

Q2

Half-year report 1-6/2022

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Q2 – strategy execution continued

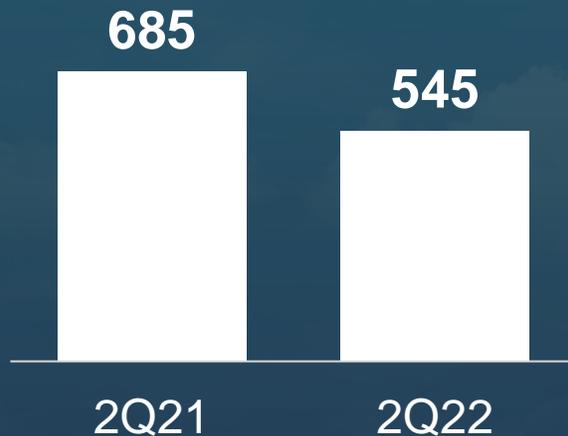
**The sale of the
businesses in Russia
completed
successfully**

**Profitability
improved despite
prevailing market
instability**

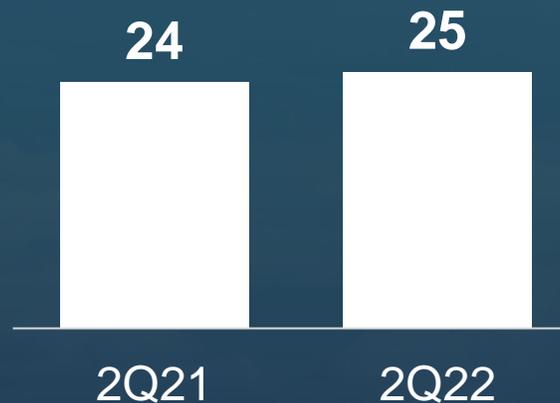
**Order book
strengthened**

Successful quarter despite the prevailing market instability

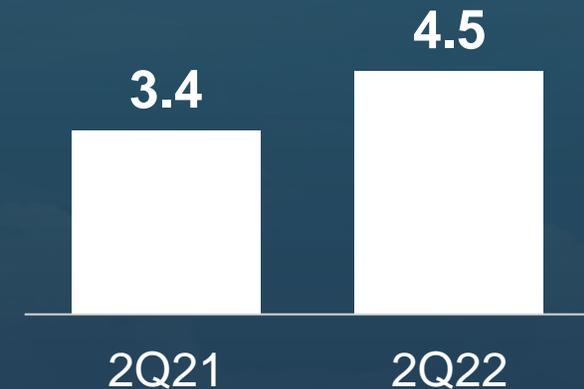
Revenue,
€ million



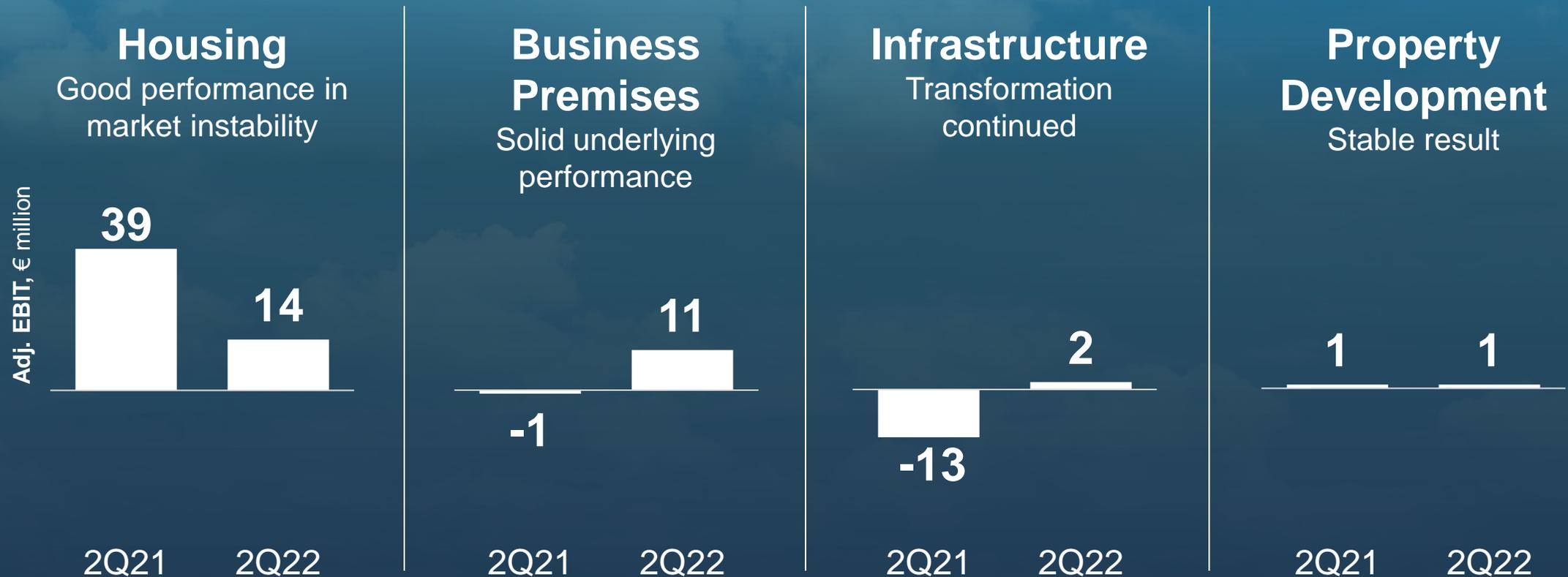
Adjusted EBIT,
€ million



Adjusted EBIT-margin
%



Our businesses are in good shape



Our strategy is the right one

FOCUS

- The sale of the Russian businesses completed
- IISY Oy divested in line with our strategy to focus on core businesses
- Investments in attractive urban plots continued

