Q3

YIT Corporation
Interim report 1-9/2020

30 October 2020

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Third quarter of 2020

Good results in housing segments supported by strong apartment sales. Group profitability negatively impacted by Business premises

- Group adjusted operating profit decreased to EUR 16 million (26).
- Cash flow improved year-on-year, balance sheet remained solid.
- The Business premises' result was burdened by a EUR 18 million margin reduction in revenue and cost estimates of the Tripla project and an inventory write-down of EUR 7 million.
- Actions to improve profitability, increase capital efficiency and strengthen the balance sheet have continued. YIT started the preparations to close down its infrastructure business in Norway and signed conditional contracts to sell plots in Russia.
- YIT announced on 23 October 2020 that Kari Kauniskangas was to leave his position as the President and CEO of the company and that Antti Inkilä had been appointed interim President and CEO.

July–September

- Revenue decreased by 15% to EUR 687 million (808).
- Adjusted operating profit was EUR 16 million (26).
- Adjusting items amounted to EUR 32 million (7) including, among others, a write-down of EUR 12 million related to the decision to close down Infrastructure operations in Norway and a write-down of EUR 13 million related to plots to be sold in Russia.
- Operating profit decreased to EUR -16 million (18).
- Earnings per share was EUR -0.12 (0.13).
- Operating cash flow after investments amounted to EUR -9 million (-27).
- Investments in plots in total was EUR 7 million (36).
- Net interest-bearing debt was EUR 740 million (983).
- Gearing was 84% (101).
- Order book amounted to EUR 3,831 million (4,764).
- Combined lost time injury frequency was 10.0 (June 30, 2020: 10.0).
- Customer satisfaction rate (NPS) was 54 (59).

January–September

- Revenue decreased by 6% to EUR 2,094 million (2,239).
- Adjusted operating profit decreased to EUR 29 million (45).
- Operating profit decreased to EUR -20 million (-17).
- Earnings per share was EUR -0.06 (-0.28).
- Operating cash flow after investments amounted to EUR 190 million (-81).

Key figures

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Revenue	687	808	2,094	2,239	3,392
Operating profit	-16	18	-20	-17	80
Operating profit margin, %	-2.4	2.3	-0.9	-0.7	2.4
Adjusted operating profit	16	26	29	45	165
Adjusted operating profit margin, %	2.4	3.2	1.4	2.0	4.9
Result before taxes	-27	7	-52	-47	40
Result for the period, continuing operations	-26	6	-44	-54	5
Result for the period	-26	27	-12	-58	15
Earnings per share, EUR	-0.12	0.13	-0.06	-0.28	0.07
Operating cash flow after investments	-9	-27	190	-81	51
Net interest-bearing debt	740	983	740	983	862
Gearing ratio, %	84	101	84	101	81
Equity ratio, %	31	31	31	31	34
Return on capital employed, % (ROCE, rolling 12 months)	8.9	9.0	8.9	9.0	11.1
Order book	3,831	4,764	3,831	4,764	4,131

Nordic paving and mineral aggregates businesses sold on April 1, 2020, are reported as discontinued operations.
Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

Antti Inkilä, Interim President and CEO

"Our third quarter told two stories. On one hand, apartment sales were strong in all of our operating countries and demonstrated our ability to adjust to a changing market environment and utilise our strong market position. However, as we announced earlier, our third-quarter profitability was burdened by an EUR 18 million margin reduction in revenue and cost estimates of the Tripla project. In addition, we made an inventory write-down of EUR 7 million related to the sale of a business premise in line with our strategic measures to increase capital efficiency. Consequently, the Business premises segment's result turned to a loss, and the Group's adjusted operating profit was unsatisfactory at EUR 16 million.

The Business premises segment's year has been difficult due to the financial settlements in three challenging projects, but the outlook for the segment is positive. Those challenging projects have been completed, the segment's order book is at a good level and upcoming projects are healthy.

In the third quarter, results particularly in the housing segments were nonetheless excellent. In the Baltic and Central European countries, the development was favourable after the difficulties caused by the coronavirus pandemic earlier this year, and apartment sales were higher compared to the corresponding period last year. In Russia, the number of apartments sold was the second highest ever.

We have also continued our actions to improve profitability, increase capital efficiency and strengthen the balance sheet. In addition to speeding up the sales process of the above-mentioned business premise, we started preparations to close down our loss-making infrastructure business in Norway, and we signed conditional contracts to sell significant plots in Russia in the units to be closed down. These actions led to write-downs in the third quarter, but they will strengthen our cash flow by over EUR 50 million and improve our capital efficiency by the end of 2021.

Our outlook for the rest of this year has clarified supported by strong apartment sales, good reservation levels, as well as construction sites progressing according to plans. Therefore, we reinstated our result guidance for 2020 earlier this month: we expect full-year Group adjusted operating profit to be in the range of EUR 90-110 million.

Going forward, strengthening financial performance remains our primary target. To reduce the amount of negative surprises, we will improve project management. To achieve this, we will continue to promote an open culture which entails disciplined and common ways of working, as well as sharing best practices between the segments. We are committed to our strategy and we continue to focus even more strongly on the most profitable businesses, sustainable urban development and property investments.

We are confident with our outlook for 2021. The Group's order book is at a good level and we have been more selective in bidding processes. Our project pipeline is promising, and measures to improve capital efficiency have supported our balance sheet. Our strong balance sheet, unique plot reserve and diverse business portfolio ensure our success in even the most challenging market conditions. As a Group, we have also proven our capability to adapt quickly to a changing environment during the coronavirus pandemic."

Guidance for 2020

YIT reinstated its full-year guidance for 2020 on 19 October as the outlook has clarified supported by strong apartment sales, good reservation levels, as well as the construction sites progressing according to plans.

YIT expects its full-year Group adjusted operating profit to be in the range of EUR 90-110 million (2019: EUR 165 million).

During the rest of the year, YIT expects its projects to be completed on schedule despite the second wave of the coronavirus pandemic. However, possible decisions by authorities, such as closing down construction sites widely or slow acceptance processes in completion, may lead to temporary shutdowns and cause postponements of revenue and profit into 2021.

Q4 market outlook by region

Housing

Q3 market situation | Q4 market outlook

Finland
- Consumer activity has recovered to the 2019 level. However, uncertainty is again increasing due to the second wave of the coronavirus pandemic.
- Private property investor demand is moderate.
- Institutional investors returning more active. However, uncertainty is again increasing due to the second wave of the coronavirus pandemic.
- Availability of housing company loan financing expected to remain difficult. Access to consumer mortgages becoming more challenging.

Baltic countries
- Demand stabilised in Q3, but uncertainty is starting to increase due to the second wave of the coronavirus pandemic.

Central European countries
- Uncertainty is increasing due to the second wave of the coronavirus pandemic.

Russia
- Consumer demand continues to focus on reliable developers.
- Low mortgage interest rate is expected to support sales.
- The State's interest subsidy programme to continue until June 2021, which is expected to support consumer demand.

Business premises

Finland
- Property investors becoming more active and the readiness to make decisions is normalising.
- Rental demand recovering.
- Contracting market remains stable as cities have a large volume of projects ongoing and in preparation.
- In the longer term, even though remote work will become more common the total demand for office premise is expected to remain stable due to changing requirements for office spaces.
- In property valuations, yield requirements are expected to remain stable.

Baltic countries
- Contracting market remains slow due to uncertainty caused by the coronavirus pandemic.
- Price level remains low due to intense competition.

Central European countries
- Property investors increasingly cautious due to the second wave of the coronavirus pandemic.
- Rental demand slowing down due to uncertainty caused by the coronavirus pandemic.

Infrastructure projects

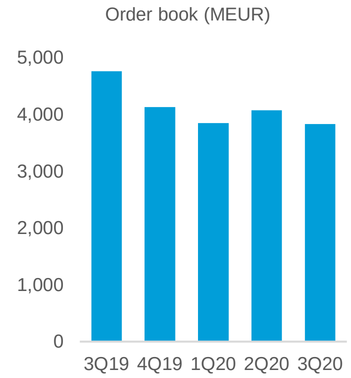
Finland
- Demand weakening as the coronavirus pandemic is causing delays in the development of infrastructure projects in some cities.
- Market supported locally by infrastructure projects in urban growth centres, transport projects and industrial investments.
- State stimulus packages expected to start supporting the sector during 2021.

