

Making steady progress

SRV's Q1 figures aligned with our estimates. The order backlog remained at healthy levels, primarily consisting of non-residential contracting projects. First developer-contracted residential project since 2022 was started in Q1, yet we consider additional starts during H1 to be unlikely.

Estimates in line, steady backlog

Revenue in Q1 was EUR 161.4m (EUR 167.0m in Q1/24), slightly below our estimate of EUR 167.5m. Revenue declined 3.3% y/y. Non-residential revenue was well in line with estimates while residential net sales were still at lower levels despite higher number of contracted units under construction. The operative operating profit in Q1 amounted to EUR 1.1m (EUR 1.3m in Q1/24), in line with our estimate of EUR 1.1m. There were no major surprises in the cost base. Reported EBIT was lower at EUR 0.7m due to expert fees related to the sale of the Pearl Plaza shopping centre (effect EUR -0.4m). Order flow remained positive as SRV signed new agreements worth EUR 140.9m (EUR 136.4m in Q1/24) and backlog was at EUR 1043m, steady both q/q and y/y.

Story remains unchanged

SRV kept its outlook for 2025 unchanged as it expects net sales of EUR 630–710m and operative EBIT to be positive. We retain our net sales estimate at the top of the given range at EUR 703.3m. For profitability, we expect operative EBIT of EUR 8.9m as the project portfolio composition remains unchanged. The company was able to launch construction of one developer-contracted project during the first quarter with total of 53 residential units. For 2026E, we estimate net sales of EUR 785.6 with EBIT of EUR 17.4m. Reaching our estimate for 2026 requires a pick-up in developer-contracting and development project volumes. For developer-contracting, we see further starts rather unlikely during H1. The company has developer-contracted projects in pre-marketing in Espoo, Tampere and Turku (total units 172, of which ~15% reserved, we expect approximately 50% reservation rate for construction to commence). SRV has currently 95 residential developer-contracted units unsold. We expect that the company can unload part of the unsold units already during H2/25 and H1/26.

REDUCE with a TP of EUR 5.0 (prev. EUR 4.8)

Valuation appears neutral for 2026E, with EV/EBIT declining to 11x based on our estimates. We base our TP on peer group multiples and our discounted cash flow model. We revise TP to EUR 5.0 after slight estimate adjustments and due to higher peer group multiple levels. Outlook remains uncertain while reaching our estimates for 2026E requires a slight uptick in the market.

Rating

■ Reduce


Share price, EUR (Last trading day's closing price) **5.24**
 Target price, EUR **5.0**

Latest change in recommendation 07-Feb-25
 Latest report on company 02-May-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 89
 Free float, % 61.1 %
 Exchange rate 1.0
 Reuters code SRV1V.HE
 Bloomberg code SRV1V.FH
 Average daily volume, EURm 0.06
 Next interim report 08-Aug-25
 Web site srv.fi/en/investors

