



Carnegie Finnish Construction Ecosystem Seminar

29 May 2024

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CFO, YIT Corporation



yit.fi

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CFO, YIT Corporation

- Responsibility areas: Finance, Investor Relations, Strategy and M&A, IT, Procurement, Legal, Risk Management and Corporate Security

Primary work experience

- Lassila & Tikanoja Plc: Senior Vice President, Facility Services Segment 2019–2021; Interim President and CEO 2018; Group CFO 2017–2019; Vice President, Renewable Energy Sources Segment 2015–2017; Business Development Director 2012–2017
- Deloitte: Management Consultant 2005–2012
- Fiskars Oyj: Project Manager 2004–2005
- Rieter Automotive Management AG: Market Analyst 2003

Positions of trust

- Elo Mutual Pension Insurance Company, Member of the Supervisory Board 2022–



Megatrends supporting the construction ecosystem

Technology is changing the way we work



Urbanisation continues



Construction ecosystem

The sustainability crisis is unfolding



People and consumerism






Polarisation and the return of the superpower politics



YIT is a leading construction and development company

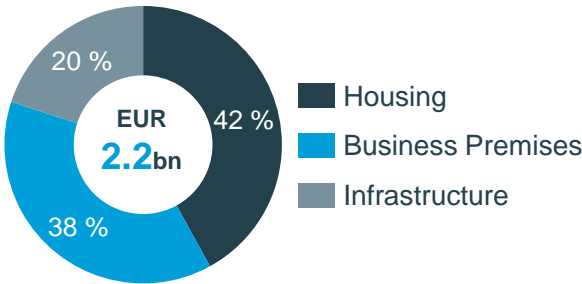
- Our goal is to create more sustainable, functional and attractive cities and living environments operating through three segments: Housing, Business Premises and Infrastructure.
- In growing cities, the YIT builds, develops and renovates homes, public premises and business premises that have long lifespans and are highly functional. YIT further builds infrastructure to facilitate smooth mobility and transport for people - already since 1912.
- During 2023, YIT continued the implementation of its strategy and specified the action plans for its segments. The company strengthened its strategic focus on the customer and continued the determined work to improve productivity and sustainability with the ultimate plan of increasing competitiveness and performance.

Segments

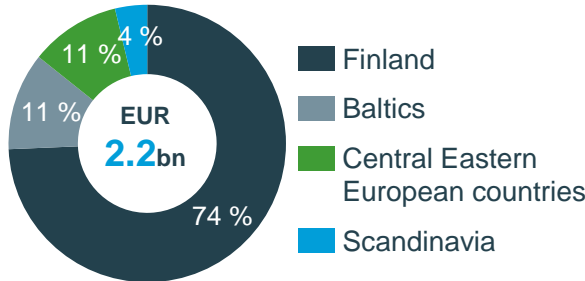
-  Housing
-  Business Premises
-  Infrastructure



Revenue by segment, 2023



Revenue by geography, 2023



* In January 2024, YIT announced the closing down of its operations in Sweden. Ongoing projects are expected to be completed by 2027.

Market environment stable; housing market in Finland expected to continue to be weak in the second and third quarter of 2024

| | Housing market | Real estate market | Infrastructure market |
|------------------------|----------------|--------------------|-----------------------|
| Finland | Weak → | Normal → | Normal → |
| Baltic countries | Weak ↗ | Normal → | |
| Central Eastern Europe | Normal → | Normal → | |

Q1 market environment

■ Good
 ■ Normal
 ■ Weak

Short-term market outlook

↗ Improving
 → Stable
 ↘ Weakening

Significantly improved cash flow, indebtedness decreasing

Adjusted operating profit
at

EUR **-14** million

(Q1/23: -3)

Operating cash flow
after investments was

EUR **1** million

(Q1/23: -216)

Capital employed
amounted to

EUR **1,591** million

(Q1/23: 1,672)

Net debt at

EUR **768** million

(Q1/23: 837)

(Q4/23: 795)



