

Market outlook remains bleak

SRV's Q3/24 was broadly in line with our estimates. While we did not anticipate any developer-contracted completions for 2025E, we have now also revised our sales estimates for units sold to investors downwards because of the cautious market outlook. The pricing appears elevated based on our 2024-2025 estimates; however, there is still significant long-term potential, even though it's currently constrained by market conditions.

No large surprises for Q3

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. Both business and residential construction net sales were slightly higher than we had estimated. Despite the slight net sales beat, profitability remained modest and was actually a bit below our projections. Order backlog grew 18.5% y/y nearly reaching the EUR 1.2b mark. This was expected as the southern part of Laakso Joint Hospital's main building (EUR 174m) was entered into backlog during the quarter.

Slight estimate adjustments for 2024-2025E

With three quarters of the fiscal year in the books, SRV specified its outlook for 2024. SRV expects that net sales will amount to EUR 720-750m and operative operating profit to EUR 7-12m. With the actual figures for Q3 and slight adjustment for our Q4 estimates, we now estimate net sales of EUR 732.8 (prev. EUR 726.3m) and operative operating profit of EUR 10.2m (EUR 11.9m) for 2024e. For 2025e, we have decreased our estimate for housing construction investor sales while we have increased our estimate slightly for non-residential construction driven by the robust backlog. In terms of profitability, we have revised our estimates downwards due to the mix changes in our estimates and SRV's track record during 2024 with a similar project mix.

HOLD with a TP of EUR 5.0 (prev. EUR 5.2)

With our updated estimates, SRV is priced at 21-14x EV/EBIT on our estimates for 2024-2025E. The valuation remains high on absolute levels yet is relatively neutral compared to the Nordic construction peer group for 2025E. The company's balance sheet is in great shape and the long-term potential remains high as EV/EBIT falls to 8x based on our estimate for 2026E.

Rating Hold



Share price, EUR (Last trading day's closing price)	5.30
Target price, EUR	5.0
Latest change in recommendation	29-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, EUR	0.06
Next interim report	6-Feb-25
Web site	srv.fi/en/investors
Analyst	Atte Jortikka
E-mail	atte.jortikka@evli.com
Telephone	+358 400 543 725

+ BUY
 + HOLD
 - 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	
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	732.8	10.2	1.4%	2.6	0.15	36.4	0.3	21.5	2.9%		
2025E	773.2	15.5	2.0%	3.9	0.46	11.6	0.3	13.9	4.3%	0.07	
2026E	846.2	26.2	3.1%	5.8	1.03	5.1	0.2	8.1	6.5%	0.31	
Market cap, EURm			90	Gearing 2024E, %			68.5 %	CAGR EPS 2023-26, %			0.0 %
Net debt 2024E, EURm			130	Price/book 2024			0.8	CAGR Sales 2023-26, %			11.5 %
Enterprise value, EURm			220	Dividend yield 2024E, %			0.0 %	ROE 2024E, %			2.3 %
Total assets 2024E, EURm			473	Tax rate 2024E, %			25.5 %	ROCE 2024E, %			3.7 %
Goodwill 2024E, EURm			2	Equity ratio 2024E, %			25.3 %	PEG, P/E 24/CAGR			0.4