PRODUCTIVITY

- Cumulative YTD cost savings from the new agile operating model amounted to €14 million at the end of Q2
- Substantial efficiency gains achieved from enhanced project management

ESG

- CO2 emissions (Scope 1 & 2) reduced by -51% compared to 2019
- Combined lost time injury frequency amounted to 12.0 (12.1)
- The number of safety observations increased by 110% in the first half of 2022 compared to corresponding period

We continued to invest in our land bank

Most significant land bank acquisitions in Q2

Warsaw
Poland

300

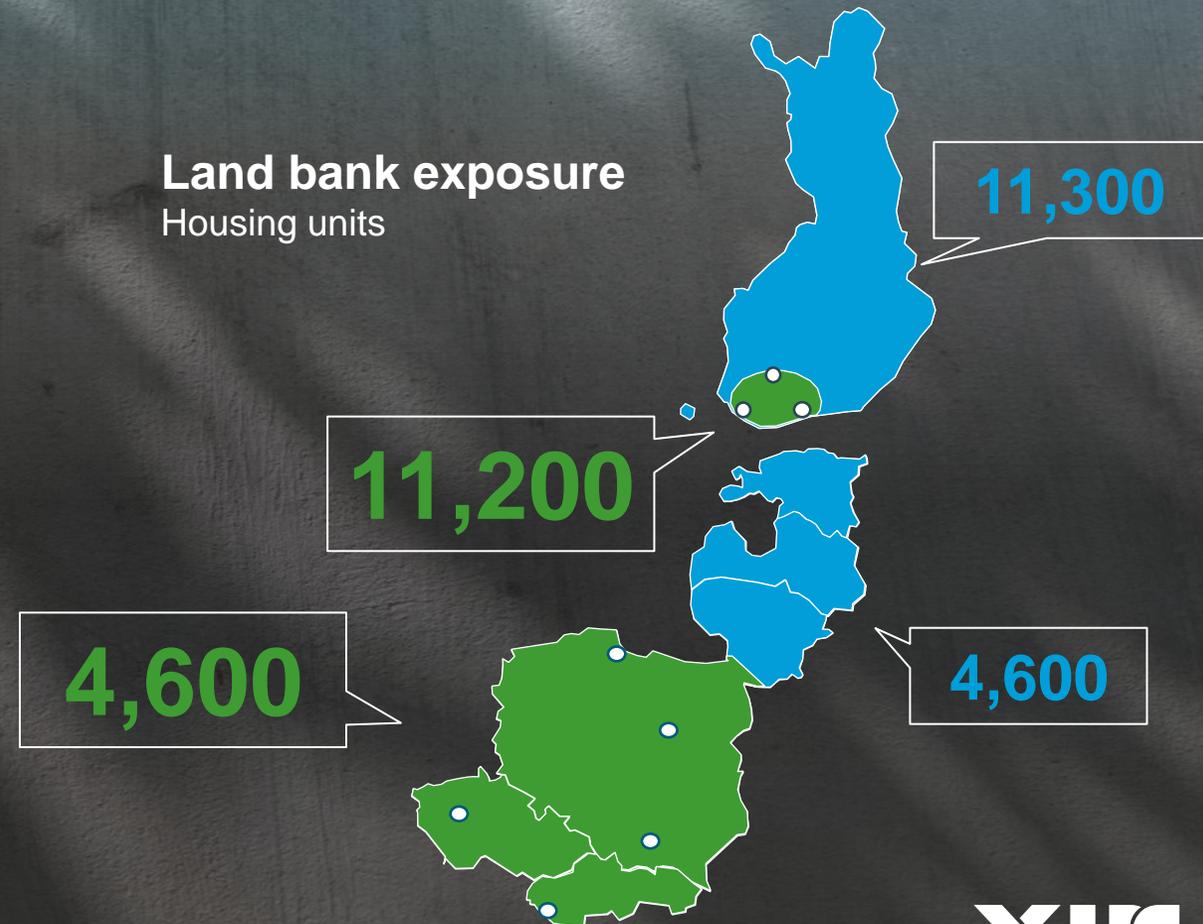
housing units

Kraków
Poland

160

housing units

Land bank exposure Housing units



We are well positioned to achieve our financial targets for 2025

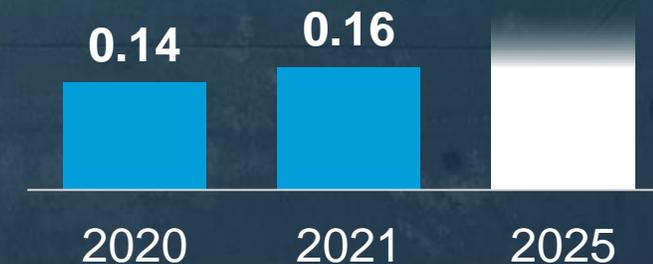
EBIT
>6%



GEARING
<50%



DIVIDEND
Stable
growth



*Adj.EBIT

**Adj. EBIT. Not restated and therefore not fully comparable.

Profitability strengthened; balance sheet remains strong

Q2 in numbers

Order book
strengthened to

€4.1

billion
(3.7)

Adjusted EBIT
amounted to

€25

million
(24)

Adjusted
EBIT-margin
increased to

4.5%

(3.4)

Net debt
increased to

€435

million
(353)

The financial impacts of the sale of the Russian businesses

Q2

- Total transaction price €71 million
- Debt-free purchase price €30 million
- Net cash impact -€14 million
- Result for discontinued operations -€293 million
- Accumulated RUB/EUR translation difference -€253 million booked – no impact on Group's equity or cash flow

January–June

- January–June result for discontinued operations -€438 million
- Result was impacted by the booking of the accumulated RUB/EUR translation difference in Q2, and the impairment booked in Q1

Strong order book; revenue decreased due to a lower number of apartment completions