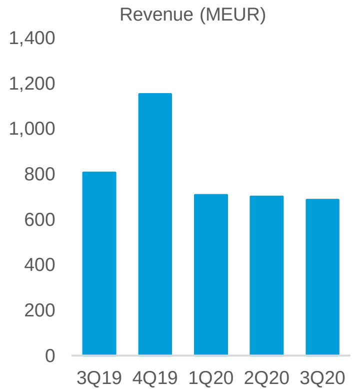
Baltic countries
- Price level remains low due to intense competition.
- Contracting market expected to remain weak.

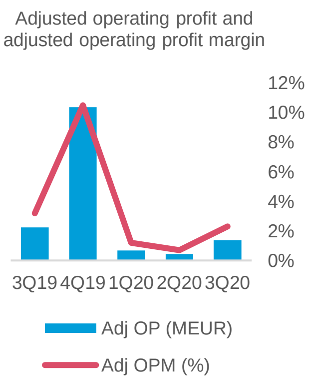
Sweden
- Infrastructure construction expected to remain at a good level due to traffic infrastructure development programmes and urbanisation development.
- Large-scale road and railway projects and industrial investments ongoing and in preparation.

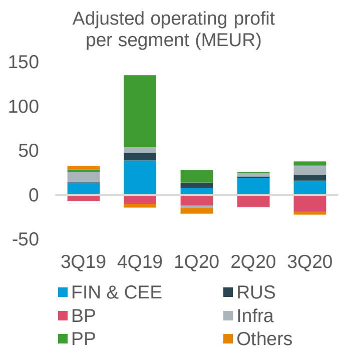
Q3 market situation: **Good** **Normal** **Weak**

Market outlook for Q4: **Improving** **Stable** **Weakening**









Results

July–September

At the end of the third quarter 2020, YIT's order book amounted to EUR 3,831 million, lower than EUR 4,764 million at the end of the corresponding period. In the third quarter of 2019, the Tripla project had a positive impact of EUR 239 million on the order book. At the end of the third quarter of 2020, 79% of the order book was sold (78).

The Group's revenue was EUR 687 million (808). Revenue decreased in Business premises and in Infrastructure projects. In Housing Finland and CEE, revenue was relatively flat, whereas revenue increased in the Housing Russia and the Partnership properties.

The Group's adjusted operating profit decreased to EUR 16 million (26) and the adjusted operating profit margin to 2.4% (3.2) due to significantly lower result in Business premises. The segment's profitability was negatively impacted by an EUR 18 million margin reduction in revenue and cost estimates of the Tripla project and an inventory write-down of EUR 7 million. These negative impacts were partly offset by a strong improvement in the Housing Russia segment. The adjusted operating profit in the Housing Finland and CEE and Partnership properties segments also improved. The result of Infrastructure projects segment weakened slightly.

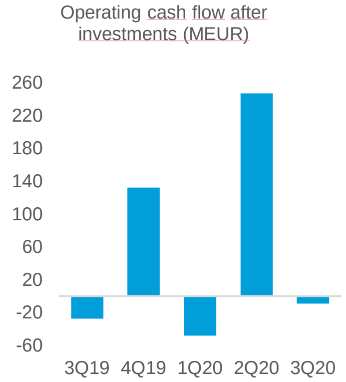
YIT's operating profit was EUR -16 million (18). The adjusting items amounted to EUR 32 million (7) including, among others, a write-down of EUR 12 million related to the decision to close down Infrastructure operations in Norway and a write-down of EUR 13 million related to plots to be sold in Russia.

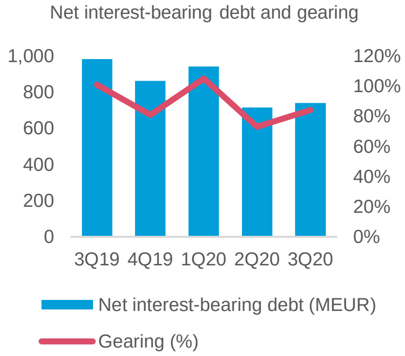
January–September

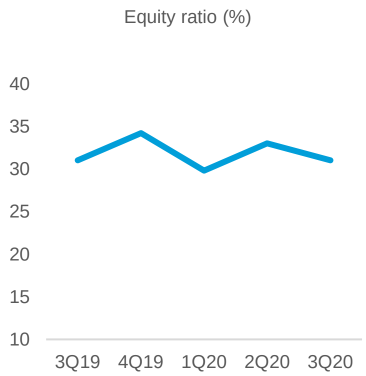
The Group's revenue amounted to EUR 2,094 million (2,239). The Business premises segment's revenue decreased by 22% as the comparison period included a revenue recognition from the Tripla project. The Housing Finland and CEE segment's revenue decreased slightly as revenue in the comparison period included a block sale of almost 600 apartments to a joint venture. The Housing Russia segment's revenue increased clearly year-on-year due to the good apartment sales level, as well as a change in revenue recognition. The Infrastructure projects' revenue was at the level of the corresponding period.

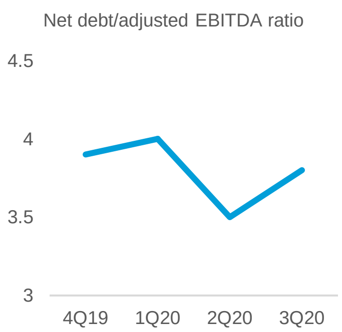
The Group's adjusted operating profit was EUR 29 million (45) and the adjusted operating profit margin 1.4% (2.0). The strategic steps taken have improved profitability in Housing Russia and Partnership properties. The adjusted operating profit was relatively flat in Infrastructure projects and decreased in Housing Finland and CEE. In Business premises, the financial settlements in three problematic projects, margin reduction in revenue and cost estimates of the Tripla project and an inventory write-down have led to significantly weaker profitability year-on-year.

YIT's operating profit was EUR -20 million (-17).









Cash flow and financial position

Operating cash flow after investments for July–September was EUR -9 million (-27). Cash flow from plot investments was EUR -37 million (-22). Cash flow from investments to associated companies and joint ventures was EUR -2 million (-10).

At the end of the period, interest-bearing debt amounted to EUR 1,165 million (1,131) and net interest-bearing debt to EUR 740 million (983). Equity ratio was 31% (31) and gearing ratio 84% (101). Net debt/adjusted EBITDA ratio was 3.8.

During July-September, net finance costs amounted to EUR 11 million (11).

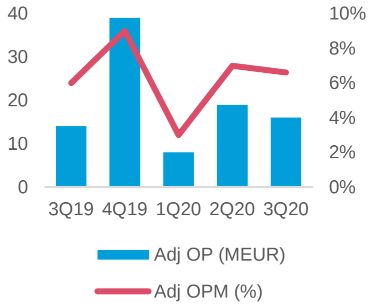
Cash and cash equivalents increased to EUR 359 million (96), in addition to which YIT had undrawn overdraft facilities amounting to EUR 47 million (62). Additionally, a committed revolving credit facility of EUR 300 million (300) was completely undrawn, and undrawn and committed housing company loan agreements related to Finnish apartment projects amounted to EUR 126 million (263).

Capital employed was EUR 1,650 million (1,749) at the end of the quarter, out of which capital employed in Russia was 13% (18) resulting in EUR 209 million (314). Equity investments in Russia were EUR 272 million (342).

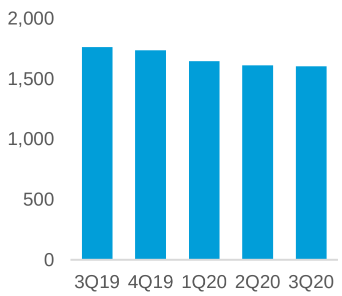
Investments and divestments

In the third quarter, gross capital expenditure amounted to EUR 10 million (6), or 1.4% of revenue (0.7), of which EUR 9 million (3) leased. Investments in plots amounted to EUR 4 million (36), after which the plot reserve amounted to EUR 711 million (739). Investments in leased plots amounted to EUR 3 million (0), after which the leased plot reserve amounted to EUR 141 million (119).

