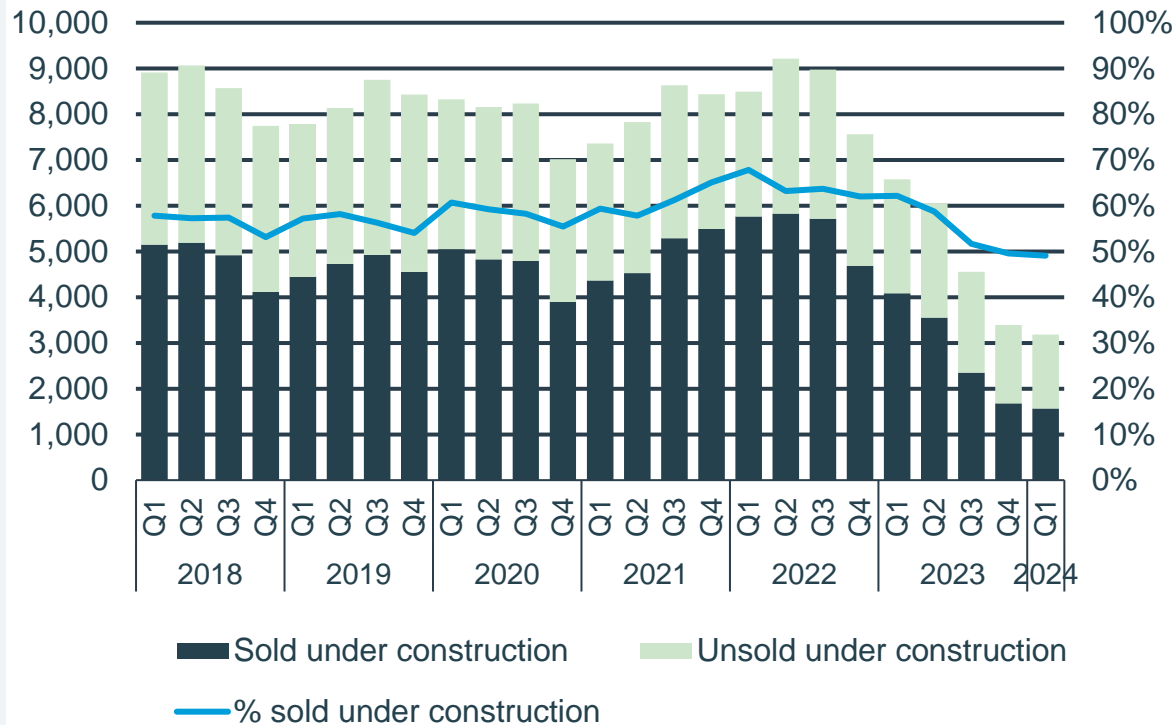


- Consumer apartment start-ups increased to 478 (29) apartments in the first quarter of 2024
- All the start-ups in Q1/24 were in the Baltic and CEE countries



Production in Finland adapted to meet the market conditions

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



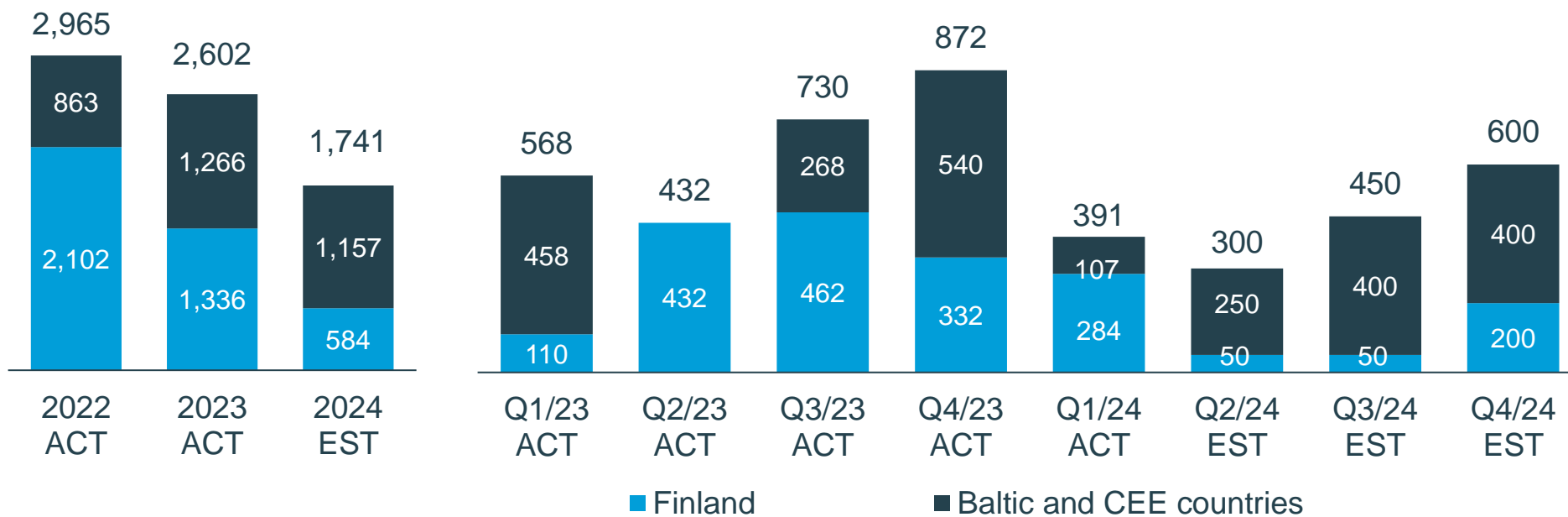
- Total number of apartments under construction was 3,186 (6,579), majority of which located in the Baltic and CEE countries
- Sales rate of apartments under construction at 49% (R24M: 58%), reflecting lower portion of investor sales



