


Strong growth, modest profitability

SRV's net sales in Q2 amounted to EUR 186.3m, slightly above our estimate of EUR 178.7m. Operative EBIT remained modest at EUR 1.5m, below our estimate of EUR 2.5m. The order backlog remains robust as expected.

- Revenue in Q2 was EUR 186.3m (EUR 143.1m in Q2/23), above our estimate of EUR 178.7m. Revenue grew 30.2% y/y.
- The operative operating profit in Q2 amounted to EUR 1.5m (EUR -3.9m in Q2/23), below our estimate of EUR 2.5m.
- SRV's signed new agreements worth EUR 215.0m (EUR 245.9m in Q2/23).
- The order backlog in Q2 was EUR 1067.3m (EUR 993.1m in Q2/23), up by 7.5% y/y.
- Business construction revenue in Q2 was EUR 173.3m, (EUR 163.0m Evli estimate) up 50.1% y/y. Growth was driven by project management and alliance contracts, particularly due to hospital project construction.
- Housing construction revenue in Q2 was EUR 13.0m (EUR 15.7m Evli estimate). Housing construction remained quiet as expected, with 532 residential units under construction.
- There were no developer contracting start-ups during H1/24, the company believes that it will be possible to start up selected developer-contracted or development projects during the second half of the year.
- SRV outlook 2024 (**unchanged**): Full-year consolidated revenue for 2024 is expected to grow compared to 2023 (revenue in 2023: EUR 610.0 million). Operative operating profit is expected to improve on 2023 (operative operating profit in 2023: EUR 1.1 million).

Rating

 HOLD

Q2/24	Actual	Evli	Q2/23	Q1/24
Net sales	186.3	178.7	143.1	167.0
EBIT	1.5	2.5	-3.0	1.3
Op. EBIT	1.5	2.5	-3.9	1.3
Deviation	Actual	Evli	Year ago	Q1/24
Net sales		4 %	30 %	12 %
EBIT		-39 %	-	15 %
Adj. EBIT		-39 %	-	15 %

Share price, EUR (Last trading day's closing price) **4.93**

Target price, EUR **5.2**

Latest change in recommendation **30-Jan-24**

Latest report on company **16-Jul-24**

Research paid by issuer: **YES**

No. of shares outstanding, '000's **16,982**

No. of shares fully diluted, '000's **16,982**

Market cap, EURm **84**

Free float, % **78.9**

Exchange rate **1.000**

Reuters code **SRV1V.HE**

Bloomberg code **SRV1V FH**

Average daily volume, EURm **0.06**

Next interim report **18-Jul-24**

Web site **srv.fi/en/investors**

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 BUY  HOLD  SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	770.1	-76.3	-9.9%	-67.8	-5.05	-0.8	0.2	-2.3	-105.1	0.00
2023	610.1	-6.8	-1.1%	-21.1	-0.90	-4.4	0.3	-29.6	-31.4	0.00
2024E	713.6	13.1	1.8%	-23.5	0.31	16.2	0.3	18.4	-28.0	0.00
2025E	810.0	21.8	2.7%	-13.4	0.74	6.7	0.3	11.6	-16.0	0.11
2026E	860.1	29.6	3.4%	4.8	1.11	4.4	0.3	8.4	5.8	0.33

Market cap, EURm	84	BV per share 2024E, EUR	141.5	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	156	Price/book 2024E	0.8	CAGR sales 2023-26, %	12.1
Enterprise value, EURm	240	Dividend yield 2024E, %	0.0	ROE 2024E, %	4.8
Total assets 2024E, EURm	507	Tax rate 2024E, %	18.3	ROCE 2024E, %	4.4
Goodwill 2024E, EURm	2	Equity ratio 2024E, %	34.2	PEG, P/E 24/CAGR	0.3

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

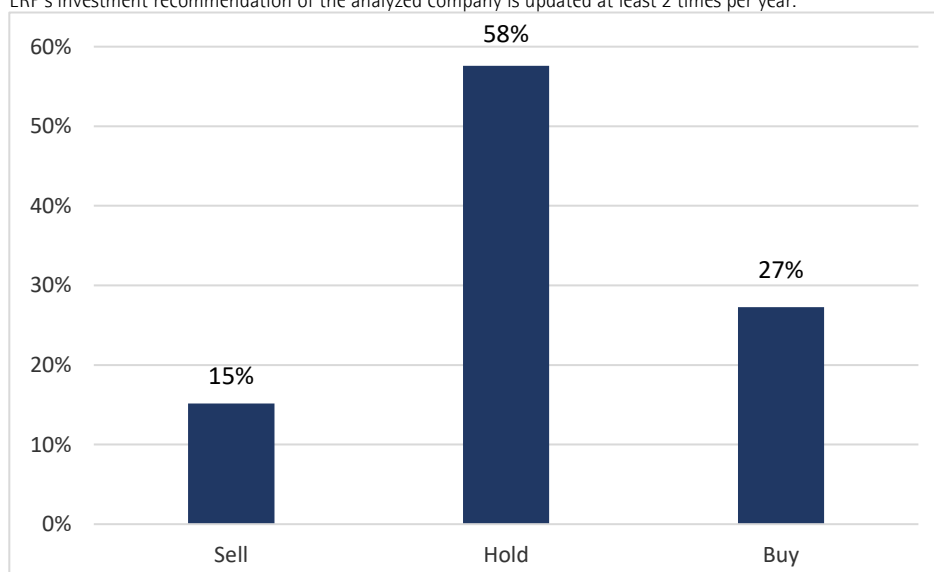
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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