Order book, € million



Revenue, € million



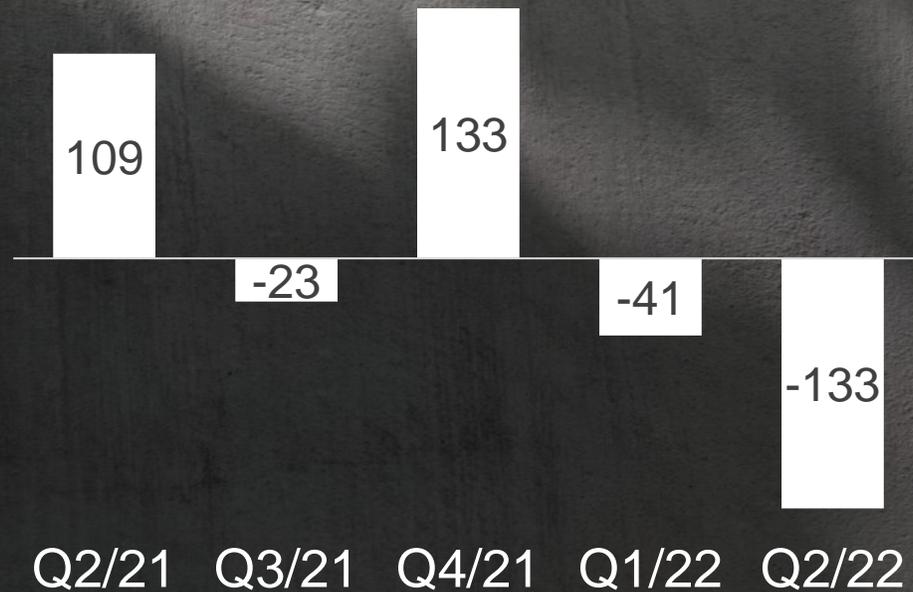
Our diversified business model provides us protection against market turbulence

