

SRV Group

Company Report

9/2018

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Strong prerequisites for a turnaround

We raise our recommendation to Accumulate (previous Reduce) and raise our target price to 3,0 euro (previous 2,6 euro). SRV's result development has been weak in recent years, especially due to cost overrun in large projects and a weakening Russian ruble. We estimate that SRV's result will turn to strong growth over the next 12 months as the flow of rental income from shopping malls strengthen, the margin structure of contracting becomes healthier, and the net sales of SRV's developer contracted housing projects turns to growth. We see upside potential in the share compared to the result forecasts, equity book value, and sum of parts but the high risk level and emergent economic turn depress the valuation indicators.

Cost overruns of large projects and weak development of the Russian ruble have steered the company far from the objectives

SRV's business model that utilizes a large subcontractor network and co-operation and financial partners, and the strong construction cycle have enabled strong growth for the company in recent years and SRV has simultaneously been working on dozens of large project management contracts. In addition, after a long project development and construction phase, the company has completed four large shopping mall projects of which three in Russia. The flip side is that the company's profitability development has been extremely weak in recent years as the company's large projects (in particular REDI) have suffered significant cost overruns and the weakening of the Russian ruble has slowed down the ramp-up of the shopping malls and depressed the result. In the strategy period stretching to 2020, SRV's aim is to raise the profitability of construction to around 6% of net sales and the result from shopping malls to 2% of net sales, and considerably improve return on equity and recycling of capital. In light of recent development and the emergent economic turn, the company's objectives are very challenging but if SRV is successful in shaping the structure of sales as planned to become more profitable, avoid new major project risks, the leasing and sales of shopping malls progresses as planned, and the company improves the efficiency of capital recycling through asset sales, projects that tie up less capital and refinancing, we believe the company has the preconditions to reach an EBIT margin of around 5-6% as a whole in the long run (construction around 3-5% and shopping malls around 2%).

We expect a considerable result turnaround in the next few years

We expect SRV's result to grow considerably over the next one to three years. Earnings growth is driven by strong growth in the net sales of self-developed residential projects, growth in rental income from shopping malls, and improved margin structure for contracting thanks to new projects and the construction of the highly loss-making REDI shopping mall coming to an end. For 2019, we estimate 16% net sales growth and 4.2% adjusted EBIT margin (2018e: 0.7%), where the share of construction and other expenses is around 3 percentage points and that of earnings from shopping malls around 1%. In 2020 to 2021, we expect relatively stable net sales development but EBIT % to improve to some 5% of net sales thanks to increasing rental income flow from shopping malls. The biggest estimate risks are related to the profitability development of construction, the sales volume of developer contracted dwellings in 2020 to 2022 that is partially dependent on cyclical development, and on the order intake of business premises construction. In our estimates, we have assumed that construction net sales will make a moderate downturn with the market starting from 2020. SRV's strong order book ensures good visibility for 2019 to 2020.

We see upside in the valuation based on several indicators but high risk level eats up the upside potential

We value SRV with the next few years' earnings multipliers relative to the balance sheet value of equity and sum of parts that takes into account the result of construction, the expected income from large real estate development projects, other balance sheet items and net debt. In light of the updated forecasts and the valuation methods we use, we see clear upside potential in SRV's share. The share's result-based price (FY'19-20 EV/EBIT 8-10x and P/E 5-6x) is moderate compared to its peer group and with more than a 30% discount compared to the balance sheet value of equity and sum of parts. The weak profitability development seen in recent years, the weakness of the Russian economy and ruble, the company's high gearing ratio and the emergent downturn in construction do, however, still clearly limit the upside potential of the share.

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Recommendation and target price

Accumulate

Previous: Reduce

3,00 EUR

Previous: 2,60 euroa

Share price: 2,67 EUR

Potential: +12,4 %



Key figures

	2017	2018e	2019e	2020e
Revenue	1114	983	1129	1099
- growth-%	26 %	-12 %	15 %	-3 %
EBIT adj.	28,0	6,5	46,9	53,3
- EBIT-% adj.	2,5 %	0,7 %	4,2 %	4,8 %
PTP	4,6	-16,3	33,3	38,3
Net Income	5,9	-15,2	28,6	32,9
EPS (adj.)	0,23	-0,15	0,43	0,50
Dividend	0,06	0,00	0,13	0,15
- Payout-%	26 %	0 %	30 %	30 %
P/E (adj.)	15,8	neg.	6,2	5,3
P/B (adj.)	0,9	0,7	0,7	0,6
Dividend yield-%	1,7 %	0,0 %	4,8 %	5,6 %
EV/EBIT (adj.)	18,2	77,2	10,0	8,4
EV/EBITDA	24,3	>100	9,1	7,8
EV/Sales	0,5	0,5	0,4	0,4

Source: Inderes

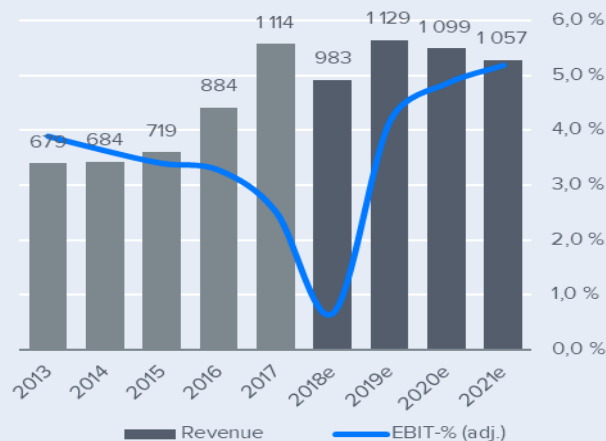
The operating profit and EPS have been adjusted with exchange rate profits/losses, non-cash write-offs, non-recurring items and fair value revaluations of interest rate hedges. A hybrid loan has been adjusted out of the per-share amount of own capital (B).

Share price development

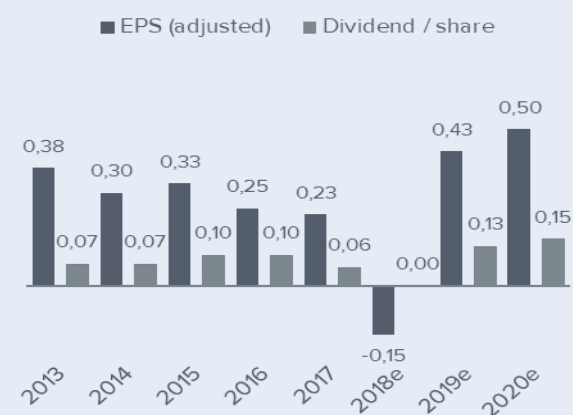


Source: Thomson Reuters

Revenue and EBIT-% (adj.)



EPS and Dividend per share



Value drivers

- Improved profitability through developer contracted dwellings and improved margins of contracting
- Rental and exit revenue from shopping malls
- Released capital and more efficient use of capital
- Strong order book and high sales rate

Risk factors

- Emergent economic turn in construction
- Weakening housing start and sales volumes
- Cost overruns in large projects
- Recession of the Russian economy, ruble and real estate markets
- High amount of tied capital and debt servicing costs

Valuation

- Weak track record in recent years
- 2019e valuation moderate but requires a significant result turnaround
- Sum of parts and DCF indicate an upside potential
- Low P/B supports the share
- Cyclical turn, high gearing ratio and the company's risk level depress the acceptable valuation level

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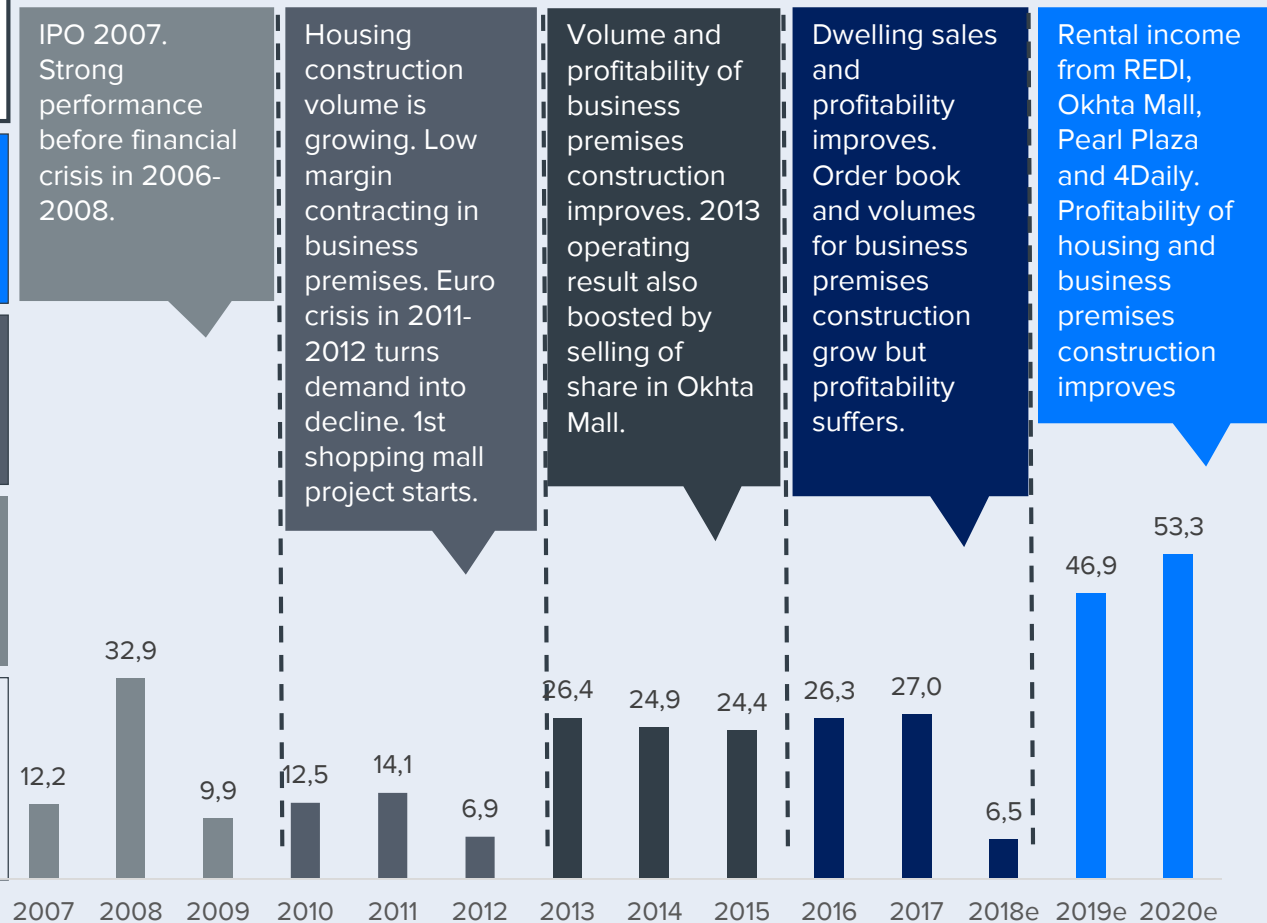
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SRV Group in brief

SRV is Finland's 3rd largest construction company and leading real estate development company. The company develops and builds business premises, dwellings and infrastructure construction, as well as housing and business premises areas in Finland and Russia.

