

The YIT logo is displayed in white, stylized letters in the top left corner of the image. The background is a photograph of a modern brick apartment building with balconies, surrounded by lush green trees and a grassy courtyard with hammocks.

 yitgroup.com

Q4

Financial Statements Bulletin 1-12/2023

Heikki Vuorenmaa – President and CEO
Tuomas Mäkipeska – CFO

Arma Park, Warsaw, Poland

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Operating cash flow after investments and financial position improved towards the end of the year

Positive development
in Housing CEE, low
consumer sales in
Finland

Underlying operational
performance improved
in Business Premises
and Infrastructure

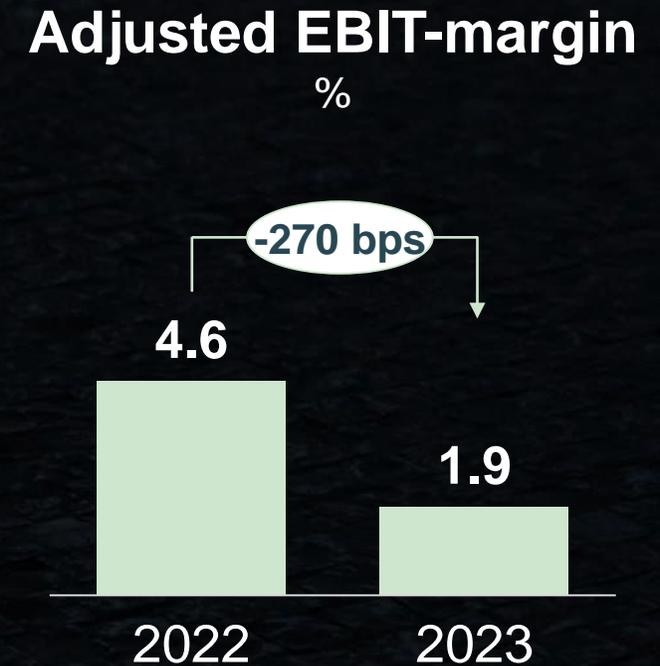
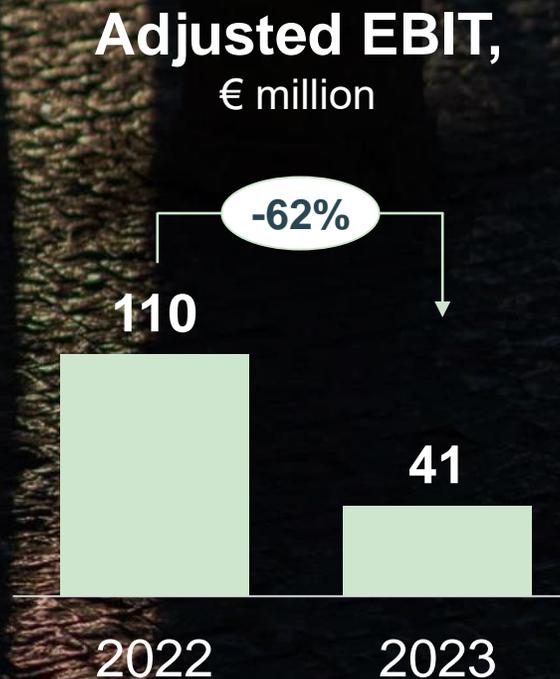
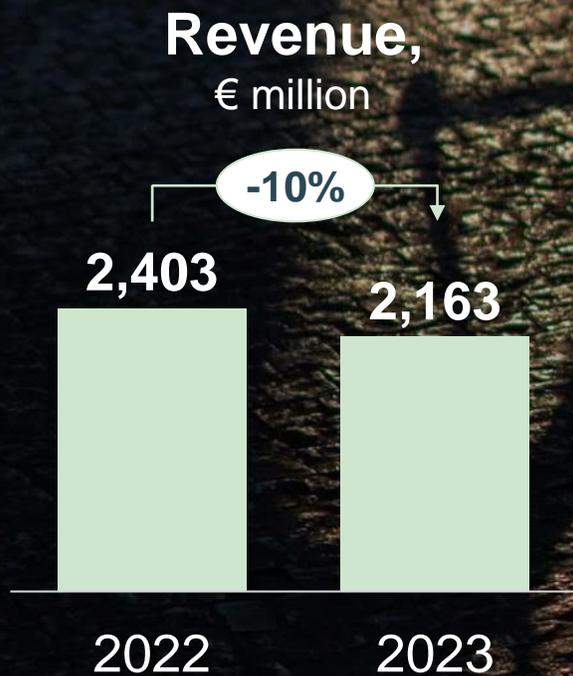
Significant progress
in cost management
and capital release
actions

2023 in brief

- Unprecedentedly challenging housing market in Finland in the beginning of the year, followed by a slow market recovery and overall weak market
- YIT adapted the business to respond to the decreased demand by simplifying the organisation, streamlining internal operating models and improving productivity
- The transformation program, launched in February 2023, is delivering on the targets set and progressing faster than initially anticipated
- With the actions taken by the end of 2023, YIT will gain annualised inflation-adjusted run-rate cost savings of EUR 25 million by the end of 2024. In addition, a significant amount of project-related and capital efficiency gains are expected
- Key focus on capital allocation; optimising the use of capital and allocating it to get the best return
- Capital release actions, released in June 2023, are progressing according to plan
- Actions completed by the end of 2023 will result in releasing approximately EUR 100 million* of capital
- The actions to improve net working capital are proceeding according to plan, approximately EUR 120 million of efficiencies received by the end of 2023
- Operating cash flow was affected by the first quarter negative cash flow in the Housing segment. From the second quarter onwards, cash flow improved, supported by successful capital release actions
- Net debt and gearing trended downwards towards the end of the year

*Excluding inventory items such as self-developed projects, unsold apartments or plots.

