

No clear signs of a shift yet

SRV's Q2 figures fell short of our estimates for both volumes and profitability. Given the specified outlook and low order levels, we have slightly lowered our estimates for non-residential volumes in the second half of the year.

Weak across the board, orders should recover in Q3

SRV's net sales in Q2 fell slightly short of our estimates as business construction sales fell some 10% to EUR 156.1m while we had expected decline of 7% to EUR 161.0m. In addition, residential net sales were a touch weaker than we forecasted. Due to the lower volumes, operative EBIT decreased to EUR 0.8m (compared to EUR 1.5m in Q2/24), which was also below our estimate of EUR 1.3m. While the operative figures were weaker than expected, mainly due to lower volumes, the main negative in the report was new orders which fell to EUR 37.7m in the quarter (EUR 215.0m Q2/24). With the slow order flow, order backlog contracted to EUR 931.8m (EUR 1067.3m Q2/24). We expect that the slower order development was partly explained by the weaker market and partly by timing effect as the company expects order flow to recover in Q3.

2026 is at risk of becoming another gap year

The residential project started in Q1 in Espoo was the only developer-contracted project commenced during the first half. Little less than half of the units are currently sold and the project should be completed in July 2026. With no further starts in H1, 2026 is starting to look like another year of low developer-contracted completions. The company has few developer-contracted projects in pre-marketing and starts should take place as soon as possible to enable completion and revenue recognition in late 2026/early 2027. On the non-residential side, SRV has been able to successfully bridge the gap towards residential turnaround, yet the backlog has now shown decline for three quarters since the peak in Q3/24. In connection with the report, SRV specified its 2025 outlook and now expects net sales to amount to EUR 630–680m (prev. EUR 630–710m). While the company indicates relatively strong order intake for Q3/25, we have lowered our estimates for H2 non-residential volumes and profitability. We now forecast net sales of EUR 668m and operative EBIT of EUR 7.0m for 2025.

Short to medium term upside remains limited

SRV's pricing is elevated for 2025–2026E as we model low earnings due to the prevailing project portfolio structure. We continue to prioritize longer term potential in our target price setting. Despite the negative revisions, we maintain TP at EUR 5.0 and rating at REDUCE.

Rating ■ Reduce



Share price, EUR (Last trading day's closing price) **5.20**
 Target price, EUR **5.0**

Latest change in recommendation **07-Feb-25**

Latest report on company **11-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 **88**

Free float, % **61.1 %**

Exchange rate **1.0**

Reuters code **SRV1V.HE**

Bloomberg code **SRV1V FH**

Average daily volume, EUR **0.06**

Next interim report **23-Oct-25**

Web site **srv.fi/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 | 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 | 667.6 | 6.5 | 1.0% | -3.8 | 0.01 | 389.4 | 0.3 | 34.0 | -4.3% | |
| 2026E | 751.5 | 13.8 | 1.8% | -4.2 | 0.32 | 16.1 | 0.3 | 16.3 | -4.8% | |
| 2027E | 816.8 | 20.7 | 2.5% | 2.2 | 0.64 | 8.2 | 0.3 | 10.8 | 2.4% | 0.19 |
| Market cap, EURm | 88 | | Gearing 2025E, % | | 68.1 % | | CAGR EPS 2024–27, % | | 26.4 % | |
| Net debt 2025E, EURm | 134 | | Price/book 2025 | | 0.8 | | CAGR Sales 2024–27, % | | 3.1 % | |
| Enterprise value, EURm | 222 | | Dividend yield 2025E, % | | 0.0 % | | ROE 2025E, % | | 0.2 % | |
| Total assets 2025E, EURm | 463 | | Tax rate 2025E, % | | | | ROCE 2025E, % | | 2.3 % | |
| Goodwill 2025E, EURm | 2 | | Equity ratio 2025E, % | | 26.8 % | | PEG, P/E 25/CAGR | | 1.3 | |