1987/2007 Year of establishment/IPO	53% Kokkila family's holding
#3 market share FINNISH CONSTRUCTION COMPANIES <small>* Net sales 2017</small>	
EUR 1,114 million (+26% vs. 2016) REVENUE 2017	
EUR 27 million (2.7 % of net sales) OPERATING PROFIT 2017	
EUR 1,735 million ORDER BOOK AT END OF Q2'18 (+9% y-o-y)	4 SHOPPING MALL PROJECTS (RU/FI)

SRV's operating profit development and forecast, 2007-2020e



Source: Inderes, SRV Group, Rakennuslehti magazine

Company description and business structure 1/2

SRV in brief

SRV is a construction and real estate development company founded in 1987. The company's operations focus on Finland in terms of construction and on Finland and Russia in terms of real estate development.

SRV's 2017 net sales was EUR 1,114 million, which, according to Inderes' data, made it the third largest construction company in Finland. Over the past decade, SRV's net sales has grown by around 50% and operating profit has been on average around 3% of net sales. So far during its 30 year history SRV has not reported negative annual accounts, which is partly due to the company's flexible business model.

SRV's business model covers the whole value chain from development to commercialization. Depending on the contract model of the project, the company is responsible for the development, commercialization and construction and, in larger real estate development projects, often also acts as the manager/operator in developer contracted shopping mall projects. The project size varies heavily, from one year and a couple million worth of project management contracts to regional development projects lasting over 10 years' worth around one billion.

SRV has operations in the Helsinki metropolitan area and growth centers in Turku, Tampere, Oulu, Jyväskylä and Joensuu. In addition to Finland, the company operates in St Petersburg and Moscow in Russia and in Estonia. In 2017, Finland's share of SRV's net sales was 98%. In 2017, SRV employed 1,134 persons (2016: 1,089) of whom around 72% worked in Finnish operations. In addition to its own personnel, the company has a subcontractor network of some 4,000 people.

Implementer of large projects

SRV has constructed several large and demanding

projects through its history, the best-known so far being the Kamppi center completed in Helsinki in 2005. Since the IPO in 2007, SRV has also invested in large real estate and urban development projects in both Finland and Russia. Several of the projects have been clearly delayed due to, e.g. city planning, complaints and the economic situation but are now under construction or completed and generating income flow for the company.

The largest projects under construction now include, the REDI shopping and regional center in Kalasatama in Helsinki valued overall at over one billion, the around EUR 550 million Tampereen Kansija Areena project started in fall 2017, Central Finland's hospital Nova valued at around EUR 290 million, HUS - The Hospital District of Helsinki and Uusimaa's Siltasairaala hospital worth around EUR 243 million, TAYS Tampere University Hospital's front yard project management contract valued at over EUR 170 million, Tapiola's city center project management contract worth over EUR 100 million and the REDI Majakka residential tower block also worth over EUR 100 million. SRV also owns shares (20-60%) in shopping malls completed in 2013-2018 that are now under operation: 1) REDI shopping mall with an original value of some EUR 480 million, the Okhta Mall in St. Petersburg worth around EUR 200 million, 2) Pearl Plaza in St. Petersburg worth some EUR 140 million, and 3) 4Daily in Moscow worth around EUR 60 million.

Large projects in the development and negotiation pipeline and awaiting implementation include the Jätkäsaari Bunkkeri project (some EUR 170-190 million), project management contract for the Hanhikivi-1 nuclear plant, the Terminaali 2 project, and a residential tower block project for four 32-40 story buildings in Keilaniemi in Espoo.

Additionally, SRV will during the next decade build another seven 20-35 floor tower blocks close to REDI and in the Kalasatama area in addition to the Majakka

residential tower block that is under construction, five of these are planned as apartments. Next, construction of REDI's Loisto residential tower block will begin after the result of the pre-marketing are known. All-in-all we estimate that the ready/under construction or soon (within the next 2-3 years) starting development portfolio value is over three billion euros.

Strong order book and low sales risk

In 2016, SRV's order book reached a high level of around EUR 1,759 million due to several large development projects starting and considerable growth in developer contracted residential project starts. The order book that had reached record levels, however, made a downturn in 2017 and decreased by 12% to some EUR 1,550 million. However, the order book for Q2'18 grew to a high level thanks to new considerable orders (EUR 1,735 million).

Around 86% of the order book was sold by the end of Q2'18. The unsold part was mainly related to Finnish housing business and more closely to the pedestals of REDI's residential tower blocks (around EUR 100 million). Currently, a majority of the order book consists of Finnish operations (99%) as the large projects on the international business side are primarily completed and in its Russian business, SRV focuses on ramping up and operating shopping mall renting, which does not generate any order backlog.

Company description and business structure 2/2

SRV has two business areas

SRV has separated its business into two segments, Operations in Finland and International Operations. Additionally, SRV is reporting parent company and SRV Kalusto (SRV's construction equipment) revenue under Other Operations. In 2017, Operations in Finland represented around 98% of net sales (2016: 94%) the share of International Operations was around 2% (2015: 6%) SRV is currently considering renewal of its segment division in 2019, which would mean the reported segments would be construction and project development.

Operations in Finland

Operations in Finland are divided into housing construction and business premises construction. Housing construction represented 35% of net sales in this segment in 2017 (2016: 33%) and business premises construction 65% (2016: 67%). The 12-month rolling net sales of operations in Finland has been rising in recent years and has grown from about EUR 460 million at the end of 2010 to over EUR 1,000 million in early 2018. Over the same period, the 12-month rolling operating profit level grew to over EUR 40 million in 2016 and 2017 from some EUR 26 million in 2010 but has decreased clearly in the first half of 2018 to around EUR 20 million as cost pressure has depressed the profitability of large projects.

Housing construction

The 12-month rolling net sales of housing construction in operations in Finland stood at EUR 356 million at the end of Q2'18 (+4% vs. Q2'17). SRV's housing production focuses on the metropolitan area and other growth centers in Finland and consists of construction contracting, negotiation contracting,

as well as developer contracting. At the end of Q2'18, SRV had 3,164 dwellings under construction (Q2'17: 3,098) of which around 30% were developer contracting. Of the EUR 592 million order book of housing construction, 68% was directed at developer contracting at the end of Q2'18 (Q2'17: 75%), 32% at construction contracting (Q2'17: 27%) and the rest at negotiation contracting production.

Business premises construction

The 12-month rolling net sales of SRV's business premises construction in operations in Finland stood at EUR 692 million at the end of Q2'18 (+6% vs. Q2'17). SRV's business premises construction encompasses public buildings (such as hospitals), offices, commercial premises, hotels, special facilities, logistics centers, underground structures and infrastructure projects. The business premises projects are divided into developer contracted and project management and construction projects.

The order book of business premises construction stood at EUR 1,125 million at the end of Q2'18 (+18% vs. Q2'17). We estimate that the share of developer contracted projects in SRV's business premises construction in Finland was around 35% at the end of Q2'18. The biggest ongoing developer contracted project is the RED1 shopping center and parking facility, the value of which is around EUR 390 million for the construction and the degree of completion is nearly 90%. SRV owns 40% of the project. In addition, the Kansija Arena project in Tampere has started and EUR 210 million of its estimated total value of EUR 550 million has been recorded in the order book. The remainder will be recorded during 2019-2020 in connection with contract signings. SRV owns around one-third of the project. The biggest office premises contracts are the Central Finland hospital Nova, around EUR 290 million, and HUS - The Hospital District of Helsinki and Uusimaa's Siltasairaala, around EUR 243 million.

International operations

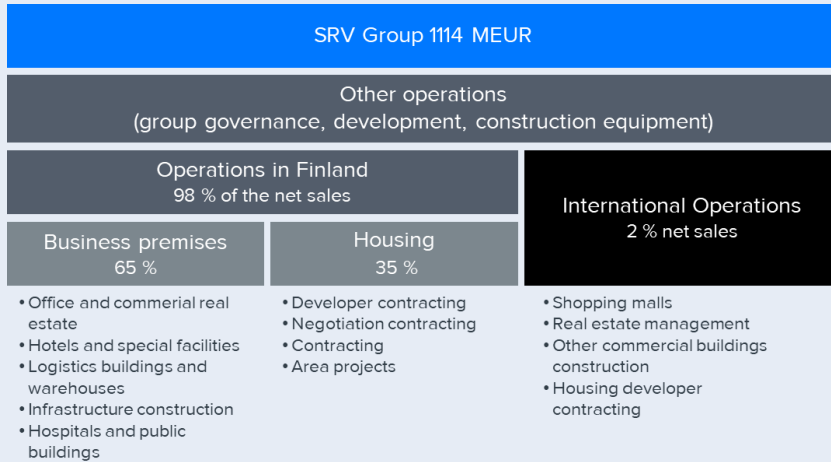
SRV's international operations are divided into Russian and Estonian operations, of which Russia now constitutes a majority. International Operations sales and profits are currently driven by the interior design and additional work related to shopping malls completed in St. Petersburg and Moscow, as well as rental and management income from real estate owned by the associated companies. In addition, the amount of operating profit is significantly affected by the value changes in associated company's euro-denominated loans caused by fluctuations in the ruble exchange rate. These loans have been mainly changed into ruble-denominated during the first half of the year.

