EVLI

TEKOVA

Construction & Engineering/ Finland, February 2, 2026
Company report

Turning blueprints into bottom line

We initiate coverage of Tekova with a BUY rating and a target price (TP) of EUR 1.7. We estimate that Tekova will increase its profitability in 2026, when its announced self-developed projects are completed. The current valuation implies a significant decline in profitability, which we do not expect. In our view, Tekova can maintain a high level of profitability going forward.

Leader in profitability

Tekova is a Finnish construction contractor and real estate developer focused on commercial and industrial buildings. The company specializes in simple premises with repeatable technical design, using a turnkey operating model that covers both design and construction. This allows Tekova to leverage its own technical expertise and optimize its supply chain. This focused approach has resulted in best-in-class profitability, with a last twelve months (LTM) EBIT margin of 9.6% after Q3/2025, compared to the industry average of around 4%.

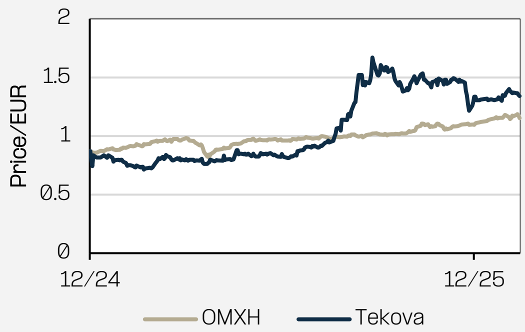
Next step in strategy underway

Tekova has achieved its high profitability primarily through contracting. As part of its current strategy, Tekova aims to increase the share of real estate development, seeking to capture both contracting and development profits. We estimate that approximately 20% of 2026 revenue will come from self-developed projects, which have the potential for higher margins. We anticipate some cost headwinds from subcontracting, as Tekova has benefited from favorable subcontracting prices during the recent construction downturn. This is likely to reverse as the industry recovers. In addition to the strong profitability outlook, we forecast modest volume growth, supported by the start of new regional unit and enhanced capability to manage larger projects.

BUY rating with TP of EUR 1.7

We initiate coverage of Tekova with a BUY rating and a target price of EUR 1.7. We believe the current valuation reflects decrease in earnings even though there are no signs of deterioration. Our target price is based on a P/E multiple of 8x, assuming stable EPS of EUR 0.22 and 0.21 for 2026 and 2027.

Rating — Buy



Share price, EUR (Last trading day's closing price)	**1.34**
Target price, EUR	1.7
Latest change in recommendation	02-Feb-26
Latest report on company	02-Feb-26
Research paid by issuer:	YES
No. of shares outstanding, '000's	43 679
No. of shares fully diluted, '000's	43 679
Market cap, EURm	59
Free float, %	-
Exchange rate	0.0
Reuters code	TEKOVA HE
Bloomberg code	TEKOVA.FH
Average daily volume, EURm	-
Next interim report	12-Feb-26
Web site	www.tekova.fi

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BUY ACCUMULATE REDUCE SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2023	55.9	3.5	6.2%	2.6	0.06	17.3	0.7	11.8	6.0%	
2024	65.5	6.0	9.1%	9.6	0.11	8.8	0.5	5.0	22.0%	0.04
2025E	104.1	10.4	10.0%	-0.4	0.19	7.1	0.5	4.5	-0.7%	0.08
2026E	108.5	11.4	10.5%	1.9	0.22	6.2	0.4	4.2	3.2%	0.09
2027E	113.9	11.3	9.9%	9.0	0.21	6.2	0.4	3.8	15.4%	0.11

Market cap, EURm	59	Gearing 2025E, %	-78.7 %	CAGR EPS 2024-27, %	23.6 %
Net debt 2025E, EURm	-12	Price/book 2025E	3.8	CAGR Sales 2024-27, %	20.3 %
Enterprise value, EURm	47	Dividend yield 2025E, %	5.6 %	ROE 2025E, %	67.0 %
Total assets 2025E, EURm	41	Tax rate 2025E, %	20.0 %	ROCE 2025E, %	76.7 %
Goodwill 2025E, EURm	0	Equity ratio 2025E, %	38.7 %	PEG, P/E 25/CAGR	1.6

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

Investment Summary

Tekova is a Finnish construction contractor and real estate developer focusing on commercial and industrial real estate. Tekova focuses on specific commercial buildings including logistics facilities, retail space and light industrial properties, where technical design is simple and repeatable. Tekova uses a turnkey contracting model where it is responsible for the design and construction. This turnkey contracting model is crucial for Tekova as it ensures that the technical solutions in the projects are consistent from one project to another. Tekova's average contract size is around EUR 5m and the company has 75 employees. The company has been growing since it was founded in 2018 and yearly revenue will reach over EUR 100m in 2025. Tekova has gained market share in its segment while maintaining industry leading profitability.

Tekova's business model is contracting, meaning it implements construction phase for customers. Tekova uses a turnkey contracting model where it conducts the design phase as well as the construction phase. Being responsible for design allows Tekova to use its own repeatable technical solutions across projects and optimize supply channels. This increases cost efficiency, improves quality and enhances profitability. Tekova's customer base is well diversified, ranging from nationwide retail chains to local businesses. The company aims to increase the share of real estate development in net sales. According to our estimate, about 19% of Tekova's order book is in-house developed projects at the end of 2025. Real estate development can increase profitability but it's higher risk.

Tekova is positioned to maintain a leading position in its market segment while maintaining strong profitability. Tekova has achieved a CAGR of over 30% since its founding. The growth rate will slow down in the future as the company already holds a significant market share and is aiming to grow absolute profits rather than revenue. We expect profit margins to stay at an excellent level. Self-developed projects will drive profit growth on top of modest volume growth.

We initiate coverage of Tekova with a target price of EUR 1.7 and rating at BUY. The company is trading at large discount compared to both peers and projected earnings. A large discount implies that the profitability level is not sustainable. However, we estimate that Tekova will maintain industry-leading profitability in the future too because of its differentiated operating model and solid execution. We also estimate that profitability of contracting will decrease but self-developed projects will support profitability. Investors have clear visibility onto 2026 through the orderbook. We expect 2026 to be another strong year for Tekova.

Company Overview

Tekova is a Finnish construction company that focuses on construction and development of commercial and industrial real estate including big box retail, sport facilities and logistics. Tekova has implemented over 120 projects during its operating history. The company employs 69 people (9/2025). Tekova operates throughout Finland, and its operations are divided into four regional units.

Tekova's target market consists primarily of retail properties, light industrial and logistics facilities—projects that are relatively simple and involve repetitive technical solutions. This focused approach has paid off, making Tekova one of the most profitable construction companies in Finland.

Tekova was founded in 2018. Industry pioneer Ahti Junttila started as the first CEO. From early on the company focused on the construction of commercial premises on a turnkey basis. Demand was strong right from the beginning. In the first fiscal year ending June 2019, turnover reached EUR 15m.

The following year, the company doubled in size and achieved a revenue of EUR 30m. Profits were on the same level as the year before. At that time demand for padel sport facilities was strong and Tekova built many of those. The year 2021 was also a year of growth with revenue reaching EUR 35m and EBIT EUR 2.3m.

In 2022, the growth was rapid. The company's revenue increased to EUR 124m during the 18–month financial year (EUR 83m adjusted for a period of 12 months). Current CEO Jaakko Heikkilä replaced Ahti Junttila in the beginning of 2022. Aggressive growth led to weaker profitability as the company chose improper projects and some project risks were realized. Processes were not systematic enough to support the growth. The company's management took measures to improve processes and restore the project portfolio.

The corrective measures bore fruit, and in 2023, the company posted the best result in its history with an operating profit of EUR 3.5m. Net sales amounted to EUR 56m.

The year 2024 was another year of growth for the company, as revenue increased by 17% to EUR 66m. Operating profit also increased to EUR 6m, an increase of 71% from the previous year. The company was listed on the Nasdaq First North Growth Market Finland stock exchange in December 2024.

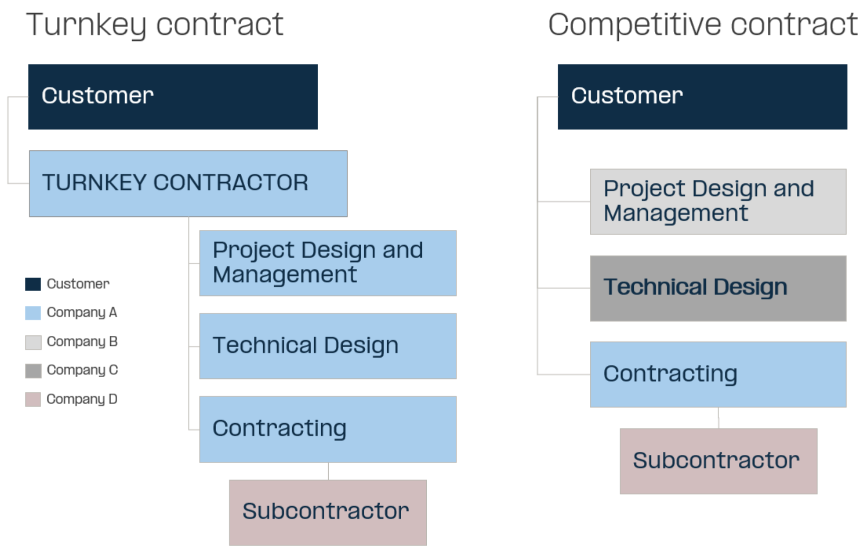
Business model

The company's business model is focused on commercial and industrial real estate. Most typical premises include big box retail space, sport centers, logistics facilities and light production facilities. From a technical viewpoint all these buildings are similar. Same type of structures are repeated in the frame, shell and roof. Due to the recurrence, the company has developed technical solutions and efficient procurement channels around these structures.

The company uses the turnkey contracting model in its operations. In this model, the contractor is responsible for both design and building phase. A customer tenders the project based on the project plan alone or starts cooperation with the turnkey contractor even before the project planning begins.

The turnkey model differs from a traditional competitive contract. In traditional competitive contracting, the customer first makes a project management agreement with a consultant, who is often also responsible for project planning. In the next stage, the customer tenders a technical design, possibly with another agency. When the technical design is ready, the customer puts the contract out to tender. The total duration of the project is thus much longer. In addition to length, the customer only knows the total costs of the project after the contractor has been selected. If there is a need to modify the plans afterwards, it is slow and expensive. Below are the differences between these two contract models.

Figure 1. In a turnkey contracting model the customer only signs one contract (illustrative).



Source: Evli Research.

The turnkey model is simple for a customer, because they only sign one contract. The total cost of a project is known well in advance because design and build are executed by same company. Another advantage of the project model is the short total duration from an investment decision to completion of a property. The savings come from a contractor's standard technical solutions, the lack of multiple tendering processes and streamlined design processes.

The turnkey model enables Tekova to use their own design solutions in the projects. This is a great advantage, as they have procurement channels already established, price level is well known, and the staff is also familiar with the design. In addition, a recurring solution leads to higher product-specific procurement volumes, which can be used to get volume discounts from the suppliers. Recurring technical solutions enables a more standardized result. The standard technical solutions used by Tekova are related to at least glulam frames, roof elements, wall elements and many details.

The short lead time reduces the risk of cost overruns. Construction companies cannot lock in prices of all construction inputs at the time the contract is signed. They are exposed to changes in costs during the project. Tekova's average lead time for a construction phase is eight months while total project time is less than a year. That is way shorter than larger projects. Large construction projects usually take many years to finish and may be exposed to cost changes during the projects.

Tekova's business model can be described as a low risk, as the company often conducts multiple smaller projects per year which are similar by design. When we calculate all the projects of Tekova form the founding the average project value has been a little over EUR 3m. More recently the average project size has grown closer to EUR 5m. The company's largest projects to date have been around EUR 17m. Relative to turnover, this is less than 20% of the annual revenue. Tekova's customer base is also diversified, which reduces risk. The largest customers of Tekova are probably chain retailers.

Contracting does not tie up working capital and Tekova even operates with negative working capital. The company recognizes revenue based on level of completion. The completion is calculated based on accumulated costs divided by total budget. The project cash flow is based on the payment schedule where the construction phase is divided into several parts. The company can invoice each part when the step is complete. Often, the last instalment is larger, which the company receives only after the property has been successfully handed over to the customer. This can lead to negative working capital, as the company invoices the customer before paying its invoices to subcontractors.

