

All eyes on demand development

SRV's Q4 results came in quite as expected. We expect slow but steady progress in 2026, with all eyes on pick up in demand for residential construction, which is key for larger earnings improvements in 2027.

Q4 results in line with expectations

SRV's Q4 results were in line with our expectations. Revenue amounted to EUR 215.8m (Evli EUR 216.7m) and operative operating profit to EUR 3.6m (Evli 3.9m). With an order intake of EUR 109.3m the order backlog fell to EUR 772.3m (EUR 1,053m in Q4/24), with the decline also partially due to the sale of SRV Infra. Revenue in 2026 is expected to amount to EUR 650m–750m (2025: EUR 705.6m) and the operative EBIT is expected to be positive (2025: EUR 6.8m).

Modest expectations for 2026, eyeing pick up in 2027

Following some minor adjustments to our estimates, we now expect revenue of EUR 697.9m and an operative operating profit of EUR 7.3m, with the latter down slightly due to perceived limited prospects of margin improvements on expected volumes and revenue mix. Adjusting for SRV Infra's sales to external customers in the comparison period, our estimate corresponds to low single-digit growth. We anticipate a growth of ~20% in housing construction from the very low comparison period, aided by a limited number of developer-contracted housing unit completions. Potential, future margin development relies heavily on increased housing construction, and especially self-developed units. The trend has been positive, and we continue to anticipate significant growth in 2027. However, the market sentiment still remains cautious, and we see a moderately high risk of the more notable earnings improvements being pushed towards 2028, should housing unit start-ups not increase during H1/26. The outlook for business construction remains healthy in our view, supported by orders won but not yet included in the backlog.

REDUCE with a target price of EUR 4.8

We retain our REDUCE-rating and target price of EUR 4.8. Although multiples start to appear more attractive on 2027 estimates, should the housing construction market gain traction, the visibility is still too limited to emphasize said multiples.

Rating

■ Reduce



Share price, EUR (Last trading day's closing price)	5.22
Target price, EUR	4.8
Latest change in recommendation	06–Feb–25
Latest report on company	26–Jan–26
Research paid by issuer:	YES
No. of shares outstanding, '000's	16 963
No. of shares fully diluted, '000's	16 963
Market cap, EURm	89
Free float, %	61.1 %
Exchange rate	1.0
Reuters code	SRV1V.HE
Bloomberg code	SRV1V.FH
Average daily volume, EURm	0.06
Next interim report	07–May–26
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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
2024	745.9	12.0	1.6%	13.7	0.31	15.8	0.3	17.8	16.2%	
2025	705.6	27.5	3.9%	29.8	0.90	5.8	0.3	7.0	33.5%	
2026E	697.9	7.3	1.1%	2.7	-0.03	-158.5	0.3	25.8	3.1%	
2027E	786.5	18.3	2.3%	-8.9	0.50	10.5	0.3	10.8	-10.1%	0.15
2028E	836.7	24.6	2.9%	4.9	0.80	6.5	0.2	7.9	5.5%	0.40
Market cap, EURm		89	Gearing 2026E, %			55.2 %	CAGR EPS 2025–28, %		-4.0 %	
Net debt 2026E, EURm		100	Price/book 2026E			0.7	CAGR Sales 2025–28, %		5.9 %	
Enterprise value, EURm		189	Dividend yield 2026E, %			0.0 %	ROE 2026E, %		-0.5 %	
Total assets 2026E, EURm		454	Tax rate 2026E, %			20.0 %	ROCE 2026E, %		2.4 %	
Goodwill 2026E, EURm		2	Equity ratio 2026E, %			26.2 %	PEG, P/E 26/CAGR		0.0	

