

## Quite in line with expectations

SRV's net sales in Q4 amounted to EUR 292.5m, quite in line with our and consensus estimates (EUR 294.1m/299.6m Evli/cons.). EBIT amounted to EUR -8.0m, slightly below our and consensus estimates (EUR -6.6m/-6.9m Evli/cons.).

- Revenue in Q4 was EUR 292.5m (EUR 403.9m in Q4/19), in line with our and consensus estimates (EUR 294.1m/299.6m Evli/Cons.). Growth in Q4 amounted to -27.5% y/y.
- Operating profit in Q4 amounted to EUR -8.0m (EUR -86.9m in Q4/19), slightly below our and consensus estimates (EUR -6.6m/-6.9m Evli/cons.), at a margin of -2.8%. The operative operating profit was in line with our estimates at EUR -6.8m (Evli EUR -6.6m). Profitability was affected by negative changes in the value of investments totaling EUR 12.3m.
- EPS in Q4 amounted to EUR -0.05, in line with our estimates and consensus estimates (EUR -0.04/-0.05 Evli/cons.).
- Construction: Revenue in Q4 was EUR 292.0m vs. EUR 293.5m Evli. Operating profit in Q4 amounted to EUR 8.7m vs. EUR 8.9m Evli.
- Investments: Revenue in Q4 was EUR 0.9m vs. EUR 1.1m Evli. Operating profit in Q4 amounted to EUR -15.4m vs. EUR -13.5m Evli.
- Other operations and elim.: Revenue in Q4 was EUR -0.3m vs. EUR -0.5m Evli. Operating profit in Q4 amounted to EUR -1.3m vs. EUR -2.0m Evli.
- The order backlog amounted to EUR 1,153m, down 14.2% y/y. Order intake in Q4 was EUR 140.7m, at similar levels as in the comparison period.
- The BoD proposes that no dividend be paid for 2020.
- **Guidance 2021:** Revenue is expected to be EUR 900-1,050m and operative operating profit EUR 16-26m (2020: EUR 15.8m adj.)

Rating BUY

Q4/20	Actual	Evli	Consensus	Q4/19	Q3/20
Net sales	292.5	294.1	299.6	403.9	209.8
EBIT	-8.0	-6.6	-6.9	-86.9	1.7
Adj. EBIT	-6.8	-6.6		-87.2	7.1
EPS	-0.05	-0.04	-0.05	-1.42	-0.03
Deviation	Actual	Evli	Consensus	Year ago	Q3/20
Net sales		-1%	-2%	-28%	39%
EBIT		-21%	-16%	91%	-
Adj. EBIT		-3%		92%	-
EPS		-36%	0%	96%	-81%

\*Consensus by FactSet

Share price, EUR (Last trading day's closing price) 0.58

Target price, EUR 0.64

Latest change in recommendation	22-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	153
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	04-Feb-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
2018	959.9	-19.9	-2.1%	10.7	-0.57	-3.0	0.6	-30.2	10.6	0.00
2019	1,061.0	-93.1	-8.8%	-36.9	-1.80	-0.8	0.6	-6.3	-45.6	0.00
2020E	977.1	2.9	0.3%	55.0	-0.10	-5.9	0.5	176.1	36.0	0.00
2021E	9,99.9	23.8	2.4%	2.1	0.01	94.5	0.5	21.3	1.4	0.00
2022E	976.1	27.0	2.8%	74.7	0.02	23.3	0.5	18.2	48.9	0.01
Market cap, EURm		153		BV per share 2020E, EUR		211.4		CAGR EPS 2019-22, %		0.0
Net debt 2020E, EURm		361		Price/book 2020E		0.9		CAGR sales 2019-22, %		-2.7
Enterprise value, EURm		511		Dividend yield 2020E, %		0.0		ROE 2020E, %		-19.2
Total assets 2020E, EURm		878		Tax rate 2020E, %		4.9		ROCE 2020E, %		1.3
Goodwill 2020E, EURm		2		Equity ratio 2020E, %		23.5		PEG, P/E 20/CAGR		0.0

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

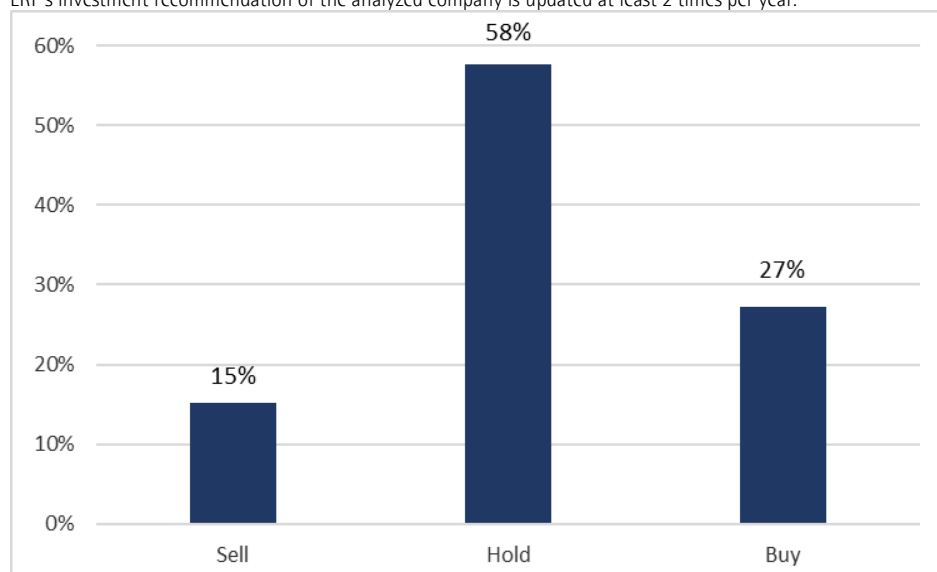
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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