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

Soft Q2 figures, weak new orders

SRV's revenue in Q2 was EUR 168.7m (EUR 186.3m in Q2/24), slightly below our estimate of EUR 174.7m. Revenue declined 9.4% y/y. The operative operating profit in Q2 amounted to EUR 0.8m (EUR 1.5m in Q2/24), below our estimate of EUR 1.3m. Unsurprisingly, decline in operative EBIT was result of lower volumes, especially in development and developer-contracted projects. The reported figures were also negatively affected by slower than expected leasing of the Horisontti premises. SRV's infrastructure business maintained the good momentum we saw in Q1 and achieved a better margin than in the comparison period. The order backlog in Q2 fell to EUR 932m (EUR 1067m in Q2/24, EUR 1043m in Q1/25). While order intake was sluggish, the company expects flow of orders to be significantly stronger in Q3. Business construction revenue in Q2 was EUR 156.1m, (EUR 161.0m Evli estimate) down 10% y/y. Revenue decreased in development projects. Lower margin project management and alliance contracting accounted for 81% of the order backlog. Housing construction revenue in Q2 was EUR 12.6m (EUR 13.6m Evli estimate). One developer-contracted unit was recognized as income during Q2, generating total revenue of EUR 0.1m. No new developer-contracted projects were started during Q2.

Some further downward estimate revisions

SRV specified its 2025 outlook and now expects net sales to amount to EUR 630–680m (prev. EUR 630–710m). The company still expects operative EBIT to be positive. After negative revisions mainly to non-residential volumes, we now estimate net sales of EUR 668m (prev. 704m) and operative EBIT of EUR 7.0m (EUR 9.0) for 2025E. We have also adjusted our estimate downwards slightly for coming years mainly due to lower residential starts. SRV started construction of one developer-contracted residential apartment in Q1 yet there were no ne starts in Q2. There are currently four apartment buildings in pre-marketing, yet the reservation rates are still rather low. With low reservation rates, it is possible that the starts will be delayed and therefore completions and revenue recognition would happen starting from 2027. On the non-residential side, we still expect some sales growth in 2026E. The company has projects worth approximately EUR 625m that have been won or tied to pre-development agreements and have not yet been recorded in the order backlog. The projects include for example the Turku Ratapiha project and next phases of the Helsinki Laakso hospital project. In addition, SRV indicated relatively strong order intake for Q3/25.

Table 1: Estimate summary

| SRV | 2023 | Q1/'24 | Q2/'24 | Q3/'24 | Q4/'24 | 2024 | Q1/'25 | Q2/'25 | Q3/'25E | Q4/'25E | 2025E | 2026E | 2027E |
|-----------------------------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|
| Revenue | 610.0 | 167.0 | 186.3 | 183.5 | 209.1 | 745.8 | 161.4 | 168.7 | 163.4 | 174.1 | 667.6 | 751.5 | 816.8 |
| <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>-9.4%</i> | <i>-10.9%</i> | <i>-16.7%</i> | <i>-10.5%</i> | <i>12.6%</i> | <i>8.7%</i> |
| Revenue – Business construction | 508.5 | 156.1 | 173.3 | 167.2 | 191.5 | 688.1 | 149.8 | 156.1 | 152.0 | 162.0 | 619.9 | 638.5 | 651.3 |
| <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>-9.9%</i> | <i>-9.1%</i> | <i>-15.4%</i> | <i>-9.9%</i> | <i>3.0%</i> | <i>2.0%</i> |
| Revenue – Housing construction | 100.4 | 10.9 | 13.0 | 16.2 | 17.5 | 57.7 | 11.7 | 12.6 | 11.4 | 12.1 | 47.8 | 112.5 | 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>-3.1%</i> | <i>-29.6%</i> | <i>-30.9%</i> | <i>-17.1%</i> | <i>135.4%</i> | <i>46.7%</i> |
| Operative operating profit | 1.1 | 1.3 | 1.5 | 4.5 | 3.0 | 10.3 | 1.1 | 0.8 | 3.4 | 1.7 | 7.0 | 13.8 | 20.7 |
| <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>0.5%</i> | <i>2.1%</i> | <i>1.0%</i> | <i>1.1%</i> | <i>1.8%</i> | <i>2.5%</i> |
| Operating profit | -6.8 | 1.3 | 1.5 | 4.5 | 4.7 | 12.0 | 0.7 | 0.7 | 3.4 | 1.7 | 6.5 | 13.8 | 20.7 |
| <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>0.4%</i> | <i>2.1%</i> | <i>1.0%</i> | <i>1.0%</i> | <i>1.8%</i> | <i>2.5%</i> |
| Net financials | -9.0 | -0.7 | -1.4 | -2.8 | -1.4 | -6.3 | -1.2 | -2.0 | -1.8 | -1.8 | -7.0 | -7.2 | -7.2 |
| Pre-tax profit | -15.8 | 0.5 | 0.1 | 1.7 | 3.3 | 5.7 | -0.5 | -1.4 | 1.6 | -0.1 | -0.5 | 6.6 | 13.5 |
| Income taxes | 0.7 | 0.0 | 0.1 | -0.8 | 0.3 | -0.4 | 0.3 | 0.5 | -0.3 | 0.0 | 0.6 | -1.3 | -2.7 |
| Net earnings | -15.1 | 0.5 | 0.2 | 1.0 | 3.6 | 5.3 | -0.2 | -0.8 | 1.3 | 0.0 | 0.2 | 5.3 | 10.8 |