Tekova implements projects using a project management model. This means that the company uses subcontractors to carry out the installation work. Tekova itself acts as the main contractor in a project, and the personnel from the site management upwards are on Tekova's payroll. A project management organization allows for a flexible approach. The company can use local subcontractors to carry out the work regionally. With the partnership models of subcontractors and suppliers, it can also use the same company for several projects if the cooperation goes well. Many of the building components can be bought with suppliers taking care of the installation, reducing need for an outside workforce.

The company also employs structural-, HVAC- and architectural designers. The company's core competence is technical solutions in accordance with its own concept. In-house designers are focused on those. Having own designers is straightforward and information flows quickly within the company. They are essential for the long-term concept development. The company also uses external designers in projects to design outside the core tasks.

For the turnkey model to work, the company needs an active sales team. Tekova must be in contact with the customer even before the customer starts planning a new real estate project. In this case, Tekova can offer its own solution directly to the customer and there is no competitive bidding. Tekova may also participate in competitive tendering, but even then, it offers its own solution. In this scenario Tekova strives to bring additional benefits to the customer that are not possible with existing plans. The steady growth in sales indicates that Tekova has succeeded in its sales work and has extensive customer relationships with different parties.

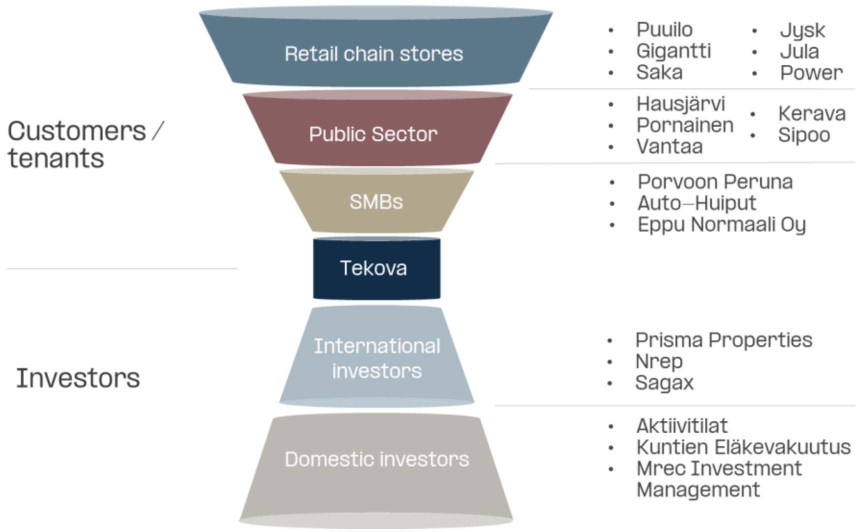
Risks related to the business model are typical to any construction company. Two areas of operational risks are pricing risks and execution risks. Realization of pricing risks is usually related to contract prices being too cheap. This could be due to miscalculation of a contract price or too fierce bidding process where company is forced to take certain contract just to avoid layoffs. Execution risks are related to schedule, budget and quality. Schedule delays and quality defects lead to extra work which leads to budget overruns. Schedule delays and quality defect also impair the customer experience.

After the risks were realized in 2022 and profitability decreased close to zero, Tekova has emphasized risk management more. It has chosen only projects where the building type is familiar, and pricing has been favorable. Tekova also has executed projects on time and on budget. Tekova reports the number of projects it has delivered with zero defects. It is a sign of transparency and the company's trust in its own process. The company trusts in its own model so much that it has increased warranty period by one year. Two-year warranty is statutory, but Tekova grants a three-year warranty for its customers.

Customers

Tekova has two types of customers. A business in need of new premises is a potential customer of Tekova. With the help of regional companies, Tekova aims to get to know local companies and their space needs and growth aspirations. In such cases, it aims to be the primary partner for companies when the need for new premises arises. Tekova also serves large customers, which are chain stores operating nationwide. Retail chains are a valuable customer segment because they typically need new space on a regular basis and there is recurrence in the customer relationship.

Figure 2. Tekova has a central role combining tenant and investor interests.



Source: Tekova, Evli Research.

Customers rarely want to tie up capital in buildings, so they primarily rent the premises. Tekova strives to find an owner for the property, so it also serves real estate investors. Investors are most often real estate investment companies and real estate funds.

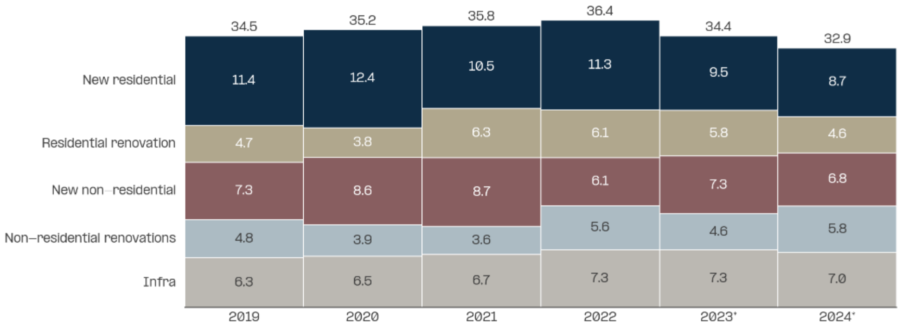
Investors value long leases, financially sound tenants and low maintenance costs. When Tekova plans a project with a customer, it can take the investors' perspective into account, even if an investor has not yet been found. In this way, Tekova ensures that the project is easy to sell to an investor if the customer does not intend to own the property themselves.

The public sector is also a customer of Tekova. During its history, Tekova has built several sports facilities for municipalities and cities. Tekova has participated in competitive tendering when a public project has been tendered on a turnkey basis only based on a project plan. Public sector customers have commented that Tekova has been able to offer projects tens of percents below the customer's budget.

Markets

The Finnish construction market was worth about EUR 33bn in 2024. The construction market is divided into three subgroups, new buildings, renovation and infrastructure. Roughly speaking, renovation is slightly less than half of the total market, about 45%. New building construction is one third of the market, about 35% and infrastructure construction the rest about 20%. Below is a historical development of Finnish construction market divided into subgroups.

Figure 3. Size of the Finnish construction market was EUR 33bn in 2024.



Source: Statistics Finland, GRK, Evli Research.

We can see from the picture that the new residential segment has shrunk the most. The construction volumes in the new non-residential segment have been almost flat compared to year 2019 but have fluctuated due to macroeconomic conditions. The development of the infra segment has been the most stable and has been growing compared to the year 2019.

The non-residential segment is split into multiple subgroups, which include offices, retail, hotel, public sector, industrial, logistics and other buildings. The three largest subsegments are public sector, industrial and warehouse buildings, accounting for around 50% of the non-residential market.

Recent market development

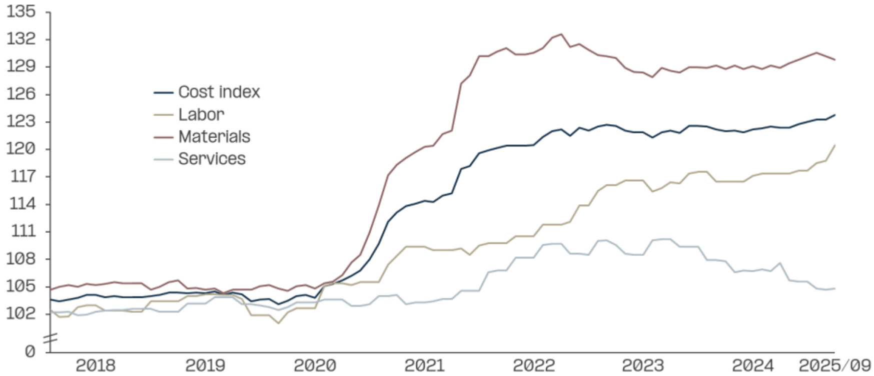
Building construction is currently in a deep downturn. Between 2020 and 2022 demand for housing was strong, interest rates were low, access for mortgage was easy and transaction volumes were high. There was a long period of rising housing prices. This led to an increase in the popularity of housing investment and the exchange of apartments for increasingly valuable apartments. People trusted that rising prices would offset part of the mortgage and that there would always be a profit on the deals.

The production of rental houses was also on the rise. When interest rates were low, investors increased their allocations to real assets, such as residential real estate. This ensured an increase in the supply of rental apartments.

Non-residential construction was also strong and even the pandemic did not have a significant impact. In the industrial segment, clean energy investments increased demand. The acceleration of e-commerce growth caused by the pandemic increased the demand for warehouse properties.

The strong economy and the good momentum of construction led to a rise in the prices of building materials. With a slight delay, labor costs started to rise, and the price of services rose moderately. In total, construction costs increased by about 17% between 2020 and 2022. After that period the rise in costs has calmed down significantly but rising labor costs keep the price index on a moderate upward trend.

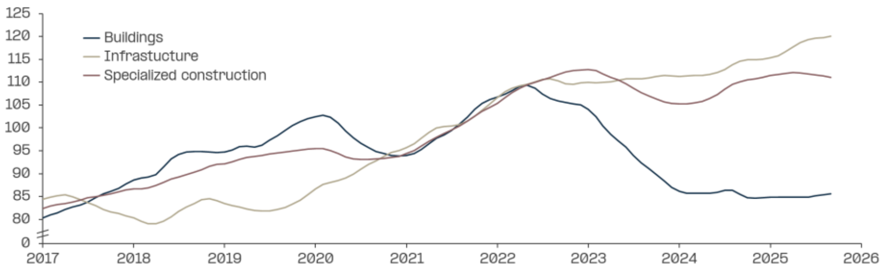
Figure 4. Growth of the construction cost index has slowed down during the last two years.



Source: Statistics Finland, Evli Research.

The strong economy and inflation led to a rise in interest rates. Finnish mortgages were tied to floating interest rates, so the rise in rates was reflected in consumer spending very quickly. Housing prices started to fall, the number of transactions fell, and consumption was reduced. Below is the turnover index of construction companies. It shows that building construction is more than 20% lower than the previous peaks.

Figure 5. Revenue index for building construction is almost 30% below recent high.



Source: Statistics Finland, Evli Research.

At the same time, the Finnish economy weakened. This led to a decrease in construction production.

The volumes of housing construction and office construction are low. Housing construction is plagued by weak consumer confidence, falling residential prices, increased construction costs and an unsold apartment inventory. Investor demand for residential housing is weak due to the oversupply of rental apartments and increased yield requirements. The situation in offices is also poor. Outside of the prime locations, there are many offices with a high vacancy rate. The roots of this are in high unemployment and the spread of hybrid work. The table below shows the vacancy rates of the most important categories in construction.

Figure 6. The vacancy rates differ widely between building segments.

Vacancy Rate	Capital region	Tampere	Turku	Oulu	Jyväskylä
Residential	8.6 %	4.0 %	6.0 %	6.0 %	–
Offices	17.1 %	15.4 %	7.8 %	7.6 %	17.2 %
Retail space	3.7 %	4.4 %	4.3 %	1.9 %	3.5 %
Industrial	4.9 %	4.6 %	4.3 %	1.4 %	–

Source: KTI, RAKLI, Evli Research.

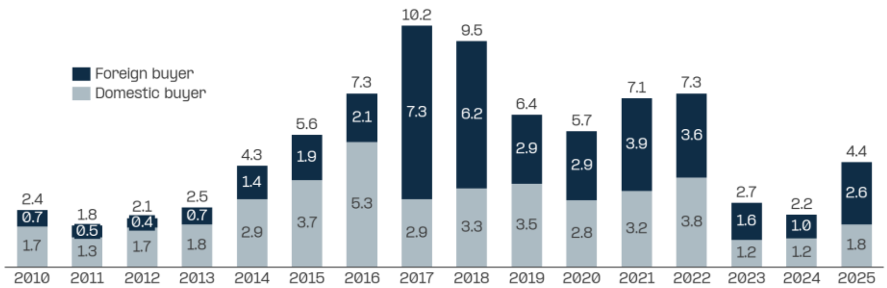
With a more granular view, the situation is not as bad as the headlines may suggest. There are also strong segments in the subcategories. For example, the vacancy rate of retail premises (marketplaces, supermarkets, stores) varies between 4.9% and 1.4% in the large cities in Finland. The market seems to be in balance. Grocery stores and discount stores have been strong, while the specialty goods trade has been in difficulty.

The vacancy rates in industrial buildings (production buildings, logistics buildings) are also very low. This is partly because there are a limited number of good locations and plots.

These low vacancies in retail space and the industrial segment suggest that supply and demand are balanced. This means that when demand picks up, there will be a need to build new premises.

Real estate transactions are also on the rise, although still clearly below peak years. The data from KTI shows that there is growth in transactions in 2025. Below is a chart of commercial real estate transaction volume.