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

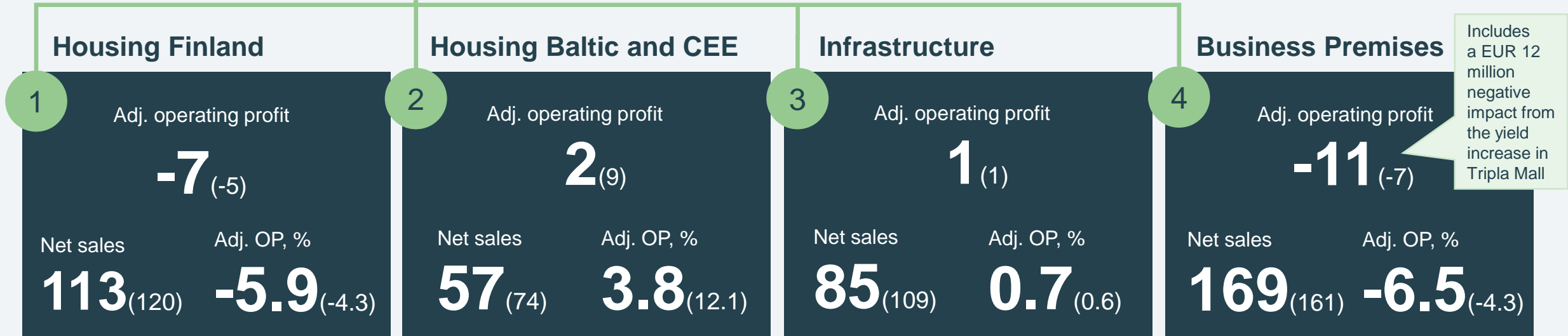
YIT Group, EUR million

| | | |
|-----------------------|------------------|--------------------|
| Adj. operating profit | Net sales | Adj. OP, % |
| -14 (-3) | 412 (455) | -3.4 (-0.7) |

(previous year comparable period in parenthesis)

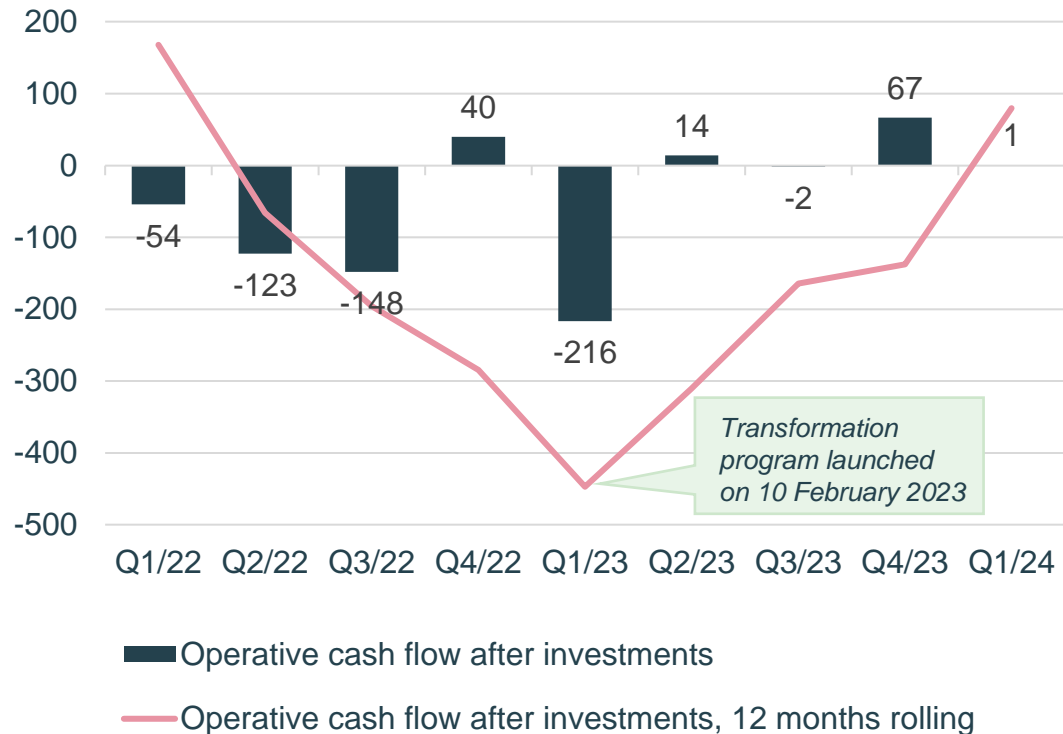
- Housing market in Finland remained weak impacting both net sales and profitability
- Strong performance in Housing operations in Baltic and CEE countries, lower number of completions reflected in the Q1 results
- Profitability remained stable in Infrastructure
- Improved underlying performance in Business Premises, adjusted operating profit affected by the yield increase in Tripla Mall