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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 | 703.3 | 8.5 | 1.2% | 14.4 | 0.20 | 26.1 | 0.3 | 24.1 | 16.2% | |
| 2026E | 785.6 | 17.4 | 2.2% | 3.1 | 0.61 | 8.5 | 0.3 | 11.5 | 3.5% | |
| 2027E | 839.0 | 24.5 | 2.9% | 5.1 | 0.95 | 5.5 | 0.2 | 8.0 | 5.7% | 0.28 |
| Market cap, EURm | 89 | | Gearing 2025E, % | | 54.5 % | | CAGR EPS 2024–27, % | | 44.4 % | |
| Net debt 2025E, EURm | 115 | | Price/book 2025E | | 0.8 | | CAGR Sales 2024–27, % | | 4.0 % | |
| Enterprise value, EURm | 204 | | Dividend yield 2025E, % | | 0.0 % | | ROE 2025E, % | | 3.0 % | |
| Total assets 2025E, EURm | 459 | | Tax rate 2025E, % | | 11.0 % | | ROCE 2025E, % | | 3.1 % | |
| Goodwill 2025E, EURm | 2 | | Equity ratio 2025E, % | | 27.6 % | | 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/'25 | Q2/'25E | Q3/'25E | Q4/'25E | 2025E | 2026E | 2027E |
|-----------------------------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|--------------|--------------|---------------|--------------|---------------|--------------|
| Revenue | 610.0 | 167.0 | 186.3 | 183.5 | 209.1 | 745.8 | 161.4 | 174.1 | 180.6 | 187.1 | 703.3 | 785.6 | 839.0 |
| <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>-3.4%</i> | <i>-6.5%</i> | <i>-1.5%</i> | <i>-10.5%</i> | <i>-5.7%</i> | <i>11.7%</i> | <i>6.8%</i> |
| Revenue – Business construction | 508.5 | 156.1 | 173.3 | 167.2 | 191.5 | 688.1 | 149.8 | 161.0 | 165.0 | 170.0 | 645.8 | 645.6 | 658.5 |
| <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>-4.0%</i> | <i>-7.1%</i> | <i>-1.3%</i> | <i>-11.2%</i> | <i>-6.1%</i> | <i>0.0%</i> | <i>2.0%</i> |
| Revenue – Housing construction | 100.4 | 10.9 | 13.0 | 16.2 | 17.5 | 57.7 | 11.7 | 13.0 | 15.5 | 17.0 | 57.2 | 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>7.3%</i> | <i>0.0%</i> | <i>-4.3%</i> | <i>-2.9%</i> | <i>-0.8%</i> | <i>143.9%</i> | <i>29.0%</i> |
| Operative operating profit | 1.1 | 1.3 | 1.5 | 4.5 | 3.0 | 10.3 | 1.1 | 1.2 | 3.3 | 3.3 | 8.9 | 17.4 | 24.5 |
| <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>0.7%</i> | <i>0.7%</i> | <i>1.8%</i> | <i>1.7%</i> | <i>1.3%</i> | <i>2.2%</i> | <i>2.9%</i> |
| Operating profit | -6.8 | 1.3 | 1.5 | 4.5 | 4.7 | 12.0 | 0.7 | 1.2 | 3.3 | 3.3 | 8.5 | 17.4 | 24.5 |
| <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>0.4%</i> | <i>0.7%</i> | <i>1.8%</i> | <i>1.7%</i> | <i>1.2%</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 | -4.4 | -4.4 | -4.4 |
| Pre-tax profit | -15.8 | 0.5 | 0.1 | 1.7 | 3.3 | 5.7 | -0.5 | 0.0 | 2.2 | 2.1 | 4.0 | 13.0 | 20.0 |
| Income taxes | 0.7 | 0.0 | 0.1 | -0.8 | 0.3 | -0.4 | 0.3 | 0.0 | -0.3 | -0.4 | -0.4 | -2.6 | -4.0 |
| Net earnings | -15.1 | 0.5 | 0.2 | 1.0 | 3.6 | 5.3 | -0.2 | 0.0 | 1.9 | 1.7 | 3.4 | 10.4 | 16.0 |

Source: SRV, Evli Research estimates

Table 2: Peer group

| Company name | MCAP MEUR | EV/Sales | | | EV/EBITDA | | | EV/EBIT | | | P/E* | | |
|--------------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|-------------|--------------|-------------|-------|
| | | 25 | 26 | 27 | 25 | 26 | 27 | 25 | 26 | 27 | 25 | 26 | 27 |
| YIT | 592 | 0.7x | 0.6x | 0.5x | 19.4x | 13.4x | 10.6x | 30.2x | 17.6x | 13.2x | 43.4x | 13.8x | |
| Skanska | 8404 | 0.4x | 0.4x | 0.4x | 8.1x | 7.5x | 7.2x | 10.3x | 9.1x | 8.5x | 13.0x | 11.7x | 11.0x |
| NCC | 1611 | 0.3x | 0.3x | 0.3x | 6.5x | 6.4x | 6.1x | 11.0x | 10.4x | 9.5x | 12.3x | 11.7x | 10.7x |
| Peab | 2104 | 0.5x | 0.5x | 0.5x | 9.1x | 8.3x | 7.9x | 14.6x | 12.7x | 11.6x | 13.3x | 11.2x | 10.3x |
| JM | 908 | 1.7x | 1.5x | 1.4x | 33.6x | 19.4x | 13.6x | 35.1x | 20.2x | 14.0x | 29.3x | 14.0x | 9.2x |
| Bonava | 377 | 1.1x | 1.1x | 0.8x | 20.3x | 13.8x | 7.1x | 20.6x | 13.9x | 7.2x | 34.7x | 8.2x | |
| AF Gruppen | 1380 | 0.5x | 0.4x | 0.4x | 7.7x | 7.0x | 6.7x | 11.2x | 10.0x | 9.4x | 16.2x | 14.3x | 13.5x |
| Consti | 83 | 0.3x | 0.2x | 0.2x | 6.2x | 5.5x | 5.0x | 8.3x | 7.1x | 6.4x | 11.1x | 9.0x | 7.9x |
| Veidekke | 1791 | 0.4x | 0.4x | 0.4x | 6.7x | 6.4x | 6.3x | 11.1x | 10.4x | 10.2x | 15.9x | 14.9x | 14.7x |
| Peer Group Average | 1916 | 0.7x | 0.6x | 0.5x | 13.1x | 9.7x | 7.8x | 16.9x | 12.4x | 10.0x | 15.9x | 18.3x | 11.0x |
| Peer Group Median | 1380 | 0.5x | 0.4x | 0.4x | 8.1x | 7.5x | 7.1x | 11.2x | 10.4x | 9.5x | 13.3x | 14.0x | 10.7x |
| SRV (Evli est.) | | 0.3x | 0.3x | 0.2x | 14.5x | 8.8x | 6.5x | 24.1x | 11.5x | 8.0x | 10.8x | 5.5x | |