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

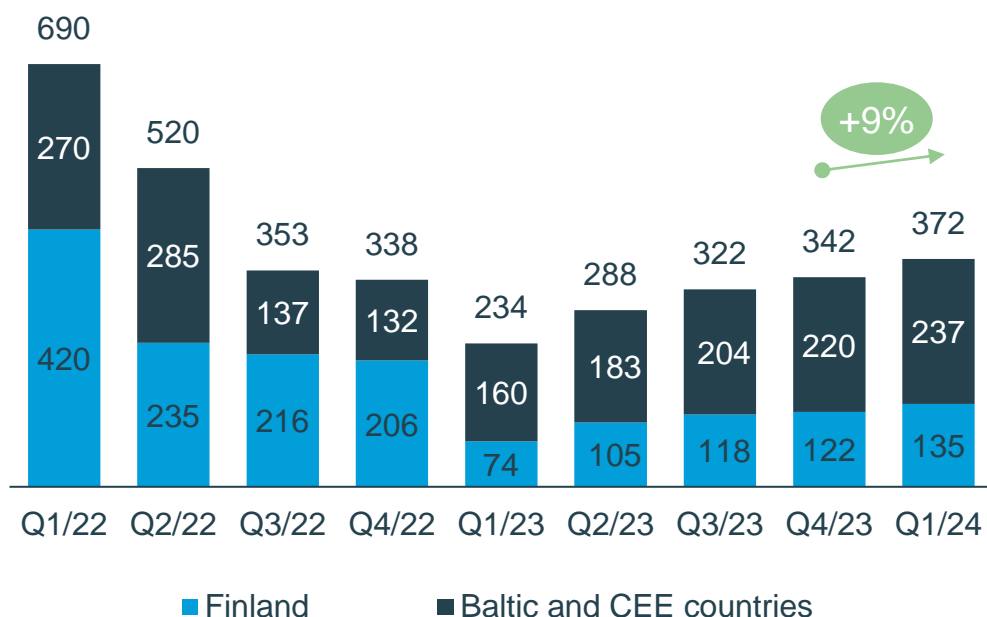
Estimated completions of consumer apartments under construction

Housing units



Consumer apartment sales increased for the fourth consecutive quarter

Consumer apartments sold, housing units

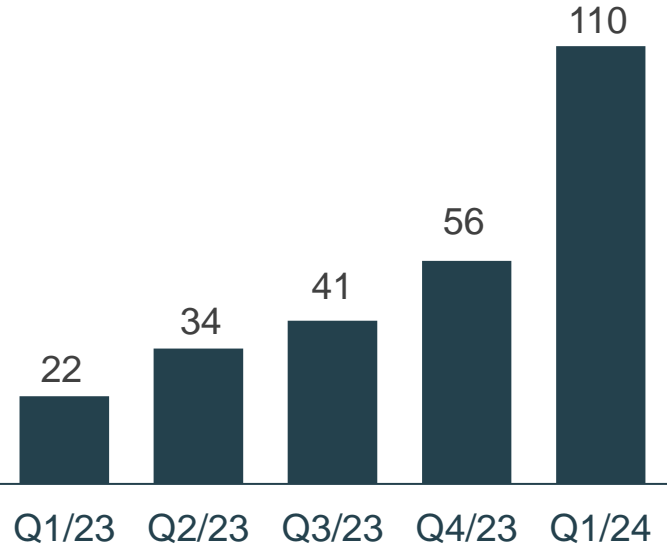


- Consumer sales in Finland increased by +11% and in Baltic and CEE countries by +8% during the first quarter
- Fifth consecutive quarter for the Baltic and CEE countries with improved sales
- During the quarter, sales improved in Poland, the Czech Republic and Latvia

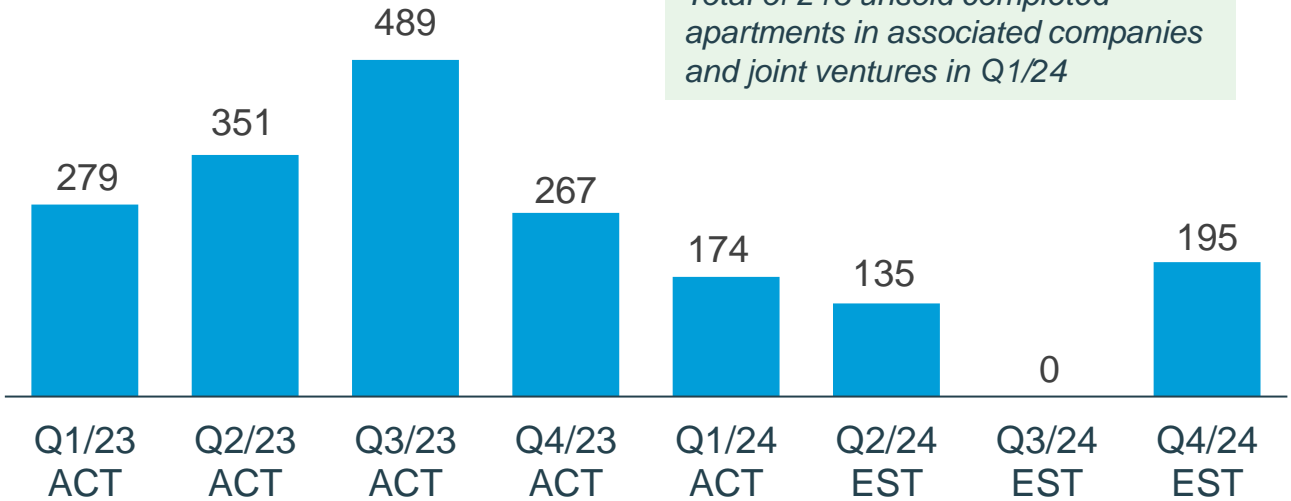


Consumer apartments sales by associated companies and joint ventures increasing

Consumer apartments sold by associated companies and joint ventures*, housing units