EUR million



Operating cash flow after investments improved by over EUR 200 million in Q1-24 year-on-year

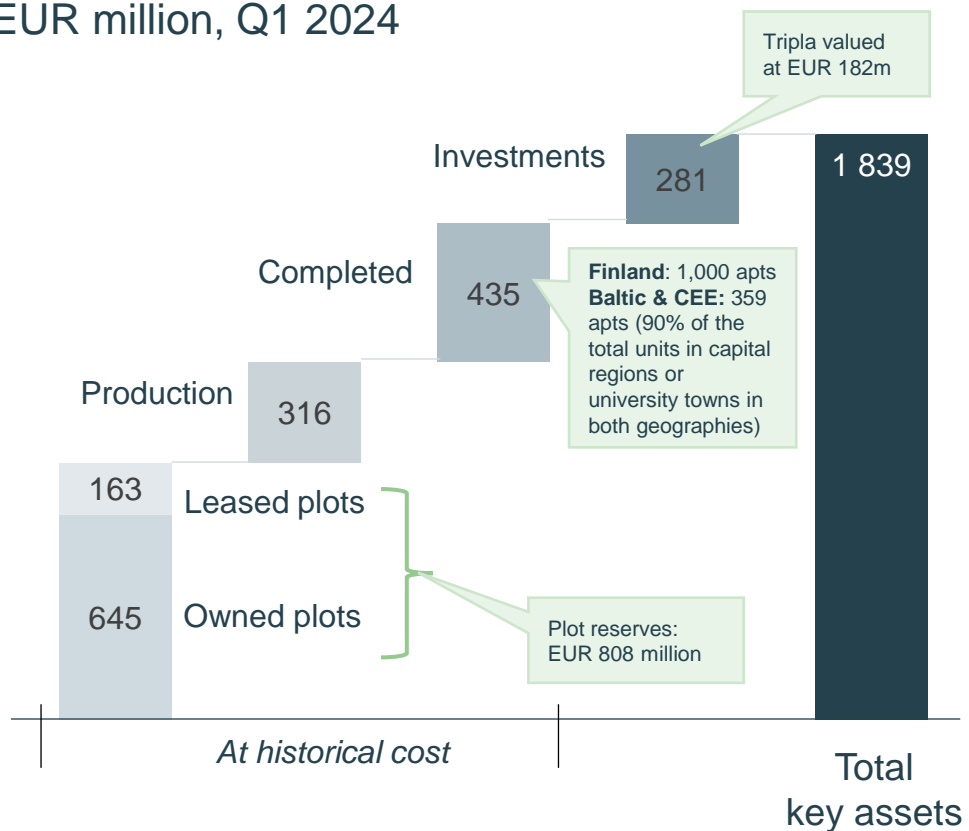
Operating cash flow after investments,
EUR million