SRV prem./disc. to peer median

-42 % -43 % -44 % 79 % 18 % -9 % 114 % 11 % -16 % -22 % -48 %

*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 | 5.24 PV of Free Cash Flow | 133 Long-term growth, % | 2.0 % Risk-free interest rate, % | 2.25 % |
| DCF share value | 7.52 PV of Horizon value | 124 WACC, % | 10.0 % Market risk premium, % | 5.8 % |
| Share price potential, % | 43.6 % Unconsolidated equity | 0 Spread, % | 0.5 % Debt risk premium % | 3.8 % |
| Maximum value | 8.5 Marketable securities | 41 Minimum WACC, % | 9.5 % Equity beta coefficient | 1.40 |
| Minimum value | 6.6 Debt – dividend | –170 Maximum WACC, % | 10.5 % Target debt ratio, % | 20 % |
| Horizon value, % | 48.3 % Value of stock | 127 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 | 703 | 786 | 839 | 864 | 881 | 899 | 917 | 935 | 954 | 973 | 993 |
| Sales growth (%) | 22.3% | –5.7% | 11.7% | 6.8% | 3.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Operating income (EBIT) | 12 | 8 | 17 | 24 | 30 | 31 | 27 | 28 | 28 | 29 | 29 | 30 |
| Operating income margin % | 1.6% | 1.2% | 2.2% | 2.9% | 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 | 14 | 23 | 30 | 36 | 37 | 33 | 33 | 34 | 35 | 35 | |
| – Paid taxes | 0 | –1 | –3 | –5 | –6 | –6 | –5 | –6 | –6 | –6 | –6 | |
| – Change in NWC | –2 | 7 | –4 | –7 | –3 | –2 | –2 | –2 | –2 | –3 | –3 | |
| NWC / Sales, % | 14.6% | 14.5% | 13.5% | 13.5% | 13.5% | 13.5% | 13.5% | 13.5% | 13.5% | 13.5% | 13.5% | |
| + Change in other liabs | –9 | | | | | | | | | | | |
| – Operative CAPEX | –2 | –1 | –2 | –2 | –2 | –2 | –2 | –2 | –2 | –2 | –2 | |
| opCAPEX / Sales, % | 0.7% | 0.2% | 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 | 19 | 13 | 16 | 25 | 26 | 23 | 23 | 24 | 24 | 24 | 312 |
| = Discounted FCFF | | 18 | 11 | 12 | 17 | 17 | 13 | 12 | 11 | 11 | 10 | 124 |
| = DFCF min WACC | | 18 | 11 | 12 | 18 | 17 | 14 | 13 | 12 | 11 | 10 | 138 |
| = DFCF max WACC | | 18 | 11 | 12 | 17 | 16 | 13 | 12 | 11 | 10 | 9 | 112 |