Source: SRV, Evli Research

REDUCE with a TP of EUR 5.0

We retain our REDUCE rating and our target price of EUR 5.0. The near-term upside remains limited as the company's valuation looks stretched based on our estimates for 2025–2026E (EV/EBIT 34–16x). For 2027E and beyond we expect residential construction to start recovering more strongly and based on our estimates for 2027E, the company is priced at 11x EV/EBIT and 8x P/E. In addition, the current pricing presents a discount on the value derived from our discounted cash flow valuation. The outlook remains murky and further evidence of the company's turnaround and pick-up in the residential construction market are essential for SRV's long-term value potential to unlock.

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 | 727 | 0.8x | 0.7x | 0.6x | 21.7x | 14.2x | 11.5x | 30.7x | 18.1x | 14.1x | 34.7x | 15.3x | |
| Skanska | 8662 | 0.5x | 0.4x | 0.4x | 9.5x | 8.5x | 8.1x | 12.4x | 10.8x | 10.2x | 14.6x | 12.9x | 12.2x |
| NCC | 1702 | 0.3x | 0.3x | 0.3x | 7.4x | 7.2x | 6.8x | 12.4x | 11.7x | 10.7x | 13.6x | 12.4x | 11.4x |
| Peab | 1957 | 0.5x | 0.5x | 0.5x | 8.5x | 7.8x | 7.4x | 13.6x | 12.0x | 10.9x | 15.1x | 10.3x | 9.2x |
| JM | 840 | 1.6x | 1.4x | 1.3x | 37.3x | 21.1x | 14.9x | 37.4x | 21.9x | 15.3x | 37.0x | 15.3x | 10.2x |
| Bonava | 351 | 0.9x | 0.8x | 0.7x | 16.5x | 9.1x | 6.8x | 17.0x | 9.1x | 6.9x | | 10.8x | 6.9x |
| AF Gruppen | 1451 | 0.5x | 0.5x | 0.5x | 8.0x | 7.3x | 6.9x | 12.0x | 10.2x | 9.6x | 17.8x | 15.3x | 14.3x |
| Consti | 84 | 0.3x | 0.2x | 0.2x | 6.6x | 5.8x | 5.2x | 9.0x | 7.4x | 6.6x | 11.4x | 9.2x | 7.9x |
| Veidekke | 1888 | 0.5x | 0.4x | 0.4x | 7.2x | 6.8x | 6.6x | 11.9x | 10.9x | 10.4x | 17.3x | 15.9x | 15.2x |
| Peer Group Average | 1963 | 0.7x | 0.6x | 0.5x | 13.6x | 9.8x | 8.3x | 17.4x | 12.5x | 10.5x | 18.1x | 15.2x | 11.4x |
| Peer Group Median | 1451 | 0.5x | 0.5x | 0.5x | 8.5x | 7.8x | 6.9x | 12.4x | 10.9x | 10.4x | 15.1x | 12.9x | 11.4x |
| SRV (Evli est.) | | 0.3x | 0.3x | 0.3x | 18.3x | 11.3x | 8.2x | 34.0x | 16.3x | 10.8x | 28.3x | 8.2x | |