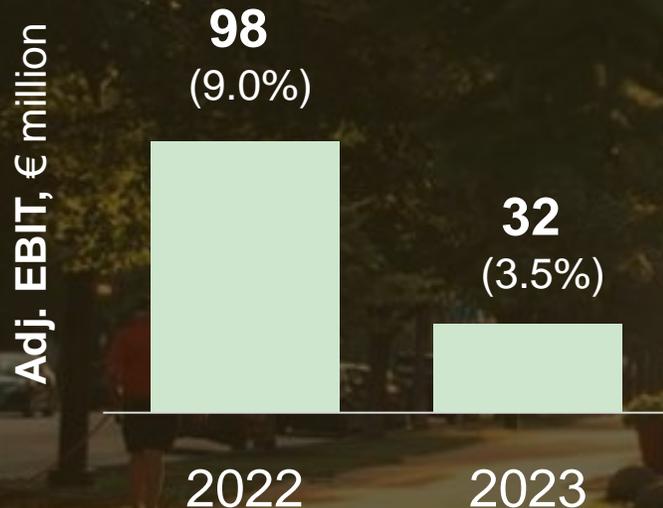
Adjusted operating profit amounted to EUR 41 million in 2023



Finnish housing demand continued slow; profitability in Infrastructure increased

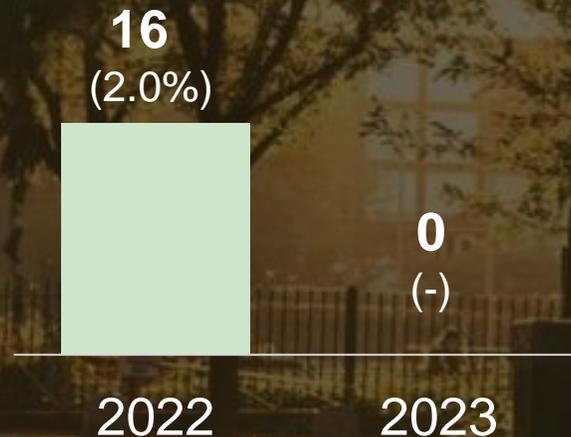
Housing

Healthy demand in CEE, with all-time-high operating profit in 2023



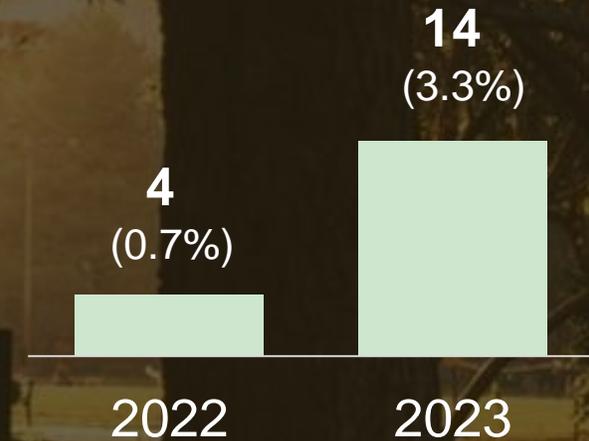
Business Premises

Rising yields and high construction material prices in fixed price projects burdened the profitability



Infrastructure

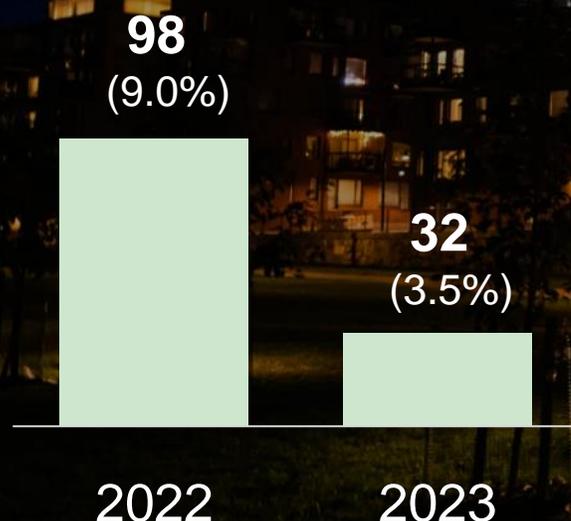
Adj. EBIT in Finland EUR 18 million (5.1%)





Housing: Low consumer sales in Finland, all-time high profit in CEE

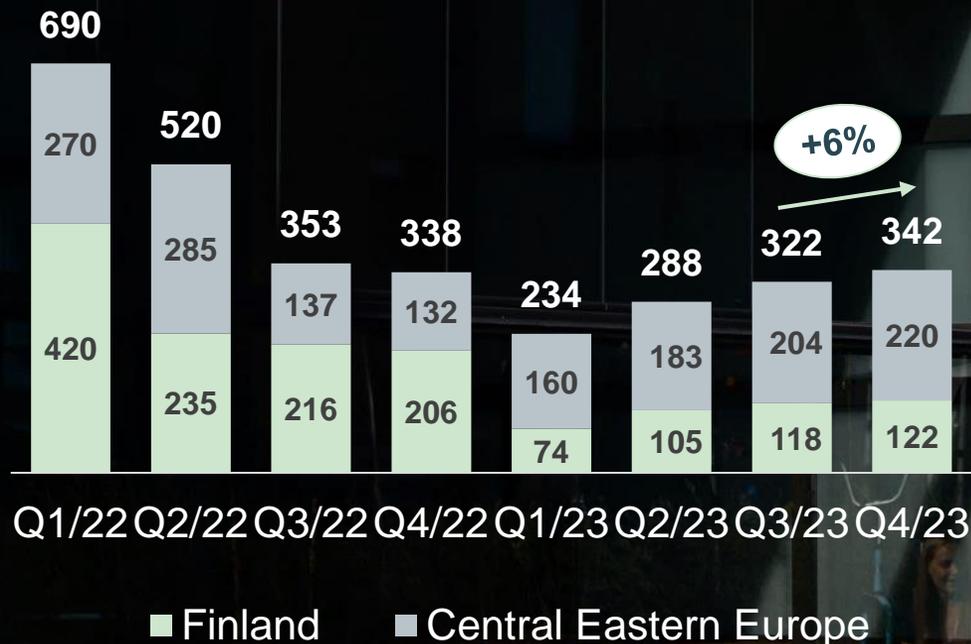
Adjusted EBIT,
€ million



- Deep slowdown in demand affected the Finnish housing market in 2023, overall new apartment sales decreased by over 60%
- Profitability was impacted by lower apartment sales in Finland, offset by increasing sales and all-time high adjusted EBIT in CEE
- Consumer sales was 1,186 apartments in 2023; 419 apartments in Finland and 767 apartments in CEE countries
- 863 new start-ups during 2023, of which 91 in Finland and 772 in CEE countries
- The portfolio of unsold completed apartments is located in attractive housing markets, with more than 90% of the units in capital regions or university towns in Finland and CEE countries

Consumer apartment sales in CEE increased 67% y-o-y in Q4

Sold to consumers, housing units



- Consumer sales in Finland increased by +3% and in CEE by +8% during the fourth quarter
- Third consecutive quarter for the segment with improved sales
- During the quarter, sales improved in Poland, the Czech Republic and Latvia