Sensitivity analysis, EUR

| | | Terminal WACC | | | | |
|-----------------|--------|---------------|--------|---------|---------|---------|
| | | 8.00 % | 9.00 % | 10.00 % | 11.00 % | 12.00 % |
| Terminal EBIT–% | 1.00 % | 3.32 | 2.42 | 1.69 | 1.08 | 0.56 |
| | 2.00 % | 7.96 | 6.06 | 4.61 | 3.46 | 2.52 |
| | 3.00 % | 12.60 | 9.70 | 7.52 | 5.83 | 4.48 |
| | 4.00 % | 17.24 | 13.34 | 10.44 | 8.20 | 6.44 |
| | 5.00 % | 21.88 | 16.97 | 13.35 | 10.58 | 8.39 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
|-----------------------------|-------------|----------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 167.0 | 186.3 | 183.5 | 209.1 | 745.9 | 161.4 | 174.1 | 180.6 | 187.1 | 703.3 | 785.6 | 839.0 |
| EBITDA | 2.7 | 3.7 | 5.8 | 9.4 | 21.6 | 2.1 | 2.6 | 4.7 | 4.7 | 14.1 | 22.8 | 30.1 |
| <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>1.5%</i> | <i>2.6%</i> | <i>2.5%</i> | <i>2.0%</i> | <i>2.9%</i> | <i>3.6%</i> |
| EBIT | 1.3 | 1.5 | 4.5 | 4.7 | 12.0 | 0.7 | 1.2 | 3.3 | 3.3 | 8.5 | 17.4 | 24.5 |
| <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>0.7%</i> | <i>1.9%</i> | <i>1.7%</i> | <i>1.2%</i> | <i>2.2%</i> | <i>2.9%</i> |
| Net financial items | -0.7 | -1.4 | -2.8 | -1.4 | -6.3 | -1.2 | -1.2 | -1.2 | -1.2 | -4.7 | -4.4 | -4.4 |
| Pre-tax profit | 0.5 | 0.1 | 1.7 | 3.3 | 5.7 | -0.5 | 0.0 | 2.2 | 2.1 | 3.8 | 13.0 | 20.0 |
| Tax | | 0.1 | -0.8 | 0.3 | -0.4 | 0.3 | | -0.3 | -0.4 | -0.4 | -2.6 | -4.0 |
| <i>Tax rate (%)</i> | | <i>-100.0%</i> | <i>44.1%</i> | <i>-9.0%</i> | <i>6.2%</i> | <i>60.0%</i> | | <i>13.7%</i> | <i>20.0%</i> | <i>11.0%</i> | <i>20.0%</i> | <i>20.0%</i> |
| Net profit | 0.5 | 0.2 | 1.0 | 3.6 | 5.3 | -0.2 | 0.0 | 1.9 | 1.7 | 3.4 | 10.4 | 16.0 |
| EPS | 0.03 | 0.01 | 0.06 | 0.21 | 0.31 | -0.01 | 0.00 | 0.11 | 0.10 | 0.20 | 0.61 | 0.95 |
| EPS adj. (diluted) | 0.03 | 0.01 | 0.06 | 0.21 | 0.31 | -0.01 | 0.00 | 0.11 | 0.10 | 0.20 | 0.61 | 0.95 |
| Dividend per share | | | | | | | | | | | | 0.28 |
| | | | | | | | | | | | | |
| SALES, EURm | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
| Group | 167.0 | 186.3 | 183.5 | 209.1 | 745.9 | 161.4 | 174.1 | 180.6 | 187.1 | 703.3 | 785.6 | 839.0 |
| Total | 167.0 | 186.3 | 183.5 | 209.1 | 745.9 | 161.4 | 174.1 | 180.6 | 187.1 | 703.3 | 785.6 | 839.0 |
| | | | | | | | | | | | | |
| SALES GROWTH, Y/Y% | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
| Group | 20.8% | 30.2% | 24.9% | 15.0% | 22.3% | -3.4% | -6.5% | -1.6% | -10.5% | -5.7% | 11.7% | 6.8% |
| Total | 20.8% | 30.2% | 24.9% | 15.0% | 22.3% | -3.4% | -6.5% | -1.6% | -10.5% | -5.7% | 11.7% | 6.8% |
| | | | | | | | | | | | | |
| EBIT, EURm | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
| Group | 1.3 | 1.5 | 4.5 | 4.7 | 12.0 | 0.7 | 1.2 | 3.3 | 3.3 | 8.5 | 17.4 | 24.5 |
| Total | 1.3 | 1.5 | 4.5 | 4.7 | 12.0 | 0.7 | 1.2 | 3.3 | 3.3 | 8.5 | 17.4 | 24.5 |
| | | | | | | | | | | | | |
| EBIT margin % | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
| Group | 0.8% | 0.8% | 2.5% | 2.3% | 1.6% | 0.4% | 0.7% | 1.9% | 1.7% | 1.2% | 2.2% | 2.9% |
| Total | 0.8% | 0.8% | 2.5% | 2.3% | 1.6% | 0.4% | 0.7% | 1.9% | 1.7% | 1.2% | 2.2% | 2.9% |