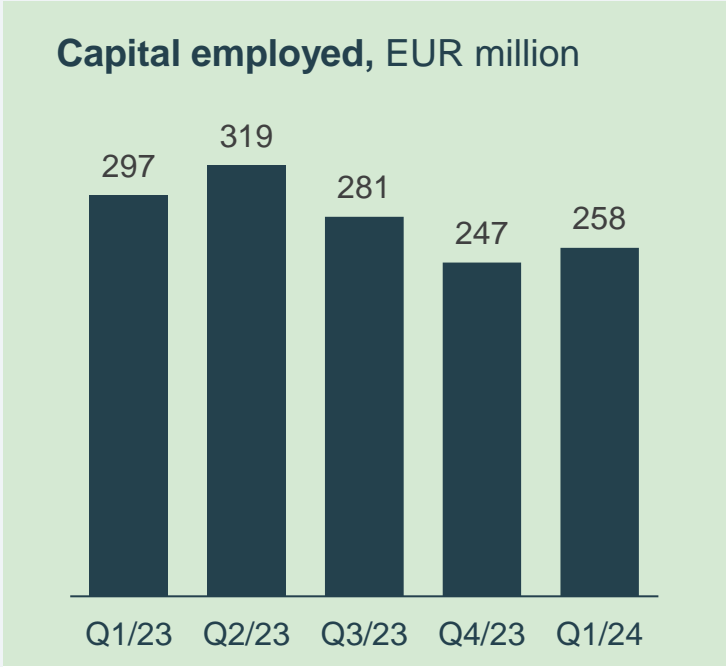
Estimated completions of apartments under construction in associated companies and joint ventures, housing units



*Apartments sold from the inventory of YIT's project development joint ventures and associated companies, not included in YIT's reported apartment sales or completions.



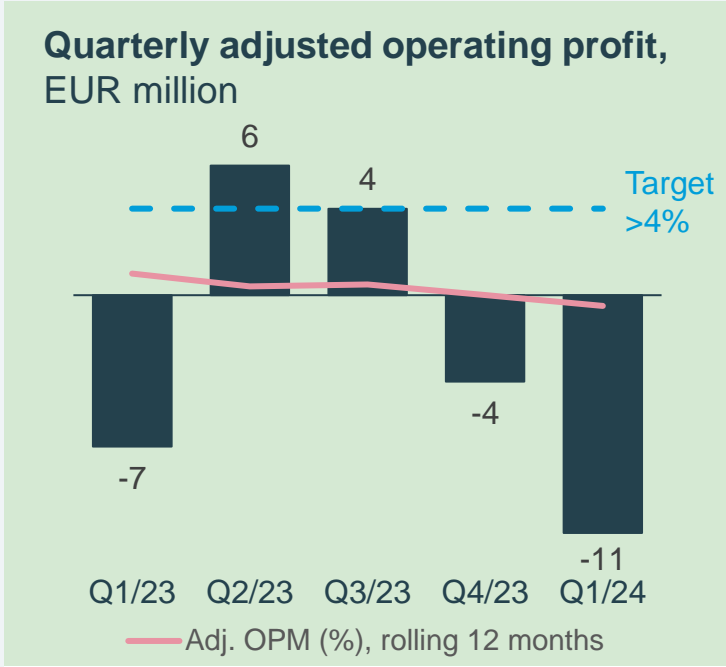
Business Premises: Underlying performance for the segment improved and was positive



Capital employed includes Tripla Mall, two self-developed offices, plots and one brownfield development site.



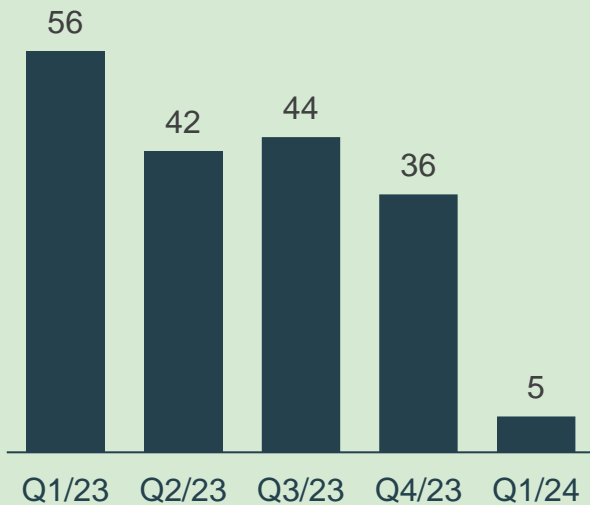
Order book continued to strengthen during Q1/24 (corresponds to approximately 18 months of work).



Yield increase in Tripla burdened the Q1/24 adjusted operating profit by EUR 12 million.

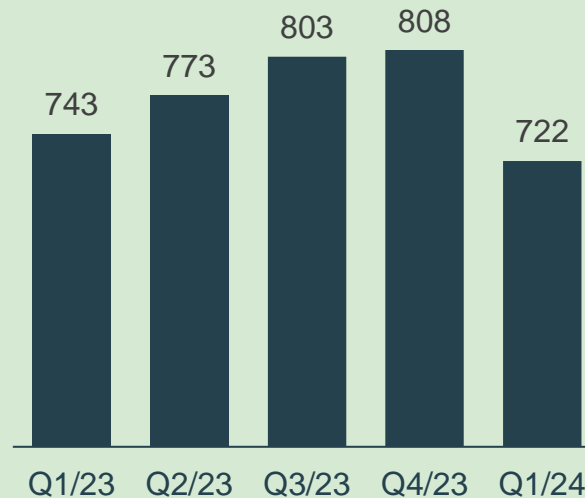
Infrastructure: Solid performance continues