SRV prem./disc. to peer median -37 % -38 % -40 % 116 % 44 % 19 % 175 % 49 % 4 % 120 % -28 %

*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 | 5.20 PV of Free Cash Flow | 136 Long-term growth, % | 2.0 % Risk-free interest rate, % | 2.25 % |
| DCF share value | 7.97 PV of Horizon value | 129 WACC, % | 10.0 % Market risk premium, % | 5.8 % |
| Share price potential, % | 53.2 % Unconsolidated equity | 0 Spread, % | 0.5 % Debt risk premium % | 3.8 % |
| Maximum value | 9.0 Marketable securities | 41 Minimum WACC, % | 9.5 % Equity beta coefficient | 1.40 |
| Minimum value | 7.1 Debt – dividend | –170 Maximum WACC, % | 10.5 % Target debt ratio, % | 20 % |
| Horizon value, % | 48.6 % Value of stock | 135 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 | 668 | 751 | 817 | 841 | 858 | 875 | 893 | 911 | 929 | 947 | 966 |
| Sales growth (%) | 22.3% | 10.5% | 12.6% | 8.7% | 3.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Operating income (EBIT) | 12 | 7 | 14 | 21 | 25 | 26 | 31 | 31 | 30 | 28 | 28 | 29 |
| Operating income margin % | 1.6% | 1.0% | 1.8% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.3% | 3.0% | 3.0% | 3.0% |
| + Depreciation+amort. | 10 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| EBITDA | 22 | 12 | 20 | 27 | 32 | 32 | 37 | 38 | 37 | 34 | 35 | |
| – Paid taxes | 0 | –1 | –3 | –4 | –5 | –5 | –6 | –6 | –6 | –6 | –6 | |
| – Change in NWC | –2 | 12 | –5 | –9 | –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% | 3.3% | 1.5% | 0.8% | 0.7% | 0.7% | 0.7% | 0.6% | 0.6% | 0.6% | 0.2% | |
| – Acquisitions | | | | | | | | | | | | |
| + Divestments | | | | | | | | | | | | |
| – Other items | 5 | | | | | | | | | | | |
| = FCFF | 14 | 23 | 10 | 12 | 22 | 23 | 27 | 27 | 26 | 24 | 25 | 315 |
| = Discounted FCFF | | 22 | 9 | 10 | 16 | 15 | 16 | 15 | 13 | 11 | 10 | 129 |
| = DFCF min WACC | | 22 | 9 | 10 | 16 | 15 | 16 | 15 | 13 | 11 | 11 | 143 |
| = DFCF max WACC | | 22 | 9 | 9 | 15 | 15 | 16 | 14 | 13 | 11 | 10 | 116 |

Sensitivity analysis, EUR

| | | Terminal WACC | | | | |
|-----------------|--------|---------------|--------|---------|---------|---------|
| | | 8.00 % | 9.00 % | 10.00 % | 11.00 % | 12.00 % |
| Terminal EBIT–% | 1.00 % | 3.89 | 2.92 | 2.14 | 1.49 | 0.94 |
| | 2.00 % | 8.51 | 6.55 | 5.06 | 3.87 | 2.91 |
| | 3.00 % | 13.12 | 10.18 | 7.97 | 6.25 | 4.88 |
| | 4.00 % | 17.74 | 13.81 | 10.88 | 8.63 | 6.84 |
| | 5.00 % | 22.35 | 17.43 | 13.80 | 11.01 | 8.81 |