Figure 7. Commercial real estate transactions (EUR bn) in Finland between 2010 and 2025.



Source: KTI, Evli Research.

Tekova's target market

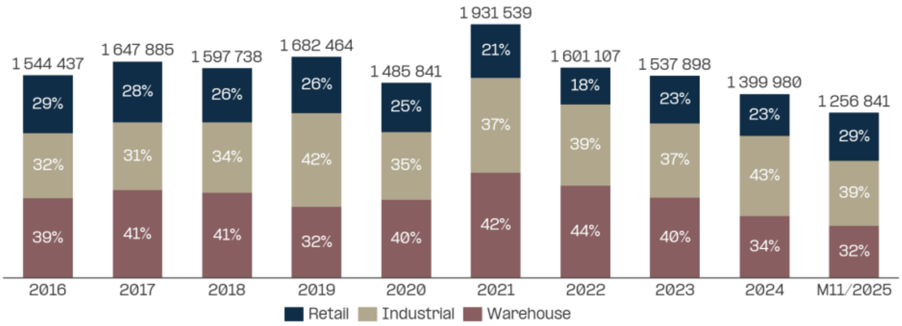
Tekova operates in the commercial real estate (CRE) market which has a size of around EUR 7bn. Inside the CRE market, Tekova focuses on industrial real estate, which includes big box retail stores, logistics facilities, light production facilities, sports halls and data centres. Tekova's target market excludes offices, hotels and large factory complexes. Below is a visualization of Tekova's target market.

Figure 8. Tekova target market is only small fraction of Finnish construction market.

Source: CFCI, Statistics Finland, Evli Research.

Statistics Finland sorts building construction into subcategories that are important for Tekova. The most important categories are retail, industrial and warehouse buildings. The long-term average for these markets is approximately 1.5 million floor sqm per year. During the peak year, building permits were applied for as much as 1.9M and in the year 2024 it was just under 1.4 million sqm. Below is the historical market volume (sqm) development of the building segments that are most important to Tekova.

Figure 9. Building permit (sqm) for specific categories.



Source: Statistics Finland, Evli Research.

The statistics also include properties that are not important to Tekova. The industrial segment includes large factory complexes while retail includes hotels and shopping centers which are not Tekova's core market. On the other hand, Tekova is active in data centers and sports halls which are not included in the dataset.

To estimate the total addressable market (TAM) for Tekova, we deduct 40% off from the total figure. The 40% figure is based on our estimate. For example, large industrial projects can be over 100k sqm. Similarly shopping centers are tens of thousands of square meters. After the deduction we end up with 900k sqm per year for Tekova's TAM.

Square meters can be converted into the size of the market at the right price per square meter. Tekova has announced the price and size of three projects. Based on them, the price per square meter of projects typical for Tekova is around 1100 €/m2. With the help of this figure, we estimate that Tekova's TAM is approximately EUR 1 bn.

To calculate the market share we use the last 12-month revenue of EUR 101m. Tekova's market share based on our estimate would therefore be around 10%.

Market outlook

The market outlook for the whole building construction sector is cautiously optimistic. Market indicators suggest that we are at the bottom of the cycle. The year 2025 has been weaker than anticipated at the beginning of the year. Total growth for 2025 is estimated to be just above 0%.

The construction market can be thought of as a three-piston engine. Pistons are interest rates, costs and demand. Market is strong when each piston is working.

Currently only one piston is working. Interest rates are significantly lower compared to the peak. Current ECB interest rate is 2.0%. During the summer of 2025 the ECB revised its inflation forecast downward by 30 basis points for the years 2026 and 2027. The interest rate outlook is supportive for construction.

Construction costs have increased by 21% compared to the pre-COVID era. Fast growth has stalled but construction costs are rising mildly because of labor cost growth. When higher costs are weighted against lower selling prices and higher yield requirement, the outcome is negative.

At the end of the day, demand is a function of economic growth. Finnish economic growth has been weak compared to the EU average. Eurostat flash estimates suggest Finland's Q3/2025 GDP growth of -0.9% compared to the EU average of 1.5%. The European Commission is expecting the Finnish economy to grow 0.9% in 2026 and 1.2% in 2027. If these estimates materialize, there will be factors supporting the recovery of the construction sector in the future.

There are moderate growth expectations for the construction sector for 2026. In the latest Business Cycle Review of the Confederation of Finnish Construction Industries (CFCI) forecasts 3.5% volume growth for 2026. In September 2025 the Association of Finnish Property Owners Rakli estimated that 2026 growth will be 7% measured by value added. The CFCI volume forecast is divided between sub-segments the following way:

- Apartments: +13%
- Leisure buildings: 0%
- Commercial and office buildings: -15%
- Public service buildings: 6%
- Industry and warehouses: 3%

Stronger growth is not expected to start until the year 2027, and it depends on the overall development of the Finnish economy.

There are interesting trends below the surface that support Tekova. Discount retailing has been growing even though the Finnish economy has been weak. Tekova has frequently partnered with Puuilo, Rusta and Jula. These retailers are expanding in Finland and building new stores. There is a good chance that Tekova will build some of the new stores for these retailers in the future too.

Warehouses and logistics centers are another interesting subcategory. There are two long term forces that are driving the demand for the subcategory. The first is the growth of e-commerce. It is still expected to grow in the future. Physical merchandise is growing its share of total e-commerce spending (compared to travel and services), which is driving growth for warehousing.

Another trend is outsourcing logistics and warehousing. Typically, Finnish companies are eager to have their own warehouses, but the global trend is outsourcing logistics and warehousing to specialized logistics partners. Recently publicly listed Posti, which offers outsourced logistics services, forecasts 6% growth for outsourced warehousing.

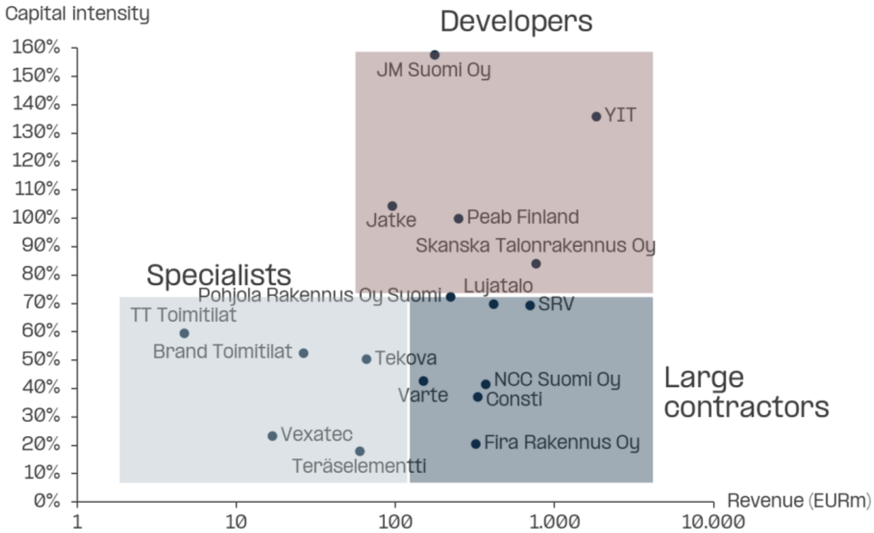
Data centers are also an interesting segment. Tekova announced its first data center project in February 2025. It serves as a valuable reference for future projects. Data centers represent diversification and a new customer segment for Tekova. Among its customers Tekova is well known for its project execution ability, which is very important factor for data center clients. In our view Tekova is well positioned to win new data center contracts also in the future.

Competition

Competition within the construction industry is fierce, and the means of differentiation are limited. The Finnish construction market is fragmented and there are companies of many sizes in the sector. Small businesses serve consumers and act as subcontractors. Medium-sized construction companies carry out contracting and projects that are approximately EUR 1–10m in size. Large construction companies carry out large projects and are active in large–scale property development.

In terms of its size, Tekova ranks among the medium–sized builders and positions itself between national and local builders. The company aims for projects that are too small for large builders but too large for local entrepreneurs. Tekova's competitive advantage over small local builders is project execution ability, credibility and volume. A couple of years ago, the average project for Tekova was between EUR 3–4m, but it has risen to more than five million euros. Below is a scatter plot of Finnish construction companies.

Figure 10. Construction companies divided into three categories.



Source: Finder, Company reports, Evli Research.

Revenue is on the x–axis and capital intensity (balance sheet total / net sales) is on the y–axis. We have divided the market into three categories. In the bottom left corner are specialized contractors. They are smaller companies with more focused offering and end markets. Tekova is a specialist, and it is the largest within the group. Other companies are competitors to Tekova, and their focus is also on commercial real estate. On the bottom right of the chart there are large contractors. These companies are asset light compared to their scale and their revenue is larger than specialists. Part of the revenue may be related to real estate development, but majority is from contracting. Developers are in the top right corner. These companies have big balance sheets. They are large companies and are active in real estate development.

Even the largest construction companies don't have a large market share. YIT is the largest construction company in Finland, with revenues exceeding EUR 1700m and operations also outside Finland. It operates across all construction segments including new buildings, infrastructure and renovations. Despite its size YIT's market share is only 5% highlighting just how fragmented the construction industry is. It seems almost impossible to gain a large market share in the industry.

There are multiple reasons why the construction industry is so fragmented. First, construction is local by nature. Projects must be executed on site, and firms depend heavily on regional labor pools and subcontractor networks.

Second, the industry is highly labor–intensive, which naturally constrains scalability. Because a substantial share of value creation occurs through manual work, expanding capacity requires proportional increases in labor rather than capital. As a result, large firms cannot easily achieve the productivity gains seen in more mechanized or automated industries.

A further source of fragmentation is the low barrier to entry. Starting a construction firm typically requires only labor and a limited amount of capital. New entrants can target narrow segments or local markets where reputation and relationships are key to success. Smaller companies can often operate flexibly, adjusting capacity and cost structures quickly in response to demand fluctuations.

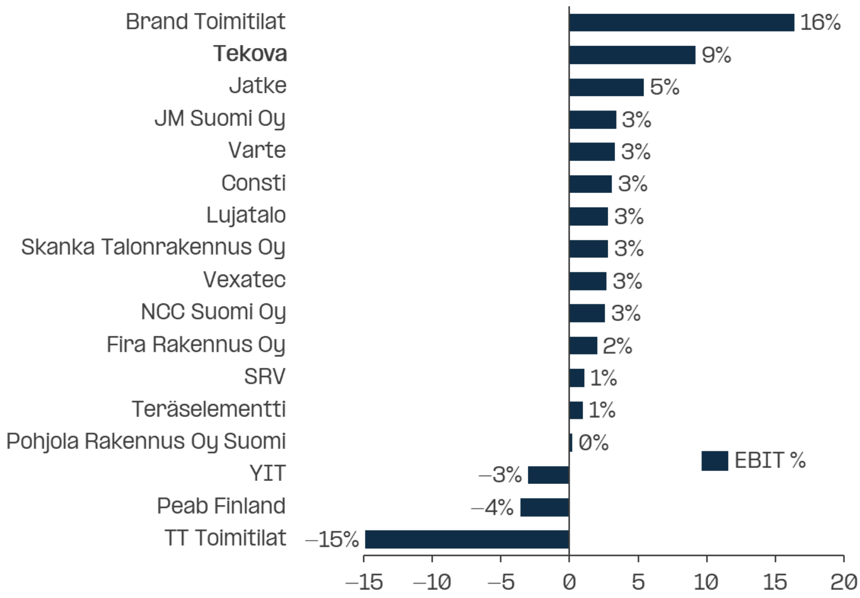
The nature of construction itself reinforces fragmentation. Many construction projects are unique and non-repeatable. They vary significantly in scope, design, and conditions. This lack of repetition limits the applicability of standardized processes and reduces opportunities to capture economies of scale across projects. As a result, competitive advantage is often project-specific rather than structural.

Finally, construction services are easy to tender and competitively bid, which further fragments the market. Clients frequently award contracts through competitive procurement processes that emphasize price. This creates a level playing field where small firms, often with lower overhead costs, can successfully compete against larger incumbents. Competitive bidding intensifies in a weak market where every company is ready to undercut prices to win a bid.

Tekova distinguishes itself from its competitors through its turnkey model and by specializing on commercial properties where technical design fits their model. Tekova has strong delivery capability. It has managed to get rid of unique projects and overcome one obstacle restricting market share gains. The company enhances competitiveness in its niche by standardizing design solutions and developing technical details that can be replicated across projects.

