Slower quarter on residential side

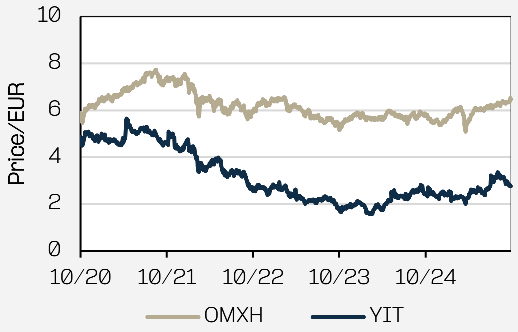
YIT reports its Q3 results on October 30th. The quarter is expected to be quite slow, with housing unit completions centered to Q4. We have softened our expectations for the recovery of housing construction in Finland and consequently lower our TP to EUR 2.9 (3.0) but upgrade our recommendation to ACCUMULATE (REDUCE) due to share price corrections.

Slower quarter due to few housing unit completions
YIT reports its Q3 results on October 30th. During H1, YIT's net sales has declined with mid-single digit percentage figures, and we expect a similar trend to continue during Q3. The decrease has been driven by lower volumes in residential and non-residential construction in Finland. The decline in net sales slowed down, however, aided by continued growth in Residential CEE and by Infrastructure posting good growth after a weaker 2024. Q3 is expected to be a slow quarter, with expected developer contracted housing unit completions heavily skewed to Q4. As a result, we expect fairly modest profitability, with our adj. operating profit estimate at EUR 10.3m (2.5% of net sales).

Positive but modest residential construction development
In its autumn economic review, The Confederation of Finnish Construction Industries RT lowered its expectations for housing unit starts, with the 2026 estimate down nearly 20% to 20,000 units. Apartment units starts are expected to increase some 4% p.a. during 2024-2026. RT continues to expect the share of government subsidized housing to decline clearly, which in our view remains a favourable driver through potential for accelerated net sales and margin growth through an increased share of developer contracted housing units. Recent market development in Finland, although showing positive signs, in our view supports RT's lowered expectations. Non-residential construction expectations remain modest. We have lowered our expectations for investor apartment construction in Residential Finland, otherwise our estimates remain intact.

ACCUMULATE (REDUCE) with a TP of EUR 2.9 (3.0)
Following the slightly lowered expectations to our estimates for housing construction in Finland, we lower our TP to EUR 2.9 (3.0). With the share price down over 10% since our previous update, we upgrade our rating to ACCUMULATE (REDUCE).

Rating — Accumulate



Share price, EUR (Last trading day's closing price)	**2.75**
Target price, EUR	2.9
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	635
Free float, %	55.0 %
Exchange rate	1.0
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	-46.2	0.8	28.9	0.2%	
2026E	1954.1	84.0	4.3%	199.2	0.11	24.6	0.6	14.2	31.4%	
2027E	2128.9	118.7	5.6%	90.8	0.27	10.1	0.5	9.3	14.3%	0.14

Market cap, EURm	635	Gearing 2025E, %	99.8 %	CAGR EPS 2024-27, %	0.0 %
Net debt 2025E, EURm	755	Price/book 2025E	0.8	CAGR Sales 2024-27, %	5.4 %
Enterprise value, EURm	1 390	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.

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	445
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**	**2128.9**
Growth	*–10.0%*	*–9.5%*	*–22.2%*	*–18.1%*	*–12.7%*	*–15.9%*	*–6.3%*	*–5.1%*	*–7.7%*	*11.1%*	*–1.4%*	*8.9%*	*8.9%*
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**	**118.7**
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	18
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**	**118.7**
Margin	*1.9%*	*–3.4%*	*1.6%*	*5.6%*	*2.6%*	*1.7%*	*1.9%*	*2.4%*	*2.5%*	*4.4%*	*2.9%*	*4.3%*	*5.6%*
Net interest expense	–57	–14	–15	–20	–15	–64	–14	–13	–16	–15	–58	–52	–40
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**	**63.1**
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	0.27
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	0.24