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 | 168.7 | 163.4 | 174.1 | 667.6 | 751.5 | 816.8 |
| EBITDA | 2.7 | 3.7 | 5.8 | 9.4 | 21.6 | 2.1 | 2.1 | 4.8 | 3.1 | 12.1 | 20.0 | 27.2 |
| <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>1.2%</i> | <i>2.9%</i> | <i>1.8%</i> | <i>1.8%</i> | <i>2.7%</i> | <i>3.3%</i> |
| EBIT | 1.3 | 1.5 | 4.5 | 4.7 | 12.0 | 0.7 | 0.7 | 3.4 | 1.7 | 6.5 | 13.8 | 20.7 |
| <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>0.4%</i> | <i>2.1%</i> | <i>1.0%</i> | <i>1.0%</i> | <i>1.8%</i> | <i>2.5%</i> |
| Net financial items | -0.7 | -1.4 | -2.8 | -1.4 | -6.3 | -1.2 | -2.0 | -1.8 | -1.8 | -6.8 | -7.0 | -7.2 |
| Pre-tax profit | 0.5 | 0.1 | 1.7 | 3.3 | 5.7 | -0.5 | -1.4 | 1.6 | -0.1 | -0.3 | 6.8 | 13.5 |
| Tax | | 0.1 | -0.8 | 0.3 | -0.4 | 0.3 | 0.5 | -0.3 | 0.0 | 0.6 | -1.4 | -2.7 |
| <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>39.7%</i> | <i>18.8%</i> | <i>20.0%</i> | <i>169.4%</i> | <i>20.0%</i> | <i>20.0%</i> |
| Net profit | 0.5 | 0.2 | 1.0 | 3.6 | 5.3 | -0.2 | -0.8 | 1.3 | 0.0 | 0.2 | 5.5 | 10.8 |
| EPS | 0.03 | 0.01 | 0.06 | 0.21 | 0.31 | -0.01 | -0.05 | 0.08 | 0.00 | 0.01 | 0.32 | 0.64 |
| EPS adj. (diluted) | 0.03 | 0.01 | 0.06 | 0.21 | 0.31 | -0.01 | -0.05 | 0.08 | 0.00 | 0.01 | 0.32 | 0.64 |
| Dividend per share | | | | | | | | | | | | 0.19 |
| | | | | | | | | | | | | |
| 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 | 168.7 | 163.4 | 174.1 | 667.6 | 751.5 | 816.8 |
| Total | 167.0 | 186.3 | 183.5 | 209.1 | 745.9 | 161.4 | 168.7 | 163.4 | 174.1 | 667.6 | 751.5 | 816.8 |
| | | | | | | | | | | | | |
| 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% | -9.5% | -11.0% | -16.7% | -10.5% | 12.6% | 8.7% |
| Total | 20.8% | 30.2% | 24.9% | 15.0% | 22.3% | -3.4% | -9.5% | -11.0% | -16.7% | -10.5% | 12.6% | 8.7% |
| | | | | | | | | | | | | |
| 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 | 0.7 | 3.4 | 1.7 | 6.5 | 13.8 | 20.7 |
| Total | 1.3 | 1.5 | 4.5 | 4.7 | 12.0 | 0.7 | 0.7 | 3.4 | 1.7 | 6.5 | 13.8 | 20.7 |
| | | | | | | | | | | | | |
| 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% | 0.4% | 2.1% | 1.0% | 1.0% | 1.8% | 2.5% |
| Total | 0.8% | 0.8% | 2.5% | 2.3% | 1.6% | 0.4% | 0.4% | 2.1% | 1.0% | 1.0% | 1.8% | 2.5% |