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

Table 1: Peer group

Company name	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
YIT	558	21.2x	16.7x	11.8x	61.3x	24.8x	15.6x		282.3x	16.3x
Skanska	7903	10.7x	9.6x	9.1x	13.9x	12.0x	11.0x	14.6x	12.7x	11.8x
NCC	1428	7.1x	7.1x	7.1x	12.2x	11.7x	11.5x	11.9x	11.3x	11.0x
Peab	1882	9.9x	9.4x	8.7x	16.6x	15.4x	13.6x	14.2x	12.8x	11.1x
JM AB	1100	40.6x	29.5x	19.8x	38.2x	30.1x	19.8x	30.6x	20.9x	12.7x
Bonava	257	32.9x	43.5x	28.5x	36.7x	50.2x	28.5x			
AF Gruppen	1108	8.9x	7.0x	6.4x	14.5x	10.1x	9.1x	19.9x	13.8x	12.6x
Veidekke	1415							13.6x	13.0x	12.1x
Peer Group Average	1956	18.8x	17.5x	13.1x	27.6x	22.0x	15.6x	17.5x	52.4x	12.5x
Peer Group Median	1262	10.7x	9.6x	9.1x	16.6x	15.4x	13.6x	14.4x	13.0x	12.1x
SRV (Evli est.)	90	13.3x	9.6x	6.2x	21.5x	13.9x	8.1x		14.7x	5.9x
SRV prem./disc. to peer median		25%	0%	-32%	30%	-10%	-41%		13%	-52%

Source FactSet, Evli Research

Table 2: Estimate summary

SRV	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24E	2024E	2025E	2026E
Revenue	770.1	138.3	143.1	146.9	181.8	610.0	167.0	186.3	183.5	196.0	732.8	773.2	846.2
change, %	-17.4%	-27.5%	-32.3%	-21.4%	0.3%	-20.8%	20.8%	30.2%	24.9%	7.8%	20.1%	5.5%	9.4%
Revenue – Business construction	427.2	113.9	111.0	130.5	153.1	508.5	156.1	173.3	167.2	175.0	671.6	691.7	698.7
change, %	-26.5%	15.4%	-8.2%	36.9%	36.3%	19.0%	37.1%	56.1%	28.1%	14.3%	32.1%	3.0%	1.0%
Revenue – Housing construction	319.1	24.0	32.1	16.3	28.7	101.1	10.9	13.0	16.2	15.4	61.1	81.0	147.0
change, %	-8.5%	-68.6%	-62.6%	-81.6%	-57.9%	-68.3%	-54.6%	-59.5%	-0.6%	-46.3%	-39.6%	32.6%	81.5%
Operative operating profit	18.8	-2.0	-3.9	4.6	2.4	1.1	1.3	1.5	4.5	3.0	10.2	15.5	26.2
–margin	2.4%	-1.4%	-2.7%	3.1%	1.3%	0.2%	0.8%	0.8%	2.5%	1.5%	1.4%	2.0%	3.1%
Operating profit	-76.4	-2.0	-3.0	-4.9	3.1	-6.8	1.3	1.5	4.5	3.0	10.2	15.5	26.2
–margin	-9.9%	-1.4%	-2.1%	-3.3%	1.7%	-1.1%	0.8%	0.8%	2.5%	1.5%	1.4%	2.0%	3.1%
Net financials	-2.7	-2.5	-2.5	-1.6	-2.5	-9.0	-0.7	-1.4	-2.8	-2.0	-6.9	-5.1	-4.3
Pre-tax profit	-79.1	-4.4	-5.5	-6.5	0.7	-15.8	0.5	0.1	1.7	1.0	3.3	10.4	21.9
Income taxes	-6.5	1.3	0.8	0.0	-1.4	0.7	0.0	0.1	-0.8	-0.2	-0.7	-2.1	-4.4
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-85.7	-3.1	-4.7	-6.5	-0.7	-15.1	0.5	0.2	1.0	0.8	2.6	8.3	17.5