The 12-month rolling net sales of international operations has decreased to around EUR 10 million during the first half of 2018 and the rolling operating profit level has dropped to EUR -11 million as the construction has been completed but rental and other management income is not generating in line with their potential. Q2'2013 was an exception in operating profit development as SRV recognized the sales gain it received from selling a 55% share of the Okhta Mall project to Russia Invest.

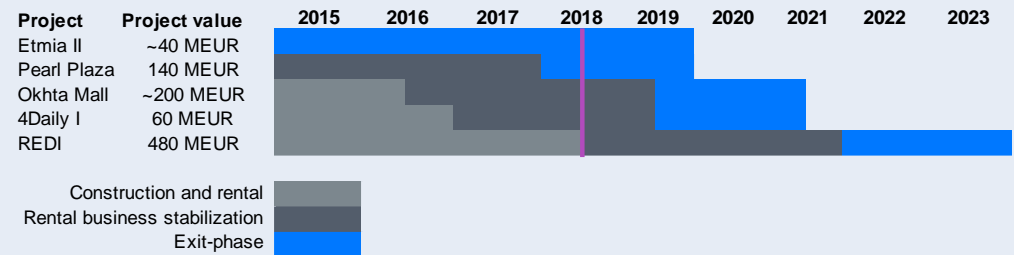
The completion of the Okhta Mall and Daily shopping malls in 2016-2017 has increased the amount of associated companies' profits and decreased sales for international operations. The sales from associated companies is not consolidated to SRV's income statement, only the %-amount of net profits that corresponds to the ownership is reported in EBIT. This also means that the operating profit from SRV's international operations has the potential to increase considerably in future when net rents and occupancy rates grow and costs become ruble-denominated.

SRV business structure

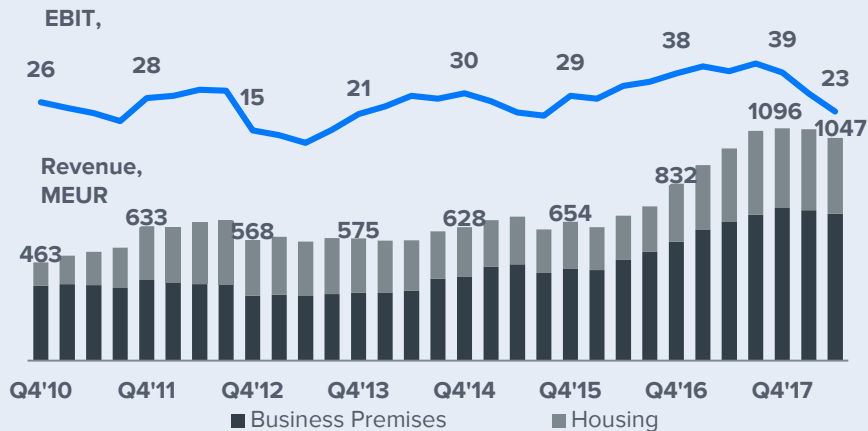
Business structure



Timeline of SRV's major development



Development of Finnish operations



Source: Inderes, Srv Group

Development of international operations



Investment profile 1/2

SRV's special characteristics as an investment object

SRV's investment profile differs from other listed Finnish construction companies in both business model and especially based on the important role of large real estate development projects. The investment profile is also spiced up by the major role of Russia in the company's project development business and the large share of tied capital in the balance sheet, as well as SRV's role as a partner in large real estate development projects and as a shopping mall operator.

The large and really long development projects especially require a lot of patience from the shareholders, as well as high risk tolerance and trust in SRV's management to develop, implement and finance profitable projects. The shareholder should also understand how the different project, financing and ownership structures affect SRV's recognition of net sales and margins and the capital structure.

Profit recognition

In the short term, SRV's reported profit development is highly affected by, e.g. the delivery times of developer contracted projects, the result development of SRV's associated companies and possible selling of holdings. In addition, a share of the margin from construction performed by SRV for associated companies is eliminated in accordance with SRV's ownership-%. For example, when SRV is building the Kansijä Areena project in Tampere, only the share of the construction margin that the other owners hold in the associated company is recognized from this project. The share in accordance with SRV's holding is recognized when SRV sells the object to the new owners.

SRV's revenue recognition can be divided into three different types:

1) The profits from contracting, project management contracting and negotiation contracting are primarily recognized according to %-of completion, i.e. in proportion to the total value. Typically, this recognition model forms the largest part of SRV's net sales.

2) The profit from developer contracted projects are usually recognized at completion in proportion to the sales rate of the project. This method is applied, e.g. for recognizing SRV's developer contracted housing projects. For example, 80% of the sales and margin of a housing project that has been sold to 80% is recognized when the project is handed over.

3) For projects where SRV is an owner or co-owner, construction profits are recognized only when the property is sold and in the ownership proportion. Possible development profits are treated in the same way, when the holding in the associated company is sold. For example, only 50% of the construction margin of Pearl Plaza that was completed in 2013 has been recognized; this corresponds to the holding of the other owner, SIIC, in the project.

Investors should also note that SRV's strategy is not, unlike other construction companies, to sell shopping mall properties immediately at completion but to continue operating them and develop the business concept typically for 3-4 years. Rental income from shopping malls are booked in associated companies, not in SRV's income statement. SRV's share in associated companies' and joint ventures' net profit is recognized before the operating profit line. Hence, International Operations' sales has decreased clearly but EBIT is expected to increase considerably.

Foreign exchange risks and interest rate hedging

Until the end of 2016, the main operating currency of SRV's foreign affiliates and investment companies was the euro, which meant that the value fluctuations

of the Russian ruble had only little and indirect effect on SRV's result and there has primarily not been any need to hedge capital investments against exchange rate fluctuations.

Due to ruble-denominated rental agreements becoming more common, the operational currency for SRV's Russian associated companies and joint ventures has changed to the ruble, which subjected SRV's result to strong fluctuations in the ruble exchange rate in 2017-2018 through value changes in euro-denominated loans not affecting cash flow. SRV typically only hedges against heavy weakening in the exchange rate so a strengthening of the ruble against the euro raises SRV's result and a weakening lowers the result. In future, the earnings effect of exchange rates will be lowered by the fact that the company has converted a majority of its associated companies' previously euro-denominated loans into ruble-denominated ones.

SRV tries to hedge its loan portfolio against unexpected interest rate changes with interest rate swaps. The fair value changes of interest rate swaps are recorded quarterly in the balance sheet via the income statement based on interest rate changes. When the interest rate level decreases, the hedging clearly raises financing costs reported by SRV and lowers the net profit. Investors should, however, note that the changes in the fair value of interest rate swaps are not items that affect cash flow and we suggest that SRV's reported figures should be adjusted accordingly.

Investment profile 2/2

Ownership

SRV's ownership is centralized and the 10 largest shareholders own about 70 % of the company's share capital. In light of its ownership structure, SRV could also be described as a "family business", as founder Ilpo Kokkila and his son own over 50% directly and through their companies. Some of the members of the group's executive board also have significant holdings in the company. Currently, close to 100% of the company is owned by Finnish shareholders. The share free-float is relatively low due to the centralized ownership.

Positive value drivers and potential

- **Improved profitability:** SRV has significant upside potential in its profitability when Finland's economic growth continues as stable and Russia's strengthening economy becomes stabilized. However, this also requires increased efficiency in the company's operations and more careful selection of future projects in terms of their profitability.
- **Rental and exit revenue from shopping malls:** All of SRV's shopping mall projects will be completed by the end of 2018 and will start generating considerable income flow in 2019-2020. We also expect SRV to record considerable project development margins from property sales by the end of 2022.
- **Substantial project development portfolio:** SRV has a considerable number of new projects under development, a majority of which we expect to mature into construction and marketing phases when the market situation permits over the next few years.
- **Improve capital efficiency:** The amount of SRV's tied capital is high and the company could free considerable capital, optimize its capital structure

and increase its ROE through refinancing and selling of large real estate development projects. In addition, the new projects the company has started are not tying up as much capital as before thanks to ownership optimization, and the company also has an ongoing program to decrease its working capital.

- **Long visibility:** SRV's order book that has remained on a good level, high sales rate and progress in renting shopping malls offer visibility for several years.

Negative value drivers and risks

- **Industry cyclicality:** Construction demand fluctuates heavily with general economic development. Construction supply adjusts slowly to demand due to long development and construction times, which amplifies result fluctuations. In addition, SRV's project management model suffers from higher contract prices in a booming economy when subcontractors have high demand and thus have a stronger negotiating position.
- **Large and challenging projects:** SRV's projects are typically large both in housing and business premises construction, which raises the effects of risks materializing in one individual project. In addition, the challenges of an individual project increases the risks related to planning, scheduling and availability of a skilled workforce for a particular object.
- **Project development risks:** Risks involved in project development of construction and real estate projects include, e.g. zoning, financing and commercialization risks, risks related to implementation and selling schedules, as well as risks related to co-operation partners and object type. If project development risks materialize they can weaken SRV's solvency, liquidity, ROE and

increase development costs.