| INCOME STATEMENT, EURm | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Sales | 975.5 | 932.5 | 770.1 | 610.1 | 745.9 | 667.6 | 751.5 | 816.8 |
| <i>Sales growth (%)</i> | -8.1% | -4.4% | -17.4% | -20.8% | 22.3% | -10.5% | 12.6% | 8.7% |
| EBITDA | 20.4 | 4.5 | -67.0 | -1.2 | 21.6 | 12.1 | 20.0 | 27.2 |
| <i>EBITDA margin (%)</i> | 2.1% | 0.5% | -8.7% | -0.2% | 2.9% | 1.8% | 2.7% | 3.3% |
| Depreciation | -18.9 | -6.3 | -9.3 | -5.6 | -9.6 | -5.6 | -6.2 | -6.5 |
| EBITA | 1.5 | -1.8 | -76.3 | -6.8 | 12.0 | 6.5 | 13.8 | 20.7 |
| Goodwill amortization / writedown | | | | | | | | |
| EBIT | 1.5 | -1.8 | -76.3 | -6.8 | 12.0 | 6.5 | 13.8 | 20.7 |
| <i>EBIT margin (%)</i> | 0.2% | -0.2% | -9.9% | -1.1% | 1.6% | 1.0% | 1.8% | 2.5% |
| Reported EBIT | 1.5 | -1.8 | -76.3 | -6.8 | 12.0 | 6.5 | 13.8 | 20.7 |
| <i>EBIT margin (reported) (%)</i> | 0.2% | -0.2% | -9.9% | -1.1% | 1.6% | 1.0% | 1.8% | 2.5% |
| Net financials | -29.4 | -18.6 | -2.7 | -9.0 | -6.3 | -6.8 | -7.0 | -7.2 |
| Pre-tax profit | -27.9 | -20.4 | -79.0 | -15.8 | 5.7 | -0.3 | 6.8 | 13.5 |
| Taxes | 2.9 | 0.5 | -6.6 | 0.7 | -0.4 | 0.6 | -1.4 | -2.7 |
| Minority shares | 2.3 | | | | | | | |
| Net profit | -27.1 | -21.4 | -85.7 | -15.4 | 5.3 | 0.2 | 5.5 | 10.8 |
| Cash NRIs | | | | | | | | |
| Non-cash NRIs | | | | | | | | |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Fixed assets | 120 | 122 | 15 | 18 | 18 | 17 | 17 | 18 |
| Goodwill | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Right of use assets | 130 | 82 | 84 | 96 | 91 | 108 | 113 | 112 |
| Inventory | 355 | 227 | 163 | 157 | 167 | 167 | 180 | 196 |
| Receivables | 155 | 143 | 103 | 89 | 96 | 97 | 109 | 118 |
| Liquid funds | 97 | 68 | 45 | 40 | 41 | 36 | 41 | 44 |
| Total assets | 899 | 686 | 448 | 439 | 451 | 463 | 499 | 527 |
| Liabilities | | | | | | | | |
| Shareholders' equity | 170 | 150 | 113 | 105 | 113 | 114 | 119 | 130 |
| Minority interest | -4 | | | | | | | |
| Convertibles | 15 | 15 | 34 | 34 | 34 | 34 | | |
| Lease liabilities | 136 | 89 | 92 | 106 | 106 | 108 | 113 | 112 |
| Deferred taxes | 3 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Interest bearing debt | 250 | 149 | 34 | 33 | 31 | 28 | 66 | 68 |
| Non-interest bearing current liabilities | 285 | 243 | 148 | 138 | 154 | 167 | 188 | 204 |
| Other interest-free debt | 21 | 15 | 7 | 3 | 3 | 3 | 3 | 3 |
| Total liabilities | 899 | 686 | 449 | 439 | 451 | 463 | 499 | 527 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 20 | 5 | -67 | -1 | 22 | 12 | 20 | 27 |
| - Net financial items | -29 | -19 | -3 | -9 | -6 | -7 | -7 | -7 |
| - Taxes | -2 | -2 | -2 | 0 | 0 | 1 | -1 | -3 |
| - Increase in Net Working Capital | 107 | 98 | 11 | 9 | -2 | 12 | -5 | -9 |
| +/- Other | -49 | -13 | 50 | 0 | 5 | | | |
| = Cash flow from operations | 46 | 69 | -10 | -2 | 19 | 18 | 7 | 8 |
| - Capex | 2 | 45 | -58 | -19 | -5 | -22 | -11 | -6 |
| - Acquisitions | -5 | | | | | | | |
| + Divestments | 29 | | | | | | | |
| = Free cash flow | 72 | 114 | -68 | -21 | 14 | -4 | -4 | 2 |
| +/- New issues/buybacks | 100 | 5 | 49 | 8 | 3 | | | |
| - Paid dividend | | | | | | | | 3 |
| +/- Other | -103 | -148 | -4 | 8 | -16 | -1 | 9 | 1 |
| Change in cash | 69 | -29 | -23 | -6 | 1 | -4 | 5 | 4 |