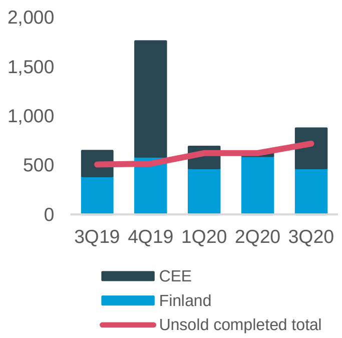
Adjusted operating profit and adjusted operating profit margin



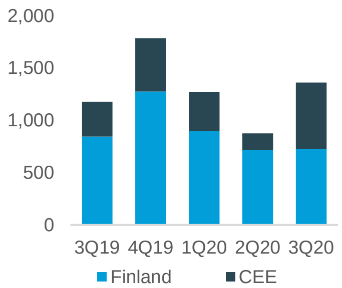
Order book (MEUR)



Completed consumer apartments, Finland and CEE (units)



Sold apartments, Finland and CEE (units)



Housing Finland and CEE

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Revenue	249	252	781	795	1,240
Operating profit	16	14	44	52	91
Adjusted operating profit	16	14	44	52	91
Adjusted operating profit margin, %	6.6	5.6	5.6	6.6	7.4
Order book at end of period	1,604	1,762	1,604	1,762	1,737
Capital employed	740	714	740	714	697

Results

July–September

- Revenue was at the level of the comparison period, EUR 249 million (252). The revenue was positively impacted by an increase in consumer apartment completions, but this impact was more than offset by a weaker regional mix compared to the corresponding period.
- Adjusted operating profit increased by 14% to EUR 16 million (14) supported by good apartment sales.
- Housing sales were strong in CEE countries and remained relatively stable in Finland. Sales were supported by digital commerce and YIT's reputation as a reliable partner.
- Order book decreased to EUR 1,604 million (1,762).
- Apartment start-ups remained at a good level.
- The living services business continued to grow:
  - two new "Ålandsbanken Koti" rental houses available for rent
  - cumulatively rental assignments increased by 69% year-on-year
  - cumulatively the number of rental agreements increased by 71% year-on-year
  - cumulatively 249,000 visits in YIT Plus service platform, +39% year-on-year

January–September

- Revenue decreased slightly to EUR 781 million (795). Revenue in the comparison period included a block sale of nearly 600 apartments to a joint venture.
- Adjusted operating profit decreased to EUR 44 million (52) primarily due to weaker sales mix.

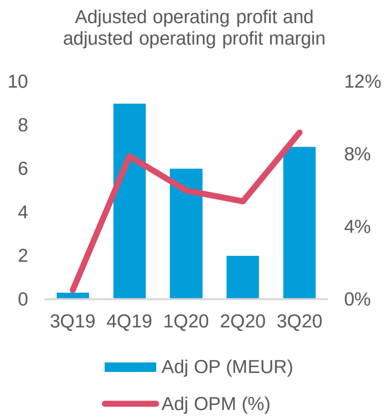
Operating environment in July–September

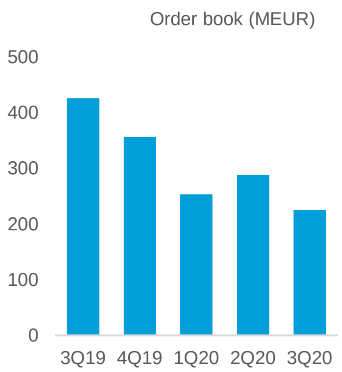
Finland

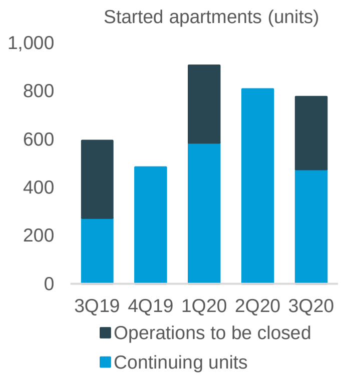
- Residential demand normalised during the quarter.
- Demand for dwellings purchased for own use increased as the coronavirus pandemic is impacting housing needs.
- Housing company loan financing was challenging due to the increased caution of banks.
- Access to consumer mortgages started to become more challenging.
- The coronavirus pandemic has slowed the planning permission processes down in the Helsinki region.

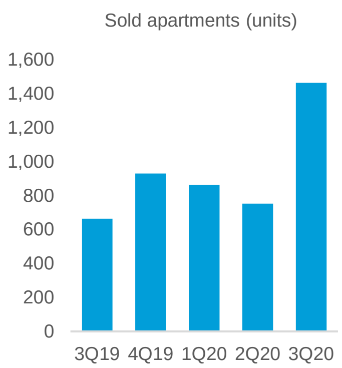
CEE countries

- Housing demand continued to recover and reached the 2019 level at the end of September.
- The coronavirus pandemic has slowed the planning permission processes down.









Housing Russia

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Revenue	75	53	225	133	240
Operating profit	-4	-1	-8	-45	-47
Adjusted operating profit	7	0	16	-7	1
Adjusted operating profit margin, %	9.3	0.5	7.0	-5.5	0.5
Order book at end of period	225	426	225	426	356
Capital employed	208	288	208	288	277

Following a reassessment of current legislation, legal practice and terms of YIT's sales contracts in Russia, the criteria for revenue recognition over time (POC) has been fulfilled. Thus, from the first quarter 2020 onwards, YIT has recognised revenue over time from sold apartments in Russian residential development projects.

Results

July–September

- Revenue increased by 41% to EUR 75 million (53) supported by record-high apartment sales. Revenue from continuing units was EUR 47 million. Figures in the corresponding period are not fully comparable due to the change in revenue recognition.
- Adjusted operating profit increased to EUR 7 million (0). The growth was supported by good apartment sales volume, increased margins, operational efficiency measures, as well as solid operations on sites despite the coronavirus pandemic. Figures in the corresponding period are not fully comparable due to the change in revenue recognition.
- Adjusting items include a write-down of EUR 13 million related to a sale of plots with a conditional agreement in operations to be closed. The value of the remaining plot reserve of the operations to be closed is EUR 47 million.
- The decrease in the order book was mainly due to the change into revenue recognition over time, which was made in the first quarter of 2020.
- At end of quarter, YIT was responsible for service and maintenance for
  - almost 68,000 apartments
  - over 12,000 parking spaces
  - over 9,000 business premises
  - total close to 90,000 clients

January–September

- Revenue increased by 69% to EUR 225 million (133) as a result of strong apartment sales levels, as well as the change in revenue recognition over time. Revenue from continuing units was EUR 133 million.
- Adjusted operating profit increased to EUR 16 million (-7), driven by improved operational efficiency, as well as better margins across the business. The change in revenue recognition had a positive impact of EUR 5 million to the first quarter adjusted operating profit.

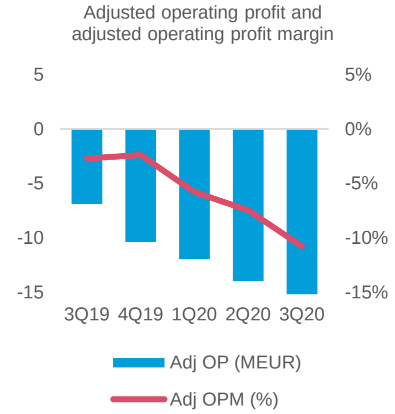
Operating environment in July–September

- Interest rates for mortgages remained low.
- Number of consumers purchasing apartments with mortgages has increased.

Business premises

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Revenue	178	252	576	738	1,177
Operating profit	-19	-7	-46	3	-7
Adjusted operating profit	-19	-7	-45	3	-7
Adjusted operating profit margin, %	-10.8	-2.7	-7.9	0.5	-0.6
Order book at end of period	787	1,261	787	1,261	897
Capital employed	-21	106	-21	106	65

Following the organisational change on May 1, 2020, the real estate management and project development businesses were transferred from the Business premises segment into the Partnership properties segment. The change had an impact on order book and capital employed of both segments from that point onward.



Results

July–September

- Revenue decreased by 29% to EUR 178 million (252) as the corresponding period included a revenue recognition from the Tripla project.
- Adjusted operating profit decreased to EUR -19 million (-7), negatively impacted by an EUR 18 million margin reduction in revenue and cost estimates of the Tripla project. In addition, the segment's adjusted operating profit was negatively impacted by an inventory write-down of EUR 7 million related to a business premise in Finland.
- Order book decreased to EUR 787 million (1,261). The comparison period includes an order book of EUR 196 million from the real estate management unit which was transferred to Partnership properties and an order book of EUR 239 million from the Tripla project.
- Additions to the order book include, among others, the development project for the Koskela hospital area in Helsinki, Finland and a life cycle model multi-purpose building in Sodankylä, Finland.

January–September

- Revenue decreased by 22% to EUR 576 million (738) as the comparison period included a revenue recognition from the Tripla project and real estate management business which is currently reported in Partnership properties.
- Adjusted operating profit decreased to EUR -45 million (3), negatively impacted by financial settlements in three problematic projects, margin reduction in revenue and cost estimates of the Tripla project and an inventory write-down.

