

Momentum remains soft

SRV reports its Q2 figures on 8th of August. We continue to expect volume decline for the quarter, alongside modest profitability.

Finnish residential market remains largely in standstill

There has been no drastic pick-up in the Finnish residential new construction volumes during the first half of the year. At the end of May, the Finnish residential starts (LTM) were roughly in line with the last year's levels. While the new construction supply has not picked up, the number of residential apartment transactions has grown notably compared to last year during H1, driven by existing home sales. At the same time, some 20% more housing loans have been drawn compared to last year. The Confederation of Finnish Construction Industries RT (CFCI) estimates 20 000 (of which 13 500 block of flats) residential building starts in 2025. We expect that the actual figures will be slightly lower, based on the current data for residential starts.

Earnings to remain modest

SRV's order backlog has stayed relatively level since late 2023. At the end of Q1/25, order backlog was at roughly EUR 1b. In addition to the backlog, the company had some EUR 600m of project already won or tied to pre-development agreement that were not recorded in backlog yet. We estimate that the company's backlog has remained at a healthy level, consisting mainly of co-operative non-residential contracting. SRV launched a developer-contracted housing project for the first time since 2022 in Q1/25. In addition, SRV has currently four developer-contracted projects in pre-marketing with completion dates in late 2026/early 2027 if commenced. We expect more developer-contracting project starts during the second half of the year and early 2026. We have revised our estimates downwards for residential developer contracting for 2026 as there has been slightly less starts than expected during the first half of the year.

REDUCE with a TP of EUR 5.0

SRV is trading at a premium compared to the Nordic construction company peer group based on our estimates for 2025–2026E. After our latest update, the peer group multiples have increased some 5% for the coming years. With higher peer group multiples, yet slightly revised estimates, we retain our TP at EUR 5.0 and rating at REDUCE.

Rating

Reduce



Share price, EUR (Last trading day's closing price) **5.38**
Target price, EUR **5.0**

Latest change in recommendation 07-Feb-25

Latest report on company 06-Aug-25

Research paid by issuer: YES

No. of shares outstanding, '000's 16 938

No. of shares fully diluted, '000's 16 938

Market cap, EURm 91

Free float, % 61.1 %

Exchange rate 1.0

Reuters code SRV1V.HE

Bloomberg code SRV1V FH

Average daily volume, EURm 0.06

Next interim report 08-Aug-25

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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	610.1	-6.8	-1.1%	-21.1	-0.90	-4.4	0.3	-29.6	-31.4%	
2024	745.9	12.0	1.6%	13.7	0.31	15.8	0.3	17.8	16.2%	
2025E	703.9	8.6	1.2%	14.3	0.21	26.2	0.3	24.1	15.7%	
2026E	770.6	15.5	2.0%	5.7	0.53	10.2	0.3	12.9	6.2%	
2027E	824.0	22.6	2.8%	3.6	0.86	6.2	0.2	8.7	3.9%	0.26
Market cap, EURm	91		Gearing 2025E, %		54.6 %		CAGR EPS 2024–27, %		40.0 %	
Net debt 2025E, EURm	116		Price/book 2025E		0.8		CAGR Sales 2024–27, %		3.4 %	
Enterprise value, EURm	207		Dividend yield 2025E, %		0.0 %		ROE 2025E, %		3.0 %	
Total assets 2025E, EURm	460		Tax rate 2025E, %		10.8 %		ROCE 2025E, %		3.1 %	
Goodwill 2025E, EURm	2		Equity ratio 2025E, %		27.6 %		PEG, P/E 25/CAGR		0.3	