| KEY FIGURES | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|--------------------------------------|------|------|------|------|-------|-------|-------|
| M-cap | 139 | 65 | 67 | 84 | 88 | 88 | 88 |
| Net debt (excl. convertibles) | 170 | 80 | 99 | 96 | 100 | 138 | 136 |
| Enterprise value | 325 | 178 | 200 | 214 | 222 | 226 | 224 |
| Sales | 933 | 770 | 610 | 746 | 668 | 751 | 817 |
| EBITDA | 5 | -67 | -1 | 22 | 12 | 20 | 27 |
| EBIT | -2 | -76 | -7 | 12 | 7 | 14 | 21 |
| Pre-tax | -20 | -79 | -16 | 6 | 0 | 7 | 13 |
| Earnings | -21 | -86 | -15 | 5 | 0 | 5 | 11 |
| Equity book value (excl. minorities) | 150 | 113 | 105 | 113 | 114 | 119 | 130 |

| Valuation multiple | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|---------------------|--------|-------|--------|-------|-------|-------|-------|
| EV/Sales | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| EV/EBITDA | 72.2 | -2.7 | -173.7 | 9.9 | 18.3 | 11.3 | 8.2 |
| EV/EBITA | -180.4 | -2.3 | -29.6 | 17.8 | 34.0 | 16.3 | 10.8 |
| EV/EBIT | -180.4 | -2.3 | -29.6 | 17.8 | 34.0 | 16.3 | 10.8 |
| EV/OCF | 4.7 | -17.7 | -105.2 | 11.3 | 12.2 | 32.4 | 26.4 |
| EV/FCF | 3.4 | -3.2 | -558.8 | 15.7 | 9.7 | 21.8 | 18.6 |
| P/FCFR | 0.0 | -1.0 | -3.2 | 6.2 | -23.1 | -20.8 | 40.9 |
| P/E | -6.5 | -0.8 | -4.4 | 15.8 | 389.4 | 16.1 | 8.2 |
| P/BV | 0.9 | 0.6 | 0.6 | 0.7 | 0.8 | 0.7 | 0.7 |
| Target EV/EBITDA | | | | | 18.0 | 11.1 | 8.1 |
| Target EV/EBIT | | | | | 33.5 | 16.1 | 10.7 |
| Target EV/FCFF | | | | | -57.2 | -52.5 | 102.4 |
| Target P/BV | | | | | 0.7 | 0.7 | 0.7 |
| Target P/E, diluted | -18.0 | -1.0 | -5.7 | -24.2 | 374.4 | 15.5 | 7.9 |

| 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 | 0.01 | 0.32 | 0.64 |
| Operating cash flow per share | 7.31 | -0.59 | -0.11 | 1.11 | 1.07 | 0.41 | 0.50 |
| Free cash flow per share | 12.08 | -3.99 | -1.24 | 0.81 | -0.23 | -0.25 | 0.13 |
| Book value per share | 15.88 | 6.64 | 6.20 | 6.70 | 6.71 | 7.03 | 7.67 |
| Dividend per share | | | | | | | 0.19 |
| Dividend payout ratio, % | | | | | | | 30.0% |
| Dividend yield, % | | | | | | | 3.7% |
| FCF yield, % | 81.7% | -105.1% | -31.4% | 16.2% | -4.3% | -4.8% | 2.4% |