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

SRV	2024	Q1/25	Q2/25	Q3/25	Q4/25	2025	Q1/26E	Q2/26E	Q3/26E	Q4/26E	2026E	2027E	2028E
Revenue	745.8	161.4	168.7	159.7	215.8	705.6	154.0	164.6	162.6	216.6	697.9	786.5	836.7
change, %	22.3%	-3.4%	-9.4%	-12.9%	3.2%	-5.4%	-4.6%	-2.4%	1.8%	0.4%	-1.1%	12.7%	6.4%
Revenue – Business construction	688.1	149.8	156.1	147.6	199.3	652.8	141.0	145.0	147.0	201.0	634.0	662.5	682.4
change, %	35.3%	-4.0%	-9.9%	-11.7%	4.1%	-5.1%	-5.9%	-7.1%	-0.4%	0.9%	-2.9%	4.5%	3.0%
Revenue – Housing construction	57.7	11.7	12.6	12.0	16.4	52.7	13.0	19.6	15.6	15.6	63.9	123.8	154.2
change, %	-42.6%	7.3%	-3.1%	-25.9%	-6.3%	-8.8%	11.3%	55.7%	30.2%	-4.7%	21.2%	93.8%	24.6%
Operative operating profit	10.3	0.7	0.8	1.3	3.9	6.8	0.4	1.6	1.5	3.8	7.3	18.3	24.6
-margin	1.4%	0.4%	0.5%	0.8%	1.8%	1.0%	0.3%	1.0%	0.9%	1.8%	1.0%	2.3%	2.9%
Operating profit	12.0	0.7	0.7	1.3	24.9	27.5	0.4	1.6	1.5	3.8	7.3	18.3	24.6
-margin	1.6%	0.4%	0.4%	0.8%	11.5%	3.9%	0.3%	1.0%	0.9%	1.8%	1.0%	2.3%	2.9%
Net financials	-6.3	-1.2	-2.0	-2.9	-2.0	-8.1	-2.0	-2.0	-2.0	-2.0	-7.8	-7.7	-7.7
Pre-tax profit	5.7	-0.5	-1.4	-1.6	22.9	19.4	-1.6	-0.4	-0.5	1.8	-0.5	10.6	16.9
Income taxes	-0.4	0.3	0.5	0.5	-5.3	-4.0	0.3	0.1	0.1	-0.4	0.1	-2.1	-3.4
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	5.3	-0.2	-0.8	-1.1	17.6	15.5	-1.3	-0.3	-0.4	1.4	-0.4	8.5	13.6
EPS*	0.18	-0.05	-0.08	-0.10	1.01	0.78	-0.13	-0.08	-0.05	0.06	-0.20	0.48	0.77

*incl. tax adjusted hybrid interest

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	5.22 PV of Free Cash Flow	126 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	8.82 PV of Horizon value	126 WACC, %	10.0 % Market risk premium, %	5.8 %
Share price potential, %	69.0 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	3.8 %
Maximum value	9.9 Marketable securities	104 Minimum WACC, %	9.5 % Equity beta coefficient	1.40
Minimum value	7.9 Debt – dividend	-207 Maximum WACC, %	10.5 % Target debt ratio, %	20 %
Horizon value, %	50.0 % Value of stock	150 No. of shares, Mn	17.0 Effective tax rate, %	20 %

DCF valuation, EURm	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	TERMINAL
Net sales	706	698	786	837	879	905	932	951	970	989	1 009	1 029
<i>Sales growth (%)</i>	<i>-5.4%</i>	<i>-1.1%</i>	<i>12.7%</i>	<i>6.4%</i>	<i>5.0%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>
Operating income (EBIT)	28	7	18	25	31	34	39	38	34	35	30	36
<i>Operating income margin %</i>	<i>3.9%</i>	<i>1.1%</i>	<i>2.3%</i>	<i>2.9%</i>	<i>3.5%</i>	<i>3.8%</i>	<i>4.2%</i>	<i>4.0%</i>	<i>3.5%</i>	<i>3.5%</i>	<i>3.5%</i>	<i>3.5%</i>
+ Depreciation+amort.	6	6	6	6	6	6	6	6	6	6	6	6
EBITDA	34	13	24	31	37	40	45	44	40	40	36	
- Paid taxes	-2	-1	-4	-5	-6	-7	-8	-8	-7	-7	-6	
- Change in NWC	17	3	-17	-9	-6	-4	-4	-3	-3	-3	-3	
<i>NWC / Sales, %</i>	<i>13.1%</i>	<i>12.8%</i>	<i>13.6%</i>	<i>13.8%</i>								
+ Change in other liabs	4											
- Operative CAPEX	-7	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
<i>opCAPEX / Sales, %</i>	<i>2.9%</i>	<i>0.8%</i>	<i>0.7%</i>	<i>0.7%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.5%</i>	
- Acquisitions												
+ Divestments	9											
- Other items												
= FOFF	55	13	1	15	23	28	31	32	28	29	25	323
= Discounted FCF	12	1	11	16	17	18	16	13	12	10	10	126
= DFCF min WACC	12	1	11	16	18	18	17	14	13	10	10	141
= DFCF max WACC	12	1	11	15	17	17	16	13	12	9	9	113