Tekova has performed well despite challenging industry conditions. Unlike many peers, Tekova has continued to grow by capturing market share from competitors. Tekova's business model has generated outstanding results. Tekova's EBIT % is the second highest in the peer group. This demonstrates that Tekova's business model is differentiated. Below is the profitability of selected Finnish construction companies.

Figure 11. Operating profit margin of the selected construction companies operating in Finland.



Source: FactSet, Finder, Evli Research.

There are two competitors with some similarities to Tekova: Brand Toimitilat and Teräselementti. These companies also carry out turnkey contracts and are focused on similar commercial projects as Tekova. However, there are also differences. Brand Toimitilat invests in its own projects and acts as a lessor, while Teräselementti has a manufacturing business producing facade and roof structures. Both companies are smaller, revenue ranging between EUR 30-60m. Due to differences in business models, it is difficult to make a direct comparison with Tekova. So far it appears that competitive dynamics are favorable to Tekova and the market is not saturated.

There are many companies that are active in the same commercial subsegments as Tekova. However, they are usually more diversified and compete in other segments too, like residential. If residential construction recovers that would even lead to a decrease in competition because those companies would allocate their resources to these recovering segments. These diversified companies are also more likely to be more passive in sales, so they end up chasing competitive contracts.

Tekova's biggest moat against competition is its customer access and widespread sales organization. Tekova has access to many local customers in the early phase. By having access early, Tekova is first to offer its own solution for customer expansion or relocation desires. In our opinion, this would be the hardest part for a competitor to copy if someone plans to use the same operating model as Tekova.

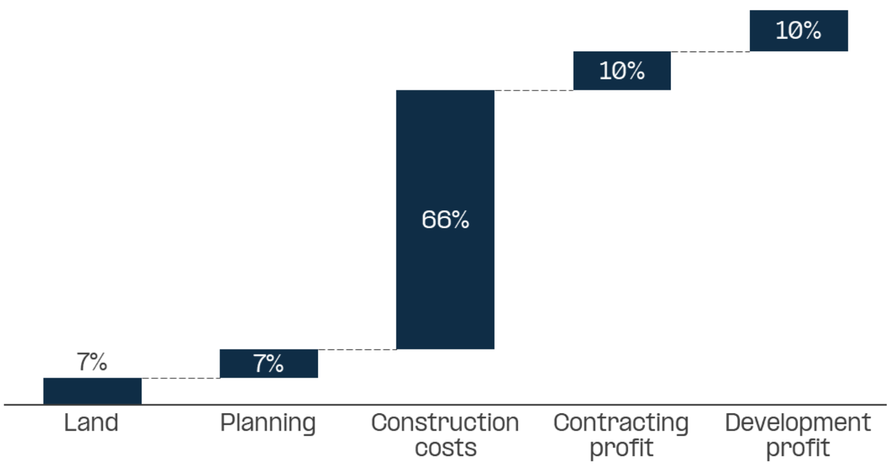
Strategy

To date, Tekova has primarily operated as a contractor. The next step in Tekova's strategy is to move up in the value chain by increasing the share of real estate development in total sales. In this model, Tekova would acquire a plot of land, secure the tenant, manage the construction phase and ultimately find an investor to acquire the property. Upon completion, Tekova would sell the property to the investor, either as a standalone asset or as part of a larger portfolio.

For a tenant, this model allows them to occupy a new property without tying up their own capital. For an investor, it offers a low-risk option, as they avoid financing the project and the responsibilities associated with starting a construction project. Prior to selling the property to an investor, Tekova secures a long-term lease agreement with the tenant. This gives the investor clear visibility into cash flows, making the property more appealing.

Property development is attractive because of the higher margin. When developing a business premise, a developer receives both the margin from the construction and the margin from the increase in the value of the land. Tekova has estimated that, at best, it can double the project-specific margin when managing the whole development process compared to contracting alone. Below is a hypothetical example of how the costs and profits are formed in property development.

Figure 12. Illustrative figure of cost and profit accumulation by the project phase.



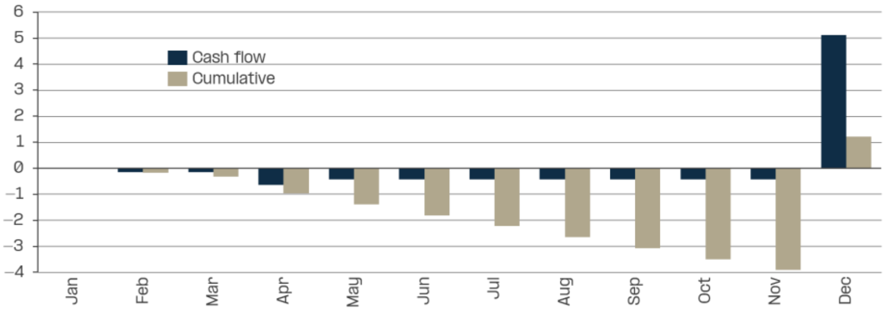
Source: Evli Research.

In contrast to contracting, property development ties up capital. Funds are committed to land acquisition, design work and construction. As the illustration above shows the construction phase ties up most of the capital.

At the time of the IPO in 2024, Tekova stated that it could carry out 2–4 development projects per year. With a typical project size of EUR 5–7m, this implies an annual capital requirement of EUR 10–30m.

Shifting towards real estate development changes the company's profile. Accounting practices differ in a developer-contracted project. Revenue is not recognized until the entire project is sold. As a result, revenue and earnings from property development may vary between quarters. The sale of a self-developed property uplift profit meaningfully. Below is an illustrative cash flow chart which shows cash inflows and outflows by month and cumulatively.

Figure 13. Development project cash flow by month and cumulative (illustrative).



Source: Evli Research.

Real estate development increases capital requirements and overall risk. Going forward, Tekova must invest more of its cash flow into real estate development to support growth. The risks are related to three factors: project selection, timing and project size.

Project selection refers to ensuring that the developed property is attractive to the tenant. The risk can be mitigated by finding a tenant in advance and reserving a plot for a fixed period.

Timing risk involves uncertainty related to the sale of a property. The longer it takes, the longer capital is tied up and cannot be used for a new project. In this case, the company receives rental income, but its return on capital decreases the longer the company owns the property.

Risks related to size mean that a standalone property may not appeal to an investor that prefers to acquire larger portfolio in a single transaction. As a result, the company may have to hold multiple projects on its balance sheet before selling the whole portfolio.

Financial targets

Tekova has published financial targets. They are:

- Annually increasing operating profit
- Over a 3–5 year horizon, generate a significant share of the revenue from its own project development

Unlike many other listed companies, Tekova focuses primarily on profit growth rather than on its revenue. The company is highly committed to its own business model and only takes on projects where it can leverage its core strengths.

There are three ways to increase operating profit:

- Volume growth: Undertaking more construction projects or larger projects.
- Increasing the share of real estate development: This typically results in higher project-specific profits.
- Reduction in fixed costs related to sales: Utilizing operational leverage requires an increase in net sales.

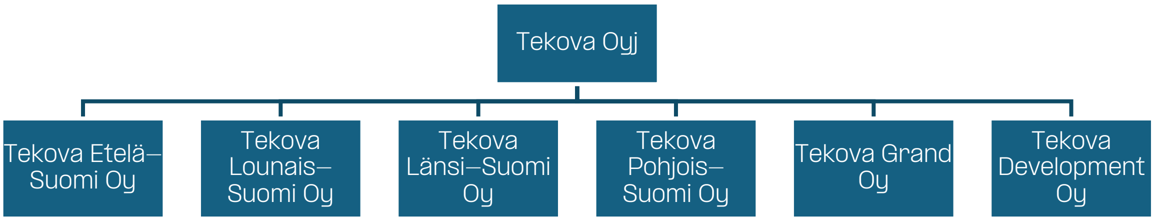
We conclude that real estate development will be the main driver for profit growth. We estimate modest volume growth but its effect on profit growth is smaller.

The company has announced a dividend policy. Its aim is to distribute an annually increasing dividend. For 2024, a dividend of EUR 0.04 was paid, representing 35% of net profit. Given the capital requirement for project development, we expect no major increase in the company's dividend payout ratio.

Group structure

The organization is decentralized into regional subsidiaries. Each regional company is responsible for sales in its own area and carrying out the construction phase. The parent company includes corporate services and is responsible for real estate development and serving nationwide customers. Corporate services include procurement, HR, communications, design, financial management, IT and commercial services. Below is a description of Tekova's Group structure.

Figure 14. Tekova's group structure.



Source: Tekova, Evli Research.

With the regional company model, Tekova aims to maintain a close relationship with its customers. For this business model to work, Tekova must know the customer's space needs and expansion plans well in advance. The regional model also serves to incentivize key personnel by offering them an ownership stake. The management of the regional subsidiaries own 2–7% of their respective companies while the parent company retains the remaining shares.

Financials

Revenue

The company's revenue is derived mainly from contracting with a smaller portion coming from property development. The company has grown organically by 34% per year between 2019 and 2024. Strong growth is the result of a focused business model. Although the company has grown strongly, the growth has not been completely steady.

During the 18–month fiscal year ending in 2022, Tekova achieved revenue of EUR 124m (equivalent to EUR 83m per 12 months), and it increased by 254% from the previous fiscal year. However, the growth proved to be too aggressive. Pricing was neglected and recruitment was too fast to orient the new workforce properly. The company's processes were also not at the level required by a larger scale. As a result, the company had several loss–making projects during the fiscal year, which negatively impacted profitability.

Following the aggressive growth, Tekova streamlined its sales and operational processes and scaled back its operations. As a result, the company shifted its focus to profitability instead of revenue growth. In 2023, net sales decreased from the previous fiscal year but reached a historically good level of EUR 56m. Since then, the growth has continued. In 2024, the company grew by 17% and generated revenue of EUR 65.6m.

Nine months into 2025, the company has accumulated EUR 80.1m in revenue and the last 12–month revenue is EUR 102m. Tekova's latest announced revenue guidance for 2025 is EUR 100–112.5m. Tekova has raised its guidance three times this year. Guidance and updates are summarized in the table below.

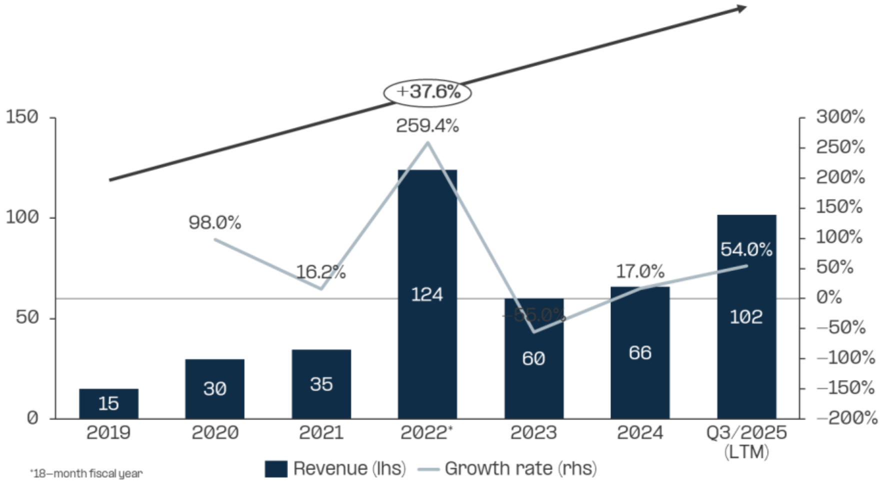
Figure 15. Tekova guidance updates for 2025.

	Revenue	EBIT
First guidance	70–90	5.5–7.5
Second guidance	80–100	7.0–10.0
Thirth guidance	92.5–112.5	8.5–11.5
Fourth guidance	100–112.5	9.2–11.5

Source: Tekova, Evli Research.

The first guidance expected revenue growth between 7–37% and the latest between 52–71% compared to the last year. Growth was stronger than management expected in the beginning of the year. Below is a visual representation of the historical revenue development.