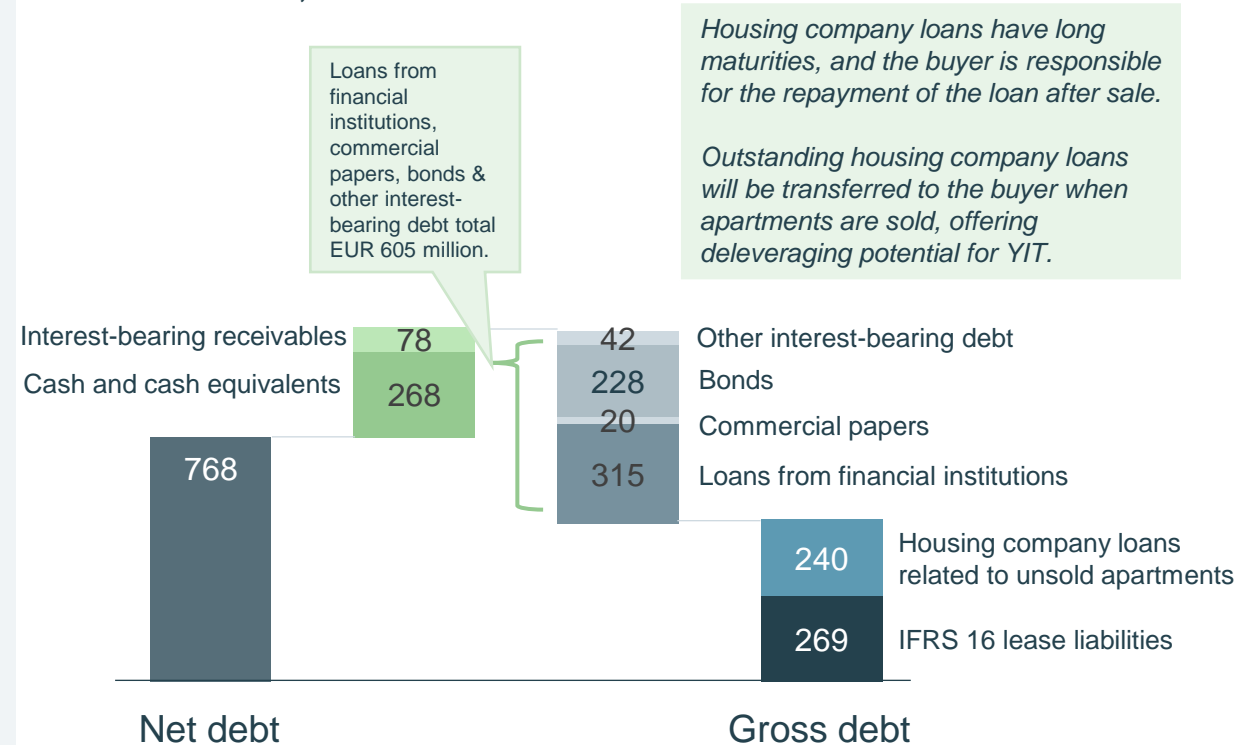
- Operating cash flow after investments increased significantly to EUR 1 million (-216) in Q1/24
- Cash flow was supported by YIT's improved net working capital efficiency and the successful divestment of the equipment services business YIT Kalusto Oy
- 12 months rolling operative cash flow after investments EUR 80 million positive at the end of Q1/24
- Cash and cash equivalents at the end of Q1/24 amounted to EUR 268 million (31 Dec 2023: 128), supported by the successful financing arrangement

