

Let's wait and CEE

We initiate coverage of YIT with a REDUCE-rating and TP of EUR 3.0. We forecast strong earnings growth for the coming years led by profitable growth in CEE, while Residential Finland should contribute more meaningfully starting from 2027E. The medium-term valuation looks relatively neutral, provided that the turnaround continues according to our estimates.

A Finnish construction market leader

YIT is a leading urban developer and construction company in Finland, Baltics and selected Central Eastern European countries. Its core business is to develop, build, and maintain sustainable living environments—mainly in cities and growth centers. YIT was founded in 1912 and listed in 1995 on the Helsinki stock exchange. The company employs currently some 4,100 employees across the operating regions. It has four different operating segments with different business models. The residential segments (Finland and CEE) focus on residential development while Building Construction and Infrastructure segments are traditional contracting segments.

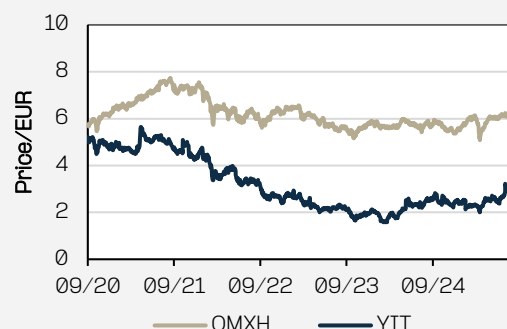
Expecting earnings growth led by CEE, Finland recovery lags

With low number of residential completions expected for 2025E, the residential net sales will still fall compared to last year. We forecast that especially the Q3 will remain soft as YIT expects all completions in H2/25 to materialize in Q4. Going forward, we expect strong starts in Residential CEE in 2025 to drive completion volumes in 2026 which supports the segments volumes and profitability. For Residential Finland, the market remains largely in stand-by mode, and we forecast more material pick-up in pace starting from 2027E. In contracting, we expect slow and steady delivery for the coming years while we forecast some margin improvement especially for the Building Construction segment from further self-help. With higher volumes, improving sales mix and ongoing self-help in contracting, we estimate rapid earnings growth during 2025–2027E.

REDUCE with a TP of EUR 3.0

We initiate coverage of YIT with a TP of EUR 3.0 and rating at REDUCE. We view the company's current valuation as rather neutral, assuming it carries out the turnaround in line with our expectations. The near-term valuation remains demanding on both absolute and relative terms. YIT is priced at 15–10x EV/EBIT based on our estimates for 2026–2027E. Our TP values YIT at avg. EV/EBIT of 12x for 2026–2027E which we see as a neutral level.

Rating ■ Reduce



Share price, EUR (Last trading day's closing price)	3.15
Target price, EUR	3.0
Latest change in recommendation	18-Sep-25
Latest report on company	18-Sep-25
Research paid by issuer:	YES
No. of shares outstanding, '000's	230 646
No. of shares fully diluted, '000's	230 646
Market cap, EURm	726
Free float, %	55.0 %
Exchange rate	—
Reuters code	YIT.HE
Bloomberg code	YIT FH
Average daily volume, EURm	0.5
Next interim report	30-Oct-25
Web site	yitgroup.com/en/investors
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🟢 BUY 🟢 ACCUMULATE 🟠 REDUCE 🔴 SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2023	2163.0	51.0	2.4%	-195.0	0.01	139.0	0.6	25.2	-46.8%	
2024	1820.0	-55.0	-3.0%	63.0	-0.49	-5.1	0.7	-24.2	11.0%	
2025E	1795.8	48.2	2.7%	1.1	-0.06	-52.8	0.8	30.8	0.2%	
2026E	1954.1	84.0	4.3%	199.2	0.11	28.1	0.7	15.3	27.4%	
2027E	2199.5	121.2	5.5%	55.8	0.28	11.3	0.6	10.1	7.7%	0.14
Market cap, EURm		726	Gearing 2025E, %			99.8 %	CAGR EPS 2024–27, %			
Net debt 2025E, EURm		755	Price/book 2025E			1.0	CAGR Sales 2024–27, %			6.5 %
Enterprise value, EURm		1 481	Dividend yield 2025E, %			0.0 %	ROE 2025E, %			-1.8 %
Total assets 2025E, EURm		2 450	Tax rate 2025E, %			-39.5 %	ROCE 2025E, %			2.9 %
Goodwill 2025E, EURm		248	Equity ratio 2025E, %			30.9 %	PEG, P/E 25/CAGR			0.0

All the important disclosures can be found on the last pages of this report.

Investment summary

Leading European construction company with a four-cylinder engine

YIT is a European developer and contractor with operations in Finland, Baltics and Central Eastern European countries. YIT was founded in 1912 and listed in 1995 on the Helsinki stock exchange. The company employs currently some 4,100 employees across the operating regions. YIT specializes in the development and construction of residential, business premises, and infrastructure projects. In 2024, majority of the company's revenue came from Housing and Business Premises construction (approximately 80% of total sales) while Infrastructure was approximately fifth of the revenue. In 2024, YIT was by a clear margin the largest construction company in Finland. In addition to its overall leading position, the company is also a leading player in the Finnish market in both infrastructure and renovation sectors. In the Baltics and CEE, the company's competitive position varies by market, with opportunities to increase market share in countries such as Poland.

Residential Finland is awaiting recovery, while CEE continues to grow

After three years of weak market conditions, YIT's Residential Finland segment is well positioned for recovery, with a plot reserve enabling the construction of around 15,000 apartments in growing cities. Recent improvements in project management and shorter construction lead times have boosted efficiency and margin potential. As competitors have exited the market, YIT targets increase in market share, $\geq 10\%$ adj. EBIT margin and a ROCE of above 20% as demand normalizes. Success will depend on market recovery and the company's ability to sell unsold inventory and launch new projects efficiently. Beyond Finland, YIT continues to expand its residential development business in the Baltics, Poland, the Czech Republic, and Slovakia, focusing on major cities with strong growth prospects. The strategy in CEE aims for rapid expansion, targeting at least 15% CAGR, supported by urbanization and faster economic growth in the area. Joint ventures help share risks and enable a capital-efficient model to operate in the region. Despite recent market turbulence, YIT continues to grow and increase its market share in key urban centers in the area.

Contracting segments offer low-risk stable cash flow with further self-help opportunities

YIT's contracting segments—Building Construction and Infrastructure—focus on delivering projects for external clients, such as public sector organizations, companies and property investors. A key feature of the contracting business model is negative capital employed as YIT receives advances on the work currently in progress. Revenue is recognized progressively as project milestones are achieved. This model offers stable revenue recognition, but lower margins compared to developer-contracted residential projects. YIT has been able to make its contracting operations more efficient and target margin net deviations have decreased. Especially the Building Construction segment has seen enhanced profitability, which we expect to sustain in the future.

Earnings growth expected to pick up in 2026–2027E

Residential completions will stay low in 2025, with most occurring in Q4. With relatively stable contracting operations, we expect group total net sales to remain largely flat compared to 2024 with an adj. EBIT of EUR 53m (guidance EUR 30–60m). During the first half of 2025, YIT started 1194 consumer apartment units in CEE and 134 units in Finland. We estimate that the company will continue to start new projects in CEE during the second half and the units started within Q3 should be able to be completed during 2026. With the strong CEE starts, we forecast growth to pick up in 2026E. Residential Finland is expected to contribute more meaningfully starting from 2027E. At the same time, we expect slow, single-digit growth for both Infrastructure and Building Construction segments. With higher volumes, improving sales mix and ongoing self-help in contracting, we estimate rapid earnings growth during 2025–2027E.

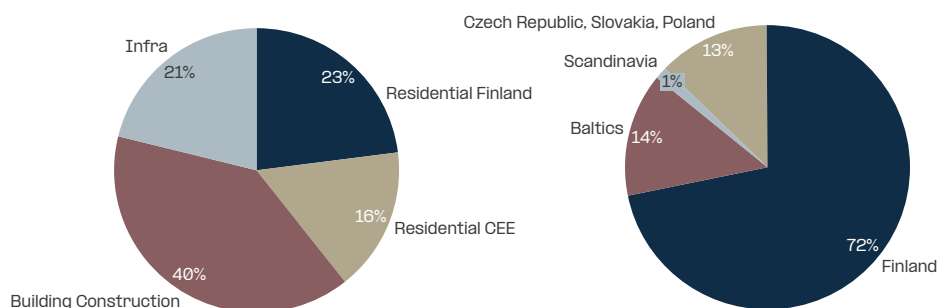
REDUCE with a TP of EUR 3.0

We initiate coverage of YIT with a TP of EUR 3.0 and rating at REDUCE. We view the company's current valuation as rather neutral, assuming it carries out the turnaround in line with our expectations. The near-term valuation remains demanding on both absolute and relative terms. We base our valuation on our estimates for 2026–2027E as we see that the profitability for 2025E will remain low, and hence not indicative of the longer-term potential. The company is currently trading at a premium based on our 2026E estimates, while valuation multiples are expected to normalize from 2027E onwards.

Company overview

YIT is a European developer and contractor with operations in Finland, Baltics and Central Eastern European countries. YIT was founded in 1912 and listed in 1995 on the Helsinki stock exchange. The company employs currently some 4,100 employees across the operating regions. YIT specializes in the development and construction of residential, business premises, and infrastructure projects. In 2024, majority of the company's revenue came from Housing and Business Premises construction (approximately 80% of total sales) while Infrastructure was approximately fifth of the revenue. YIT's segment structure was changed at the beginning of 2025 and now comprise of Residential Finland, Residential CEE, Building Construction and Infrastructure. YIT is the clear construction market leader in Finland, with net sales far surpassing those of its closest competitor. In 2024, YIT was also the fourth largest infrastructure construction company and among the largest renovation construction companies in Finland. In addition to holding a leading generalist position and strong niche presence in Finland, YIT is also a top player in the Baltic and Central Eastern European markets.

Figure 1: Net sales in 2024 divided by operational segment (% of total, lhs) and geography (% of total, rhs), excl. intra-group elimination



Source: YIT, Evli Research

Many twists and turns
during the last 25 years

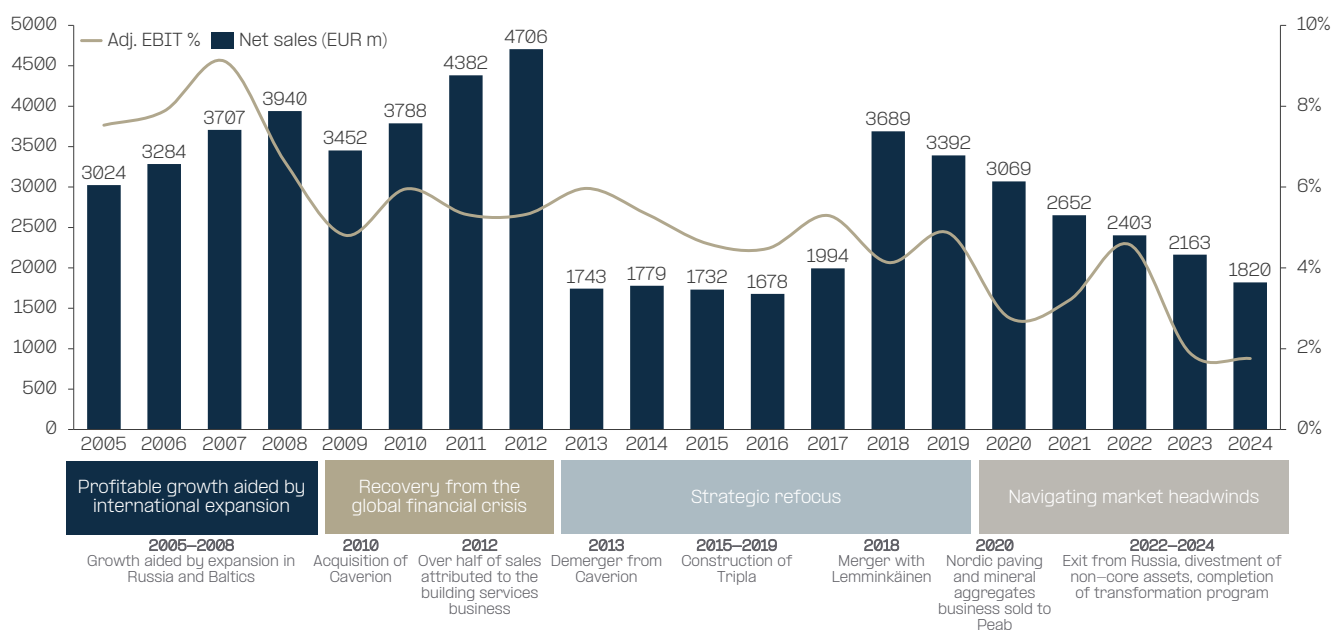
YIT expanded internationally in the early 2000s through mergers and acquisitions. Over the course of a decade, YIT expanded its operations into ten countries across Central Europe, the Baltics, and Scandinavia. The most significant milestone came in 2003 with the largest acquisition in YIT's history by that time, when the company entered the Scandinavian building system services market by acquiring ABB's building technology and property and industrial services business. The 2008 financial crisis significantly impacted YIT's operations, particularly in residential construction. By 2010, the company had begun to rebound, driven by increased activity in international markets. During the 2010s, YIT continued its expansion with major acquisitions in building services. By 2012, approximately 60% of the company's net sales came from the building services business. In 2013, YIT underwent a significant transformation, carrying out a demerger in which the building services operations were transferred to a newly established listed company, Caverion. This demerger was part of a broader strategic shift, as the company refocused its efforts on maintaining a strong balance sheet and enhancing operational efficiency. In 2018 another large transaction followed as YIT merged with Lemminkäinen, which was the second largest asphalt contractor in the Nordics by that time. The paving and infrastructure business was approximately third of the company's net sales in 2018. The Nordic paving and mineral aggregates business was sold to Peab in 2020 for a debt-free price of EUR 280m.

With the release of capital from the paving and mineral aggregates business, YIT focused on urban development and non-cyclical businesses.

Market has challenged during the last few years

In the last five years, YIT has dealt with several issues brought about by external market conditions. In 2021, the company launched a strategic review of its Russian business, a process that accelerated in early 2022 after Russia's invasion of Ukraine, culminating in YIT's total exit from the Russian market. The construction market conditions also started to weaken overall with increased geopolitical tension, cost inflation and higher interest rate environment. Weak market conditions have persisted, especially in Finland, throughout 2022–2025. Under the leadership of a new CEO who started in 2022, the company has undergone a transformation program. The transformation program was finalized in 2024, during which YIT achieved annualized cost savings of EUR 43 million, surpassing the original target of EUR 40 million. Over the past two years, the company has also sold off its non-core renewable energy and equipment services businesses.

Figure 2: YIT's history, net sales in EURm (lhs), adj. EBIT % (rhs), 2005–2024



Source: Factset, YIT, Evli Research

Business model

Four-cylinder engine

YIT is a leading urban developer and construction company in Finland, Baltics and selected Central Eastern European countries. Its core business is to develop, build, and maintain sustainable living environments—mainly in cities and growth centers. It has four different operating segments with different business models. The residential segments focus on residential development while Building Construction and Infrastructure segments are contracting segments. YIT's operations are diversified not only by segment but also across multiple geographic regions.

Business and project models differ between the segments

The contracting business involves building construction or infrastructure projects ordered by external clients, such as the public sector, companies, or property investors. Revenue is typically generated through fixed price or cost-plus contracts. Payment is usually made in installments as project milestones are achieved or upon project completion. Contracting is lower risk business model by nature as the projects are built to order with pre-agreed specifications and pricing. In addition, the contracting operations typically operate with negative capital employed as there is no need to finance, for example land acquisition or the construction itself. While the contracting business model does not tie up capital, the margin potential is lower compared to developer-contracting.

Table 1: Segment overview

	Residential Central Eastern Europe	Residential Finland	Infrastructure	Building construction
Revenue recognition	+ Point in time & as percentage of completion	+ Point in time & as percentage of completion	+ As percentage of completion	+ As percentage of completion & at point in time
Cyclicality	+ Cyclical + Geographically diversified	+ Cyclical	+ Low cyclicality, majority of clientele public	+ Diverse property end-use mitigates cyclicality
Capital employed	+ Targets >25% ROCE	+ Targets >20% ROCE	+ Negative capital employed	+ Negative capital employed
Growth target	+ ≥15% CAGR	+ Increase market share	+ ≥5% CAGR	+ ≥2% CAGR
Margin target	+ ≥15%	+ ≥10%	+ ≥6%	+ ≥6%

Source: YIT Capital Markets Day materials, Evli Research

Both residential segments focus on developer contracting

YIT's both residential segments Finland and CEE operate a developer-driven business model focused on the development, construction, and sale of apartments in urban growth centers. The company acquires and develops land, in attractive and well-connected locations, and undertakes the entire project lifecycle from planning and design to construction and final sales. YIT typically sells apartments directly to private homebuyers and residential investors, with sales frequently commencing before or during construction, which helps to mitigate inventory risk. YIT sells apartments to consumers for both own use and for rental purpose. YIT also sells apartments to professional investors, usually by selling the entire residential building or portfolio of buildings. YIT recognizes revenue from residential developer-contracted projects at a point in time rather than over time. This means revenue is recognized upon completion when control of the apartment is transferred to the customer. Developer-contracting projects are therefore riskier as the company's capital is tied to the project and in addition, sometimes the company bears the risks involved with selling

the project after completion. On the other hand, the project margin potential is higher compared to contracting. YIT emphasizes high-quality, energy-efficient housing solutions tailored to the needs of different customer groups and supports buyers through the entire process with after-sales and warranty services. YIT's success in these segments depends on its ability to secure desirable land, efficiently manage the construction process, and deliver attractive housing solutions that meet market demand.

