

Stays on the defensive

SRV's Q4/24 figures largely matched our expectations, yet the 2025 outlook left much to be desired. We were hoping to see a spark of offense, but it seems 2025 is shaping up to be another year of playing full defense for the company as especially the residential market continues to be on a standstill.

Figures broadly in line, while orders slightly below expectations

Revenue for Q4 was EUR 209.1 million, compared to EUR 181.8 million in Q4/23, slightly surpassing our estimate of EUR 196.0 million. This represents a y/y growth of 15% which was solely led by non-residential construction as was expected. The operational operating profit for Q4 was EUR 3.0 million, matching our estimate and up from EUR 2.4 million in Q4/23. The order backlog for Q4 remained consistent with the previous year at EUR 1052.8 million, compared to EUR 1048.6 million in Q4/23. However, SRV's new agreements totaled EUR 66.0 million, falling short of EUR 253.1 million for Q4/23.

Third time the charm for a H2 market rebound?

SRV's outlook was weaker than we had expected for 2025. SRV now expects FY 2025E net sales to amount to EUR 630–710m and operative EBIT to be positive. We have revised our estimates, and we now estimate net sales of EUR 707m for 2025 with operative EBIT of EUR 7.8m. We model net sales decline for non-residential construction while previously we estimated growth of 5% y/y. Our non-residential net sales forecast is driven by the backlog where the development was weaker than expected in Q4. Number of apartments under construction at the end of Q4 grew both q/q and y/y yet were still at relatively low levels and comprised solely of contracting. As a positive, 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. In addition to the Espoo project, the company has one project in pre-marketing in Tampere. We expect further developer-contracted starts in H1/25 that could be recognized as income during 2026. While residential pick-up is evident in the coming years, we see the company's long-term targets increasingly challenging to reach.

REDUCE (ACCUMULATE) with a TP of EUR 4.8 (EUR 5.2)

We revise our TP to EUR 4.8 and recommendation to REDUCE. While we continue to see the long-term upside high, the market turn seems to take its time. We expected 2025 to be challenging for the company due to sales mix, yet the outlook was still a letdown. Based on our revised estimates, the pricing appears elevated for 2025E, whereas it is relatively neutral for 2026E.

Rating ■ Reduce



Share price, EUR (Last trading day's closing price) **4.99**
Target price, EUR 4.8

Latest change in recommendation	07-Feb-25
Latest report on company	07-Feb-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	85
Free float, %	
Exchange rate	
Reuters code	SRV1V.HE
Bloomberg code	SRV1V.FH
Average daily volume, EURm	
Next interim report	30-Apr-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
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	706.6	7.8	1.1%	12.6	0.15	34.1	0.3	25.9	14.9%	
2026E	792.0	18.2	2.3%	-5.1	0.64	7.8	0.3	11.4	-6.0%	0.19
2027E	845.5	25.3	3.0%	4.9	0.97	5.1	0.2	8.1	5.8%	0.29

Market cap, EURm	85	Gearing 2025E, %	56.1%	CAGR EPS 2024–27, %	45.6%
Net debt 2025E, EURm	117	Price/book 2025E	0.7	CAGR Sales 2024–27, %	4.3%
Enterprise value, EURm	202	Dividend yield 2025E, %	0.0%	ROE 2025E, %	2.2%
Total assets 2025E, EURm	458	Tax rate 2025E, %	20.3%	ROCE 2025E, %	2.8%
Goodwill 2025E, EURm	2	Equity ratio 2025E, %	27.4%	PEG, P/E 25/CAGR	0.3