Capital employed, EUR million



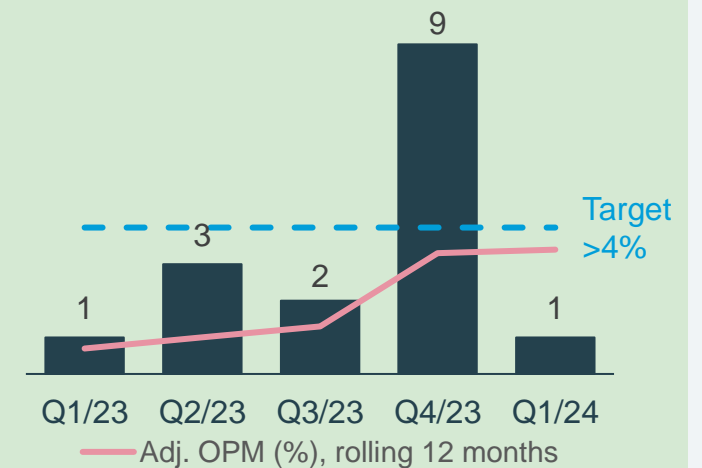
Capital employed declined as a result of the completed sale of the equipment service business during the quarter.

Order book, EUR million



Order book corresponds to approximately 24 months of work.

Quarterly adjusted operating profit, EUR million



Rolling 12 months adjusted operating profit margin is approaching the minimum target level.

Market environment remained 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

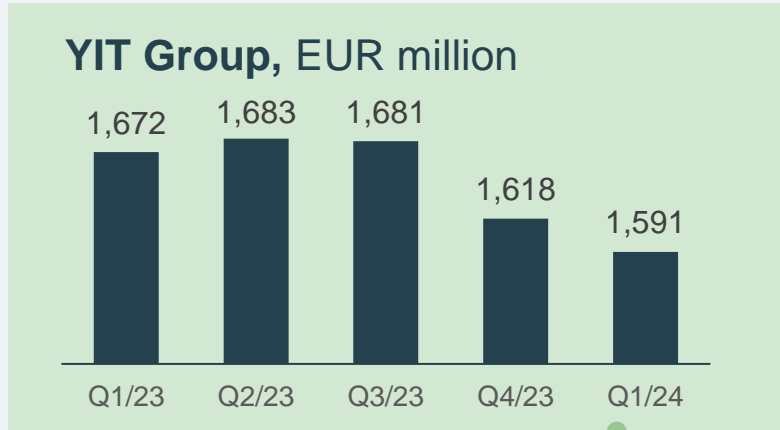
EUR **768** million

(Q1/23: 837)

(Q4/23: 795)

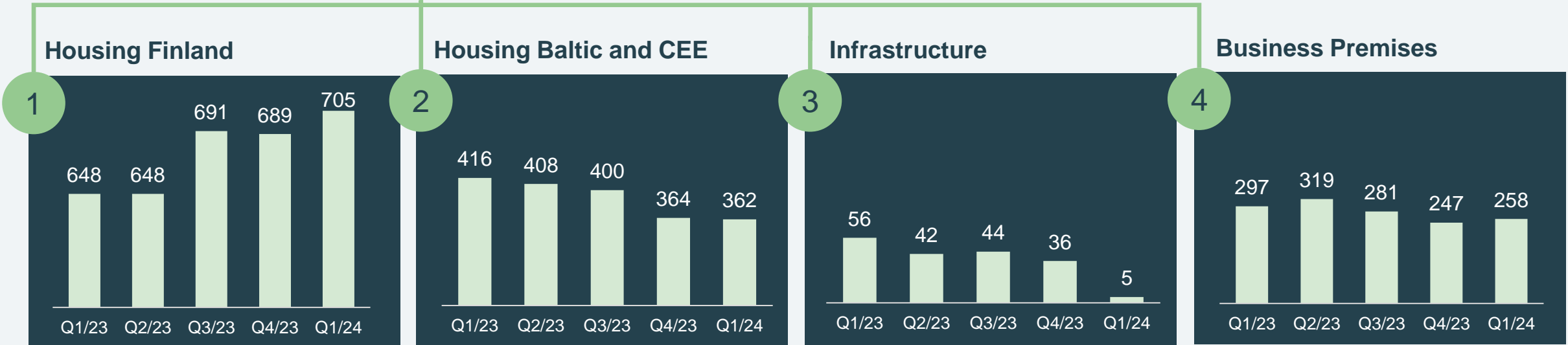


Capital employed decreased in the first quarter



- Capital employed on a downward trend on a group level, supported by the successful capital release measures
- Housing Finland burdened by low consumer apartment sales and the increase in the number of unsold completed apartments
- Capital employed decreased in Infrastructure supported by the successful sale of the equipment service business YIT Kalusto Oy
- Business Premises capital employed includes Tripla Mall