- **Country risks of Russia:** A considerable share of SRV's invested capital is tied to Russia and the company has several large real estate development projects in Russia that are under construction or in the selling phase. The weak economic development and geopolitical situation in Russia weaken the availability of investor and project financing and make it more difficult to sell real estate. Simultaneously, the weaker purchasing power of consumers lowers the rent paying ability of shopping mall tenants and makes it more difficult to rent out shopping malls.
- **Foreign exchange rate risks:** A considerable share of SRV's invested capital is in Russia, which subjects the company's result and balance sheet to risks arising from exchange rate fluctuations in the ruble. The company tries to minimize these risks by converting associated companies' euro-denominated loans to ruble-denominated ones.
- **Financing risks:** Construction projects and real estate investments are heavily leveraged, which makes SRV's business model sensitive to changes in financing, interest rate levels and liquidity. Financing risks are especially high in large housing projects and capital intensive developer contracted business premises development projects, as these projects usually have long construction timetables and tie a lot of capital upfront.

Investment profile

1. Considerable improvement potential in profitability in the next few years
2. Large projects have a high weight
3. High leverage and tied capital
4. Release of capital and more efficient use of capital
5. High cyclical

Potential

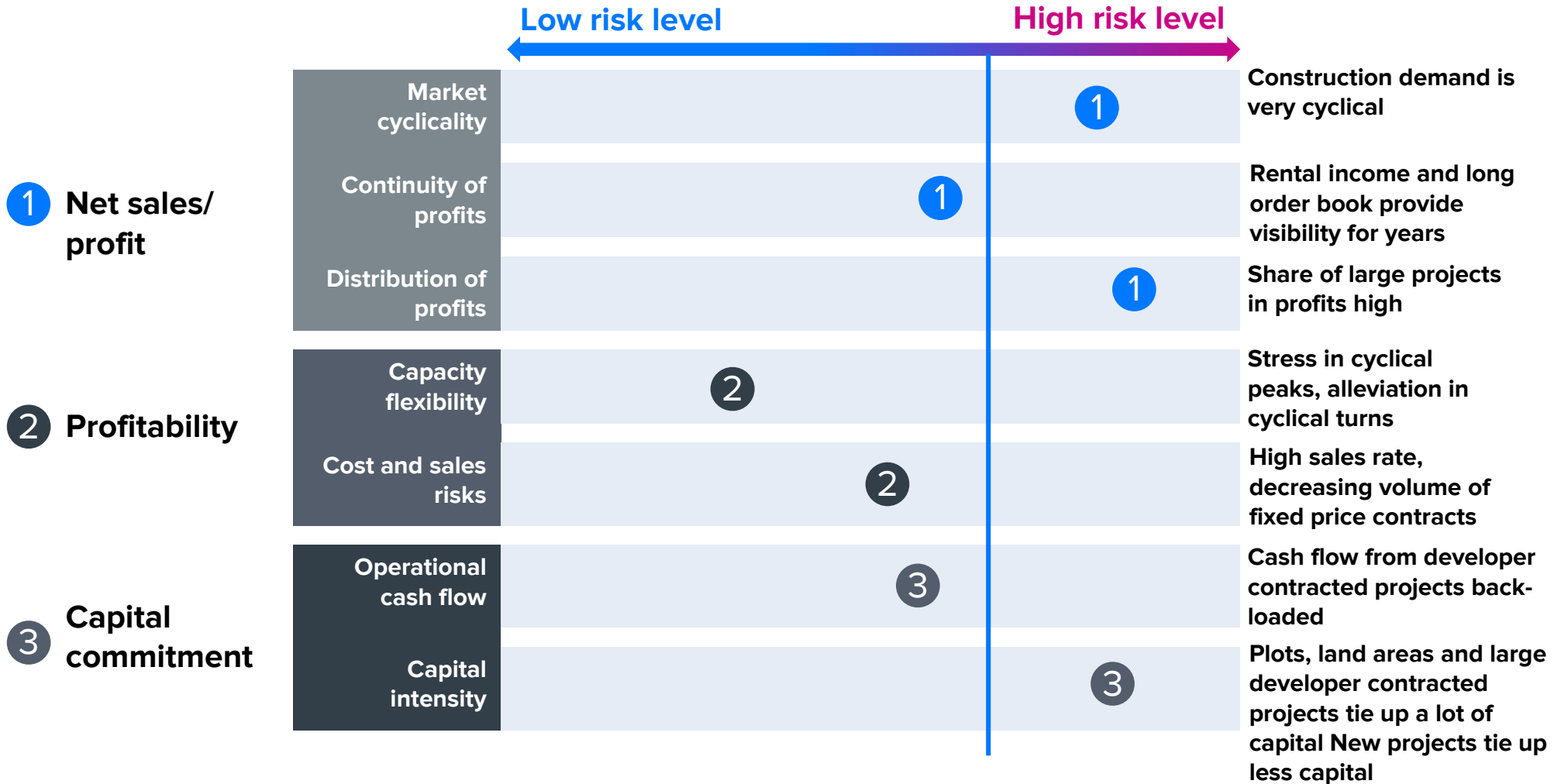
- Improved profitability
- Rental and exit revenue from shopping malls
- Substantial project development portfolio
- Release of capital and new projects that tie up less capital
- Order book, high sales rate and rental income improve visibility

Risks

- High cyclical
- Uncontrolled growth of cost pressure in a booming economy
- Average project size is large
- Country risks of Russia
- Foreign exchange rate risks
- Project development risks
- Financing risks

Risk profile

Risk profile of the business model



Business model and strategy 1/3

SRV's business model

The core of SRV's business model is based on project management contracts. SRV is typically responsible for implementing construction and real estate development projects and project management but the actual work is carried out by specialists and subcontractors picked by SRV. The business model is supplemented by project development, financing and commercialization expertise, multiform investor solutions and operation of developer contracted shopping malls. SRV's business model can roughly be split into four parts:

1. Project development

SRV is known for bold project development, which in recent years has resulted in, e.g. The REDI regional center in Kalasatama in Helsinki, Niittykumpu metro center, the Okhta Mall and Pearl Plaza shopping malls in St. Petersburg, and the Tampereen Kansijä Areena project that is under construction.

From an investor's viewpoint, SRV's project development know-how expands and improves the company's growth potential and increases the size and added value of projects. However, project development generates considerable costs for SRV that do not necessarily result in successful projects. In addition, project development is slow due to economic fluctuations, availability of financing and planning processes and it can take over 10 years before extensive projects move to implementation. One example is the delay of the Jätkäsaari Bunkkeri project when the Helsinki administrative court overturned the decision to sell Bunkkeri to SRV.

2. Operational model: SRV Approach

The core of SRV's operations, the operational model, is the so-called SRV Approach that combines project development with project management implementation. In the approach, SRV develops and

manages the construction project in close co-operation with the client so that project development, planning, purchases and construction are interlinked by dividing the construction work into parts that are competed as the planning progresses. SRV takes overall responsibility (main contractor) for the project in line with the agreed timetable, cost and quality requirements.

The benefit of this approach is that it enables rapid start-up and execution of large projects based on preliminary plans and in co-operation with the client. For the investor, the key features of the SRV Approach is the flexibility and scalability of the cost structure. The SRV Approach enables a remarkably low number of staff and fixed costs which protects the company's result against fast cyclical changes but also exposes company to a poor negotiating position during a lack of resources.

In our opinion, the challenges posed by the SRV Approach is that it is highly dependent on the expertise of designers and subcontractors, the availability and price of external capacity, and the subcontractors' ability to carry out the assigned tasks on time and meeting the quality standards. This can result in a situations where SRV may end up paying for costs and restructuring arising from poor quality or schedules not being met. Historically, SRV has been able to control the construction risks relatively well with its approach but now, towards the end of an economic boom, challenges have appeared as subcontractors have faced high demand and they have been able to raise their prices far more flexibly than SRV. It could be said that the SRV Approach is post-cyclical and even suffers from an overheated economy due to the flexibility of the approach.

3. Commercialization and operating

Unlike many of its competitors, SRV has expertise and resources for renting, managing and operating real estate. The company established a REAM operation

(Real estate asset management, currently SRV 360) in 2013.

With this operation, SRV aims at raising the added value of real estate development. REAM is a competitive advantage, especially in Russia, where it increases foreign tenants' and investors' interest in the shopping malls. Usually, construction companies tend to sell projects before they are started, during construction or at completion at the latest, when the full commercial potential and awareness of the objects has typically not yet been reached.

SRV's REAM resources allow an optimal sales timing in terms of the markets and the commercial attractiveness of the object, as SRV and the other investors can fund the project with rental income until the operating income and investors' required return levels are optimal for exiting.

Business model and strategy 2/3

4. Project funding

SRV also acts as an investor in many construction projects. The investor role gives SRV a bigger share of the added value, risk sharing and optimization of financing. Suitable investor projects for SRV are, e.g. large area development projects or shopping mall projects.

A significant share of the value added of many real estate development projects is created after completion when utilization rates and rental levels reach an optimal level. In addition, the investor's return requirement may vary significantly through time, which clearly affects the value and optimal sales timing of the object. Summed up, the development margin for financing/investors is usually, depending on the project, around 15-30%. As an investor, SRV can also benefit from this margin proportioned to its ownership percentage.

In the largest development projects, SRV's own financing capacity and risk carrying ability puts some limits on the investment and ownership level. Therefore, SRV has developed project financing solutions in co-operation with the investors that enable both risk sharing and a large project size. For example, the owners of the Pearl Plaza shopping mall are SRV and the Chinese real estate investor SIIC with a 50/50 split. They have financed the project with around EUR 45 million in equity. The remaining EUR 140 million of the project's construction costs have been financed with a EUR 95 million long term project loan.

Strategy

Strategy period: 2018-2022

SRV renewed its strategy, vision and financial objectives in February 2016, and updated the content and implementation schedule for its strategic financial objectives in February 2018. Now the strategy period

extends from the earlier 2020 to 2022. The strategy now focuses even more on improving profitability and instead of faster growth than the industry average the primary aim is to increase operating profit. The vision is to build the best customer experience as an urban area constructor. The strategy period extending to 2022 still has three core strategic goals: 1) Best profitability in the industry, 2) best customer experience in the industry, and 3) most attractive workplace.