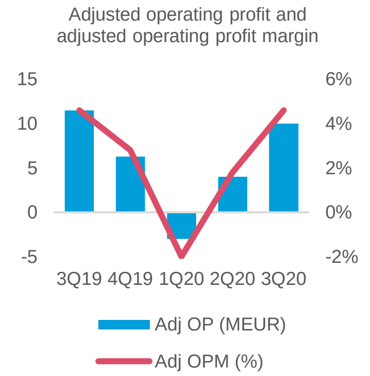
Operating environment in July–September

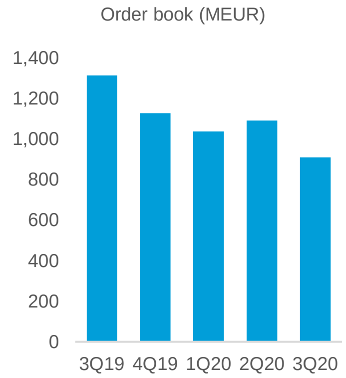
Finland

- Public sector demand continued active.
- Private sector customers postponed their investment decisions due to the coronavirus pandemic.

CEE countries

- Fears of market development during the coronavirus pandemic lead to a declining price level in public contracting.





Infrastructure projects

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Revenue	212	250	586	584	807
Operating profit	-2	12	-1	9	14
Adjusted operating profit	10	12	11	9	15
Adjusted operating profit margin, %	4.6	4.6	1.8	1.5	1.9
Order book at end of period	910	1,314	910	1,314	1,128
Capital employed	89	90	89	90	52

Results

July–September

- Revenue decreased by 15% to EUR 212 million (250) largely due to a decrease in production volumes in Scandinavia and the Baltic countries.
- Adjusted operating profit decreased to EUR 10 million (12).
- Segment's adjusting items include, among others, a write-down of EUR 10 million related to the decision to close-down infrastructure business in Norway. In addition, an impairment of EUR 2 million related to the close-down was recorded in the Others segment.
- Order book decreased to EUR 910 million (1,314) as several large projects are about to be completed.
- After the reporting period, the second phase of Tampere tram network was entered in the order book.
- Wind park development has continued.

January–September

- Revenue was at the level of the comparison period, EUR 586 million (584).
- Adjusted operating profit improved to EUR 11 million (9).

Operating environment in July–September

Finland

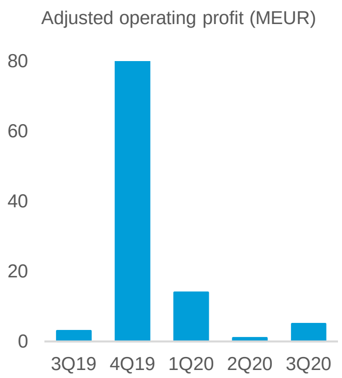
- Demand started to weaken as the coronavirus pandemic caused delays in the development of infrastructure projects in some cities.
- State stimulus packages agreed during the summer did not yet have an impact on demand. Higher activity is expected to support the infrastructure sector from 2021 onwards.

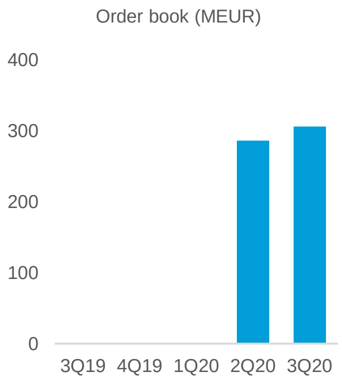
Sweden and Norway

- Market remained solid supported by several ongoing major infrastructure projects and industrial investments.

Baltic countries

- Market environment remained challenging due to intense competition.





Partnership properties

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Revenue	2		4	0	0
Operating profit	5	3	20	1	83
Adjusted operating profit	5	3	20	1	83
Order book at end of period	305		305		
Capital employed	306	170	306	170	254

Following an organisational change on May 1, 2020, the real estate management and project development businesses were transferred from the Business premises segment into the Partnership properties segment having an impact on order book and capital employed of both segments from that point onward.

Results

July–September

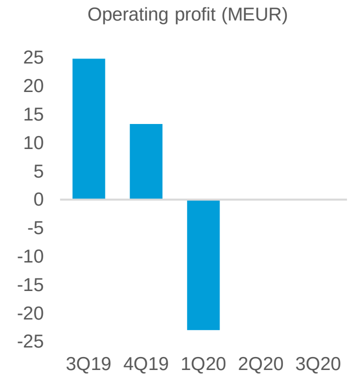
- Revenue grew to EUR 2 million driven by the organisational change.
- Adjusted operating profit increased to EUR 5 million (3).
- Order book amounted to EUR 305 million including primarily service periods for life cycle projects.
- YIT widened its investment portfolio by establishing a company with OP-Rental Yield special fund investing in rental apartments. In the same connection, YIT agreed on the sale of eight rental apartment buildings to the company. The investment value of the projects is approximately EUR 130 million, and YIT's share of the joint investment is 40%. The buildings will have a total of over 600 apartments, and they will be built in 2020–2022.

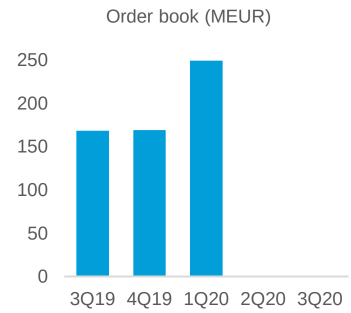
January–September

- Revenue was EUR 4 million (0).
- Adjusted operating profit increased to EUR 20 million (1) supported by the finalisation of the Espoo Keilaniemi project's real estate transaction in Finland in the first quarter.

Investments

EUR million	
Portfolio balance sheet value January 1, 2020	254
Net change in invested equity	0
Net result	17
Dividends	-12
Changes in fair value	2
Portfolio balance sheet value September 30, 2020	260





Discontinued operations

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Revenue	-1	240	27	415	540
Operating profit	0	25	-23	-1	12
Gain on sale	0		52		
Result for the period	0	20	31	-4	10
Order book		168		168	169

Discontinued operations include the Nordic paving and mineral aggregates operations sold on 1 April 2020 and related allocations.

Results

January–September

- Revenue was EUR 27 million (415).
- Operating profit was EUR -23 million (-1).
- Debt-free purchase price of paving and mineral aggregates businesses amounted to EUR 288 million.
- Gain on sale amounted to EUR 52 million.

Personnel

During January–September 2020, the Group employed on average 7,468 people (7,677). The slight decline resulted from changes in the number of summer trainees, redundancies for production and financial reasons, termination of fixed-term employment and limiting recruitments. Including discontinued operations, the average number of personnel in January–September was 7,839 (9,523).

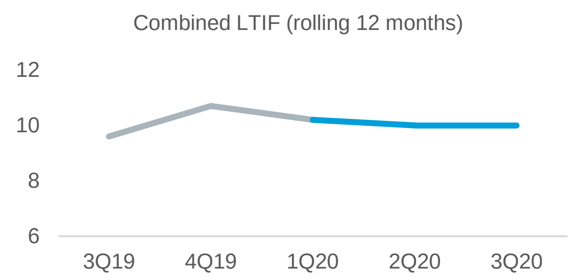
In response to temporarily decreased demand and site delays caused by the coronavirus pandemic, YIT adjusted its costs and temporarily laid off all fixed white-collar employees for two weeks between April and August.

Personnel expenses in January–September totalled EUR 277 million (303).

Sustainability

Safety

Since the beginning of 2020, YIT has renewed its safety reporting practices encompassing both its own personnel and subcontractors. The aim is to lead the safety development of the industry in a more comprehensive direction. According to the new reporting method, the Group's rolling 12-month combined lost time injury frequency (LTIF) was 10.0 (June 30, 2020: 10.0).



Figures before 1Q20 not fully comparable due to the change in the reporting practices.

Environment

YIT set long-term targets for climate change mitigation in September 2019:
1) To halve greenhouse gas emissions of own operations and self-developed projects by 2030 compared to 2019. During the reporting period the baseline calculation was completed.
2) To enable carbon neutral heating of self-developed projects. During the reporting period the ground heat deployment planning progressed in several projects in Finland.
3) To report project specific carbon footprint of all self-developed projects from 2020 onwards. During the reporting period 5 project specific CO_2 calculations were conducted. During January-September 2020, a total of 24 projects have been calculated.

Shares

YIT Corporation's share capital and number of shares remained unchanged during the reporting period.