We have adapted our production to mitigate the changed market conditions

Total number of apartments under construction and unsold, housing units



- Total number of apartments under construction was 3,393 (7,565), majority of which located in CEE countries
- Sales rate of apartments under construction at 50% (R24M: 60%), reflecting lower portion of investor sales

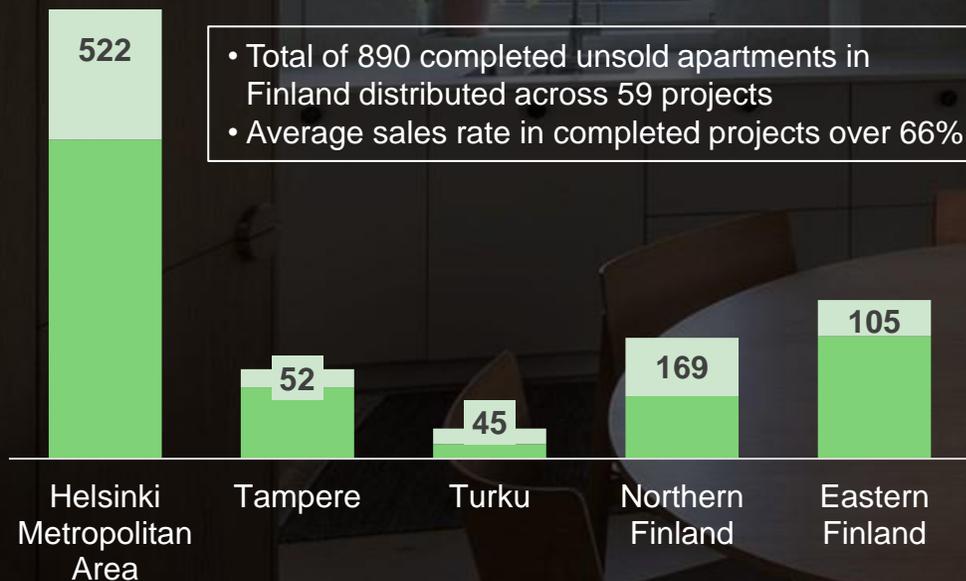
Most of YIT's completions in 2024 will take place in markets with healthier demand