For investors, we see four main points in strategy: 1) Actions for improved profitability, 2) focusing on attractive growth centers and public construction projects, 3) developing co-operation models in ownership structures, and 4) focusing Russian operations on operating completed shopping malls.

Improving profitability

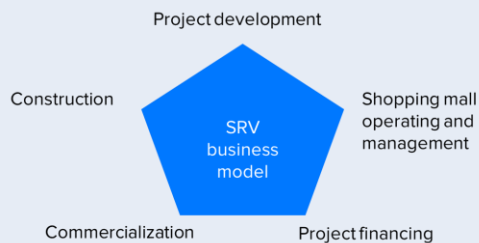
The main tool to improve SRV's profitability is to optimize the project portfolio and select projects more carefully. SRV's objective is to reduce participation in lower-margin contract bidding and focus more on developer contracting. Developer contracted projects can achieve a higher share of the value chain and hence better profitability. The flip side of higher profitability is increasing financing and sales risks, and the higher share of tied capital compared to project management contracts and contracting. SRV has tried to reduce the amount of tied capital by making developer contracted projects with partners, where SRV is both an owner and builder.

Project management and negotiation contracting is done on cost or target price basis through negotiation or competitive bidding. In fixed price contracts, SRV is selective as they usually offer only small value added and the margins are typically low. In the fixed price REDI shopping mall contract the risks were realized when the costs were exceeded and SRV ended up paying for this. In future, the company will try to utilize

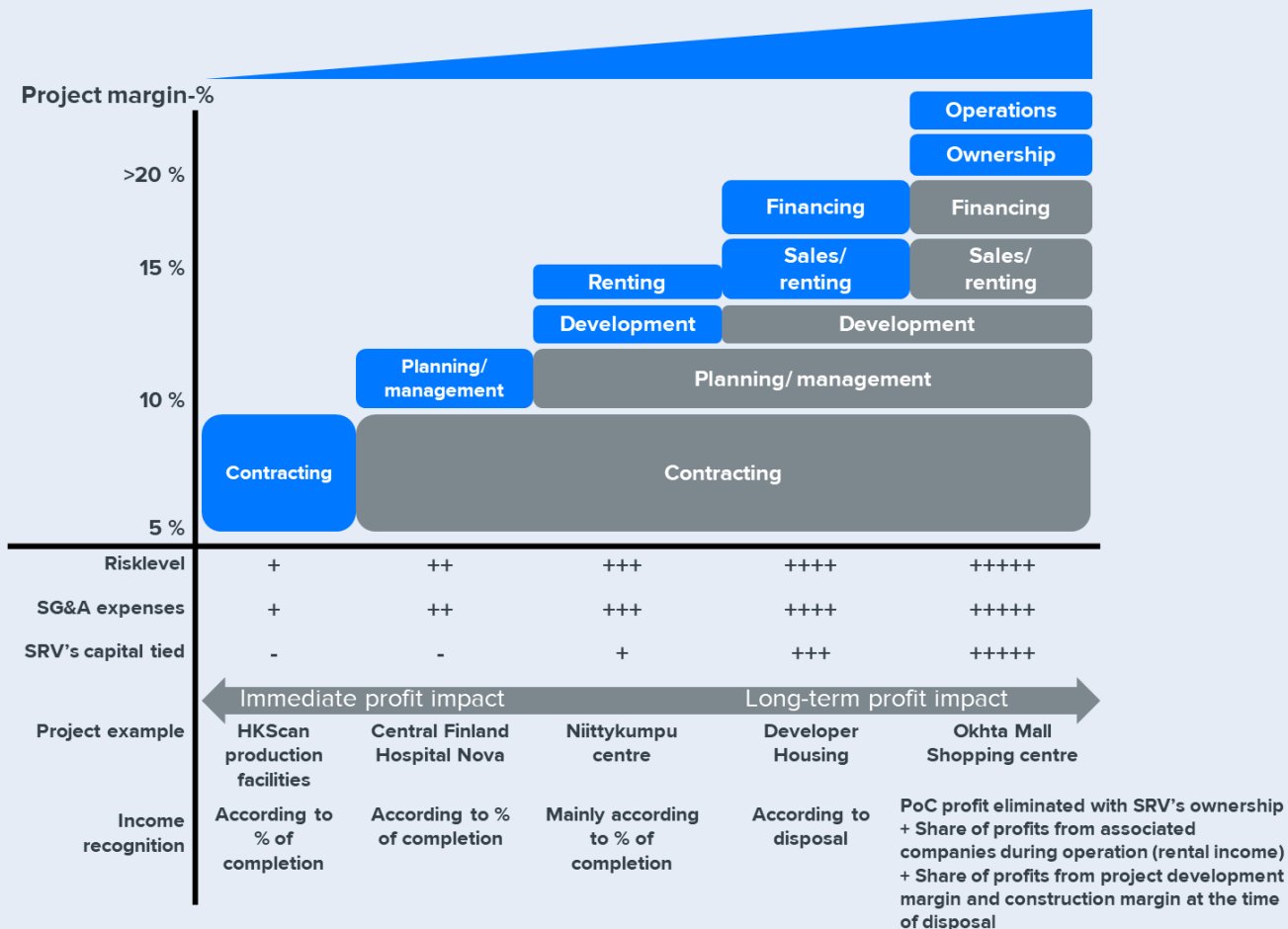
alliance and other co-operation models more in demanding projects than in projects that are challenging in terms of risk assessment.

SRV's other main measures and objectives to increase profitability include, 1) decreasing material and service costs by 5% from previous levels by, e.g. improving the procurement process, 2) improving the quality of planning and technical implementation in order to reduce the costs from additional unplanned work and changes, 3) further developing project management systems, and 4) accelerating project lead times by increasing the amount of prefabricated construction parts, the share of project modulation and the amount of 2 shift working.

SRV business model



- **Project development:** SRV develops own as well as investors housing, business premises and urban town centers.
- **Optimization of rental income:** SRV is responsible of project planning and commercialization according to customers and end-user needs
- **Efficient construction:** SRV carries out its projects as main- or project contractor with its own business model, SRV Approach
- **Management of the end investor market:** In its own development projects, SRV is responsible for selling, renting, business concept, and often also operating the shopping center.
- **Management of project financing:** SRV has developed various project financing structures and is usually also as investor in the largest of its projects.



Business model and strategy 3/3

Financial objectives

SRV's financial objectives for the strategy period that ends in 2022 that were updated in 2018 are:

- After a net sales growth phase the primary objective is to annually increase operating profit
- 8% operating margin. Six percentage points of this objective comes from the construction result and two percentage points from associated companies' (shopping malls) result.
- At least 15% return on equity by the end of the strategy period
- At least 12% return on investment by the end of the strategy period
- Equity ratio over 35% and distribute 30-50% of annual result as dividends taking the capital needs for operations into account.

Background assumptions for financial objectives

According to SRV, achievement of the strategic goals is based on a moderate and stable economic growth in Finland, as well as a slight strengthening and stabilization of the Russian economy. In addition, it requires a considerable increase in SRV's developer contracted projects. In Russia, activities have moved to shopping mall operation stage and the company will try to sell its shares when the market situation so warrants. The company will continue developing new projects and they can start when the company's capital structure permits and the project's financial criteria are met.

Profitability and return on equity challenging

Historically, SRV has clearly fallen short of the set profitability target. By contrast, in terms of growth, equity ratio and dividend, the company has been at the targeted levels in recent years, which is also

visible in the company's focus shifting towards profitability optimization rather than growth in the current strategy period.

We consider SRV's profitability and return on equity targets extremely challenging in the short term and the company actually moved the original target date forward by two years in February (previously 2020). Of the targeted 8% operating margin, 6% points would come from the construction result and 2% points from rental income from shopping mall projects, both of which seem challenging in the short term. In 2018, the profitability of construction is depressed by a low number of dwellings that are recognized and the cost challenges of large business premises projects especially in the REDI shopping mall project. The result of shopping malls especially in Russia will typically reach the targeted level only several years after completion, which means that they will not reach the 2% profit target in the next few years either. We expect the situation to improve starting from 2019, when the REDI shopping mall opens its doors in fall 2018 and, thus, the cost burden is removed. Next year also clearly more dwellings will be completed and recognized than this year.

The profitability targets could, however, be met at the end of the period when all shopping mall projects are running at full occupancy rates and rent levels, the share of developer contracted housing production in net sales grows and the margin structure of business premises construction in Finland improves. In our view, this requires, however, help from the construction market trend and Finnish economic development in order for SRV to be able to select its projects and for consumers' purchasing power remaining at least stable as the increase in interest rates raises debt-servicing costs. In addition, the emergent recovery of economic growth in Russia needs to continue in order for consumers' purchasing power to grow and for investors to see beyond geopolitical risks and demand lower returns from real estate.