*Adjusted for hybrid bond interest

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	2.75	PV of Free Cash Flow	789	Long-term growth, %	2.0 %	Risk-free interest rate, %	2.50 %
DCF share value	3.35	PV of Horizon value	739	WACC, %	8.7 %	Market risk premium, %	5.8 %
Share price potential, %	21.6 %	Unconsolidated equity	0	Spread, %	0.5 %	Debt risk premium %	3.5 %
Maximum value	3.8	Marketable securities	137	Minimum WACC, %	8.2 %	Equity beta coefficient	1.30
Minimum value	2.9	Debt - dividend	-893	Maximum WACC, %	9.2 %	Target debt ratio, %	25 %
Horizon value, %	48.3 %	Value of stock	772	No. of shares, Mn	230.6	Effective tax rate, %	20 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	1 820	1 796	1 954	2 129	2 310	2 437	2 510	2 585	2 663	2 743	2 798	2 854
Sales growth (%)	*-15.9%*	*-1.3%*	*8.8%*	*8.9%*	*8.5%*	*5.5%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*2.0%*	*2.0%*
Operating income (EBIT)	-55	48	84	119	134	151	156	155	146	151	154	157
Operating income margin %	*-3.0%*	*2.7%*	*4.3%*	*5.6%*	*5.8%*	*6.2%*	*6.2%*	*6.0%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*
+ Depreciation+amort.	33	20	19	20	22	24	25	26	27	28	29	
EBITDA	-22	68	103	139	156	175	181	181	173	179	183	
- Paid taxes	-13	-15	-17	-24	-27	-30	-31	-31	-29	-30	-31	
- Change in NWC	193	11	-12	10	-13	-10	-13	-13	-13	-13	-18	
NWC / Sales, %	*42.8%*	*42.7%*	*39.9%*	*36.1%*	*33.9%*	*32.5%*	*32.1%*	*31.7%*	*31.2%*	*30.8%*	*30.8%*	
+ Change in other liabs	-11											
- Operative CAPEX	-28	-20	-21	-22	-24	-26	-26	-27	-28	-29	-29	
opCAPEX / Sales, %	*1.9%*	*0.9%*	*1.0%*	*0.1%*	*1.9%*	*0.6%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.2%*	
- Acquisitions												
+ Divestments			186									
- Other items												
= FCFF	119	44	239	103	92	110	111	110	103	107	104	1 591
= Discounted FCFF		43	216	86	71	77	72	66	57	54	48	739
= DFCF min WACC		43	218	86	72	79	73	68	59	56	51	833
= DFCF max WACC		43	215	85	70	76	70	64	55	52	46	659

Sensitivity analysis, EUR

		Terminal WACC				
		6.69 %	7.69 %	8.69 %	9.69 %	10.69 %
Terminal EBIT-%	3.50 %	2.92	2.17	1.63	1.21	0.88
	4.50 %	4.37	3.27	2.49	1.90	1.44
	5.50 %	5.83	4.37	3.35	2.59	2.00
	6.50 %	7.28	5.47	4.21	3.27	2.56
	7.50 %	8.73	6.57	5.07	3.96	3.12

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	2 128.9
EBITDA	−3.0	−25.0	18.0	−12.0	−22.0	11.0	11.7	15.3	30.2	68.2	102.8	139.1
EBITDA margin (%)	*−0.7%*	*−5.8%*	*4.0%*	*−2.3%*	*−1.2%*	*2.9%*	*2.8%*	*3.7%*	*5.2%*	*3.8%*	*5.3%*	*6.5%*
EBIT	−8.0	−42.0	13.0	−18.0	−55.0	6.0	6.7	10.3	25.2	48.2	84.0	118.7
EBIT margin (%)	*−1.9%*	*−9.7%*	*2.9%*	*−3.5%*	*−3.0%*	*1.6%*	*1.6%*	*2.5%*	*4.4%*	*2.7%*	*4.3%*	*5.6%*
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	−39.8
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	78.8
Tax	6.0	6.0	1.0	−7.0	6.0	−1.0	−2.0	1.1	−2.0	−3.9	−6.5	−15.8
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	63.1
EPS	−0.07	−0.22	−0.03	−0.17	−0.49	−0.04	−0.04	−0.02	0.04	−0.06	0.11	0.27
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	0.27
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	445.1
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	2 128.9

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%	13.5%
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%	8.9%

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	17.8
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	−8.5
Total	−8.0	−42.0	13.0	−18.0	−55.0	6.0	6.7	10.3	25.2	48.2	84.0	118.7

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%	25.1%
Total	−1.9%	−9.7%	2.9%	−3.5%	−3.0%	1.6%	1.6%	2.5%	4.4%	2.7%	4.3%	5.6%