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

Table 1: Estimate summary

SRV	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24	2024	Q1/'25	Q2/'25E	Q3/'25E	Q4/'25E	2025E	2026E	2027E
Revenue	610.0	167.0	186.3	183.5	209.1	745.8	161.4	174.7	180.6	187.1	703.9	770.6	824.0
<i>change, %</i>	<i>-20.8%</i>	<i>20.8%</i>	<i>30.2%</i>	<i>24.9%</i>	<i>15.1%</i>	<i>22.3%</i>	<i>-3.4%</i>	<i>-6.2%</i>	<i>-1.5%</i>	<i>-10.5%</i>	<i>-5.6%</i>	<i>9.5%</i>	<i>6.9%</i>
Revenue – Business construction	508.5	156.1	173.3	167.2	191.5	688.1	149.8	161.0	165.0	170.0	645.8	645.6	658.5
<i>change, %</i>	<i>19.0%</i>	<i>37.1%</i>	<i>56.1%</i>	<i>28.1%</i>	<i>25.1%</i>	<i>35.3%</i>	<i>-4.0%</i>	<i>-7.1%</i>	<i>-1.3%</i>	<i>-11.2%</i>	<i>-6.1%</i>	<i>0.0%</i>	<i>2.0%</i>
Revenue – Housing construction	100.4	10.9	13.0	16.2	17.5	57.7	11.7	13.6	15.5	17.0	57.8	124.5	165.0
<i>change, %</i>	<i>-68.5%</i>	<i>-54.6%</i>	<i>-58.6%</i>	<i>-0.6%</i>	<i>-39.0%</i>	<i>-42.6%</i>	<i>7.3%</i>	<i>4.6%</i>	<i>-4.3%</i>	<i>-2.9%</i>	<i>0.3%</i>	<i>115.4%</i>	<i>32.5%</i>
Operative operating profit	1.1	1.3	1.5	4.5	3.0	10.3	1.1	1.3	3.3	3.3	9.0	15.5	22.6
<i>-margin</i>	<i>0.2%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>2.5%</i>	<i>1.4%</i>	<i>1.4%</i>	<i>0.7%</i>	<i>0.7%</i>	<i>1.8%</i>	<i>1.7%</i>	<i>1.3%</i>	<i>2.0%</i>	<i>2.7%</i>
Operating profit	-6.8	1.3	1.5	4.5	4.7	12.0	0.7	1.3	3.3	3.3	8.6	15.5	22.6
<i>-margin</i>	<i>-1.1%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>2.5%</i>	<i>2.2%</i>	<i>1.6%</i>	<i>0.4%</i>	<i>0.7%</i>	<i>1.8%</i>	<i>1.7%</i>	<i>1.2%</i>	<i>2.0%</i>	<i>2.7%</i>
Net financials	-9.0	-0.7	-1.4	-2.8	-1.4	-6.3	-1.2	-1.2	-1.2	-1.2	-4.4	-4.4	-4.4
Pre-tax profit	-15.8	0.5	0.1	1.7	3.3	5.7	-0.5	0.1	2.2	2.1	4.2	11.2	18.3
Income taxes	0.7	0.0	0.1	-0.8	0.3	-0.4	0.3	0.0	-0.3	-0.4	-0.4	-2.2	-3.7
Net earnings	-15.1	0.5	0.2	1.0	3.6	5.3	-0.2	0.1	1.9	1.7	3.5	8.9	14.6

Source: SRV, Evli Research

Table 2: Peer group

Company name	MCAP MEUR	EV/Sales			EV/EBITDA			EV/EBIT			P/E*		
		25	26	27	25	26	27	25	26	27	25	26	27
YIT	678	0.7x	0.6x	0.5x	21.0x	13.8x	11.2x	29.8x	17.6x	13.7x	32.4x	14.3x	14.3x
Skanska	8310	0.4x	0.4x	0.4x	9.1x	8.1x	7.8x	11.9x	10.3x	9.8x	14.0x	12.4x	11.8x
NCC	1624	0.3x	0.3x	0.3x	7.1x	6.9x	6.6x	11.9x	11.2x	10.3x	13.0x	11.9x	10.9x
Peab	1890	0.5x	0.5x	0.4x	8.3x	7.7x	7.2x	13.3x	11.7x	10.7x	14.6x	10.0x	8.9x
JM	811	1.5x	1.3x	1.2x	36.7x	20.8x	14.7x	36.8x	21.6x	15.1x	35.8x	14.8x	9.8x
Bonava	328	0.9x	0.7x	0.6x	16.0x	8.8x	6.6x	16.4x	8.8x	6.7x	10.1x	6.5x	6.5x
AF Gruppen	1440	0.5x	0.5x	0.5x	8.0x	7.2x	6.8x	11.8x	10.1x	9.5x	17.6x	15.1x	14.2x
Consti	87	0.3x	0.2x	0.2x	6.8x	6.0x	5.4x	9.3x	7.7x	6.8x	11.8x	9.5x	8.2x
Veidekke	1884	0.5x	0.4x	0.4x	7.2x	6.8x	6.5x	11.8x	10.9x	10.4x	17.1x	15.8x	15.1x
Peer Group Average	1895	0.6x	0.6x	0.5x	13.4x	9.6x	8.1x	17.0x	12.2x	10.3x	17.7x	14.6x	11.1x
Peer Group Median	1440	0.5x	0.5x	0.4x	8.3x	7.7x	6.8x	11.9x	10.9x	10.3x	14.6x	12.4x	10.9x
SRV (Evli est.)		0.3x	0.3x	0.2x	14.6x	9.6x	7.0x	24.1x	12.9x	8.7x	13.5x	6.2x	6.2x