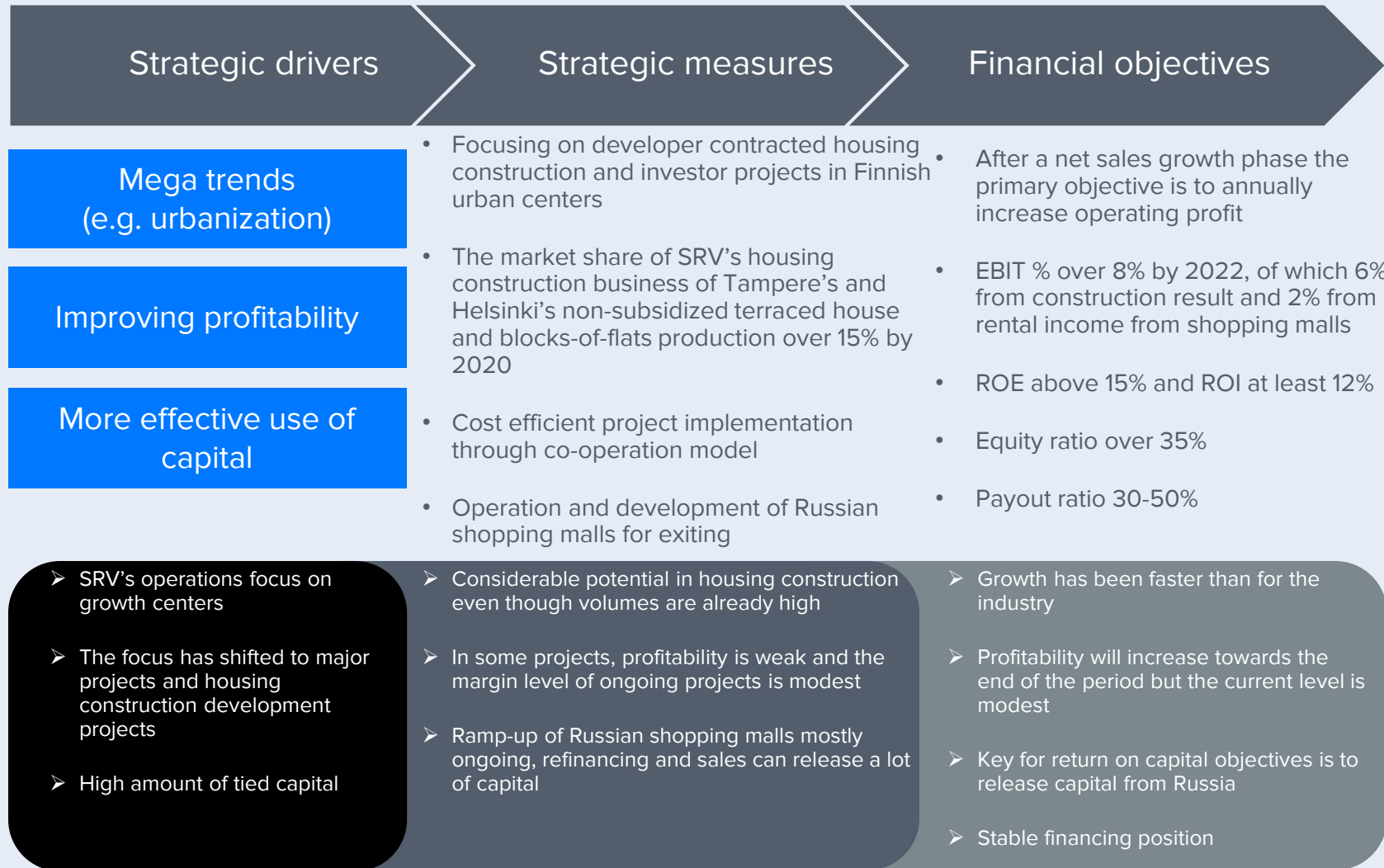
In terms of the equity ratio and payout ratio, we find

the objectives to be realistic also in the short term.

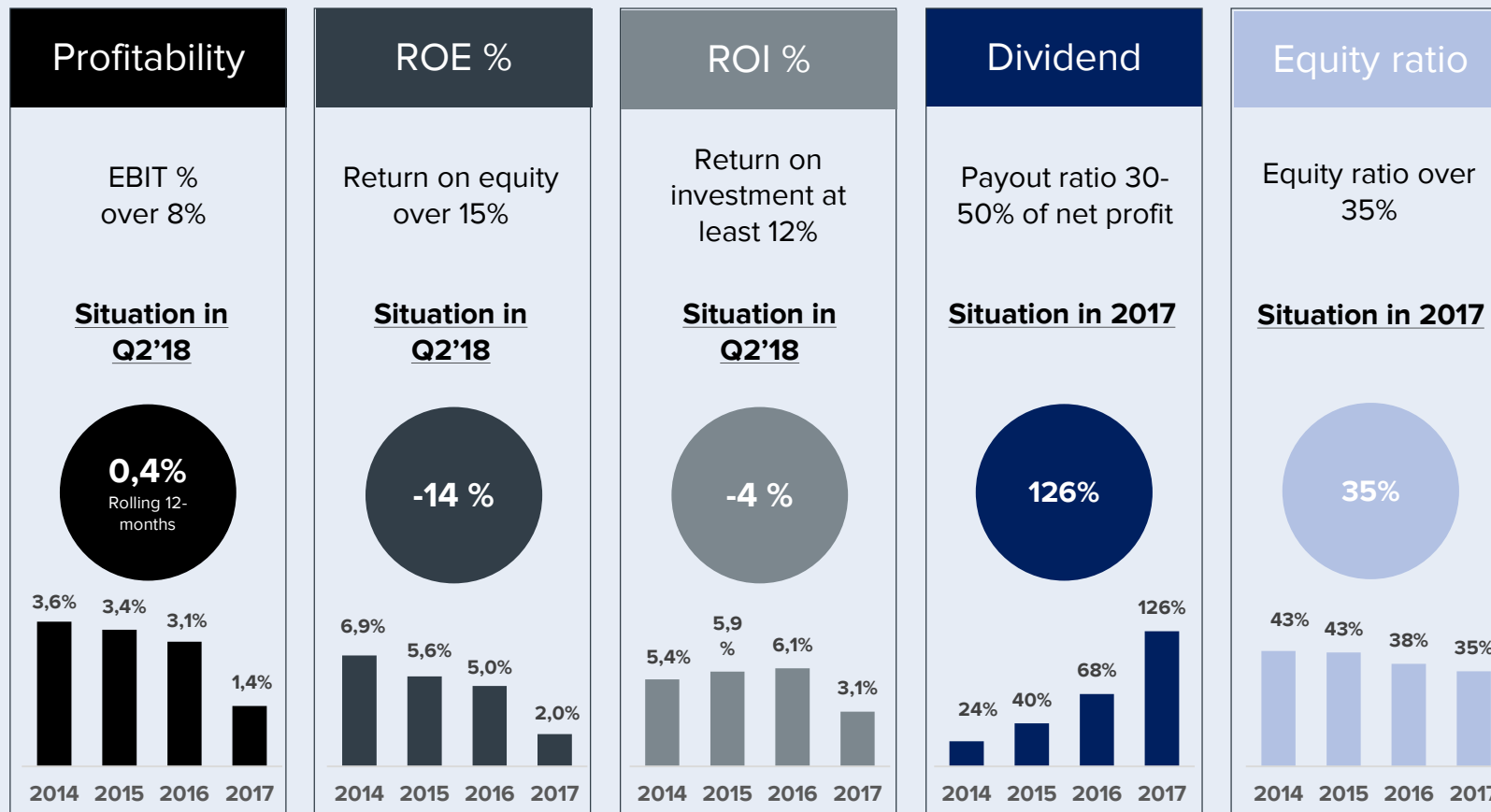
The company's financial structure is stable as a result of capital arrangements and project funding is set for years to come for major projects. In the short term, the equity ratio is, however, depressed by the losses caused by REDI and the high amount of tied capital.

SRV's targeted return on capital require, in addition to improved profitability, release of capital and more efficient use of capital. A lot of capital is tied especially to large shopping mall projects, and when the objects are sold or refinanced, considerable amounts of capital can be released from the balance sheet. This would also improve the return on capital considerably. In addition, SRV's return on capital can, in future, be improved by the fact that SRV's developer contracted projects will tie up less of SRV's capital.

Summary of SRV's strategy



Financial objectives



Market overview 1/6

Finnish economic outlook

As a whole, we feel Finland's economic outlook is currently positive and based on the general prediction for economic development it should, in our opinion, support construction demand in the next few years. According to the latest financial institutions' forecasts compiled by the Federation of Finnish Financial Services, Finland's GDP is expected to grow by 2.5-3.0% in 2018 and the employment rate is expected to decrease by 0.4 to 1.1 percentage points. Inflation is expected to be 0.8-1.5%.

BKT:n muutos	2018e	2019e
S-Pankki	3,0 %	2,5 %
Aktia	2,6 %	2,2 %
Nordea	3,0 %	2,5 %
OP Ryhmä	2,8 %	2,3 %
Handelsbanken	2,5 %	1,9 %
Hypo	3,0 %	2,0 %
Danske Bank	2,7 %	2,0 %
POP Pankki -ryhmä	2,6 %	2,2 %

Lähde : Finanssialan ry

Strong consumer confidence

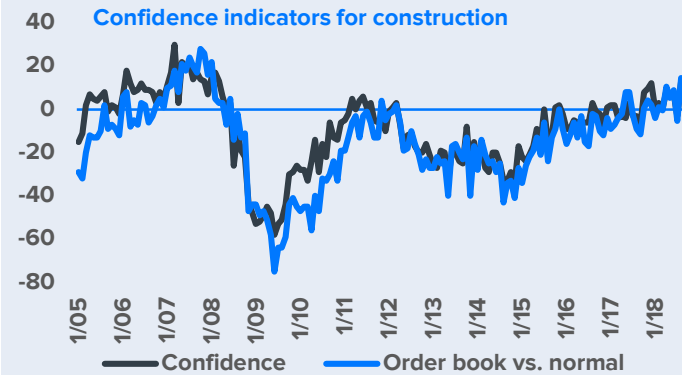
The economic pick-up has been supported by consumers' improved situation as low interest rates and the clearly improved employment situation have supported domestic purchasing power. According to Statistics Finland's consumer survey, consumer confidence was 22.0 in July, which is higher than the long term average (12.5) but slightly below last year's figure (22.8). Of the components of the indicator, consumers' expectations concerning their own and Finland's economy and of the general unemployment development were, however, extremely bright in

July. The construction industry confidence indicator published by the Confederation of Finnish Industries (EK) has been on the rise and reached the level of 2011. In June, the confidence rose slightly to +7 points from +6 points in May and was clearly above the long term average (-7 points). The growth outlook is also visible in the order book indicator that has risen above zero.

We consider Finland's long term economic outlook moderate but taking into account the long term structural challenges of the economy and the relatively mature stage of the European economic cycle we expect that the best economic growth is behind us for the time being.