Some differences in residential business models between Finland and CEE

YIT also undertakes residential projects that are sold to investors prior to the commencement of construction. While the majority of these projects are located in Finland, some are situated in the CEE region. Unlike developer-contracted projects, these developments do not tie up capital, and revenue is recognized progressively throughout the project based on the stage of completion. We expect that the higher profitability target for Residential CEE is partly explained by the higher share of developer-contracting out of the total residential development portfolio. The current plot reserve in Residential Finland is over million floor squaremeters, and according to the company, it is ready to build approximately 15,000 apartments in growing cities. In Residential CEE, the company's plot reserve consists of roughly 800k floor squaremeters. In CEE, YIT utilizes joint venture (JV) structures to develop, produce and sell projects together with co-investors. JVs are used to split development and sales risk; it also offers a capital-efficient operating model for YIT in the region. The company can also utilize the local knowledge of JV partners when entering new regions or cities in CEE.

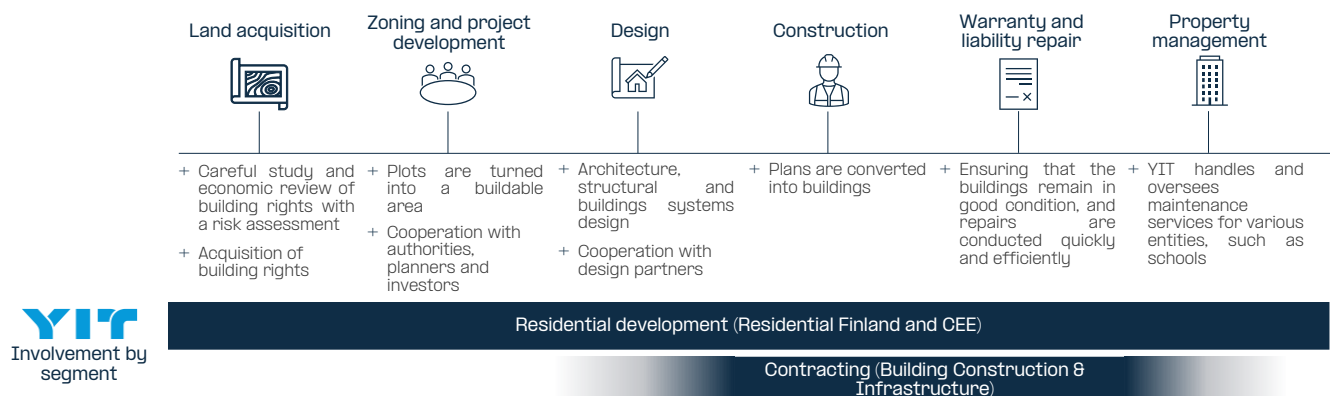
Building construction is a traditional non-residential construction contracting segment

YIT has reorganized its business structure as part of its 2025–2029 strategy, with the Building Construction segment being created from the former Business Premises segment. The Building Construction segment focuses on building and renovating non-residential buildings. Business premises projects include new construction and renovation projects for office, commercial, sports, hotel, business, logistics and industrial buildings, as well as public buildings such as hospitals, health and wellness centers, day-care centers, schools and multipurpose buildings. Most of the projects are cooperative project management contracts, design-build contracts, alliances, or life-cycle or PPP (Public Private Partnership) projects.

Infrastructure focus on Finland after transformation

YIT's Infrastructure segment focuses on designing, building, and maintaining critical infrastructure through project-based contracts. The projects include industrial, routes, urban, earthworks and foundation construction in addition to rock tunneling and road maintenance and stonework. Key clients include public sector organizations (such as municipalities and government agencies), as well as private sector clients. The infrastructure contracting projects are typically larger in size and inclusive cooperation contracting models are used. Alliance model is a typical contracting model for YIT's infrastructure projects. The segment has undergone some changes during the last five years. In 2020 YIT sold its Nordic paving and mineral aggregates business to Peab. In 2024, as a part of the transformation program, YIT completed its strategic review of the infrastructure business in Sweden and decided to close down the operations.

Figure 3: Construction value chain and YIT's position



Source: YIT, Evli Research

YIT's contracting segments, Building Construction and Infrastructure, conduct projects using various project models depending on factors such as scale and difficulty, schedule, the customer's capabilities and the number of parties involved among other factors. Contracting project models YIT utilizes include the following:

- **Alliance:** A co-operative model where the risks and benefits are shared among the participants. The project parties operate in a shared project organization. Relatively new contract type which is typically used in larger construction projects.
- **Life-cycle:** Primarily used for public sector projects where YIT's responsibilities include the implementation of the project and its maintenance over the long term.
- **Public Private Partnership:** Model for large projects that are not feasible without major funding such as motorways and railways. In the model, public sector collaborates with a private company under a service agreement. The private company carries out the planning, design and construction using financing that it obtains itself. Following the completion of construction, an extended maintenance period commences, for which the service provider is accountable.
- **Project management:** Cost-plus contracts where YIT provides the customer with its construction management capabilities. The fluctuation of construction costs does not have as large impact as in fixed price contracts as the difference between projects actual cost and target price is divided between the customer and the contractor.
- **Road maintenance contract:** used in state road maintenance, contractor's tender includes target price yet actual costs in implementation phase are compensated.
- **Turnkey/Design-build:** YIT is responsible for both design and construction of the building.

Strategy

A lot has happened during the last three years

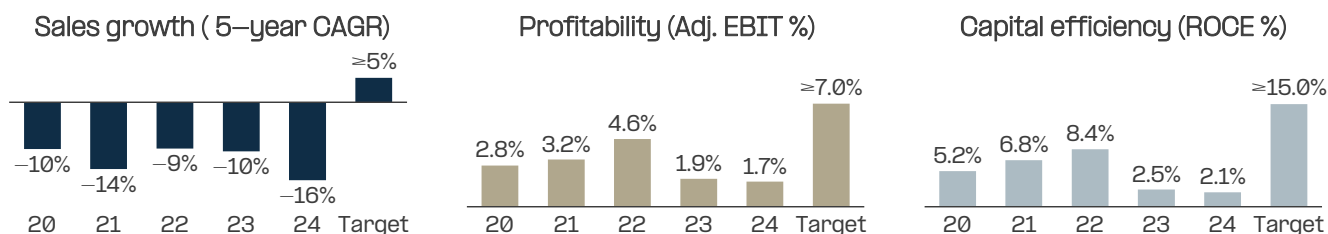
Heikki Vuorenmaa took on the role of CEO at YIT in 2022. Since his appointment, the company has successfully divested non-core assets, refinanced its balance sheet, and achieved annualized cost savings exceeding EUR 40 million. The prolonged weakness in the Finnish residential construction market since 2022 has also allowed management to dedicate more time and resources to driving the company's transformation. The transformation program has focused on improving procurement practices, project management and productivity. With the actions, YIT's project margin net deviations have improved in both of its contracting segments Building Construction and Infrastructure, and construction lead times have shortened. In addition, fixed costs have been lowered by some 25%. In addition to margin enhancing actions, YIT has divested non-core assets such as the renewables business and Russia business. Despite only marginal divestments compared to the total potential, capital employed has already been reduced notably from the levels seen two years ago.

With the strategy for the period 2025–2029, YIT aims to continue to increase resilience, improve financial performance and enhance its position as the trusted partner for customers. The updated financial targets by 2029 are as follows:

- Growth: $\geq 5\%$ Net sales CAGR
- Profitability: $\geq 7\%$ Adjusted EBIT
- Capital efficiency: $\geq 15\%$ ROCE

In addition, in terms of balance sheet, the company aims for 30–70% net debt to equity over the cycle. For dividend, YIT looks to distribute $\geq 50\%$ of EPS as a dividend.

Figure 4: Sales growth, profitability and capital efficiency metrics 2020–2024 and target by 2029



Source: YIT, Evli Research

Looks to continue to improve productivity and efficiency...

Although the company has already realized cost reductions exceeding EUR 40 million, there remains additional potential to improve cost discipline. We believe these savings are sticky, but we expect that most of the achievable cost reductions have now been captured. There are some visible low-hanging fruits such as lowering the apartment inventory in Finland which incurs costs remaining unsold. The company has already shortened construction lead time by around 15% in residential Finland and is working towards a total reduction of more than 20% across operations. This initiative encompasses the entire value chain, with the objective of streamlining the process from plot acquisition all the way to the handover of completed apartments in its residential development segments. In terms of capital efficiency, the company aims to achieve $\geq 15\%$ ROCE by the end of 2029. From the operating segments, the Infrastructure and Building Construction segments should operate with negative employed capital. The infrastructure segment has negative capital employed which it reached already in Q2/24. For Building Construction, the capital employed was EUR 276m at the end of Q2/25 with Tripla valued at EUR 186m. Residential development

involves allocating capital for plots and the projects itself. In the residential segments, the company targets a ROCE of greater than 20% in Finland and greater than 25% in CEE.

... while generating growth in targeted areas

YIT aims for rapid growth in residential CEE as it targets $\geq 15\%$ CAGR (or doubling the size of the business) by 2029, in addition, it aims to capture market share in residential Finland. The market share gain in Finland is supported by less competitive market environment going forward as competitors have exited the market due to the weak market conditions during the last few years. In CEE, YIT is still relatively small player in certain markets and can therefore outgrow the market more easily by winning market share. While growth in residential development remains key, YIT also looks to have a balanced portfolio of public and private projects in the contracting segments to retain resilience.

Customer and employee satisfaction at focus

Professionals in the field of engineering in Finland ranked YIT as the most attractive employer in the construction industry for the seventh time in row in survey conducted this year. In addition to employees, YIT aims to maintain high customer NPS, which is currently over 50 across the operations. Based on various sources, the average NPS in the construction industry is approximately 40–50. According to Epsi Rating, YIT's customer satisfaction for new residential properties in Finland was approximately at the industry average.

Strategy period is divided into two phases

During 2025–2026, YIT continues to reinforce its core business. It aims to return to growth as residential market in Finland should start to normalize slowly. At the same time, the company continues to reinforce financial stability and divest non-core assets. Between 2027 and 2029, YIT aims to enter an acceleration phase where it aims to capitalize on profitable growth in residential business. In terms of capital efficiency, the company looks to further improve efficiency via project financing models, payment terms, and business portfolio choices. YIT aims to start to distribute dividends in line with the target payout ratio during the acceleration phase.

The acceleration phase is conditional on the recovery of the market

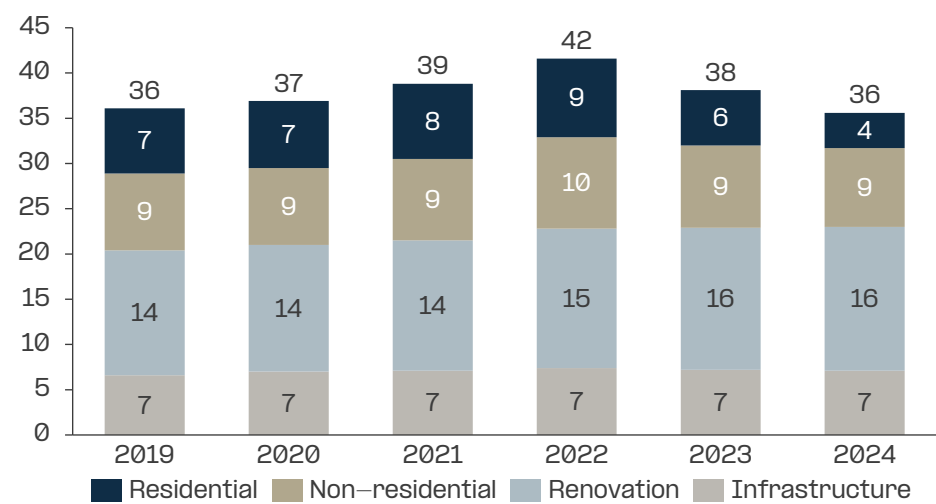
Although YIT's contracting business carries less risk, it does not, by itself, enable the company to achieve the targets set in the strategy. The key to succeeding in the acceleration phase and meeting the targets lies in the performance of the company's residential businesses across both the domestic and CEE markets. While the company has improved the operational efficiency of the Residential Finland segment and reduced construction lead time, the major driver in realizing the full potential will be the market development going forward. In addition to domestic residential operations, Residential CEE will be important during the strategy period as the company aims to grow profitably in the area. The segment is currently the most profitable of the company's operating segments as it operates near the target margin, yet capital efficiency is still at notably lower level than the company targets. We expect that this will improve as YIT is ramping up apartment starts in the region which will improve land plot turnover. Higher volumes will also support profitability going forward. Within the contracting segments, Building Construction stands out as having room for improvement, as its profitability lags behind its target compared to the Infrastructure segment. Besides profitability, Building Construction will also play a key role in enhancing capital efficiency, since YIT aims for this segment to operate with negative capital employed in the future. The main factor enabling negative capital employed in Building Construction will be the divestment of Tripla Mall.

Market overview

Diversified portfolio
hedges from market
turmoil

YIT is active in all of the main construction types; residential, non-residential, infrastructure and renovation construction. In addition to diversified project portfolio by type, the company's sales are split by multiple different geographies. While diversified by geography, Finland remains the company's main market with over 70% of net sales coming from the region. YIT is the largest construction company in Finland, being notably larger than the rest of the market participants. In addition to being the largest generalist, YIT commands leading market positions in all the Finnish construction subsegments. The Finnish construction market was worth approximately EUR 36b in 2024 of which residential building construction was approximately 11%, non-residential building construction 24%, renovation 45% and infrastructure 20%.

Figure 5: Value of Finnish construction market, by subsegment, 2019–2024, in EURb



Source: Confederation of Finnish Construction Industries RT, Evli Research

Residential and non-residential new construction markets fluctuate with the economy

The new construction markets for both residential and non-residential properties are heavily influenced by macroeconomic factors such as GDP growth, migration, interest rates, and consumer confidence. The residential new construction market is more directly impacted by consumer confidence and demand, which is affected by, for example, salary development, consumer savings rate and mortgage interest rates. The non-residential new construction market demand is influenced by investments from companies and the public sector. For example, the need for new office buildings is affected by the vacancy rates of the current office stock and the demand for industrial buildings is affected by the overall industrial investment activity. Both the residential and non-residential markets are also affected by investment demand, which is influenced by rental yield levels and investors' return requirements.

Infrastructure and renovation are more stable

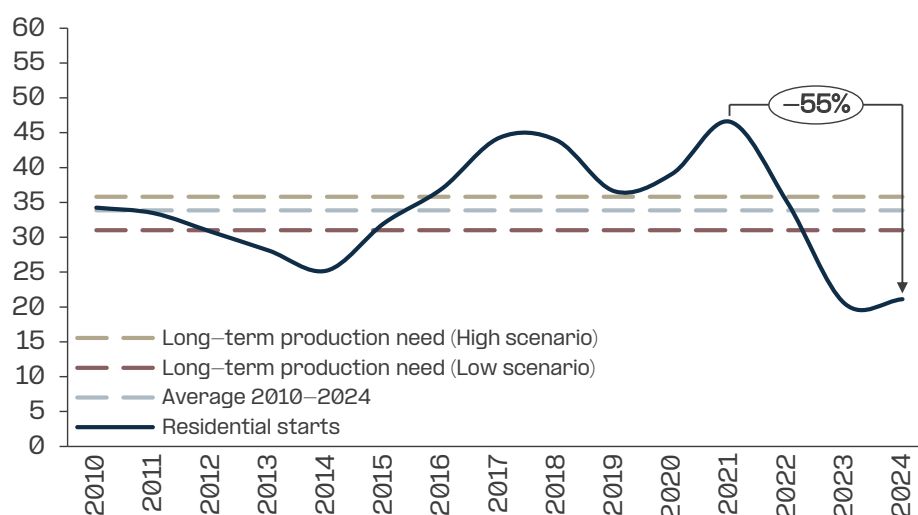
The renovation construction market has historically grown at a slow pace and been relatively stable compared to new construction. While more stable, the renovation volumes have also decreased during the recent construction downturn. The infrastructure construction has similar, more stable characteristics as the market is driven by long-term public investment, less tied to economic cycles, and consists of large public projects that are less likely to be delayed or cancelled. Infrastructure projects also often span several years alleviating fluctuations.

Residential Finland

Housing unit production exceeded long-term need during the last upcycle...

The deterioration in Finnish residential construction started already in 2022 as the building permits and starts began to decline driven by the geopolitical tensions and higher interest rates. The European Central Bank increased its key interest rates in July 2022 for the first time in 11 years to curb the effect of inflation driven mostly by higher energy prices. According to VTT Technical Research Centre of Finland, the annual need for apartments is approximately 31–36k units per annum up to year 2045 depending on the population estimate for Finland (5.8–6.0 million residents). The residential housing starts peaked at nearly 47,000 units in 2021. The residential starts during 2017–2022 exceeded the long-term need for housing units. In 2024, the starts were down some 55% compared to the peak levels.

