

2025 outlook worse than expected

SRV's net sales in Q4 amounted to EUR 209.1m, slightly above our estimate of EUR 196.0m. While volumes beat, operative EBIT matched our estimate at EUR 3.0. Although we anticipated subdued prospects for 2025, the outlook adds additional downward pressure to our estimates.

- Revenue in Q4 was EUR 209.1m (EUR 181.8m in Q4/23), slightly above our estimate of EUR 196.0m. Revenue grew 15.1% y/y.
- The operative operating profit in Q4 amounted to EUR 3.0m (EUR 2.4m in Q4/23), in line with our estimate of EUR 3.0m.
- Reported EBIT was lower than we estimated due to write-down on the lease agreement for SRV's current head office.
- SRV's signed new agreements worth EUR 66.0m (EUR 253.1m in Q4/23).
- The order backlog in Q4 was EUR 1052.8m (EUR 1048.6m in Q4/23).
- Business construction revenue in Q4 was EUR 191.5m, (EUR 175.0m Evli estimate) up 25% y/y. Growth was driven by project management and alliance contracts, particularly due to hospital project construction.
- Housing construction revenue in Q4 was EUR 17.5m (EUR 15.4m Evli estimate). Housing construction remained quiet as expected, with 520 residential units under construction (all contracts).
- SRV outlook for 2025: Revenue is expected to decline compared with 2024 and to amount to EUR 630–710m (Evli current est. EUR 782.5m) and operative EBIT is expected to be positive (Evli current est. EUR 16.3m).
- Yesterday SRV released that it is starting the construction of a developer-contracted project in Espoo, this marks the first developer-contracted project start since 2022.

Rating	🇺🇸 Accumulate			
Q4/24	Actual	Evli	Q4/23	Q3/24
Net sales	209.1	196.0	181.8	183.5
EBIT	4.7	9.1	3.1	4.5
Op. EBIT	3.0	3.0	2.4	4.5
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Deviation	Actual	Evli	Q4/23	Q3/24
Net sales		7 %	15 %	14 %
EBIT		-48 %	52 %	4 %
Op. EBIT		1 %	25 %	-33 %
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Share price, EUR (Last trading day's closing price)				5.08
Target price, EUR				5.2
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Latest change in recommendation				31-Jan-25
Latest report on company				31-Jan-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				86
Free float, %				61.1 %
Exchange rate				1.0
Reuters code				SRV1V.HE
Bloomberg code				SRV1V FH
Average daily volume, EURm				
Next interim report				06-Feb-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
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	16.3	2.2%	8.7	0.43	-23.7	0.3	12.9	10.2%	
2025E	782.5	16.3	2.1%	-2.9	0.45	11.3	0.3	13.0	-3.4%	0.14
2026E	866.6	26.3	3.0%	0.1	0.91	5.6	0.2	8.2	0.1%	0.27
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Market cap, EURm	86		Gearing 2024E, %		60.0 %		CAGR EPS 2023–26, %		0.0 %	
Net debt 2024E, EURm	124		Price/book 2024E		0.7		CAGR Sales 2023–26, %		12.4 %	
Enterprise value, EURm	210		Dividend yield 2024E, %		0.0 %		ROE 2024E, %		6.6 %	
Total assets 2024E, EURm	477		Tax rate 2024E, %		21.9 %		ROCE 2024E, %		5.9 %	
Goodwill 2024E, EURm	2		Equity ratio 2024E, %		26.9 %		PEG, P/E 24/CAGR		0.0	

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

Important Disclosures

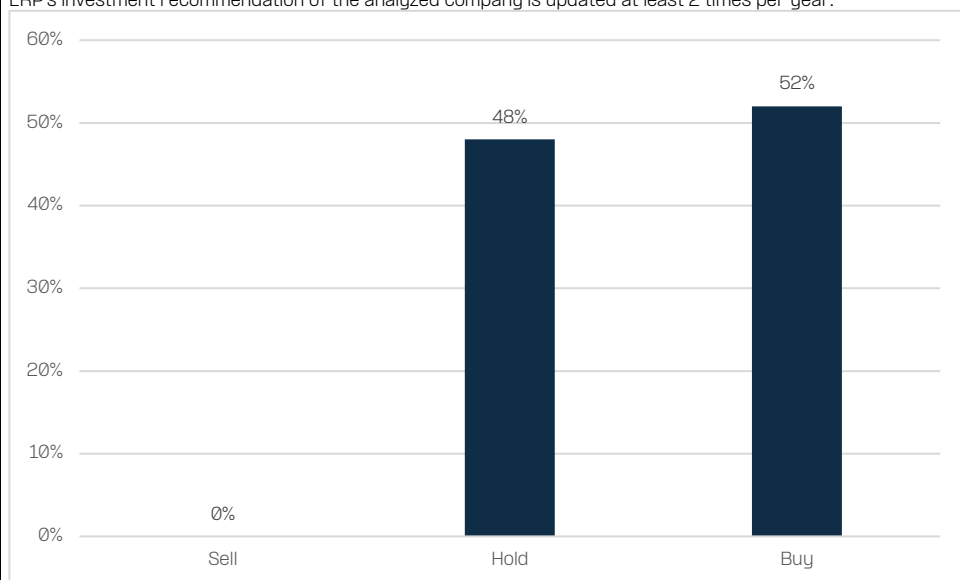
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Investment recommendations are defined as follows:

Target price compared to share price < -10 % -10 – 0 % 0 – (+10) % > 10 %	Recommendation SELL RECUDE ACCUMULATE BUY
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Name(s) of the analyst(s): Atte Jortikka

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