Estimated completions of consumer apartments under construction, housing units

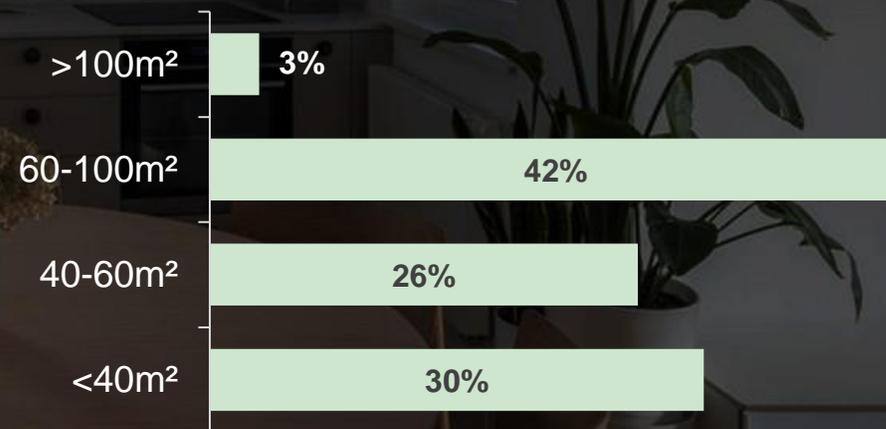


Portfolio of unsold completed apartments in Finland is well-balanced

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

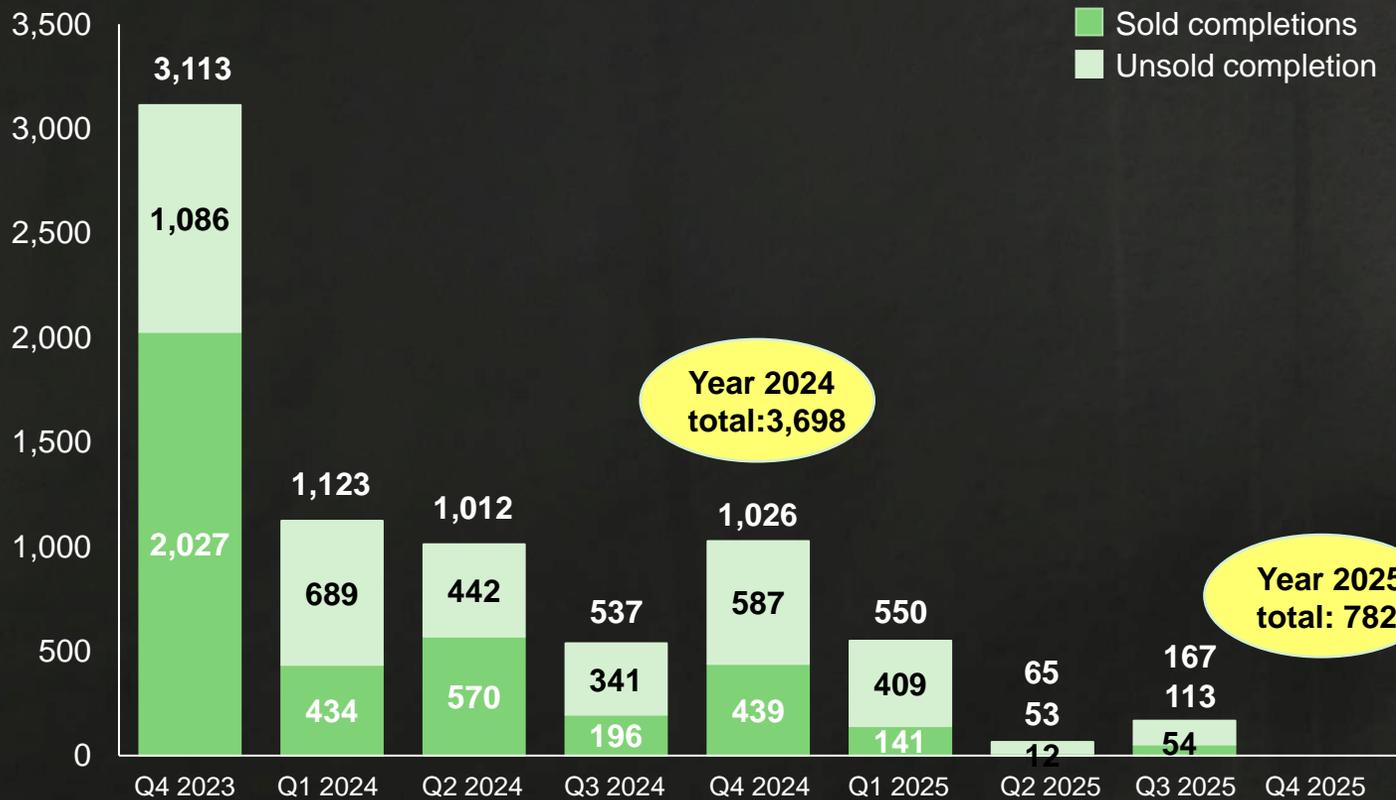


Size distribution of the unsold completed apartments in Finland



Finnish housing market completions outlook Q4 2023 – Q4 2025

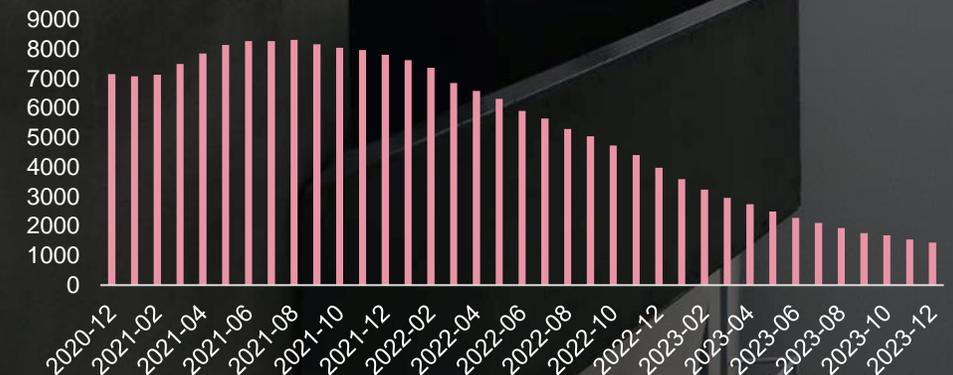
Self-developed housing unit completions in the Finnish market by quarter



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

- 4,200 unsold completed apartments in Finland at the end of 2023, out of which 890 (20%) YIT's
- We will see a clear drop in supply for next 18 months.
- According to The Confederation of Finnish Construction Industries, the outlook for the construction industry remains weak
- 2024 start-ups are expected to remain on low level, availability of housing may become bottleneck for cities growth

New apartment sales in Finland / Rolling 12 months

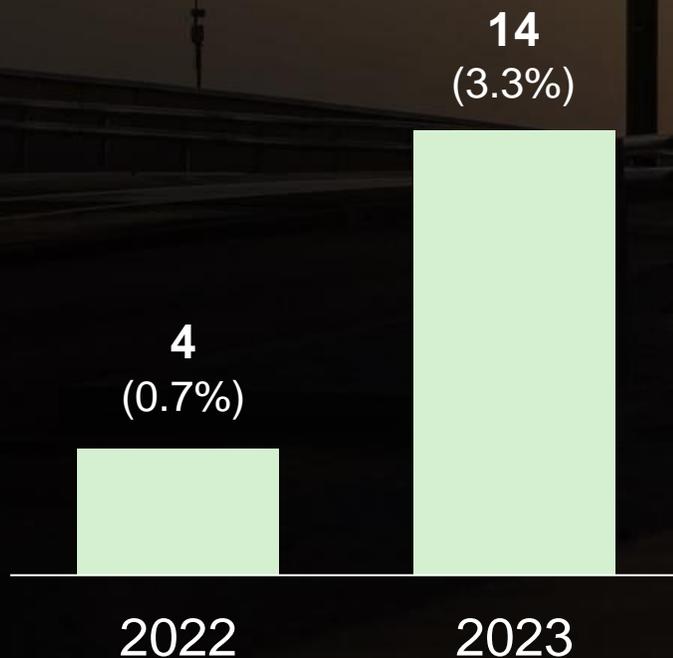


Source: Federation of Real Estate Agency



Infrastructure: Profitability and order book increased

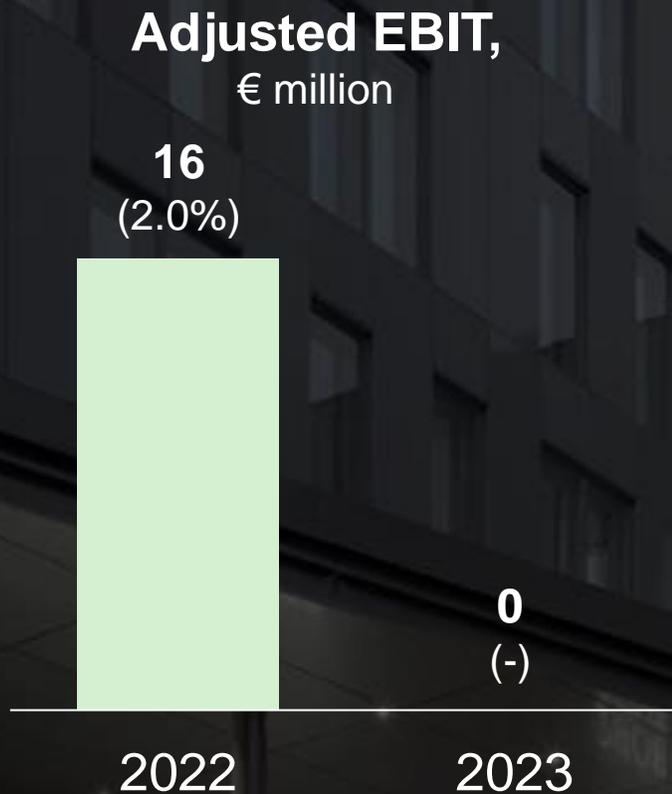
Adjusted EBIT,
€ million



- Adjusted operating profit improved supported by the improved performance of projects in Finland
- Finnish operations continued on a good track with adjusted operating profit increasing to EUR 18 million (16)
- As a result of the strategic review started in June 2023, the sale of the renewable energy business was completed, and a decision was made to close down operations in Sweden
- On 9 January 2024, YIT announced that it had agreed on the sale of the entire share capital of YIT Kalusto Oy, the company's subsidiary providing in-house equipment services, to Renta Oy



Business Premises: A challenging year impacted by inflation and rising yields



- Rising yields and high construction material prices in fixed price projects started before the surge in price inflation burdened the profitability
- Underlying performance improved from the previous year. The comparison period was supported by the sale of two self-developed projects
- Capital employed decreased, largely attributable to the sale of the Maistraatinportti office property