Sensitivity analysis, EUR

Terminal WACC						
	8.00 %	9.00 %	10.00 %	11.00 %	12.00 %	
Terminal EBIT-%	1.50 %	4.65	3.69	2.91	2.25	1.69
	2.50 %	9.38	7.39	5.87	4.66	3.67
	3.50 %	14.10	11.09	8.82	7.06	5.65
	4.50 %	18.83	14.79	11.78	9.46	7.62
	5.50 %	23.55	18.48	14.73	11.86	9.60

INTERIM FIGURES

EVLI ESTIMATES, EURm	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Net sales	161.4	168.7	159.7	215.8	705.6	154.0	164.6	162.6	216.6	697.9	786.5	836.7
EBITDA	2.1	2.1	2.8	26.7	33.7	1.8	3.0	2.9	5.2	12.9	24.0	30.5
EBITDA margin (%)	1.3%	1.2%	1.8%	12.4%	4.8%	1.2%	1.8%	1.8%	2.4%	1.9%	3.1%	3.7%
EBIT	0.7	0.7	1.4	24.7	27.5	0.4	1.6	1.5	3.8	7.3	18.3	24.6
EBIT margin (%)	0.4%	0.4%	0.9%	11.4%	3.9%	0.3%	1.0%	0.9%	1.8%	1.1%	2.3%	2.9%
Net financial items	-1.2	-2.0	-3.0	-2.0	-8.2	-2.0	-2.0	-2.0	-2.0	-8.0	-7.8	-7.7
Pre-tax profit	-0.5	-1.4	-1.5	22.7	19.3	-1.6	-0.4	-0.5	1.8	-0.7	10.5	16.9
Tax	0.3	0.5	0.5	-5.3	-4.0	0.3	0.1	0.1	-0.4	0.1	-2.1	-3.4
Tax rate (%)	60.0%	39.7%	29.9%	23.4%	20.7%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Net profit	-0.2	-0.8	-1.1	17.4	15.3	-1.3	-0.3	-0.4	1.4	-0.6	8.4	13.6
EPS	-0.01	-0.05	-0.06	1.03	0.90	-0.08	-0.02	-0.02	0.08	-0.03	0.50	0.80
EPS adj. (diluted)	-0.01	-0.05	-0.06	1.03	0.90	-0.08	-0.02	-0.02	0.08	-0.03	0.50	0.80
Dividend per share											0.15	0.40
SALES, EURm	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Group	161.4	168.7	159.7	215.8	705.6	154.0	164.6	162.6	216.6	697.9	786.5	836.7
Total	161.4	168.7	159.7	215.8	705.6	154.0	164.6	162.6	216.6	697.9	786.5	836.7
SALES GROWTH, Y/Y %	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Group	-3.4%	-9.5%	-13.0%	3.2%	-5.4%	-4.6%	-2.4%	1.8%	0.4%	-1.1%	12.7%	6.4%
Total	-3.4%	-9.5%	-13.0%	3.2%	-5.4%	-4.6%	-2.4%	1.8%	0.4%	-1.1%	12.7%	6.4%
EBIT, EURm	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Group	0.7	0.7	1.4	24.7	27.5	0.4	1.6	1.5	3.8	7.3	18.3	24.6
Total	0.7	0.7	1.4	24.7	27.5	0.4	1.6	1.5	3.8	7.3	18.3	24.6
EBIT margin %	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Group	0.4%	0.4%	0.9%	11.4%	3.9%	0.3%	1.0%	0.9%	1.8%	1.1%	2.3%	2.9%
Total	0.4%	0.4%	0.9%	11.4%	3.9%	0.3%	1.0%	0.9%	1.8%	1.1%	2.3%	2.9%