| INCOME STATEMENT, EURm | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Sales | 975.5 | 932.5 | 770.1 | 610.1 | 745.9 | 703.3 | 785.6 | 839.0 |
| <i>Sales growth (%)</i> | -8.1% | -4.4% | -17.4% | -20.8% | 22.3% | -5.7% | 11.7% | 6.8% |
| EBITDA | 20.4 | 4.5 | -67.0 | -1.2 | 21.6 | 14.1 | 22.8 | 30.1 |
| <i>EBITDA margin (%)</i> | 2.1% | 0.5% | -8.7% | -0.2% | 2.9% | 2.0% | 2.9% | 3.6% |
| Depreciation | -18.9 | -6.3 | -9.3 | -5.6 | -9.6 | -5.6 | -5.3 | -5.6 |
| EBITA | 1.5 | -1.8 | -76.3 | -6.8 | 12.0 | 8.5 | 17.4 | 24.5 |
| Goodwill amortization / writedown | | | | | | | | |
| EBIT | 1.5 | -1.8 | -76.3 | -6.8 | 12.0 | 8.5 | 17.4 | 24.5 |
| <i>EBIT margin (%)</i> | 0.2% | -0.2% | -9.9% | -1.1% | 1.6% | 1.2% | 2.2% | 2.9% |
| Reported EBIT | 1.5 | -1.8 | -76.3 | -6.8 | 12.0 | 8.5 | 17.4 | 24.5 |
| <i>EBIT margin (reported) (%)</i> | 0.2% | -0.2% | -9.9% | -1.1% | 1.6% | 1.2% | 2.2% | 2.9% |
| Net financials | -29.4 | -18.6 | -2.7 | -9.0 | -6.3 | -4.7 | -4.4 | -4.4 |
| Pre-tax profit | -27.9 | -20.4 | -79.0 | -15.8 | 5.7 | 3.8 | 13.0 | 20.0 |
| Taxes | 2.9 | 0.5 | -6.6 | 0.7 | -0.4 | -0.4 | -2.6 | -4.0 |
| Minority shares | 2.3 | | | | | | | |
| Net profit | -27.1 | -21.4 | -85.7 | -15.4 | 5.3 | 3.4 | 10.4 | 16.0 |
| 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 | 90 | 94 |
| Inventory | 355 | 227 | 163 | 157 | 167 | 176 | 189 | 201 |
| Receivables | 155 | 143 | 103 | 89 | 96 | 102 | 114 | 122 |
| Liquid funds | 97 | 68 | 45 | 40 | 41 | 38 | 42 | 45 |
| Total assets | 899 | 686 | 448 | 439 | 451 | 459 | 492 | 519 |
| Liabilities | | | | | | | | |
| Shareholders' equity | 170 | 150 | 113 | 105 | 113 | 117 | 127 | 143 |
| Minority interest | -4 | | | | | | | |
| Convertibles | 15 | 15 | 34 | 34 | 34 | 34 | | |
| Lease liabilities | 136 | 89 | 92 | 106 | 106 | 88 | 90 | 94 |
| Deferred taxes | 3 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Interest bearing debt | 250 | 149 | 34 | 33 | 31 | 32 | 64 | 59 |
| Non-interest bearing current liabilities | 285 | 243 | 148 | 138 | 154 | 176 | 196 | 210 |
| Other interest-free debt | 21 | 15 | 7 | 3 | 3 | 3 | 3 | 3 |
| Total liabilities | 899 | 686 | 449 | 439 | 451 | 459 | 492 | 519 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 20 | 5 | -67 | -1 | 22 | 14 | 23 | 30 |
| - Net financial items | -29 | -19 | -3 | -9 | -6 | -5 | -4 | -4 |
| - Taxes | -2 | -2 | -2 | 0 | 0 | 0 | -3 | -4 |
| - Increase in Net Working Capital | 107 | 98 | 11 | 9 | -2 | 7 | -4 | -7 |
| +/- Other | -49 | -13 | 50 | 0 | 5 | | | |
| = Cash flow from operations | 46 | 69 | -10 | -2 | 19 | 16 | 12 | 14 |
| - Capex | 2 | 45 | -58 | -19 | -5 | -2 | -9 | -9 |
| - Acquisitions | -5 | | | | | | | |
| + Divestments | 29 | | | | | | | |
| = Free cash flow | 72 | 114 | -68 | -21 | 14 | 14 | 3 | 5 |
| +/- New issues/buybacks | 100 | 5 | 49 | 8 | 3 | | | |
| - Paid dividend | | | | | | | | 5 |
| +/- Other | -103 | -148 | -4 | 8 | -16 | -17 | 1 | -2 |
| Change in cash | 69 | -29 | -23 | -6 | 1 | -3 | 4 | 3 |