Adjusted EBIT bridge per segment, € million

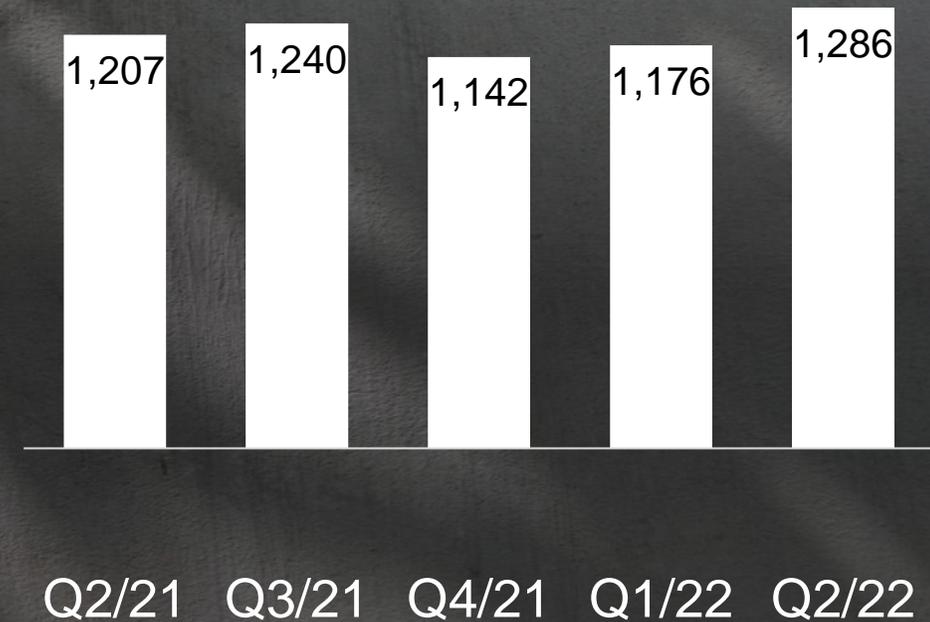


Capital employed increased y-o-y

Operating cash flow after investments,
€ million

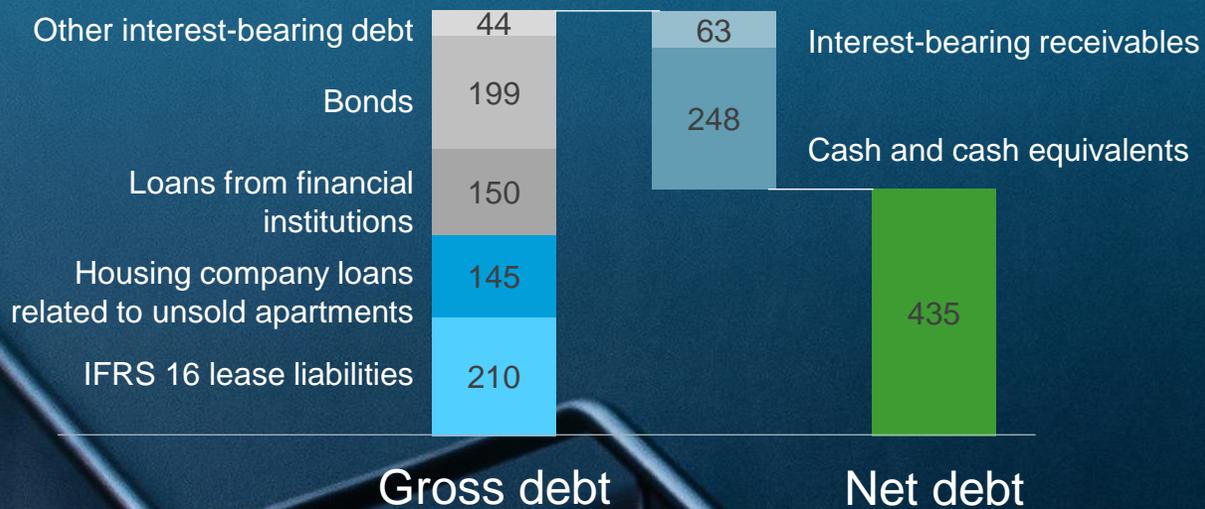


Capital employed, continuing
operations, € million

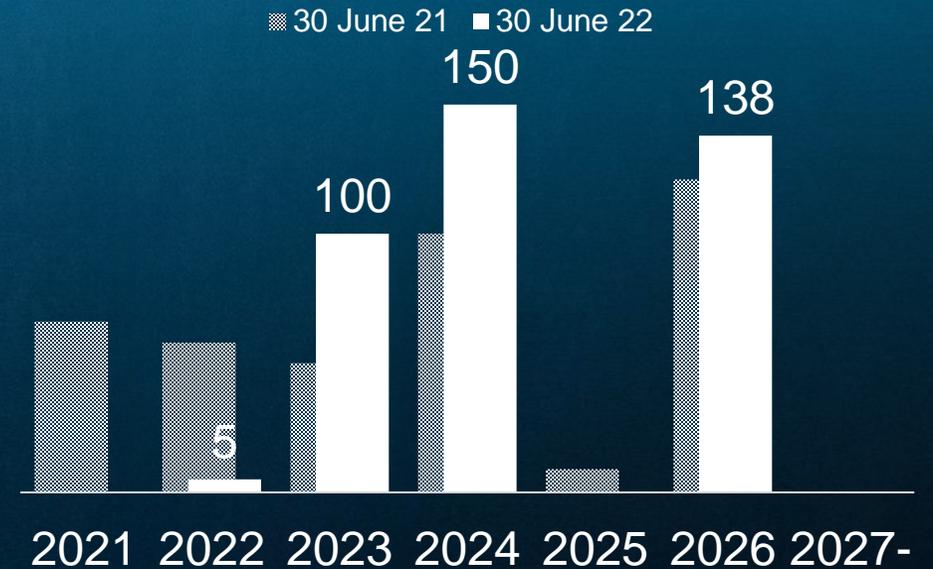


Our debt structure leads to a low financial risk profile

Distribution of interest-bearing debt, € million



Maturity structure of interest-bearing debt¹, € million



¹ Excluding housing company loans related to unsold apartments, €145 million and lease liabilities, €210 million. The hybrid bond, €100 million, is recorded as part of equity and therefore excluded from this paragraph.

Our strong balance sheet withstands cyclical changes

Net interest-bearing debt



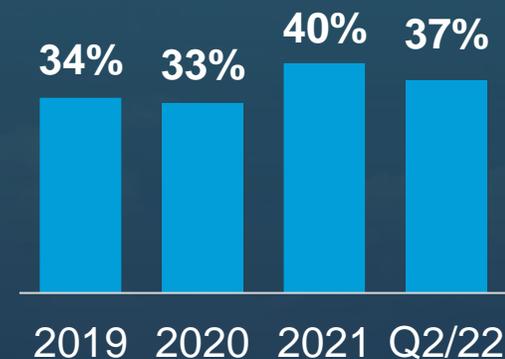
Gearing



Interest cover ratio



Equity ratio



¹ The comparability is affected by the sale of the Russian businesses. Comparative periods' figures before 2021 have not been restated.