| Efficiency measures | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|---------------------|--------|--------|--------|------|-------|-------|-------|
| ROE | -13.4% | -65.3% | -14.1% | 4.9% | 0.2% | 4.7% | 8.6% |
| ROCE | 0.7% | -21.4% | -2.5% | 4.3% | 2.3% | 4.8% | 6.8% |

| 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% | 3.3% | 1.5% | 0.8% |
| CAPEX/sales (incl. acquisitions), % | -4.8% | 7.5% | 3.1% | 0.7% | 3.3% | 1.5% | 0.8% |
| FCFF/EBITDA | 21.5 | 0.8 | 0.3 | 0.6 | 1.9 | 0.5 | 0.4 |
| Net Debt/EBITDA, book-weighted | 37.8 | -1.2 | -86.3 | 4.5 | 8.3 | 6.9 | 5.0 |
| Debt/equity, market-weighted | 1.1 | 0.5 | 0.5 | 0.4 | 0.3 | 0.7 | 0.8 |
| 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% | 68.1% | 115.8% | 104.5% |

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 | 14.964 | 17.0 % |
| Ilmarinen Mutual Pension Insurance Company | 1 942 246 | 10.100 | 11.5 % |
| Kolpi Investments Oy | 1 446 353 | 7.521 | 8.5 % |
| Havu Capital Oy | 957 562 | 4.979 | 5.7 % |
| OP Life Assurance Company Ltd | 766 583 | 3.986 | 4.5 % |
| Lareale Investments Oy | 654 055 | 3.401 | 3.9 % |
| Tungelin Investments Oy | 654 055 | 3.401 | 3.9 % |
| Varma Mutual Pension Insurance Company | 483 611 | 2.515 | 2.9 % |
| Pohjola Insurance Ltd | 394 650 | 2.052 | 2.3 % |
| Nordea Life Assurance Finland Ltd. | 388 260 | 2.019 | 2.3 % |
| Ten largest | 10 565 084 | 54.938 | 62.4 % |
| Residual | 6 372 726 | 33.138 | 37.6 % |
| Total | 16 937 810 | 88.077 | 100% |

EARNINGS CALENDAR

October 23, 2025 Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

| | |
|---------------------|----------------------------|
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| 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) 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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Target price compared to share price

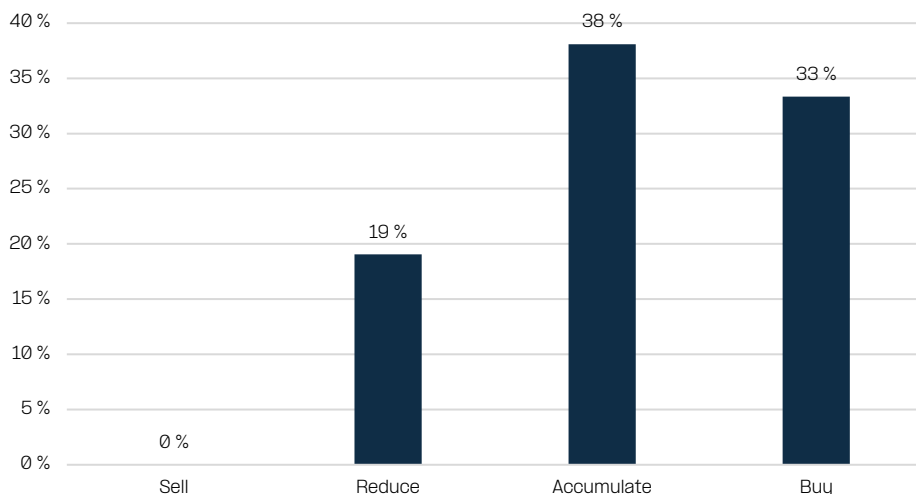
< -10 %
 -10 - 0 %
 0 - (+10) %
 > 10 %

Recommendation

SELL
 REDUCE
 ACCUMULATE
 BUY

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Name(s) of the analyst(s): Atte Jortikka

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