

### Fairly well in line with estimates

SRV's net sales in Q3 amounted to EUR 183.5m, slightly above our estimate of EUR 179.5m. Operative EBIT was at a good level yet slightly below our estimate at EUR 4.5m (Evli est. EUR 4.9m). The order backlog remains robust as expected.

- Revenue in Q3 was EUR 183.5m (EUR 146.9m in Q3/23), slightly above our estimate of EUR 179.5m. Revenue grew 24.9% y/y.
- The operative operating profit in Q3 amounted to EUR 4.5m (EUR 4.6m in Q3/23), slightly below our estimate of EUR 4.9m.
- SRV's signed new agreements worth EUR 273.9m (EUR 132.5m in Q3/23).
- The order backlog in Q3 was EUR 1179.6m (EUR 995.6m in Q3/23), up by 18.5% y/y.
- Business construction revenue in Q3 was EUR 167.2m, (EUR 165.0m Evli estimate) up 28.1% y/y. Growth was driven by project management and alliance contracts, particularly due to hospital project construction.
- Housing construction revenue in Q3 was EUR 16.2m (EUR 15.0m Evli estimate). Housing construction remained quiet as expected, with 446 residential units under construction (all contracts).
- No developer planned development projects have been started in 2024 and therefore no developer-contracted projects will be recognized as income in 2025. This is in line with our estimate.
- SRV outlook 2024 (**SPECIFIED**): The Group's revenue for 2024 is expected to increase on 2023, and will amount to EUR 720–750 million. Operative operating profit is expected to improve on 2023, and will amount to EUR 7–12 million.
- Our estimates prior to the report were at EUR 726.3m for net sales and EUR 11.9m for operative operating profit.

Rating <span style="float: right;">🟡 Hold</span>				
Q3/24	Actual	Evli	Q3/23	Q2/24
Net sales	183.5	179.5	146.9	186.3
EBIT	4.5	4.9	-4.9	1.5
Op. EBIT	4.5	4.9	4.6	1.5
Year				
Deviation	Actual	Evli	ago	Q2/24
Net sales		2 %	25 %	-2 %
EBIT		-9 %	-	>100%
Adj. EBIT		-9 %	-2 %	>100%
EPS		-46 %	93 %	-
<b>Share price, EUR</b> (Last trading day's closing price)				<b>5.32</b>
Target price, EUR				5.2
Latest change in recommendation				30-Jan-24
Latest report on company				17-Oct-24
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				90
Free float, %				78.9 %
Exchange rate				1.0
Reuters code				SRV1V.HE
Bloomberg code				SRV1V FH
Average daily volume, EURm				0.06
Next interim report				24-Oct-24
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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%	
2023	610.1	-6.8	-1.1%	-21.1	-0.90	-4.4	0.3	-29.6	-31.4%	
2024E	726.3	11.9	1.6%	-2.6	0.29	18.6	0.3	19.0	-2.9%	
2025E	776.7	18.9	2.4%	-1.5	0.67	8.0	0.3	12.0	-1.6%	0.10
2026E	855.5	30.0	3.5%	3.9	1.20	4.4	0.3	7.5	4.3%	0.36
Market cap, EURm		90	Gearing 2024E, %		71.0 %	CAGR EPS 2023–26, %		0.0 %		
Net debt 2024E, EURm		135	Price/book 2024E		0.8	CAGR Sales 2023–26, %		11.9 %		
Enterprise value, EURm		226	Dividend yield 2024E, %		0.0 %	ROE 2024E, %		4.5 %		
Total assets 2024E, EURm		490	Tax rate 2024E, %		16.1 %	ROCE 2024E, %		4.2 %		
Goodwill 2024E, EURm		2	Equity ratio 2024E, %		25.0 %	PEG, P/E 24/CAGR		0.3		

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

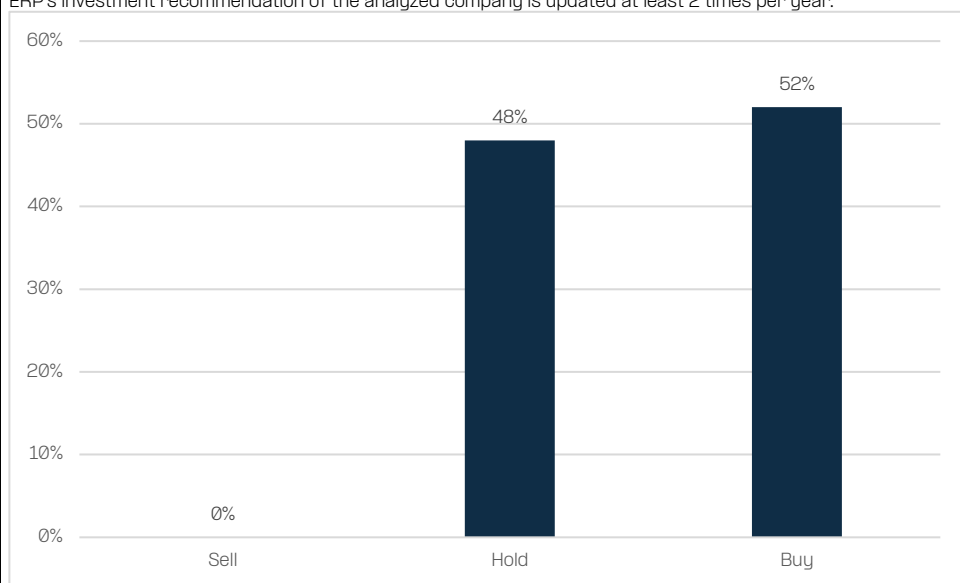
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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

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