

# Q3

## Interim Report 1-9/2023

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# Q3 – cash flow improved significantly; net debt remained stable during the quarter

Positive development continued in Housing CEE, low consumer sales in Finland

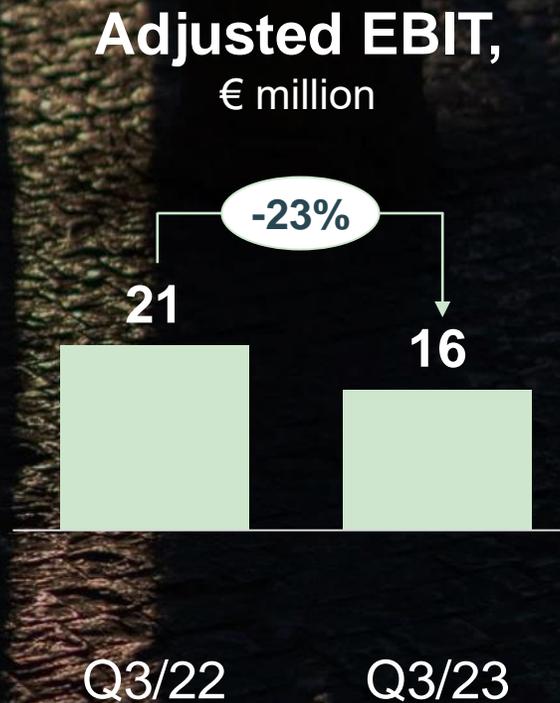
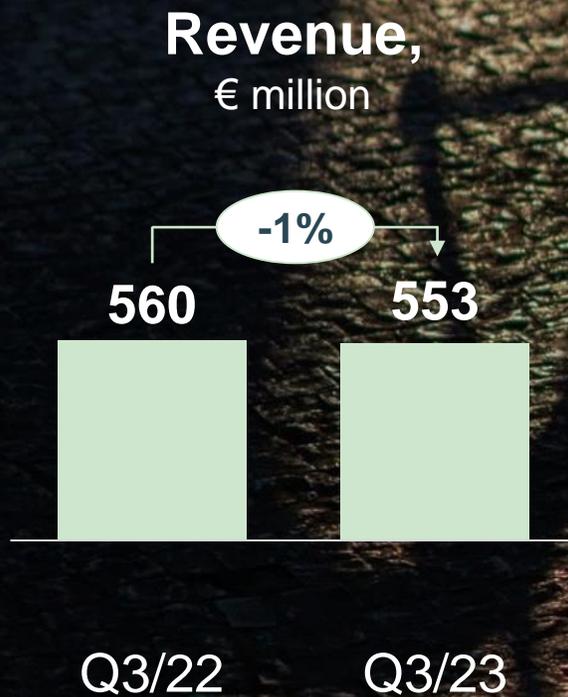
Profit improved in the Infrastructure and Business Premises segments

Significant progress in robust cost management and capital efficiency measures taken

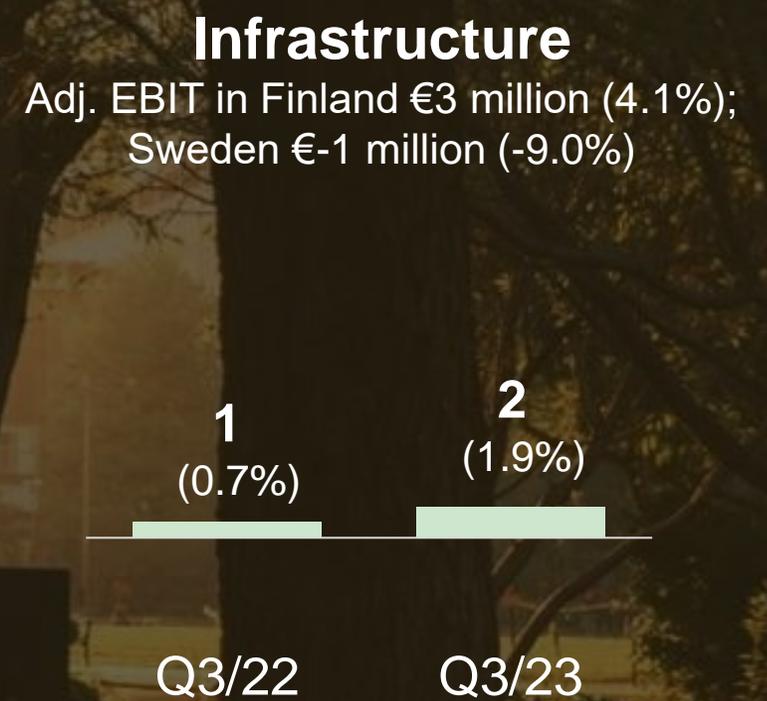
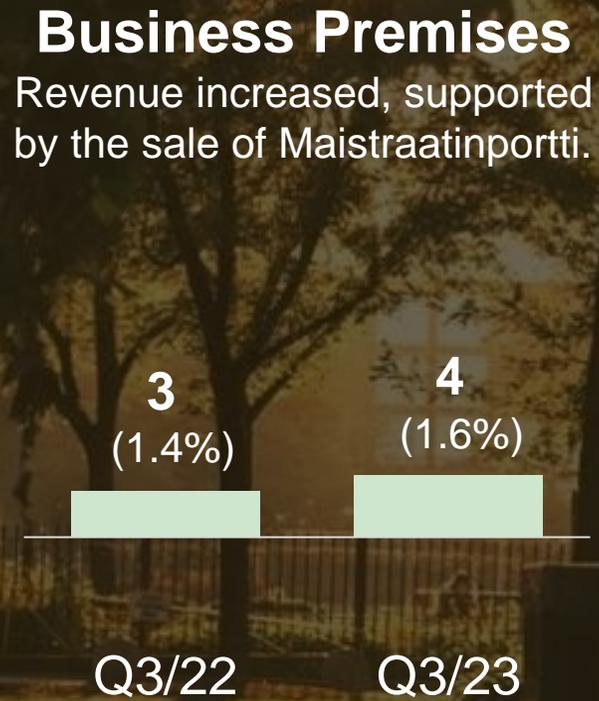
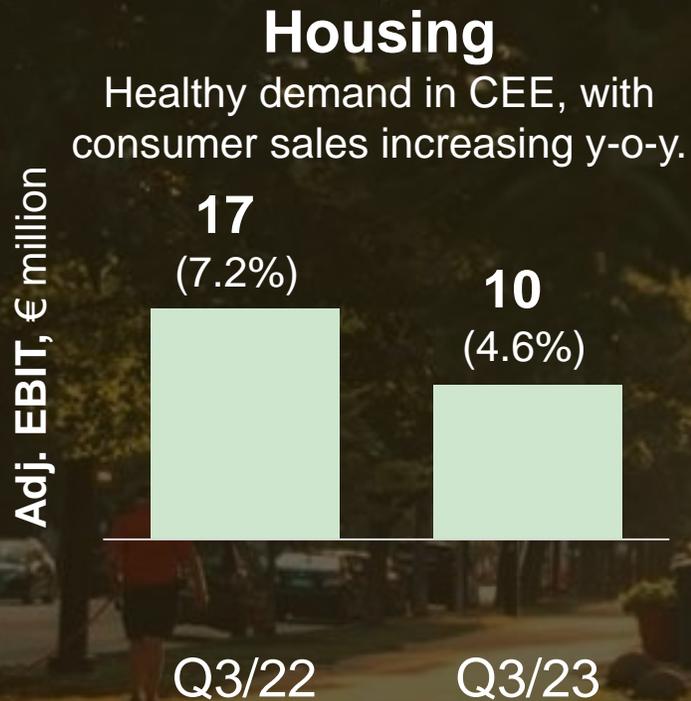
# Q3 was another step forward for YIT