Market environment remained stable; housing market in Finland expected to continue to be weak in H1/24

	Housing market	Real estate market	Infra-structure market
Finland	→	→	→
Baltic countries	→	→	
Central Eastern Europe	→	→	

Q1 market environment

■ Good
 ■ Normal
 ■ Weak

Short-term market outlook

↗ Improving
 → Stable
 ↘ Weakening

Cash flow and financial position improved towards the end of the year

Order book
amounted to
€3,157
million
(Q3/23: 3,391)

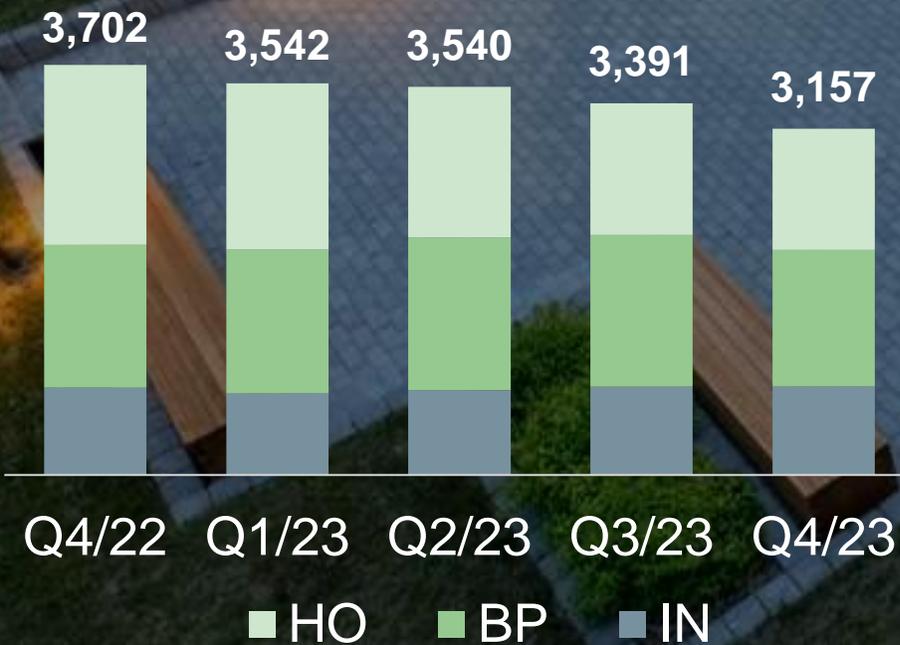
Adjusted EBIT
at
€41
million
(110)

Operating cash
flow after
investments
was
€-137
million
(-285)

Net debt
at
€795
million
(615)
(Q3/23: 869)

Order book on a positive track in Infrastructure

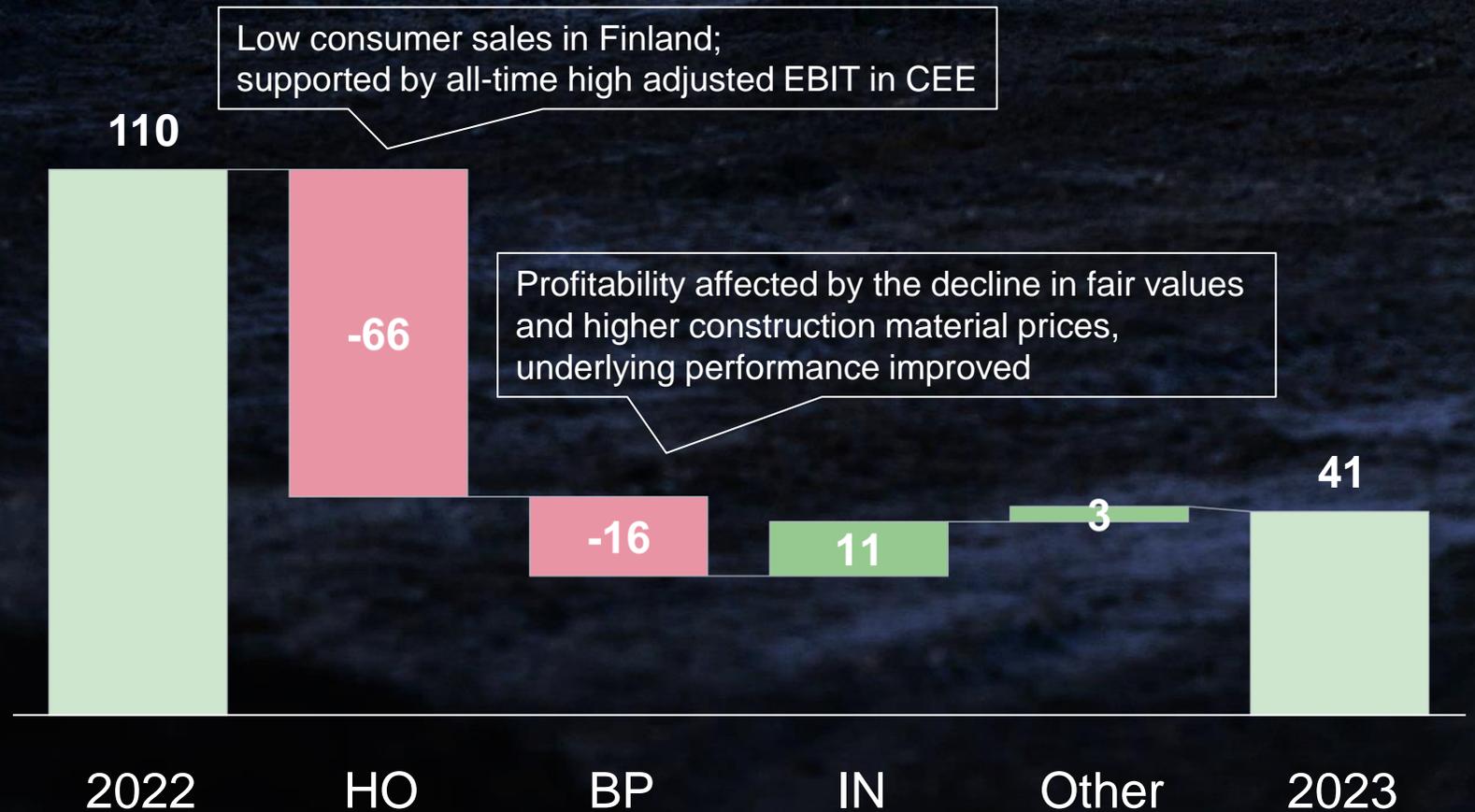
Order book, € million



- Order book improved from the comparison period and Q3 in Infrastructure. Stable order intake in Business Premises
- Order book in Business Premises includes EUR 322 million of service periods for life-cycle projects
- Order book in Housing impacted by lower apartment start-ups