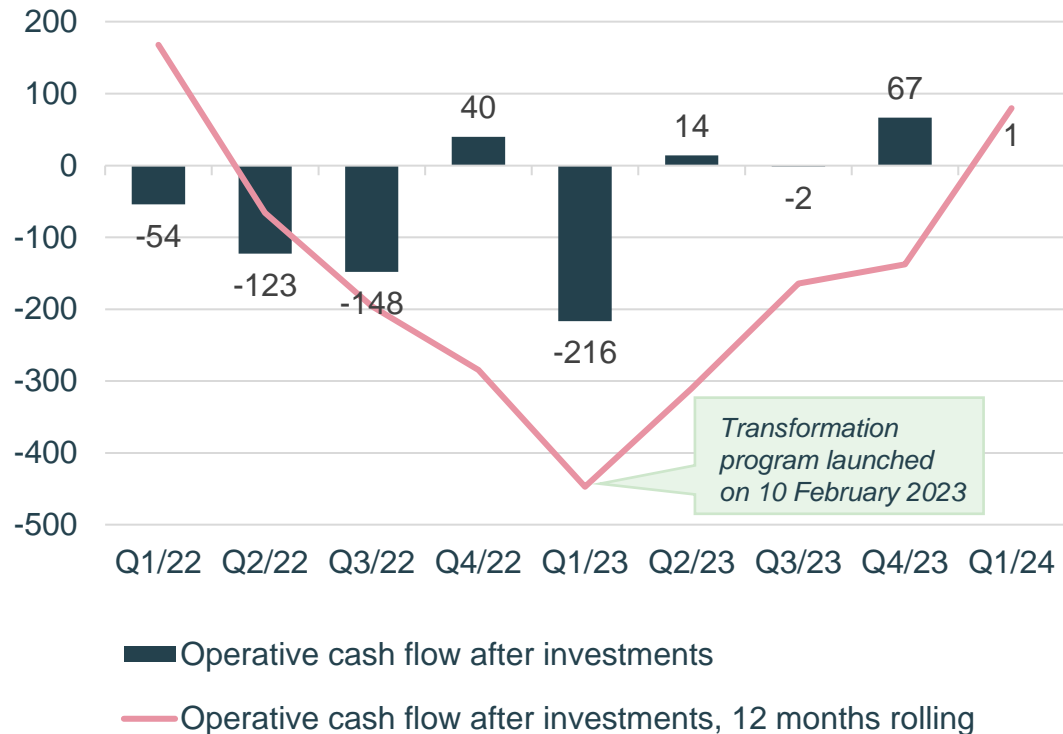
EUR million



'Other' segment capital employed EUR 262 million in Q1/24

Operating cash flow after investments improved by over EUR 200 million

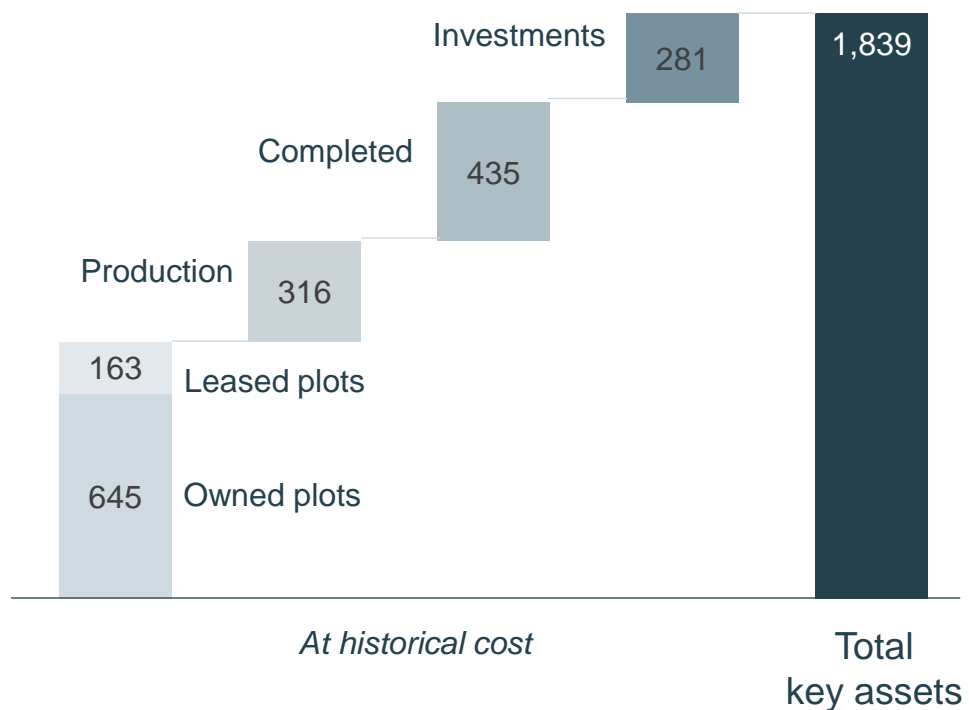
Operating cash flow after investments, EUR million



- Operating cash flow after investments increased significantly to EUR 1 million (-216).
- 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 the first quarter
- Cash and cash equivalents at the end of the period amounted to EUR 268 million (31 Dec 2023: 128), supported by the successful financing arrangement.

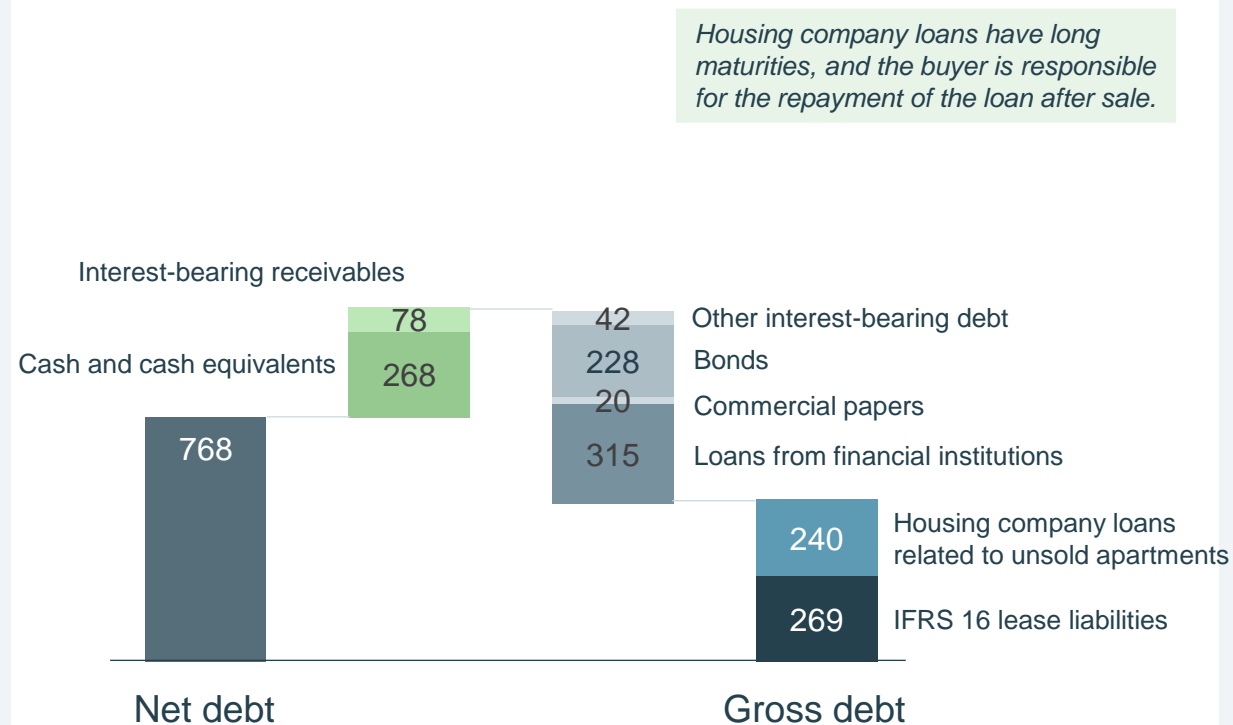
Net debt decreased by EUR 27 million during the first quarter

