

## Write-downs burdened earnings

SRV's net sales in Q1 amounted to EUR 190.7m, quite in line with our consensus estimates (EUR 186.7m/179.0m Evli/cons.). Operative operating profit amounted to EUR 4.9m, above our estimates (EUR 3.2m Evli). EBIT was significantly burdened by write-downs relating to SRV's holdings in Russia and amounted to EUR -85.7m.

- Revenue in Q1 was EUR 190.7m (EUR 187.1m in Q1/21), quite in line with our and consensus estimates (EUR 186.7m/179.0m Evli/Cons.). Growth was 2% y/y.
- Operating profit in Q1 amounted to EUR -85.7m (EUR 5.2m in Q1/21), below our estimates and consensus estimates (EUR 3.2m/2.2m Evli/cons.), at a margin of -44.9%. SRV wrote-down the value of essentially all of its holdings in Russia, which had a clear negative affect on EBIT. Operative operating profit amounted to EUR 4.9m, above our estimate of EUR 3.2m.
- EPS in Q1 amounted to EUR -0.51 (EUR 0.00 in Q1/21), clearly below our estimates and consensus estimates (EUR 0.00/0.00 Evli/cons.).
- The order backlog amounted to EUR 858m, down 19.1% y/y.
- Construction revenue in Q1 was EUR 175.2m vs. EUR 186.7m Evli. Operative operating profit in Q1 amounted to EUR 6.3m vs. EUR 5.2m Evli.
- Investments revenue in Q1 was EUR 1.1m vs. EUR 1.1m Evli. Operative operating profit in Q1 amounted to EUR -105.4m vs. EUR -1.0m Evli.
- Other operations and elim. revenue in Q1 was EUR 14.4m vs. EUR -1.1m Evli. Operative operating profit in Q1 amounted to EUR 13.4m vs. EUR -1.0m Evli.
- **Guidance for 2022 (reiterated):** Revenue is estimated to be EUR 800-950m and the operative operating profit is expected to improve compared with 2021

**Rating** 🟡 HOLD

Q1/22	Actual	Evli	Cons.	Q1/21
Net sales	190.7	186.7	179.0	187.1
EBIT	-85.7	3.2	2.2	5.2
EPS	-0.51	0.00	0.00	0.00
Deviation	Actual	Evli	Cons.	Q1/21
Net sales		2 %	7 %	2 %
EBIT		-	-	-
EPS		<-100%	<-100%	-

\*Consensus by Factset

**Share price, EUR**(Last trading day's closing price) 0.40
**Target price, EUR** 0.54

Latest change in recommendation	04-Feb-22
Latest report on company	04-Feb-22
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	105
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-Apr-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	863.8	21.1	2.4%	29.9	0.02	25.5	0.3	12.6	28.4	0.00
2023E	926.4	28.0	3.0%	69.9	0.05	7.3	0.3	9.1	66.4	0.01
2024E	972.7	31.7	3.3%	17.7	0.06	6.8	0.2	7.6	16.8	0.02
Market cap, EURm		105		BV per share 2022E, EUR		105.5		CAGR EPS 2021-24, %		0.0
Net debt 2022E, EURm		162		Price/book 2022E		0.7		CAGR sales 2021-24, %		1.4
Enterprise value, EURm		267		Dividend yield 2022E, %		0.0		ROE 2022E, %		2.7
Total assets 2022E, EURm		644		Tax rate 2022E, %		20.0		ROCE 2022E, %		6.4
Goodwill 2022E, EURm		2		Equity ratio 2022E, %		30.3		PEG, P/E 22/CAGR		0.4

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

SRV Q1/22	Actual	Evli	vs. Evli	Consensus	vs. cons	Q1/21	vs. Q1/21
Net sales	191	187	2.1%	179	6.5%	187	1.9%
-Construction	175	187	-6.2%			188	-6.7%
-Investments	1.1	1.1	0.0%			1.0	10.0%
-Other operations and elim.	14.4	-1.1	-			-1.7	-
EBIT	-85.7	3.2	-	2.2	-	5.2	-
-Construction	6.3	5.2	21.2%			6.9	-8.7%
-Investments	-105.4	-1.0	<-100%			-0.4	<-100%
-Other operations and elim.	13.4	-1.0	-			-1.3	-
EPS	-0.51	0.00	<-100%	0.00	<-100%	0.00	-

**Consensus by Factset**

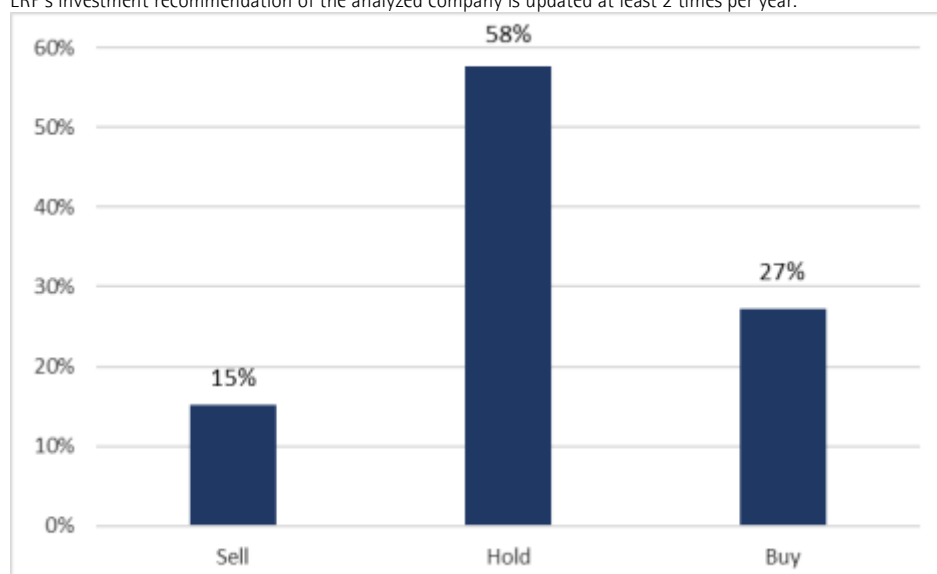
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Investment recommendations are defined as follows:

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

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