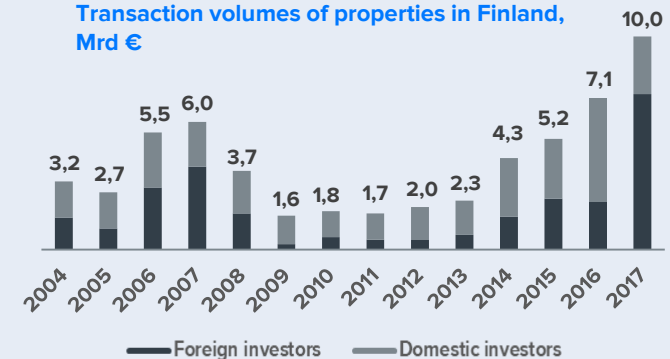
Foreign investment capital flows to Finland

In recent years, more foreign investment capital has flowed to Finland and last year, 73% of the real estate transaction volume came from foreign investors according to Catella's data. Essential in terms of investor demand is that residential real estate has in recent years in total return comparisons been higher than other types of real estate, which has been driven above all by good value development. According to KTI's real estate index a total return of 7.5% was recorded for dwellings in 2017 and over the past 5-10 years dwellings have generated 3.5-4% points more than other types of real estate. International investors have awakened to Finnish housing markets as the economy has stated growing even faster than in the rest of the euro area, which is visible for example in the large housing transactions recently carried out for international housing funds. We expect the interest to be high also in the near future as economic growth will be among the best in Europe and return requirements are still relatively high compared to other Nordic countries.



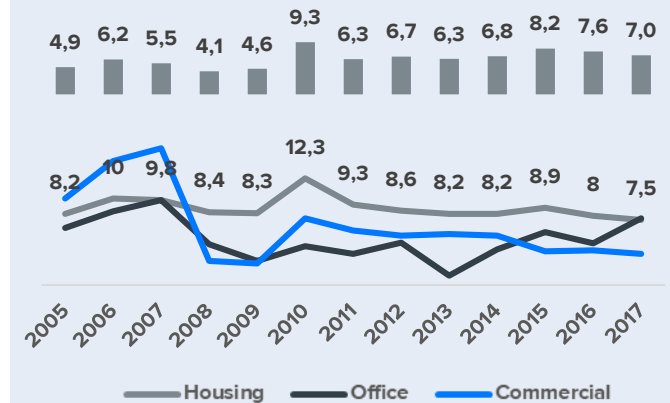
Source: EK

Transaction volumes of properties in Finland, Mrd €



Source: Catella

Yield spread: Housing – 10y Finland gov. bond



Source: KTI property index, Bank Of Finland, Inderes

Market overview 2/6

Key interest rates remain low

Currently, the housing and real estate markets are supported by ECB's stimulus measures and the historically low interest rate level, which have resulted in the average interest rate level for mortgages dropping below 1% in Finland. Simultaneously, the number of new mortgages has risen slightly or remained stable. According to the Bank of Finland, households raised new mortgages in June 2018 to the amount of EUR 1.8 billion and the average interest rate of new mortgages was 0.87% and the computational margin 0.85%.

The current historically low interest rate level also supports construction companies maintaining low interest expenses for consumers and investors. In 2016, the ECB lowered its key interest rate to a record low 0.0% and began quantitative stimulus measures to support recovery in the euro area and prevent deflation. According to latest information, ECB's bond-buying program will end at the end of 2018 and interest rates will start rising only in the second half of 2019.

Migration to cities strengthens

The urbanization mega trend has continued as strong in Finland as people move after jobs and services from the countryside to cities. Currently, Finland is experiencing a historically rapid migration from the countryside to cities, which is indicated, for example, by the population growth of 17,000 or some 1.5% in the Helsinki metropolitan area in 2016. We expect this trend to continue as Finland's degree of urbanization is clearly lower than in other industrialized countries and, e.g. Sweden. Based on VTT Technical Research Centre of Finland's 2016 estimate, more than 620,000 persons can still move to urban areas in Finland by 2040 as a result of the

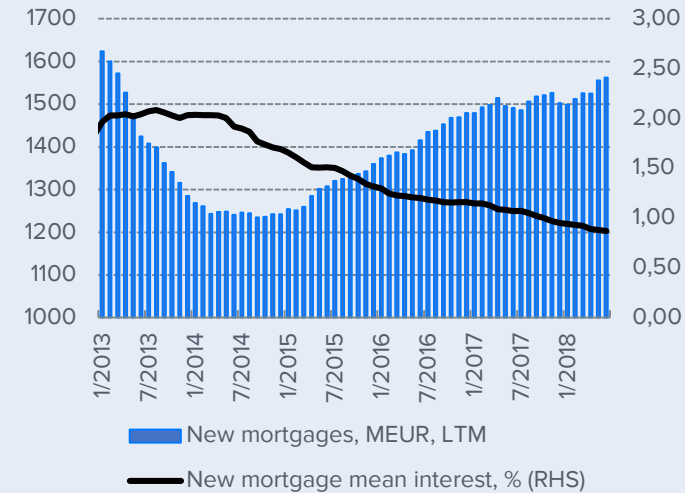
urbanization development. In recent years, economic growth, improved confidence among consumers and businesses and strengthening migration to growth centers has strengthened the demand on the housing markets and, thus, improved the outlook for the construction market.

Changes in the population and regional structure currently direct the development of the housing market in Finland, which is visible especially in housing starts. Construction companies new housing concepts related to spatial planning and the increase in module construction will make housing more affordable in future and people will be willing to be flexible regarding their space requirements due to lower costs. SRV has also in its strategy referred to seeking new ways to increase the share of prefabricated modules in its projects.

New construction currently focuses heavily on growth centers, while the challenges increase in less urbanized regions where the population development has turned negative. A majority of new dwellings are built in large growing cities or in their vicinity. The housing need of large cities and their neighboring areas is 25,000–30,000 apartments per year according to VTT's forecast.

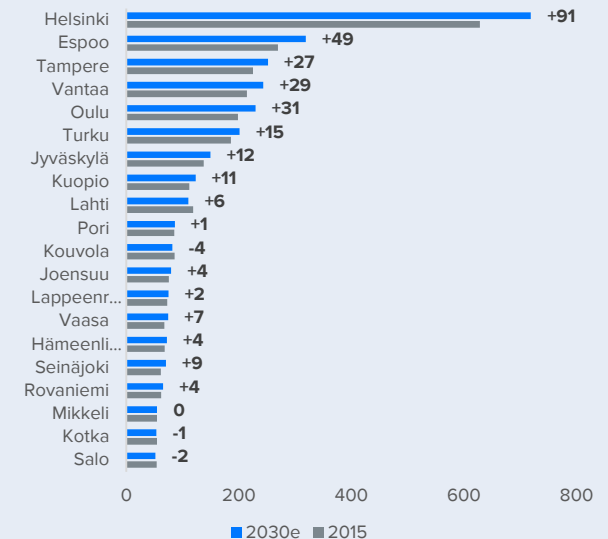
Even though the largest migration is to the large growth centers, smaller municipal centers will also face increasing demand as the aging population moves from the outskirts closer to the services they need. The life expectancy is expected to rise in future and more and more elderly people can care for themselves with the help of support services. Old apartments compensate for some of the demand but accessibility and the need for senior housing services also support new construction.

New mortgages and mean interest



Source: Bank of Finland

Population growth in Finland's 20 biggest cities, 2015-2030e (thousand ppl)



Source: Statistics Finland, VTT

Market overview 3/6

Finnish construction market

Volume growth on the Finnish construction market has been exceptionally strong in recent years as it from time to time has even grown faster than the overall production volume. The around 8% growth in 2016, however, slowed down to around 3% in 2017 and it is expected to slow down more in the next few years. The Confederation of Finnish Construction Industries RT estimates around 2% volume growth in 2018 that would slow down to 0% growth in 2019. A more recent forecast from Forecon expects construction volume to grow by around 3.5% in 2018 but turn to a 1.5% drop in 2019.

The slowly faltering growth of the construction market is, in our view, driven by a slight increase in private consumption and purchasing power, improved confidence and the employment situation, low interest rate levels, strong long terms basic demand factors, investor demand that remain high, many simultaneously ongoing large commercial, industrial and public sector construction projects and increased renovation need arising from the building stock aging. Growth has been supported by the bottled up demand generated as a result of low building volumes in 2012-2015.

Examined by construction segments, growth is broad-based as both new construction of dwellings and business premises, as well as renovation are expected to grow this year. Infrastructure construction is expected to remain stable. Strongest growth is expected in housing starts, where the volume of construction is expected to grow by 9% this year due to a record number of blocks of flats starts. The volume of other new construction is expected to grow by 5% and renovation by some 1.5%.

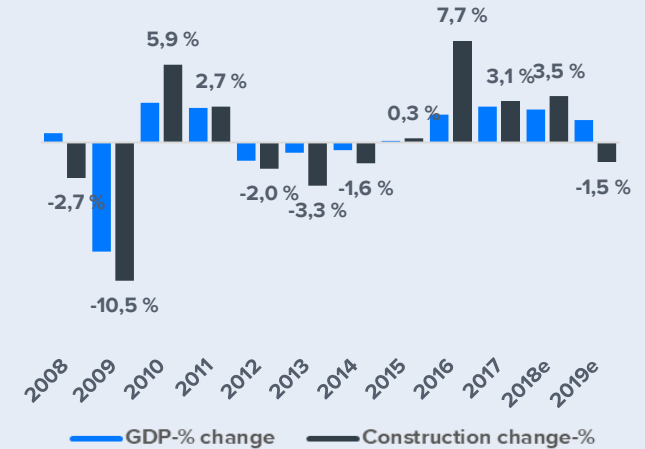
Examined geographically, growth will still focus on growth centers and especially on the Helsinki metropolitan area, where the basic demand factors for construction are strongest, e.g. as a result of migration and changes in housing needs.

Housing construction outlook

The Finnish housing construction outlook for 2018 is strong due to the high number of housing starts in 2017. We believe the strong development of housing construction in the past few years is based on the positive development of several demand drivers that has continued for a long time, as well as the bottled up demand for housing in growth centers formed over several years.