INCOME STATEMENT, EURm	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales	932.5	770.1	610.1	745.9	705.6	697.9	786.5	836.7
<i>Sales growth (%)</i>	<i>-4.4%</i>	<i>-17.4%</i>	<i>-20.8%</i>	<i>22.3%</i>	<i>-5.4%</i>	<i>-1.1%</i>	<i>12.7%</i>	<i>6.4%</i>
EBITDA	4.5	-67.0	-1.2	21.6	33.7	12.9	24.0	30.5
<i>EBITDA margin (%)</i>	<i>0.5%</i>	<i>-8.7%</i>	<i>-0.2%</i>	<i>2.9%</i>	<i>4.8%</i>	<i>1.9%</i>	<i>3.1%</i>	<i>3.7%</i>
Depreciation	-6.3	-9.3	-5.6	-9.6	-6.2	-5.6	-5.6	-5.9
EBITA	-18	-76.3	-6.8	12.0	27.5	7.3	18.3	24.6
Goodwill amortization / writedown								
EBIT	-18	-76.3	-6.8	12.0	27.5	7.3	18.3	24.6
<i>EBIT margin (%)</i>	<i>-0.2%</i>	<i>-9.9%</i>	<i>-1.1%</i>	<i>1.6%</i>	<i>3.9%</i>	<i>1.1%</i>	<i>2.3%</i>	<i>2.9%</i>
Reported EBIT	-1.8	-76.3	-6.8	12.0	27.5	7.3	18.3	24.6
<i>EBIT margin (reported) (%)</i>	<i>-0.2%</i>	<i>-9.9%</i>	<i>-1.1%</i>	<i>1.6%</i>	<i>3.9%</i>	<i>1.1%</i>	<i>2.3%</i>	<i>2.9%</i>
Net financials	-18.6	-2.7	-9.0	-6.3	-8.2	-8.0	-7.8	-7.7
Pre-tax profit	-20.4	-79.0	-15.8	5.7	19.3	-0.7	10.5	16.9
Taxes	0.5	-6.6	0.7	-0.4	-4.0	0.1	-2.1	-3.4
Minority shares								
Net profit	-21.4	-85.7	-15.4	5.3	15.3	-0.6	8.4	13.6
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	122	15	18	18	12	12	12	13
Goodwill	2	2	2	2	2	2	2	2
Right of use assets	82	84	96	91	101	101	100	100
Inventory	227	163	157	167	192	161	189	205
Receivables	143	103	89	96	55	89	101	107
Liquid funds	68	45	40	41	104	56	47	45
Total assets	686	448	439	451	498	454	485	505
Liabilities								
Shareholders' equity	150	113	105	113	120	119	128	139
Minority interest								
Convertibles	15	34	34	34	46	22	22	22
Lease liabilities	89	92	106	106	116	111	110	110
Deferred taxes	1	1	0	0	0	0	0	0
Interest bearing debt	149	34	33	31	44	23	24	20
Non-interest bearing current liabilities	243	148	138	154	154	161	183	197
Other interest-free debt	15	7	3	3	9	9	9	9
Total liabilities	686	449	439	451	498	454	485	505
CASH FLOW, EURm								
+ EBITDA	5	-67	-1	22	34	13	24	31
- Net financial items	-19	-3	-9	-6	-8	-8	-8	-8
- Taxes	-2	-2	0	0	-1	0	-2	-3
- Increase in Net Working Capital	98	11	9	-2	17	3	-17	-9
+/- Other	-13	50	0	5				
= Cash flow from operations	69	-10	-2	19	41	8	-3	11
- Capex	45	-58	-19	-5	-21	-5	-6	-6
- Acquisitions								
+ Divestments								
= Free cash flow	114	-68	-21	14	30	3	-9	5
+/- New issues/buybacks	5	49	8	3	-9			
- Paid dividend								
+/- Other	-148	-4	8	-16	42	-51	0	-4
Change in cash	-29	-23	-6	1	63	-48	-9	-2