- Supported by the actions taken to improve net working capital efficiency, operating cash flow for the quarter improved significantly from the comparison period.
- Transformation progressing ahead of schedule and with lower than anticipated costs.
- With the actions taken by the end of the third quarter, YIT will gain annualised inflation-adjusted run-rate cost savings of EUR 20 million by the end of 2024. In addition, we are expecting to achieve a significant amount of project-related efficiency gains.
- Good progress in capital release program with 400M€ potential\*, several discussions ongoing.
- Important part of the transformation is enhancing the competences of the personnel in project management capabilities and productivity. After the launch of the program, over 1,200 participants have joined training sessions on lean construction, contract management, procurement and profitability management.

# Adjusted operating profit amounted to EUR 16 million in Q3



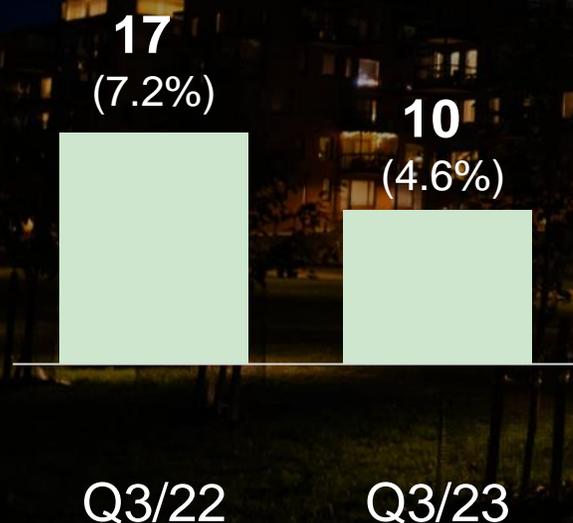
# Finnish housing demand continued slow; supported by the contracting segments





# Housing: Healthy demand in CEE offsetting low consumer sales in Finland

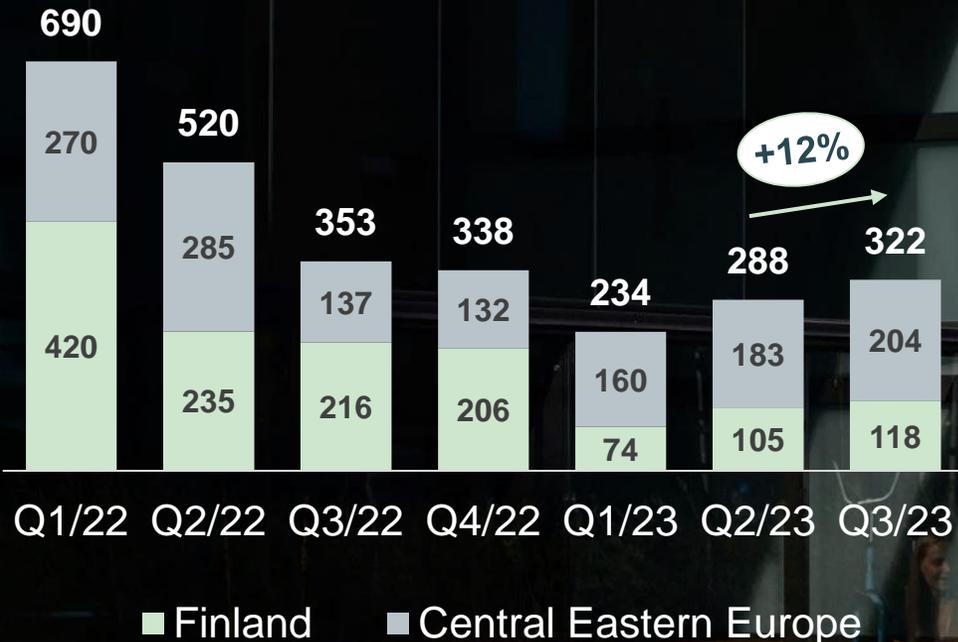
Adjusted EBIT,  
€ million



- Profitability impacted by lower apartment sales in Finland, partly offset by increasing sales in CEE
- 108 new start-ups during Q3, of which 32 in Finland and 76 In CEE
- Despite the increased number of unsold apartments, the construction cost will burden the cash flow significantly less in the coming quarters as major part of the consumer apartments under construction will be completed in the last quarter of the year.
- The portfolio of unsold completed apartments are located in attractive housing areas and consist of an attractive mix of different sized apartments.