Source: SRV, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	5.30 PV of Free Cash Flow	146 Long-term growth, %	1.0 % Risk-free interest rate, % 2.25 %
DCF share value	8.24 PV of Horizon value	127 WACC, %	9.5 % Market risk premium, % 5.8 %
Share price potential, %	55.5 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium % 3.8 %
Maximum value	9.2 Marketable securities	40 Minimum WACC, %	9.0 % Equity beta coefficient 1.30
Minimum value	7.4 Debt – dividend	-172 Maximum WACC, %	10.0 % Target debt ratio, % 20 %
Horizon value, %	46.6 % Value of stock	140 No. of shares, Mn	16.9 Effective tax rate, % 20 %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TERMINAL
Net sales	610	733	773	846	863	880	898	911	925	939	948	958
Sales growth (%)	-	20.1%	5.5%	9.4%	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%	1.0%	1.0%
Operating income (EBIT)	-7	10	16	26	30	31	31	32	32	28	28	29
Operating income margin %	-1.1%	1.4%	2.0%	3.1%	3.5%	3.5%	3.5%	3.5%	3.5%	3.0%	3.0%	3.0%
+ Depreciation+amort.	6	6	7	8	8	8	9	9	9	9	8	
EBITDA	-1	17	22	34	39	39	40	40	41	37	37	
- Paid taxes	-1	-3	-4	-4	-5	-6	-6	-6	-6	-6	-6	
- Change in NWC	9	5	-2	-10	-2	-2	-2	-2	-2	-2	-2	
NWC / Sales, %	17.6%	14.0%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.6%	
+ Change in other liabs	-4											
- Operative CAPEX	-3	-4	-6	-5	-4	-4	-4	-4	-4	-4	-4	
opCAPEX / Sales, %	3.1%	1.5%	1.2%	1.2%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.5%	
- Acquisitions												
+ Divestments												
- Other items	0											
= FCFF	0	15	10	15	27	27	27	28	28	25	25	293
= Discounted FCFF		15	9	13	20	18	17	16	15	12	11	127
= DFCF min WACC		15	9	13	20	19	17	16	15	12	11	141
= DFCF max WACC		15	9	13	20	18	17	16	14	11	10	115

Sensitivity analysis, EUR

		Terminal WACC				
		7.54 %	8.54 %	9.54 %	10.54 %	11.54 %
Terminal EBIT-%	1.00 %	4.24	3.29	2.51	1.85	1.28
	2.00 %	8.68	6.82	5.38	4.21	3.25
	3.00 %	13.11	10.36	8.24	6.57	5.21
	4.00 %	17.55	13.89	11.11	8.93	7.18
	5.00 %	21.98	17.42	13.98	11.29	9.15

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	138.3	143.1	146.9	181.8	610.1	167.0	186.3	183.5	196.0	732.8	773.2	846.2
EBITDA	-0.6	-1.6	-3.5	4.5	-1.2	2.7	3.7	5.8	4.4	16.5	22.5	34.3
<i>EBITDA margin (%)</i>	<i>-0.4%</i>	<i>-1.1%</i>	<i>-2.4%</i>	<i>2.5%</i>	<i>-0.2%</i>	<i>1.6%</i>	<i>2.0%</i>	<i>3.2%</i>	<i>2.2%</i>	<i>2.3%</i>	<i>2.9%</i>	<i>4.1%</i>
EBIT	-2.0	-3.0	-4.9	3.1	-6.8	1.3	1.5	4.5	3.0	10.2	15.5	26.2
<i>EBIT margin (%)</i>	<i>-1.5%</i>	<i>-2.1%</i>	<i>-3.3%</i>	<i>1.7%</i>	<i>-1.1%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>2.5%</i>	<i>1.5%</i>	<i>1.4%</i>	<i>2.0%</i>	<i>3.1%</i>
Net financial items	-2.5	-2.5	-1.6	-2.5	-9.0	-0.7	-1.4	-2.8	-2.0	-6.9	-5.1	-5.1
Pre-tax profit	-4.5	-5.5	-6.5	0.7	-15.8	0.5	0.1	1.7	1.0	3.3	10.4	21.1
Tax	1.3	0.8		-1.4	0.7		0.1	-0.8	-0.2	-0.8	-2.6	-3.6
<i>Tax rate (%)</i>	<i>28.9%</i>	<i>14.6%</i>		<i>200.3%</i>	<i>4.4%</i>		<i>-100.0%</i>	<i>44.1%</i>	<i>20.0%</i>	<i>25.5%</i>	<i>25.5%</i>	<i>17.0%</i>
Net profit	-3.5	-4.7	-6.5	-0.7	-15.4	0.5	0.2	1.0	0.8	2.5	7.7	17.5
EPS	-0.21	-0.28	-0.38	-0.04	-0.90	0.03	0.01	0.06	0.05	0.15	0.46	1.03
EPS adj. (diluted)	-0.21	-0.28	-0.38	-0.04	-0.90	0.03	0.01	0.06	0.05	0.15	0.46	1.03
Dividend per share										0.07		0.31

