

Webcast transcript: Interim Report January-March 2026

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Time 28/04/2026

PRESENTATION

Essi Nikitin

Hi, everyone. Welcome to YIT's First Quarter of 2026 Results Webcast. My name is Essi Nikitin, and I'm heading the Investor Relations at YIT. The results will be presented to you by our CEO, Heikki Vuorenmaa, and Interim CFO, Markus Pietikäinen. Without further ado, I will hand over to Heikki to go through the latest developments in the company. Please go ahead, Heikki.

Heikki Vuorenmaa

Yeah, thank you very much, Essi, and welcome to our quarterly webcast also from my behalf. Year started well according to our expectations, and we have many positive news today from the first quarter across the businesses and operating countries to share with you. Despite the ongoing global uncertainty, we continue to take those actions that is ensuring to reach our targeted profitability for the full year. Let's start and get to the main highlights.

We are very happy to share that our Residential CEE segment continues to perform well with a steady growth in both profit and revenue. Year began with the healthy margins, showing the quality of the new projects we launched in 2025. The market remains favorable, giving us more opportunities to continue to reach our strategic targets. Both of our contracting segments started the year with a positive trend, with a higher revenue and bigger order books for the first quarter. Overall, we are pleased with the situation and outlook for our contracting businesses. In Finland, the residential business, sales to consumers are steady, and the number of unsold apartments declined 20% during the quarter.

Let's look at the numbers more in detail. Like I said, the market situation in Residential Finland has stayed similar as last year, and the segment continues to be impacted by the low market volumes. That is also reflected on the segment financial performance, which remains negative. The revenue increased in the Residential CEE segment with nearly 14% profit margin. The segment has become a clear profit driver for the group. Building Construction volumes are up by 12% for the first quarter, and profit margins are trending positively, setting a solid foundation for the year ahead. Infra continues to deliver revenue growth with the healthy margins, and the segment continues on the strong track as planned. On the group level, we had a little bit more one-offs compared to the last year, which impacted the full first quarter profits. However, key drivers in three out of four segments are trending to the right direction, and we are on track with our full-year plan.

We also had progress with our non-strategic balance sheet items with some impact on operating profit as well. Firstly, we hold a minority interest in OP Vuokrakoti Ky, which sold its residential apartment portfolio during the first quarter.

This transaction with some 600 apartments demonstrates encouraging activity within investor towards the residential assets here in Finland. The sale released approximately EUR 10 million in cash but had a negative impact of EUR 9 million on our adjusted items. Secondly, we made a negative fair value adjustment of EUR 60 million to our Tripla Mall investment. This is a result of our decision to resolve the profit-sharing agreement by the end of the year with the Tripla other shareholders. Additionally, we carried out minor transactions to release the capital from these non-strategic items. During the first quarter, the value of these assets decreased from EUR 343 million to EUR 306 million. Finally, including the one-off costs from our operating model change, a total of EUR 4 million, all adjustments for the quarter amounted to EUR 30 million.

Positive gains we expect for this year from the operating model is EUR 7 million and a total of EUR 18 million then by end of 2027, clearly exceeding the one-off costs that we took on this quarter.

Now we go to the segment-specific overviews, and we start with the Residential Finland. The quarterly revenue was burdened by the lower investment volumes and connected to the market conditions during the past year. Sales are driven by the consumer demand, and as it remains still low level in Finland, segment overall revenue is impacted accordingly. The capital employed is mostly in plots, which then supports the future growth as the market recovery starts.

In total, we sold 131 consumer apartments, and our inventory of unsold apartments declined by over 20% during the quarter. We keep on initiating new starts in the growing cities while controlling our inventory and overall risk level. One thing to note as our inventories are returning to the normal levels among all industry players, we have observed clearly less campaigns in the market now compared to the past few years.

The apartment production is now at 602 units in Finland, primarily serving the consumer needs. The sales rate of our projects stands at 27%, and in addition to substantially decreased amount of investor projects, it is reflecting the emerging trends on the buyer behavior. The tendency is now to delay the purchase decision until closer to the project completion. Our project portfolio has undergone a substantial renewal, and the new developments are competitive in terms of design and market pricing as well.