Valuable assets safeguarding liquidity and creating deleveraging potential

Distribution of key assets in balance sheet, EUR million, Q1 2024

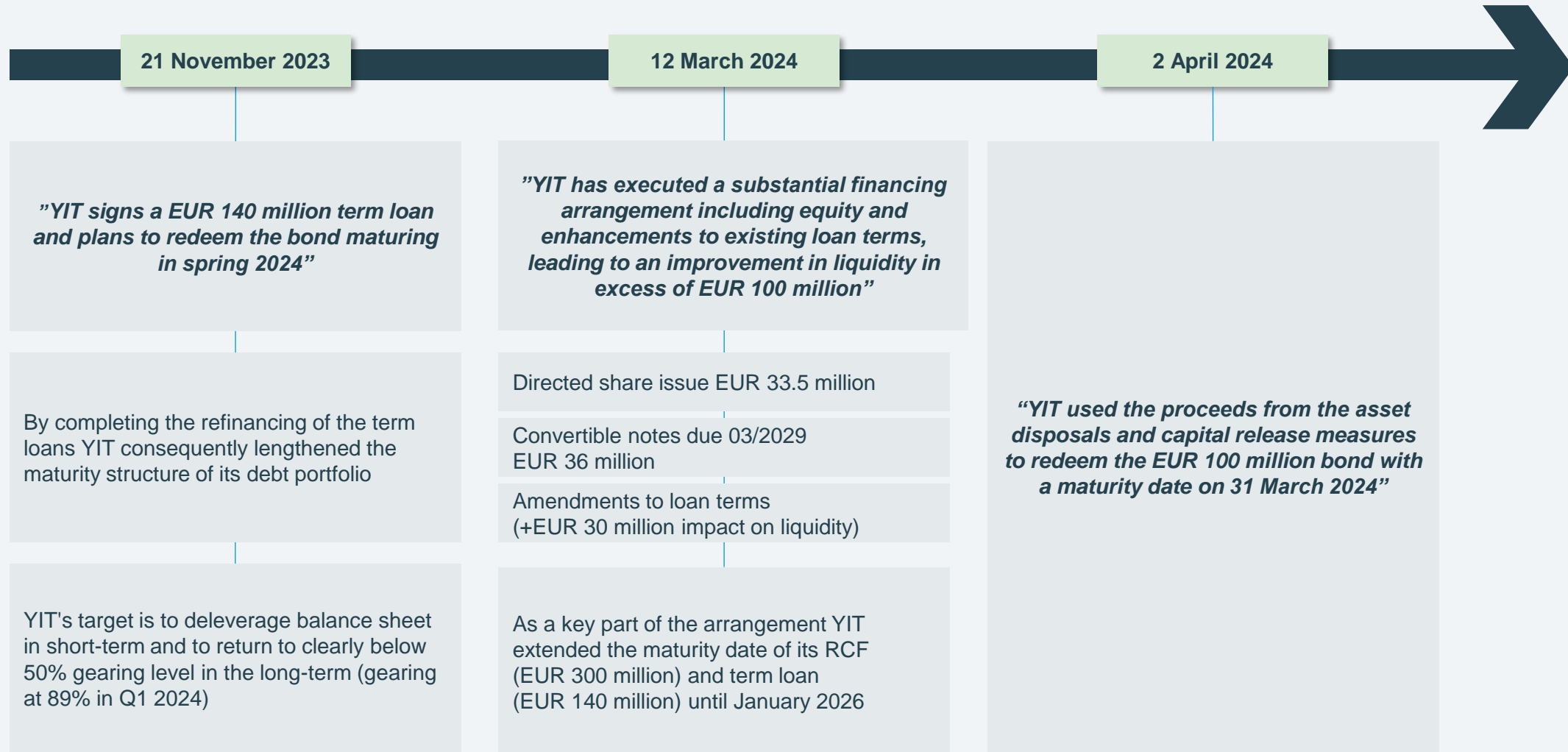


Distribution of interest-bearing debt, EUR million, Q1 2024



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

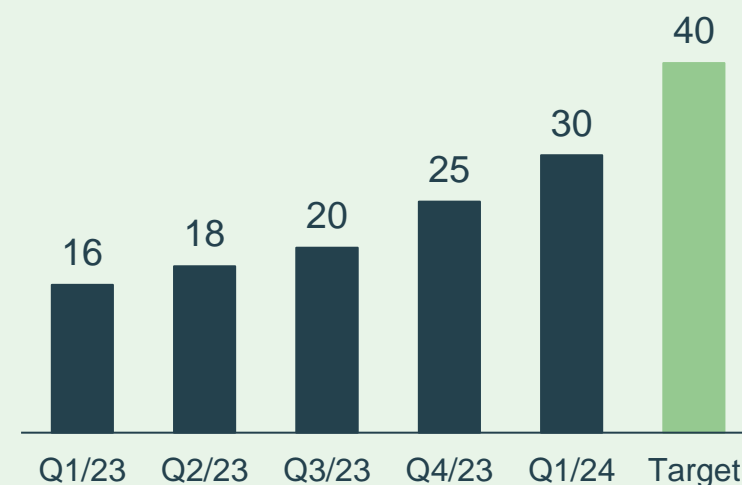
YIT has undertaken several significant balance sheet strengthening measures



