

## Profitability burdens

SRV's net sales in Q3 amounted to EUR 191.1m, below our estimates and below consensus (EUR 261.1m/235m Evli/cons.). EBIT amounted to EUR -1.6m, below our estimates and below consensus (EUR 5.3m/4.6m Evli/cons.).

- Revenue in Q3 was EUR 191.1m (EUR 209.8m in Q3/20), below our estimates and consensus estimates (EUR 261.1m/235m Evli/Cons.). Growth in Q3 amounted to -9% y/y.
- Operating profit in Q3 amounted to EUR -1.6m (EUR 1.7m in Q3/20), below our estimates and consensus estimates (EUR 5.3m/4.6m Evli/cons.), at a margin of -0.8%. Profitability affected by material costs and availability and weak financial development of the Tampere Arena project.
- The order backlog in Q3 was EUR 1038m (EUR 1280m in Q3/20), down by -18.9 %.
- Construction revenue in Q3 was EUR 188m vs. EUR 261m Evli. Operating profit in Q3 amounted to EUR 1.6m vs. EUR 7.2m Evli.
- Investments revenue in Q3 was EUR 4.2m vs. EUR 1.1m Evli. Operating profit in Q3 amounted to EUR -2.6m vs. EUR -1m Evli.
- Other operations and elim. revenue in Q3 was EUR -1.1m vs. EUR -1m Evli. Operating profit in Q3 amounted to EUR -0.6m vs. EUR -0.9m Evli.
- **Guidance specified:** revenue to amount to EUR 900-1,000m (prev. EUR 900-1,050m) and operative operating profit (EBIT) to amount to EUR 16-21m (prev. EUR 16-26m).

### Rating

BUY

Q3/21	Actual	Evli	Cons.	Q3/20
Net sales	191,1	261,1	235,0	209,8
EBIT	-1,6	5,3	4,6	1,7
EPS	-0,02	0,00	0,00	-0,01
Deviation	Actual	Evli	Cons.	Q3/20
Net sales		-27 %	-19 %	-9 %
EBIT		-	-	-
EPS		-	-	-100 %

\*Consensus by Factset

Share price, EUR (Last trading day's closing price) 0.59

Target price, EUR 0.8

Latest change in recommendation 22-Jul-20

Latest report on company 22-Jul-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 155

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 28-Oct-21

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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	907.2	22.1	2.4%	37.1	0.02	36.0	0.5	19.0	23.9	0.00
2022E	936.2	27.1	2.9%	-1.4	0.03	17.2	0.4	15.5	-0.9	0.00
2023E	975.9	32.6	3.3%	67.6	0.06	10.4	0.4	12.5	43.5	0.01

Market cap, EURm 155 BV per share 2021E, EUR 157.3 CAGR EPS 2020-23, % 0.0

Net debt 2021E, EURm 267 Price/book 2021E 0.9 CAGR sales 2020-23, % 0.0

Enterprise value, EURm 419 Dividend yield 2021E, % 0.0 ROE 2021E, % 2.5

Total assets 2021E, EURm 839 Tax rate 2021E, % 8.6 ROCE 2021E, % 4.9

Goodwill 2021E, EURm 2 Equity ratio 2021E, % 24.6 PEG, P/E 21/CAGR 0.4

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

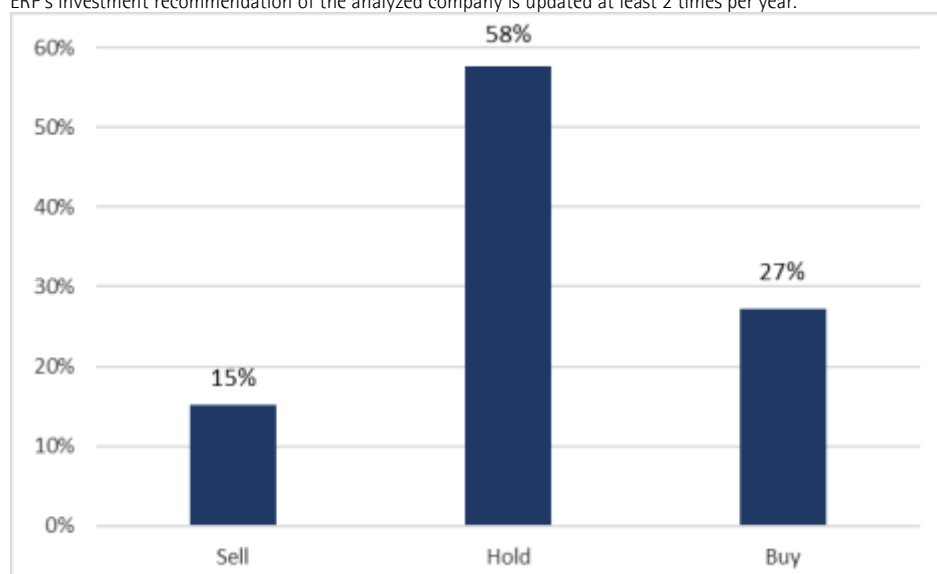
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Investment recommendations are defined as follows:

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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