# Consumer apartment sales in CEE increased 49% y-o-y

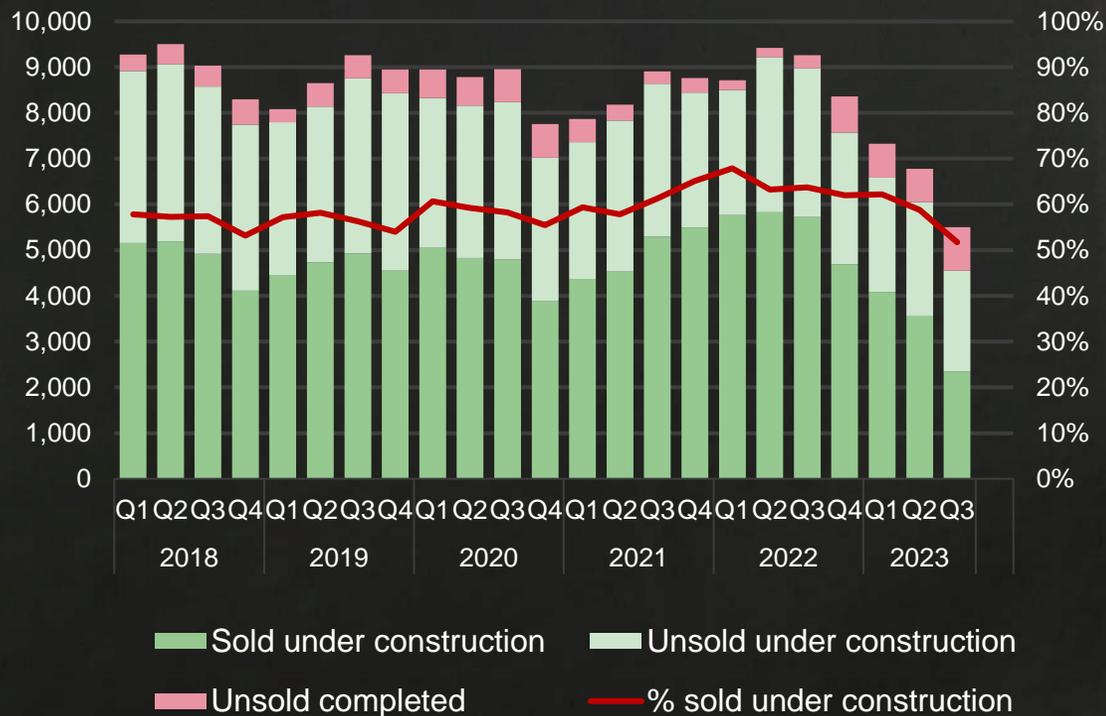
Sold to consumers, housing units



- Consumer sales in Finland increased +12% and in CEE +11% compared to Q2
- Second consecutive quarter for the segment with improved sales
- During the quarter, sales improved in Poland, the Czech Republic and Latvia

# The increase of the capital tied up to apartments will slow down

**Total number of apartments under construction and unsold, housing units**



- Total number of apartments under construction was 4,553 (8,976)
- The number of unsold completed apartments increased from previous quarter to 948 (Q2/2023: 730)
- Sales rate of apartments under construction at 52% (R24M: 62%), reflecting lower portion of investor sales

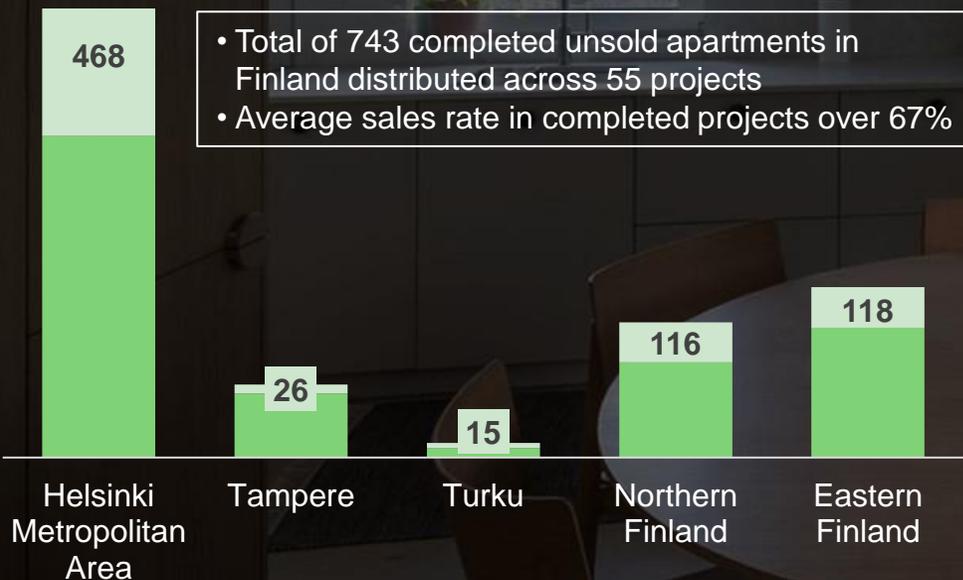
# Q4 completions will take place in the CEE