Figure 6: Residential construction starts in Finland vs. long-term residential apartment need, 2010–2024, in thousands of units



Source: Statistics Finland, VTT, Evli Research

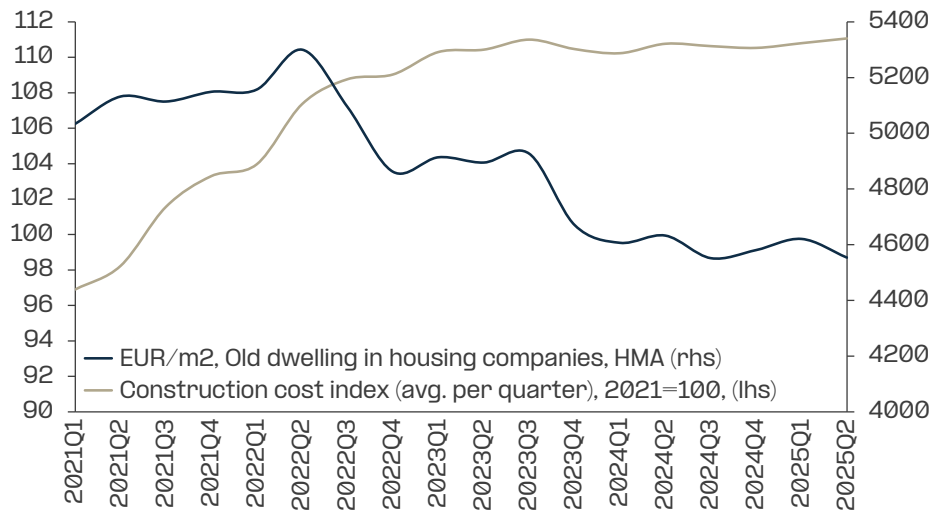
... which was caused by abnormally low interest rates

According to Bank of Finland, the share of variable rate mortgages of total new mortgages in Finland between the year 2003–2023 has been on average between 84–89%. The share is high compared to for example Central European countries such as France, Germany, Belgium and the Netherlands where the percentage has been roughly 10–20%. Due to high share of variable rate mortgages, the average interest rate of mortgages in Finland has rose from the lowest in the Eurozone to one of the highest in less than two years. The ECB deposit facility rate stayed below zero from 2014 to 2022, ECB increased the rate by 50 bps in July 2022, first increase in 11 years. The rate increase of July 2022 was followed by several subsequent increases, reaching a peak in Autumn 2023 when the ECB raised its deposit facility rate to 4%. The interest rate increases were driven by inflation, which rose quickly due to factors such as supply chain disruptions, higher energy prices, and geopolitical tensions. The Euro area's inflation was the highest during Q4/2022 as it was at approximately 10% level. The inflation has since calmed and is currently roughly 2% (Euro area), largely in line with the 2% medium term inflation rate target of ECB. Due to lower inflation, in summer 2024, ECB lowered its deposit facility rate to 3.75%, first rate cut since 2019. The rate cut in June 2024 has been followed by seven rate cuts since and after the most recent cut in June 2025, the deposit facility sits at 2% and marginal lending facility at 2.4%.

Construction costs have remained high while housing prices lag

The geopolitical uncertainty, cost inflation and ultimately higher interest rate environment has affected the domestic consumer confidence negatively. For the same reasons, investor demand has also declined. With the overproduction of housing units in Finland, especially in the Helsinki Metropolitan Area (HMA), lower demand due to beforementioned reasons, there has been oversupply of housing units. This has affected housing prices negatively as according to data by Statistics Finland, the prices of old dwellings in housing companies have declined some 15% from the peak levels in HMA. At the same time, although construction cost inflation has slowed, overall construction costs remain elevated. This situation reduces demand for new builds, as the significant price gap between new and older homes makes new construction less attractive, especially since prices for existing homes depressed levels and the gap is only expected to close gradually.

Figure 7: Prices of old dwellings in housing companies in HMA (rhs) vs. construction cost index, 2021=100 (lhs), 2021Q1–2025Q2



Source: Statistics Finland, Evli Research

Residential CEE

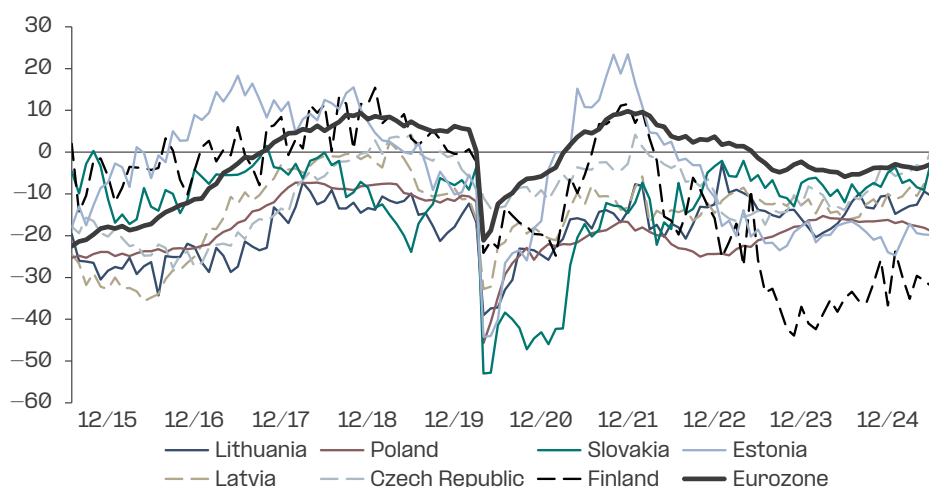
YIT focuses on larger cities in CEE

YIT operates in residential sectors not only in Finland but also in the Baltics, Poland, the Czech Republic, and Slovakia. In the CEE countries, YIT focuses on larger cities where it aims to grow its market share. The CEE countries have generally fared better during the recent years in terms of overall construction compared to Finland. YIT targets CAGR growth of 15% or more during the current strategy period in CEE. This is supported by the company's relatively smaller market share in the area coupled with higher market growth. In addition, the urban areas, which are in focus of YIT's operations, are growing at a fast speed due to continued migration to cities.

Construction confidence has already recovered in many CEE countries

The European construction confidence bottomed during the COVID-19 crisis at the start of 2020 after which it recovered until H2/2022. Construction confidence has fallen ever since across Europe, yet some countries have fared relatively better than others. Of the YIT's operating countries, the decline in construction confidence has been the worst in Finland and Baltics, especially Estonia. We believe the large proportion of variable interest mortgages in these countries contributed to the downturn. Some countries, such as Czech Republic and Slovakia have recovered well. In Slovakia, the construction confidence is currently at the highest level since the COVID-19 crisis.

Figure 8: Construction confidence across YIT's key markets, monthly data, 10-year history

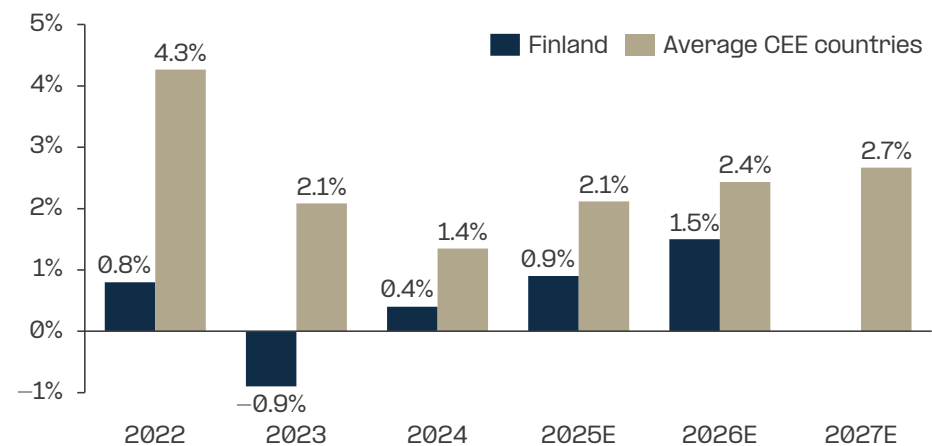


Source: Factset, Evli Research

Better market growth prospects in CEE on average

According to data gathered by Factset, consensus expects real GDP growth in Finland to be lower compared to YIT's operating countries in CEE. The Baltic States, Poland, the Czech Republic, and Slovakia are considered emerging European economies, each exhibiting a lower GDP per capita compared to Finland. For countries starting from a relatively modest economic base, even moderate advancements in investment, productivity, or consumption can result in comparatively higher percentage growth rates. Additionally, many of these countries demonstrate robust investment inflows. The EU provides significant funding to emerging European countries through various programs, including the European Regional Development Fund (ERDF) and Horizon Europe. The average real GDP growth in the CEE countries where YIT operates is expected to be north of 2% for 2025–2027E (on average, based on consensus median), while real GDP growth in Finland is estimated to be some 0.9–1.7% in 2025–2026E.

Figure 9: Real GDP growth, actual and forecast, 2022A–2027E, Finland (blue), average of YIT’s operating countries under the Residential CEE (brown)

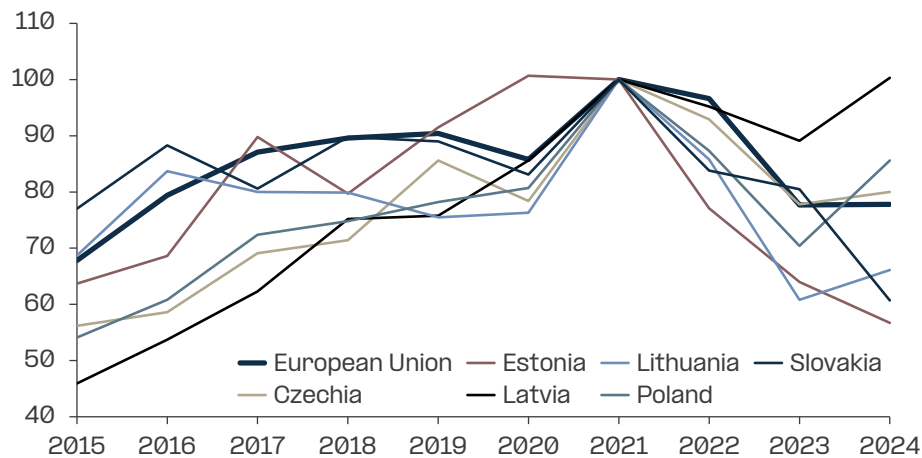


Source: Factset, Evli Research

Baltic countries have also been hit by the residential construction slump

In the Baltic countries, the residential market has experienced rapid growth during the past decade as household income grew, and urbanization continued inducing demand in the capital cities Tallinn, Riga and Vilnius. While the general trend has been positive, the Baltic countries have been affected by high inflation and rising interest rates that have dampened demand and increased construction costs during the last two years. In Estonia, the residential market slump has been more drastic as the building construction volumes have been on downward trend since the second quarter of 2022. In Latvia, the construction volumes slumped during 2021–2022 yet have recovered since. The construction volume index grew by nearly 30% during the latter part of 2010s and by over 90% during the entire decade. Based on residential building permit data, the Latvian market already fully recovered in 2024. Like Estonia, Lithuania has struggled, and although residential building permits rose somewhat in 2024, volumes are still significantly below pre-2022 levels.

Figure 10: Building permits, number of dwellings indexed, 2021=100, residential buildings, except residences for communities



Source: Eurostat, Evli Research

OEE countries generally
less affected

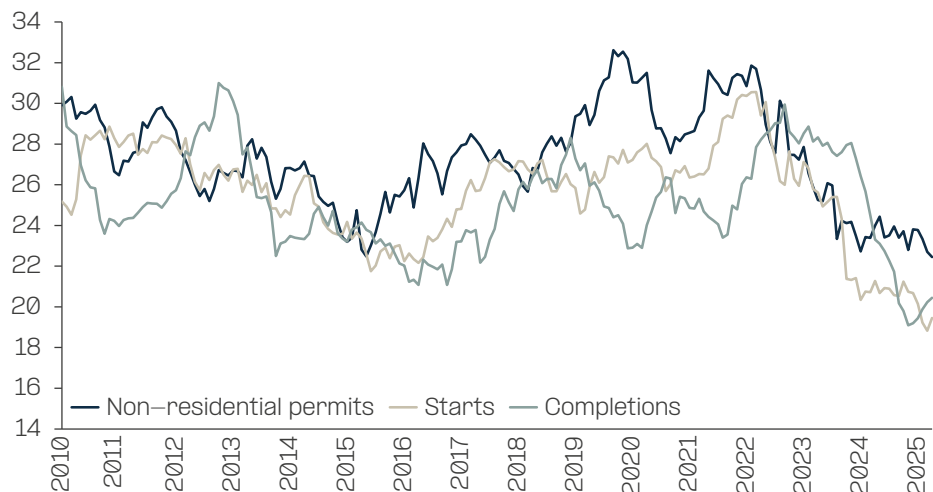
In Central Eastern Europe, the turbulent market conditions have resulted in a modest slowdown, yet activity generally remains at a good level. In Slovakia, according to data by the European Construction Industry Federation, the number of completed dwellings was the lowest in six years in 2024. Out of the YIT's operating countries in OEE (excl. Baltics), Slovakia has suffered the most as the residential building permits remain at a low level. Czech Republic and Poland have suffered only mild slowdown in residential construction as the permit volumes are down less than on average in the European Union.

Non-residential

A variety of non-
residential categories
help reduce volatility

In 2024, roughly 40% of the non-residential building completions volume in Finland comprised of industrial building and warehouse completions. Other major non-residential building types measured by completion volume were public service buildings (~20% share) and commercial and office buildings (~20% share). The industrial building and warehouse construction market is driven by the industrial investments made in Finland. Based on the data by Confederation of Finnish Industries, the construction investments have been approximately 10–20% of total annual industrial investments in Finland during the recent years. The public service building market is driven by public investments and is less cyclical compared to industrial and commercial building markets. Roughly 10% of the current building stock in Finland is owned and managed by the state. Currently the largest public service building subsector by completion volume is educational buildings while the buildings for institutional care and assembly buildings are similar in size.

Figure 11: Non-residential building permits, starts and completions, moving annual total in millions of m3



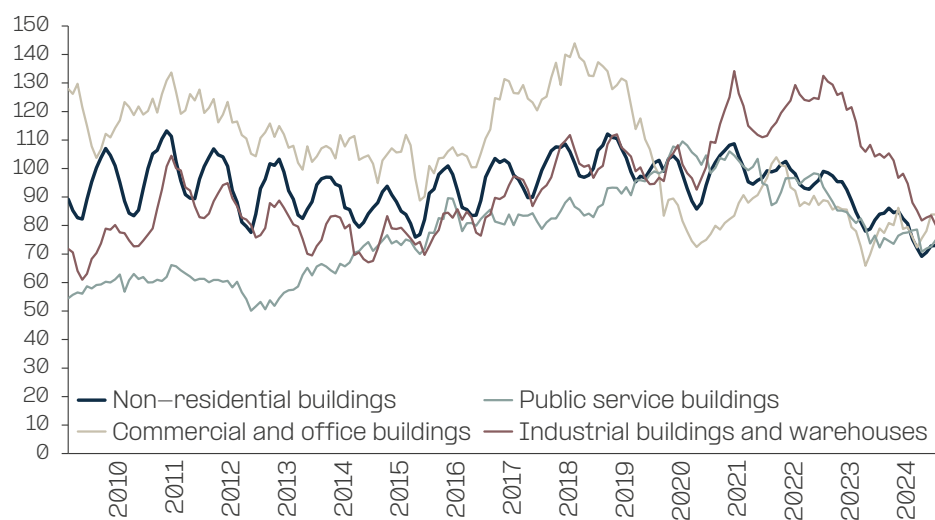
Source: Statistics Finland, Evli Research

Market is down, yet less
than residential

While the same headwinds e.g. cost of financing and construction cost inflation affect non-residential construction, it has fared better than residential construction. Business construction does not react to changes in interest rates nearly as strongly as residential construction. During the period of low interest rates, long-term housing loans, housing company loans, and other financing arrangements increased the residential construction demand, volumes and house prices. While non-residential construction has fared better during the period of higher interest rates, the volumes decreased by approximately 3% in 2023 and by 7% in 2024 according to data by the Confederation of Finnish Construction Industries. Based on data by Statistics Finland,

the start volumes are down some 20% at the end of H1/2025 compared to last year. Among the subsegments, only commercial and office building starts are increasing, while industrial building and warehouse start volumes are in decline. Based on survey conducted by the Confederation of Finnish Industries EK, market conditions for Finnish industrial companies remain weak. Industrial production volumes developed modestly during the first half of the year yet are expected to turn to slight growth in the second half of 2025. This is mainly due to weaker comparison period as order backlogs remain at low levels.

Figure 12: Volume index of non-residential newbuilding (2020=100) by month, divided to non-residential building sub categories



Source: Statistics Finland, Evli Research

Renovation

Renovation is needs based

The total value of the Finnish renovation construction market in 2024 was EUR 15.9bn. Notably, due to the weaker market conditions in new building construction, especially on the residential side, the size of renovation construction surpassed that of new building construction. The percentage share of the renovation market of the total construction market has generally increased during the recent decades driven by the ageing building stock in Finland. Compared to other Nordic and European countries where the renovation construction has traditionally comprised 50–70% of the total construction market, the share of renovation in Finland has been relatively small. The renovation construction market has historically grown at a slow pace and been relatively stable when compared to new construction. According to CFCI, the renovation construction market declined by 7.0% in 2023 and by 4% in 2024. The main drivers behind the decline in renovation volumes have been cost inflation (both through construction materials and salaries), lower consumer purchasing power and tighter financing environment. Looking ahead, the market is projected to experience modest growth within the low single-digit range.

Infrastructure

Stable by nature

The value of Finnish infrastructure construction market was some EUR 7.1b in 2024. Like building construction, the market has suffered during the last few years yet is considerably more stable by nature. Similarly to renovation, infrastructure construction can be described as need based as the critical infrastructure requires constant maintenance. According to estimates by one of the leading infrastructure

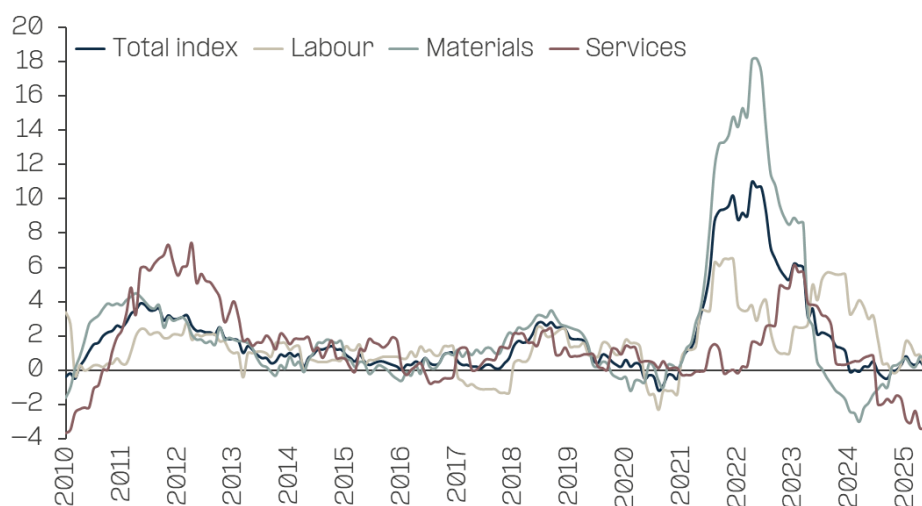
players in Finland, GRK, the current maintenance backlog in Finland is some EUR 4.2b of which EUR 2.6b is related to road network and EUR 1.6b to the rail network. In addition to the maintenance backlog, growth is driven by investments in green transition, urbanization, defense and critical infrastructure. With the positive growth drivers, the market is expected to continue growing at low, single digit speed through 2025–2027.