SALES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Group	138.3	143.1	146.9	181.8	610.1	167.0	186.3	183.5	196.0	732.8	773.2	846.2
Total	138.3	143.1	146.9	181.8	610.1	167.0	186.3	183.5	196.0	732.8	773.2	846.2

SALES GROWTH, Y/Y%	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Group	-27.5%	-32.3%	-21.4%	0.4%	-20.8%	20.8%	30.2%	24.9%	7.8%	20.1%	5.5%	9.4%
Total	-27.5%	-32.3%	-21.4%	0.4%	-20.8%	20.8%	30.2%	24.9%	7.8%	20.1%	5.5%	9.4%

EBIT, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Group	-2.0	-3.0	-4.9	3.1	-6.8	1.3	1.5	4.5	3.0	10.2	15.5	26.2
Total	-2.0	-3.0	-4.9	3.1	-6.8	1.3	1.5	4.5	3.0	10.2	15.5	26.2

EBIT margin %	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Group	-1.5%	-2.1%	-3.3%	1.7%	-1.1%	0.8%	0.8%	2.5%	1.5%	1.4%	2.0%	3.1%
Total	-1.5%	-2.1%	-3.3%	1.7%	-1.1%	0.8%	0.8%	2.5%	1.5%	1.4%	2.0%	3.1%

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	1 061.0	975.5	932.5	770.1	610.1	732.8	773.2	846.2
<i>Sales growth (%)</i>	10.5%	-8.1%	-4.4%	-17.4%	-20.8%	20.1%	5.5%	9.4%
EBITDA	-3.1	20.4	4.5	-67.0	-1.2	16.5	22.5	34.3
<i>EBITDA margin (%)</i>	-0.3%	2.1%	0.5%	-8.7%	-0.2%	2.3%	2.9%	4.1%
Depreciation	-90.0	-18.9	-6.3	-9.3	-5.6	-6.3	-7.0	-8.1
EBITA	-93.1	1.5	-1.8	-76.3	-6.8	10.2	15.5	26.2
Goodwill amortization / writedown								
EBIT	-93.1	1.5	-1.8	-76.3	-6.8	10.2	15.5	26.2
<i>EBIT margin (%)</i>	-8.8%	0.2%	-0.2%	-9.9%	-1.1%	1.4%	2.0%	3.1%
Reported EBIT	-14.7	1.5	-1.8	-76.3	-6.8	10.2	15.5	26.2
<i>EBIT margin (reported) (%)</i>	-1.4%	0.2%	-0.2%	-9.9%	-1.1%	1.4%	2.0%	3.1%
Net financials	-29.3	-29.4	-18.6	-2.7	-9.0	-6.9	-5.1	-5.1
Pre-tax profit	-122.4	-27.9	-20.4	-79.0	-15.8	3.3	10.4	21.1
Taxes	18.7	2.9	0.5	-6.6	0.7	-0.8	-2.6	-3.6
Minority shares	0.7	2.3						
Net profit	-28.8	-27.1	-21.4	-85.7	-15.4	2.5	7.7	17.5
Cash NRIs								
Non-cash NRIs	78.4							
BALANCE SHEET, EURm								
Assets								
Fixed assets	122	120	122	15	18	20	24	25
Goodwill	2	2	2	2	2	2	2	2
Right of use assets	149	130	82	84	96	99	97	97
Inventory	372	355	227	163	157	172	186	203
Receivables	204	155	143	103	89	106	112	123
Liquid funds	28	97	68	45	40	37	39	42
Total assets	913	899	686	448	439	473	496	530
Liabilities								
Shareholders' equity	95	170	150	113	105	108	116	132
Minority interest	-2	-4						
Convertible	83	15	15	34	34	34	34	
Lease liabilities	150	136	89	92	106	99	97	97
Deferred taxes	3	3	1	1	0	0	0	0
Interest bearing debt	300	250	149	34	33	34	35	67
Non-interest bearing current liabilities	244	285	243	148	138	176	193	212
Other interest-free debt	21	21	15	7	3	3	3	3
Total liabilities	914	899	686	449	439	473	496	530
CASH FLOW, EURm								
+ EBITDA	-3	20	5	-67	-1	17	22	34
- Net financial items	-29	-29	-19	-3	-9	-7	-5	-5
- Taxes	-1	-2	-2	-2	0	-1	-3	-4
- Increase in Net Working Capital	-75	107	98	11	9	5	-2	-10
+/- Other	98	-49	-13	50	0			
= Cash flow from operations	-11	46	69	-10	-2	14	13	16
- Capex	-26	2	45	-58	-19	-11	-9	-10
- Acquisitions		-5						
+ Divestments		29						
= Free cash flow	-37	72	114	-68	-21	3	4	6
+/- New issues/buybacks	-67	100	5	49	8			
- Paid dividend							1	5
+/- Other	39	-103	-148	-4	8	-6	-2	-1
Change in cash	-65	69	-29	-23	-6	-3	2	4