Estimated completions of consumer apartments under construction, housing units

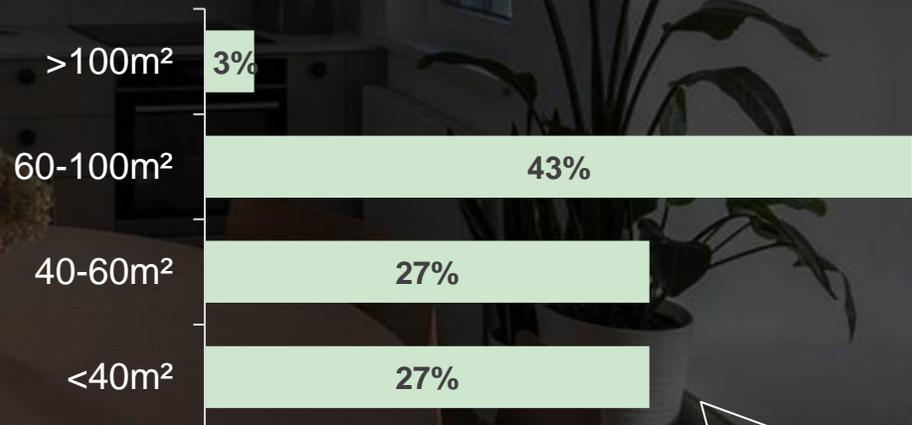


# Portfolio of unsold completed apartments is well-balanced in terms of location and size

## Sales status of completed housing projects with unsold apartments in Finland by region



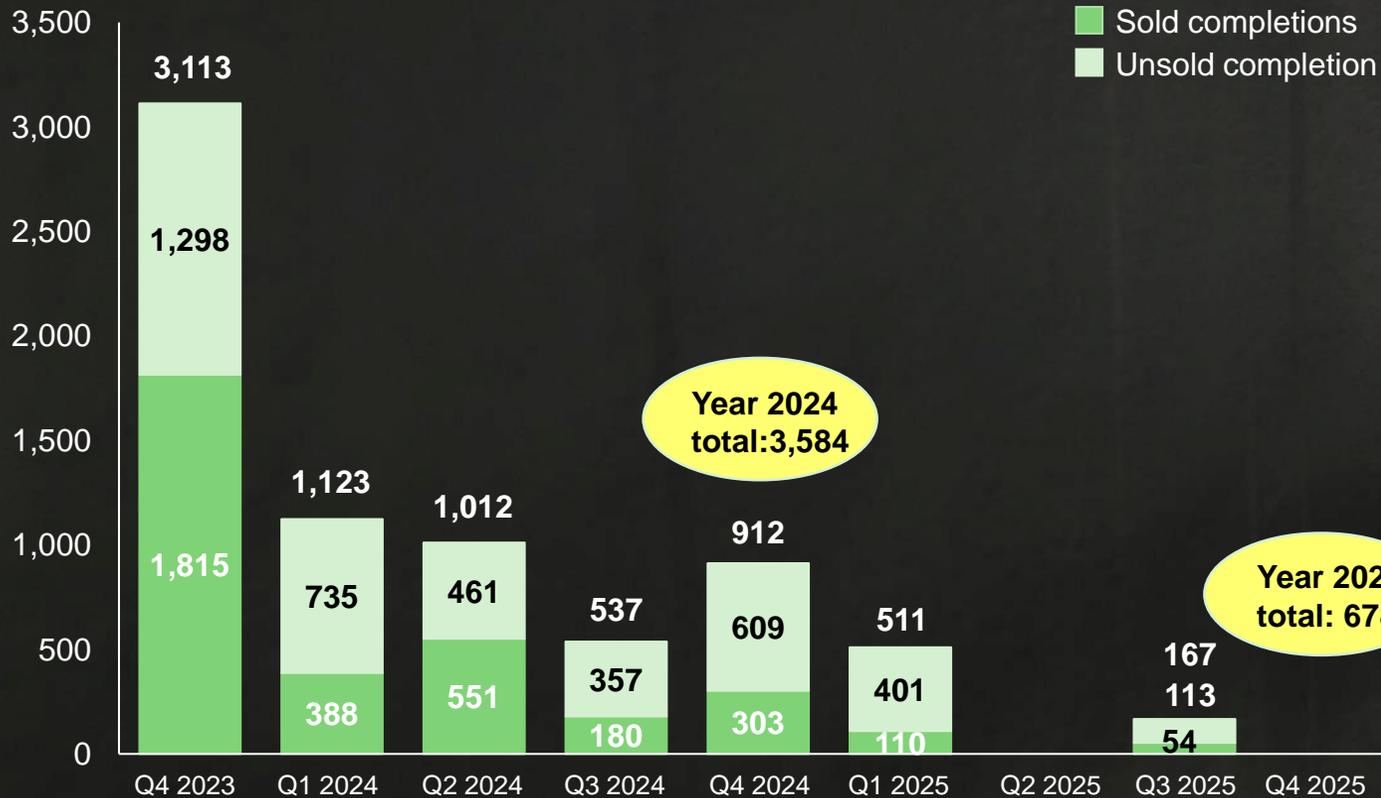
## Size distribution of the unsold completed apartments in Finland



More than half of the <40m² apartments are located in the Helsinki Metropolitan Area

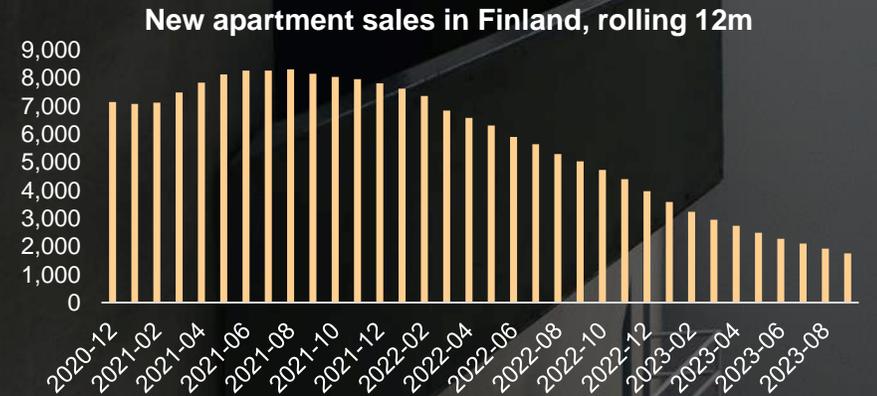
# Finnish housing market completions outlook Q4 2023 – Q4 2025

Number of self-developed housing unit completions in the Finnish market by quarter



Source: Project list from STH Group 4/2023, company websites

- Industry is balancing out followed by a clear drop in supply
- Implications to overall construction industry volumes
- Could lead to supply shortages and consequently price increases
- YIT's estimated market share ~30% in Q3/23.

