


## Q1 figures beat expectations

SRV's net sales in Q1 amounted to EUR 208.1m, above our and consensus estimates (EUR 187.0m/198.0m Evli/cons.). EBIT amounted to EUR 4.5m, above our and consensus estimates (EUR -5.1m/-0.4m Evli/cons.). SRV estimates that 520 developer-contracted housing units will be completed in 2020 (previously 586).

- Revenue in Q1 was EUR 208.1m (EUR 222.6m in Q1/19), above our estimates and consensus estimates (EUR 187.0m/198.0m Evli/Cons.). Growth in Q1 amounted to -6.5 % y/y.
- Operating profit in Q1 amounted to EUR 4.5m (EUR 3.3m in Q1/19), above our estimates and consensus estimates (EUR -5.1m/-0.4m Evli/cons.), at a margin of 2.2 %. Operative operating profit was EUR 5.0m (Evli EUR 0.9m).
- EPS in Q1 amounted to EUR -0.13 (EUR -0.02 in Q1/19), below our estimates and consensus estimates (EUR -0.07/-0.08 Evli/cons.).
- The order backlog in Q1 was EUR 1,361.5m (EUR 1,782.5m in Q1/19), down by -23.6 %.
- Construction: Revenue in Q1 was EUR 204.9m vs. EUR 186.3m Evli. Operating profit in Q1 amounted to EUR 6.2m vs. EUR 3.4m Evli.
- Investments: Revenue in Q1 was EUR 1.6m vs. EUR 1.2m Evli. Operating profit in Q1 amounted to EUR -1.4m vs. EUR -7.5m Evli.
- Other operations and elim.: Revenue in Q1 was EUR 1.6m vs. EUR -0.5m Evli. Operating profit in Q1 amounted to EUR -0.2m vs. EUR -1.0m Evli.
- SRV estimates that 520 developer-contracted housing units will be completed in 2020 (previously 586).
- The coronavirus pandemic did not substantially affect SRV's revenue and result for January–March.

### Rating

 **HOLD**

Q1/20	Actual	Evli	Cons.	Q1/19
Net sales	208.1	187.0	198.0	222.6
EBIT	4.5	-5.1	-0.4	3.3
EPS	-0.13	-0.07	-0.08	-0.02
Deviation	Actual	Evli	Cons.	Q1/19
Net sales		11%	5%	-7%
EBIT		-	-	36%
EPS		-76%	-63%	<-100%

\*Consensus by FactSet

Share price, EUR (Last trading day's closing price) **0.95**

Target price, EUR **1.0**

Latest change in recommendation **18-Sep-18**

Latest report on company **31-Mar-20**

Research paid by issuer: **YES**

No. of shares outstanding, '000's **151,962**

No. of shares fully diluted, '000's **151,962**

Market cap, EURm **57**

Free float, % **33.2**

Exchange rate **1.000**

Reuters code **SRV1V.HE**

Bloomberg code **SRV1V FH**

Average daily volume, EURm **0.06**

Next interim report **29-Apr-20**

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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
2018	959.9	-19.9	-2.1%	10.7	-0.57	-3.0	0.6	-30.2	10.6	0.00
2019	1,061.0	-93.1	-8.8%	-36.9	-1.80	-0.8	0.6	-6.3	-45.6	0.00
2020E	956.2	4.3	0.4%	78.2	-0.14	-7.0	0.5	101.7	138.1	0.00
2021E	966.1	19.9	2.1%	-26.3	-0.02	-41.9	0.5	23.2	-46.5	0.00
2022E	943.4	24.0	2.5%	70.8	0.00	-1,111.1	0.5	18.8	125.1	0.03
Market cap, EURm				57	BV per share 2020E, EUR		230.7	CAGR EPS 2019-22, %		-92.2
Net debt 2020E, EURm				379	Price/book 2020E		0.3	CAGR sales 2019-22, %		-3.8
Enterprise value, EURm				435	Dividend yield 2020E, %		0.0	ROE 2020E, %		-15.9
Total assets 2020E, EURm				917	Tax rate 2020E, %		20.0	ROCE 2020E, %		1.9
Goodwill 2020E, EURm				2	Equity ratio 2020E, %		23.6	PEG, P/E 20/CAGR		0.0

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

SRV Q1/20	Actual	Evli	vs. Evli	Consensus	vs. cons	Q1/19	vs. Q1/19
Net sales	208	187	11.3%	198	5.1%	223	-6.5%
-Construction	205	186	10.0%			222	-7.7%
-Investments	1.6	1.2	33.3%			1.3	23.1%
-Other operations and elim.	1.6	-0.50	-			-0.6	-
EBIT	4.5	-5.1	-	-0.4	-	3.3	36.4%
-Construction	6.2	3.4	82.4%			4.8	29.2%
-Investments	-1.4	-7.5	81.3%			0.1	-
-Other operations and elim.	-0.2	-1.0	80.0%			-1.6	87.5%
EPS	-0.13	-0.07	-75.7%	-0.08	-62.5%	-0.02	<-100%
Order backlog	1362					1783	-23.6%

Consensus by FactSet

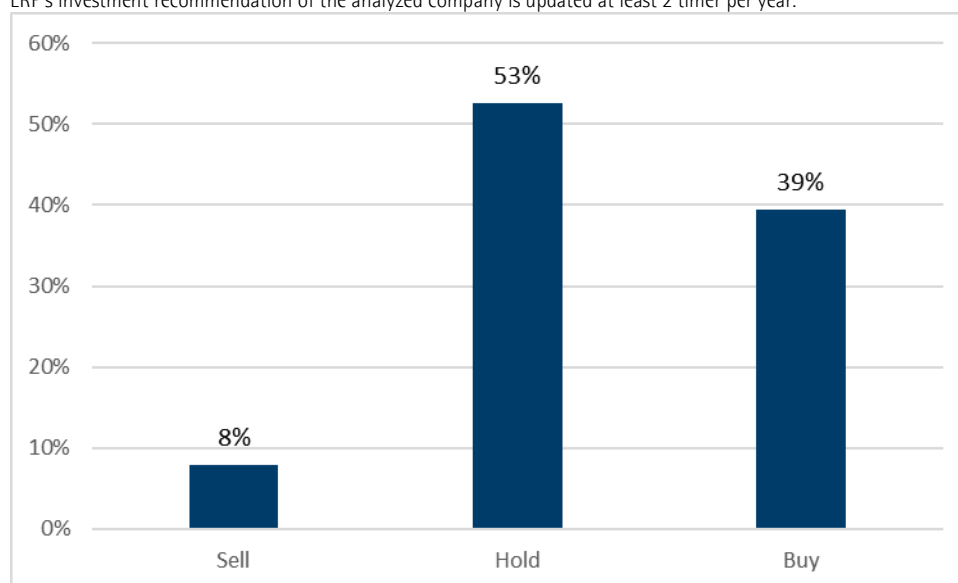
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< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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