Distribution of key assets in balance sheet, EUR 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

Distribution of interest-bearing debt, EUR million



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

Investment and purchase commitments

Investment commitments

at

EUR **89** million

EUR 6 million expected to be called in the following 12 months

- Investment commitments are mainly related to equity commitments to joint ventures and associated companies.
- Commitments are reported to a full amount as long as a contractual obligation exists without considering probability for a capital call.

Purchase commitments

at

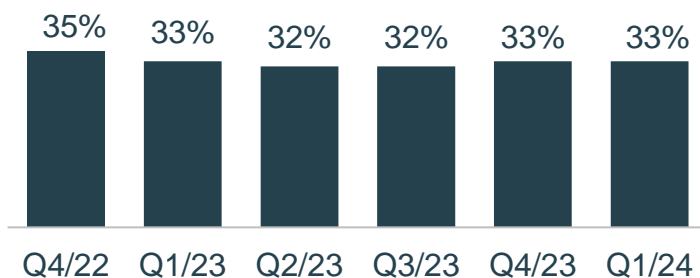
EUR **307** million

Minimum commitment for a plot is typically <10% of the reported purchase commitment.

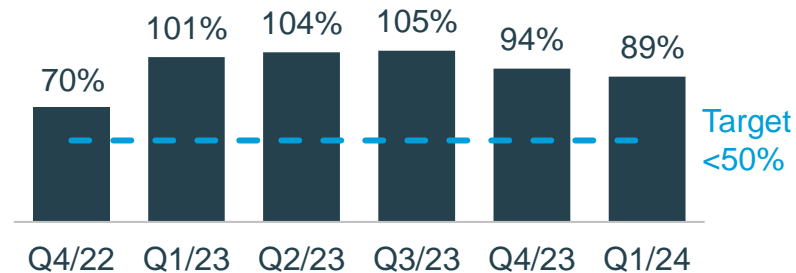
- Purchase commitments are mainly pre-contracts for plots in Finland, which enables the long-term development of residential construction.
- Plot pre-contracts are typically conditional on zoning.
- Plot pre-contracts are typically completed in 5-10 years.
- The presented amount is based on the estimated acquisition value of the plot, despite conditionalities or possible termination clauses.

Indebtedness and gearing on a downward trend

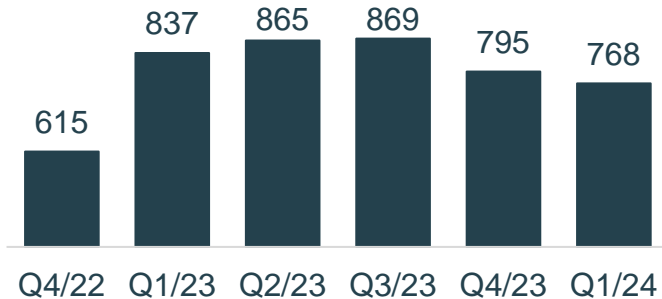
Equity ratio



Gearing



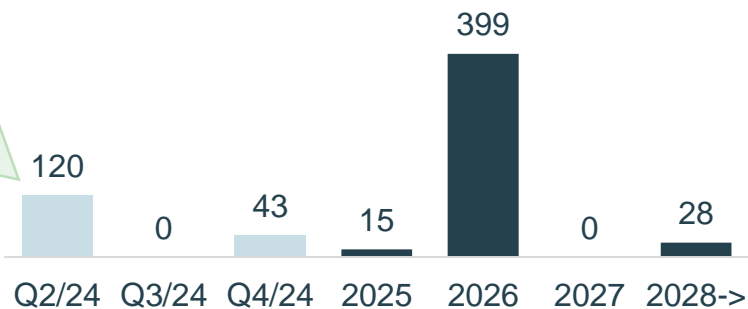
Net interest-bearing debt, EUR million



The EUR 100 million senior bond has been redeemed in April 2024.

Postponing the amortisations within year 2024 has supported the short-term liquidity position.