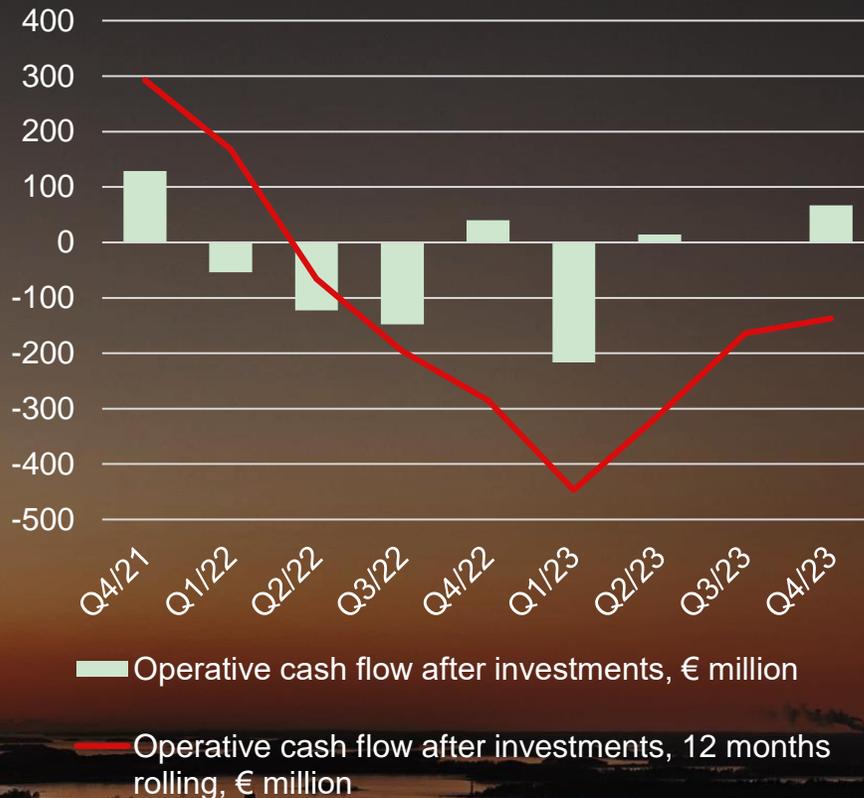
Profitability burdened by housing market headwinds in Finland

Adjusted EBIT bridge per segment, € million

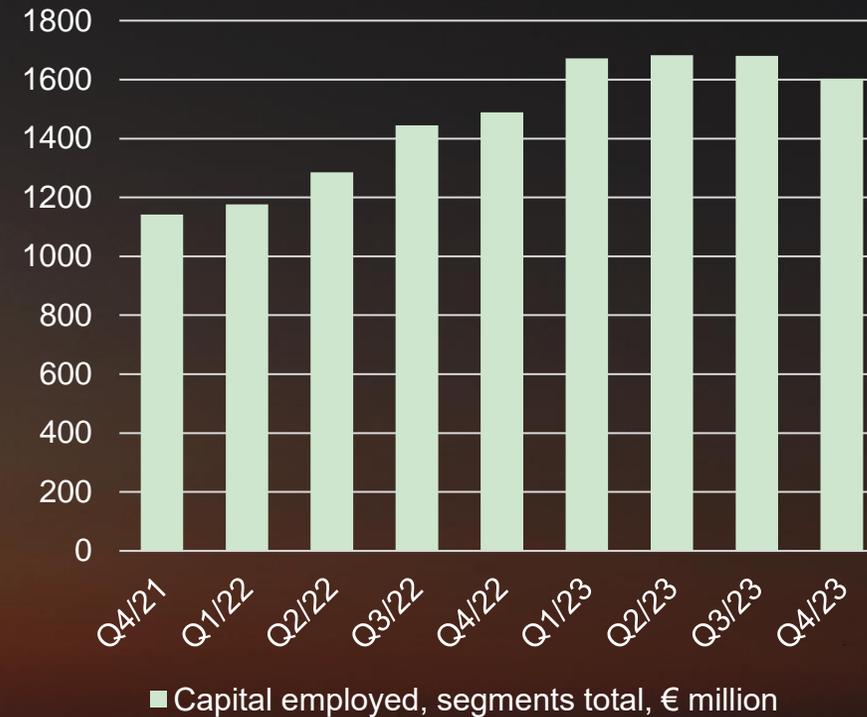


Cash flow improved as a result of the successful efficiency actions

Operating cash flow after investments, € million



Capital employed, € million



More than EUR 200 million of efficiency actions taken

Capital gains and releases

- Sale of the renewable energy business
- Cash conversion process efficiencies and cost efficiency measures
- Sale of the SIA LiveOn co-investment vehicle