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	155	139	65	67	90	90	90
Net debt (excl. convertibles)	289	170	80	99	97	93	122
Enterprise value	456	325	178	200	220	216	211
Sales	976	933	770	610	733	773	846
EBITDA	20	5	-67	-1	17	22	34
EBIT	2	-2	-76	-7	10	16	26
Pre-tax	-28	-20	-79	-16	3	10	21
Earnings	-27	-21	-86	-15	2	8	17
Equity book value (excl. minorities)	170	150	113	105	108	116	132

Valuation multiple	2020	2021	2022	2023	2024E	2025E	2026E
EV/Sales	0.5	0.3	0.2	0.3	0.3	0.3	0.2
EV/EBITDA	22.4	72.2	-2.7	-173.7	13.3	9.6	6.2
EV/EBITA	304.1	-180.4	-2.3	-29.6	21.5	13.9	8.1
EV/EBIT	304.1	-180.4	-2.3	-29.6	21.5	13.9	8.1
EV/OCF	9.9	4.7	-17.7	-105.2	16.1	16.7	13.4
EV/FCF	5.5	3.4	-3.2	-558.8	14.4	21.0	13.7
P/FCFR	0.1	0.0	-1.0	-3.2	34.8	23.0	15.4
P/E	-5.7	-6.5	-0.8	-4.4	36.4	11.6	5.1
P/BV	0.9	0.9	0.6	0.6	0.8	0.8	0.7
Target EV/EBITDA					13.0	9.4	6.0
Target EV/EBIT					21.0	13.6	7.9
Target EV/FCFF					83.4	54.2	35.5
Target P/BV					0.8	0.7	0.6
Target P/E, diluted					34.4	10.9	4.8

Per share measures	2020	2021	2022	2023	2024E	2025E	2026E
Number of shares (million)	9.43	9.43	16.98	16.98	16.94	16.94	16.94
Number of shares (diluted, million)	9.43	9.43	16.98	16.98	16.94	16.94	16.94
EPS	-2.88	-2.27	-5.05	-0.90	0.15	0.46	1.03
Operating cash flow per share	4.91	7.31	-0.59	-0.11	0.81	0.76	0.93
Free cash flow per share	7.64	12.08	-3.99	-1.24	0.15	0.23	0.34
Book value per share	17.99	15.88	6.64	6.20	6.36	6.82	7.78
Dividend per share						0.07	0.31
Dividend payout ratio, %						15.0%	30.0%
Dividend yield, %						1.3%	5.8%
FCF yield, %	46.4%	81.7%	-105.1%	-31.4%	2.9%	4.3%	6.5%