Successful transformation and improving performance drove our earnings growth

**Our
profitability
improved**

**Our balance
sheet remains
strong**

**Our order
book is
healthy**

**We expect our
profitability to
improve in 2022**

Market outlook is subdued in the short term

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

Q2 market environment



Good



Normal



Weak

Short-term market outlook



Improving



Stable

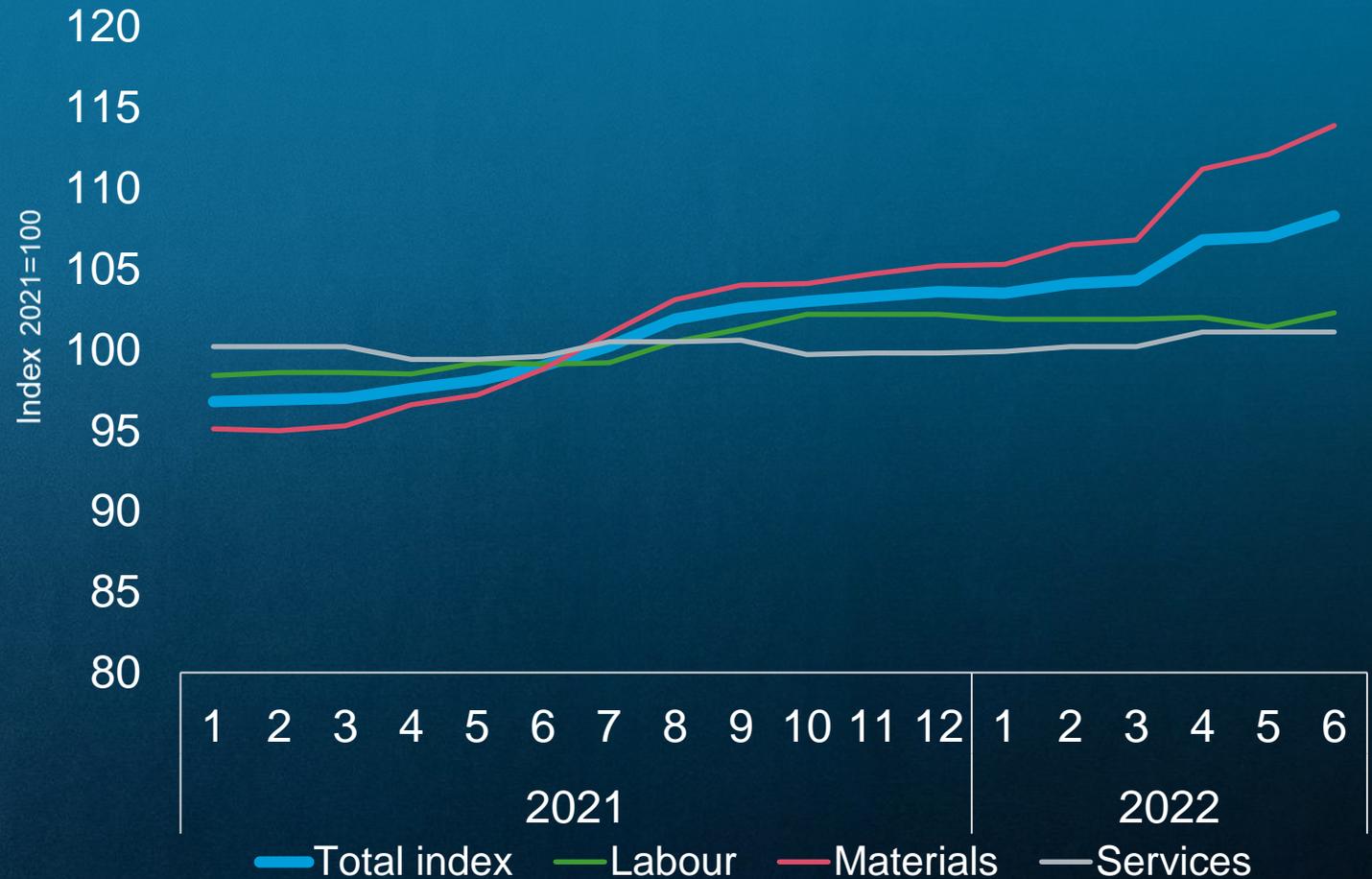


Weakening

In Finland,
building costs
rose by
9.4% y-o-y

Building cost index (1.1.2021 – 30.6.2022)

Source: Statistics Finland



COVID-19 pandemic reflected in 2022 completions

Estimated completions of consumer apartment projects under construction, housing units

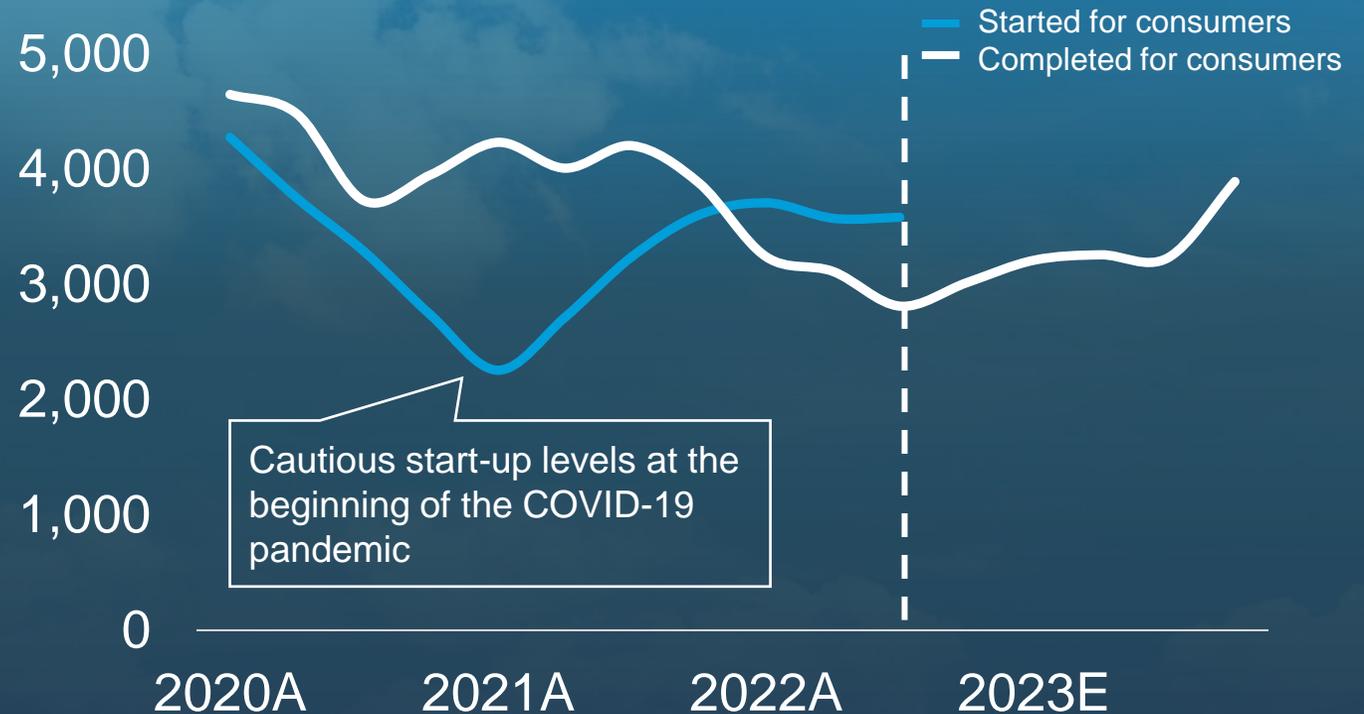


In addition, revenue from apartments under construction recognised over time (POC):

- 2,020 units for investors

Apartment completions to remain low in 2022 but increase in 2023

Consumer apartment start-ups and completions, Finland and Central Europe, rolling 12 months, units



Our 2022 Group adjusted operating profit expected to be higher than in 2021

(€85 million)

Housing

- Completions of consumer apartments to decrease

Business Premises

- Performance continues to improve

Infrastructure

- Will gradually improve
- Still impacted by certain legacy low-margin projects

Property Development

- Several promising projects in the pipeline

We expect to navigate through current market challenges by rigorous strategy execution

Our balance sheet is strong and withstands cyclical changes

Our diversified business model and strategy which focuses on core competencies are supporting us