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	2 128.9
Sales growth (%)			–9.4%	–10.0%	–15.9%	–1.3%	8.8%	8.9%
EBITDA		88.0	135.0	80.0	–22.0	68.2	102.8	139.1
EBITDA margin (%)		3.3%	5.6%	3.7%	–1.2%	3.8%	5.3%	6.5%
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	118.7
Goodwill amortization / writedown								
EBIT		56.0	102.0	51.0	–55.0	48.2	84.0	118.7
EBIT margin (%)		2.1%	4.2%	2.4%	–3.0%	2.7%	4.3%	5.6%
Reported EBIT		54.0	–336.0	51.0	–55.0	48.2	84.0	118.7
EBIT margin (reported) (%)		2.0%	–14.0%	2.4%	–3.0%	2.7%	4.3%	5.6%
Net financials		–35.0	–28.0	–56.0	–63.0	–58.0	–51.8	–39.8
Pre–tax profit		21.0	74.0	–5.0	–118.0	–9.8	32.3	78.8
Taxes		–18.0	–10.5	8.0	6.0	–3.9	–6.5	–15.8
Minority shares								
Net profit		1.0	–374.5	3.0	–112.0	–13.7	25.8	63.1
Cash NRIs		–2.0	–438.0					
Non–cash NRIs								

BALANCE SHEET, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
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	234
Inventory		1 285	1 426	1 417	1 185	1 169	1 212	1 235
Receivables		449	377	422	291	287	312	340
Liquid funds		389	206	128	137	135	147	160
Total assets		2 994	2 845	2 832	2 475	2 450	2 344	2 390
Liabilities								
Shareholders' equity		1 017	883	838	770	756	782	845
Minority interest								
Convertibles								
Lease liabilities		235	208	256	276	256	254	234
Deferred taxes		19	9	4	1	1	1	1
Interest bearing debt		516	624	742	617	634	449	391
Non–interest bearing current liabilities		1 034	950	793	636	628	683	744
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	2 390

CASH FLOW, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
+ EBITDA		88	135	80	–22	68	103	139
– Net financial items		–35	–28	–56	–63	–58	–52	–40
– Taxes		–30	–20	–16	–10	–4	–6	–16
– Increase in Net Working Capital		–654	–148	–169	193	11	–12	10
+/– Other		–2	–438					
= Cash flow from operations		–633	–499	–161	98	17	32	93
– Capex		–527	–19	–34	–35	–16	–19	–3
– Acquisitions								
+ Divestments							186	
= Free cash flow		–1 160	–518	–195	63	1	199	91
+/– New issues/buybacks	84	1 045	274	–10	44			
– Paid dividend	29	33	38					32
+/– Other		533	94	165	–98	–3	–187	–78
Change in cash		389	–183	–78	9	–2	12	13

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M–cap	901	515	417	574	635	635	635
Net debt (excl. convertibles)	362	626	870	756	755	556	465
Enterprise value	1 263	1 141	1 287	1 330	1 390	1 191	1 100
Sales	2 652	2 403	2 163	1 820	1 796	1 954	2 129
EBITDA	88	135	80	–22	68	103	139
EBIT	56	102	51	–55	48	84	119
Pre–tax	21	74	–5	–118	–10	32	79
Earnings	3	64	3	–112	–14	26	63
Equity book value (excl. minorities)	1 017	883	838	770	756	782	845

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	0.5	0.5	0.6	0.7	0.8	0.6	0.5
EV/EBITDA	14.4	8.5	16.1	–60.5	20.4	11.6	7.9
EV/EBITA	22.6	11.2	25.2	–24.2	28.9	14.2	9.3
EV/EBIT	22.6	11.2	25.2	–24.2	28.9	14.2	9.3
EV/OCF	–2.0	–2.3	–8.0	13.6	79.8	36.9	11.8
EV/FCF	–1.3	–2.2	–10.7	11.2	31.5	5.0	10.7
P/FCFR	–0.8	–1.0	–2.1	9.1	564.9	3.2	7.0
P/E	300.4	8.1	139.0	–5.1	–46.2	24.6	10.1
P/BV	0.9	0.6	0.5	0.7	0.8	0.8	0.8
Target EV/EBITDA					20.9	11.9	8.2
Target EV/EBIT					29.6	14.6	9.6
Target EV/FCFF					1266.3	6.1	12.5
Target P/BV					0.9	0.9	0.8
Target P/E, diluted					–48.7	25.9	10.6