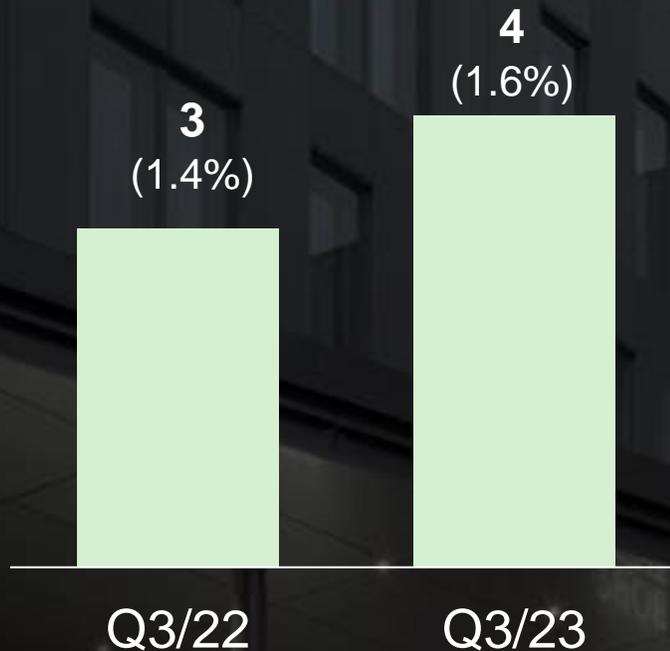


Source: Federation of Real Estate Agency



# Business Premises: Revenue and profit improved

Adjusted EBIT,  
€ million

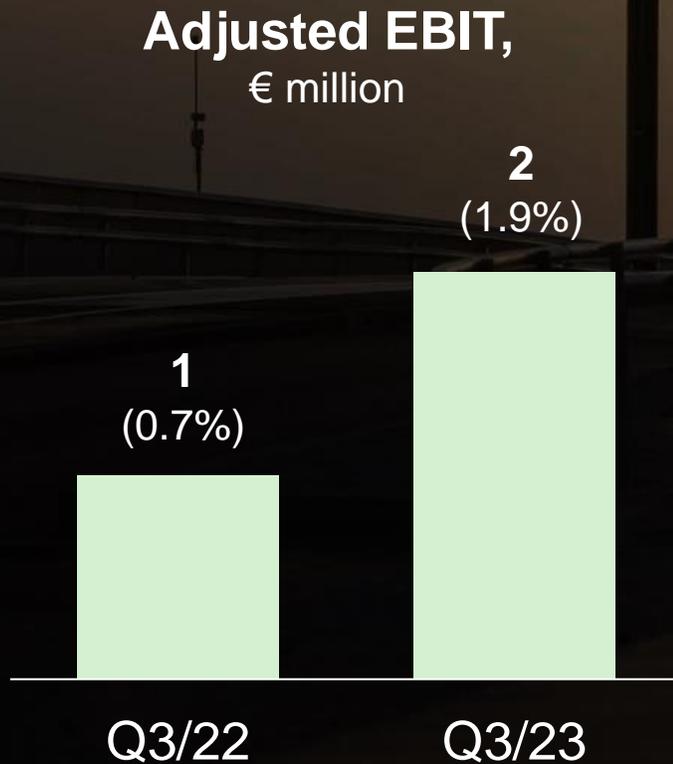


- Revenue increased supported by the sale on Maistraatinportti office property
- Higher construction material prices weighed on margins in fixed price projects started before the surge in price inflation
- Order book remained stable in the quarter



# Infrastructure:

## Stable order book, improved profitability



- Underlying performance stable, supported by enhanced project management
- Low-margin legacy projects continued to weigh on profitability in Sweden
- Good accomplishments in alliance projects – the newest the Pirkkala-Linnainmaa tramway alliance

**Market environment remained stable; housing market in Finland expected to continue to be weak**

	Housing market	Real estate market	Infra-structure market
Finland	Weak →	Normal →	Normal →
Baltic countries	Weak →	Normal →	
Central Eastern Europe	Normal →	Normal →	
Sweden			Good →

Q3 market environment

Good

Normal

Weak

Short-term market outlook

Improving

Stable

Weakening

# Q3 in numbers

Order book  
amounted to  
**€3,391**  
million  
(Q2/23: 3,540)

Adjusted EBIT  
decreased to  
**€16**  
million  
(21)

Operating cash  
flow after  
investments  
amounted to  
**€-3**  
million  
(-149)

Net debt  
amounted to  
**€820**  
million  
(590)  
(Q2/23: 819)

# Stable order books in Business Premises and Infrastructure during Q3

Order book, € million



- Stable order intake in Business Premises and Infrastructure
- Order book in Business Premises includes EUR 332 million of service periods for life-cycle projects
- Order book in Housing impacted by lower apartment start-ups

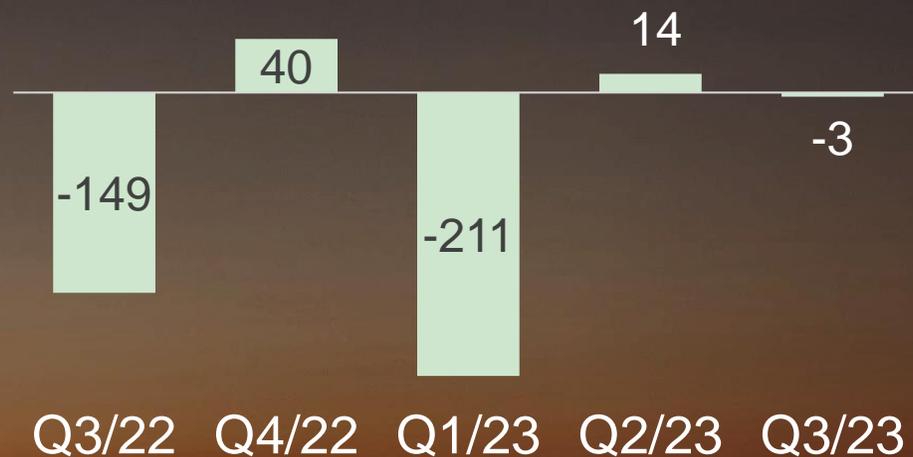
# Profitability burdened by housing market headwinds in Finland