SRV prem./disc. to peer median

-43 % -45 % -46 % 76 % 25 % 3 % 102 % 19 % -15 % 9 % -43 %

*SRV P/E adj. for hybrid bond coupon rate

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	5.38 PV of Free Cash Flow	134 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	7.64 PV of Horizon value	125 WACC, %	10.0 % Market risk premium, %	5.8 %
Share price potential, %	42.1 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	3.8 %
Maximum value	8.6 Marketable securities	41 Minimum WACC, %	9.5 % Equity beta coefficient	1.40
Minimum value	6.8 Debt – dividend	–170 Maximum WACC, %	10.5 % Target debt ratio, %	20 %
Horizon value, %	48.2 % Value of stock	129 No. of shares, Mn	16.9 Effective tax rate, %	20 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	746	704	771	824	849	866	883	901	919	937	956	975
Sales growth (%)	22.3%	–5.6%	9.5%	6.9%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating income (EBIT)	12	9	16	23	30	30	26	27	28	28	29	29
Operating income margin %	1.6%	1.2%	2.0%	2.8%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
+ Depreciation+amort.	10	6	5	6	6	6	6	6	6	6	6	
EBITDA	22	14	21	28	35	36	32	33	33	34	34	
– Paid taxes	0	–1	–3	–5	–6	–6	–5	–5	–6	–6	–6	
– Change in NWC	–2	7	–2	–7	–3	–2	–2	–2	–2	–2	–3	
NWC / Sales, %	14.6%	14.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	
+ Change in other liabs	–9											
– Operative CAPEX	–2	–1	–2	–2	–2	–2	–2	–2	–2	–2	–2	
opCAPEX / Sales, %	0.7%	0.3%	0.9%	1.1%	0.7%	0.6%	0.6%	0.6%	0.5%	0.5%	0.2%	
– Acquisitions												
+ Divestments												
– Other items	5											
= FCFF	14	19	14	14	24	26	23	23	23	24	24	307
= Discounted FCFF		18	12	11	18	17	14	12	12	11	10	125
= DFCF min WACC		18	12	11	18	17	14	13	12	11	10	139
= DFCF max WACC		18	12	11	17	17	13	12	11	10	9	113

Sensitivity analysis, EUR

		Terminal WACC				
		8.00 %	9.00 %	10.00 %	11.00 %	12.00 %
Terminal EBIT–%	1.00 %	3.35	2.48	1.77	1.18	0.67
	2.00 %	8.00	6.14	4.71	3.58	2.65
	3.00 %	12.66	9.79	7.64	5.97	4.64
	4.00 %	17.31	13.45	10.58	8.37	6.62
	5.00 %	21.96	17.10	13.52	10.77	8.60