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	0.27
Operating cash flow per share	–3.03	–2.38	–0.77	0.43	0.08	0.14	0.40
Free cash flow per share	–5.55	–2.47	–0.93	0.27	0.00	0.86	0.39
Book value per share	4.86	4.21	4.00	3.34	3.28	3.39	3.66
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%					5.0%
FCF yield, %	–128.7%	–100.4%	–46.8%	11.0%	0.2%	31.4%	14.3%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE		6.7%	0.4%	–13.9%	–1.8%	3.4%	7.8%
ROCE	6.3%	5.9%	2.9%	–3.1%	2.9%	5.4%	8.0%

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%	36.1%
Operative CAPEX/Sales, %	19.9%	0.8%	1.6%	1.9%	0.9%	1.0%	0.1%
CAPEX/sales (incl. acquisitions), %	19.9%	0.8%	1.6%	1.9%	0.9%	1.0%	0.1%
FCFF/EBITDA	–11.4	–3.9	–1.5	–5.4	0.6	2.3	0.7
Net Debt/EBITDA, book–weighted	4.1	4.6	10.9	–34.4	11.1	5.4	3.3
Debt/equity, market–weighted	0.6	1.2	1.8	1.1	1.0	0.7	0.6
Equity ratio, book–weighted	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Gearing, %	35.6%	70.9%	103.8%	98.2%	99.8%	71.1%	55.0%

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	118.422	18.6 %
Pnt Group Oy	15 897 799	43.783	6.9 %
Varma Mutual Pension Insurance Company	13 195 975	36.342	5.7 %
Conficap Oy	10 776 302	29.678	4.7 %
Pentti Heikki Oskari Kuolinpesä	8 091 215	22.283	3.5 %
Herlin Antti	8 015 750	22.075	3.5 %
Ilmarinen Mutual Pension Insurance Company	5 994 252	16.508	2.6 %
Forsten Noora Eva Johanna	5 085 529	14.006	2.2 %
Elo Mutual Pension Insurance Company	3 437 000	9.465	1.5 %
Pentti Lauri Olli Samuel	3 268 845	9.002	1.4 %
Ten largest	116 762 667	321.564	50.6 %
Residual	113 883 394	313.635	49.4 %
Total	230 646 061	635.199	100%

EARNINGS CALENDAR

October 30, 2025	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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IR: Essi Nikitin	

DEFINITIONS

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

Important Disclosures

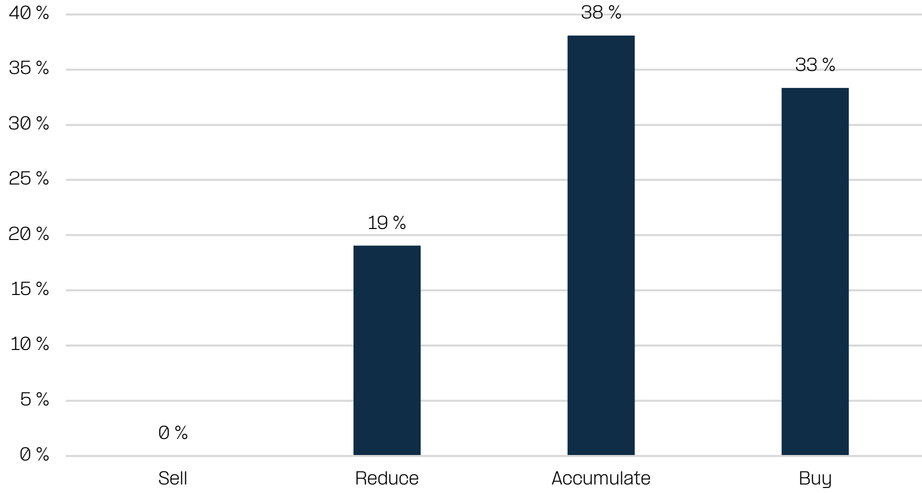
Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. The valuation assumptions used are sensitive to changes and can significantly affect fair values. A change of a single percentage point in any used assumption could affect fair values by more than +/-20%. Recommendations and changes by analysts are available at Analysts' recommendations and ratings revisions.

Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – 0 %	RECUDE
0 – (+10) %	ACCUMULATE
> 10 %	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.

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage on the 16th of May, 2025. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on 20.10.2025, 9:00. This report has been published on 20.10.2025, 9:15.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

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