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

Table 1: Estimate summary

SRV	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24	2024	Q1/'25E	Q2/'25E	Q3/'25E	Q4/'25E	2025E	2026E	2027E
Revenue	610.0	167.0	186.3	183.5	209.1	745.8	154.5	170.8	181.2	200.2	706.6	792.0	845.5
<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>-7.5%</i>	<i>-8.3%</i>	<i>-1.2%</i>	<i>-4.2%</i>	<i>-5.3%</i>	<i>12.1%</i>	<i>6.8%</i>
Revenue – Business construction	508.5	156.1	173.3	167.2	191.5	688.1	140.0	154.0	160.0	179.0	633.0	652.0	665.0
<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>-10.3%</i>	<i>-11.1%</i>	<i>-4.3%</i>	<i>-6.5%</i>	<i>-8.0%</i>	<i>3.0%</i>	<i>2.0%</i>
Revenue – Housing construction	100.4	10.9	13.0	16.2	17.5	57.7	14.4	16.7	21.0	21.0	73.1	139.5	180.0
<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>32.0%</i>	<i>28.2%</i>	<i>29.9%</i>	<i>20.3%</i>	<i>26.9%</i>	<i>90.7%</i>	<i>29.0%</i>
Operative operating profit	1.1	1.3	1.5	4.5	3.0	10.3	0.5	0.9	3.6	2.8	7.8	17.2	24.2
<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>0.3%</i>	<i>0.5%</i>	<i>2.0%</i>	<i>1.4%</i>	<i>1.1%</i>	<i>2.2%</i>	<i>2.9%</i>
Operating profit	-6.8	1.3	1.5	4.5	4.7	12.0	0.5	0.9	3.6	2.8	7.8	17.2	24.2
<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>0.3%</i>	<i>0.5%</i>	<i>2.0%</i>	<i>1.4%</i>	<i>1.1%</i>	<i>2.2%</i>	<i>2.9%</i>
Net financials	-9.0	-0.7	-1.4	-2.8	-1.4	-6.3	-1.2	-1.2	-1.2	-1.2	-4.9	-5.1	-5.1
Pre-tax profit	-15.8	0.5	0.1	1.7	3.3	5.7	-0.7	-0.4	2.4	1.6	3.0	12.1	19.1
Income taxes	0.7	0.0	0.1	-0.8	0.3	-0.4	0.0	0.0	-0.5	-0.3	-0.8	-2.4	-3.8
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	-15.1	0.5	0.2	1.0	3.6	5.3	-0.7	-0.4	1.9	1.3	2.1	9.7	15.3

Table 2: Peer group

Company name	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E*		
		24	25	26	24	25	26	24	25	26
YIT	580	18.3x	17.1x	12.5x	38.0x	24.8x	16.1x			18.9x
Skanska	8758	10.9x	9.9x	9.2x	14.4x	12.3x	11.2x	17.2x	13.9x	12.8x
NCC	1590	6.4x	7.7x	7.7x	10.2x	12.7x	12.4x	11.2x	12.5x	12.1x
Peab	2179	8.7x	9.6x	8.7x	13.8x	15.4x	13.5x	13.4x	13.9x	11.9x
JM	947	36.3x	30.6x	18.4x	37.6x	32.2x	19.0x	36.5x	23.9x	12.9x
Bonava	292	88.4x	20.3x	17.1x	32.6x	19.2x	13.9x			60.0x
AF Gruppen	1482	10.6x	8.7x	8.1x	17.5x	12.5x	11.3x	25.9x	17.4x	15.7x
Consti	82	6.2x	5.9x	5.1x	8.6x	7.9x	6.7x	11.2x	10.0x	8.4x
Veidekke	1675	6.6x	6.4x	6.1x	10.9x	10.5x	9.9x	15.6x	15.0x	14.2x
Peer Group Average	1954	21.4x	12.9x	10.3x	20.4x	16.4x	12.7x	18.7x	15.2x	18.6x
Peer Group Median	1482	10.6x	9.6x	8.7x	14.4x	12.7x	12.4x	15.6x	13.9x	12.9x
SRV (Evli est.)	85	10.8x	15.1x	8.8x	20.9x	25.9x	11.4x	25.9x		8.7x

SRV prem./disc. to peer median

1% 57% 0% 44% 103% -9% 66% -32%

*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	4.99 PV of Free Cash Flow	122 Long-term growth, %	2.0 % Risk-free interest rate, % 2.25 %
DCF share value	6.72 PV of Horizon value	121 WACC, %	10.0 % Market risk premium, % 5.8 %
Share price potential, %	34.7 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium % 3.8 %
Maximum value	7.7 Marketable securities	41 Minimum WACC, %	9.5 % Equity beta coefficient 1.40
Minimum value	5.8 Debt – dividend	-170 Maximum WACC, %	10.5 % Target debt ratio, % 20 %
Horizon value, %	49.9 % Value of stock	114 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	707	792	846	871	888	906	924	943	962	981	1 000
Sales growth (%)	22.3%	-5.3%	12.1%	6.8%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating income (EBIT)	12	8	18	25	30	31	27	28	28	29	29	30
Operating income margin %	1.6%	1.1%	2.3%	3.0%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
+ Depreciation+amort.	10	6	5	6	6	6	6	6	6	6	6	
EBITDA	22	13	24	31	36	37	33	34	34	35	35	
- Paid taxes	0	-2	-4	-5	-6	-6	-5	-6	-6	-6	-6	
- Change in NWC	-2	7	-12	-8	-4	-3	-3	-3	-3	-3	-3	
NWC / Sales, %	14.6%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	
+ Change in other liabs	-9											
- Operative CAPEX	-2	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	
opCAPEX / Sales, %	0.7%	0.3%	1.1%	1.1%	0.7%	0.6%	0.6%	0.6%	0.5%	0.5%	0.2%	
- Acquisitions												
+ Divestments												
- Other items	5											
= FCFF	14	17	5	16	25	26	23	23	24	24	24	312
= Discounted FCF		16	4	12	17	16	13	12	11	10	10	121
= DFCF min WACC		16	4	12	17	17	14	13	12	11	10	136
= DFCF max WACC		16	4	12	17	16	13	12	11	10	9	109