Maturity structure of interest-bearing debt, EUR million*

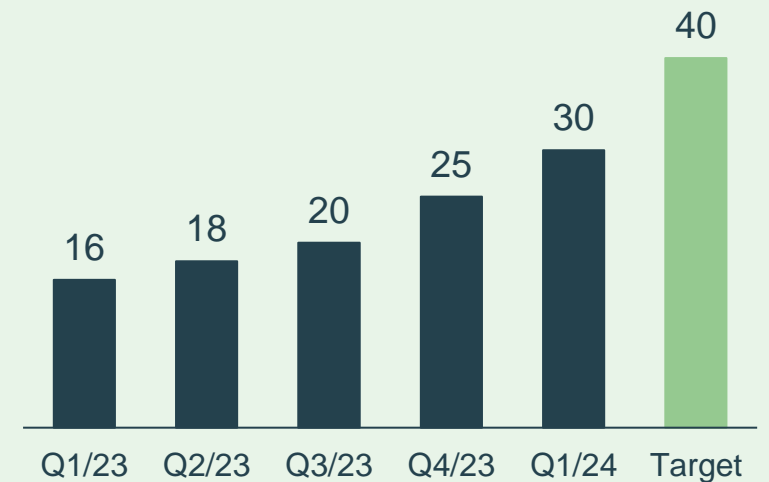


* Maturity structure is presented according to the amended terms as agreed in March 2024 and entered into force in April 2024.

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 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



Group
adjusted operating
profit is expected
to be **EUR 20–60**
million in 2024

(2023: EUR 41 million)

- YIT expects its Group adjusted operating profit for continuing operations to be EUR 20–60 million in 2024. The operating cash flow after investments is expected to be positive.
- The housing market recovery in Central Eastern Europe is expected to continue. In Finland, the housing market is expected to continue to be weak in the second and third quarter of the year. In Business Premises and Infrastructure, the underlying operational performance is expected to improve.
- YIT's performance will be supported by the increased efficiencies from the transformation program launched on 10 February 2023.
- Changes in the macroeconomic environment, especially in interest rates, may impact the housing market demand and the fair value of investments. Delayed apartment completions could lead to the postponement of revenue and profit from quarter or year to another. Actions to release capital may have an impact on the company's profit.

Improved financial position allows us to evaluate opportunities in the market

Successful financing arrangement brings stability and improves liquidity

Operating cash flow after investments significantly improved, indebtedness on a downward trend

Transformation program proceeding faster than planned, capital release measures and the actions to improve net working capital continue



YIT with its partners chosen as the winner of the Leppävaara idea competition



“Walk Around”

The winning group consists of YIT, architecture company Arco and engineering and consulting company Ramboll.

Firm focus on improving our segments' profitability and completing our transformation

Focused on delivering full impact of the transformation and capital release programs

Continue to improve profitability and ROE on Business Premises, Infrastructure and Housing Baltics and CEE operations

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



Additional information

YIT Investor Relations
investorrelations@yit.fi

Essi Nikitin
VP, Investor Relations
+358 50 581 1455
essi.nikitin@yit.fi

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

26 July
2024

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Appendices

- I. Key figures
- II. Housing sales and start-ups



I. Key figures

€ million	1-3/24	1-3/23	1-12/23
Revenue	412	455	2,163
Operating profit	-8	-7	51
Operating profit, %	-2.0	-1.6	2.4
Adjusted operating profit	-14	-3	41
Adjusted operating profit margin, %	-3.4	-0.7	1.9
Result before taxes	-22	-19	-5
Result for the period	-16	-14	3
Earnings per share	-0.08	-0.07	-0.01
Operating cash flow after investments	1	-216	-137
Net interest-bearing debt	768	837	795
Gearing ratio, %	89	101	94
Equity ratio, %	33	33	33
Return on capital employed, % (ROCE, rolling 12 months)	1.8	6.0	2.5
Order book	3,091	3,542	3,157
Combined lost time injury frequency (cLTIF, rolling 12 months)	11.4	13.5	12.1
Customer satisfaction rate (NPS)	53	47	52