Cost development

The construction sector experienced significant cost inflation during 2021–2022, driven by the impacts of the COVID–19 crisis and the war in Ukraine. By the end of 2021, the construction cost index had increased by roughly 10% compared to the previous year, and by the end of 2022, it was about 5% higher than at the end of 2021. This increase was primarily due to material cost inflation, with the construction materials cost index rising nearly 15% year–on–year in 2021 and close to 10% in 2022. Key contributors to this material cost surge included roofing materials, steel structures, heat insulation, and frame structures. Although construction cost inflation has since slowed, prices have generally remained high. In 2024, material costs began to show some year–on–year decreases, while service costs saw slight declines throughout 2024–2025. The service cost reductions were mainly seen in site facilities, scaffolding and weather protection, and construction site energy.

Figure 13: Total construction cost index and cost subcategories, y/y % changes

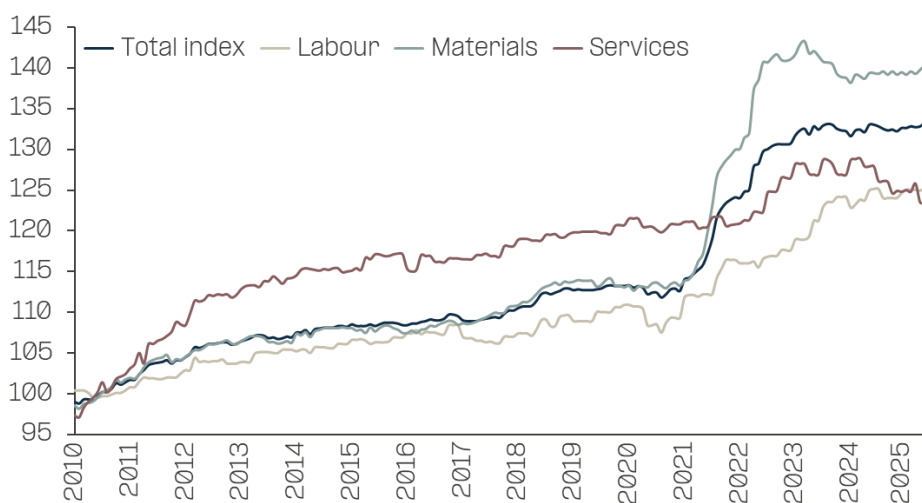
Construction cost inflation peaked in 2022...



Source: Statistics Finland, Evli Research

Figure 14: Total construction cost index and cost subcategories

...while inflation has slowed down, costs stay at historically high level



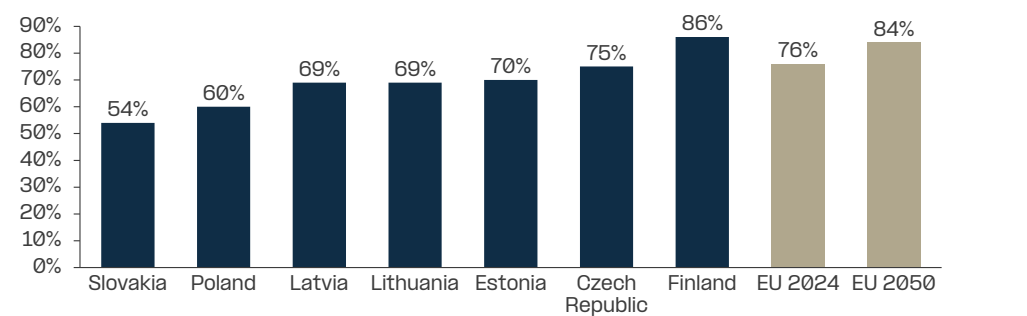
Source: Statistics Finland, Evli Research

Trends

Urbanisation

According to data by the European Union, the number of people living in cities has more than doubled over the last 40 years. In 2024, urban population comprised 76% of the total population in the European Union. Belgium recorded the largest urban population, whereas countries like Slovakia, Romania, and Slovenia reported urban populations below 60%. In addition to Slovakia, all the YIT's CEE operating countries had smaller share of urban population compared to Finland. According to World Bank, the share of urban population across Europe is expected to increase from 76% to 84% by 2050. This will drive demand for YIT's construction services especially in CEE where the urban population is still relatively small in countries such as Slovakia and Poland (54% and 60% respectively).

Figure 15: Percentage of urban population of total population per country in 2024 (blue), and in Europe (2024 actual vs. estimate for 2050, brown)



Source: World Bank, YIT, Evli Research

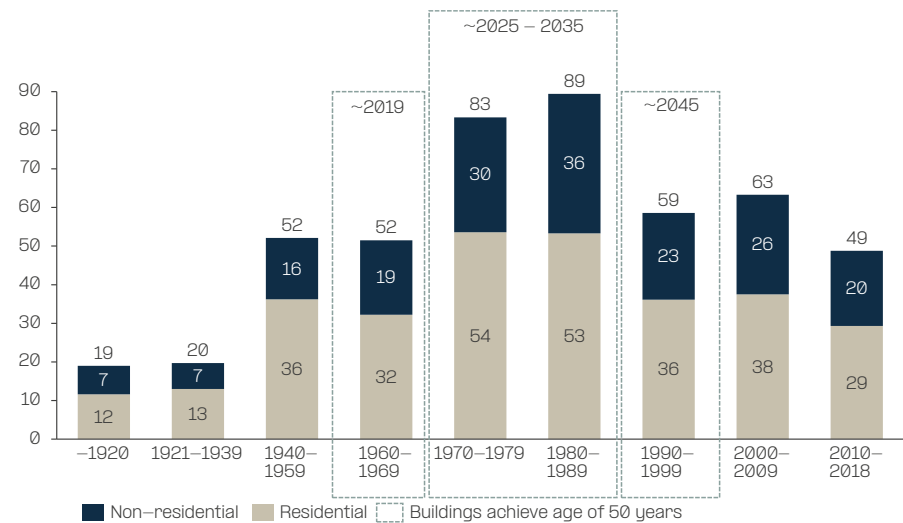
Digitalization and AI increase demand for datacenters

Due to the increasing adaptation of artificial intelligence tools, demand for computing power is increasing. According to a study by McKinsey, the datacenter capacity demand could increase 3.5x from 2025 to 2030, presenting a CAGR of nearly 30% during the period. According to a study by JLL, the European datacenter market alone projected to double during 2024–2027. Finland has emerged as a prime location for datacenters due to several key advantages. Firstly, Finland's cool climate naturally supports efficient cooling of data center equipment, reducing energy consumption and operational costs. A variety of energy sources are used, including hydro, wind, and nuclear power, with a significant portion generated from renewables, aligning with the growing demand for environmentally responsible operations. YIT is expecting the trend to positively influence demand for its Building Construction and Infrastructure segments going forward. The company has already published datacenter projects in Finland.

Ageing building stock in Finland

The value of Finnish residential building stock in 2021 was EUR 480b, the majority of the wealth in Finland is tied to the housing market. Most of the current Finnish residential building stock has been constructed in the 1970s and 1980s. Prior to the migration to the Finnish growth centers during the 1960's and 1970s, most of the residential buildings were single dwelling and double dwelling houses. The buildings built in the 1960s, 1970s and 1980s are mostly blocks of flats which are currently starting to reach the age of 50 years. Along with a rise in demand for renovations, the trend of ageing building stock will also necessitate new construction.

Figure 16: Finnish building stock by construction year, million m2



Source: Consti, Evli research

Energy efficiency

Housing accounts for roughly 20% of the energy usage in Finland. Two thirds of the energy used in housing is used for heating purposes. Most of the buildings in Finland are not energy efficient; reliance on fossil fuels for heating and cooling, use of old technologies and wasteful appliances are the main reasons for the subpar energy efficiency. The energy efficiency of both residential and non-residential new buildings has already improved drastically during the recent decades. There are significant improvements to the energy consumption already when comparing building stock constructed during 2010–19 to the building stock constructed in the 1990s and 2000s. According to the data by VTT, the average energy consumption is over 10% smaller in building stock built during 1990s when compared to building stock built during 1960s. The difference is even more drastic when comparing to modern buildings as the average energy consumption is over 50% less in building stock built during 2010s when compared to building stock built during 1960s.

Security

Data from the European Council indicates that from 2021 to 2024, defence spending by EU member states increased by over 30%. In 2024, it is estimated to be €326 billion, representing approximately 1.9% of the EU's GDP. The growth is expected to continue as expenditure is estimated to rise by more than another €100 billion in real terms by 2027. The surge in defence investments also boosts demand for the development and modernization of different defence facilities. YIT is presently engaged in several classified defence projects. This development is driving increased demand within both the Building Construction and Infrastructure segments.

Market outlook

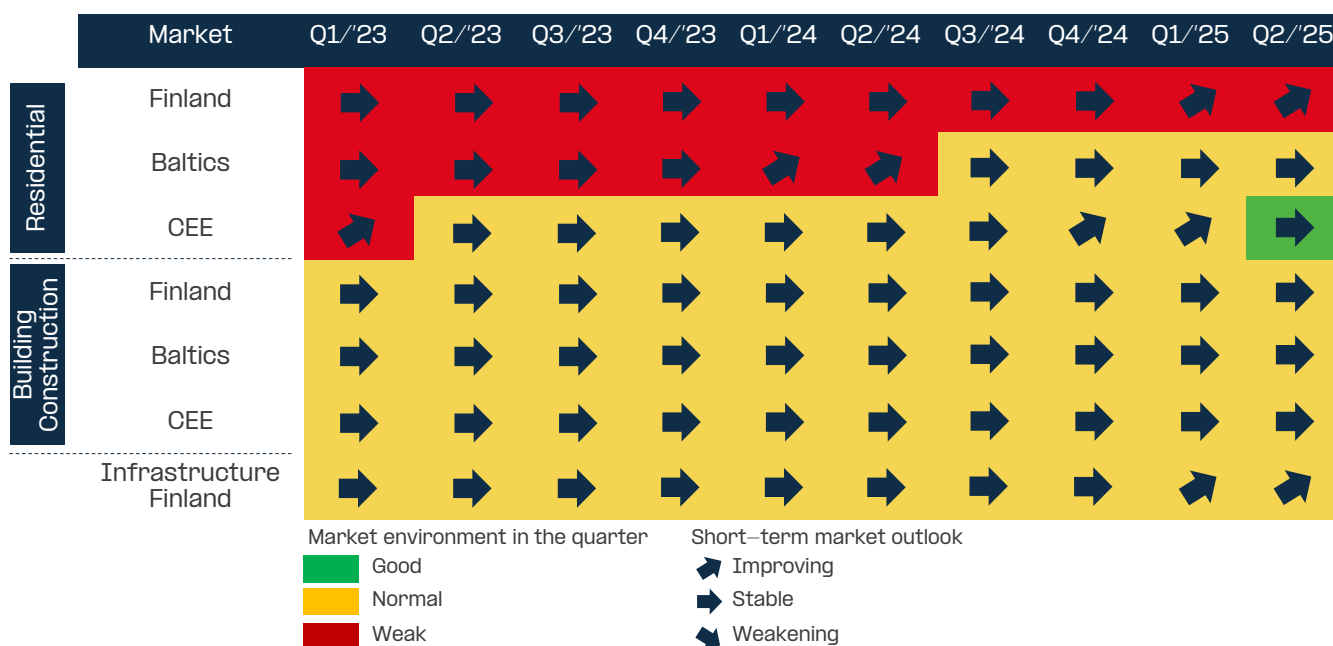
Residential outlook
gradually improving
across different regions

YIT publishes its view of the market environment and short-term market outlook quarterly for Residential, Building Construction and Infrastructure segments geographically. As previously noted, the residential construction sector in Finland has been soft for the past few years. This is also reflected in YIT's market outlook, as the company has consistently indicated weak market conditions since the third quarter of 2022. While still weak, YIT has seen improving market outlook in Residential Finland from the first quarter of 2025. At the same time, the company has improved the short-term outlook for residential CEE, driven by strong demand. Outlook for residential Baltics remains neutral. Building construction market across all geographies has stayed normal throughout 2023–2025. While the activity is at a normal level, the competitive environment has stayed tight as the residential segments have been under pressure.

More meaningful
construction rebound in
Finland expected
starting from 2026E

The current estimates for construction market development in YIT's main market Finland generally predict larger recovery to happen in 2026. The Confederation of Finnish Construction Industries RT (CFCI) estimates residential volumes to climb 10% in 2025E and 20% in 2026E while non-residential volumes should grow 3.5% and 4% respectively. Growth in non-residential building construction in Finland is still constrained by slow economic growth and uncertainty regarding geopolitics and trade. According to Euroconstruct, the Finnish new building volumes are expected to grow 7.8% in 2025E and by 15.6% in 2026E. Although growth is projected to be swift, new building volumes are still expected to remain well below the EUR 35 billion level reached in 2022, with estimates for 2026–2027 at roughly EUR 31 billion. The CFCI forecasts growth of 3–2% for infrastructure in 2025–2026E. In 2025, rail investments will increase significantly. Similarly, basic maintenance of roads and railways has received increased attention for several years and will continue to be prioritized in 2025, although at a somewhat reduced level. Renovation is expected to continue to grow slowly, at low single digit speed, after two years of declining volumes.

Figure 17: Market environment and outlook according to YIT by market



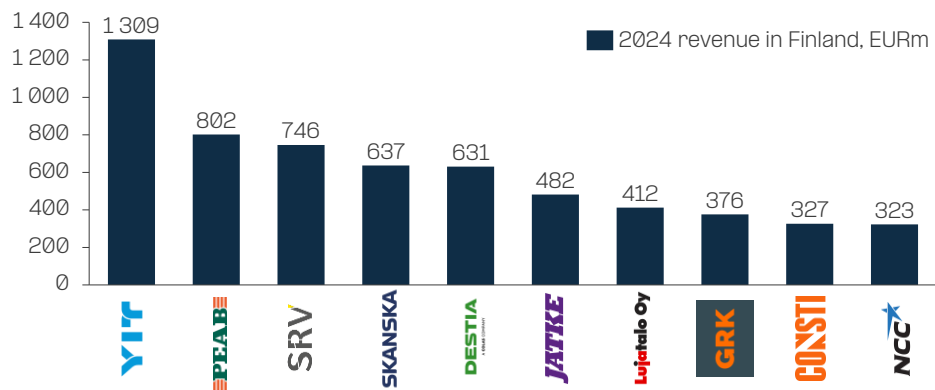
Source: YIT, Evli Research

Competition

Clear market leader in Finland

YIT has retained its positions as a leading Finnish construction company. In 2024, in terms of net sales, the company was approximately 60% ahead of the second largest, Peab. The ten largest construction companies in Finland differ by specialization while there are also generalists such as YIT. Specialists include infrastructure players such as Destia and GRK and renovation construction company Consti. When comparing employee numbers to net sales, Jatke and YIT distinguish themselves by generating significantly higher net sales per employee. This is attributed to their business models, which rely more heavily on subcontractor networks for project delivery. In contrast, other companies generate approximately 300k to 500k EUR in net sales per employee annually, in line with YIT.

Figure 18: Finland's largest construction companies in 2024, by net sales in Finland, in EURm



Source: Company publications, Evli Research

Competition varies by construction segment

YIT is active in all the main construction segments in Finland: new building, renovation and infrastructure construction. Most of the company's net sales come from new building construction (Residential segments and Building Construction). Like YIT, most of the largest construction companies operating in Finland—such as YIT, Skanska, and PEAB—are active in all main segments. Among the top ten construction firms in Finland, besides the major all-rounders, there are three specialists: Destia and GRK which focus exclusively on infrastructure construction, and Consti, which specializes in renovation projects, from which it derives majority of its revenue.

Among the largest infrastructure companies in Finland

With approximately EUR 7b infrastructure market, YIT command market share of roughly 5%. According to data gathered by Rakennuslehti, YIT was the fourth largest infrastructure company in Finland in 2024. Only Destia, GRK and Peab were larger in the infrastructure segment. YIT's infrastructure operations focus on industrial construction, routes, road maintenance and stonework, rock tunneling, urban construction and earthworks and foundation construction. On its Capital Markets Day, YIT estimated the total addressable infrastructure market to be around EUR 3 billion, with EUR 2 billion coming from the public sector and EUR 1 billion from the private sector. The addressable market is smaller than the overall Finnish infrastructure market because YIT is not involved in certain segments, such as paving, which it sold to Peab in 2020. YIT holds a market share of just under 15% within the EUR 3 billion market. The private market is anticipated to drive growth in the infrastructure

subsegments that are important for YIT. For instance, investments in energy infrastructure are expected to contribute to the expansion of the market.

Renovation construction market is more fragmented

While not a focus area of YIT, the company ranks also among the largest renovation construction companies in Finland. Besides large Nordic construction companies, most of the renovation construction market is served by smaller companies that typically employ 1–5 persons. According to Statistics Finland, the share of renovation construction of all construction projects for smaller companies was roughly 60% while for large companies the share was only 30%. According to our analysis, the largest construction renovation companies held little under 10% market share (excl. building technology contractors). The rest of the professional renovation market is dominated by companies that have less than EUR 15m renovation construction revenue.