KEY FIGURES	2022	2023	2024	2025	2026E	2027E	2028E
M-cap	65	67	84	89	89	89	89
Net debt (excl. convertibles)	80	99	96	57	78	87	85
Enterprise value	178	200	214	192	189	198	195
Sales	770	610	746	706	698	786	837
EBITDA	-67	-1	22	34	13	24	31
EBIT	-76	-7	12	28	7	18	25
Pre-tax	-79	-16	6	19	-1	11	17
Earnings	-86	-15	5	15	-1	8	14
Equity book value (excl. minorities)	113	105	113	120	119	128	139
Valuation multiple	2022	2023	2024	2025	2026E	2027E	2028E
EV/Sales	0.2	0.3	0.3	0.3	0.3	0.3	0.2
EV/EBITDA	-2.7	-173.7	9.9	5.7	14.6	8.2	6.4
EV/EBITA	-2.3	-29.6	17.8	7.0	25.8	10.8	7.9
EV/EBIT	-2.3	-29.6	17.8	7.0	25.8	10.8	7.9
EV/OCF	-17.7	-105.2	11.3	4.6	23.0	-62.0	18.5
EV/FCF	-3.2	-558.8	15.7	3.5	14.9	241.5	13.4
P/FCF	-10	-3.2	6.2	3.0	32.4	-9.9	18.1
P/E	-0.8	-4.4	15.8	5.8	-158.5	10.5	6.5
P/BV	0.6	0.6	0.7	0.7	0.7	0.7	0.6
Target EV/EBITDA					14.1	7.9	6.2
Target EV/EBIT					24.9	10.4	7.6
Target EV/FCFF					66.4	-21.3	38.5
Target P/BV					0.7	0.6	0.6
Target P/E, diluted					-145.8	9.7	6.0
Per share measures	2022	2023	2024	2025	2026E	2027E	2028E
Number of shares (million)	16.98	16.98	16.94	16.96	16.96	16.96	16.96
Number of shares (diluted, million)	16.98	16.98	16.94	16.96	16.96	16.96	16.96
EPS	-5.05	-0.90	0.31	0.90	-0.03	0.50	0.80
Operating cash flow per share	-0.59	-0.11	1.11	2.44	0.48	-0.19	0.62
Free cash flow per share	-3.99	-1.24	0.81	1.75	0.16	-0.53	0.29
Book value per share	6.64	6.20	6.70	7.07	7.04	7.54	8.19
Dividend per share						0.15	0.40
Dividend payout ratio, %						30.0%	50.0%
Dividend yield, %						2.9%	7.7%
FCF yield, %	-105.1%	-31.4%	16.2%	33.5%	3.1%	-10.1%	5.5%
Efficiency measures	2022	2023	2024	2025	2026E	2027E	2028E
ROE	-65.3%	-14.1%	4.9%	13.1%	-0.5%	6.8%	10.2%
ROOE	-21.4%	-2.5%	4.3%	9.0%	2.4%	6.6%	8.6%
Financial ratios	2022	2023	2024	2025	2026E	2027E	2028E
Inventories as % of sales	21.1%	25.8%	22.4%	27.2%	23.0%	24.0%	24.5%
Receivables as % of sales	13.3%	14.5%	12.8%	7.7%	12.8%	12.8%	12.8%
Non-int. bearing liabilities as % of sales	19.2%	22.7%	20.6%	21.8%	23.0%	23.3%	23.5%
NWC/sales, %	15.1%	17.6%	14.6%	13.1%	12.8%	13.6%	13.8%
Operative CAPEX/Sales, %	7.5%	3.1%	0.7%	2.9%	0.8%	0.7%	0.7%
CAPEX/sales (incl. acquisitions), %	7.5%	3.1%	0.7%	2.9%	0.8%	0.7%	0.7%
FCFF/EBITDA	0.8	0.3	0.6	1.6	1.0	0.0	0.5
Net Debt/EBITDA, book-weighted	-1.2	-86.3	4.5	1.7	6.1	3.6	2.8
Debt/equity, market-weighted	0.5	0.5	0.4	0.5	0.3	0.3	0.2
Equity ratio, book-weighted	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Gearing, %	55.0%	71.6%	65.6%	34.2%	55.2%	58.1%	52.6%

COMPANY DESCRIPTION: SRV is a Finnish project management contractor that develops and builds commercial and business premises, residential units as well as infrastructure and logistics projects.