The impact of the transformation program is already visible in Q1/24 numbers

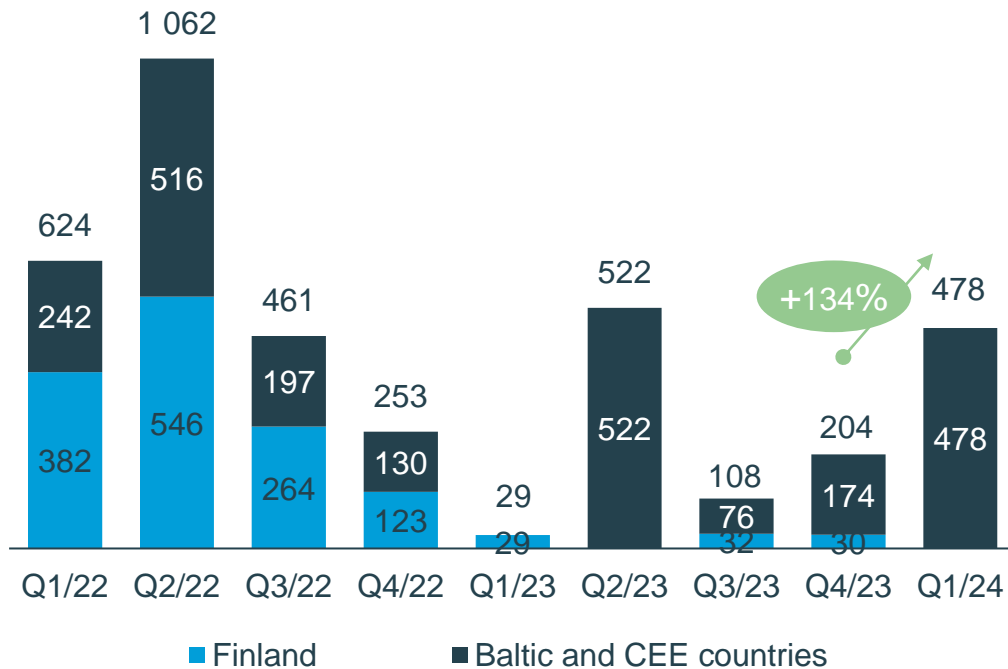
- YIT's transformation program has progressed faster than originally expected.
- With the actions taken by the end of March 2024, YIT will gain annualised run-rate cost savings of EUR 30 million, which will be fully realised by the end of 2024.
- Competitiveness is improved by increasing efficiency in procurement and project management and improving productivity.
- The transformation program also includes measures to release capital. With the actions taken by the end of 2023, YIT had released over EUR 100 million of capital with divestments. In addition, EUR 120 million was released from current assets such as self-developed projects, unsold apartments and land plots by the end of 2023.
- The sale of service equipment business YIT Kalusto Oy contributed to the capital release activities in Q1/24.
- Actions to improve net working capital are proceeding according to plan.

Cumulative annualised cost savings secured from the transformation program, EUR million



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

Consumer apartments start-ups, housing units

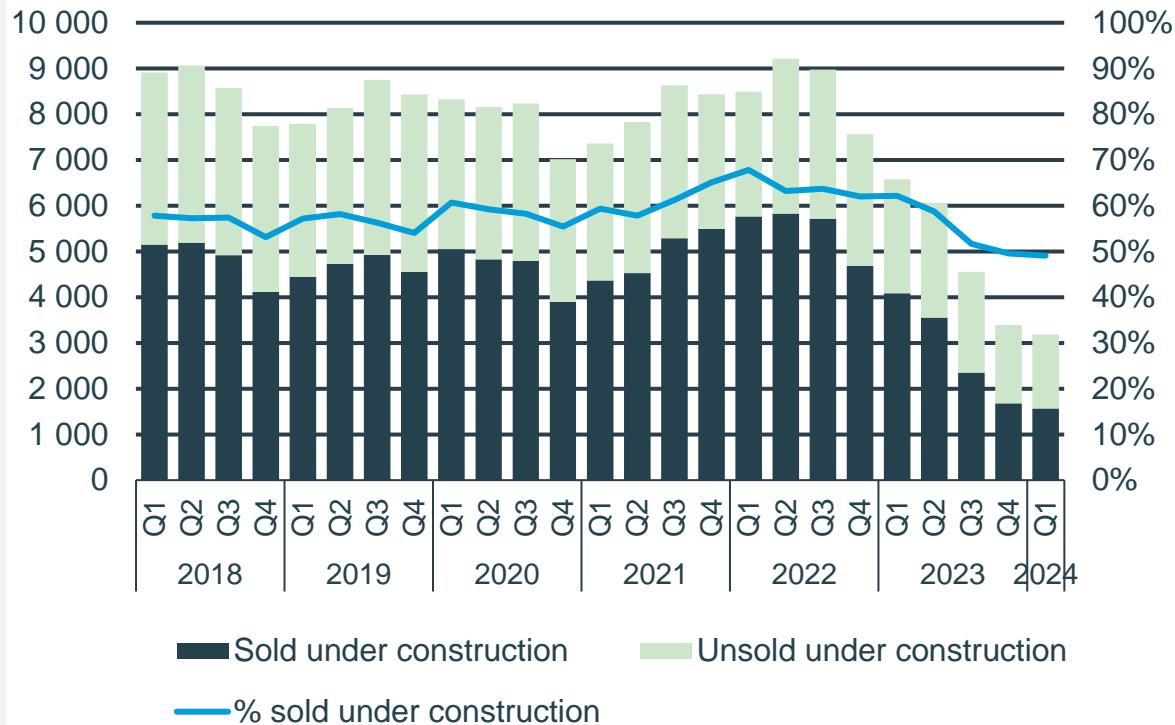


- Consumer apartment start-ups increased to 478 (29) apartments in the first quarter of 2024
- All the start-ups in Q1/24 were in the Baltic and CEE countries