Efficiency measures	2020	2021	2022	2023	2024E	2025E	2026E
ROE	-20.5%	-13.4%	-65.3%	-14.1%	2.3%	6.9%	14.1%
ROCE	0.9%	0.7%	-21.4%	-2.5%	3.7%	5.6%	9.1%

Financial ratios	2020	2021	2022	2023	2024E	2025E	2026E
Inventories as % of sales	36.4%	24.4%	21.1%	25.8%	23.5%	24.0%	24.0%
Receivables as % of sales	15.8%	15.4%	13.3%	14.5%	14.5%	14.5%	14.5%
Non-int. bearing liabilities as % of sales	29.2%	26.1%	19.2%	22.7%	24.0%	25.0%	25.0%
NWC/sales, %	23.1%	13.7%	15.1%	17.6%	14.0%	13.5%	13.5%
Operative CAPEX/Sales, %	-0.2%	-4.8%	7.5%	3.1%	1.5%	1.2%	1.2%
CAPEX/sales (incl. acquisitions), %	-0.6%	-4.8%	7.5%	3.1%	1.5%	1.2%	1.2%
FCFF/EBITDA	4.1	21.5	0.8	0.3	0.9	0.5	0.5
Net Debt/EBITDA, book-weighted	14.2	37.8	-1.2	-86.3	5.9	4.1	3.5
Debt/equity, market-weighted	1.6	1.1	0.5	0.5	0.4	0.4	0.7
Equity ratio, book-weighted	0.2	0.3	0.4	0.4	0.4	0.4	0.3
Gearing, %	159.8%	103.0%	55.0%	71.6%	68.5%	62.3%	92.3%

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	15.252	17.0 %
Ilmarinen Mutual Pension Insurance Company	1 942 246	10.294	11.5 %
Kolpi Investments Oy	1 446 353	7.666	8.5 %
Havu Capital Oy	957 562	5.075	5.7 %
OP Life Assurance Company Ltd	775 677	4.111	4.6 %
Tungelin Investments Oy	654 055	3.466	3.9 %
Lareale Investments Oy	654 055	3.466	3.9 %
Varma Mutual Pension Insurance Company	483 611	2.563	2.9 %
Pohjola Insurance Ltd	394 650	2.092	2.3 %
Nordea Life Assurance Finland Ltd.	371 510	1.969	2.2 %
Ten largest	10 557 428	55.954	62.3 %
Residual	6 380 382	33.816	37.7 %
Total	16 937 810	89.770	100%

EARNINGS CALENDAR

October 24, 2024

Q3 report

February 06, 2025

FY 2024 Results

OTHER EVENTS

COMPANY MISCELLANEOUS

OEO: Saku Sipola

Tarvonsalmenkatu 15, Espoo

CFO: Jarkko Rantala

Tel: +358 20 145 5200

IR:

DEFINITIONS

<p>P/E</p> $\frac{\text{Price per share}}{\text{Earnings per share}}$	<p>EPS</p> $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<p>P/BV</p> $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	<p>DPS</p> <p>Dividend for the financial period per share</p>
<p>Market cap</p> <p>Price per share * Number of shares</p>	<p>OCF (Operating cash flow)</p> <p>EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments</p>
<p>EV (Enterprise value)</p> <p>Market cap + net debt + minority interest at market value – share of associated companies at market value</p>	<p>FCF (Free cash flow)</p> <p>Operating cash flow – Operative CAPEX – acquisitions + divestments</p>
<p>EV/Sales</p> $\frac{\text{Enterprise value}}{\text{Sales}}$	<p>FCF yield, %</p> $\frac{\text{Free cash flow}}{\text{Market cap}}$
<p>EV/EBITDA</p> $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<p>Operative CAPEX / Sales</p> $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
<p>EV/EBIT</p> $\frac{\text{Enterprise value}}{\text{Operating profit}}$	<p>Net working capital</p> <p>Current assets – current liabilities</p>
<p>Net debt</p> <p>Interest bearing debt – financial assets</p>	<p>Capital employed / Share</p> $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
<p>Total assets</p> <p>Balance sheet total</p>	<p>Gearing</p> $\frac{\text{Net debt}}{\text{Equity}}$
<p>Div yield, %</p> $\frac{\text{Dividend per share}}{\text{Price per share}}$	<p>Debt/Equity, %</p> $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<p>Payout ratio, %</p> $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<p>Equity ratio, %</p> $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<p>ROCE, %</p> $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	<p>CAGR, %</p> <p>Cumulative annual growth rate = Average growth rate per year</p>
<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

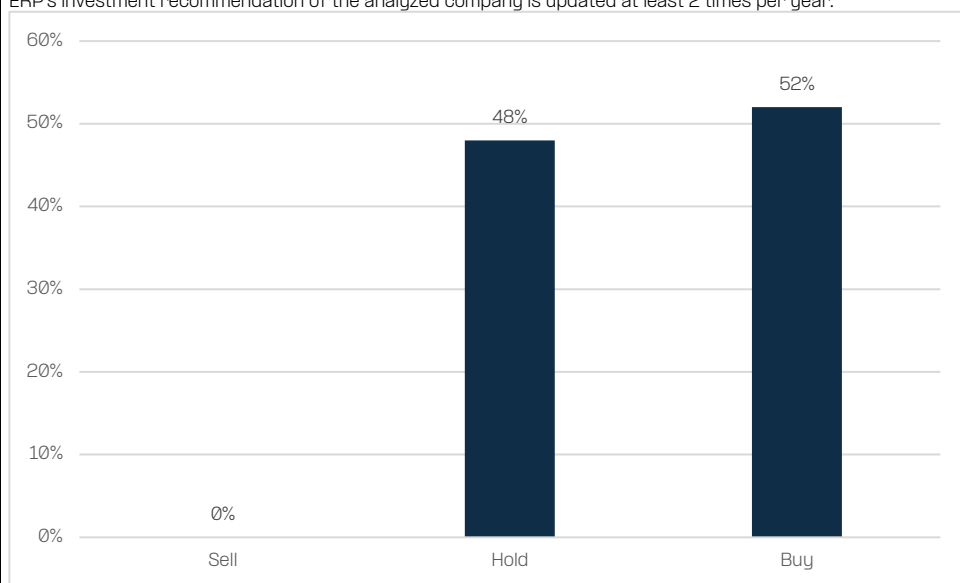
Important Disclosures

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 < -10 % -10 – (+10) % > 10 %	Recommendation SELL HOLD BUY
--	---------------------------------------

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 23rd of October, 2024. If recommendation is not given, it is not mentioned here.

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

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 25.10.2024, 7:30. This report has been published on 25.10.2024, 07:40.

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.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

According to ERP's best knowledge, the issuer(s) of the securities does/(do) not hold in excess of 5% of the total issued share capital of the issuer(s).

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales & Trading**

Joachim Dannberg (head)	+358 9 4766 9123
Aleksi Jalava	+358 9 4766 9123
Pasi Väisänen	+358 9 4766 9123

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
----------------	------------------

Equity Research

Jerker Salokivi (head)	+358 9 4766 9149
Joonas Ilvonen	+358 44 430 9071
Atte Jortikka	+358 40 054 3725
Atte Pitkälampi	+358 44 047 6597

EVLI

EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000