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	167.0	186.3	183.5	209.1	745.9	161.4	174.7	180.6	187.1	703.9	770.6	824.0
EBITDA	2.7	3.7	5.8	9.4	21.6	2.1	2.7	4.7	4.7	14.2	20.9	28.1
<i>EBITDA margin (%)</i>	<i>1.6%</i>	<i>2.0%</i>	<i>3.2%</i>	<i>4.5%</i>	<i>2.9%</i>	<i>1.3%</i>	<i>1.5%</i>	<i>2.6%</i>	<i>2.5%</i>	<i>2.0%</i>	<i>2.7%</i>	<i>3.4%</i>
EBIT	1.3	1.5	4.5	4.7	12.0	0.7	1.3	3.3	3.3	8.6	15.5	22.6
<i>EBIT margin (%)</i>	<i>0.8%</i>	<i>0.8%</i>	<i>2.5%</i>	<i>2.3%</i>	<i>1.6%</i>	<i>0.4%</i>	<i>0.7%</i>	<i>1.9%</i>	<i>1.7%</i>	<i>1.2%</i>	<i>2.0%</i>	<i>2.8%</i>
Net financial items	-0.7	-1.4	-2.8	-1.4	-6.3	-1.2	-1.2	-1.2	-1.2	-4.7	-4.4	-4.4
Pre-tax profit	0.5	0.1	1.7	3.3	5.7	-0.5	0.1	2.2	2.1	3.9	11.1	18.3
Tax		0.1	-0.8	0.3	-0.4	0.3		-0.3	-0.4	-0.4	-2.2	-3.7
<i>Tax rate (%)</i>		<i>-100.0%</i>	<i>44.1%</i>	<i>-9.0%</i>	<i>6.2%</i>	<i>60.0%</i>		<i>13.7%</i>	<i>20.0%</i>	<i>10.8%</i>	<i>20.0%</i>	<i>20.0%</i>
Net profit	0.5	0.2	1.0	3.6	5.3	-0.2	0.1	1.9	1.7	3.5	8.9	14.6
EPS	0.03	0.01	0.06	0.21	0.31	-0.01	0.01	0.11	0.10	0.21	0.53	0.86
EPS adj. (diluted)	0.03	0.01	0.06	0.21	0.31	-0.01	0.01	0.11	0.10	0.21	0.53	0.86
Dividend per share												0.26
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	167.0	186.3	183.5	209.1	745.9	161.4	174.7	180.6	187.1	703.9	770.6	824.0
Total	167.0	186.3	183.5	209.1	745.9	161.4	174.7	180.6	187.1	703.9	770.6	824.0
SALES GROWTH, Y/Y%	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	20.8%	30.2%	24.9%	15.0%	22.3%	-3.4%	-6.2%	-1.6%	-10.5%	-5.6%	9.5%	6.9%
Total	20.8%	30.2%	24.9%	15.0%	22.3%	-3.4%	-6.2%	-1.6%	-10.5%	-5.6%	9.5%	6.9%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	1.3	1.5	4.5	4.7	12.0	0.7	1.3	3.3	3.3	8.6	15.5	22.6
Total	1.3	1.5	4.5	4.7	12.0	0.7	1.3	3.3	3.3	8.6	15.5	22.6
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	0.8%	0.8%	2.5%	2.3%	1.6%	0.4%	0.7%	1.9%	1.7%	1.2%	2.0%	2.8%
Total	0.8%	0.8%	2.5%	2.3%	1.6%	0.4%	0.7%	1.9%	1.7%	1.2%	2.0%	2.8%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	975.5	932.5	770.1	610.1	745.9	703.9	770.6	824.0
<i>Sales growth (%)</i>	-8.1%	-4.4%	-17.4%	-20.8%	22.3%	-5.6%	9.5%	6.9%
EBITDA	20.4	4.5	-67.0	-1.2	21.6	14.2	20.9	28.1
<i>EBITDA margin (%)</i>	2.1%	0.5%	-8.7%	-0.2%	2.9%	2.0%	2.7%	3.4%
Depreciation	-18.9	-6.3	-9.3	-5.6	-9.6	-5.6	-5.3	-5.5
EBITA	1.5	-1.8	-76.3	-6.8	12.0	8.6	15.5	22.6
Goodwill amortization / writedown								
EBIT	1.5	-1.8	-76.3	-6.8	12.0	8.6	15.5	22.6
<i>EBIT margin (%)</i>	0.2%	-0.2%	-9.9%	-1.1%	1.6%	1.2%	2.0%	2.8%
Reported EBIT	1.5	-1.8	-76.3	-6.8	12.0	8.6	15.5	22.6
<i>EBIT margin (reported) (%)</i>	0.2%	-0.2%	-9.9%	-1.1%	1.6%	1.2%	2.0%	2.8%
Net financials	-29.4	-18.6	-2.7	-9.0	-6.3	-4.7	-4.4	-4.4
Pre-tax profit	-27.9	-20.4	-79.0	-15.8	5.7	3.9	11.1	18.3
Taxes	2.9	0.5	-6.6	0.7	-0.4	-0.4	-2.2	-3.7
Minority shares	2.3							
Net profit	-27.1	-21.4	-85.7	-15.4	5.3	3.5	8.9	14.6
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	120	122	15	18	18	17	18	18
Goodwill	2	2	2	2	2	2	2	2
Right of use assets	130	82	84	96	91	88	89	92
Inventory	355	227	163	157	167	176	185	198
Receivables	155	143	103	89	96	102	112	119
Liquid funds	97	68	45	40	41	38	42	44
Total assets	899	686	448	439	451	460	483	510
Liabilities								
Shareholders' equity	170	150	113	105	113	117	126	140
Minority interest	-4							
Convertibles	15	15	34	34	34	34		
Lease liabilities	136	89	92	106	106	88	89	92
Deferred taxes	3	1	1	0	0	0	0	0
Interest bearing debt	250	149	34	33	31	32	63	59
Non-interest bearing current liabilities	285	243	148	138	154	176	193	206
Other interest-free debt	21	15	7	3	3	3	3	3
Total liabilities	899	686	449	439	451	460	483	510
CASH FLOW, EURm								
+ EBITDA	20	5	-67	-1	22	14	21	28
- Net financial items	-29	-19	-3	-9	-6	-5	-4	-4
- Taxes	-2	-2	-2	0	0	0	-2	-4
- Increase in Net Working Capital	107	98	11	9	-2	7	-2	-7
+/- Other	-49	-13	50	0	5			
= Cash flow from operations	46	69	-10	-2	19	16	12	13
- Capex	2	45	-58	-19	-5	-2	-7	-9
- Acquisitions	-5							
+ Divestments	29							
= Free cash flow	72	114	-68	-21	14	14	6	4
+/- New issues/buybacks	100	5	49	8	3			
- Paid dividend								4
+/- Other	-103	-148	-4	8	-16	-17	-2	-1
Change in cash	69	-29	-23	-6	1	-2	4	3

