

Solid profitability in Q2

SRV's net sales in Q2 amounted to EUR 211.4m, above our estimates and in line with consensus (EUR 191.7m/219.0m Evli/cons.). EBIT amounted to EUR 10.1m, above our estimates and above consensus estimates (EUR 4.1m/5.5m Evli/cons.). SRV now expects a revenue of EUR 800–860m (800–950m) and an operative operating profit of EUR 15–25m (>5.3m) in 2022.

- Revenue in Q2 was EUR 211.4m (EUR 218.0m in Q2/21), above our estimates and in line with consensus estimates (EUR 191.7m/219.0m Evli/Cons.). Growth in Q2 amounted to -3% y/y.
- Operating profit in Q2 amounted to EUR 10.1m (EUR 6.3m in Q2/21), above our estimates and consensus estimates (EUR 4.1m/5.5m Evli/cons.), at a margin of 4.8%. Profitability in Q2 was supported by a higher profitability of the recognized income and a lower relative profitability is seen for the rest of the year.
- Revenue in Construction in Q2 was EUR 206.8m vs. EUR 191.7m Evli. Operating profit in Q2 amounted to EUR 9.9m vs. EUR 6.1m Evli.
- Revenue in Investments in Q2 was EUR 4.8m vs. EUR 1.1m Evli. Operating profit in Q2 amounted to EUR 1.4m vs. EUR -1.0m Evli.
- Revenue in Other operations and elim. in Q2 was EUR -0.2m vs. EUR -1.1m Evli. Operating profit in Q2 amounted to EUR -1.2m vs. EUR -1.0m Evli.
- Guidance for 2022 (specified): Revenue is estimated to be EUR 800-860m (prev. 800-950m) and the operative operating profit is estimated to be EUR 15-25m (prev. improve compared with 2021, when the operative operating profit amounted to EUR 5.3m).

Rating 🟡 HOLD

Q2/22	Actual	Evli	Cons.	Q2/21
Net sales	211.4	191.7	219.0	218.0
EBIT	10.1	4.1	5.5	6.3
Deviation	Actual	Evli	Cons.	Q2/21
Net sales		10 %	-3 %	-3 %
EBIT		>100%	84 %	60 %

*Consensus by Bloomberg

 Share price, EUR (Last trading day's closing price) 4.70

 Target price, EUR 0.18 (pre-split)

 Latest change in recommendation 04-Feb-22

 Latest report on company 09-Jun-22

 Research paid by issuer: Yes

 No. of shares outstanding, '000's 16,982

 No. of shares fully diluted, '000's 16,982

 Market cap, EURm 87

 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 21-Jul-22

 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
2020	975.5	1.5	0.2%	72.0	-0.10	-5.7	0.5	304.1	46.4	0.00
2021	932.5	-1.8	-0.2%	122.9	-0.08	-6.5	0.3	-180.4	88.2	0.00
2022E	877.8	-67.4	-7.7%	-95.3	-0.19	-0.7	0.3	-3.5	-109.3	0.00
2023E	940.3	28.2	3.0%	14.1	0.02	5.3	0.2	7.8	16.2	0.00
2024E	991.2	32.1	3.2%	21.9	0.03	4.3	0.2	6.2	25.1	0.01
Market cap, EURm			87	BV per share 2022E, EUR		137.1	CAGR EPS 2021-24, %			0.0
Net debt 2022E, EURm			148	Price/book 2022E		0.8	CAGR sales 2021-24, %			2.1
Enterprise value, EURm			235	Dividend yield 2022E, %		0.0	ROE 2022E, %			-97.7
Total assets 2022E, EURm			560	Tax rate 2022E, %		-6.1	ROCE 2022E, %			-18.3
Goodwill 2022E, EURm			2	Equity ratio 2022E, %		29.8	PEG, P/E 22/CAGR			0.0

 All the important disclosures can be found on the last pages of this report. *Per share figures not adjusted for split (completed on the 4th of July)

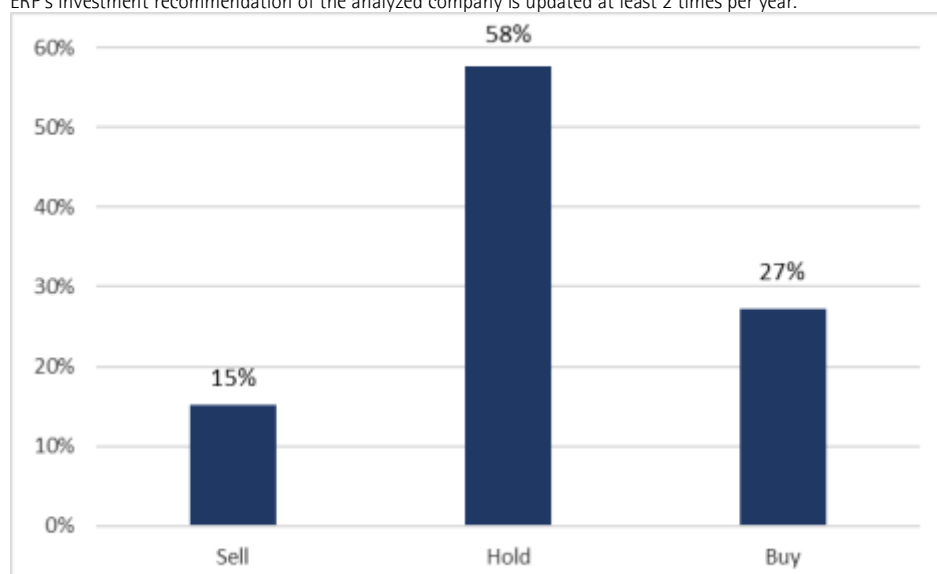
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Investment recommendations are defined as follows:

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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