

Guidance appears lackluster

SRV's net sales in Q4 amounted to EUR 336.3m, above our estimates and above consensus estimates (EUR 316.0m/316.0m Evli/cons.). EBIT amounted to EUR -11.5m, below our and consensus estimates (EUR -5.5m/-0.8m Evli/cons.). Group revenue in 2022 is expected to be EUR 800-950m and the operative operating profit is expected to improve on 2021.

- Revenue in Q4 was EUR 336.3m (EUR 292.5m in Q4/20), above our and consensus estimates (EUR 316.0m/316.0m Evli/Cons.). Growth in Q4 amounted to 15% y/y.
- Operating profit in Q4 amounted to EUR -11.5m (EUR -8.0m in Q4/20), below our estimates and consensus estimates (EUR -5.5m/-0.8m Evli/cons.), at a margin of -3.4%. The operative operating profit in Q4 amounted to EUR -4.6m, slightly above our estimate of EUR -5.5m.
- The order backlog in Q4 was EUR 872.3m (EUR 1153.4m in Q4/20), down by -24.4 %.
- Construction revenue in Q4 was EUR 335.8m vs. EUR 315.9m Evli. Operating profit in Q4 amounted to EUR -1.3m vs. EUR -3.0m Evli.
- Investments revenue in Q4 was EUR 0.6m vs. EUR 1.1m Evli. Operating profit in Q4 amounted to EUR -8.6m vs. EUR -1.0m Evli.
- Other operations and elim. revenue in Q4 was EUR -0.2m vs. EUR -1.0m Evli. Operating profit in Q4 amounted to EUR -1.5m vs. EUR -1.5m Evli.
- Dividend proposal: The BoD proposes that no dividend be paid for FY 2021 (EUR 0.00/0.00 Evli/Cons.).
- Guidance for 2022: Group revenue is expected to be EUR 800-950m and the operative operating profit is expected to improve on 2021

Rating BUY

Q4/21	Actual	Evli	Cons.	Q4/20
Net sales	336.3	316.0	316.0	292.5
EBIT	-11.5	-5.5	-0.8	-8.0
EPS	-0.08	-0.03	-0.02	-0.04
Deviation	Actual	Evli	Cons.	Q4/20
Net sales		6 %	6 %	15 %
EBIT		<-100%	<-100%	-44 %
EPS		<-100%	<-100%	-100 %

*Consensus by Factset

Share price, EUR (Last trading day's closing price)	0.53
Target price, EUR	0.6
Latest change in recommendation	22-Jul-20
Latest report on company	14-Dec-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	139
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	03-Feb-22
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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	912.2	4.4	0.5%	22.2	-0.03	-15.9	0.5	95.0	15.9	0.00
2022E	938.5	29.1	3.1%	8.7	0.05	11.6	0.4	14.3	6.2	0.00
2023E	981.2	33.1	3.4%	73.3	0.07	7.6	0.4	12.1	52.6	0.02
Market cap, EURm			139	BV per share 2021E, EUR		179.9	CAGR EPS 2020-23, %			0.0
Net debt 2021E, EURm			282	Price/book 2021E		0.9	CAGR sales 2020-23, %			0.2
Enterprise value, EURm			418	Dividend yield 2021E, %		0.0	ROE 2021E, %			-5.3
Total assets 2021E, EURm			843	Tax rate 2021E, %		22.6	ROCE 2021E, %			1.7
Goodwill 2021E, EURm			2	Equity ratio 2021E, %		22.7	PEG, P/E 21/CAGR			0.0

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

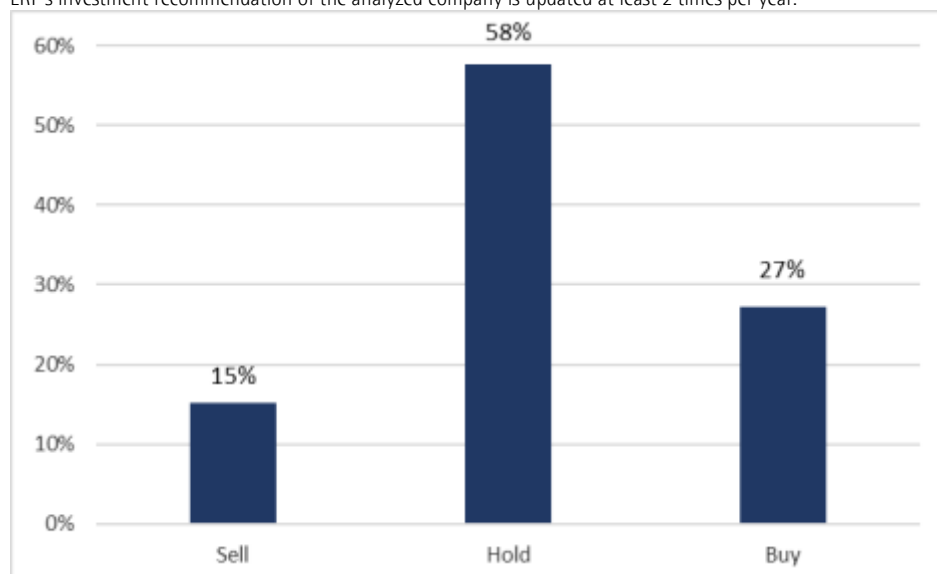
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Investment recommendations are defined as follows:

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

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Name(s) of the analyst(s): Salokivi

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