Competitive dynamics in the Baltics and CEE differ from one market to another

YIT's relative market share in some of the CEE countries is still smaller than in Finland. For example, in Poland, the company commands only 1% of the total market. The company's focus is primarily on residential projects in major urban centers: Warsaw, Gdansk, Krakow (Poland), Prague (Czech Republic), and Bratislava (Slovakia). Of the larger Nordic public construction companies, Skanska is active in the CEE countries. In addition, there are many larger local developers such as Echo Investment and Dom Development. In Baltics, the company is already a well-established player. According to the company's assessment, its market share is approximately 7% in Estonia, 8% in Latvia, and 4% in Lithuania. Of the publicly listed Nordic construction companies, the Swedish residential developer Bonava is active in the Baltic residential development market. YIT is one of the better-known international residential developers in the area and generally regarded as a reliable and high-quality operator. According to a survey study, approximately over 20% of respondents who knew YIT in the Baltics would prefer to buy their next apartment from the company.

YIT's competitive advantages arise from its scale and brand

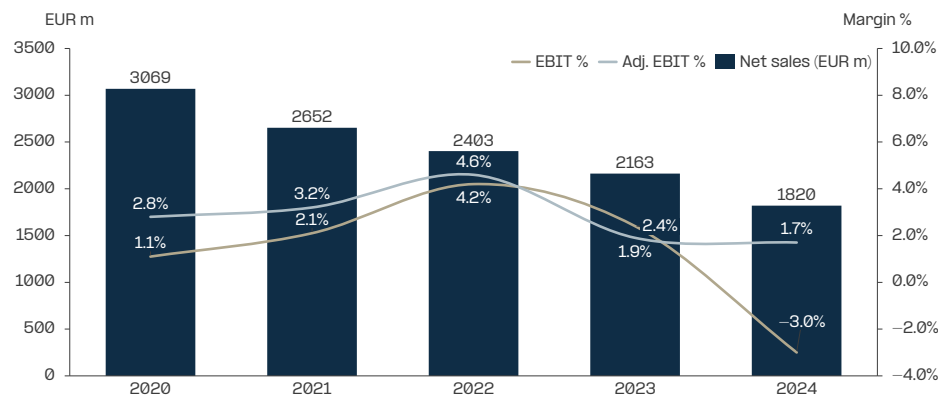
Construction industry doesn't generally have high barriers to entry, especially on the smaller side of the business. On the other hand, barriers are higher for companies seeking to compete on larger projects or in established markets. Smaller-scale subcontracting or niche construction activities may have lower entry barriers, yet competing at the level of companies like YIT requires substantial resources, expertise, and reputation. YIT is among the largest companies in all the markets where it operates. YIT's large size allows economies of scale in procurement, operations, and project management. Additionally, a strong, well-known brand increases trust among customers, partners, and financiers. YIT also provides services across building construction, infrastructure, and residential property development, and across multiple geographies reducing dependence on any single market or segment. With its diversified portfolio, the company is equipped to execute projects that demand expertise across all construction segments.

Financial performance

Weak market conditions and restructuring efforts have shown in volumes

YIT's sales have declined during the last five years from over EUR 3b in 2020 to less than EUR 2b in 2024. Most of the delta is described by the weak market condition in Finland which has shown in residential Finland volumes. Residential Finland sales declined 60%, or over EUR 600m during the same period. In addition to weak performance in Residential Finland, restructuring of operations in the Infrastructure segment has affected net sales negatively during the period as Infrastructure revenue is down 50% or nearly EUR 400m. The reason behind the sales decline has been the divestments of businesses as YIT divested the Nordic paving and mineral aggregates businesses to Peab in 2020 and decided to close down operations in Infrastructure Sweden in 2024. Despite declining volumes, the company has maintained a positive adjusted operating margin over the past five years. However, profitability has remained below YIT's historical levels, as the company previously achieved EBIT margins exceeding 5%.

Figure 19: Net sales (in EUR m, LHS), EBIT % and adj. EBIT % (in %, rhs), 2020–2024



Source: YIT, Evli Research

Net sales

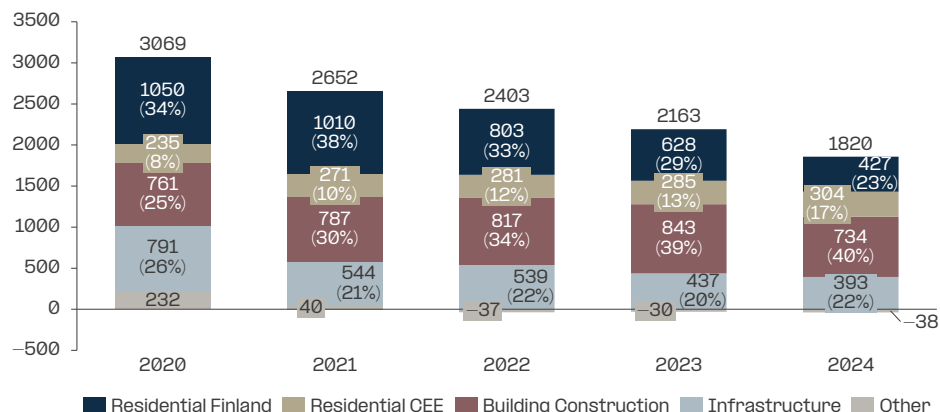
The relative importance of residential CEE has increased

With the weak volume development in Residential Finland and restructuring in Infrastructure segment, the relative importance of Residential CEE and Building Construction segments have increased. Despite the relatively weak market conditions also in the CEE markets, YIT has been able to grow its net sales in CEE by 7% (CAGR) annually during the last five years. At the same time, the Building Construction segment net sales have stayed relatively flat. Geographically, in 2024, Finland formed approximately 70% of the group net sales. The share of Baltics and CEE countries were similar to each other, little less than 15% of total net sales for both.

Revenue recognition differs between the segments

Revenue from contracting is recognized over time as the project progresses, using the percentage of completion method. Revenue and profits are recognized based on the proportion of project costs incurred to date relative to the total estimated costs of the contract. Revenue from own-developed projects is generally recognized at a point in time, usually when control of the property is transferred to the buyer. For residential projects, this typically means revenue is recognized when the completed apartment or property is handed over and ownership is transferred to the customer.

Figure 20: Net sales by segment, in EUR m and as % of total, 2020–2024

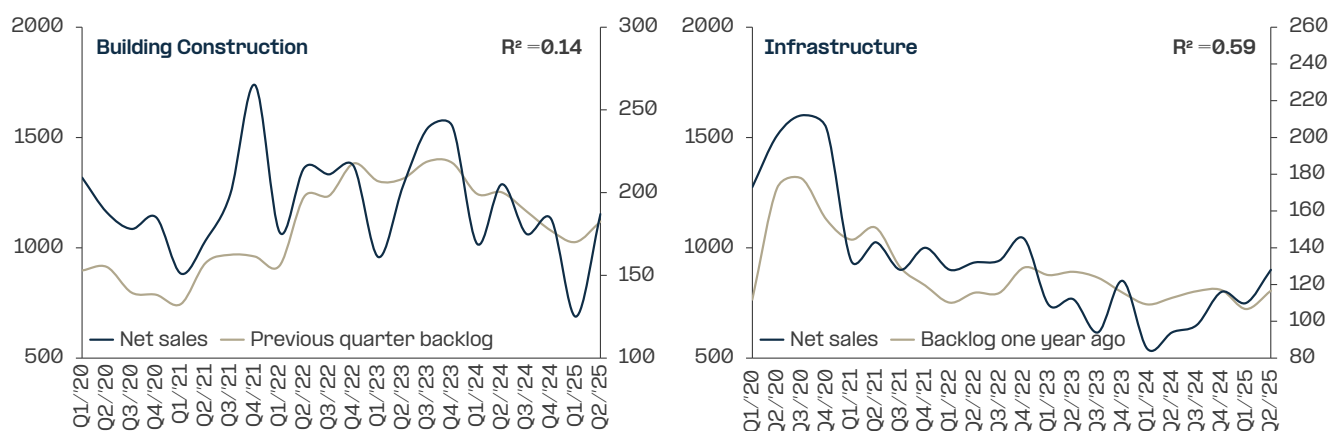


Source: YIT, Evli Research

Order backlog acts as a leading indicator for contracting segments volumes

YIT's Building Construction segment builds and renovates schools, hospitals, and industrial, commercial and public premises. Most of the net sales comes from Finland yet the segment operates also in Estonia, Lithuania and Slovakia. In 2024, public sector buildings and customers were the largest project type and customer group. YIT implements Building Construction projects with cooperative project management contracts, design-build contracts, alliances, or life-cycle or Public Private Partnership projects. The current Building Construction backlog is around EUR 1.1b. The Infrastructure segment builds rails, roads, bridges, tunnels, and infrastructure facilities. The majority of the segment's clients are public yet the company also delivers projects for the private market, incl. infrastructure for industrial clients and renewable energy projects among others. The Infrastructure backlog was EUR 762m at the end of the second quarter of 2025. Historically, backlog has acted as a leading indicator for the contracting segments. The relationship is stronger in Infrastructure segment where net sales has followed development of the segments backlog with a lag of approximately four quarters.

Figure 21: Building Construction (lhs) and Infrastructure (rhs) net sales vs. backlog (Building Construction 1Q lag, Infrastructure 4Q lag), in EURm, Q1/2020–Q2/2025



Source: YIT, Evli Research

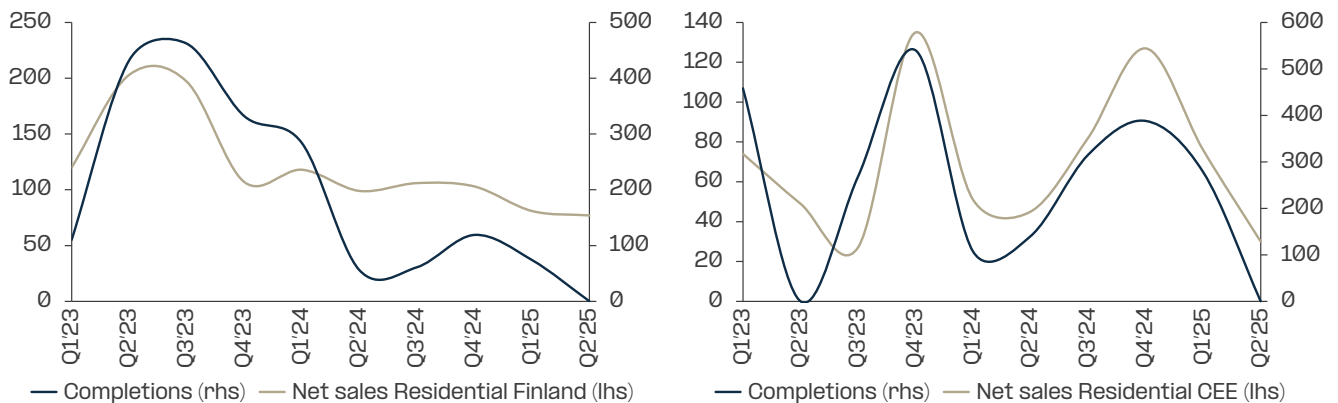
Plot reserve is the raw material for future residential sales

YIT's plot reserve is critical for maintaining a pipeline of new projects and ensuring the continuity of operations, especially in residential development. The company's reserve includes both owned plots and leased plots. In YIT's balance sheet, plots are listed under inventories. Plot reserve for Residential Finland was at EUR 424m or just over 1 million floor square meters at the end of Q2/25. Approximately 60% of the plot reserve was owned by YIT while 40% was leased. In Residential CEE, plot reserve was at EUR 178m or over 800 thousand floor square meters of which majority was owned by the company. Majority of the plots in Finland are located in high growth locations. In CEE, the plot reserve is relatively well diversified throughout the operating countries, yet the majority is in the Baltics.

Residential net sales depend on number of completed and sold apartments

Residential segments, both CEE and Finland, tend to show larger fluctuations in net sales depending on the timing of apartment sales and handovers. The residential completions and expectation of completions work as a leading indicator for both residential segments. YIT also reports its backlog for both residential segments. The order book was at the lowest level at the end of Q3/23 at slightly over EUR 900m, at the end of Q2/25, residential backlog (incl. both CEE and Finland) was near EUR 1.2b. In addition to developer-contracting, where revenue is recurred at a point-in-time, the company is also active in investor projects where net sales is recurred over time. In 2024, little less than 30% of residential revenue recurred over time.

Figure 22: Residential Finland (lhs) and Residential CEE (rhs) number of completed units and net sales per quarter, Q1/2023–Q2/2025



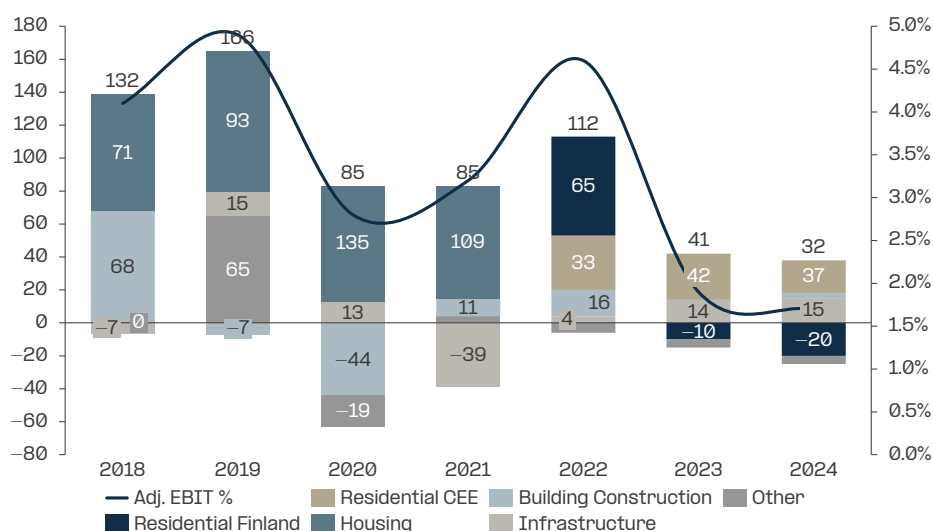
Source: YIT, Evli Research

Profitability

Last two fiscal years have been the weakest in terms of profitability in YIT's recent history

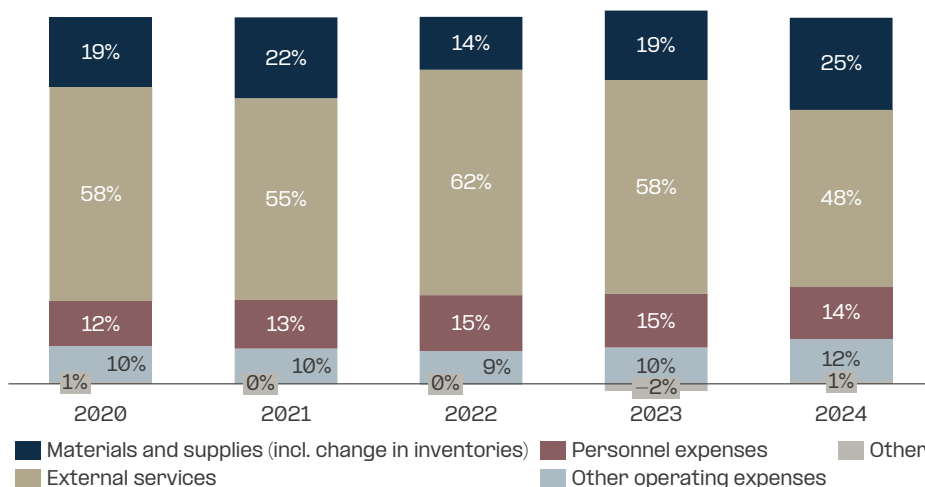
YIT's profitability has fluctuated over the years, reflecting changes in the construction market and its business operations. The company's group profitability hovered around 4–5% during 2015–2019 as the low interest-rate environment boosted Finnish residential construction and approximately 30,000–40,000 apartments were completed annually. At the same time, roughly half of the company's operating profit came from residential development. In 2020, YIT's profitability was negatively impacted by the COVID-19 pandemic and issues in project management in its contracting segments. Majority of the company's profits were formed from residential development still in 2022, yet the share has declined in 2023–2024 as the Residential Finland segment has been loss-making due to low volumes.

Figure 23: Adjusted EBIT by segment (lhs) and group adjusted EBIT margin (rhs), 2018–2024



Source: YIT, Evli Research

Figure 24: Operating cost items as % of total operating expenses, 2020–2024



Source: YIT, Evli Research

YIT group profitability has been negatively affected by Residential Finland downturn

Slower years have provided an opportunity to fine-tune operations...

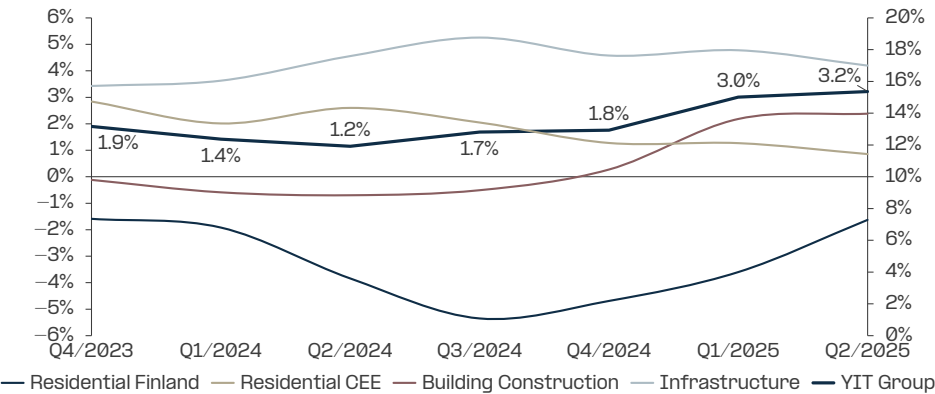
... which has started to show in profitability despite Residential Finland weakness

YIT Group's cost structure is typical for a construction company, with most expenses arising from materials, subcontracting, and personnel. Materials and supplies—such as concrete, steel, and fixtures—comprise approximately fifth of total operating costs, while subcontracted work, including specialized services like electrical and plumbing, accounts for roughly 50–60% of total costs. Personnel expenses, including wages, benefits, and social security, represent a smaller, approximately 15% of total operating cost base. Other operating expenses including office rent, IT, insurance, and compliance account for a smaller portion of total operating costs, roughly 10%.