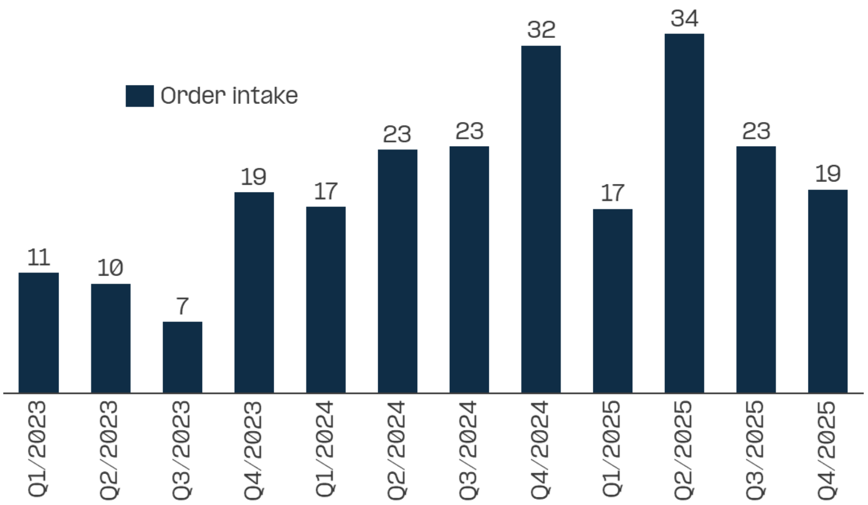
Figure 16. Tekova's revenue has grown significantly during its history.



Source: Tekova, Evli Research.

Revenue is a direct consequence of the order intake. Below is chart visualizing order intake from Q1/2023 to Q3/2025.

Figure 17. Order intake fluctuates between quarters.

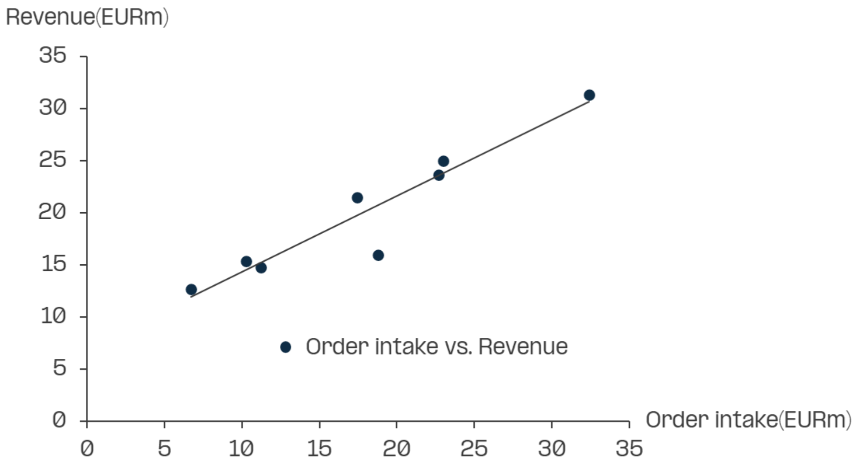


Source: Tekova, Evli Research.

The quarterly order intake has increased from an average of around EUR 10m to a level closer to EUR 30m. A high degree of variance between quarters is evident in the chart. The number of orders received per quarter has ranged from 2 to 10 over the last four quarters.

Investors have good short-term visibility into the development of the company's net sales through the order backlog. Tekova's quarterly revenue is highly correlated with order intake with a three-quarter lag. Below is a linear regression chart illustrating quarterly revenue and order intake with a three-quarter lag.

Figure 18. Revenue is highly correlated with order intake with a three-quarter lag.



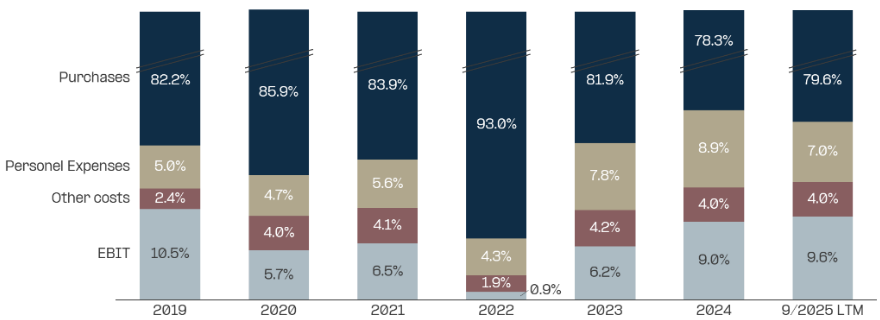
Source: Tekova, Evli Research.

Based on the linear model, lagged order intake has strong predictive power. The standard error is 3.7, indicating that the typical variance in the revenue estimates is EUR 3.7 million. However, it should be noted that the sample size is small, with only eight observations. The logical explanation for this is an average project lead time of 8 months.

Cost structure

The largest portion of Tekova's costs relate to subcontracting, construction materials and construction-related services. They accounted for 78.3% of net sales in 2024. Personnel costs represented another significant expense, making up 8.9% of net sales in 2024. These personnel costs are divided between regional companies and the parent company with the parent company accounting for 51% of the total. Other expenses, such as office space and IT, accounted for 4% of net sales in 2024.

Figure 19. Tekova's cost structure as a percentage of revenue.



Source: Tekova, Evli Research.

Personnel expenses are set to increase in the future. Labor unions and employer associations have negotiated a three-year deal including wage increases for every year between 2025 and 2027. Wages will increase by 2-2.9% per year depending on the employee occupation and year. The wage increases affect Tekova, but the effect is minimal because personnel expenses are only about 7% of the revenue.

Profitability

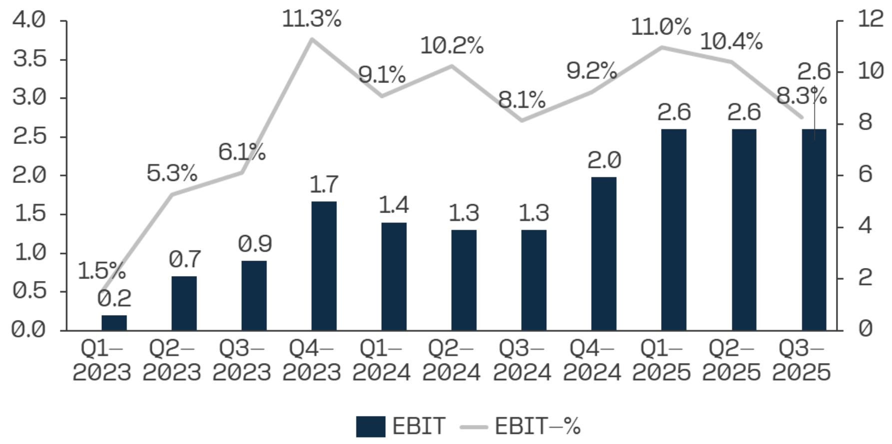
Tekova has reported a positive operating profit every year since its founding and is considered highly profitable within the industry. The company's operating profit margin stands at 9.7% for 9M/2025, significantly higher than the industry average of 3.8%.

Although Tekova does not officially report its gross profit margin, it can be estimated from the financial statements. By deducting purchases and services, regional personnel costs, and depreciation from net sales, the gross profit margin for 2024 is calculated at 17.2%. The remaining costs are fixed, accounting for 8.6% of net sales for the same year.

Currently, the gross margin primarily reflects the profitability of the contracting business, as property development constitutes a relatively small part of Tekova's business. It is expected to remain stable unless there are significant changes in the competitive landscape.

Deducting fixed costs from the gross profit leads to the operating profit. The company's operating profit has increased, and its operating profit margin has improved over three consecutive years. The chart below illustrates Tekova's quarterly EBIT over the past three years.

Figure 20. Tekova's EBIT has stayed on high level for almost two years.



Source: Tekova, Evli Research.

The figure illustrates that the operating profit margin fluctuated between 8% and 11%, with an average of 9.5% over the last nine quarters. Previously, the company's relative profitability was lower.

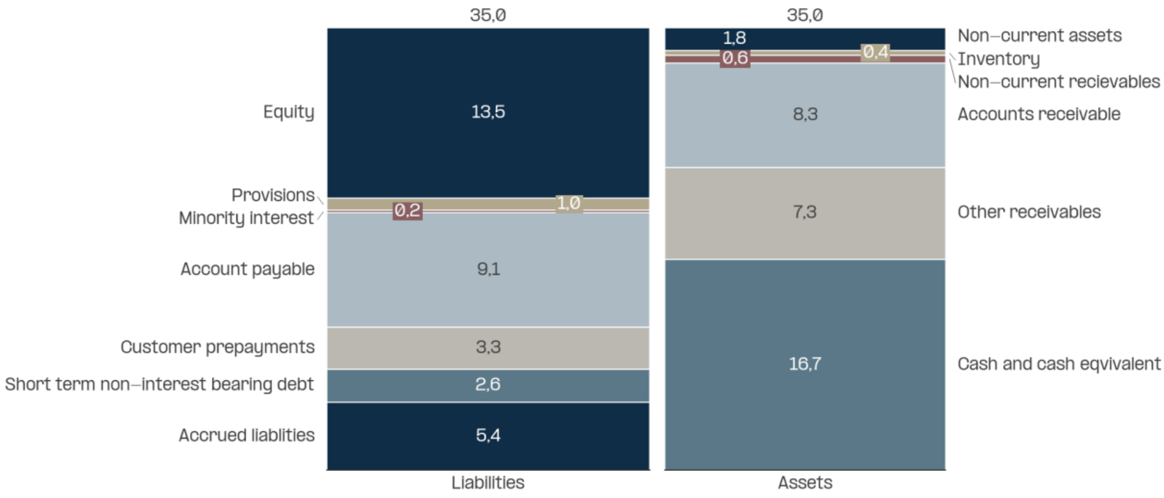
Profitability took a big leap after 2023. There are multiple reasons for this. The share of personnel costs decreased from 8.9% to 7.0% of revenue. This was a direct consequence of higher revenue and cost scalability working in Tekova's favor. The company also succeeded in project selection and pricing, driving higher gross profit. Lastly, project execution was solid, and no risks were realized during the last two years, showing the consistency of their processes. Projects have materialized under budget, driving profitability even higher.

Balance sheet

As of Q3/2025, the company's total assets amounted to EUR 35.0m. Non–current assets were EUR 1.8m, of which tangible assets accounted for EUR 1.44m. Intangible assets consist of goodwill from the acquisition of shares in subsidiaries. Current assets are primarily trade and other short–term receivables, totaling EUR 15.6m, and the company maintains a cash reserve of EUR 16.7m.

On the liabilities side, the company has equity of EUR 13.5m, most of which represents retained earnings from previous financial years. Short–term liabilities total EUR 20.3m and consist of accounts payable, customer prepayments, other non–interest–bearing liabilities, and accrued expenses. A visualization of the balance sheet is provided below.

Figure 21. Balance sheet after Q3/2025.



Source: Tekova, Evli Research.

The company's balance sheet is small for a construction company, and its working capital is negative. It allows Tekova to use operative cash flow and cash in hand to grow its business and increase the share of real estate development.

Tekova has no interest-bearing debt and has grown with retained profits from previous years. Operating without debt reduces risk and provides the company with financial flexibility. If necessary, Tekova can take on debt to finance multiple real estate development projects, giving it additional room for maneuver. Equity-to-assets ratio is 39% after Q3/2025.

Tekova's capital intensity of 50% is below the group average. Low capital intensity can be explained by the high share of contracting and the high asset turnover. For a real estate developer, a weakened market can lead to low asset turnover when a finished construction project sits idle on the balance sheet.

Tekova applies the Finnish Accounting Standard (FAS) and has two off-balance sheet items totaling EUR 3m. The first one is a land rent liability, which arises from land acquired for development purposes. The second is a rental liability related to Tekova's own office buildings, amounting to EUR 2.0m.

Estimates

We base our estimates on:

- Tekova's strong position in its own niche, resulting higher than the average profitability
- Discipline to only choose projects that fit operationally rather than target revenue growth
- Strong order flow that brings visibility into 2026
- Increasing share of self-developed projects that have higher profit potential
- Positive but slow volume development of the overall construction market

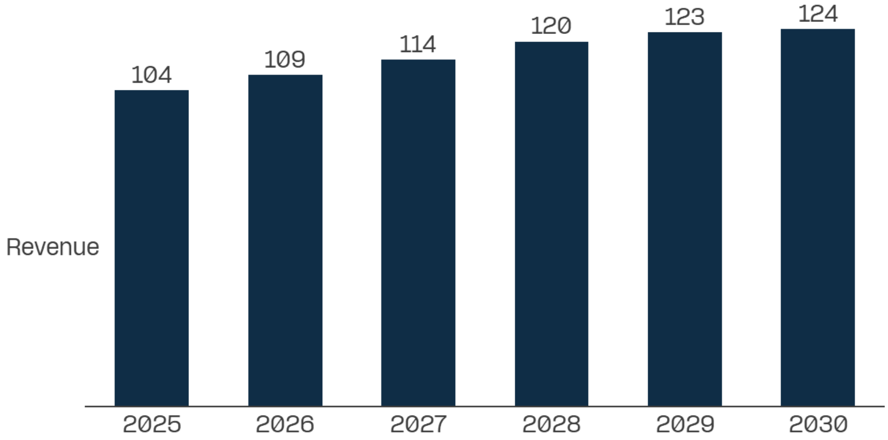
Revenue

Based on our linear model and the number of published contracts, we expect Q4/2025 revenue to be EUR 24m and full-year 2025 revenue to reach EUR 104m. The company posted the highest revenue in its history in Q3/2025. We forecast that fewer projects will be completed in Q4/2025 resulting in lower revenue compared to the previous quarter.