Total ~ EUR 100 million

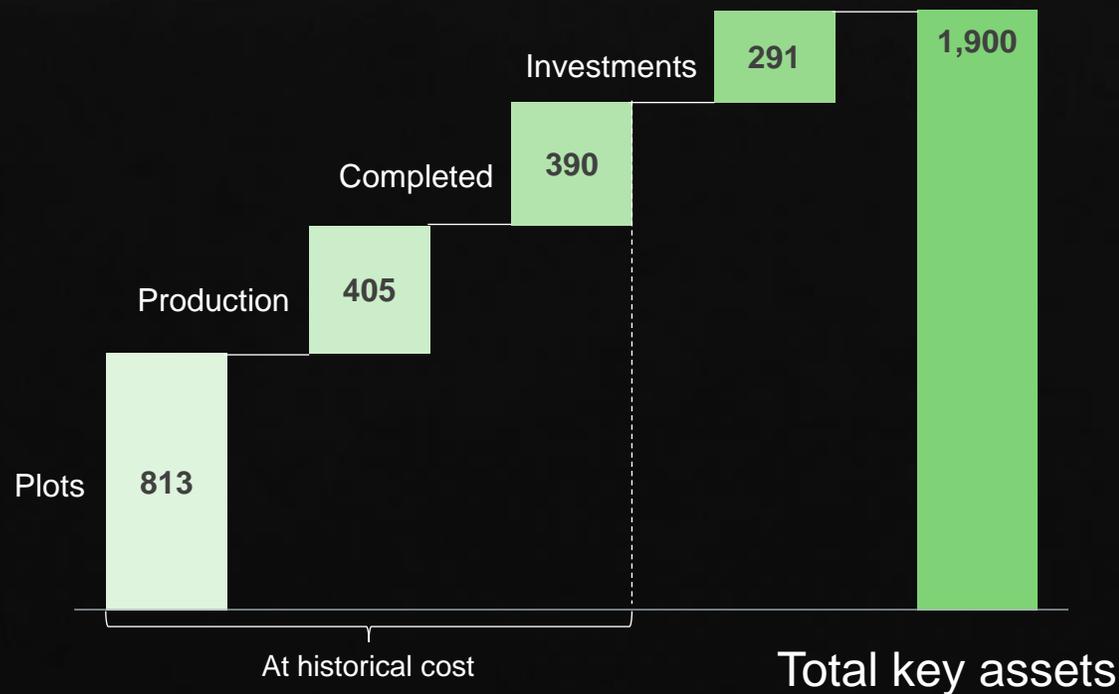
Net working capital efficiencies

- Sale of the Maistraatinportti office property
- Plots in Finland and CEE countries
- Housing bundle deals in Finland

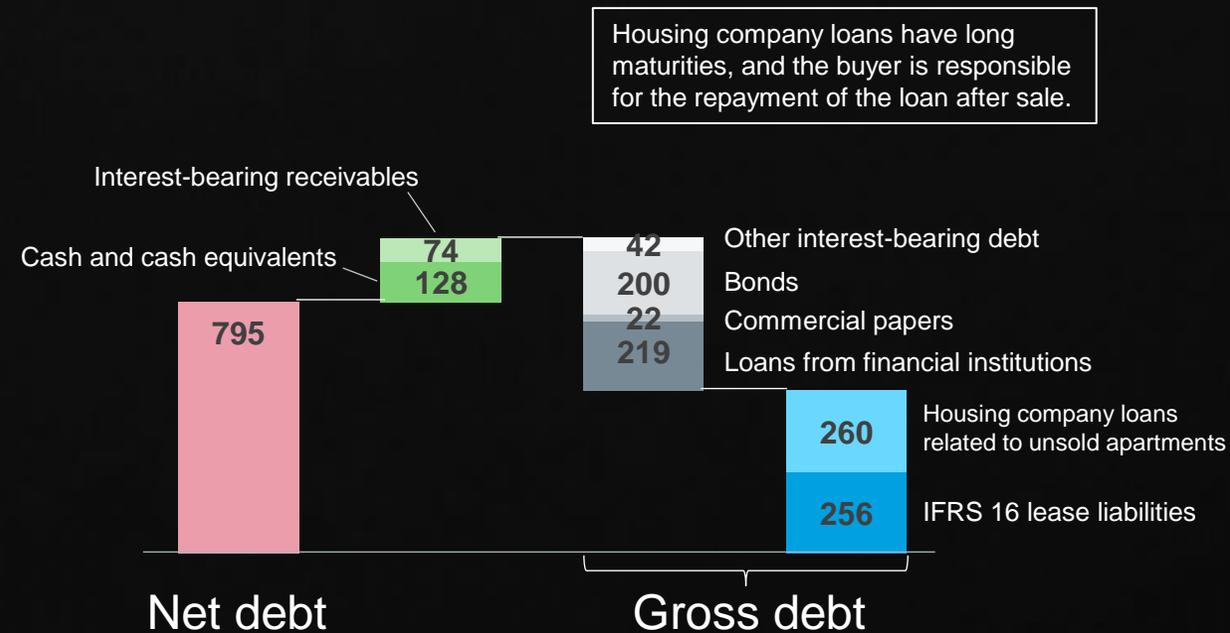
Total ~ EUR 120 million

Net debt decreased during the fourth quarter

Distribution of key assets in balance sheet, € million



Distribution of interest-bearing debt, € million



Housing company loans have long maturities, and the buyer is responsible for the repayment of the loan after sale.

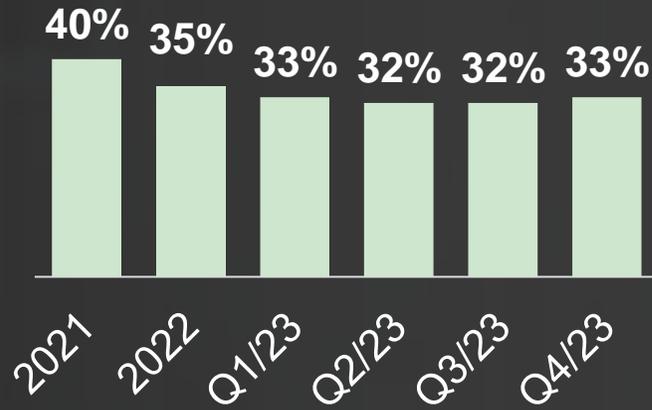
Plots = Plot reserve; Leased plot reserve
 Production = Work in progress; Raw materials and consumables; Leased plots, WIP; Advance payments; Other
 Completed = Completed apartments and real estate; Leased plots, completed apartments and real estate
 Investments = Equity investments; Investments in associated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

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

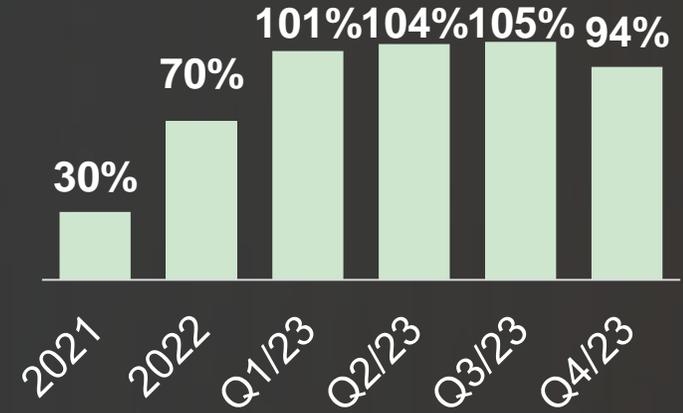


Gearing improved in the fourth quarter

Equity ratio



Gearing



Interest cover ratio



Maturity structure of interest-bearing debt*



*Excluding housing company loans related to unsold apartments, €260 million and lease liabilities, €256 million. The hybrid bond, €100 million, is recorded as part of equity under IFRS and therefore excluded from this paragraph.



**2024 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 first half 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.