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	139	65	67	84	91	91	91
Net debt (excl. convertibles)	170	80	99	96	82	110	106
Enterprise value	325	178	200	214	207	201	197
Sales	933	770	610	746	704	771	824
EBITDA	5	-67	-1	22	14	21	28
EBIT	-2	-76	-7	12	9	16	23
Pre-tax	-20	-79	-16	6	4	11	18
Earnings	-21	-86	-15	5	3	9	15
Equity book value (excl. minorities)	150	113	105	113	117	126	140
Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	0.3	0.2	0.3	0.3	0.3	0.3	0.2
EV/EBITDA	72.2	-2.7	-173.7	9.9	14.6	9.6	7.0
EV/EBITA	-180.4	-2.3	-29.6	17.8	24.1	12.9	8.7
EV/EBIT	-180.4	-2.3	-29.6	17.8	24.1	12.9	8.7
EV/OCF	4.7	-17.7	-105.2	11.3	12.8	16.4	15.3
EV/FCF	3.4	-3.2	-558.8	15.7	10.8	14.7	13.8
P/FCFR	0.0	-1.0	-3.2	6.2	6.4	10.1	25.4
P/E	-6.5	-0.8	-4.4	15.8	26.2	10.2	6.2
P/BV	0.9	0.6	0.6	0.7	0.8	0.7	0.6
Target EV/EBITDA					14.1	9.3	6.8
Target EV/EBIT					23.4	12.5	8.4
Target EV/FCFF					14.0	34.3	53.2
Target P/BV					0.7	0.7	0.6
Target P/E, diluted	-18.0	-1.0	-5.7	-24.2	24.4	9.5	5.8
Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	9.43	16.98	16.98	16.94	16.94	16.94	16.94
Number of shares (diluted, million)	9.43	16.98	16.98	16.94	16.94	16.94	16.94
EPS	-2.27	-5.05	-0.90	0.31	0.21	0.53	0.86
Operating cash flow per share	7.31	-0.59	-0.11	1.11	0.95	0.73	0.76
Free cash flow per share	12.08	-3.99	-1.24	0.81	0.85	0.33	0.21
Book value per share	15.88	6.64	6.20	6.70	6.90	7.43	8.29
Dividend per share							0.26
Dividend payout ratio, %							30.0%
Dividend yield, %							4.8%
FCF yield, %	81.7%	-105.1%	-31.4%	16.2%	15.7%	6.2%	3.9%
Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	-13.4%	-65.3%	-14.1%	4.9%	3.0%	7.4%	11.0%
ROCE	0.7%	-21.4%	-2.5%	4.3%	3.1%	5.7%	8.0%
Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	24.4%	21.1%	25.8%	22.4%	25.0%	24.0%	24.0%
Receivables as % of sales	15.4%	13.3%	14.5%	12.8%	14.5%	14.5%	14.5%
Non-int. bearing liabilities as % of sales	26.1%	19.2%	22.7%	20.6%	25.0%	25.0%	25.0%
NWC/sales, %	13.7%	15.1%	17.6%	14.6%	14.5%	13.5%	13.5%
Operative CAPEX/Sales, %	-4.8%	7.5%	3.1%	0.7%	0.3%	0.9%	1.1%
CAPEX/sales (incl. acquisitions), %	-4.8%	7.5%	3.1%	0.7%	0.3%	0.9%	1.1%
FCFF/EBITDA	21.5	0.8	0.3	0.6	1.4	0.7	0.5
Net Debt/EBITDA, book-weighted	37.8	-1.2	-86.3	4.5	5.8	5.3	3.8
Debt/equity, market-weighted	1.1	0.5	0.5	0.4	0.4	0.7	0.6
Equity ratio, book-weighted	0.3	0.4	0.4	0.4	0.4	0.3	0.3
Gearing, %	103.0%	55.0%	71.6%	65.6%	54.6%	87.3%	75.7%