YIT implemented a transformation program during the last few years that has improved the efficiency of the company's construction operations. The program was successfully completed at the end of 2024, as the company had achieved cumulative annualized cost savings of EUR 43m, above the EUR 40m initial target. Attention is now directed toward ongoing improvement, with additional opportunities for cost savings anticipated. During the program, the company was able to reduce fixed costs by 25% and decrease negative project net deviations in both Business Premises and Infrastructure segments.

The successful transformation program and improved efficiency especially in the contracting segments has started to show in group profitability. After Q2/25, YIT's group LTM adj. EBIT margin stood at 3.2%, a drastic improvement over the last few years as the margin has hovered around 1–2%. The primary contributors to the improvement have been the company's contracting segments, Infrastructure and Building Construction. The company has effectively improved the Infrastructure adjusted EBIT margin to exceed 4%, up from less than 4%. Additionally, the Building Construction margin has been elevated to above 2%, marking a recovery from the negative profitability recorded in prior years. At the same time, Residential Finland has remained loss-making whereas Residential CEE has continued to demonstrate solid profitability, although there has been a slight downward trend. We believe this decline is primarily due to lower completion volumes.

Figure 25: LTM Adj. EBIT margin per segment and for group, quarterly data, Q4/2023–Q2/2025, Residential CEE (rhs), other segments & group (lhs)

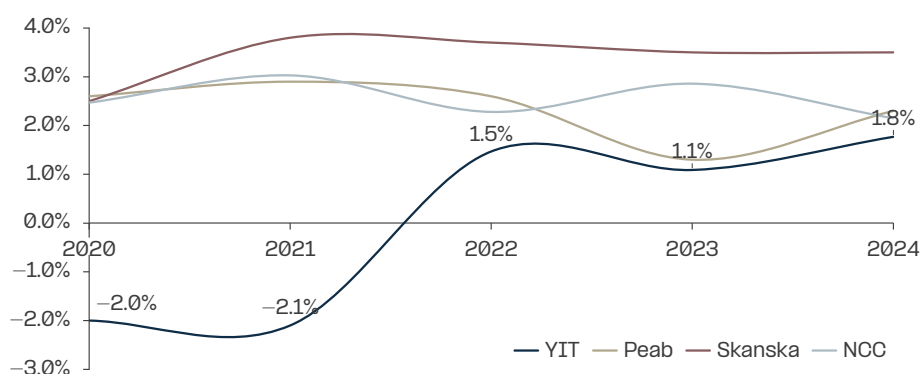


Source: YIT, Evli Research

Although improved, contracting profitability still lags behind that of peers

YIT's contracting segments' (Infrastructure and Building Construction) profitability has improved during the last three years. Contracting margins are affected by multiple factors. Project selection is arguably the most critical driver of profitability, as choosing projects with attractive risk–return profiles is essential for ensuring overall project success and profitability. Beyond project selection, effective project management and operational efficiency during the project also play significant roles. For example, one of the factors contributing to improved profitability in YIT's contracting segments has been the reduction of project margin deviations, particularly within Building Construction. Thirdly, supply chain management plays an important role. Managing subcontractors and suppliers efficiently, along with obtaining essential materials at consistent prices, helps maintain margins and supports successful project execution and delivery. Compared to some of the larger Nordic public construction companies, YIT's contracting profitability remains rather modest. Peab, Skanska and NCC have reached EBIT–margin of approximately 2–4% in their contracting segments during the recent years (including both building and infrastructure contracting) while the aggregate adj. EBIT–margin for YIT's Infrastructure and Building Construction segments has been approximately 1–2% during the last three years. Peab and NCC serve as the most appropriate benchmarks for YIT, since Skanska's geographical sales distribution differs significantly from that of the other Nordic companies. As mentioned earlier, YIT targets adj. EBIT margin of 6% or more for its contracting business during the current strategy period.

Figure 26: YIT's contracting business profitability compared to Nordic competitors, adj. EBIT %



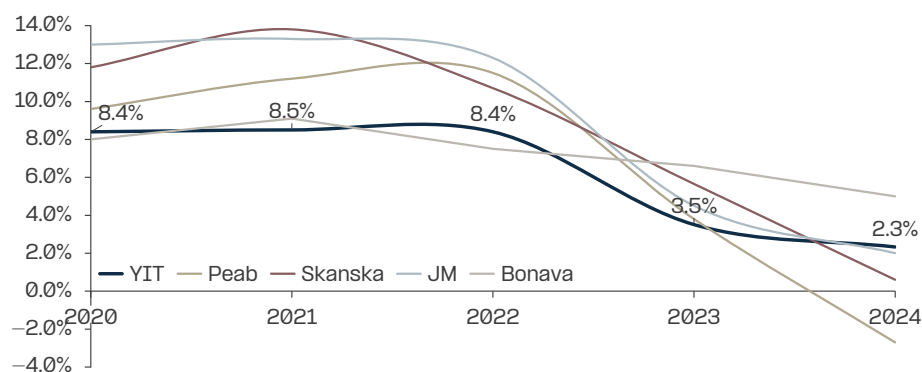
Source: Company publications, Evli Research

Residential profitability fluctuates with completion volumes

Residential developer–contracting is a higher margin business by nature. Developer–contracted projects are not sold prior to construction start. Developer–contracting projects are therefore riskier as the company's capital is tied to the project and in addition, the company bears the risks involved with selling the project after completion. Although developer contracting is associated with increased risk, it also offers the potential for greater returns. As mentioned earlier, in developer–contracting projects, YIT recognizes revenue at a point in time upon completion when control of the apartment is transferred to customer. This also results in larger fluctuations in profitability between the quarters. Historically, completions have tended to be higher in the fourth quarter, leading to a concentration of profitability during this period, particularly within residential CEE. The profitability of the Residential Finland segment has declined in recent years as a result of reduced completion volumes. On the other hand, Residential CEE completions have stayed at a good level, and the operating margin has stayed at approximately 12–15% during the

last two fiscal years. In 2023, the company nearly reached the current profitability target in CEE (adj. EBIT margin $\geq 15\%$) as the margin reached 14.7%. The profitability of the residential development operations of its main peers has suffered from the weakened market conditions in line with YIT. Historically, some of the peers have been able to reach operating profit margins of 12–14% in their residential development operations. Considering this, YIT's profitability goals for the residential segments are within reach ($\geq 10\%$ Residential Finland, $\geq 15\%$ Residential CEE).

Figure 27: YIT's Residential development segments profitability compared to Nordic competitors



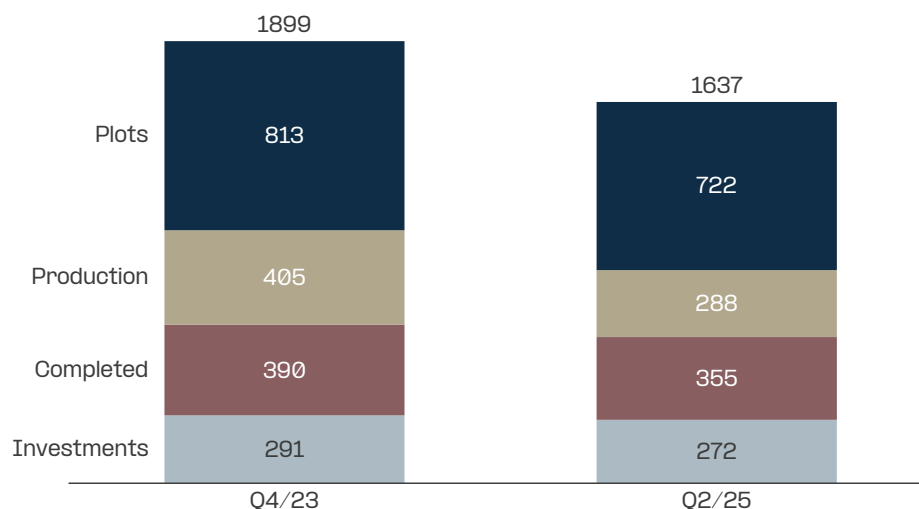
Source: Company publications, Evli Research

Balance sheet

Capital release continues with more potential ahead

At the end of Q2/2025, YIT's total assets were at EUR 2.4b. Most of the company's asset base consists of working capital items. Inventories (plots, unsold apartments, apartments under construction) are over half of the company's total assets. The company's current business model doesn't tie up capital in tangible assets. The largest non-current asset line item for YIT is goodwill which has been formed through the company's acquisitions in the history, most notably the Lemminkäinen acquisition. In addition, equity investments formed EUR 217m at the end of Q2, of which equity investment in Tripla Mall formed nearly 90%. One of YIT's strategic initiatives has and continues to be the release of non-operating capital connected to the company's earlier investment portfolio by 2029. To this date, the company has exited businesses in Russia, renewable energy business and in-house equipment service business among others. According to the company, there is still potential to reallocate up to EUR 500m of capital to fund residential growth and reduce indebtedness. YIT's key assets were approximately EUR 1.6b at the end of Q2/25. The largest single asset item was owned and leased plots which were little over EUR 700m in total, or approximately 44% of total key assets. The company's owned and leased plots serve as raw material for its residential development operations. The company's plot portfolio is strong, enabling production of roughly 30,000 apartments, alleviating the need for plot investments going forward. In addition to plots, apartments under production and completed yet unsold units formed slightly over EUR 600m.

Figure 28: Development of YIT's key assets, in EUR m, Q4/23 vs. Q2/25



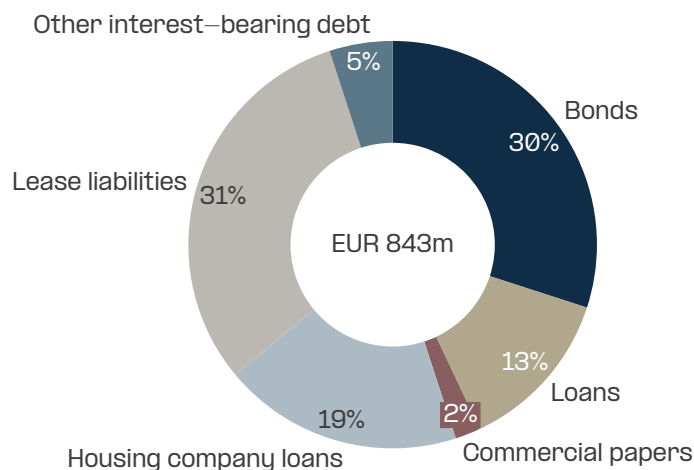
Source: YIT, Evli Research

Majority of the current interest-bearing debt is set to mature in 2027–2028

On the liability side, the interest-bearing debt was at EUR 843m at the end of Q2/2025. Majority of the company's current interest-bearing liabilities are related to the housing company loans of unsold apartments. These housing company loans were some 19% of total interest-bearing debt. The IFRS 16 lease liabilities formed some EUR 265m, or 31% of interest-bearing debt. Second largest debt item is the company's bonds outstanding at EUR 256m or 30% of total. In addition, YIT has hybrid bonds with a nominal amount of EUR 144m which is classified as equity. One of the notes outstanding is convertible with a conversion price set at EUR 2.25 per share. Should all the notes be converted into shares of the company at the initial subscription price, the shares to be issued by the company would represent approximately 6.5% of shares immediately after the conversion of the notes. The convertible note matures

in 2029. Following a series of arrangements, the company has successfully refinanced its previous debt, and the current maturity structure enables the company to concentrate on executing its strategy. Most of the existing interest-bearing debt is set to mature in 2027–2028.

Figure 29: Interest-bearing debt by type, end of Q2/2025



Source: YIT

Gearing continues to decline

YIT's gearing is currently at 84% (Q2/24 97%) as net debt has decreased to approximately EUR 670m (EUR 788m). Mainly due to the hybrid bond issuance during the quarter. In addition, the company has been able to lower the amount of housing company loans related to unsold apartments due to lower number of completed yet unsold apartments in its portfolio. YIT aims to have gearing in the range of 30–70% over the cycle. In our opinion, this is well within reach, as the company can pull on several different levers. As mentioned, YIT continues to release capital through divestment of non-core assets. In addition, the company's unsold inventory is still relatively high due to prevailing market conditions especially in Finland. Lowering the inventory levels will provide cash flow and lower the amount of housing company loans in the company's balance sheet. In addition, there is potential for the plot conversion to improve over better business cycle. Looking at the historical gearing levels, the company has operated well inside the current gearing ratio target despite the more capital-intensive business model including property development.

Estimates

Guidance range for 2025E remains relatively wide

With the Q2/25 report, YIT narrowed its adjusted operating profit guidance range for the year. The company now guides the following:

- Group adjusted operating profit for continuing operations to be EUR 30–60m in 2025 (prev. EUR 20–60m)

In the residential markets, the company expects low number of completions in Finland to limit the segments profitability this year. In Baltics and CEE, the residential markets are expected to be more favorable. Infrastructure segment is expected to retain its performance stable while Building Construction performance is expected to improve. We model net sales of EUR 1795m for the group with adjusted EBIT at EUR 53m for 2025E.

Residential completions will take place in Q4

As mentioned, completion volumes of residential units affect volume and profitability of the company's residential segments. YIT offers some visibility into the future completions for the coming quarters. In Residential Finland, YIT estimates no completions for Q3/25 yet 200 apartment unit completions for Q4/25. The completion volume expected for Q4 is the highest since Q1/24. In Residential CEE, like in Finland, the company estimates no completions for Q3, yet it expects to complete 750 units in Q4. In addition, it expects that its associated companies and JVs will complete 100 units in CEE in Q4/25. If completed according to plan, the Q4 Residential CEE completion volume is the highest in recent history. In addition to completions, the company's ability to sell its unsold apartment inventory will affect both volumes and profitability in H2. At the end of Q2, YIT had 587 apartments completed yet unsold in Finland. YIT has communicated that it aims to normalize the domestic unsold apartment inventory by the end of the year. We estimate that YIT cannot sell units in a way that the inventory would go down to the 100–200 unsold unit range, yet we expect that the company can sell nearly 200 units during the second half. We note that the visibility and predictability for apartment sales is rather limited and can be considered the swing factor in our residential sales and profitability forecast.

Contracting backlog remains relatively stable

Backlog works as a leading indicator for the company's contracting segments due to the revenue recognition patterns mentioned earlier. The company's infrastructure backlog reached EUR 880m at the end of last year, the highest in two years, which we expect will drive growing sales also in the second half of 2025. While we model growth, we expect slightly slower pace compared to the first half of the year due to the tougher comparison figures. In Building Construction, we model flat sales for the second half of the year compared to last year as the decline in backlog has slowed down and remains relatively stable compared to last year.

Q3 will likely be on the softer side

We base our profitability forecasts for YIT on its operating segments. Due to the significant concentration of residential completions in the fourth quarter, we anticipate that profitability in the residential segments will be lower in Q3. Although we expect a year-on-year decline in profitability for the residential development segments in Q3, we anticipate that the contracting segments will achieve profitability levels similar to Q3/2024. Looking ahead to Q4, we expect that the increased volume of completions will drive both volumes and profitability in the residential segments. For Infrastructure, we expect strong growth y/y to continue in the fourth quarter while for Building Construction, we expect steady volume development compared to last year.

Finland will contribute to residential growth more meaningfully in 2027E

During H1/2025, YIT started 1194 consumer apartment units in CEE and 134 units in Finland. We estimate that the company will continue to start new projects in CEE during the second half and the units started within Q3 should be able to be completed during 2026. In Finland, the company has started at least two self-developed residential projects, worth approximately EUR 30m which are to be completed during 2026. While self-developed residential starts remain at low levels in Finland, the strong starts in CEE will drive net sales growth for the housing development business in 2026. In addition to self-developed projects, we expect that the activity in project for investors and contracting will continue to grow in both Finland and CEE.

Achieving the long-term profitability target requires broad-based success

As mentioned earlier, the company's financial targets for the current strategy period (2025–2029) are the following: adjusted operating profit margin at least 7%, return on capital employed at least 15%, net sales growth of at least 5%. By 2029, we estimate the company's EBIT to reach 156m, with a margin of 6.2%. While the company's profitability falls short of its own target in our estimates, we expect sales CAGR to surpass the target of 5% as we forecast growth of some 7% for the strategy period (CAGR, 2024 net sales a base year). We see the operating profit margin target relatively demanding on a group level, and YIT has not been able to reach operating margin of 7% or above in recent history. At the segment level, the targets for residential development appear attainable, given that some competitors have previously achieved EBIT-margin levels of 10–15% (YIT Residential Finland target $\geq 10\%$, CEE $\geq 15\%$). In addition, the company's CEE segment has already shown profitability levels close to the target level. In our view, the targets for the contracting segments ($\geq 6\%$ EBIT margin for both Building Construction and Infrastructure) can be considered ambitious. The Nordic construction contracting companies have generally achieved EBIT margins of 3–5%, with only a few exceptions attaining higher margins. In terms of capital efficiency, we estimate that the company is able to divest Tripla investment in 2026. While divestment of non-operating assets will enhance return on capital employed, we do not estimate the company to reach the targeted return on capital employed of $\geq 15\%$. We estimate that while capital will be freed from non-operating assets such as Tripla, capital will continue to be tied to developer-contracted projects going forward. We expect YIT to start paying dividends in 2027, distributing 50% of annual earnings.