Actions to improve the financial position continue

Our underlying
asset base is
strong

Ongoing
actions to
improve capital
efficiency and
net working
capital

Cash flow
improvements on a
good track,
indebtedness
trending
downwards



Our agenda is focused and creates sustainable long-term competitive advantages

Improve Segments profitability, while substantially releasing capital employed

Serving customers with market-leading capabilities

Evaluating risks and opportunities arising from the market

Additional information

YIT Investor Relations
investorrelations@yit.fi

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

YIT's
Interim Report Q1/2024
will be published on Tuesday,

30 April
2024

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Appendices

I. Key figures

II. Housing sales and start-ups

I. Key figures

€ million	10-12/23	10-12/22	1-12/23	1-12/22
Revenue	597	779	2163	2,403
Operating profit	33	42	51	102
Operating profit, %	5.5	5.3	2.4	4.2
Adjusted operating profit	13	42	41	110
Adjusted operating profit margin, %	2.2	5.4	1.9	4.6
Result before taxes	13	35	-5	74
Result for the period, continuing operations	17	28	3	63
Result for the period, including discontinued operations	17	28	3	-375
Earnings per share, continuing operations, EUR	0.08	0.13	-0.01	0.28
Operating cash flow after investments	67	40	-137	-285
Net interest-bearing debt	795	615	795	615
Gearing ratio, %	94	70	94	70
Equity ratio, %	33	35	33	35
Return on capital employed, % (ROCE, rolling 12 months)	2.5	8.4	2.5	8.4
Order book	3,157	3,702	3,157	3,702
Combined lost time injury frequency (cLTIF, rolling 12 months)	12.1	13.3	12.1	13.3
Customer satisfaction rate (NPS)	52	49	52	49

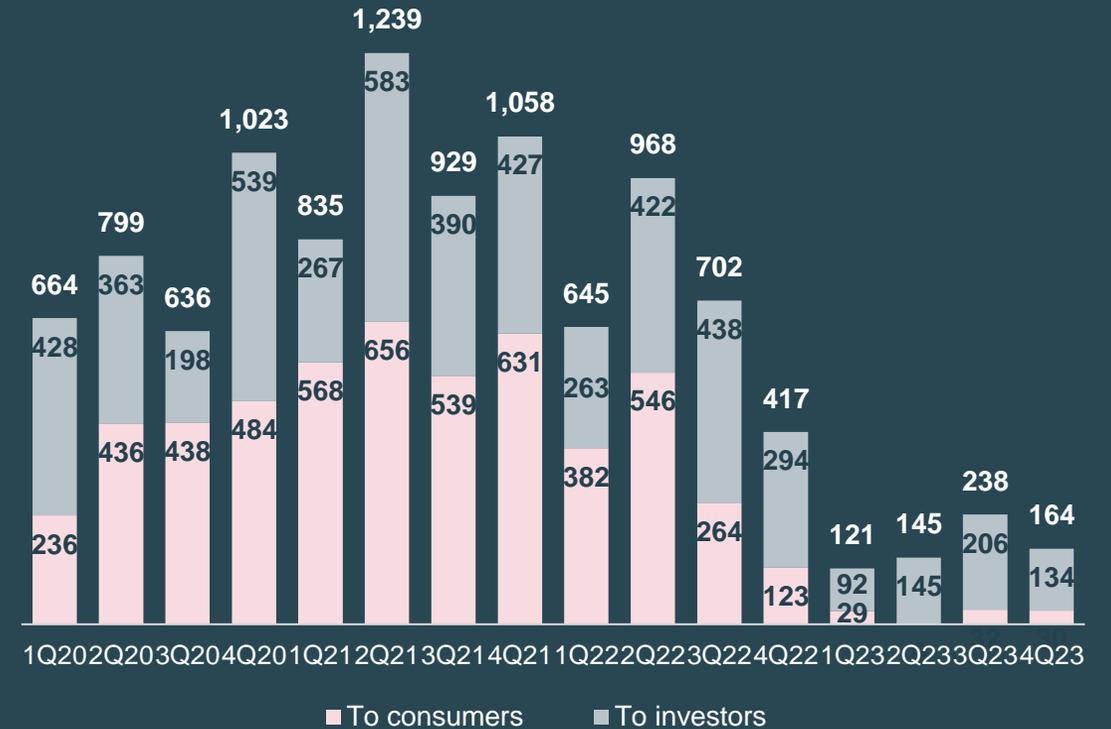
The Housing segment in Finland

II. Sales and start-ups Q1/2020-Q4/2023

SOLD APARTMENTS, units



APARTMENT START-UPS, units



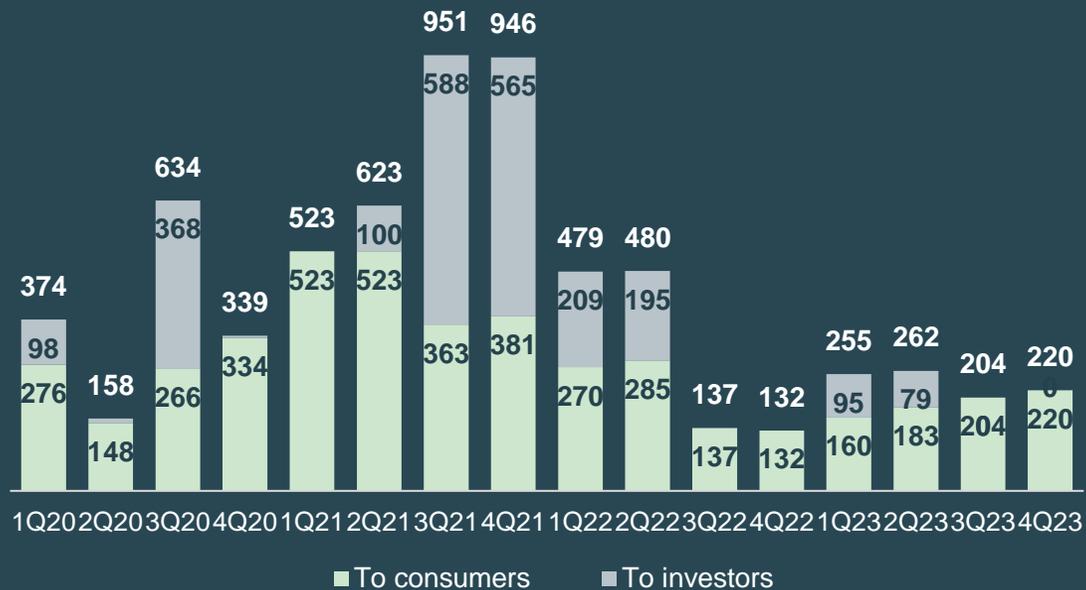
*Q1/2023 "To investors" figure includes 144 units initially started for consumers from a bundle deal.

*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-Q4/2023

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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