Our investments are geared towards future growth and opportunities

Additional information

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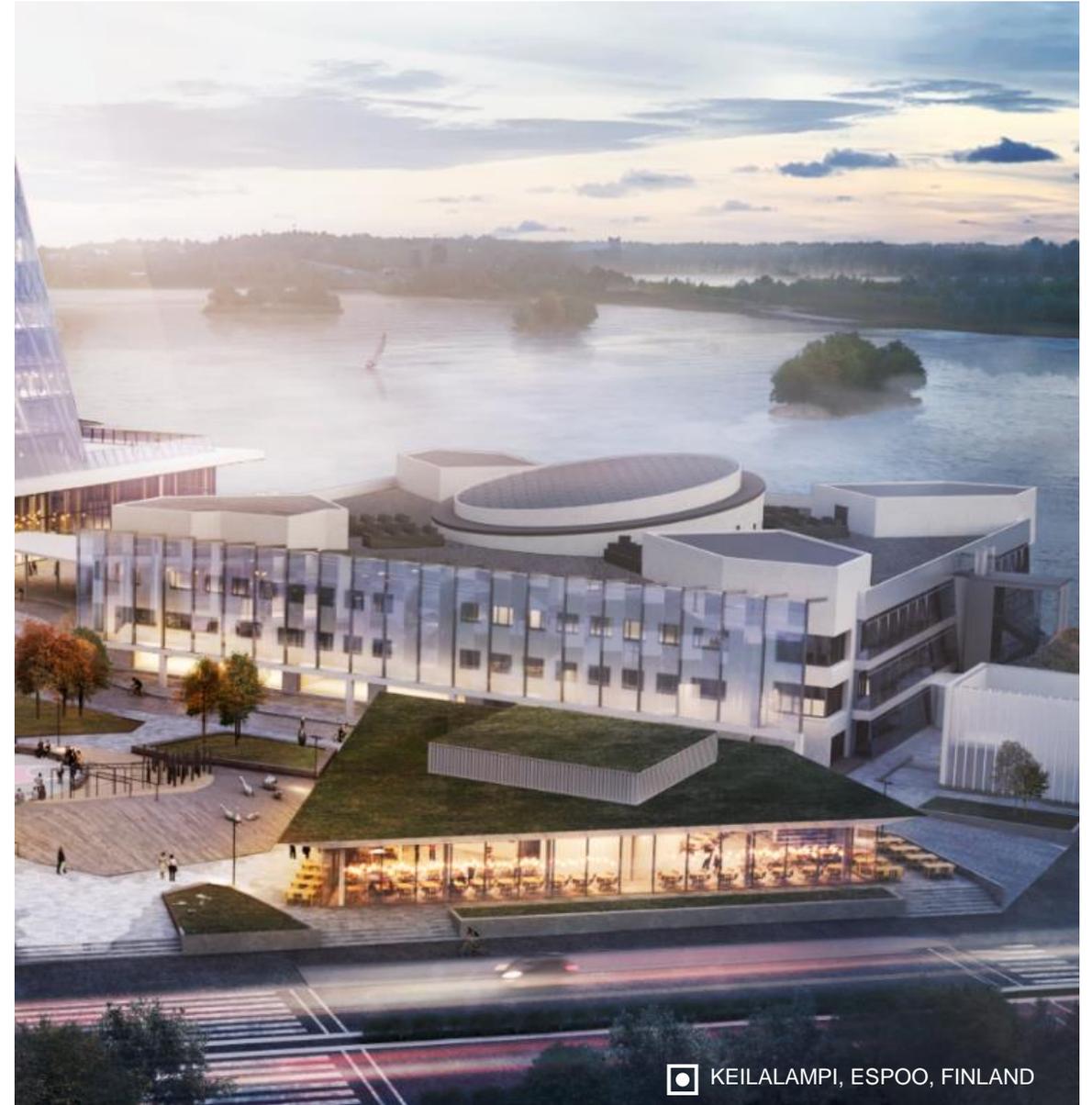
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Appendices