Sensitivity analysis, EUR

		Terminal WACC				
		8.00 %	9.00 %	10.00 %	11.00 %	12.00 %
Terminal EBIT-%	1.00 %	2.56	1.69	0.97	0.37	-0.14
	2.00 %	7.16	5.28	3.85	2.71	1.78
	3.00 %	11.75	8.88	6.72	5.05	3.71
	4.00 %	16.35	12.47	9.59	7.38	5.63
	5.00 %	20.95	16.07	12.47	9.72	7.55

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	167.0	186.3	183.5	209.1	745.9	154.5	170.8	181.2	200.2	706.6	792.0	845.5
EBITDA	2.7	3.7	5.8	9.4	21.6	1.9	2.3	5.0	4.2	13.4	23.6	30.9
<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>1.3%</i>	<i>2.8%</i>	<i>2.1%</i>	<i>1.9%</i>	<i>3.0%</i>	<i>3.7%</i>
EBIT	1.3	1.5	4.5	4.7	12.0	0.5	0.9	3.6	2.8	7.8	18.2	25.3
<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>0.5%</i>	<i>2.0%</i>	<i>1.4%</i>	<i>1.1%</i>	<i>2.3%</i>	<i>3.0%</i>
Net financial items	-0.7	-1.4	-2.8	-1.4	-6.3	-1.2	-1.2	-1.2	-1.2	-4.7	-4.6	-4.7
Pre-tax profit	0.5	0.1	1.7	3.3	5.7	-0.6	-0.3	2.4	1.7	3.1	13.6	20.5
Tax		0.1	-0.8	0.3	-0.4			-0.3	-0.3	-0.6	-2.7	-4.1
<i>Tax rate (%)</i>		<i>-100.0%</i>	<i>44.1%</i>	<i>-9.0%</i>	<i>6.2%</i>			<i>12.5%</i>	<i>20.0%</i>	<i>20.3%</i>	<i>20.0%</i>	<i>20.0%</i>
Net profit	0.5	0.2	1.0	3.6	5.3	-0.6	-0.3	2.1	1.3	2.5	10.9	16.4
EPS	0.03	0.01	0.06	0.21	0.31	-0.04	-0.02	0.12	0.08	0.15	0.64	0.97
EPS adj. (diluted)	0.03	0.01	0.06	0.21	0.31	-0.04	-0.02	0.12	0.08	0.15	0.64	0.97
Dividend per share											0.19	0.29
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	167.0	186.3	183.5	209.1	745.9	154.5	170.8	181.2	200.2	706.6	792.0	845.5
Total	167.0	186.3	183.5	209.1	745.9	154.5	170.8	181.2	200.2	706.6	792.0	845.5
SALES GROWTH, Y/Y%	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	20.8%	30.2%	24.9%	15.0%	22.3%	-7.5%	-8.3%	-1.3%	-4.3%	-5.3%	12.1%	6.8%
Total	20.8%	30.2%	24.9%	15.0%	22.3%	-7.5%	-8.3%	-1.3%	-4.3%	-5.3%	12.1%	6.8%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	1.3	1.5	4.5	4.7	12.0	0.5	0.9	3.6	2.8	7.8	18.2	25.3
Total	1.3	1.5	4.5	4.7	12.0	0.5	0.9	3.6	2.8	7.8	18.2	25.3
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	0.8%	0.8%	2.5%	2.3%	1.6%	0.4%	0.5%	2.0%	1.4%	1.1%	2.3%	3.0%
Total	0.8%	0.8%	2.5%	2.3%	1.6%	0.4%	0.5%	2.0%	1.4%	1.1%	2.3%	3.0%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	975.5	932.5	770.1	610.1	745.9	706.6	792.0	845.5
<i>Sales growth (%)</i>	-8.1%	-4.4%	-17.4%	-20.8%	22.3%	-5.3%	12.1%	6.8%
EBITDA	20.4	4.5	-67.0	-1.2	21.6	13.4	23.6	30.9
<i>EBITDA margin (%)</i>	2.1%	0.5%	-8.7%	-0.2%	2.9%	1.9%	3.0%	3.7%
Depreciation	-18.9	-6.3	-9.3	-5.6	-9.6	-5.6	-5.4	-5.7
EBITA	1.5	-1.8	-76.3	-6.8	12.0	7.8	18.2	25.3
Goodwill amortization / writedown								
EBIT	1.5	-1.8	-76.3	-6.8	12.0	7.8	18.2	25.3
<i>EBIT margin (%)</i>	0.2%	-0.2%	-9.9%	-1.1%	1.6%	1.1%	2.3%	3.0%
Reported EBIT	1.5	-1.8	-76.3	-6.8	12.0	7.8	18.2	25.3
<i>EBIT margin (reported) (%)</i>	0.2%	-0.2%	-9.9%	-1.1%	1.6%	1.1%	2.3%	3.0%
Net financials	-29.4	-18.6	-2.7	-9.0	-6.3	-4.7	-4.6	-4.7
Pre-tax profit	-27.9	-20.4	-79.0	-15.8	5.7	3.1	13.6	20.5
Taxes	2.9	0.5	-6.6	0.7	-0.4	-0.6	-2.7	-4.1
Minority shares	2.3							
Net profit	-27.1	-21.4	-85.7	-15.4	5.3	2.5	10.9	16.4
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	120	122	15	18	18	17	18	18
Goodwill	2	2	2	2	2	2	2	2
Right of use assets	130	82	84	96	91	88	91	94
Inventory	355	227	163	157	167	177	198	211
Receivables	155	143	103	89	96	102	115	123
Liquid funds	97	68	45	40	41	35	40	42
Total assets	899	686	448	439	451	458	500	528
Liabilities								
Shareholders' equity	170	150	113	105	113	116	127	140
Minority interest	-4							
Convertible	15	15	34	34	34	34		
Lease liabilities	136	89	92	106	106	88	91	94
Deferred taxes	3	1	1	0	0	0	0	0
Interest bearing debt	250	149	34	33	31	31	71	69
Non-interest bearing current liabilities	285	243	148	138	154	177	198	211
Other interest-free debt	21	15	7	3	3	3	3	3
Total liabilities	899	686	449	439	451	458	500	528
CASH FLOW, EURm								
+ EBITDA	20	5	-67	-1	22	13	24	31
- Net financial items	-29	-19	-3	-9	-6	-5	-5	-5
- Taxes	-2	-2	-2	0	0	-1	-3	-4
- Increase in Net Working Capital	107	98	11	9	-2	7	-12	-8
+/- Other	-49	-13	50	0	5			
= Cash flow from operations	46	69	-10	-2	19	15	4	14
- Capex	2	45	-58	-19	-5	-2	-9	-9
- Acquisitions	-5							
+ Divestments	29							
= Free cash flow	72	114	-68	-21	14	13	-5	5
+/- New issues/buybacks	100	5	49	8	3			
- Paid dividend							3	5
+/- Other	-103	-148	-4	8	-16	-18	9	1
Change in cash	69	-29	-23	-6	1	-5	4	3