Adjusted EBIT bridge per segment, € million

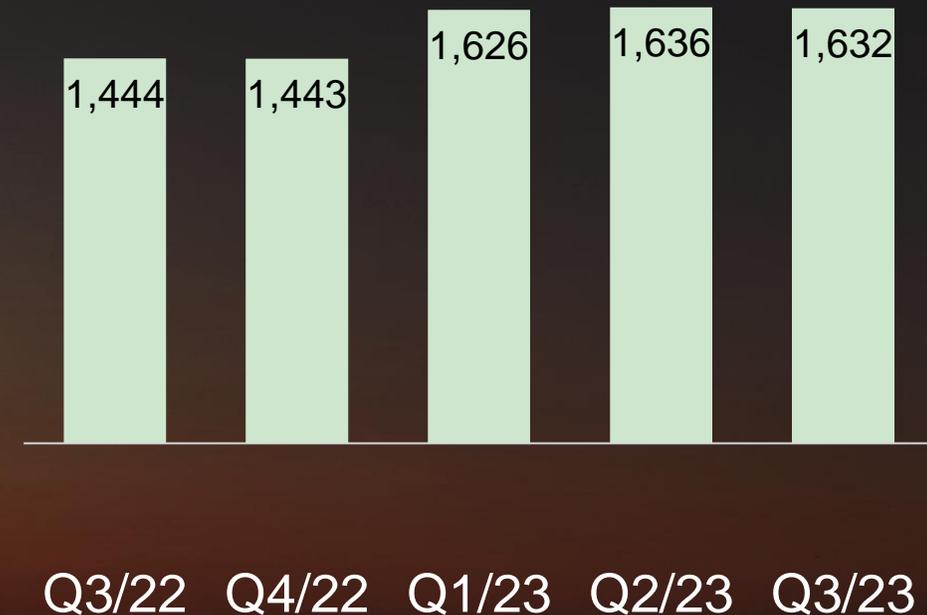


# Cash flow supported by actions to improve capital efficiency

Operating cash flow after investments, € million

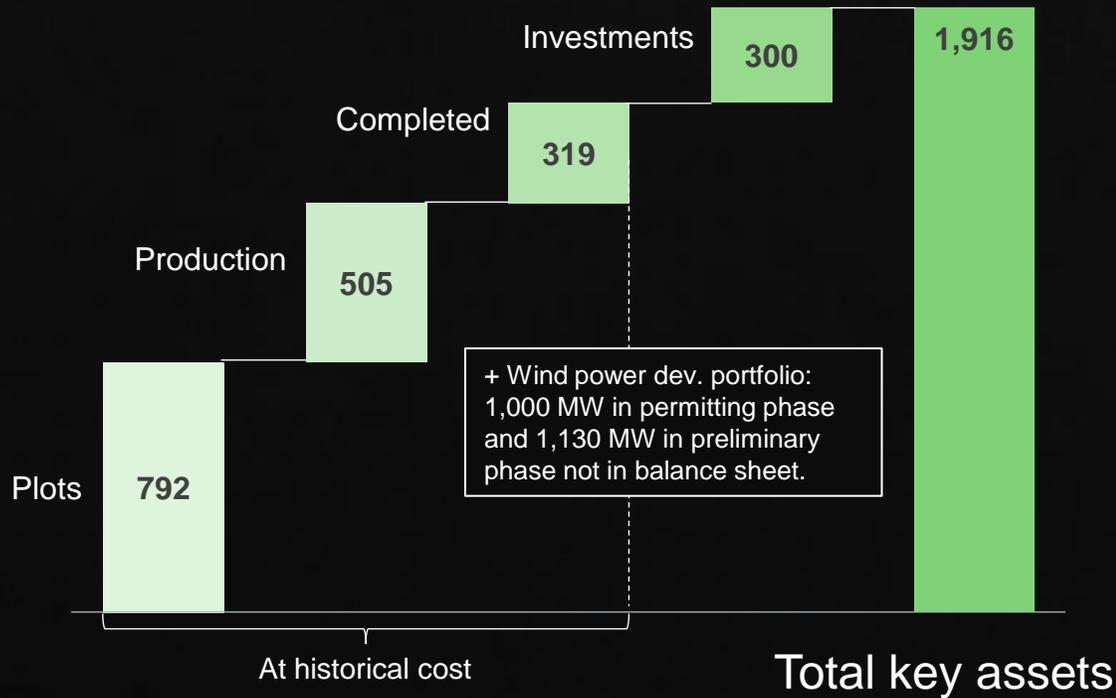


Capital employed, € million

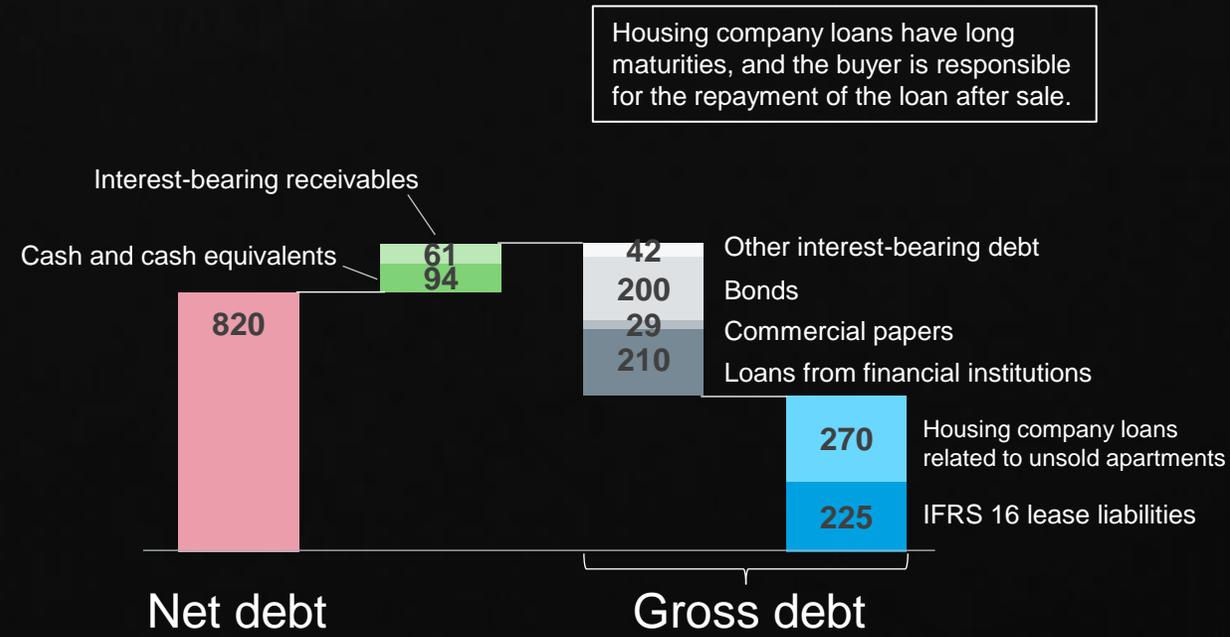


# Net debt remained stable during the quarter

Distribution of key assets in balance sheet, € million



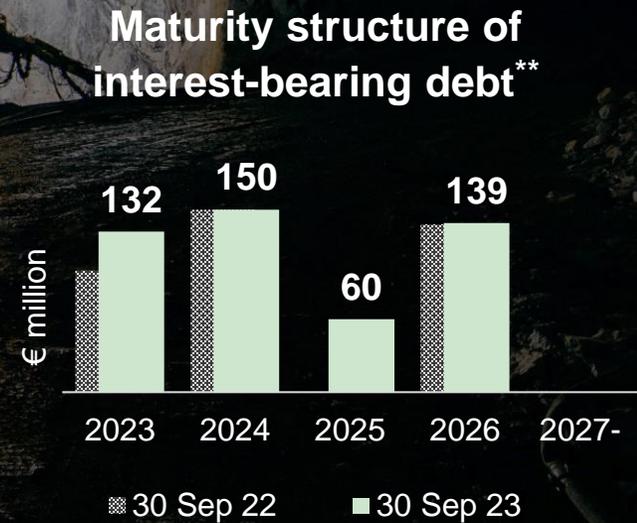
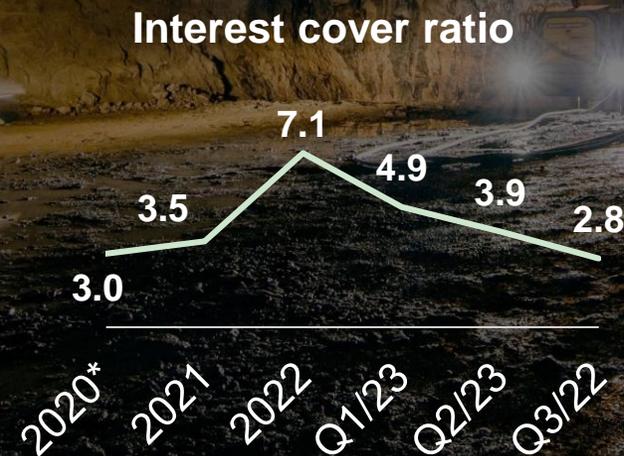
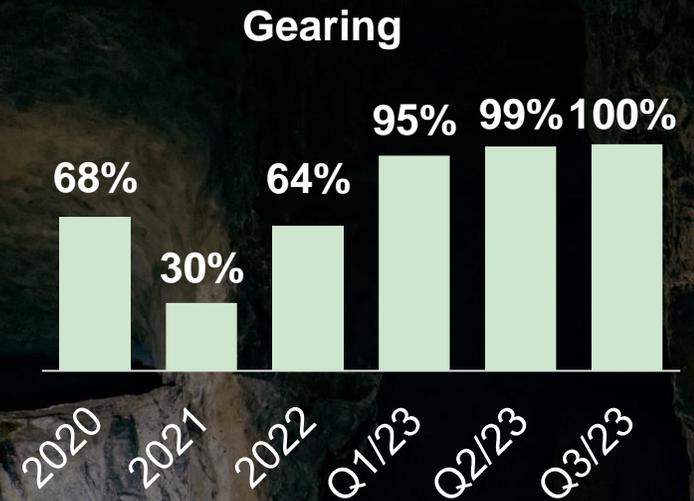
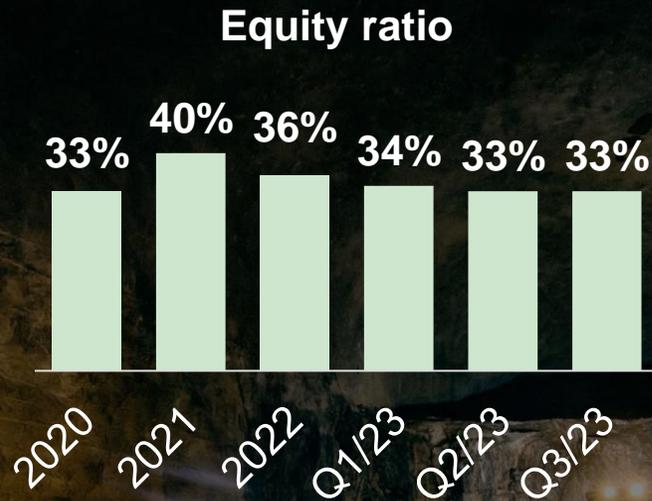
Distribution of interest-bearing debt, € million



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

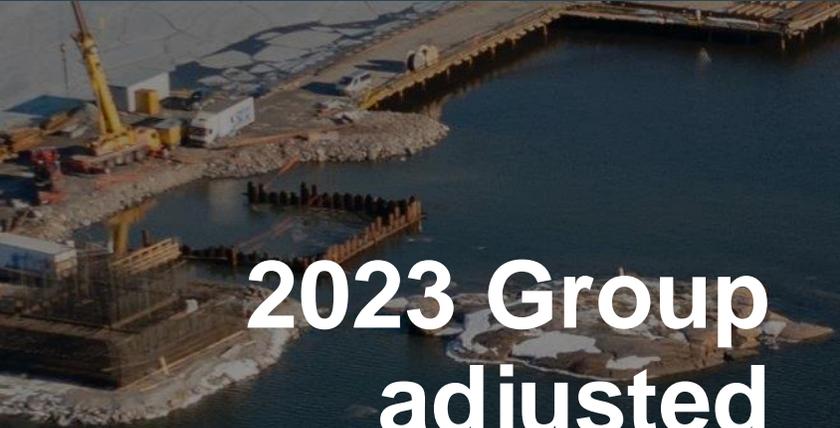
The hybrid bond, €100 million, is recorded as part of equity under IFRS and therefore excluded from this paragraph.

# Gearing at 100%; measures ongoing to manage maturity structure



\*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, €270 million and lease liabilities, €225 million. The hybrid bond, €100 million, is recorded as part of equity under IFRS and therefore excluded from this paragraph.



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

**(2022: EUR 110 million)**

The housing market recovery in Central Eastern Europe is expected to further continue. In Finland, the market is expected to continue to be weak in the fourth quarter. In Business Premises and Infrastructure, the underlying operational performance is expected to improve, but 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. Delayed apartment completions could lead to the postponement of revenue and profit from one quarter or a year to another.

