

Gradual improvement in a tough market

SRV's net sales in Q1 amounted to EUR 167.0m, above our estimate of EUR 152.0m. EBIT was slightly softer than estimated yet improved y/y as expected.

- Revenue in Q1 was EUR 167.0m (EUR 138.3m in Q1/23), above our estimate of EUR 152.0m. Revenue grew 20.7% y/y.
- The operative operating profit in Q1 amounted to EUR 1.3m, only slightly below our estimate of EUR 1.5m.
- SRV's signed new agreements worth EUR 136.4m (EUR 149.9m in Q1/23).
- The order backlog in Q1 was EUR 1020.4m (EUR 871.0m in Q1/23), up by 17% y/y.
- Business construction revenue in Q1 was EUR 156.1m, (EUR 140.0m Evli estimate) up 37.0 % y/y. While we expected strong growth, the non-residential volumes came in even stronger than expected.
- Housing construction revenue in Q1 was EUR 10.9m (EUR 12.0m. Evli estimate). SRV recognized only 3 residential units as income which was expected.
- While the market remains challenging in the residential side, the company believes that it will be possible to start up selected development or developer-contracted projects in the latter part of the year
- **SRV outlook 2024 (unchanged):** Full-year consolidated revenue for 2024 is expected to grow compared to 2023 (revenue in 2023: EUR 610.0 million). Operative operating profit is expected to improve on 2023 (operative operating profit in 2023: EUR 1.1 million).

Rating 🟡 HOLD

| Q1/24 | Actual | Evli | Q1/23 | Q4/23 |
|-----------|--------|-------|----------|-------|
| Net sales | 167.0 | 152.0 | 138.3 | 181.8 |
| EBIT | 1.3 | 1.5 | -2.0 | 3.1 |
| Op. EBIT | 1.3 | 1.5 | -2.0 | 2.4 |
| EPS | 0.00 | -0.04 | -0.20 | -0.06 |
| Deviation | Actual | Evli | Year ago | Q4/23 |
| Net sales | | 10 % | 21 % | -8 % |
| EBIT | | -14 % | - | -58 % |
| Adj. EBIT | | -14 % | - | -46 % |

Share price, EUR (Last trading day's closing price) 4.64

Target price, EUR 4.1

Latest change in recommendation 29-Jan-24

Latest report on company 18-Apr-24

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 79

Free float, % 78.9

Exchange rate 1.000

Reuters code SRV1V.HE

Bloomberg code SRV1V FH

Average daily volume, EURm 0.06

Next interim report 25-Apr-24

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 |
|-------|---------------|--------------|-----------|-------------|------------|------------|-----------------|----------------|----------------|------------|
| 2022 | 770.1 | -76.3 | -9.9% | -67.8 | -5.05 | -0.8 | 0.2 | -2.3 | -105.1 | 0.00 |
| 2023 | 610.1 | -6.8 | -1.1% | -21.1 | -0.90 | -4.4 | 0.3 | -29.6 | -31.4 | 0.00 |
| 2024E | 684.5 | 13.3 | 1.9% | -14.7 | 0.25 | 18.7 | 0.3 | 17.1 | -18.6 | 0.00 |
| 2025E | 757.9 | 20.0 | 2.6% | -6.8 | 0.60 | 7.7 | 0.3 | 11.7 | -8.7 | 0.09 |
| 2026E | 807.2 | 27.0 | 3.3% | 3.6 | 0.93 | 5.0 | 0.3 | 8.6 | 4.6 | 0.28 |

| | | | | | |
|--------------------------|-----|-------------------------|-------|-----------------------|-----|
| Market cap, EURm | 79 | BV per share 2024E, EUR | 134.7 | CAGR EPS 2023-26, % | 0.0 |
| Net debt 2024E, EURm | 148 | Price/book 2024E | 0.7 | CAGR sales 2023-26, % | 9.8 |
| Enterprise value, EURm | 226 | Dividend yield 2024E, % | 0.0 | ROE 2024E, % | 3.9 |
| Total assets 2024E, EURm | 488 | Tax rate 2024E, % | 20.0 | ROCE 2024E, % | 4.6 |
| Goodwill 2024E, EURm | 2 | Equity ratio 2024E, % | 35.5 | PEG, P/E 24/CAGR | 0.3 |

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

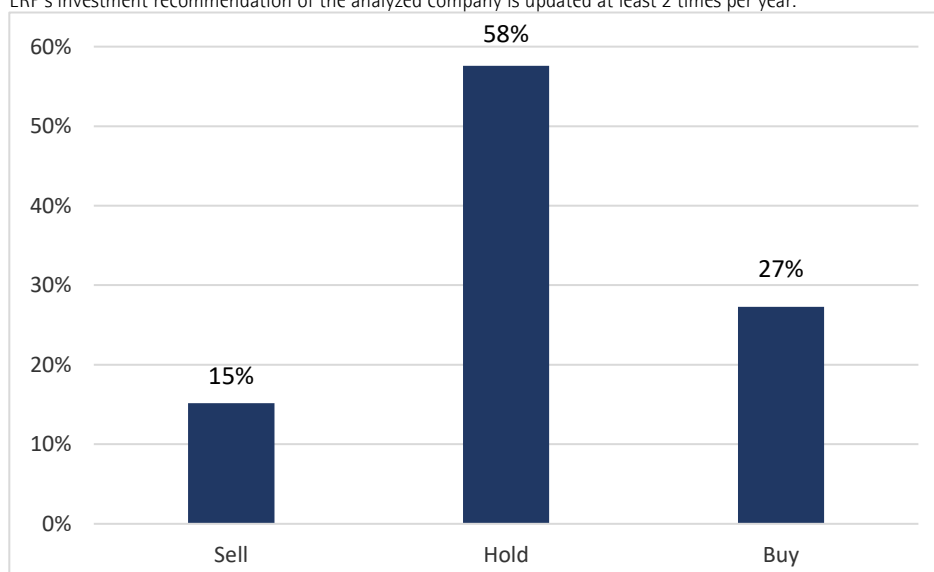
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| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 – (+10) % | HOLD |
| > 10 % | BUY |

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

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