Production adapted to meet the market conditions

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



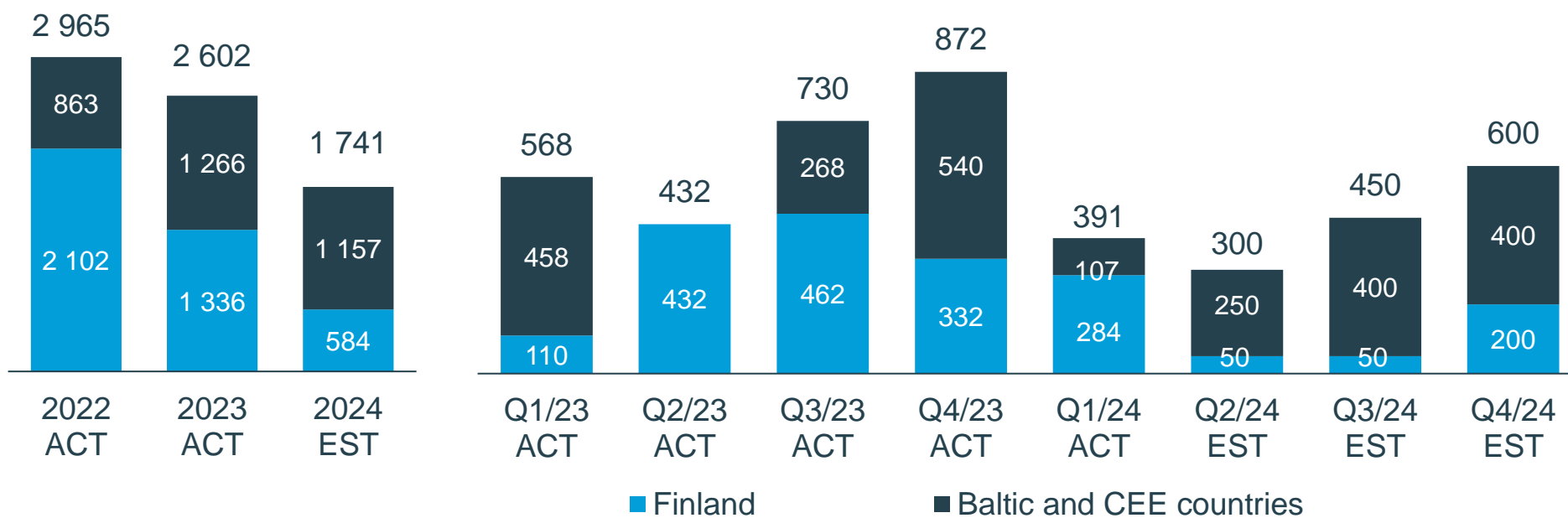
- Total number of apartments under construction was 3,186 (6,579), majority of which located in the Baltic and CEE countries
- Sales rate of apartments under construction at 49% (R24M: 58%), reflecting lower portion of investor sales