At the end of Q3/2025, the company's order backlog was EUR 78m. Tekova has received a significant number of orders this year, most of which will be completed in 2026. Based on this, we expect revenue for 2026 to reach EUR 109m.

In 2027 and beyond, Tekova has good opportunities to continue gaining market share with its own concept. However, as Tekova is already a large company within its niche, growth rates are expected to be moderate. In addition to further market share gains, the anticipated gradual recovery of the construction market from 2026 onwards will also support growth. We estimate that Tekova's revenue could reach almost EUR 123m by the end of the decade.

Figure 22. We estimate modest revenue growth for the company.



Source: Evli Research.

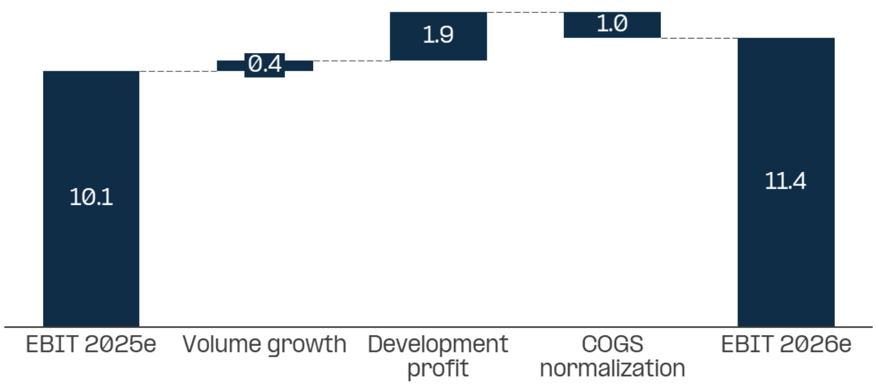
Profitability

We recognize that real estate development will have a clear impact on the results in the future. We modeled an illustrative project to calculate the return metrics for real estate development. The key takeaway is that self-developed projects will have an extra 7–10% gross profit margin calculated from the revenue compared to contracted projects. ROI for self-developed projects could be between 20%–30% depending on the project length. However, IRR for those projects is meaningfully higher. The higher IRR accounts for the timing of the cash flow, because not all funds are tied to the project from day one, but rather over the duration of the project. That's why IRR returns could be more than 50%. Two conclusions can be drawn from this. The first one is a fast sale of the project after the completion is crucial for ROI. The second one is that since yield requirement is the basis for the sale price, a drop in yield requirements would increase the profitability of real estate development and vice versa.

Tekova is positioned to keep the achieved level of profitability. Tekova's well-established subcontracting network keeps the availability of subcontracting at a proficient level in the short term. There is no pressure for a significant increase in costs in this category. The decline in recruitment also supports the operating profit margin. During the second half of 2025, the company has not hired as aggressively as before. Therefore, we expect Tekova's operating profit to be EUR 2.2m for Q4/2025. For the fiscal year 2025 that equals EUR 10m of EBIT with an EBIT margin of 9.5%.

We expect 2026 to be another strong year. Tekova has announced multiple self-developed projects in H2/2025 that will be completed in 2026. We estimate that 19% of the 2026 revenue will be self-developed projects with potential for high profitability. Self-developed projects will increase EBIT by an additional EUR 1.9m for the year 2026. However, we don't estimate budget underruns for 2026 that Tekova has achieved this year. We estimate that Tekova's EBIT for 2026 will be EUR 11.4m with an EBIT margin of 10,5%.

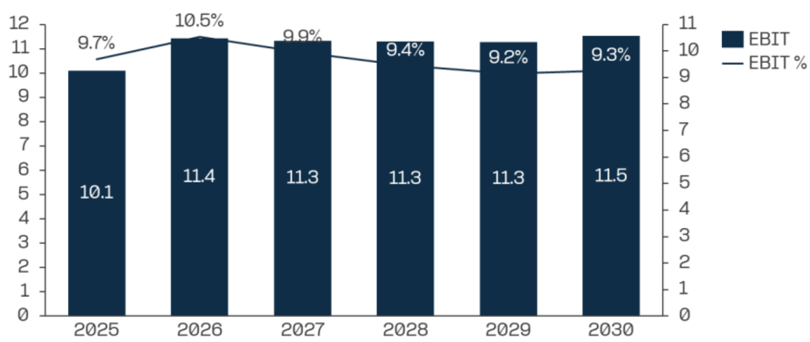
Figure 23. Components of the EBIT change between 2025 and 2026.



Source: Evli Research.

From 2026 onwards we expect Tekova EBIT margin level to converge closer to 9% by the end of this decade. This assumes that real estate development will be an established part of Tekova's operations, and its share grows steadily to 25% in 2030. We also estimate that the subcontracting cost related to revenue will rise when market recovery takes place. Therefore, we expect absolute EBIT levels to be around EUR 11.5m.

Figure 24. Profitability is estimated to jump over 10% in 2026.



Source: Evli Research.

Valuation

We set the target price for Tekova at EUR 1.7. We base our decision on P/E multiple of 8 and EPS of EUR 0.21 for 2026 and 2027 that we consider sustainable level. Absolute multiple is still low, reflecting company's short operating history.

To justify our target price, we first benchmark Tekova against its Nordic and Finnish peers, focusing on EV/EBIT, P/E, and price-to-book ratios. Tekova stands out as materially undervalued despite its industry-leading margins and resilient growth profile. Last, we conduct a DCF-model to reinforce the long-term valuation.

Peer group valuation

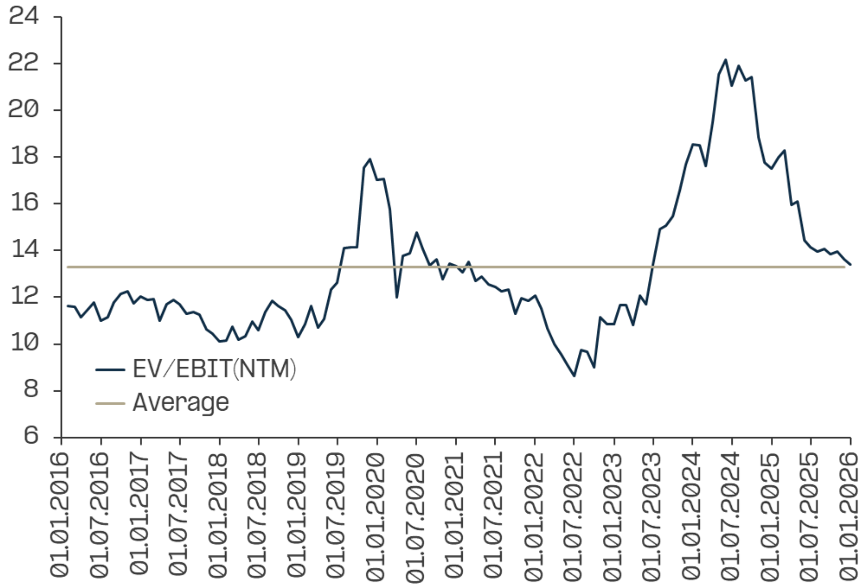
Tekova's peer group includes large Nordic contractors as well as smaller Finnish contractors and real estate developers. The peer group has been selected to include Finnish and other Nordic companies, representing a range of strategies from focused to more diversified. Below is the peer group for Tekova.

Table 1. Tekova's peer group.

Company		Geography	Strategy
Bonava	BONAVA	Nordics	Residential developer
Consti	CONSTI	Finland	Renovation
GRK Infra	GRK	Finland, Sweden	Infrastructure
JM AB		Nordics	Residential developer
NCC	NCC	Nordics	Diversified
PEAB	PEAB	Nordics	Diversified
Skanska	SKANSKA	Europe + USA	Diversified
SRV	SRV	Finland	Diversified
YIT	YIT	Finland, Baltics, CEE	Diversified

For the peer group valuation we use EV/EBIT, P/E and price-to-book (P/B) ratios. We chose these metrics to provide insight into sector profitability and the current state of the cycle. Below is a historical EV/EBIT ratio (NTM) for the peer group.

Figure 25. The peer group EV/EBIT ratio is a little above the long-term average.



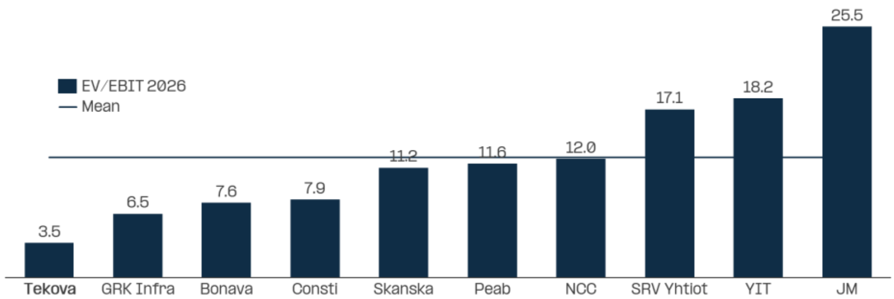
Source: FactSet, Evli Research.

Figure shows that the average EV/EBIT multiple over the 10-year period is 13.3 and the multiple tends to fluctuate with market cycles. The low multiple during 2022 was a result of solid profitability but falling stock prices. Decreasing share prices signaled a weaker profit outlook. As construction sector profitability weakened multiples started to rise. High multiples resulted from low expected profits and rising share prices. Multiples peaked after the stock prices had bottomed out. The EV/EBIT multiple has since come closer to its long-term average due to the rising profit estimates.

Several conclusions can be drawn from this valuation chart. Share prices tend to anticipate changes in the cycle earlier than analysts update their profitability expectations. That's why we see low multiple after the cycle's peak. Another conclusion is that EV/EBIT multiple is a poor indicator for timing bottoms or peaks, as neither extreme value occurred at the respective turning points. Additionally, the chart shows that, as a group, there is no significant upside in multiples. It indicates that potential increase in the share prices are driven by earnings development rather than changes in the multiple. Finally, the mean EV/EBIT should be combined with average profitability levels to provide guidance on fair valuation.

To see how Tekova compares its peer group we examine all the multiples on an individual company basis. Below is an EV/EBIT comparison of Tekova and all its peers.

Figure 26. EV/EVIT multiple for Tekova and the peer group.



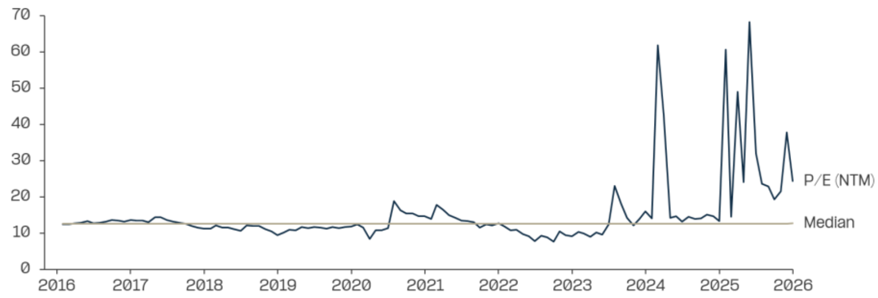
Source: FactSet, Evli Research.

EV/EBIT multiple varies significantly across the peer group. Peer group mean EV/EBIT for 2026 is 12,2 which is very close to historical group average shown above. Tekova's

EV/EBIT multiple of 3.5 is the lowest in its peer group. This relative valuation suggests that Tekova is undervalued compared to its peers.

Next let's consider P/E ratio which ignores financial structure but reflects better earnings that are the basis for dividend payout. Chart of the peer group P/E ratio is below.

Figure 27. P/E ratio (NTM) of the peer group.

