

Results quite in line, guidance specified

SRV's Q1 results were in general quite in line with our and consensus estimates. The operating profit was EUR 3.3m (EUR 3.8m/2.8m Evli/cons.) and operative operating profit EUR 0.5m (Evli 4.8m). Revenue was EUR 222.6m (EUR 224.7m/232.7m Evli/cons.). SRV specified its guidance, adding that the operative operating profit is expected to be lower than in 2017 (EUR 27m).

- SRV's revenue in Q1 amounted to EUR 222.6m (EUR 215.7m in Q1/18), quite in line with our and consensus estimates (EUR 224.7m/232.7m Evli/cons.). Growth in Q1 amounted to 3.2% y/y.
- The operating profit in Q1 amounted to EUR 3.3m (EUR -8.7m in Q1/18), slightly below our estimates but above consensus (EUR 3.8m/2.8m Evli/cons.), at an operating profit margin of 1.5 %. The operative operating profit amounted to EUR 0.5m (Evli EUR 4.8m) and includes an expense entry of approx. EUR 3m relating to REDI Majakka's water damage and the dissolution of the VTBC fund.
- The order backlog strengthened to EUR 1,782.5m (Q1/18: EUR 1,634.0m)
- **Guidance specified:** SRV expects the full-year consolidated revenue for 2019 to grow compared to 2018 (EUR 959.7m). The operative operating profit is expected to improve compared to 2018 (EUR -10.0m) and to be positive, **but lower than operative operating profit in 2017 (EUR 27m).**
- SRV is investigating the possibility to strengthen its balance sheet through the issuance of a new hybrid bond with an estimated size of EUR 45-60m.

Rating 🟡 HOLD

Q1/19	Actual	Evli	Consensus	Year ago	Q4/18
Net sales	222.6	224.7	232.7	215.7	299.6
EBIT	3.3	3.8	2.8	-8.7	0.2
EPS	-0.02	-0.01	-0.03	-0.19	-0.08
Deviation	Actual	Evli	Consensus	Year ago	Q4/18
Net sales		-1%	-4%	3%	-26%
EBIT		-13%	18%	-	-
EPS		-61%	33%	90%	74%

**Consensus by Bloomberg*

 Share price, EUR (Last trading day's closing price) 1.77

 Target price, EUR 2.0

 Latest change in recommendation 18-Sep-18

 Latest report on company 7-Feb-19

 Research paid by issuer: YES

 No. of shares outstanding, '000's 59,581

 No. of shares fully diluted, '000's 59,581

 Market cap, EURm 105

 Free float, % 33.2

 Exchange rate 1.000

 Reuters code SRV1V.HE

 Bloomberg code SRV1V FH

 Average daily volume, EURm 0.149

 Next interim report 25-Apr-19

 Web site www.srv.fi

 Analyst Jerker Salokivi

 E-mail jerker.salokivi@evli.com

 Telephone +358 9 4766 9149
+ BUY 🟡 HOLD - SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	1,114	15	1.4%	5	0.03	108.6	0.5	-6.2	36.1	0.06
2018	960	-20	-2.1%	-37	-0.59	-3.8	0.5	3.5	-23.3	0.00
2019E	1,083	29	2.7%	15	0.13	13.4	0.4	6.3	14.7	0.06
2020E	1,050	36	3.4%	22	0.23	7.6	0.4	2.5	11.4	0.08
2021E	1,078	42	3.9%	28	0.38	4.6	0.4	56.7	10.1	0.11
Market cap, EURm		105	BV per share 2019E, EUR		3.6	CAGR EPS 2018-21, %		0.0		
Net debt 2019E, EURm		319	Price/book 2019E		0.5	CAGR sales 2018-21, %		4.0		
Enterprise value, EURm		423	Dividend yield 2019E, %		3.4	ROE 2019E, %		3.9		
Total assets 2019E, EURm		948	Tax rate 2019E, %		20.0	ROCE 2019E, %		5.4		
Goodwill 2019E, EURm		2	Equity ratio 2019E, %		23.7	PEG, P/E 19/CAGR		0.3		

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

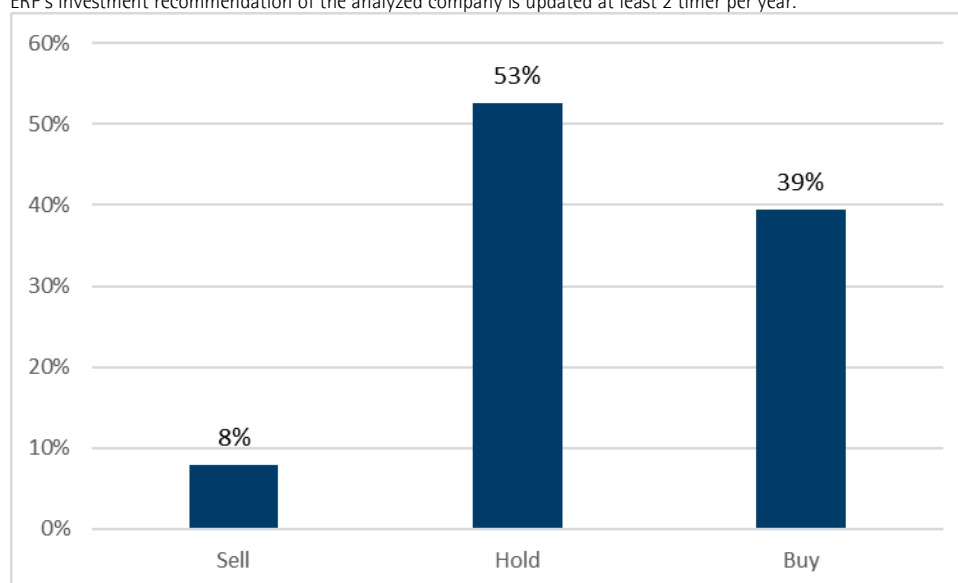
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Investment recommendations are defined as follows:

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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Contact information

SALES, TRADING AND RESEARCH

Equity Sales

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9130
Pasi Väisänen +358 9 4766 9120
Antti Kässä +358 9 4766 9120

ETFs and Derivatives

Tobias Björk (Head) +358 9 4766 9130
Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130
Sami Järvinen +358 9 4766 9110

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001