At the beginning of 2020, YIT's share capital was EUR 149,716,748.22 (2019: 149,716,748.22) and the number of shares outstanding at the end of the reporting period, on 30 September 2020, was 209,083,876 (31 December 2019: 208,768,363).

Dividend

On 18 September, YIT Corporation's Board of Directors decided on the payment date of the dividend's second instalment of EUR 0.14 per share and payment of an additional dividend of EUR 0.12 per share. The record date for these dividend payments was 22 September and they were paid on 6 October.

The total amount of dividends paid by YIT in 2020 is EUR 0.40 per share.

Significant risks and uncertainties

YIT's Board of Directors approves the company's risk management policy and its objectives, including the risk tolerance and risk appetite. Risk management planning and the evaluation of the overall risk position are part of the annual strategy process. Risk management is included in all significant operating, reporting and management processes of the Group. Significant changes in risks are followed on a monthly basis and reported according to the Group's governance and reporting practices. Full information about risks is available in YIT's Report of the Board of Directors and financial statements 2019 on pages 18-19. These risks still apply.

The main updates to risks since the publication of the report are related to the coronavirus pandemic and to the availability of personnel, potential infections, regulatory decisions and the availability of materials. These can lead to temporary shutdowns of or slower progress at construction sites and delayed completions and consequently, postponement of revenue and profit from one quarter or year to another. The government actions to mitigate the impact of the coronavirus could have an impact on consumer behaviour and may postpone apartment purchase decisions. Investor decisions can be postponed. If consumer confidence deteriorates, it may have an impact on asset values or the availability of financing.

YIT aims to improve its use of the balance sheet and increase operating cash flow by selling assets and by reducing capital employed. In certain cases, this may have positive or negative impacts on results.

Delays in certain construction permit processes could postpone revenue and profit from one quarter or year to another. Changes in interpretations of accounting standards may have an impact on YIT's accounting policies and thereby, have an effect on YIT's financial indicators.

Events after the reporting period

On 1 October, YIT announced that it will start planning to close down its Infrastructure operations in Norway and initiates co-operation negotiations with the entire personnel in Norway.

On 13 October, YIT announced that it had concluded the co-operation negotiations in Norway and will start preparations to close down the business. The personnel reduction is approximately 130 people and the close down is estimated to last until 2022, when all ongoing construction projects have been finalised.

On 19 October, YIT warned its Business premises segment to be loss-making in the third quarter and reinstated its full-year result guidance for 2020.

On 23 October, YIT announced that Kari Kauniskangas will leave his position as the President and CEO of YIT Corporation. The Board of Directors embarked upon the search process for a new CEO, and appointed Antti Inkilä, EVP of Housing Finland and CEE segment of YIT, as interim President and CEO effective from 23 October 2020.

YIT Corporation
Board of Directors

Helsinki, 30 October 2020

Interim report 1-9/2020: Tables

Table of contents

Basis of preparation and accounting policies of the interim report

Basis of preparation

This interim report has been prepared in accordance with IFRS recognition and measurement, but all requirements of IAS 34 Interim Financial Reporting standard have not been applied. This interim report should be read together with YIT's consolidated Financial Statements 2019. The figures presented in the interim report are unaudited. In the interim report, the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in column and total sums.

Accounting policies

The same IFRS recognition and measurement principles have been applied in the preparation of this interim report as in YIT's consolidated Financial Statements 2019 except for the amendments to IFRS standards which were effective as of January 1, 2020. The amendments did not have impact on the consolidated financial statements.

Significant management judgements

In preparing this interim report, significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those described in the consolidated Financial Statements for the year ended December 31, 2019.

Coronavirus pandemic (COVID-19)

The impact of coronavirus pandemic on YIT's business has been moderate. The impacts to date have been described in more detail in the text section of the report.

The sections of the financial statements that involve an unusual amount of judgement or that include significant assumptions and estimates have been described in YIT's Financial Statements 2019. When making these judgements, the management estimates constantly the impacts of coronavirus pandemic on the estimates and judgements.

In Q1 2020, YIT assessed that the overall uncertainty resulting from the coronavirus pandemic is an impairment indication. Due to this YIT carried out an additional goodwill impairment test on goodwill allocated to Housing Russia segment. Based on the goodwill impairment test, YIT recognised in the income statement an impairment amounting to 14 million euros relating to goodwill in Housing Russia during the first quarter of 2020. Goodwill impairment testing has been described in more detail in note Goodwill.

Apart from the previously described goodwill, coronavirus pandemic is not expected to have such long-term impacts on YIT's financial performance which would require adjustments to carrying amounts in the statement of financial position. The management of the company follows constantly the indicators and their development relating to fair valuation of the equity investment to Tripla Mall Ky. A significant negative change of the coronavirus pandemic and/or increased restrictions imposed by authorities could affect negatively the future cash flows of Tripla Mall Ky, which would have an effect on the valuation of the property.

YIT has also assessed the implications of the coronavirus pandemic in regard to its most significant financial risks, i.e. funding, liquidity, and credit risks and market risks, e.g. foreign exchange and interest rate risks. Out of these, the funding and liquidity risks have been seen from YIT perspective as the main affected risks by the turbulence in the market. YIT has a strong liquidity position, which was further improved by the sale of the Nordic paving and mineral aggregates businesses in April. In addition, in the second quarter, YIT agreed to extend EUR 255 million of its EUR 300 million committed revolving credit facility with one year to August 2022. In the second quarter YIT also agreed on a one-year extension of its EUR 30 million and EUR 50 million credit facilities. The new maturity date for the EUR 30 million credit facility is in June 2021 and the new maturity date for the EUR 50 million credit facility is in October 2021. These actions will support sustaining a high level of liquidity.

Most relevant currency exchange rates used in the interim report

		Average rates			End rates		
		1–9/20	**1–9/19**	**1–12/19**	**9/20**	**9/19**	**12/19**
1 EUR =	CZK	26.3904	25.7018	25.6693	27.2330	25.8160	25.4080
	PLN	4.4229	4.3010	4.2974	4.5462	4.3782	4.2568
	RUB	79.9336	73.0883	72.4484	91.7763	70.7557	69.9563
	SEK	10.5613	10.5676	10.5871	10.5713	10.6958	10.4468
	NOK	10.7160	9.7701	9.8505	11.1008	9.8953	9.8638
	DKK	7.4581	7.4644	7.4661	7.4462	7.4662	7.4715

Primary Financial Statements

Consolidated income statement, IFRS

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Revenue	**687**	**808**	**2,094**	**2,239**	**3,392**
Other operating income	10	7	25	20	22
Change in inventories of finished goods and in work in progress	-44	21	-78	35	-205
Production for own use	0	0	0	0	0
Materials and supplies	-88	-149	-253	-385	-524
External services	-375	-433	-1,195	-1,251	-1,759
Personnel expenses	-81	-97	-277	-303	-406
Other operating expenses	-116	-123	-307	-324	-464
Changes in fair value of investments	1		2		81
Share of results in associated companies and joint ventures	2	-1	17	-3	1
Depreciation, amortisation and impairment	-12	-13	-48	-46	-58
Operating profit	**-16**	**18**	**-20**	**-17**	**80**
Finance income	1	1	2	6	6
Exchange rate differences (net)	1	-1	1	-2	-2
Finance expenses	-12	-11	-35	-35	-45
Finance income and expenses, total	-11	-11	-32	-31	-40
Result before taxes	**-27**	**7**	**-52**	**-47**	**40**
Income taxes	2	-1	8	-7	-36
Result for the period, continuing operations	**-26**	**6**	**-44**	**-54**	**5**
Result for the period, discontinued operations	**0**	**20**	**31**	**-4**	**10**
Result for the period	**-26**	**27**	**-12**	**-58**	**15**
Attributable to					
Owners of YIT Corporation	-26	27	-12	-58	15
Non-controlling interests	0		0		
Total	**-26**	**27**	**-12**	**-58**	**15**
Earnings per share, attributable to the equity holders of the parent company					
Basic, EUR, total	-0.12	0.13	-0.06	-0.28	0.07
Diluted, EUR, total	-0.12	0.13	-0.06	-0.28	0.07
Basic, EUR, continuing operations	-0.12	0.03	-0.21	-0.26	0.02
Basic, EUR, discontinued operations	0.00	0.10	0.15	-0.02	0.05
Diluted, EUR, continuing operations	-0.12	0.03	-0.21	-0.26	0.02
Diluted, EUR, discontinued operations	0.00	0.10	0.15	-0.02	0.05