We move to Residential CEE. During the first quarter, our financial metrics were trending in the right direction. Revenue increased to EUR 90 million for the quarter, adjusted operating profit to EUR 13 million, and the operating profit margin close to 14%. The results are driven by healthy project portfolio and successful sales result. Operating capital is under control, slightly below the last year level. We will continue to launch new projects to exceed our annual growth target of 15% during our strategy period.

As we then look at our apartment sales and starts, we continue to see the positive sales volume in most of the operating countries. Actually, during the quarter, March was the strongest sales month. We have not observed drastic changes in consumer confidence or consumer behavior sales volumes that could be linked to geopolitical turbulence. We will continue to start increasing number of projects during the year, given the market remains favorable to support our growth and strategic ambitions. On a rolling 12 months basis, our sales is at approximately 2,000 units, which has now increased over 70% in past two years.

Apartments under construction are above 3,000 units, which is a 40% increase from the comparison period. Production in CEE countries accounts for over 80% of group residential construction volumes, and the trend continues strong. Our sales rates of the apartments under construction increased to 47%, and as we disclosed in the previous page, amount of unsold inventory remains under control. The segment is on a good track, and we expect further acceleration according to plans.

From our contracting segments, we start first from the Building Construction. Our revenue during the first quarter increased 12% compared to previous year, driven by the increased order book during 2025. Adjusted operating profit increased and was EUR 3 million for the Q1. Profitability also increased, and on a 12-month basis, that is trending in the right direction as well. We still have further opportunities, obviously, to improve and reach our strategic target of exceeding the 6%. Mostly, those are coming from our internal efficiencies as well as the project execution as the market remains tight.

Our order book improved on the previous quarter and exceeds again now EUR 1 billion in value and corresponds to approximately 18 months of work. We are also now back on the right track with the order book development as well as the content of the orders that we are receiving.

Moving on to Infra. Growth continues. Our revenue increased to EUR 114 million during the first quarter. Our adjusted operating profit margin has remained solid at over 4% level on the rolling 12-month basis. Infra will also benefit further from our internal group efficiencies and project execution capabilities as it targets to achieve the 6% strategic target for our margin levels.

Order book in Infra increased, and we recorded significant new orders to our order book during Q1. The successful tendering in the Espoo area contract 4, a value of EUR 73 million, was recorded to the order

book. We are also very pleased that our customer, XTX Markets, continues to trust on our capabilities to deliver and awarded MEP phase for the data center in Kajaani for us. Data center market remains highly lucrative in Finland, and our capabilities, track record, and references are compelling to our customers. Overall order book is at EUR 900 million for Infra.

To close the first part and handing over to Markus soon, let's also cover the market situation that we are operating in. Residential market remains normal or good in the Baltic and Central and Eastern European countries. Building Construction operates in a normal market in all operating countries, and Infra continues to benefit from a good market in Finland. Our view of Residential Finland market remains intact, as we see that the primary apartment sales volumes are not expected to increase in 2026. These were the highlights from our operations, and now over to you, Markus.

Markus Pietikäinen

Thank you, Heikki. I'll walk you through the financials.

First, a summary of our Q1 financial development. Operating cash flow after investments was strong and at EUR 19 million for the first quarter. This improved by almost EUR 30 million versus Q1 2025. Gearing decreased year-on-year and was at 83%. Net debt was down by EUR 100 million from Q1 2025. Return on capital employed was at 5.6% at the end of the quarter, up from 4.8% a year ago.

This is the first quarter when we are reporting operative capital employed, which is excluding roughly EUR 300 million of items which we have defined as non-strategic, and which we intend to dispose of during the strategy period ending in 2029. In addition to the group figures, the change impacts the Residential Finland and Building Construction segments and provides a more transparent view of the underlying business. Building Construction reached a negative operating capital employed of EUR 78 million and the Infra segment a negative of EUR 77 million. On a group level, our operating capital employed has decreased by over EUR 60 million during the past 12 months. We will continue to drive profits and capital turnover to reach our financial target of at least 15% by end of 2029.

Operating cash flow after investments increased and was EUR 90 million positive. Considering the cyclicity of our cash flow profile, this is a very solid cash flow for the first quarter of the year. The company has been cash flow positive since 2024, and during the past 12 months we have generated over EUR 100 million of positive operating cash flow. We will continue our work to further improve cash generation.