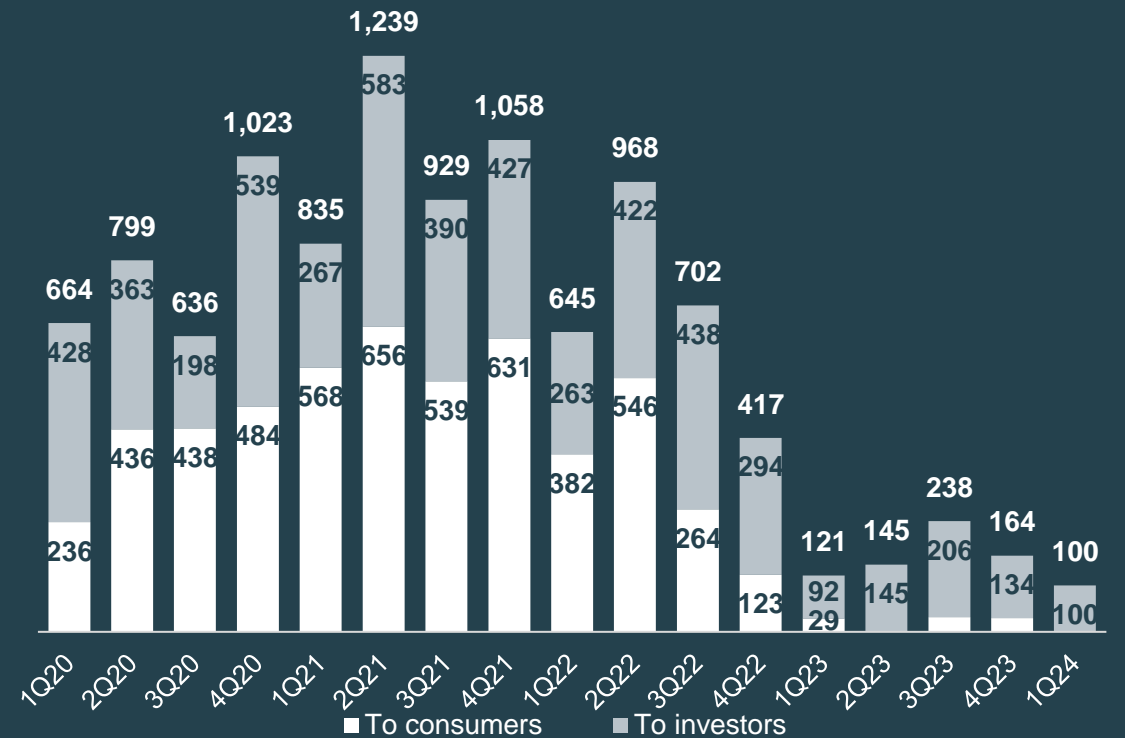
The Housing segment in Finland

II. Sales and start-ups Q1/2020-Q1/2024

SOLD APARTMENTS, units



APARTMENT START-UPS, units



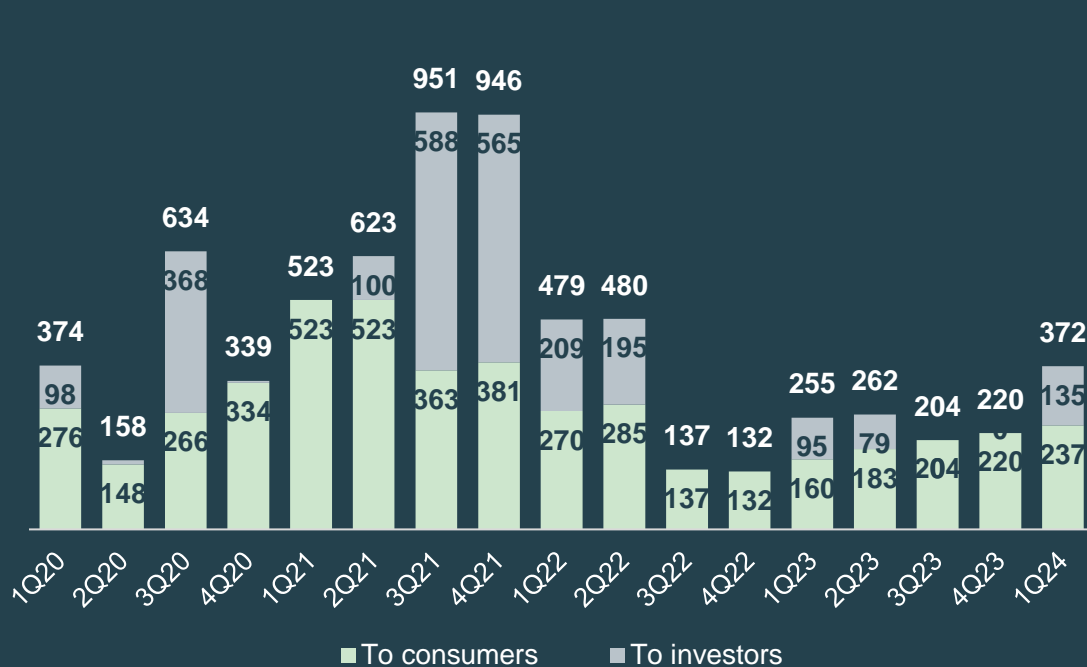
*Q1/2023 "To investors" figure includes 144 units initially started for consumers from a bundle deal.

*Q2/2023 "To investors" figure includes 190 units initially started for consumers from a bundle deal.

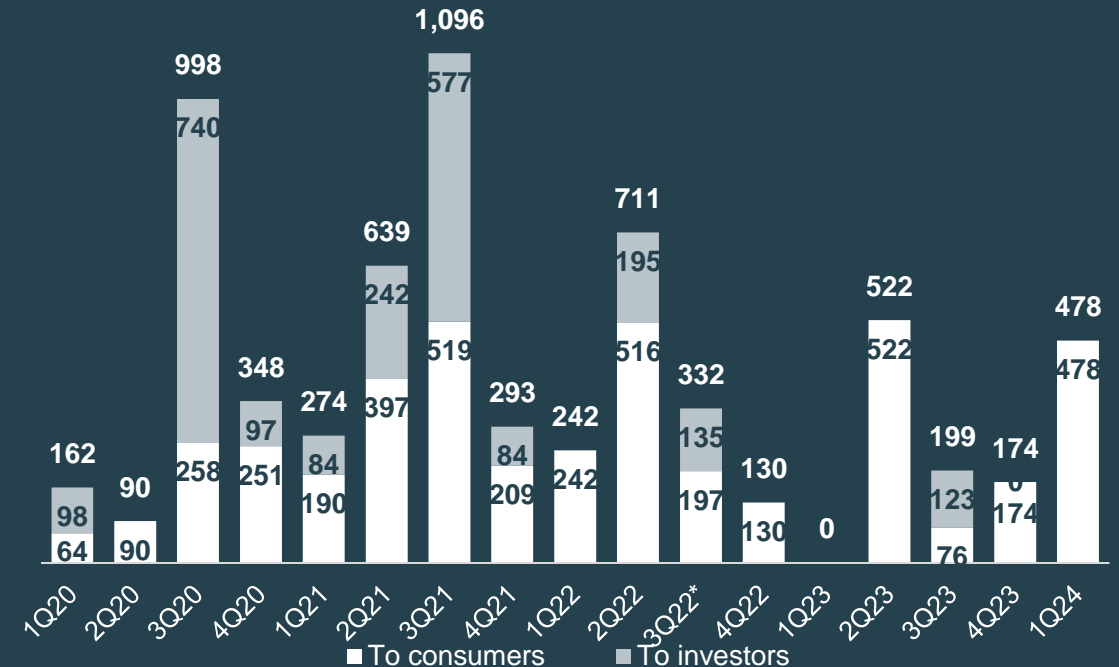
The Housing segment in the Baltic and Central Eastern Europe

II. Sales and start-ups Q1/2020-Q1/2024

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".

**Together
we can
do it.**