Consolidated statement of comprehensive income, IFRS

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Result for the period	-26	27	-12	-58	15
Items that may be reclassified to income statement					
Change in translation differences	-41	3	-89	44	50
Translation differences reclassified to income statement	2		6		8
Items that may be reclassified to income statement, total	**-39**	**3**	**-83**	**44**	**58**
Items that will not be reclassified to income statement					
Change in fair value of defined benefit pension	0		0		0
Income tax relating to item above	0		0		0
Items that will not be reclassified to income statement, total	**0**		**0**		**0**
Other comprehensive income, total	**-38**		**-83**		**58**
Total comprehensive income	**-64**	**30**	**-95**	**-15**	**73**
Attributable to					
Owners of YIT Corporation	-64	30	-95	-15	73
Non-controlling interests	0		0		
Total	**-64**	**30**	**-95**	**-15**	**73**

Consolidated statement of financial position, IFRS

EUR million	9/20	9/19	12/19
ASSETS			
Non-current assets			
Property, plant and equipment	70	78	76
Leased property, plant and equipment	86	98	95
Goodwill	249	265	264
Other intangible assets	11	18	15
Investments in associated companies and joint ventures	64	159	56
Equity investments	196	2	194
Interest-bearing receivables	49	46	47
Other receivables	11	13	12
Deferred tax assets	46	67	34
Non-current assets total	**781**	**745**	**793**
Current assets			
Inventories	1,554	1,977	1,741
Leased inventories	207	178	188
Trade and other receivables	450	526	484
Interest-bearing receivables	16	7	9
Income tax receivables	2	14	23
Cash and cash equivalents	359	96	132
Current assets total	**2,589**	**2,797**	**2,576**
Assets classified as held-for-sale		**356**	**333**
Total assets	**3,371**	**3,898**	**3,702**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company	882	973	1,061
Non-controlling interests	2		
Equity total	**884**	**973**	**1,061**
Non-current liabilities			
Deferred tax liabilities	9	9	9
Pension obligations	2	3	2
Provisions	71	82	78
Borrowings	343	355	355
Lease liabilities	200	200	206
Other liabilities	39	48	57
Non-current liabilities total	**665**	**697**	**707**
Current liabilities			
Advances received[1]	498	758	572
Trade and other payables	650	676	713
Income tax payables	8	10	3
Provisions	45	36	37
Borrowings	559	517	434
Lease liabilities	63	59	55
Current liabilities total	**1,822**	**2,055**	**1,814**
Liabilities directly associated with assets classified as held-for-sale		**173**	**120**
Liabilities total	**2,487**	**2,925**	**2,641**
Total equity and liabilities	**3,371**	**3,898**	**3,702**

[1] On 30 September 2020, the reported amount includes EUR 206 million (9/19: 155) non-cash considerations from customer contracts related to sold uncompleted residential developments arising from housing company loans and plot lease liabilities.

Consolidated cash flow statement, IFRS

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Result for the period	**-26**	**27**	**-12**	**-58**	**15**
Reversal of accrual-based items	56	36	37	110	65
Change in trade and other receivables	-52	-56	22	-113	-20
Change in inventories	22	-43	60	-111	139
Change in current liabilities	4	49	-192	195	-7
Change in working capital, total	-27	-50	-110	-30	112
Cash flow of financial items	-15	-17	-34	-45	-60
Taxes paid (-)	0	-7	17	-31	-43
Net cash generated from operating activities	**-11**	**-12**	**-103**	**-55**	**88**
Acquisition of subsidiaries, associated companies and joint ventures, net of cash	-2	-13	-3	-25	-34
Disposal of subsidiaries, associated companies and joint ventures	0	2	291	7	13
Cash outflow from other investing activities	-1	-8	-11	-23	-38
Cash inflow from other investing activities	5	3	16	14	21
Net cash used in investing activities	**2**	**-15**	**292**	**-27**	**-38**
Operating cash flow after investments	**-9**	**-27**	**190**	**-81**	**51**
Change in equity	0	-8	2	-7	-6
Change in loan receivables	-1	3	-9	8	4
Change in current borrowings	-1	176	89	151	20
Proceeds from non-current borrowings	7		57		50
Repayments of non-current borrowings		-150	-30	-150	-150
Payments of lease liabilities	-11	-12	-28	-36	-48
Dividends paid	0	0	-30	-57	-57
Net cash used in financing activities	**-6**	**10**	**51**	**-92**	**-188**
Net change in cash and cash equivalents	-14	-17	241	-173	-137
Cash and cash equivalents at the beginning of the period	380	114	132	264	264
Foreign exchange differences	-7	-1	-13	6	5
Cash and cash equivalents at the end of the period	**359**	**96**	**359**	**96**	**132**

Consolidated statement of changes in equity, IFRS

EUR million	Share capital	Legal reserve	Other reserves	Translation differences	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Equity total
Equity on 1 January 2020	**150**	**1**	**553**	**-216**	**-12**	**585**	**1,061**		**1,061**
Comprehensive income									
Result for the period						-12	-12	0	-12
Change in fair value of defined benefit pension						0	0		0
Deferred tax asset						0	0		0
Translation differences				-83			-83	0	-83
Comprehensive income for the period, total				**-83**		**-12**	**-95**	**0**	**-95**
Transactions with owners									
Dividend distribution						-84	-84		-84
Share-based incentive schemes					2	-1	1		1
Transactions with owners, total					**2**	**-85**	**-83**		**-83**
Other items									
Non-controlling interests from business combinations								2	2
Other items, total								**2**	**2**
Equity on 30 September 2020	**150**	**1**	**553**	**-300**	**-10**	**487**	**882**	**2**	**884**

EUR million	Share capital	Legal reserve	Other reserves	Translation differences	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Equity total
Equity on 1 January 2019	**150**	**1**	**553**	**-274**	**-6**	**625**	**1,050**		**1,050**
Comprehensive income									
Result for the period						-58	-58		-58
Translation differences				44			44		44
Comprehensive income for the period, total				**44**		**-58**	**-15**		**-15**
Transactions with owners									
Dividend distribution						-57	-57		-57
Share-based incentive schemes					1	1	2		2
Acquisition of treasury shares					-8		-8		-8
Transactions with owners, total					**-7**	**-56**	**-62**		**-62**
Equity on 30 September 2019	**150**	**1**	**553**	**-230**	**-12**	**511**	**973**		**973**

EUR Million	Share capital	Legal reserve	Other reserves	Translation differences	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Equity total
Equity on 1 January 2019	**150**	**1**	**553**	**-274**	**-6**	**625**	**1,050**		**1,050**
Comprehensive income									
Result for the period						15	15		15
Change in fair value of defined benefit pension						0	0		0
Deferred tax asset						0	0		0
Translation differences				58			58		58
Comprehensive income for the period, total				**58**		**15**	**73**		**73**
Transactions with owners									
Dividend distribution						-57	-57		-57
Share-based incentive schemes					1	1	2		2
Acquisition of treasury shares					-8		-8		-8
Transactions with owners, total					**-7**	**-55**	**-62**		**-62**
Equity on 31 December 2019	**150**	**1**	**553**	**-216**	**-12**	**585**	**1,061**		**1,061**

Notes

Segment information

Seasonality of business

Seasonality of certain operations of the company affects the company's profit and its timing. According to IFRS accounting principles, certain customer contracts are recognised at a certain point in time. As a result, the profit of the company can fluctuate greatly between quarters depending on the completion of the projects. Additionally, length of working season is limited in the Infrastructure projects segment's road construction business in Baltics.

Changes in the Housing Russia segment

During the first quarter 2020, YIT assessed current legislation, legal practice and terms of its sales contracts in Russia. The current legislation and legal practice make the sales contract non-cancellable for the customer. Due to this, YIT also reassessed the criteria for revenue recognition over time in Russian residential development projects. As a change to previous, YIT has a right to payment for performance completed to date during the whole construction period based on legislation and legal practice. Therefore, the criteria for revenue recognition over time are fulfilled and from the first quarter onward, YIT has recognised revenue over time from its Russian residential development projects.

The change in sales contracts' enforceable rights and obligations for ongoing projects was treated as a contract modification according to IFRS 15 using a cumulative catch-up method. The change affected the first quarter revenue by approximately EUR 50 million, operating profit by EUR 9 million and adjusted operating profit by EUR 5 million. The change had no effect on comparative period figures.

Other changes

Following the organisational change on May 1, 2020, the real estate management and project development businesses were transferred from the Business premises segment into the Partnership properties segment having an impact on order book and capital employed of both segments. The change had no effect on comparative period figures.