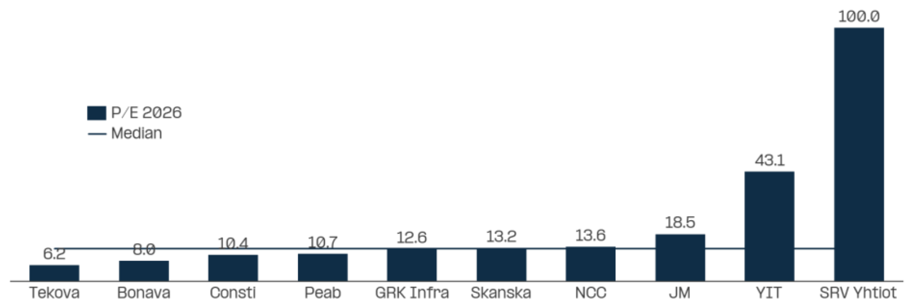


Source: FactSet, Evli Research.

As we can see from the chart, data is noisy. P/E ratio has fluctuated significantly during the past two years. However, before 2024 it is stable. To set the comparable P/E ratio for industry we use median value of the dataset. Median cuts out last two years of high values that doesn't reflect the market but is a result of profitability converging close to zero. The 10-year median P/E ratio is 12.6.

Comparing Tekova to peers using P/E ratio tells us a similar story to EV/EBIT. Below is comparison chart.

Figure 28. High P/E ratio of two companies is the result of earnings estimates being close to zero.



Source: FactSet, Evli Research.

Tekova's P/E ratio of 6.2 is also the lowest in peer group. Median P/E ratio for the group is 12.9. This also suggests Tekova is undervalued compared to its peers.

For additional information on the group valuation, let's look at the price-to-book-ratio. The 10-year development of the P/B ratio is shown below.

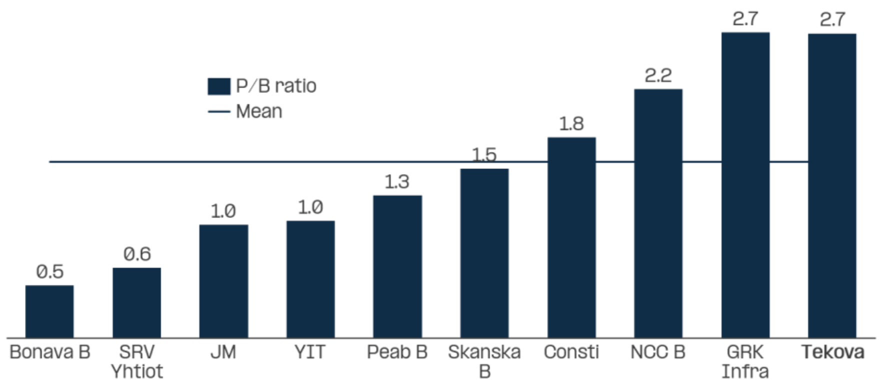
Figure 29.The peer group mean P/B ratio.

Source: FactSet, Evli Research.

This valuation chart illustrates the cycles more clearly, with peaks occurring in 2017 and 2021 and bottoms in 2018 and 2023. Based on this chart we can conclude that the bottom has passed and share prices are now in recovery phase. The P/B ratio is close to its long-term mean.

As a last valuation multiple, we use P/B ratio. Below is a comparison of Tekova and all its peers.

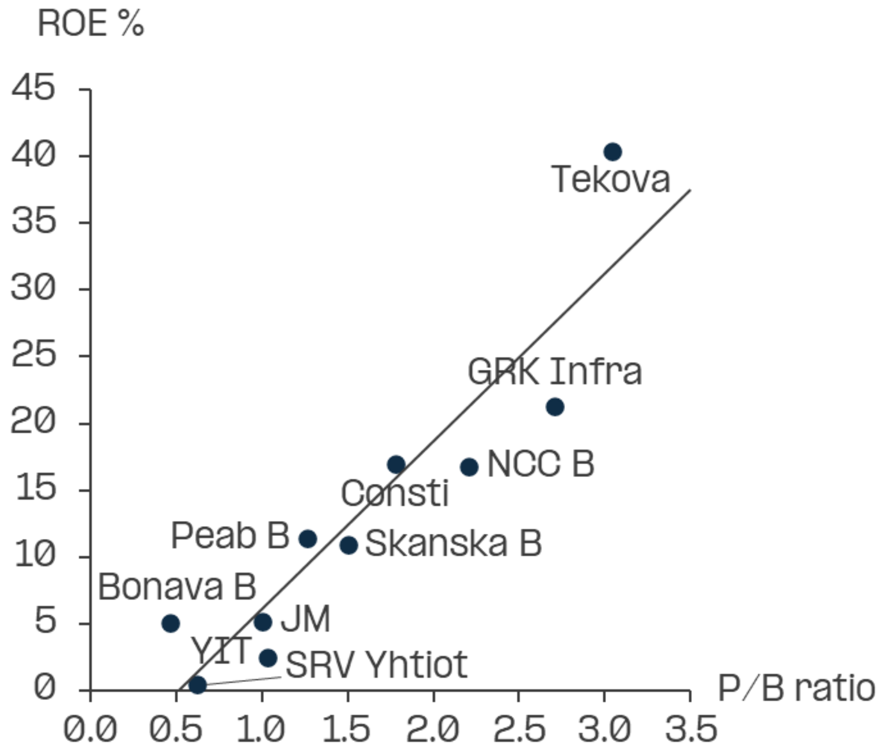
Figure 30. Tekova's NTM P/B ratio is the highest within the group.



Source: FactSet, Evli Research.

Based on the P/B ratio, Tekova appears to be highly valued. Tekova's P/B is the highest and nearly double the mean. This is due to a light balance sheet and the highest profitability within the peer group. To show the relationship between P/B and return on equity (ROE %) we chart them against each other. Below is a scatter plot of Tekova and its peer group.

Figure 31.The relationship between next 12-months ROE and P/B is linear.



Source: FactSet, Evli Research.

Now we see Tekova above the trendline, suggesting P/B is lower than where it could be based on regression. Even this multiple doesn't suggest Tekova is overvalued by any means even though the absolute number is the highest in the group.

Value based on DCF model

We built a DCF-model to see how long-term development is reflected in the share price. We used a WACC of 12.6% including a liquidity risk premium of 2% and a beta of 1.4. Beta was chosen to reflect the riskier nature of the construction sector compared to the general market and Tekova's short operating history. A high beta also reflects the fact that real estate development is a new area for the company. There is room for the beta to decrease as the company demonstrates the profitability of its self-developed real estate projects. We set the terminal growth rate to 1% in line with Finnish GDP growth.

The DCF model suggests fair value to be EUR 1.88, almost 40% higher than the current stock price. The key takeaway from the DCF model is long-term profitability. Current share price reflects a significant decrease in profitability, without there being any signs of weaknesses currently. We argue that there are strong drivers that keep profitability at the current level.

INVESTMENT RISKS

Construction is a project business and is non–recurring by nature. Customers invest in new space only when they seek to expand or relocate. Only a small group of customers are classified as recurring. The success of Tekova depends on the steady flow of new project wins and flawless delivery. The timing of project completion can fluctuate revenue and operating profit between quarters. The larger the projects, the more the results vary. Unforeseen events—such as client insolvency or supply chain disruptions could impact multiple projects significantly.

Real Estate Development

Tekova's increased focus on real estate development alters its risk profile compared to pure contracting. Development projects typically involve longer lead times, as capital is committed to land acquisition, construction, and tenant negotiations before any sale can be completed and revenue recognized. The success of each project depends on securing reliable tenants early and aligning completed properties with investor demand at the time of sale. Changes in tenant preferences, investor risk appetite, or broader market conditions during the project cycle may affect both the timing and pricing of property sales, which could in turn impact Tekova's returns and balance sheet flexibility.

Market Share

As Tekova continues to gain market share within the focused commercial building segment, the company may eventually approach a natural ceiling in its niche, leading to a meaningful slowdown in growth rates. Once Tekova becomes a dominant player in its core market, further expansion will become increasingly challenging without diversifying into new segments. Additionally, as Tekova's success becomes more visible, there is a risk that competitors could seek to replicate its standardized turnkey model and technical solutions, potentially eroding Tekova's competitive advantage and putting pressure on margins.

Cost risks

Tekova relies on subcontracting when conducting its the construction projects. The price of subcontracting depends on the overall market activity. Prices rise when demand is strong, and capacity is in full use. Counterintuitively, a too strong construction market may lead to lower profitability for Tekova if the bargaining power shifts too much to subcontractors and suppliers. It all depends on how fast Tekova could pass the higher prices to customers. Short project lead time reduces these risks, but Tekova is not immune to cost inflation.

Construction Market Risk

The Finnish construction market is currently at the bottom of its cycle, with expectations for a gradual recovery. However, there is a risk that the recovery could take longer than anticipated and proceed at a slower pace. Even though Tekova's core market segments have remained resilient so far, an extended period of weak macroeconomic environment could eventually impact demand in these areas as well. In this scenario, Tekova may face challenges in maintaining its current growth trajectory, fully utilizing its resources, and sustaining high profitability levels.

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	1.34	PV of Free Cash Flow	41	Long–term growth, %	1.0 %	Risk–free interest rate, %	2.50 %
DCF share value	1.89	PV of Horizon value	29	WACC, %	12.6 %	Market risk premium, %	5.8 %
Share price potential, %	41.1 %	Unconsolidated equity	–1	Spread, %	0.5 %	Debt risk premium %	2.5 %
Maximum value	2.0	Marketable securities	15	Minimum WACC, %	12.1 %	Equity beta coefficient	1.40
Minimum value	1.8	Debt – dividend	–2	Maximum WACC, %	13.1 %	Target debt ratio, %	0 %
Horizon value, %	41.4 %	Value of stock	83	No. of shares, Mn	43.7	Effective tax rate, %	20 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	66	104	109	114	120	121	122	123	124	126	127	128
Sales growth (%)	*17.1%*	*58.9%*	*4.2%*	*5.0%*	*5.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
Operating income (EBIT)	6	10	11	11	11	11	12	12	12	12	12	12
Operating income margin %	*9.1%*	*10.0%*	*10.5%*	*9.9%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*
+ Depreciation+amort.	0	0	0	0	0	0	0	0	0	0	0	
EBITDA	6	11	12	12	12	12	12	12	12	12	12	
– Paid taxes	–1	–2	–2	–2	–2	–2	–2	–2	–2	–2	–2	
– Change in NWC	8	–6	–7									
NWC / Sales, %	*–13.9%*	*–2.9%*	*4.0%*	*3.8%*	*3.6%*	*3.6%*	*3.5%*	*3.5%*	*3.5%*	*3.4%*	*3.4%*	
+ Change in other liabs	0											
– Operative CAPEX	–3	–2	0	–1	–1	0	0	0	0	0	0	
opCAPEX / Sales, %	*4.6%*	*2.6%*	*0.5%*	*0.6%*	*0.6%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	10	0	2	9	9	9	9	9	9	9	10	83
= Discounted FCFF		0	1	7	6	6	5	5	4	4	3	29
= DFCF min WACC		0	1	7	6	6	5	5	4	4	3	32
= DFCF max WACC		0	1	7	6	6	5	4	4	4	3	27

Sensitivity analysis, EUR

Terminal EBIT–% \ Terminal WACC	10.55 %	11.55 %	12.55 %	13.55 %	14.55 %
7.45 %	2.00	1.84	1.71	1.60	1.51
8.45 %	2.13	1.95	1.80	1.68	1.57
9.45 %	2.25	2.05	1.89	1.75	1.64
10.45 %	2.38	2.16	1.98	1.83	1.70
11.45 %	2.50	2.26	2.07	1.90	1.76

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Net sales	15.4	12.7	16.0	21.4	65.5	23.7	25.0	31.4	24.0	104.1	108.5	113.9
EBITDA	1.4	1.3	1.3	2.0	6.1	2.6	2.6	2.6	2.6	10.6	11.6	11.6
EBITDA margin (%)	*9.1%*	*10.3%*	*8.1%*	*9.6%*	*9.2%*	*11.1%*	*10.6%*	*8.4%*	*11.0%*	*10.1%*	*10.7%*	*10.2%*
EBIT	1.4	1.3	1.3	2.0	6.0	2.6	2.6	2.6	2.6	10.4	11.4	11.3
EBIT margin (%)	*9.1%*	*10.2%*	*8.1%*	*9.3%*	*9.1%*	*11.0%*	*10.4%*	*8.3%*	*10.8%*	*10.0%*	*10.5%*	*9.9%*
Net financial items		0.1	0.1	0.0	0.2	0.0	0.1	0.1	0.1	0.2	0.4	0.4
Pre-tax profit	1.4	1.4	1.4	2.0	6.2	2.6	2.7	2.7	2.7	10.6	11.8	11.7
Tax		-0.6	-0.3	-0.4	-1.3	-0.5	-0.5	-0.6	-0.5	-2.1	-2.4	-2.3
Tax rate (%)		*42.7%*	*21.1%*	*19.5%*	*20.7%*	*20.5%*	*20.1%*	*20.7%*	*18.9%*	*20.0%*	*20.0%*	*20.0%*
Net profit	1.4	0.6	1.0	1.9	5.0	2.0	2.1	2.1	2.1	8.2	9.5	9.4
EPS	0.03	0.01	0.02	0.04	0.11	0.05	0.05	0.05	0.05	0.19	0.22	0.21
EPS adj. (diluted)	0.03	0.01	0.02	0.04	0.11	0.05	0.05	0.05	0.05	0.19	0.22	0.21
Dividend per share					0.04					0.08	0.09	0.11

SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Division 1	15.4	12.7	16.0	21.4	65.5	23.7	25.0	31.4	24.0	104.1	108.5	113.9
Total	15.4	12.7	16.0	21.4	65.5	23.7	25.0	31.4	24.0	104.1	108.5	113.9

SALES GROWTH, Y/Y %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Division 1	16.3%	-4.1%	8.8%	45.0%	17.1%	53.9%	96.9%	96.3%	12.1%	58.9%	4.2%	5.0%
Total	16.3%	-4.1%	8.8%	45.0%	17.1%	53.9%	96.9%	96.3%	12.1%	58.9%	4.2%	5.0%

EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Division 1	1.4	1.3	1.3	2.0	6.0	2.6	2.6	2.6	2.6	10.4	11.4	11.3
Total	1.4	1.3	1.3	2.0	6.0	2.6	2.6	2.6	2.6	10.4	11.4	11.3

EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Division 1	9.1%	10.2%	8.1%	9.3%	9.1%	11.0%	10.4%	8.3%	10.8%	10.0%	10.5%	9.9%
Total	9.1%	10.2%	8.1%	9.3%	9.1%	11.0%	10.4%	8.3%	10.8%	10.0%	10.5%	9.9%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	29.7	34.5	124.0	55.9	65.5	104.1	108.5	113.9
Sales growth (%)	98.0%	16.2%	259.4%	-54.9%	17.1%	58.9%	4.2%	5.0%
EBITDA	1.7	2.3	1.1	3.5	6.1	10.6	11.6	11.6
EBITDA margin (%)	5.7%	6.7%	0.9%	6.2%	9.2%	10.1%	10.7%	10.2%
Depreciation		0.0	0.0	0.0	-0.1	-0.2	-0.2	-0.3
EBITA	1.7	2.3	1.1	3.5	6.0	10.4	11.4	11.3
Goodwill amortization / writedown			0.0					
EBIT	1.7	2.3	1.1	3.5	6.0	10.4	11.4	11.3
EBIT margin (%)	5.7%	6.7%	0.9%	6.2%	9.1%	10.0%	10.5%	9.9%
Reported EBIT	1.7	2.3	1.1	3.5	6.0	10.4	11.4	11.3
EBIT margin (reported) (%)	5.7%	6.7%	0.9%	6.2%	9.1%	10.0%	10.5%	9.9%
Net financials		-0.1	-0.3	0.0	0.2	0.2	0.4	0.4
Pre-tax profit	1.7	2.2	0.8	3.5	6.2	10.6	11.8	11.7
Taxes		-0.4	-0.2	-0.7	-1.3	-2.1	-2.4	-2.3
Minority shares				-0.3	0.1	-0.3		
Net profit	1.7	1.8	0.6	2.5	5.0	8.2	9.5	9.4
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets			1	1	4	6	6	7
Goodwill					0	0	0	0
Right of use assets					0	1	1	1
Inventory					3	3	11	11
Receivables			17	10	10	15	15	16
Liquid funds			3	3	15	16	16	17
Total assets			22	14	33	41	50	52
Liabilities								
Shareholders' equity			3	2	9	15	22	27
Minority interest					0	0	0	0
Convertibles								
Lease liabilities						1	1	1
Deferred taxes								
Interest bearing debt						3	5	0
Non-interest bearing current liabilities			18	11	22	21	22	23
Other interest-free debt				0	0	0	0	0
Total liabilities			22	14	32	41	50	52
CASH FLOW, EURm								
+ EBITDA	2	2	1	3	6	11	12	12
- Net financial items		0	0	0	0	0	0	0
- Taxes		0	0	-1	-1	-2	-2	-2
- Increase in Net Working Capital			1	1	8	-6	-7	
+/- Other				0	0	0		
= Cash flow from operations	2	2	2	3	13	2	2	10
- Capex		0	-1	0	-3	-3	0	-1
- Acquisitions								
+ Divestments								
= Free cash flow	2	2	1	3	10	0	2	9
+/- New issues/buybacks	-2	-2	2	-3	2			
- Paid dividend					2	3	4	5
+/- Other			1	0	0	3	2	-4
Change in cash			3	-1	12	1	1	1

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap			44	44	59	59	59
Net debt (excl. convertibles)		-3	-3	-15	-12	-11	-16
Enterprise value		-3	41	30	47	48	43
Sales	35	124	56	66	104	109	114
EBITDA	2	1	3	6	11	12	12
EBIT	2	1	3	6	10	11	11
Pre-tax	2	1	3	6	11	12	12
Earnings	2	1	3	5	8	9	9
Equity book value (excl. minorities)		3	2	9	15	22	27

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales		0.0	0.7	0.5	0.5	0.4	0.4
EV/EBITDA		-3.1	11.8	4.9	4.4	4.1	3.7
EV/EBITA		-3.0	11.8	5.0	4.5	4.2	3.8
EV/EBIT		-3.0	11.8	5.0	4.5	4.2	3.8
EV/OCF		-2.2	13.4	2.3	20.9	20.2	4.4
EV/FCF		-1.9	15.9	3.1	-743.9	30.0	4.9
P/FCFR			16.6	4.5	-144.6	30.9	6.5
P/E			17.3	8.8	7.1	6.2	6.2
P/BV			19.6	4.8	3.8	2.7	2.1
Target EV/EBITDA					5.9	5.5	5.0
Target EV/EBIT					6.0	5.6	5.1
Target EV/FCFF					-153.5	33.5	6.5
Target P/BV					4.8	3.4	2.7
Target P/E, diluted					9.0	7.8	7.9

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)			43.68	43.68	43.68	43.68	43.68
Number of shares (diluted, million)			43.68	43.68	43.68	43.68	43.68
EPS			0.06	0.11	0.19	0.22	0.21
Operating cash flow per share			0.07	0.29	0.05	0.05	0.22
Free cash flow per share			0.06	0.22	-0.01	0.04	0.21
Book value per share			0.05	0.21	0.35	0.50	0.62
Dividend per share				0.04	0.08	0.09	0.11
Dividend payout ratio, %				35.2%	40.0%	40.0%	50.0%
Dividend yield, %				4.0%	5.6%	6.5%	8.0%
FCF yield, %			6.0%	22.0%	-0.7%	3.2%	15.4%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE			105.2%	88.3%	67.0%	51.0%	38.3%
ROCE		88.2%	144.5%	108.6%	76.7%	51.3%	42.2%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales				5.1%	3.0%	10.0%	10.0%
Receivables as % of sales		13.9%	17.3%	14.8%	14.1%	14.0%	13.8%
Non-int. bearing liabilities as % of sales		14.7%	20.0%	33.8%	20.0%	20.0%	20.0%
NWC/sales, %		-0.8%	-2.7%	-13.9%	-2.9%	4.0%	3.8%
Operative CAPEX/Sales, %	0.0%	0.7%	0.7%	4.6%	2.6%	0.5%	0.6%
CAPEX/sales (incl. acquisitions), %	0.0%	0.7%	0.7%	4.6%	2.6%	0.5%	0.6%
FCFF/EBITDA	0.8	1.6	0.7	1.6	0.0	0.1	0.8
Net Debt/EBITDA, book-weighted		-3.1	-0.8	-2.5	-1.2	-0.9	-1.4
Debt/equity, market-weighted					0.0	0.1	0.0
Equity ratio, book-weighted		0.1	0.2	0.3	0.4	0.4	0.5
Gearing, %		-132.7%	-125.4%	-161.8%	-78.7%	-50.1%	-59.0%

COMPANY DESCRIPTION: Tekova is a Finnish construction contractor and real estate developer focused on commercial and industrial real estate buildings. Tekova is focused on simple premises where technical design is repeatable.Tekova uses turnkey contracting model where it's responsible for design and construction. That allows Tekova to utilize its own technical design as well as optimize supply chain.

INVESTMENT CASE: Tekova is on of the most profitable construction companies in Finland. It is the market leader in its own niche. Tekova is positioned to grow its profit by developing part of the projects by itself while maintaining modest volume growth at the same time.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Kaselli Oy	16 200 428	21.709	37.1 %
Jaakko Heikkilä	3 578 111	4.795	8.2 %
ONNIVATIONS OY	2 723 491	3.649	6.2 %
KOIVUKOSKI HUGO SEVERI	2 506 500	3.359	5.7 %
PETÄJÄJÄRVI REBECCA CECILIA	2 106 000	2.822	4.8 %
KORPI LISTATUT OY	1 231 500	1.650	2.8 %
FORCAPITAL OY	953 327	1.277	2.2 %
MISAKA INVEST OY	860 117	1.153	2.0 %
TOLONEN JUSSI PETTERI	610 000	0.817	1.4 %
RANDE OY	560 410	0.751	1.3 %
Ten largest	31 329 884	41.982	71.7 %
Residual	12 349 116	16.548	28.3 %
Total	43 679 000	58.530	100%

EARNINGS CALENDAR

February 12, 2026	FY 2025 Results
April 23, 2026	Q1 report
July 22, 2026	Q2 report
October 27, 2026	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Jaakko Heikkilä	Tiilipojanlenkki 9, 01720 Vantaa
CFO: Juho Marjanen	Tel:
IR:	

DEFINITIONS

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	**EPS** $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	**DPS** Dividend for the financial period per share
Market cap Price per share * Number of shares	**OCF (Operating cash flow)** EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value) Market cap + net debt + minority interest at market value – share of associated companies at market value	**FCF (Free cash flow)** Operating cash flow – Operative CAPEX – acquisitions + divestments
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	**FCF yield, %** $\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	**Operative CAPEX / Sales** $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	**Net working capital** Current assets – current liabilities
Net debt Interest bearing debt – financial assets	**Capital employed / Share** $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets Balance sheet total	**Gearing** $\frac{\text{Net debt}}{\text{Equity}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	**Debt/Equity, %** $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	**Equity ratio, %** $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, % $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	**CAGR, %** Cumulative annual growth rate = Average growth rate per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

Important Disclosures

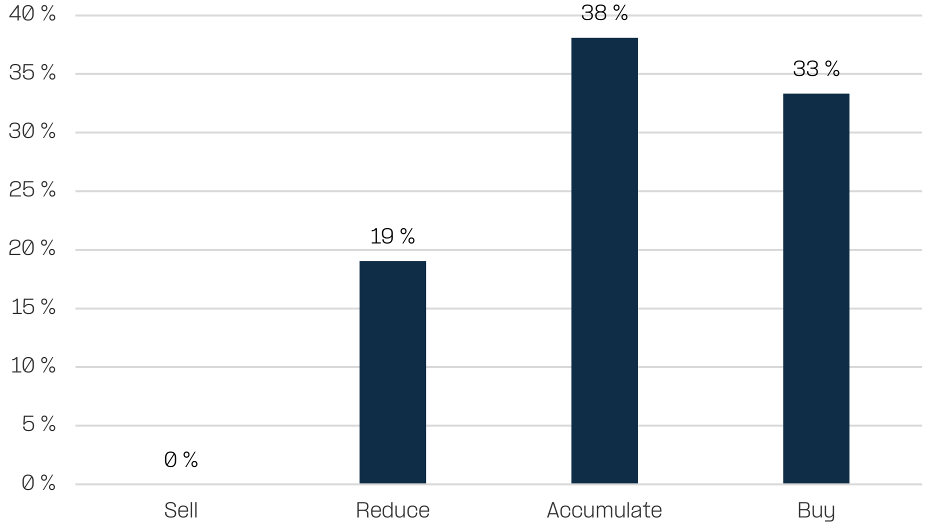
Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. The valuation assumptions used are sensitive to changes and can significantly affect fair values. A change of a single percentage point in any used assumption could affect fair values by more than +/-20%. Recommendations and changes by analysts are available at Analysts' recommendations and ratings revisions.

Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – 0 %	RECUDE
0 – (+10) %	ACCUMULATE
> 10 %	BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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Name(s) of the analyst(s): Juho Tilli

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