Appendices

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



KEILAMPLI, ESPOO, FINLAND

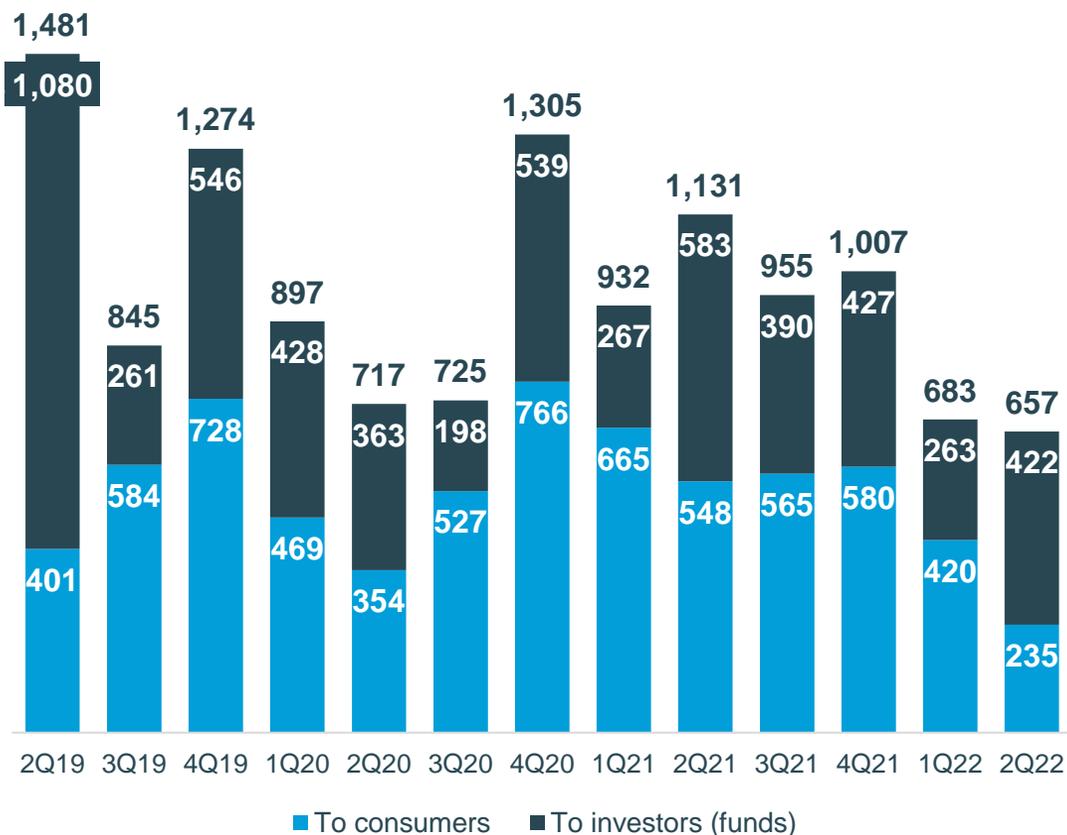
I. Key figures

€ million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Revenue	545	685	1,063	1,247	2,652
Operating profit	22	21	44	31	56
Operating profit margin, %	4.1	3.1	4.2	2.5	2.1
Adjusted operating profit	25	24	47	39	85
Adjusted operating profit margin, %	4.5	3.4	4.4	3.1	3.2
Result before taxes	14	12	28	12	22
Result for the period, continuing operations	16	9	28	7	6
Result for the period, including discontinued operations	-277	11	-410	15	4
Earnings per share, EUR	0.07	0.04	0.12	0.03	0.01
Operating cash flow after investments	-133	109	-174	178	288
Net interest-bearing debt	435	353	435	353	303
Gearing ratio, %	51	35	51	35	30
Equity ratio, %	37	41	37	41	40
Return on capital employed, % (ROCE, rolling 12 months)	7.6	-	7.6	-	6.8
Order book	4,067	3,653	4,067	3,653	3,847
Combined lost time injury frequency (LTIF, rolling 12 months)	12.0	12.1	12.0	12.1	11.0
Customer satisfaction rate (NPS)	48	50	48	50	51