Segment financial information

7-9/20 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**249**	**75**	**178**	**212**	**2**	**-29**	**687**
Revenue from external customers	249	74	178	208	2	-25	687
Revenue Group internal	0	0	0	3	0	-4	
Depreciation, amortisation and impairment	-1	0	0	-4	0	-6	-12
Operating profit	**16**	**-4**	**-19**	**-2**	**5**	**-12**	**-16**
Operating profit margin, %	**6.6**	**-6.0**	**-10.8**	**-1.0**			**-2.4**
Adjusting items		11		12		9	32
Adjusted operating profit	**16**	**7**	**-19**	**10**	**5**	**-3**	**16**
Adjusted operating profit margin, %	**6.6**	**9.3**	**-10.8**	**4.6**			**2.4**

7-9/19 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**252**	**53**	**252**	**250**		**1**	**808**
Revenue from external customers	252	53	252	247		5	808
Revenue Group internal		0	1	3		-4	
Depreciation, amortisation and impairment	-1	0	0	-5		-7	-13
Operating profit	**14**	**-1**	**-7**	**12**	**3**	**-2**	**18**
Operating profit margin, %	**5.6**	**-2.1**	**-2.7**	**4.6**			**2.3**
Adjusting items		1				6	7
Adjusted operating profit	**14**	**0**	**-7**	**12**	**3**	**4**	**26**
Adjusted operating profit margin, %	**5.6**	**0.5**	**-2.7**	**4.6**			**3.2**

1-9/20 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructur e projects	Partnership properties	Other items	Group, IFRS
Revenue	**781**	**225**	**576**	**586**	**4**	**-78**	**2,094**
Revenue from external customers	781	225	575	575	4	-65	2,094
Revenue Group internal	0	1	0	11	0	-13	
Depreciation, amortisation and impairment	-3	-14	-1	-14	0	-15	-48
Operating profit	**44**	**-8**	**-46**	**-1**	**20**	**-28**	**-20**
Operating profit margin, %	**5.6**	**-3.7**	**-7.9**	**-0.2**			**-0.9**
Adjusting items		24	0	12		13	49
Adjusted operating profit	**44**	**16**	**-45**	**11**	**20**	**-16**	**29**
Adjusted operating profit margin, %	**5.6**	**7.0**	**-7.9**	**1.8**			**1.4**

1-9/19 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**795**	**133**	**738**	**584**	**0**	**-10**	**2,239**
Revenue from external customers	795	132	737	573	0	3	2,239
Revenue Group internal		0	2	11		-13	
Depreciation, amortisation and impairment	-4	-4	-2	-13		-23	-46
Operating profit	**52**	**-45**	**3**	**9**	**1**	**-37**	**-17**
Operating profit margin, %	**6.6**	**-33.9**	**0.5**	**1.5**			**-0.7**
Adjusting items		38				23	61
Adjusted operating profit	**52**	**-7**	**3**	**9**	**1**	**-14**	**45**
Adjusted operating profit margin, %	**6.6**	**-5.5**	**0.5**	**1.5**			**2.0**

1-12/19 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**1,240**	**240**	**1,177**	**807**	**0**	**-73**	**3,392**
Revenue from external customers	1,240	240	1,175	791	0	-55	3,392
Revenue Group internal		1	2	15		-18	
Depreciation, amortisation and impairment	-5	-5	-2	-18		-28	-58
Operating profit	**91**	**-47**	**-7**	**14**	**83**	**-54**	**80**
Operating profit margin, %	**7.4**	**-19.4**	**-0.6**	**1.8**			**2.4**
Adjusting items		48		1		37	85
Adjusted operating profit	**91**	**1**	**-7**	**15**	**83**	**-18**	**165**
Adjusted operating profit margin, %	**7.4**	**0.5**	**-0.6**	**1.9**			**4.9**

Capital employed by segments

EUR million	9/20	9/19	12/19
Housing Finland and CEE	740	714	697
Housing Russia	208	288	277
Business premises	-21	106	65
Infrastructure projects	89	90	52
Partnership properties	306	170	254
Other items	328	381	325
Capital employed, total	**1,650**	**1,749**	**1,669**

Order book at the end of the period

EUR million	9/20	9/19	12/19
Housing Finland and CEE	1,604	1,762	1,737
Housing Russia	225	426	356
Business premises	787	1,261	897
Infrastructure projects	910	1,314	1,128
Partnership properties	305		
Other items	0	3	13
Order book, total	**3,831**	**4,764**	**4,131**

Goodwill

Impairment testing

YIT assessed that the overall uncertainty resulting from the coronavirus pandemic is an impairment indication. The tests carried out during the fourth quarter of 2019 indicated that a reasonable change in the key assumptions used in cash flow forecasts could lead to impairment of goodwill in the Housing Russia segment. Therefore, YIT carried out goodwill impairment tests for Housing Russia during the first quarter of 2020. Impairment tests for other units were not carried out because the recoverable amounts exceeded the carrying amounts of the tested assets substantially in 2019.

A goodwill test was carried out using value-in-use calculation based on the same principles as in consolidated financial statements 2019. A cash generating units' cash flow forecasts were prepared for a five-year planning period based on the action plan created by the management and the Group's strategy. The growth rate used for the end value of the Housing Russia segment was 4% (12/2019: 4%), which was the inflation target of the Russian Central Bank at the time of the impairment testing. The discount rate used in the testing was 15.0% (12/2019: 14.4%).

Based on the impairment test, YIT has recognised an impairment during the first quarter in the income statement amounting to EUR 14 million relating to goodwill in Housing Russia. After the impairment, there is no more goodwill allocated to Housing Russia segment.

EUR million	**9/20**	**12/19**
Carrying amount at the beginning of period	**264**	**319**
Translation differences	1	1
Increases		
Impairment	-16	-1
Transfers to assets classified as held-for-sale		-55
Carrying amount at the end of period	**249**	**264**

Discontinued operations

On July 4, 2019, YIT announced having signed an agreement with Peab on the sale of YIT's paving and mineral aggregates businesses in Finland, Sweden, Norway and Denmark. The transaction comprised the operations of the company's Paving segment with the exclusion of the road maintenance business in Finland and paving business in Russia. The sale was successfully completed on April 1, 2020.

Results of discontinued operations

EUR million	1-9/20	1-9/19	1-12/19
Revenue	**27**	**415**	**540**
Other operating income	1	3	3
Change in inventories of finished goods and in work in progress	8	-1	-5
Production for own use	0	0	1
Materials and supplies	-11	-148	-168
External services	-11	-101	-145
Personnel expenses	-18	-90	-125
Other operating expenses	-17	-60	-78
Share of results in associated companies and joint ventures	-1	0	1
Depreciation, amortisation and impairment	0	-21	-11
Operating profit	**-23**	**-1**	**12**
Finance income	0	0	0
Finance expenses	-1	-2	-2
Finance income and expenses, total	-1	-2	-2
Result before taxes	**-24**	**-3**	**10**
Income taxes	4	-2	-0
Result after taxes	**-20**	**-4**	**10**
Gain on sale of discontinued operation	**52**		
Result from discontinued operations	**31**		

Cash flows (used in) discontinued operations

EUR million	1-9/20	1-9/19	1-12/19
Cash used in operating activities	-24	19	18
Cash used in investing activities	277	-8	-16
Cash used in financing activities	-6	-9	-11
Cash flow for the period	**247**	**3**	**-9**

Effect of disposal on financial position

EUR million	1 April 2020
Sold assets	
Property, plant and equipment	112
Leased property, plant and equipment	39
Goodwill	55
Other intangible assets	23
Investments in associated companies and joint ventures	3
Deferred tax assets	3
Inventories	60
Trade and other receivables	37
Cash and cash equivalents	5
Sold assets, total	**337**
Sold liabilities	
Deferred tax liabilities	16
Provisions	8
Lease liabilities	31
Advances received	7
Trade and other payables	54
Income tax payables	0
Sold liabilities, total	**116**
Sold net assets	**221**

EUR million	1 April 2020
Cash consideration	288
Sold net assets	-221
Other items	-15
Gain on sale of discontinued operation	**52**

Inventories

EUR million	9/20	9/19	12/19
Raw materials and consumables	11	18	17
Work in progress	617	980	727
Land areas and plot owning companies	711	739	727
Shares in completed housing and real estate companies	159	172	203
Advance payments	55	64	61
Other inventories	2	4	5
Total inventories	**1,554**	**1,977**	**1,741**
Leased inventories	**207**	**178**	**188**

In 1-9/2020 the company made write-down related to plots in Housing Russia segment EUR 18 million (26) and in Business premises segment related to work in progress EUR 7 million.