Table 2: Operative estimate summary

YIT	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24	2024	Q1/'25	Q2/'25	Q3/'25E	Q4/'25E	2025E	2026E	2027E
Infrastructure	437	85	94	98	116	393	110	128	115	140	493	498	508
Building Construction	843	169	205	175	184	734	125	187	175	185	672	692	712
Residential Finland	628	118	99	106	103	427	81	77	74	118	350	392	516
Residential CEE	285	51	45	82	127	304	76	30	63	145	314	406	497
Other items	-30	-11	-10	-8	-9	-37	-7	-9	-9	-9	-34	-34	-34
Total net sales	2163.0	412.0	434.0	453.0	521.0	1820.0	386.0	412.0	417.9	578.9	1794.8	1954.1	2199.5
<i>Growth</i>	-10.0%	-9.5%	-22.2%	-18.1%	-12.7%	-15.9%	-6.3%	-5.1%	-7.7%	11.1%	-1.4%	8.9%	12.6%
EBIT	51.0	-8.0	-42.0	13.0	-17.0	-57.0	6.0	7.0	10.3	25.2	48.5	84.0	121.2
Infrastructure	15	1	6	5	6	18	3	5	5	6	19	20	21
Building Construction	0	-11	5	6	2	2	2	6	5	2	15	17	21
Residential Finland	-10	-7	-6	5	-12	-20	-1	2	1	-8	-6	6	21
Residential CEE	42	2	2	8	25	37	5	-2	-1	30	32	49	67
Other items	-5	1	0	2	-8	-5	-2	-1	0	-5	-8	-8	-9
Total adj. EBIT	41.3	-14.0	6.8	25.7	13.3	31.8	7.5	10.0	10.3	25.2	52.9	84.1	121.2
<i>Margin</i>	1.9%	-3.4%	1.6%	5.6%	2.6%	1.7%	1.9%	2.4%	2.5%	4.4%	2.9%	4.3%	5.5%
Net interest expense	-57	-14	-15	-20	-15	-64	-14	-13	-16	-15	-58	-52	-41
Tax expense	8	6	6	1	-7	6	-1	-2	1	-2	-4	-6	-16
Net earnings	3.0	-16.0	-51.0	-6.0	-39.0	-112.0	-9.0	-8.0	-4.6	8.1	-14.0	25.8	64.1
EPS	0.01	-0.07	-0.22	-0.03	-0.17	-0.49	-0.04	-0.03	-0.02	0.04	-0.06	0.11	0.28
Adj. EPS*	-0.01	-0.08	-0.23	-0.03	-0.18	-0.51	-0.05	-0.05	-0.03	0.03	-0.09	0.08	0.25

*Adjusted for hybrid bond interest

Source: YIT, Evli Research estimates

Valuation

REDUCE with a target price of EUR 3.0

We initiate coverage of YIT with a TP of EUR 3.0 and rating at REDUCE. We view the company's current valuation as neutral, assuming it carries out the turnaround in line with our expectations. The near-term valuation remains demanding on both absolute and relative terms. We base our valuation on our estimates for 2026–2027E as we see that the profitability for 2025E will remain low, and hence not indicative of the longer-term potential. The company is trading at a premium on our estimates for 2026–2027E compared to both the peer group and the sector's historical valuation levels. Our DCF points towards fair value of EUR 3.4 per share, offering slight upside compared to the current share price levels. We note that the company's ability to release capital from assets such as the Tripla Mall investment adds uncertainty to the investment case. Should the process take longer than expected and/or with worse commercial terms than we estimate, it could have a negative impact on YIT's financial results and delay the anticipated improvement in capital efficiency and leverage, also affecting the valuation of the company.

Earnings based multiples remain high for 2025–2026E in both absolute and relative terms

Based on our estimates for 2025–2026E, YIT is valued at adj. EV/EBIT of 30–15x. The company's 10-year EV/EBIT average is 15x, while the peer group has been valued at approximately 12x. The elevated historical FWD EV/EBIT multiple for YIT is attributable to the company's persistent profitability challenges in recent years. We regard the historical sector average EV/EBIT of 12x, as a more sustainable benchmark within industry in normal market conditions. Peer group median EV/EBIT for 2025–2026E is at 14–12x. Compared to historical averages, the peer group valuation for 2025E is slightly elevated due to the current lower profitability levels in the industry. For 2027E, YIT's EV/EBIT is in line with the peer group, at 10x. In terms of P/E, the company's FWD P/E during the last 10-year period (excl. outliers) has been at approximately 12x, roughly in line with the peer group average. For 2026E, YIT is priced at 37x adj. P/E based on our estimates. For 2027E, adj. P/E falls to 12x which is more in line with the peer group average and sustainable long-term level. Based on our estimates, the valuation falls into neutral levels based on EV/EBIT and P/E multiples starting from 2027E in both absolute and relative terms.

DCF indicates fair value of EUR 3.4 per share

DCF analysis illustrates the long-term potential of the company as we expect the market to normalize in the medium to long term. By 2029, we estimate the company's EBIT to reach 156m, with a margin of 6.2%. While the company's profitability falls short of its own target on our estimates, we expect sales CAGR to surpass the target of 5% as we forecast growth of some 7% for the strategy period (CAGR, 2024 net sales a base year). In the long-term, we estimate sales growth to fall to 2% and EBIT margin to remain steady at 5.5%, approximately in line with the company's historic normalized margin level. With WACC of 8.7%, our DCF points towards a fair value of approximately EUR 3.4 per share, slightly higher than the current share price.

Figure 30: YIT vs. peer group median NTMA EV/EBIT (lhs) and P/E (rhs)

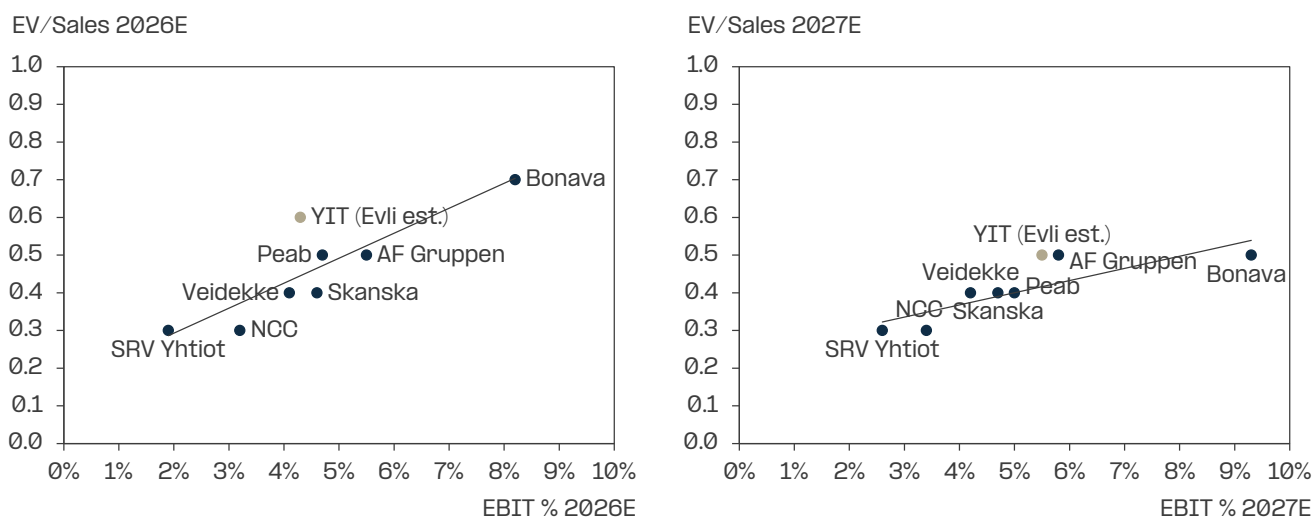


Source: Factset, Evli Research

EV/Sales at a historically high level

During the last 10-year period, YIT has been priced at approximately 0.6x FWD EV/Sales, roughly in line with the peer group. YIT is currently priced at 0.8–0.6x EV/Sales based on our estimates for 2025–2026E. Compared to the historical levels, the EV/Sales for 2025E is elevated yet drops to a historically neutral level on our estimates for 2026–2027E. The peer group is priced at FWD EV/Sales of 0.5x on average and the current premium (NTMA EV/Sales) compared to peer group is approximately 60% while on average the premium has been approximately 20% (10-year average). In our view, the major driver behind the higher premium currently is the expectation of turnaround in profitability led by Residential Finland. When assessing the EV/Sales valuation in relation to our profitability estimates, it appears somewhat elevated compared to peers based on our projections for 2026–2027E.

Figure 31: EV/Sales 2026E (lhs) & 2027E (rhs) vs. EBIT-margin estimate



Source: Factset, Evli Research

Table 3: Peer group overview, consensus estimates for sales growth (CAGR 2024–2027E), EBIT–margin & ROCE % (avg. 2025–2027E)

									
Business model	Generalist	Generalist	Generalist	Generalist	Generalist	Developer	Developer	Generalist	Generalist
Geography	Finland, Baltics, CEE	Finland	Sweden, Finland, Norway, Denmark	Sweden, Finland, Norway, Denmark	United States, Sweden, Norway, UK	Sweden, Norway, Finland, Belgium	Germany, Sweden, Finland, Baltics	Norway, Sweden, Denmark	Norway, Sweden
Sales growth	7%	2%	4%	1%	5%	3%	17%	5%	4%
EBIT margin	4%	2%	5%	3%	5%	7%	8%	4%	5%
ROCE %	6%	N/A	11%	13%	10%	6%	7%	27%	33%

Source: Factset, Evli Research

Peer group consists of Nordic construction companies

Our peer group includes Nordic construction companies that are active in various forms of construction. The peer group consists of companies of which some are YIT's direct competitors such as YIT, Skanska, NCC, and Peab. We also include JM and Bonava which focus on residential development and developer contracting. Although most competitors operate to some extent in Finland, which is YIT's principal market, their business share there remains modest, with the notable exception of SRV, whose net sales are exclusively derived from Finland. Generally, the peer companies are expected to grow relatively slowly, some 2–5% for the coming years (2024–2027E CAGR). At the same time, profitability (EBIT–margin) is estimated to stay at roughly 2–5% range, with the exception of JM and Bonava, which are expected to have EBIT margins of 7 and 8% respectively, due to the residential development business model. There are substantial differences in capital efficiency as the average expected ROCE for the peer group ranges from 6% to 33% for 2025–2027E. The construction average typically ranges from 6–13%, yet there are two exceptions. Veidekke and AF Gruppen who are expected to return some 27–33% on capital employed on average during 2025–2027E. Based on our understanding, the strong return figures for both Veidekke and AF Gruppen are primarily driven by their contracting–led business model, which typically results in a negative net working capital. This highlights the significance of YIT's contracting business: although its achievable profitability is lower, it operates as a cash cow, providing stable financing for the company's residential development segment. The latter should offer higher margins and returns but is more cyclical in nature. Within the peer group, SRV, PEAB, NCC, and Skanska are the most directly comparable to YIT overall. In contrast, JM and Bonava have business models more closely aligned with YIT's residential segment, while Veidekke and AF Gruppen are more similar to YIT's contracting businesses.

Table 4: Peer group

YIT PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		25	26	27	25	26	27	25	26	27
Skanska	8892	9.5x	8.6x	8.3x	12.5x	10.9x	10.3x	14.7x	13.0x	12.4x
NCC	1981	8.3x	8.1x	7.6x	13.8x	13.0x	11.9x	15.4x	14.2x	12.9x
Peab	2044	8.6x	8.0x	7.5x	13.8x	12.2x	11.1x	15.5x	10.6x	9.4x
JM	800	36.2x	20.5x	14.5x	36.3x	21.3x	14.8x	34.7x	14.4x	9.5x
Bonava	305	16.2x	8.0x	6.0x	16.4x	8.0x	6.1x		9.0x	5.5x
AF Gruppen	1594	8.6x	7.8x	7.4x	12.4x	10.9x	10.2x	17.8x	15.9x	14.8x
Veidekke	1885	7.5x	7.0x	6.7x	12.3x	11.3x	10.6x	16.4x	15.0x	14.3x
SRV Yhtiot	85	19.2x	11.1x	8.2x	36.7x	15.6x	10.5x		17.1x	7.4x
Peer Group Average	1963	14.3x	9.9x	8.3x	19.3x	12.9x	10.7x	19.1x	13.6x	10.8x
Peer Group Median	1594	9.1x	8.0x	7.6x	13.8x	11.7x	10.6x	15.9x	14.3x	10.9x
YIT (Evli est.)	727	21.5x	12.3x	8.5x	30.4x	15.0x	10.0x		37.2x	12.3x
<i>YIT prem./disc. to peer median</i>		<i>149 %</i>	<i>53 %</i>	<i>14 %</i>	<i>120 %</i>	<i>34 %</i>	<i>-6 %</i>	<i>94 %</i>	<i>16 %</i>	

Source FactSet, Evli Research

Investment risks

Construction market	The construction market is cyclical and the demand for all segments of new construction are affected by the macroeconomic environment. The residential new construction market is more directly impacted by consumer confidence and demand, which is driven by for example salary development and mortgage interest rates. The non-residential new construction market demand is influenced by investments from companies and the public sector, office vacancy rates, interest rates and investor yield requirements among other things. YIT's portfolio is quite well diversified among the main new construction segments. Furthermore, the company's exposure to market risk is mitigated through geographic diversification, as it operates not only in Finland but also across the CEE region and the Baltics.
Tripla Mall investment	YIT's single largest equity investment is the company's investment in Tripla Mall through Tripla Mall Ky. At the end of first half of 2025, the Tripla investment was valued at EUR 186m, or roughly 11% of the company's key assets, or 8% of the balance sheet total. The fair value of the investment is calculated as the fair value of the property, subtracting the net debt. The value is then multiplied by YIT's share of the ownership. The fair value of the property is calculated by using the income approach, taking 10-year discounted cash flows and the present value of the terminal value. Changes in the fair value of the Tripla investment affect the company's operating profit. In 2024, a yield increase caused a EUR 12m negative operating profit effect. YIT aims to sell and divest its non-operating assets during 2025–2026. We see no immediate downside risk to the balance sheet value of Tripla investment. The asset appears to be performing well, with its balance sheet value rising from EUR 184 million at the end of last year to EUR 186 million at the end of Q2/25. We assume that the increase is due to lower net debt as there have been no changes to the yield requirement during 2025. While we do not currently foresee any immediate risk of further negative value adjustments, we note that the company's exit schedule may be somewhat ambitious given the current market environment and the low level of property transactions in Finland. If market activity does not improve, meeting the planned timeline could prove challenging.
Goodwill	Goodwill forms approximately 10% of the company's total assets. Goodwill is relatively evenly spread between the company's operating segments. The company's goodwill is formed mostly of the merger with Lemminkäinen in 2018. Although goodwill constitutes a significant portion of the company's assets, there are currently no considerable risks of impairment, and its overall value has remained consistent in recent years.
Developer–contracting involves balance sheet risk	In developer–contracting projects, YIT bears the risk throughout the project's lifecycle from land acquisition to the sale of the building. Unlike for example investor projects, the developer–contracting projects are not sold to investors prior to construction start. Developer–contracting projects are therefore riskier as the company's capital is tied to the project and in addition, the company bears the risks involved with selling the project after completion. YIT has currently 587 unsold completed apartment units in Finland. The company achieved sales of nearly 300 units over the past year, and we anticipate that the inventory of unsold units in Finland will return to more normal levels by the end of 2025.
Project–led business model	Construction is project driven by nature. Construction projects include various risks including delays and cost overruns. In projects where YIT recognizes revenue based on sale of units, delays in completion delay the recognition of revenue and operating profit. Alliance and project management contracts entail a lower result–related risk

for the company as the customer carries a notable share of the liability if project costs rise. The larger and demanding projects include various technically challenging structures which increase the risk for potential defects in construction. In addition to possible errors in YIT's own operations, the company is also responsible for defects caused by subcontractors. Errors concerning planning, procurement and quality of work may be claimed from YIT during the construction and guarantee period (in certain building structures even after the guarantee period).