INVESTMENT CASE: SRV's road has been bumpy in the past few years and earnings have been weak despite good demand. The current slower residential construction market presents challenges yet several factors support the company including a healthy balance sheet, low amount of unsold developer contracted units and a solid backlog of lower-risk business construction projects. With the revised strategy, SRV aims towards sustainable profitability driven by increasing the share accounted for by housing construction and especially by housing and business premises construction based on in-house project development in a controlled manner.

OWNERSHIP STRUCTURE	SHARES	EURm	%
As Pontos Baltic	2 877 709	15.022	17.0 %
Ilmarinen Mutual Pension Insurance Company	1 942 246	10.139	11.5 %
Kolpi Investments Oy	1 446 353	7.550	8.5 %
Havu Capital Oy	957 562	4.998	5.6 %
OP Life Assurance Company Ltd	767 083	4.004	4.5 %
Tungelin Investments Oy	654 055	3.414	3.9 %
Lareale Investments Oy	654 055	3.414	3.9 %
Varma Mutual Pension Insurance Company	483 611	2.524	2.9 %
Pohjola Insurance Ltd	394 650	2.060	2.3 %
Nordea Life Assurance Finland Ltd.	393 207	2.053	2.3 %
Ten largest	10 570 531	55.178	62.3 %
Residual	6 392 240	33.367	37.7 %
Total	16 962 771	88.546	100%

EARNINGS CALENDAR

May 07, 2026	Q1 report
August 06, 2026	Q2 report
October 22, 2026	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Saku Sipola	Tarvonsalmenkatu 15, Espoo
CFO: Jarkko Rantala	Tel: +358 20 145 5200
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 $\text{Price per share} * \text{Number of shares}$	OCF (Operating cash flow) $\text{EBITDA} - \text{Net financial items} - \text{Taxes} - \text{Increase in working capital} - \text{Cash NRIs} \pm \text{Other adjustments}$
EV (Enterprise value) $\text{Market cap} + \text{net debt} + \text{minority interest at market value} - \text{share of associated companies at market value}$	FCF (Free cash flow) $\text{Operating cash flow} - \text{Operative CAPEX} - \text{acquisitions} + \text{divestments}$
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 $\text{Current assets} - \text{current liabilities}$
Net debt $\text{Interest bearing debt} - \text{financial assets}$	Capital employed / Share $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets $\text{Balance sheet total}$	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, % $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt} \text{ (average)}}$	CAGR, % Cumulative annual growth rate = Average growth rate per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions} \text{ (average)}}$	

Important Disclosures

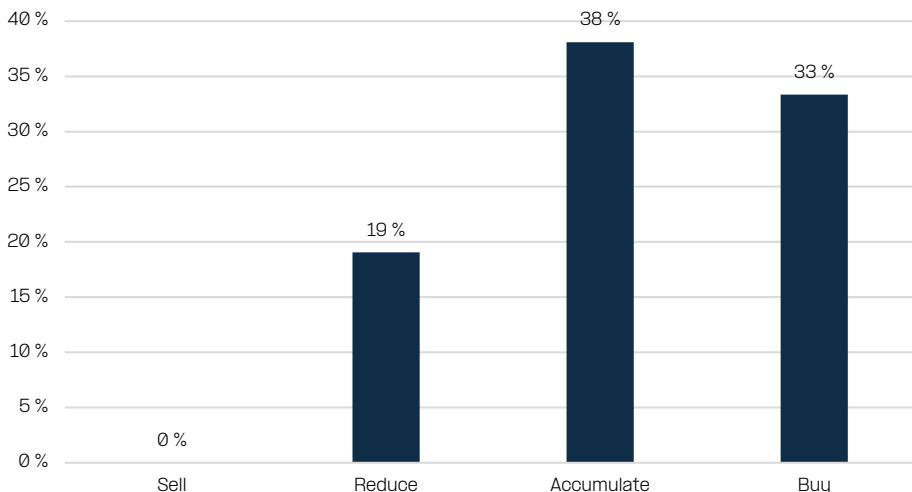
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Investment recommendations are defined as follows:

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

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

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