Gearing decreased by 8 percentage points year-on-year and was 83% at the end of the quarter. Gearing was impacted by the redemption of the 2021 issued hybrid bond of EUR 46 million during the quarter, which had an 11 percentage points effect on gearing. Net interest bearing debt was at EUR 588 million, which is a decrease of roughly EUR 100 million from a year ago. On top of the IFRS 16 lease liabilities of EUR 253 million, the net interest-bearing debt also included housing company loans of EUR 122 million. The value of unsold residential projects in Finland amounted to roughly EUR 300 million at the end of Q1.

Our balance sheet remains asset rich, and main assets amounted to over 2x the gross debt. We have EUR 711 million worth of plots, enabling a pipeline of some 30,000 apartments across our operating countries. The book value of the completed inventory is down EUR 110 million from a year ago, as we have successfully reduced the number of unsold completed apartments in Finland. On the other hand, production volume has increased by over EUR 110 million year-on-year, as we have accelerated our production, especially in the favorable residential markets in the CEE countries. The book value of Tripla is now EUR 119 million, reflecting the EUR 16 million fair value change during the quarter, as discussed earlier in the presentation. The adjusted net debt, which excludes the operational IFRS 16 lease liabilities and housing company loans, was at EUR 213 million. The maturity structure remains in balance.

Finally to the guidance, which remains unchanged. We expect the group adjusted operating profit for continuing operations to be between EUR 70 million and EUR 100 million in 2026. Thank you, and now back over to you, Heikki.

Heikki Vuorenmaa

Thank you, Markus, and time to also review the progress against our strategic targets before we then open the lines for questions. A single quarter didn't materially change the picture. Revenue is on the modest

growth and return on capital employed was at 5.6% as Markus, you mentioned. Our profitability is trending in the right direction, yet it requires further progress across all the segments.

What are these measures then that what we have been now taking to accelerate the performance of our business? I will walk you through those. I think we have several of actually changes during the Q1. We established a new division focused on the data centers and energy and industrial construction. That is to ensure our capabilities are steered from a single point and serving to our customer needs in the best way. We are actually, like mentioned, one agreement was already announced during the quarter and with several active discussions ongoing. We want to be prudent on our projects we commit to, as delivering ahead of schedule, on budget with high work safety is important for us. New operating model, which reduces the layers, starts now on 1st of May, and in total, we continue to find improvements in the ways of working and reduce EUR 18 million from our operating expenses, of which EUR 7 million is expected to realize already in 2026. The new reporting method is now in use, and as you can observe, it provides a greater visibility to our true operating performance, as timing of the revenues and costs are now on the same quarter in the residential segments. Thank you all for your attention, and operator, it is now time for questions.

Q&A

Operator

If you wish to ask a question please dial star five on your telephone keypad, to enter the queue. If you wish to withdraw your question please dial star five again on your telephone keypad. The next question comes from Svante Krokfors from Nordea. Please go ahead.

Svante Krokfors

Yes, Svante from Nordea. Good morning. A question regarding the Mall of Tripla. You mentioned that you have dissolved the profit-sharing agreement. Could you elaborate a bit more on that, how that impacts the valuation and should this be seen as something that should we expect that the possible divestment of Mall of Tripla is closer now?

Heikki Vuorenmaa

Thank you, Svante. A great question. We have been disclosing on our annual reports this position and this kind of profit-sharing agreement with other investors. We have been entering into that over ten years ago. We have now took active decision to finalize that and close the open position with other shareholders. Then in the preparation of that, we have been analyzing what will be the outcome and took the changes on the fair value during Q1. Not commenting on the progress, but the overall, specifically on the market, what we have observed now in a European level is that the market activity is picking up in terms of these type of transactions. We've seen actually similar size of transactions to take place in Europe, which is, of course, encouraging us, also with our ownership of Mall of Tripla.

Svante Krokfors

Okay, thank you very much. I'll go back into the queue for now.

Heikki Vuorenmaa

Thank you, Svante.

Operator

As a reminder, if you wish to ask a question, please dial star five on your telephone keypad. There are no more questions at this time, so I hand the conference back to the speakers.

Essi Nikitin

There are no more questions. We thank you all for participating and wish you all great rest of the day. Thank you!