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	139	65	67	84	85	85	85
Net debt (excl. convertibles)	170	80	99	96	84	122	121
Enterprise value	325	178	200	214	202	207	205
Sales	933	770	610	746	707	792	846
EBITDA	5	-67	-1	22	13	24	31
EBIT	-2	-76	-7	12	8	18	25
Pre-tax	-20	-79	-16	6	3	14	21
Earnings	-21	-86	-15	5	2	11	16
Equity book value (excl. minorities)	150	113	105	113	116	127	140

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	0.3	0.2	0.3	0.3	0.3	0.3	0.2
EV/EBITDA	72.2	-2.7	-173.7	9.9	15.1	8.8	6.6
EV/EBITA	-180.4	-2.3	-29.6	17.8	25.9	11.4	8.1
EV/EBIT	-180.4	-2.3	-29.6	17.8	25.9	11.4	8.1
EV/OCF	4.7	-17.7	-105.2	11.3	13.7	53.2	14.3
EV/FCF	3.4	-3.2	-558.8	15.7	11.7	39.6	12.9
P/FCFR	0.0	-1.0	-3.2	6.2	6.7	-16.7	17.2
P/E	-6.5	-0.8	-4.4	15.8	34.1	7.8	5.1
P/BV	0.9	0.6	0.6	0.7	0.7	0.7	0.6
Target EV/EBITDA					14.8	8.6	6.5
Target EV/EBIT					25.4	11.2	8.0
Target EV/FCFF					15.8	-40.3	41.1
Target P/BV					0.7	0.6	0.6
Target P/E, diluted	-18.0	-1.0	-5.7	-24.2	32.8	7.5	4.9