# **Actions to improve the financial position are starting to have an effect**

**Our underlying asset base is strong**

**Several ongoing actions to improve the capital efficiency**

**Cash flow improvements are on a good track and the net debt has stabilised**



# Navigating through the current cycle with clear focus

**Robust cost  
management and  
capital efficiency  
measures**

**Serving  
customers with  
market-leading  
capabilities**

**Evaluating risks and  
opportunities  
arising from the  
market**

## Additional information

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YIT's  
Financial Statements Bulletin 2023  
will be published on Friday,

**9 Feb**  
**2024**

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# Appendices

I. Key figures

II. Housing sales and start-ups

# I. Key figures

€ million	7-9/23	7-9/22	1-12/22
Revenue	553	560	2,403
Operating profit	13	16	102
Operating profit, %	2.4	2.9	4.2
Adjusted operating profit	16	21	110
Adjusted operating profit margin, %	2.9	3.7	4.6
Result before taxes	1	11	74
Result for the period, continuing operations	1	7	63
Result for the period, including discontinued operations	1	7	-375
Earnings per share, continuing operations, EUR	0.00	0.03	0.28
Operating cash flow after investments	-3	-149	-281
Net interest-bearing debt	820	590	569
Gearing ratio, %	100	69	64
Equity ratio, %	33	36	36
Return on capital employed, % (ROCE, rolling 12 months)	4.4	8.1	8.4
Order book	3,391	4,089	3,702
Combined lost time injury frequency (cLTIF, rolling 12 months)	13.2	12.5	13.3
Customer satisfaction rate (NPS)	51	48	49

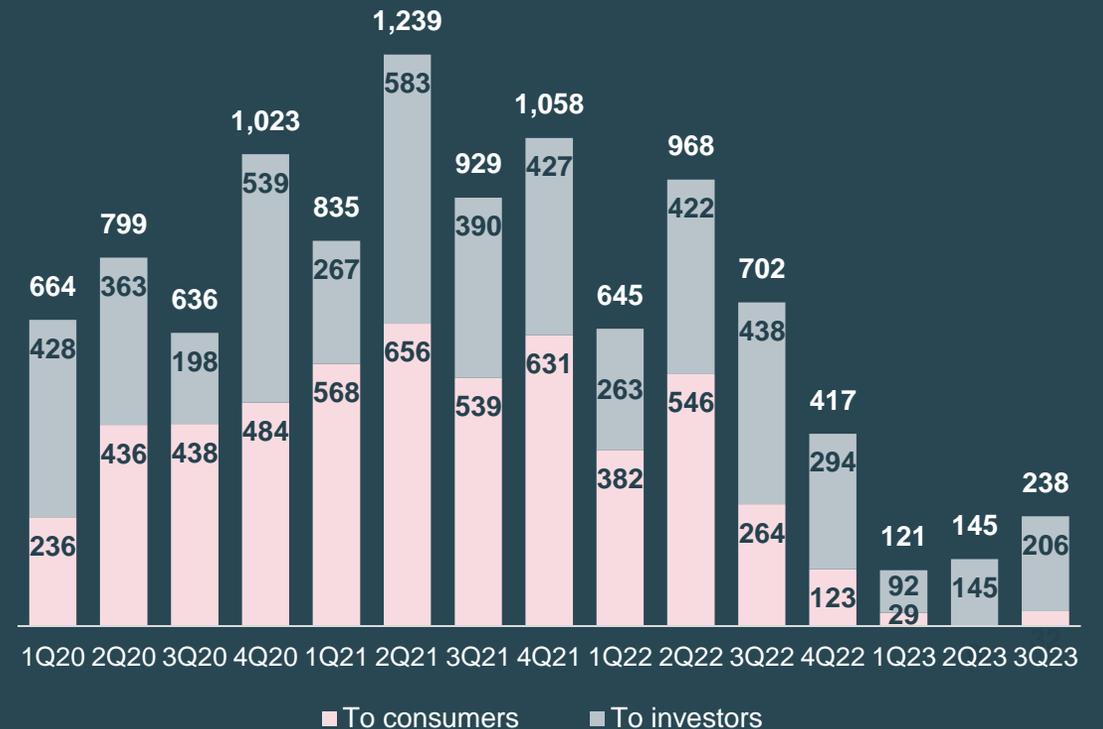
# The Housing segment in Finland

## II. Sales and start-ups Q1/2020-Q3/2023

### 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.

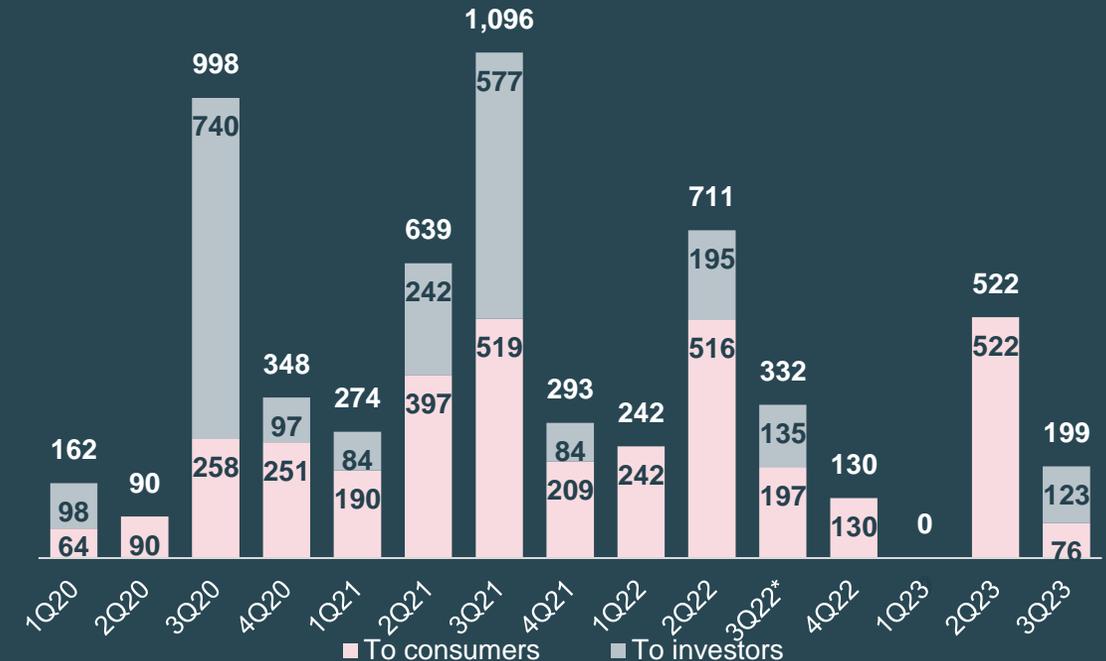
# The Housing segment in Central Eastern Europe

## II. Sales and start-ups Q1/2020-Q3/2023

### 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".



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