Derivative contracts

EUR million	9/20	9/19	12/19
Value of underlying instruments			
Interest rate derivatives	110	180	180
Foreign exchange derivatives	158	155	104
Commodity derivatives	2	14	5
Fair value			
Interest rate derivatives	-1	-3	-2
Foreign exchange derivatives	2	-1	-1
Commodity derivatives	0	-1	-1

Contingent liabilities and assets and commitments

EUR million	9/20	9/19[1]	12/19[1]
Guarantees			
Guarantees on behalf of others	1	2	2
Guarantees on behalf of consortiums	10	10	10
Guarantees on behalf of associated companies	0	0	0
Guarantees on behalf of parent and other Group companies	1,039	1,672	1,657
Other commitments			
Investment commitments	22	55	35
Purchase commitments	105	246	121

[1] Includes the effect of discontinued operations.

As a result of the partial demerger registered on June 30, 2013, YIT Corporation has secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 6 million on September 30, 2020.

Legal proceedings

Damages related to the asphalt cartel

On September 6, 2017, the Supreme Court of Finland announced that it had granted leave to appeal to Lemminkäinen and certain cities regarding the legal proceedings concerning the damages related to the asphalt cartel. The Supreme Court announced on June 18, 2019 its decisions on matters related to the claims by the cities of Mikkeli and Rovaniemi. The Supreme Court approved for the most part YIT's claims related to the question on the share of value added tax. Additionally, the Supreme Court approved partly YIT's claim related to decreasing the damages due to dispersion of responsibility in the matter concerning the claim by the city of Rovaniemi. The Supreme Court dismissed YIT's corresponding claim concerning the claim by the city of Mikkeli. On October 22, 2019, the Supreme Court announced its decision on matters related to the claims by the city of Vantaa. The Supreme Court approved for the most part YIT's claims related to the question on the share of value added tax.

YIT has reached a settlement with almost all other claimants whose claims against YIT were pending before the Supreme Court. The settlements were made in line with the legal principles set out in the Supreme Court's above-mentioned judgments. Only the matter concerning the claims by the city of Helsinki is still pending before the Supreme Court with regard to YIT. On June 18, 2020, the Supreme Court announced that it had granted leave to appeal to YIT related to the question on the share of value added tax. The Supreme Court has already dismissed the application for leave to appeal of the city of Helsinki.

On October 20, 2016, the Court of Appeal of Helsinki gave its decisions in the legal proceedings concerning the damages related to the asphalt cartel. According to the decisions, Lemminkäinen was entitled to receive refunds (based on Lemminkäinen's own share and those shares of other defendants that Lemminkäinen has paid) in total approximately EUR 19 million consisting of capital as well as interest and legal expenses. The company deems as such the claims for damages unfounded.

In addition, Lemminkäinen has been served summons regarding 21 claims against the company and other asphalt companies for damages. YIT has settled the matters regarding all of these 21 claims. The settlements were made in line with the legal principles set out in the judgments of the Helsinki Court of Appeal and the Supreme Court. Pursuant to the settlements, these claimants have dropped their claims.

Quality concerns related to ready-mixed concrete

Ready-mixed concrete, among other things, has been used in construction business as a raw material. During the year 2016, especially in some infrastructure projects, suspicions arose that the ready-mixed concrete used in Finland would not entirely fulfil the predetermined quality requirements.

The Hospital District of Southwest Finland presented claims for damages to YIT relating to the quality of the ready-mixed concrete as well as the work performance in the project for the construction of the concrete deck of the T3 building of Turku University Hospital.

YIT has in April 2019 signed a contract with the concrete supplier on agreeing the dispute between YIT and the concrete supplier.

The Hospital District of Southwest Finland has on June 3, 2020 filed a summons in the District Court of Southwest Finland against YIT and presented claims for damages etc. to YIT relating to the project for the construction of the concrete deck of the T3 building of Turku University Hospital. The capital amount of the claims totals approximately EUR 20 million. The company deems the claims for damages etc. unfounded.

Additional information

Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR million	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Operating profit (IFRS)	**-16**	**18**	**-20**	**-17**	**80**
Adjusting items					
Goodwill impairment[2]	2		15		
Fair value changes related to redemption liability of non-controlling interests	-3		-8		
Restructurings and divestments			1		0
Court proceedings	0		-2	-1	-2
Integration costs related to merger	1	2	3	5	9
EBIT from operations to be closed	32	4	37	54	73
Inventory fair value adjustment from PPA[1]	0	1	1	2	2
Depreciation and amortisation expenses from PPA[1]	1	1	2	2	2
Adjusting items, total	**32**	**7**	**49**	**61**	**85**
Adjusted operating profit	**16**	**26**	**29**	**45**	**165**

[1] PPA refers to merger related fair value adjustments.
[2] Includes impairment of EUR 2 million related to the decision to close down Infrastructure operations in Norway.

Reconciliation of adjusted EBITDA, rolling 12 months

EUR million	9/20
Adjusted operating profit, rolling 12 months	**150**
Depreciations and amortisations	60
Depreciation and amortisation expenses from PPA	-3
Goodwill impairment	-15
Adjusted EBITDA	**193**

Definitions of financial key performance indicators

Key figure	Definitions	Reason for use
Operating profit	Result for the period before taxes and finance expenses and finance income equalling to the subtotal presented in the consolidated income statement.	Operating profit shows result generated by operating activities excluding finance and tax related items.
Adjusted operating profit	Operating profit excluding adjusting items.	Adjusted operating profit is presented in addition to operating profit to reflect the underlying core business performance and to enhance comparability from period to period. Management believes that this alternative performance measure provides meaningful supplemental information by excluding items not part of YIT's core business operations thus improving comparability from period to period.
Adjusting items	Adjusting items are material items outside ordinary course of business such as write-down of inventories, impairment of goodwill, fair value changes related to redemption liability of non-controlling interests, integration costs related to merger, transaction costs related to merger, costs, compensations and reimbursements related to court proceedings, write-downs related to non-core businesses, operating profit from businesses to be closed down, gains or losses arising from the divestments of a business or part of a business, costs on the basis of statutory personnel negotiations and adaption measures, and cost impacts of the fair value adjustments from purchase price allocation, such as fair value adjustments on acquired inventory, depreciation of fair value adjustments on acquired property, plant and equipment and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA"). (YIT has changed the definition of adjusting items on January 1, 2020 to include fair value changes related to redemption liability of non-controlling interests)	
Capital employed	Capital employed includes tangible and intangible assets, shares in associates and joint ventures, investments, inventories, trade receivables and other non-interest-bearing receivables, provisions, advance payments and other non-interest-bearing debts excluding items related to taxes, finance items and profit distribution.	Capital employed presents capital employed of segment's operative business.
Interest-bearing debt	Non-current borrowings, current borrowings and non-current and current lease liabilities.	Interest-bearing debt is a key figure to measure YIT's total debt financing.
Net interest-bearing debt	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables.	Net interest-bearing debt is an indicator to measure YIT's net debt financing.
Equity ratio, %	Total equity / total assets less advances received.	Equity ratio is a key figure to measure the relative proportion of equity used to finance YIT's assets.
Gearing, %	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables/total equity.	Gearing ratio is one of YIT's key long-term financial targets. It helps to understand how much debt YIT is using to finance its assets relative to the value of its equity.

Return on capital employed, segments total (ROCE), %, rolling 12 months	Rolling 12 months adjusted operating profit/capital employed, segments total average. (YIT has changed the definition of return on capital employed on January 1, 2020 to include leases related entries)	Return on capital employed, % is one of YIT's key long-term financial targets. Key figure describes segment's relative profitability, in other words, the profit received from capital employed.
Operating cash flow after investments	Operating cash flow presented in cash flow statement after investments.	
Gross capital expenditures	Investments in tangible and intangible assets. (YIT has changed the definition of gross capital expenditures on July 1, 2020 to include investments in leases.)	
Equity per share	Total equity divided by number of outstanding shares at the end of the period.	
Net debt / adjusted EBITDA, rolling 12 months	Net interest-bearing debt/rolling 12 months adjusted earnings before depreciations and amortisations added (YIT has changed the definition of return on capital employed on January 1, 2020 to include leases related entries and to exclude EBITDA from discontinued operations)	Net debt to adjusted EBITDA gives investor information on ability to service debt.
Market capitalisation	(Number of shares – treasury shares) multiplied by share price on the closing date by share series.	
Average share price	EUR value of shares traded during period divided by number of shares traded during period.	

Together we can do it.

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