| KEY FIGURES | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|--------------------------------------|------|------|------|------|-------|-------|-------|
| M-cap | 139 | 65 | 67 | 84 | 89 | 89 | 89 |
| Net debt (excl. convertibles) | 170 | 80 | 99 | 96 | 82 | 112 | 107 |
| Enterprise value | 325 | 178 | 200 | 214 | 204 | 201 | 196 |
| Sales | 933 | 770 | 610 | 746 | 703 | 786 | 839 |
| EBITDA | 5 | -67 | -1 | 22 | 14 | 23 | 30 |
| EBIT | -2 | -76 | -7 | 12 | 8 | 17 | 24 |
| Pre-tax | -20 | -79 | -16 | 6 | 4 | 13 | 20 |
| Earnings | -21 | -86 | -15 | 5 | 3 | 10 | 16 |
| Equity book value (excl. minorities) | 150 | 113 | 105 | 113 | 117 | 127 | 143 |

| 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 | 14.5 | 8.8 | 6.5 |
| EV/EBITA | -180.4 | -2.3 | -29.6 | 17.8 | 24.1 | 11.5 | 8.0 |
| EV/EBIT | -180.4 | -2.3 | -29.6 | 17.8 | 24.1 | 11.5 | 8.0 |
| EV/OCF | 4.7 | -17.7 | -105.2 | 11.3 | 12.7 | 17.3 | 13.6 |
| EV/FCF | 3.4 | -3.2 | -558.8 | 15.7 | 10.6 | 15.6 | 12.4 |
| P/FCFR | 0.0 | -1.0 | -3.2 | 6.2 | 6.2 | 28.9 | 17.5 |
| P/E | -6.5 | -0.8 | -4.4 | 15.8 | 26.1 | 8.5 | 5.5 |
| P/BV | 0.9 | 0.6 | 0.6 | 0.7 | 0.8 | 0.7 | 0.6 |
| Target EV/EBITDA | | | | | 14.2 | 8.7 | 6.4 |
| Target EV/EBIT | | | | | 23.6 | 11.3 | 7.8 |
| Target EV/FCFF | | | | | 13.9 | 64.2 | 38.0 |
| Target P/BV | | | | | 0.7 | 0.7 | 0.6 |
| Target P/E, diluted | -18.0 | -1.0 | -5.7 | -24.2 | 24.9 | 8.2 | 5.3 |

| 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 | 0.20 | 0.61 | 0.95 |
| Operating cash flow per share | 7.31 | -0.59 | -0.11 | 1.11 | 0.95 | 0.69 | 0.85 |
| Free cash flow per share | 12.08 | -3.99 | -1.24 | 0.81 | 0.85 | 0.18 | 0.30 |
| Book value per share | 15.88 | 6.64 | 6.20 | 6.70 | 6.90 | 7.51 | 8.46 |
| Dividend per share | | | | | | | 0.28 |
| Dividend payout ratio, % | | | | | | | 30.0% |
| Dividend yield, % | | | | | | | 5.4% |
| FCF yield, % | 81.7% | -105.1% | -31.4% | 16.2% | 16.2% | 3.5% | 5.7% |