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	0.15	0.64	0.97
Operating cash flow per share	7.31	-0.59	-0.11	1.11	0.87	0.23	0.85
Free cash flow per share	12.08	-3.99	-1.24	0.81	0.74	-0.30	0.29
Book value per share	15.88	6.64	6.20	6.70	6.84	7.48	8.26
Dividend per share						0.19	0.29
Dividend payout ratio, %						30.0%	30.0%
Dividend yield, %						3.9%	5.8%
FCF yield, %	81.7%	-105.1%	-31.4%	16.2%	14.9%	-6.0%	5.8%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	-13.4%	-65.3%	-14.1%	4.9%	2.2%	9.0%	12.3%
ROCE	0.7%	-21.4%	-2.5%	4.3%	2.8%	6.5%	8.5%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	24.4%	21.1%	25.8%	22.4%	25.0%	25.0%	25.0%
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%	14.5%	14.5%
Operative CAPEX/Sales, %	-4.8%	7.5%	3.1%	0.7%	0.3%	1.1%	1.1%
CAPEX/sales (incl. acquisitions), %	-4.8%	7.5%	3.1%	0.7%	0.3%	1.1%	1.1%
FCFF/EBITDA	21.5	0.8	0.3	0.6	1.3	0.2	0.5
Net Debt/EBITDA, book-weighted	37.8	-1.2	-86.3	4.5	6.3	5.2	3.9
Debt/equity, market-weighted	1.1	0.5	0.5	0.4	0.4	0.8	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%	56.1%	96.5%	86.3%

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	14.360	17.0 %
Ilmarinen Mutual Pension Insurance Company	1 942 246	9.692	11.5 %
Kolpi Investments Oy	1 446 353	7.217	8.5 %
Havu Capital Oy	957 562	4.778	5.7 %
OP Life Assurance Company Ltd	771 547	3.850	4.6 %
Tungelin Investments Oy	654 055	3.264	3.9 %
Lareale Investments Oy	654 055	3.264	3.9 %
Varma Mutual Pension Insurance Company	483 611	2.413	2.9 %
Pohjola Insurance Ltd	394 650	1.969	2.3 %
Nordea Life Assurance Finland Ltd.	373 260	1.863	2.2 %
Ten largest	10 555 048	52.670	62.3 %
Residual	6 382 762	31.850	37.7 %
Total	16 937 810	84.520	100%

EARNINGS CALENDAR

Q1 2025 – 30/04/2025
 Q2 2025 – 08/08/2025
 Q3 2025 – 23/10/2025

OTHER EVENTS

COMPANY MISCELLANEOUS

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 CFO: Jarkko Rantala
 IR:

Tarvonsalmenkatu 15, Espoo
 Tel: +358 20 145 5200

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

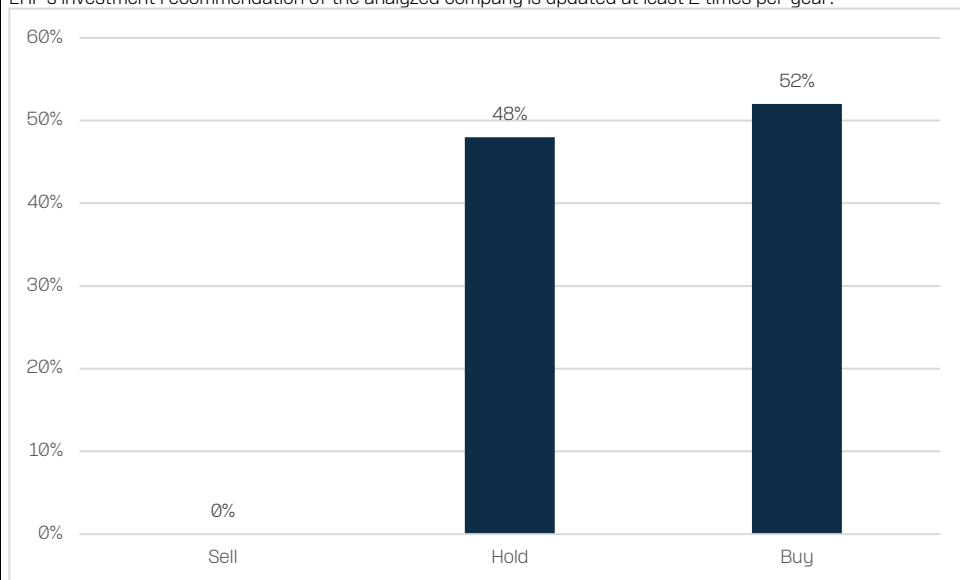
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Investment recommendations are defined as follows:

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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