COMPANY DESCRIPTION: SRV is a Finnish project management contractor that develops and builds commercial and business premises, residential units as well as infrastructure and logistics projects.

INVESTMENT CASE: SRV's road has been bumpy in the past few years and earnings have been weak despite good demand. The current slower residential construction market presents challenges yet several factors support the company including a healthy balance sheet, low amount of unsold developer contracted units and a solid backlog of lower-risk business construction projects. With the revised strategy, SRV aims towards sustainable profitability driven by increasing the share accounted for by housing construction and especially by housing and business premises construction based on in-house project development in a controlled manner.

OWNERSHIP STRUCTURE	SHARES	EURm	%
As Pontos Baltic	2 877 709	15.482	17.0 %
Ilmarinen Mutual Pension Insurance Company	1 942 246	10.449	11.5 %
Kolpi Investments Oy	1 446 353	7.781	8.5 %
Havu Capital Oy	957 562	5.152	5.7 %
OP Life Assurance Company Ltd	771 547	4.151	4.6 %
Lareale Investments Oy	654 055	3.519	3.9 %
Tungelin Investments Oy	654 055	3.519	3.9 %
Varma Mutual Pension Insurance Company	483 611	2.602	2.9 %
Pohjola Insurance Ltd	394 650	2.123	2.3 %
Nordea Life Assurance Finland Ltd.	373 260	2.008	2.2 %
Ten largest	10 555 048	56.786	62.3 %
Residual	6 382 762	34.339	37.7 %
Total	16 937 810	91.125	100%

EARNINGS CALENDAR

August 08, 2025	Q2 report
October 23, 2025	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Saku Sipola	Tarvonsalmenkatu 15, Espoo
OFO: Jarkko Rantala	Tel: +358 20 145 5200
IR:	

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) $\text{EBITDA} - \text{Net financial items} - \text{Taxes} - \text{Increase in working capital} - \text{Cash NRIs} \pm \text{Other adjustments}$
EV (Enterprise value) $\text{Market cap} + \text{net debt} + \text{minority interest at market value} - \text{share of associated companies at market value}$	FCF (Free cash flow) $\text{Operating cash flow} - \text{Operative CAPEX} - \text{acquisitions} + \text{divestments}$
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

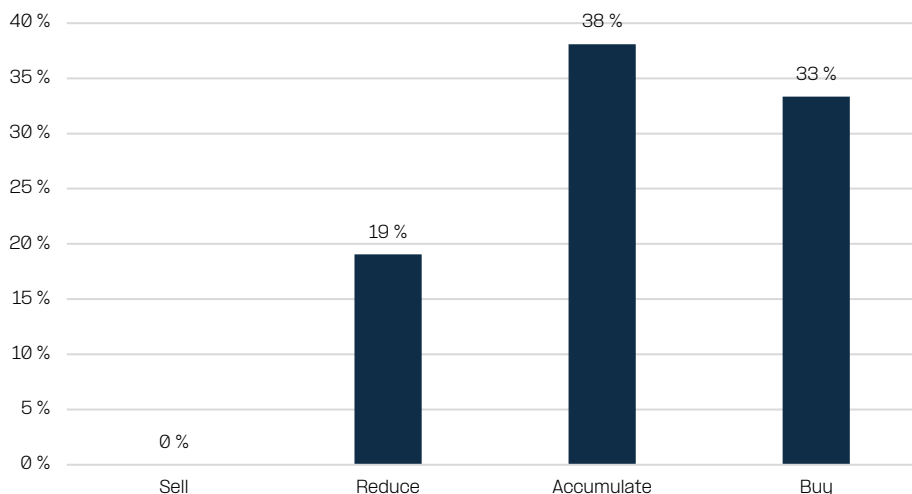
< -10 %
 -10 - 0 %
 0 - (+10) %
 > 10 %

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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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): Atte Jortikka

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