

## Solid performance in a tough market

SRV's net sales in Q3 amounted to EUR 146.9m, only slightly below our estimate of EUR 151.7m. Operative profitability was significantly better than expected, with operative EBIT at EUR 4.6m (EUR 1.6m Evli).

- Revenue in Q3 was EUR 146.9m (EUR 186.8m in Q3/22), slightly below our estimate of EUR 151.7m. Revenue declined 21% y/y.
- The operative operating profit in Q3 amounted to EUR 4.6m, clearly above our estimate of EUR 1.6m.
- EBIT was at EUR -4.9m, with EUR -9.5m effect coming from the sale of most of the remaining Russian assets during the quarter as communicated earlier by the company (we did not include the effect in our estimates)
- SRV's order intake during Q3 was roughly at the level of last year, at EUR 132.5m (EUR 135.0m in Q3/22).
- The order backlog at the end of Q3 was EUR 995.6m (EUR 717.1m in Q3/22), up by 39% y/y.
- Business construction revenue in Q3 was EUR 130.5m (EUR 114.4m Evli estimate). The strong business construction revenue was driven by the robust backlog of project management and alliance projects.
- Housing construction revenue in Q3 was EUR 16.3m (EUR 36.9m. Evli estimate). The housing construction activity was even weaker during the quarter than we had previously estimated with zero developer-contracted residential units recognized as income and only 541 residential units under construction at the end of September.
- The report's clear positive was the company's business construction operations where the volumes increased at an even faster rate than we had expected which led to improved profitability for the segment.
- Outlook for 2023 remains unchanged.

**Rating** 🟡 HOLD

Q3/23	Actual	Evli	Q3/22	Q2/23
Net sales	146.9	151.7	186.9	143.1
EBIT	-4.9	1.6	5.5	-3.0
Op. EBIT	4.6	1.6	3.9	-3.9
EPS	-0.50	-0.06	0.29	-0.30
Deviation	Actual	Evli	Year ago	Q2/23
Net sales		-3 %	-21 %	3 %
EBIT		-	-	-63 %
Adj. EBIT		>100%	18 %	-
EPS		<-100%	-	-69 %

 Share price, EUR (Last trading day's closing price) 3.20

 Target price, EUR 4.3

 Latest change in recommendation 04-Feb-22

Latest report on company

Research paid by issuer:

 No. of shares outstanding, '000's 16,982

 No. of shares fully diluted, '000's 16,982

 Market cap, EURm 54

 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 26-Oct-23

 Web site srv.fi/en/investors

 Analyst Atte Jortikka

 E-mail atte.jortikka@evli.com

 Telephone +358 400 543 725
🟢 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
2021	932.5	-1.8	-0.2%	113.9	-2.27	-6.5	0.3	-180.4	81.7	0.00
2022	770.1	-76.3	-9.9%	-67.8	-5.05	-0.8	0.2	-2.3	-105.1	0.00
2023E	623.4	2.0	0.3%	-5.4	-0.43	-7.5	0.3	87.4	-9.9	0.00
2024E	716.2	15.5	2.2%	-5.5	0.21	15.1	0.2	11.6	-10.0	0.06
2025E	813.4	23.8	2.9%	-2.1	0.70	4.6	0.2	7.7	-3.9	0.21

Market cap, EURm	54	BV per share 2023E, EUR	112.9	CAGR EPS 2022-25, %	0.0
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Net debt 2023E, EURm	119	Price/book 2023E	0.5	CAGR sales 2022-25, %	1.8
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Enterprise value, EURm	174	Dividend yield 2023E, %	0.0	ROE 2023E, %	-6.6
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Total assets 2023E, EURm	410	Tax rate 2023E, %	21.2	ROCE 2023E, %	0.7
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Goodwill 2023E, EURm	2	Equity ratio 2023E, %	42.9	PEG, P/E 23/CAGR	0.0
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All the important disclosures can be found on the last pages of this report.

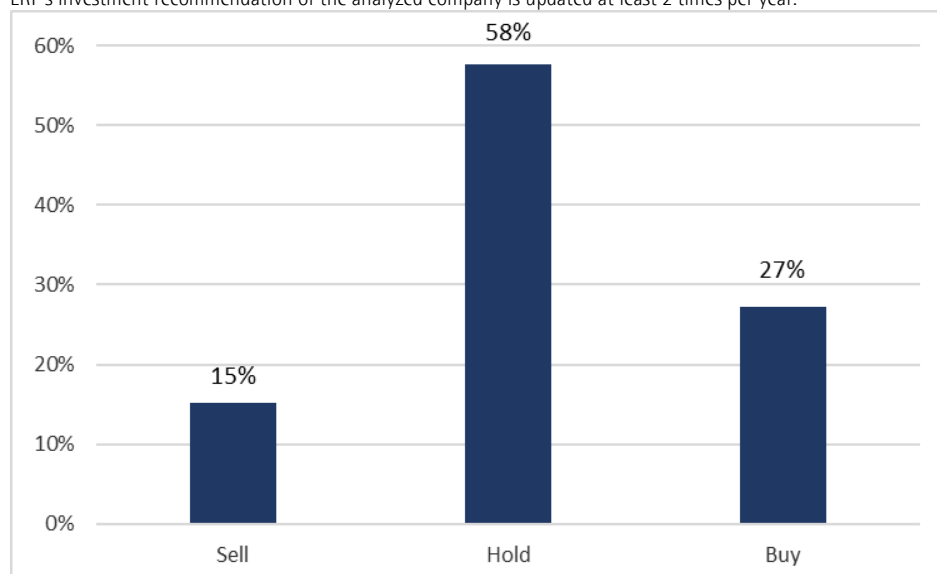
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Target price compared to share price	Recommendation
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-10 – (+10) %	HOLD
> 10 %	BUY

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

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## Contact information

### SALES, TRADING AND RESEARCH

#### Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123  
Ari Laine +358 9 4766 9115  
Kimmo Lilja +358 9 4766 9130

#### Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120  
Pasi Väisänen +358 9 4766 9120  
Antti Kässi +358 9 4766 9120  
Miika Ronkanen +358 9 4766 9120

#### Structured Investments

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

#### Equity Research

Arttu Heikura +358 40 082 8098  
Joonas Ilvonen +358 44 430 9071  
Jerker Salokivi +358 9 4766 9149

#### Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



**EVLI PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Internet [www.evli.com](http://www.evli.com)  
E-mail [firstname.lastname@evli.com](mailto:firstname.lastname@evli.com)

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