

Profitability shaping up

SRV's net sales in Q1 amounted to EUR 187.1m, below our estimates and slightly below consensus (EUR 205.7m/196.0m Evli/cons.). EBIT amounted to EUR 5.2m, above our and consensus estimates (EUR 4.4m/3.2m Evli/cons.).

- Revenue in Q1 was EUR 187.1m (EUR 208.1m in Q1/20), below our estimates and slightly below consensus estimates (EUR 205.7m/196.0m Evli/Cons.). Growth in Q1 amounted to -10.1% y/y.
- Operating profit in Q1 amounted to EUR 5.2m (EUR 4.5m in Q1/20), above our estimates and consensus estimates (EUR 4.4m/3.2m Evli/cons.), at a margin of 2.8%. The operative operating profit amounted to EUR 4.8m (Evli EUR 4.4m).
- EPS in Q1 amounted to EUR 0.00 (EUR -0.04 in Q1/20), below our and consensus estimates (EUR -0.01/-0.01 Evli/cons.).
- The order backlog in Q1 was EUR 1,061m (EUR 1,361m in Q1/20), down by -22 %.
- Construction revenue in Q1 was EUR 187.1m vs. EUR 204.6m Evli. Operating profit in Q1 amounted to EUR 5.2m vs. EUR 6.6m Evli.
- Investments revenue in Q1 was EUR 1.0m vs. EUR 1.1m Evli. Operating profit in Q1 amounted to EUR -0.4m vs. EUR -1.3m Evli.
- Other operations and elim. revenue in Q1 was EUR -1.7m vs. EUR 0.0m Evli. Operating profit in Q1 amounted to EUR -1.3m vs. EUR -0.9m Evli.
- **Guidance intact:** Consolidated revenue for 2021 is expected to amount to EUR 900-1,050m and operating profit is expected to improve on 2020 and amount to EUR 16-26m.

Rating

BUY

Q1/21	Actual	Evli	Cons.	Q1/20
Net sales	187.1	205.7	196.0	208.1
EBIT	5.2	4.4	3.2	4.5
EPS	0.00	-0.01	-0.01	-0.04

Deviation	Actual	Evli	Cons.	Q1/20
Net sales		-9%	-5%	-10%
EBIT		18%	63%	16%
EPS		-	-	-

*Consensus by Factset

Share price, EUR (Last trading day's closing price) **0.74**

Target price, EUR **0.64**

Latest change in recommendation	21-Jul-20
Latest report on company	02-Feb-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	263,017
No. of shares fully diluted, '000's	263,017
Market cap, EURm	195
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-21
Web site	srv.fi/en/investors

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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
2019	1,061.0	-93.1	-8.8%	-36.9	-1.80	-0.8	0.6	-6.3	-45.6	0.00
2020	975.5	1.5	0.2%	72.0	-0.10	-5.7	0.5	304.1	46.4	0.00
2021E	962.1	22.0	2.3%	8.4	-0.02	-42.2	0.5	22.0	4.3	0.00
2022E	961.9	27.2	2.8%	3.6	0.01	55.1	0.5	17.7	1.9	0.00
2023E	991.6	35.3	3.6%	69.8	0.06	12.6	0.5	13.2	35.9	0.01

Market cap, EURm	195	BV per share 2021E, EUR	183.9	CAGR EPS 2020-23, %	0.0
Net debt 2021E, EURm	296	Price/book 2021E	1.2	CAGR sales 2020-23, %	0.5
Enterprise value, EURm	486	Dividend yield 2021E, %	0.0	ROE 2021E, %	-2.8
Total assets 2021E, EURm	881	Tax rate 2021E, %	20.0	ROCE 2021E, %	4.7
Goodwill 2021E, EURm	2	Equity ratio 2021E, %	22.2	PEG, P/E 21/CAGR	0.0

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

SRV Q1/21	Actual	Evli	vs. Evli	Consensus	vs. cons	Q1/20	vs. Q1/20
Net sales	187	206	-9.0%	196	-4.5%	208	-10.1%
-Construction	188	205	-8.2%			205	-8.3%
-Investments	1.0	1.1	-9.1%			1.6	-37.5%
-Other operations and elim.	-1.7	0.0	-			1.6	-
EBIT	5.2	4.4	18.2%	3.2	62.5%	4.5	15.6%
-Construction	5.2	6.6	-21.2%			6.2	-16.1%
-Investments	-0.4	-1.3	69.2%			-1.4	71.4%
-Other operations and elim.	-1.3	-0.9	-44.4%			-0.2	-550.0%
EPS	0.00	-0.01	-	-0.01	-	-0.04	-

Consensus by Factset

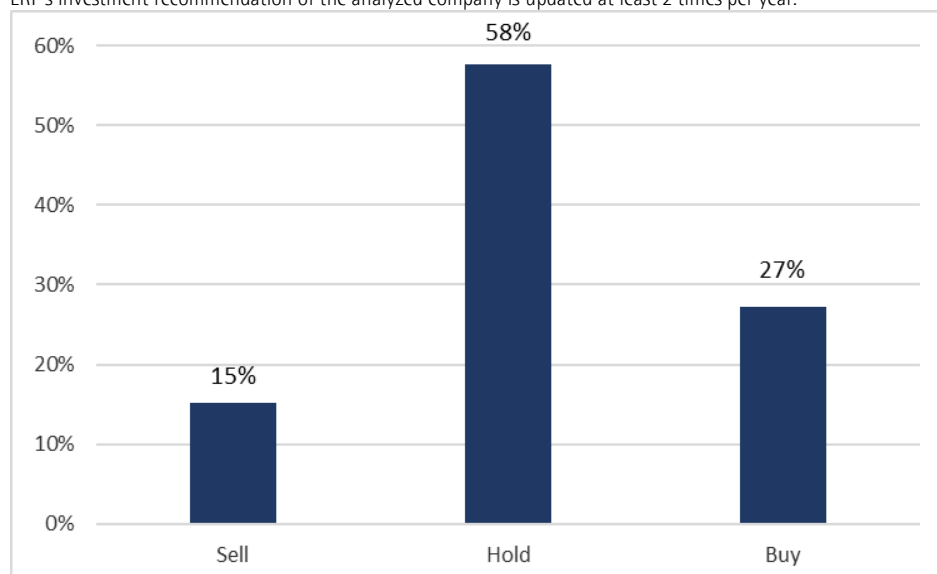
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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