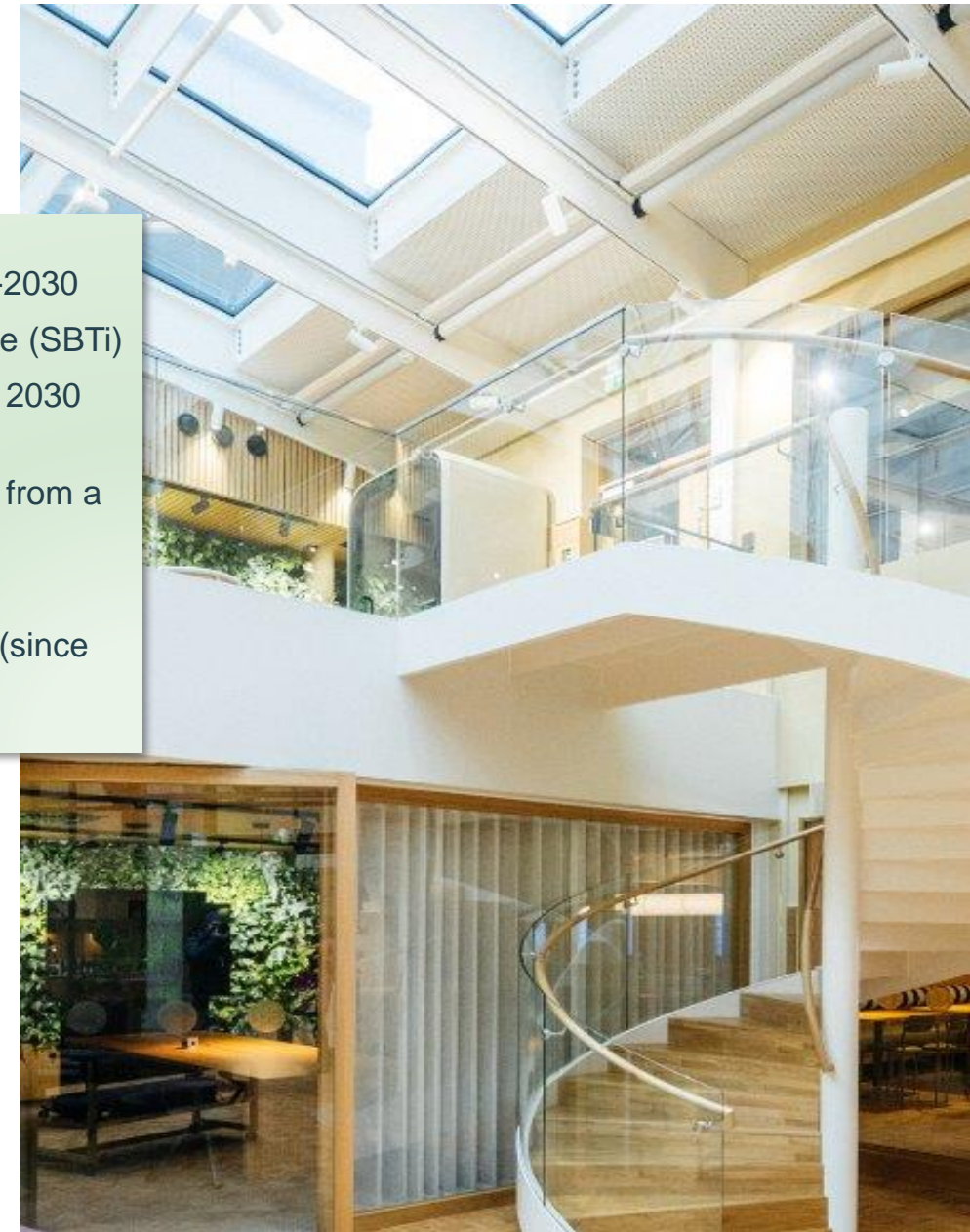
Over 70% of the apartments will be completed in the Baltic and CEE countries in 2024

Estimated completions of consumer apartments under construction

Housing units



Towards carbon-neutral construction



TARGETING
CARBON-
NEUTRAL
CONSTRUCTION
+
PREVENTING
THE LOSS OF
BIODIVERSITY

- ✓ Carbon roadmap towards carbon neutral construction for 2022-2030
- ✓ Climate targets validated by the Science Based Targets initiative (SBTi)
 - ✓ Reduce absolute scope 1 and 2 GHG emissions 90% by 2030 from a 2019 base year¹
 - ✓ Reduce absolute scope 3 GHG emissions 30% by 2030 from a 2019 base year
- ✓ Group-wide biodiversity principles developed
- ✓ All new housing projects in Finland will achieve energy class A (since Jan 2023)

MOST RELEVANT UN SDGs TO YIT'S OPERATIONS



MEMBERSHIPS IN ASSOCIATIONS



¹ The target boundary includes land-related emissions and removals from bioenergy feedstocks..

YIT is the ideal construction industry employer for engineering students

- Engineering students ranked YIT as the most ideal construction industry employer in Universum's Student Survey 2024, for the sixth consecutive year.
- YIT was also ranked as the ideal construction industry employer among university-educated professionals in Universum's Professionals Survey for the fourth year running.
- Investing in an excellent trainee experience and a systematic training path are of high priority at YIT.
- This year, YIT aims to offer summer jobs or trainee positions to approximately 350 young people.



Firm focus on completing our transformation and taking the performance of the company to a new level

Focused on delivering full impact of the transformation program and capital release measures

Operational diversification across different business segments and geographies

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



Thank you!

Additional information:

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

26 July
2024

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