| Efficiency measures | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|---------------------|--------|--------|--------|------|-------|-------|-------|
| ROE | -13.4% | -65.3% | -14.1% | 4.9% | 3.0% | 8.5% | 11.9% |
| ROCE | 0.7% | -21.4% | -2.5% | 4.3% | 3.1% | 6.3% | 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% | 24.0% | 24.0% |
| 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% | 13.5% | 13.5% |
| Operative CAPEX/Sales, % | -4.8% | 7.5% | 3.1% | 0.7% | 0.2% | 1.1% | 1.1% |
| CAPEX/sales (incl. acquisitions), % | -4.8% | 7.5% | 3.1% | 0.7% | 0.2% | 1.1% | 1.1% |
| FCFF/EBITDA | 21.5 | 0.8 | 0.3 | 0.6 | 1.4 | 0.6 | 0.5 |
| Net Debt/EBITDA, book-weighted | 37.8 | -1.2 | -86.3 | 4.5 | 5.8 | 4.9 | 3.6 |
| Debt/equity, market-weighted | 1.1 | 0.5 | 0.5 | 0.4 | 0.4 | 0.7 | 0.7 |
| 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% | 54.5% | 88.3% | 74.9% |

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 | 15.079 | 17.0 % |
| Ilmarinen Mutual Pension Insurance Company | 1 942 246 | 10.177 | 11.5 % |
| Kolpi Investments Oy | 1 446 353 | 7.579 | 8.5 % |
| Havu Capital Oy | 957 562 | 5.018 | 5.7 % |
| OP Life Assurance Company Ltd | 771 547 | 4.043 | 4.6 % |
| Lareale Investments Oy | 654 055 | 3.427 | 3.9 % |
| Tungelin Investments Oy | 654 055 | 3.427 | 3.9 % |
| Varma Mutual Pension Insurance Company | 483 611 | 2.534 | 2.9 % |
| Pohjola Insurance Ltd | 394 650 | 2.068 | 2.3 % |
| Nordea Life Assurance Finland Ltd. | 373 260 | 1.956 | 2.2 % |
| Ten largest | 10 555 048 | 55.308 | 62.3 % |
| Residual | 6 382 762 | 33.446 | 37.7 % |
| Total | 16 937 810 | 88.754 | 100% |

EARNINGS CALENDAR

| | |
|------------------|-----------|
| August 08, 2025 | Q2 report |
| October 23, 2025 | Q3 report |

OTHER EVENTS

COMPANY MISCELLANEOUS

| | |
|---------------------|----------------------------|
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| CFO: Jarkko Rantala | Tel: +358 20 145 5200 |
| IR: | |

DEFINITIONS

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

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Target price compared to share price

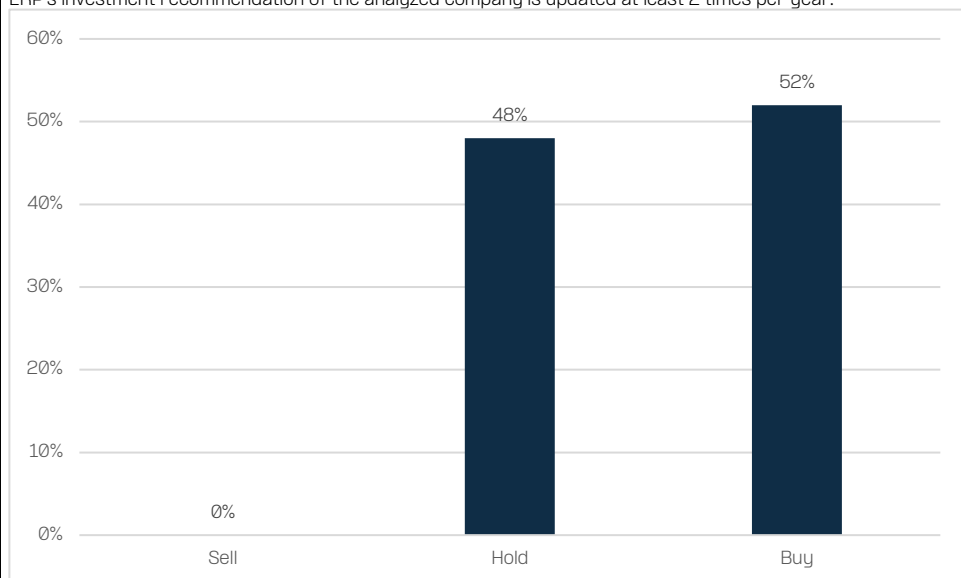
< -10 %
 -10 - 0 %
 0 - (+10) %
 > 10 %

Recommendation

SELL
 RECUDE
 ACCUMULATE
 BUY

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

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