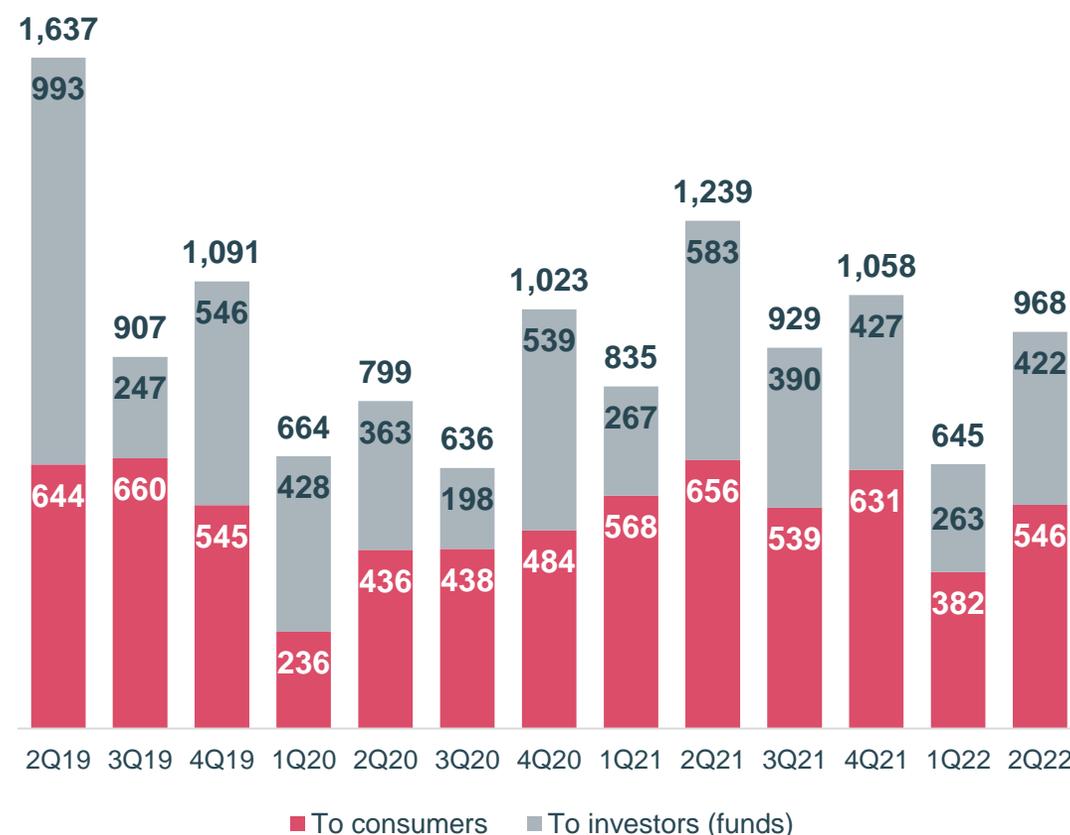
II. The Housing segment in Finland

Sales and start-ups Q2/2019-Q2/2022

SOLD APARTMENTS, units



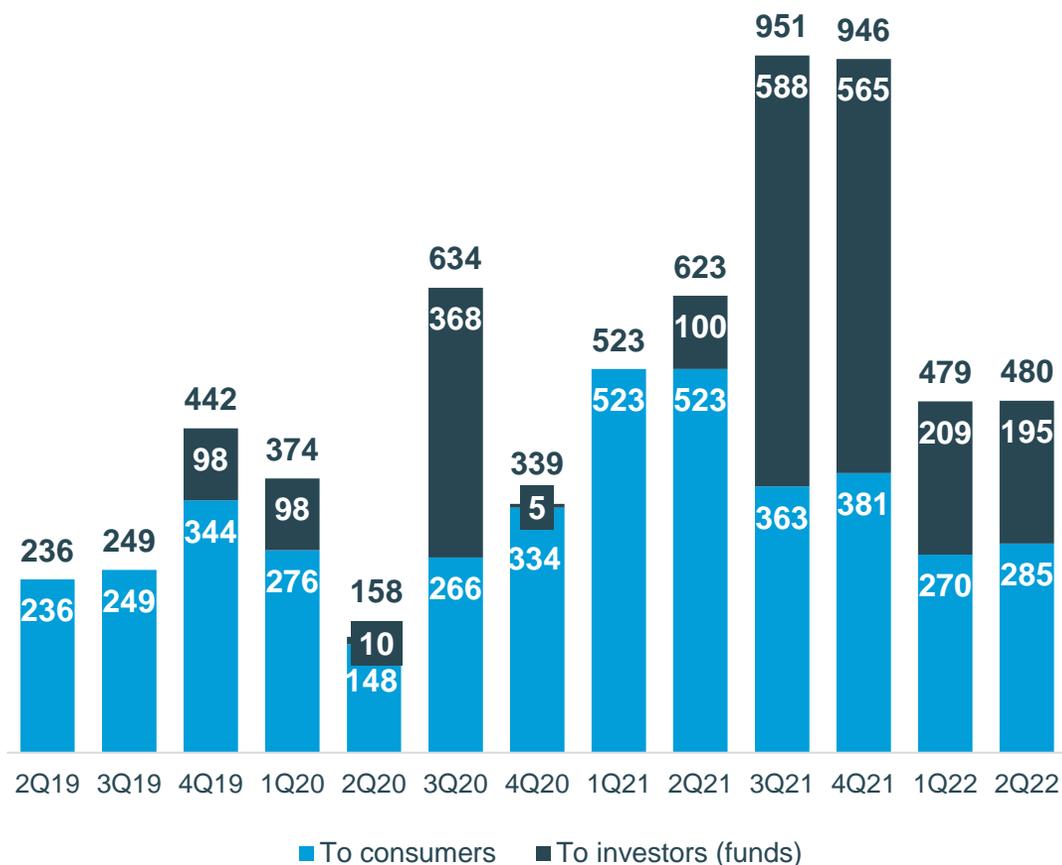
APARTMENT START-UPS, units



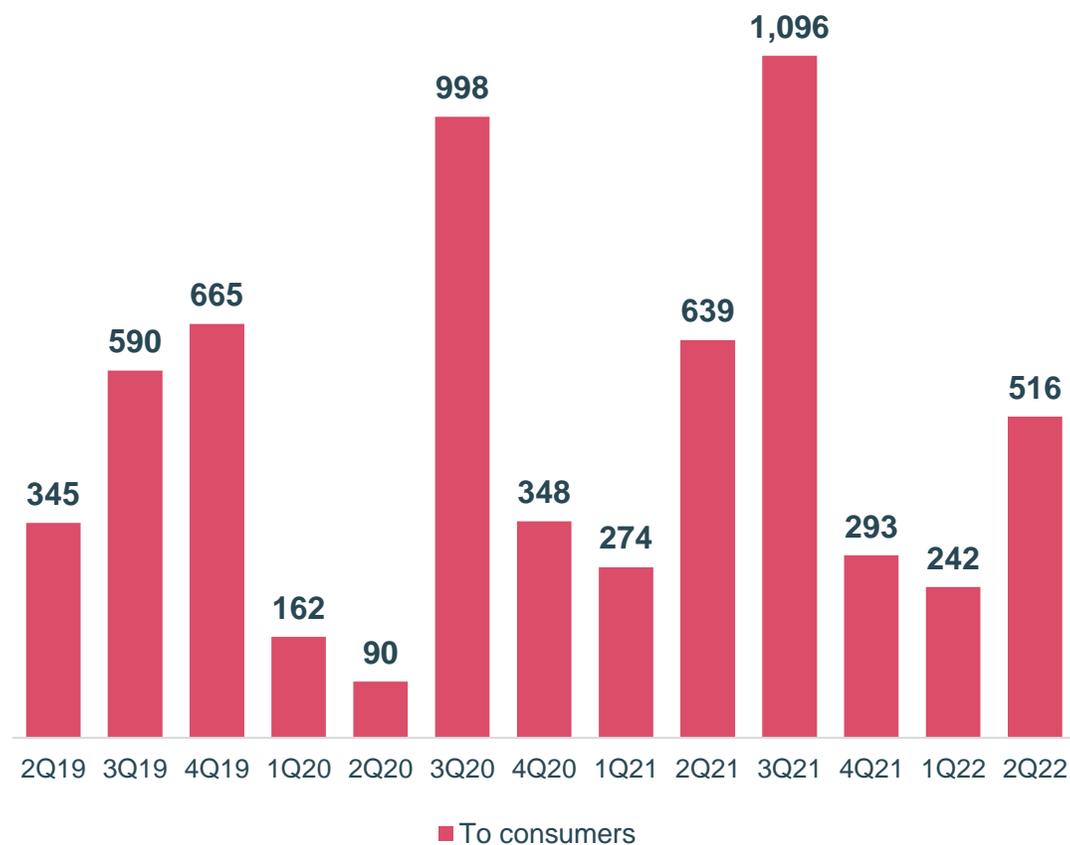
II. The Housing segment in Central Eastern Europe

Sales and start-ups Q2/2019-Q2/2022

SOLD APARTMENTS, units



APARTMENT START-UPS, units



III. Property Development

III. Investment portfolio and development highlights, 31 March 2022

INVESTMENT PORTFOLIO

EUR million	Value ¹	Change from 31 Mar 2022 ²	Change from 30 June 2021 ²
Housing	63	2	6
Commercial	206	-4	7
Infra	6	0	-1
Total	275	-2	12

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
Vallila Campus	Commercial property	Lettable area 46,300 sqm	
Maistraatinportti 1	Commercial property	Lettable area 12,200 sqm	
Maria 01	Commercial property	Lettable area 47,000 sqm	
Tuultenristi	Commercial property	Lettable area 4,200 sqm	
Murtomäki 2	Wind power	Total capacity 104 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.

**Together
we can
do it.**