Supply chain and cost

The availability and cost of personnel, subcontractors and materials is essential for the company's operations and profitability. Fluctuations in the prices of key materials—such as concrete and steel—may negatively impact project profitability, especially if cost increases cannot be fully passed on to customers (for example long, fixed price contracts). Additionally, competition for qualified personnel and reliable subcontractors may intensify further escalating costs or limit YIT's capacity to execute projects on schedule. This is especially important in a more heated construction market where there is scarcity of resources.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	3.15 PV of Free Cash Flow	777 Long-term growth, %	2.0 % Risk-free interest rate, %
DCF share value	3.37 PV of Horizon value	758 WACC, %	8.7 % Market risk premium, %
Share price potential, %	7.2 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %
Maximum value	3.9 Marketable securities	137 Minimum WACC, %	8.2 % Equity beta coefficient
Minimum value	3.0 Debt – dividend	–893 Maximum WACC, %	9.2 % Target debt ratio, %
Horizon value, %	49.4 % Value of stock	778 No. of shares, Mn	230.6 Effective tax rate, %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	1 820	1 796	1 954	2 199	2 386	2 518	2 593	2 671	2 751	2 834	2 890	2 948
Sales growth (%)	–15.9%	–1.3%	8.8%	12.6%	8.5%	5.5%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%
Operating income (EBIT)	–55	48	84	121	138	156	161	160	151	156	159	162
Operating income margin %	–3.0%	2.7%	4.3%	5.5%	5.8%	6.2%	6.2%	6.0%	5.5%	5.5%	5.5%	5.5%
+ Depreciation+amort.	33	20	19	20	23	25	26	27	28	29	30	
EBITDA	–22	68	103	142	161	181	187	187	179	185	189	
– Paid taxes	–13	–15	–17	–24	–28	–31	–32	–32	–30	–31	–32	
– Change in NWC	193	11	–12	–18	–13	–10	–14	–14	–14	–14	–19	
NWC / Sales, %	42.8%	42.7%	39.9%	36.2%	34.0%	32.6%	32.2%	31.7%	31.3%	30.9%	30.9%	
+ Change in other liabs	–11											
– Operative CAPEX	–28	–20	–21	–23	–25	–26	–27	–28	–29	–30	–30	
opCAPEX / Sales, %	1.9%	0.9%	1.0%	0.5%	1.9%	0.6%	1.3%	1.3%	1.3%	1.3%	1.2%	
– Acquisitions												
+ Divestments			186									
– Other items												
= FCFF	119	44	239	76	95	113	114	114	107	110	108	1 643
= Discounted FCFF		43	215	63	72	79	74	67	58	55	50	758
= DFCF min WACC		43	216	64	74	81	75	69	60	57	52	855
= DFCF max WACC		43	214	63	71	78	72	65	56	53	48	676

Sensitivity analysis, EUR

		Terminal WACC				
		6.69 %	7.69 %	8.69 %	9.69 %	10.69 %
Terminal EBIT–%	3.50 %	2.94	2.17	1.61	1.18	0.84
	4.50 %	4.43	3.30	2.49	1.89	1.41
	5.50 %	5.93	4.43	3.37	2.59	1.99
	6.50 %	7.42	5.56	4.26	3.30	2.56
	7.50 %	8.91	6.69	5.14	4.00	3.13

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	412.0	434.0	453.0	521.0	1 820.0	386.0	413.0	417.9	578.9	1 795.8	1 954.1	2 199.5
EBITDA	-3.0	-25.0	18.0	-12.0	-22.0	11.0	11.7	15.3	30.2	68.2	102.8	141.6
EBITDA margin (%)	-0.7%	-5.8%	4.0%	-2.3%	-1.2%	2.9%	2.8%	3.7%	5.2%	3.8%	5.3%	6.4%
EBIT	-8.0	-42.0	13.0	-18.0	-55.0	6.0	6.7	10.3	25.2	48.2	84.0	121.2
EBIT margin (%)	-1.9%	-9.7%	2.9%	-3.5%	-3.0%	1.6%	1.6%	2.5%	4.4%	2.7%	4.3%	5.5%
Net financial items	-14.0	-15.0	-20.0	-14.0	-63.0	-14.0	-13.0	-16.0	-15.0	-58.0	-51.8	-41.0
Pre-tax profit	-22.0	-57.0	-7.0	-32.0	-118.0	-8.0	-6.3	-5.7	10.2	-9.8	32.3	80.1
Tax	6.0	6.0	1.0	-7.0	6.0	-1.0	-2.0	1.1	-2.0	-3.9	-6.5	-16.0
Tax rate (%)	27.3%	10.5%	14.3%	-21.9%	5.1%	-12.5%	-31.8%	20.0%	20.0%	-39.5%	20.0%	20.0%
Net profit	-16.0	-51.0	-6.0	-39.0	-112.0	-9.0	-8.3	-4.6	8.1	-13.7	25.8	64.1
EPS	-0.07	-0.22	-0.03	-0.17	-0.49	-0.04	-0.04	-0.02	0.04	-0.06	0.11	0.28
EPS adj. (diluted)	-0.07	-0.22	-0.03	-0.17	-0.49	-0.04	-0.04	-0.02	0.04	-0.06	0.11	0.28
Dividend per share												0.14
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Residential Finland	118.0	99.0	106.0	103.0	426.0	81.0	77.0	73.9	118.0	349.9	392.1	515.6
Residential CEE	51.0	45.0	82.0	127.0	305.0	76.0	30.0	63.4	144.9	314.4	406.3	497.5
Building Construction	169.0	205.0	175.0	184.0	733.0	125.0	187.0	174.6	185.0	671.6	691.7	712.5
Infrastructure	85.0	94.0	98.0	116.0	393.0	110.0	128.0	115.0	140.0	493.0	497.9	507.9
Group	-11.0	-9.0	-8.0	-9.0	-37.0	-6.0	-9.0	-9.0	-9.0	-33.0	-34.0	-34.0
Total	412.0	434.0	453.0	521.0	1 820.0	386.0	413.0	417.9	578.9	1 795.8	1 954.1	2 199.5
SALES GROWTH, Y.Y.%	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Residential Finland	-1.7%	-51.2%	-46.2%	-3.7%	-32.1%	-31.4%	-22.2%	-30.3%	14.6%	-17.9%	12.1%	31.5%
Residential CEE	-31.1%	-8.2%	203.7%	-5.9%	7.0%	49.0%	-33.3%	-22.7%	14.1%	3.1%	29.3%	22.4%
Building Construction	5.0%	0.5%	-26.8%	-23.3%	-13.2%	-26.0%	-8.8%	-0.2%	0.5%	-8.4%	3.0%	3.0%
Infrastructure	-22.0%	-16.1%	4.3%	-4.9%	-10.1%	29.4%	36.2%	17.3%	20.7%	25.5%	1.0%	2.0%
Group	22.2%	-10.0%	100.0%	28.6%	23.3%	-45.5%		12.5%		-10.8%	3.0%	
Total	-9.5%	-22.2%	-18.1%	-12.7%	-15.9%	-6.3%	-4.8%	-7.8%	11.1%	-1.3%	8.8%	12.6%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Residential Finland	-7.0	-6.0	5.0	-12.0	-20.0	-1.0	4.0	1.5	-8.3	-3.8	5.9	20.6
Residential CEE	2.0	2.0	8.0	25.0	37.0	5.0	4.0	-1.3	30.4	38.2	48.8	66.7
Building Construction	-11.0	5.0	6.0	3.0	3.0	2.0	4.0	4.9	2.4	13.3	17.3	21.4
Infrastructure	11.0	-16.0	-1.0	-7.0	-13.0	2.0	4.0	5.2	5.6	16.8	19.9	21.3
Group	-3.0	-27.0	-5.0	-27.0	-62.0	-2.0	-9.3		-5.0	-16.3	-7.8	-8.8
Total	-8.0	-42.0	13.0	-18.0	-55.0	6.0	6.7	10.3	25.2	48.2	84.0	121.2
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Residential Finland	-5.9%	-6.1%	4.7%	-11.7%	-4.7%	-1.2%	5.2%	2.0%	-7.0%	-1.1%	1.5%	4.0%
Residential CEE	3.9%	4.4%	9.8%	19.7%	12.1%	6.6%	13.3%	-2.0%	21.0%	12.1%	12.0%	13.4%
Building Construction	-6.5%	2.4%	3.4%	1.6%	0.4%	1.6%	2.1%	2.8%	1.3%	2.0%	2.5%	3.0%
Infrastructure	12.9%	-17.0%	-1.0%	-6.0%	-3.3%	1.8%	3.1%	4.5%	4.0%	3.4%	4.0%	4.2%
Group	27.3%	100.0%	62.5%	100.0%	100.0%	33.3%	100.0%		55.6%	49.4%	23.0%	25.9%
Total	-1.9%	-9.7%	2.9%	-3.5%	-3.0%	1.6%	1.6%	2.5%	4.4%	2.7%	4.3%	5.5%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales		2 652.0	2 403.0	2 163.0	1 820.0	1 795.8	1 954.1	2 199.5
<i>Sales growth (%)</i>			-9.4%	-10.0%	-15.9%	-1.3%	8.8%	12.6%
EBITDA		88.0	135.0	80.0	-22.0	68.2	102.8	141.6
<i>EBITDA margin (%)</i>		3.3%	5.6%	3.7%	-12%	3.8%	5.3%	6.4%
Depreciation		-32.0	-33.0	-29.0	-33.0	-20.0	-18.7	-20.4
EBITA		56.0	102.0	51.0	-55.0	48.2	84.0	121.2
Goodwill amortization / writedown								
EBIT		56.0	102.0	51.0	-55.0	48.2	84.0	121.2
<i>EBIT margin (%)</i>		2.1%	4.2%	2.4%	-3.0%	2.7%	4.3%	5.5%
Reported EBIT		54.0	-336.0	51.0	-55.0	48.2	84.0	121.2
<i>EBIT margin (reported) (%)</i>		2.0%	-14.0%	2.4%	-3.0%	2.7%	4.3%	5.5%
Net financials		-35.0	-28.0	-56.0	-63.0	-58.0	-51.8	-41.0
Pre-tax profit		21.0	74.0	-5.0	-118.0	-9.8	32.3	80.1
Taxes		-18.0	-10.5	8.0	6.0	-3.9	-6.5	-16.0
Minority shares								
Net profit		1.0	-374.5	3.0	-112.0	-13.7	25.8	64.1
Cash NRIs		-2.0	-438.0					
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets		338	331	316	293	293	109	111
Goodwill		249	249	248	248	248	248	248
Right of use assets		253	226	252	259	256	254	242
Inventory		1 285	1 426	1 417	1 185	1 169	1 212	1 276
Receivables		449	377	422	291	287	312	352
Liquid funds		389	206	128	137	135	147	166
Total assets		2 994	2 845	2 832	2 475	2 450	2 344	2 456
Liabilities								
Shareholders' equity		1 017	883	838	770	756	782	846
Minority interest								
Convertibles								
Lease liabilities		235	208	256	276	256	254	242
Deferred taxes		19	9	4	1	1	1	1
Interest bearing debt		516	624	742	617	634	449	424
Non-interest bearing current liabilities		1 034	950	793	636	628	683	769
Other interest-free debt		87	83	112	97	97	97	97
Total liabilities		2 994	2 845	2 832	2 475	2 450	2 344	2 456
CASH FLOW, EURm								
+ EBITDA		88	135	80	-22	68	103	142
- Net financial items		-35	-28	-56	-63	-58	-52	-41
- Taxes		-30	-20	-16	-10	-4	-6	-16
- Increase in Net Working Capital		-654	-148	-169	193	11	-12	-18
+/- Other		-2	-438					
= Cash flow from operations		-633	-499	-161	98	17	32	67
- Capex		-527	-19	-34	-35	-16	-19	-11
- Acquisitions								
+ Divestments							186	
= Free cash flow		-1 160	-518	-195	63	1	199	56
+/- New issues/buybacks	84	1 045	274	-10	44			
- Paid dividend	29	33	38					32
+/- Other		533	94	165	-98	-3	-187	-37
Change in cash		389	-183	-78	9	-2	12	18

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	901	515	417	574	726	726	726
Net debt (excl. convertibles)	362	626	870	756	755	556	500
Enterprise value	1 263	1 141	1 287	1 330	1 481	1 282	1 226
Sales	2 652	2 403	2 163	1 820	1 796	1 954	2 199
EBITDA	88	135	80	-22	68	103	142
EBIT	56	102	51	-55	48	84	121
Pre-tax	21	74	-5	-118	-10	32	80
Earnings	3	64	3	-112	-14	26	64
Equity book value (excl. minorities)	1 017	883	838	770	756	782	846

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	0.5	0.5	0.6	0.7	0.8	0.7	0.6
EV/EBITDA	14.4	8.5	16.1	-60.5	21.7	12.5	8.7
EV/EBITA	22.6	11.2	25.2	-24.2	30.8	15.3	10.1
EV/EBIT	22.6	11.2	25.2	-24.2	30.8	15.3	10.1
EV/OCF	-2.0	-2.3	-8.0	13.6	85.1	39.7	18.3
EV/FCF	-1.3	-2.2	-10.7	11.2	33.6	5.4	16.0
P/FCFR	-0.8	-1.0	-2.1	9.1	645.8	3.6	13.0
P/E	300.4	8.1	139.0	-5.1	-52.8	28.1	11.3
P/BV	0.9	0.6	0.5	0.7	1.0	0.9	0.9
Target EV/EBITDA					21.2	12.1	8.4
Target EV/EBIT					30.0	14.8	9.8
Target EV/FCFF					1286.8	6.3	21.4
Target P/BV					0.9	0.9	0.8
Target P/E, diluted					-50.4	26.8	10.8

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	209.12	209.51	209.55	230.57	230.65	230.65	230.65
Number of shares (diluted, million)	209.12	209.51	209.55	230.57	230.65	230.65	230.65
EPS	0.01	0.30	0.01	-0.49	-0.06	0.11	0.28
Operating cash flow per share	-3.03	-2.38	-0.77	0.43	0.08	0.14	0.29
Free cash flow per share	-5.55	-2.47	-0.93	0.27	0.00	0.86	0.24
Book value per share	4.86	4.21	4.00	3.34	3.28	3.39	3.67
Dividend per share	0.16	0.18					0.14
Dividend payout ratio, %	1 115.3%	59.4%					50.0%
Dividend yield, %	3.7%	7.3%					4.4%
FCF yield, %	-128.7%	-100.4%	-46.8%	11.0%	0.2%	27.4%	7.7%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE		6.7%	0.4%	-13.9%	-1.8%	3.4%	7.9%
ROCE	6.3%	5.9%	2.9%	-3.1%	2.9%	5.4%	8.1%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	48.4%	59.3%	65.5%	65.1%	65.1%	62.0%	58.0%
Receivables as % of sales	16.9%	15.7%	19.5%	16.0%	16.0%	16.0%	16.0%
Non-int. bearing liabilities as % of sales	39.0%	39.5%	36.7%	34.9%	34.9%	34.9%	34.9%
NWC/sales, %	24.7%	33.4%	44.9%	42.8%	42.7%	39.9%	36.2%
Operative CAPEX/Sales, %	19.9%	0.8%	1.6%	1.9%	0.9%	1.0%	0.5%
CAPEX/sales (incl. acquisitions), %	19.9%	0.8%	1.6%	1.9%	0.9%	1.0%	0.5%
FCFF/EBITDA	-11.4	-3.9	-1.5	-5.4	0.6	2.3	0.5
Net Debt/EBITDA, book-weighted	4.1	4.6	10.9	-34.4	11.1	5.4	3.5
Debt/equity, market-weighted	0.6	1.2	1.8	1.1	0.9	0.6	0.6
Equity ratio, book-weighted	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Gearing, %	35.6%	70.9%	103.8%	98.2%	99.8%	71.1%	59.1%

COMPANY DESCRIPTION: YIT is a European developer and contractor with operations in Finland, Baltics and Central Eastern European countries. YIT was founded in 1912 and listed in 1995 on the Helsinki stock exchange. The company employs currently some 4,100 employees across the operating regions. YIT specializes in the development and construction of residential, business premises, and infrastructure projects. In 2024, majority of the company's revenue came from Housing and Business Premises construction (approximately 80% of total sales) while Infrastructure was approximately fifth of the revenue. In 2024, YIT was by a clear margin the largest construction company in Finland. In addition to its overall leading position, the company is also a leading player in the Finnish market in both infrastructure and renovation sectors. In the Baltics and CEE, the company's competitive position varies by market, with opportunities to increase market share in countries such as Poland.

INVESTMENT CASE: With low number of residential completions expected for 2025E, the residential net sales will still fall compared to last year. Going forward, we expect strong starts in Residential CEE in 2025 to drive completion volumes in 2026 which supports the segments volumes and profitability. For Residential Finland, the market remains largely in stand-by mode and we forecast more material pick-up in pace starting from 2027. With higher volumes, improving sales mix and ongoing self-help in contracting, we estimate rapid earnings growth from a low base during 2025–2027.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Tercero Invest Ab	43 000 000	135.364	18.6 %
Pnt Group Oy	15 897 799	50.046	6.9 %
Varma Mutual Pension Insurance Company	13 195 975	41.541	5.7 %
Conficap Oy	10 776 302	33.924	4.7 %
Pentti Heikki Oskari Kuolinpesä	8 091 215	25.471	3.5 %
Herlin Antti	8 015 750	25.234	3.5 %
Ilmarinen Mutual Pension Insurance Company	5 994 252	18.870	2.6 %
Forsten Noora Eva Johanna	5 085 529	16.009	2.2 %
Elo Mutual Pension Insurance Company	3 437 000	10.820	1.5 %
Pentti Lauri Olli Samuel	3 268 845	10.290	1.4 %
Ten largest	116 762 667	367.569	50.6 %
Residual	113 883 394	358.505	49.4 %
Total	230 646 061	726.074	100%

EARNINGS CALENDAR

October 30, 2025

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Heikki Vuorenmaa
 CFO: Tuomas Mäkipeska
 IR: Essi Nikitin

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DEFINITIONS

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	DPS Dividend for the financial period per share
Market cap Price per share * Number of shares	OCF (Operating cash flow) EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value) Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow) Operating cash flow – Operative CAPEX – acquisitions + divestments
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, % $\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX / Sales $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital Current assets – current liabilities
Net debt Interest bearing debt – financial assets	Capital employed / Share $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets Balance sheet total	Gearing $\frac{\text{Net debt}}{\text{Equity}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, % $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, % $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, % $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, % Cumulative annual growth rate = Average growth rate per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

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Investment recommendations are defined as follows:

Target price compared to share price

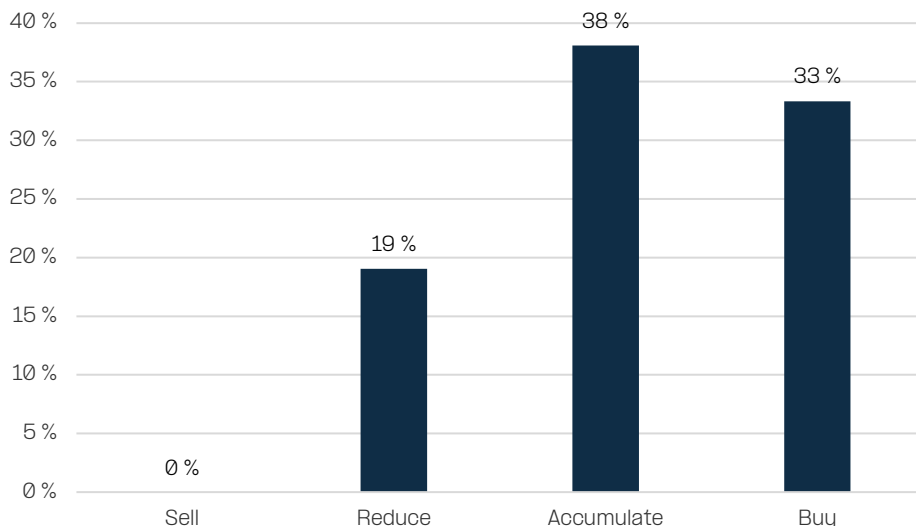
< -10 %
 -10 - 0 %
 0 - (+10) %
 > 10 %

Recommendation

SELL
 REDUCE
 ACCUMULATE
 BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

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Name(s) of the analyst(s): Jerker Salokivi

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