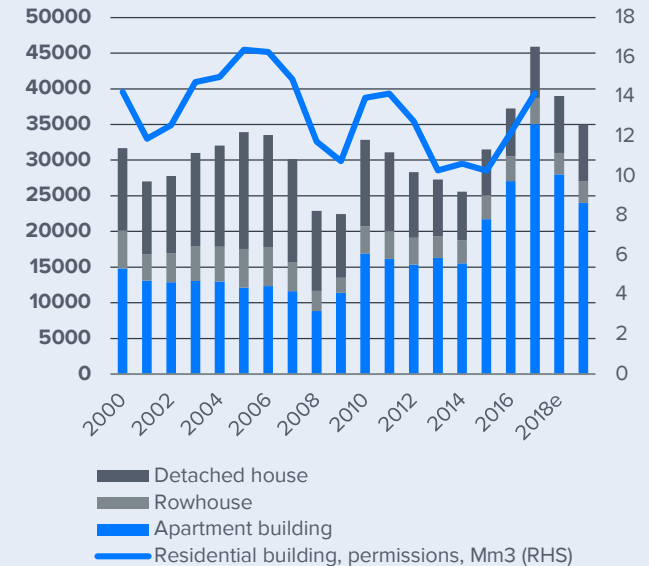
In our view, 2018 will still be a good year for housing starts but from 2109 onwards growth will make a downturn. Of forecast institutions, Forecon expects housing starts to drop by 6% in Finland in 2019. The strong housing starts seen in the past few years are expected to drop considerably in 2018 and 2019. In 2017, construction of some 46,000 new apartments started in Finland and according to Forecon the starts are expected to decrease to around 39,000 in 2018 and some 35,000 in 2019. According to estimates, the housing production need would be some 30,000 apartments per year, so production volumes are not sustainable, which has increased the risks of excess supply especially in the Helsinki metropolitan area. Excess supply can result in companies' inventories growing and longer sales times, where the worst scenario would be forced sales.

GDP and construction volume change-%



Source: Forecon, Statistics Finland

Residential building starts and granted permissions



Source: Forecon, Statistics Finland

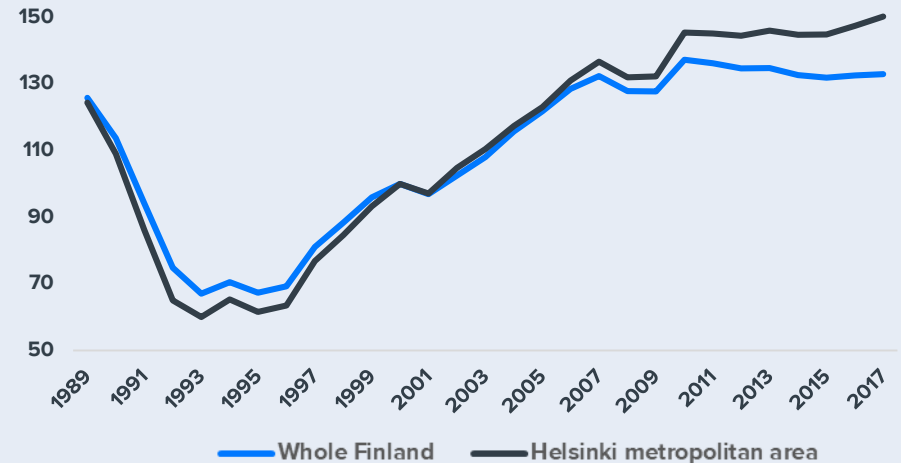
Market overview 4/6

Basic housing demand drivers have remained strong

In the long term, housing demand and prices are affected by the development of basic demand indicators (population growth, migration and density standard), income level and employment. In the short term, demand is also highly affected by changes in interest rates, consumer confidence, availability of financing and investors' return requirement. The graph on the next page shows our view of the current state (background color) and future development (arrow) of these drivers.

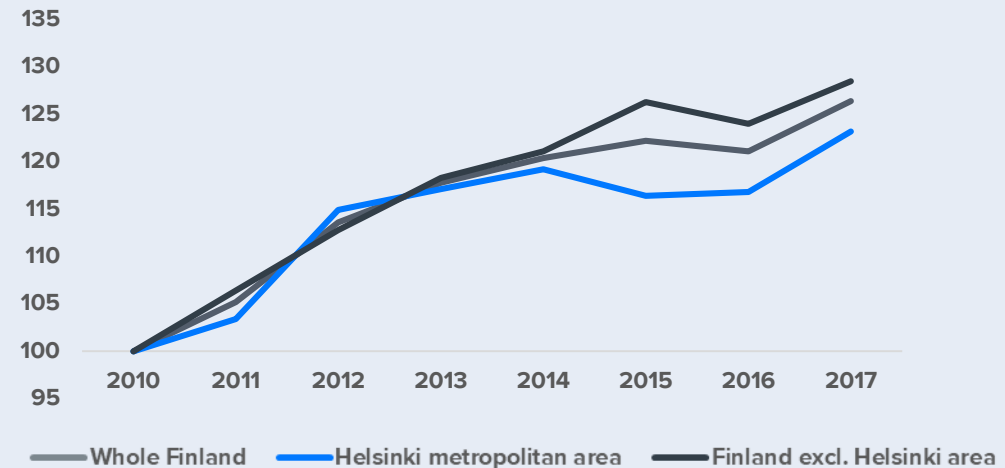
In our view, the basic demand indicators for housing are very positive as there is ongoing lively migration from the countryside to cities in Finland, population growth focuses on cities and the household size is shrinking. We do not believe there has been any significant change in consumers' ability to purchase housing but the trend has been slightly positive due to a small increase in the income level, lower interest rates and moderate housing price development.

Apartment prices (real), 2000 = 100



Source: Statistics Finland





New apartment prices (nominal), 2010 = 100



Source: Statistics Finland

Overview of the housing market

<p>Basic demand drivers</p> 	<ul style="list-style-type: none"> - Population growth - Urbanization - Average size of households - Deficit in housing production 	<p>Estimated need 25,000-30,000 apartments per year Current production rate is not sustainable</p>
<p>Consumer demand</p> 	<ul style="list-style-type: none"> - Income level development - Interest rate development - Consumer confidence - Financing and regulation 	<p>Consumer confidence in positive economic development is high, as is consumer confidence in general</p>
<p>Investor demand</p> 	<ul style="list-style-type: none"> - Rental income - Return requirement - Vacancy rates - Financing situation 	<p>Investor demand is on good level but tighter financing conditions and increased return requirement ahead</p>
<p>Supply drivers</p> 	<ul style="list-style-type: none"> - Sales inventory - Plot prices and availability - Construction costs - Profitability 	<p>Contractors benefit from broad-based demand, livelier consumer sales and moderate cost development</p>

Current situation:  = highly positive  = positive
 = weak  = moderate

Trend:  = improving  = stable  = weakening

Market overview 5/6

Business premises outlook

We expect a slight slowdown in Finland's business premises construction in 2018 after a strong 2017 that was supported by several large business, industrial and public sector construction projects. A similar volume of large projects is not on the horizon in the near future.

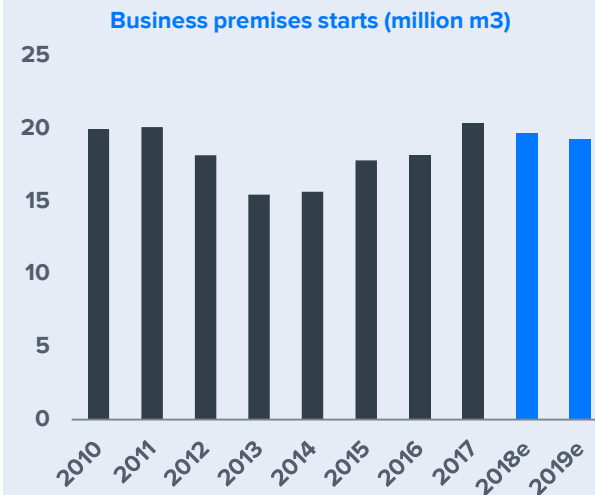
Construction has focused on large growth centers and especially the large rail projects in Tampere and Helsinki have boosted demand for commercial and office buildings in traffic nodes. Industrial construction has performed well due to export development and large hospital projects have increased the demand for public premises. Last year, non-housing building starts reached 26.5 million cubic meters and they are expected to decrease by 1.5 million cubic meters this year. Starts are anticipated to drop in every main purpose of use category.

In the long term, business construction growth is driven by basic demand indicators, as development of purchasing power, changes in space requirements, population growth and migration. In the short term, demand indicators are changes in the vacancy rate, rent yields, availability of financing, interest rate levels and return requirements. In the graph on the next page, we listed our view on the current state of the main business premises construction drivers (arrow color) and our estimate of the development trend (arrow direction).

In our view, business premises demand drivers are currently relatively positive as a whole but we do not see that the drivers would become clearly more positive in the next few years. As in

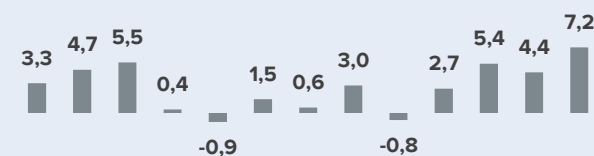
housing construction, the basic demand indicators for business premises construction are developing in a positive direction thanks to migration, population growth and urbanization. A slight recovery in purchasing power and economic development have also increased private consumption and investments.

Business premises rents have remained good, despite high vacancies in some areas, and return requirements for prime-locations have decreased. Together with the low interest rates, this has resulted in increased activity on the real estate markets and considerable growth in volumes. Last year, real estate transaction volume in Finland rose to over EUR 10 billion, which clearly exceeds the level of the real estate boom in 2006-2007. A considerable share of the transactions in recent years have, however, been portfolio trades of residential real estate and it is also visible as higher activity among international investors. In light of current estimates, return requirements will continue decreasing in the short term closer to the level of other Nordic countries, which will support business premises construction.

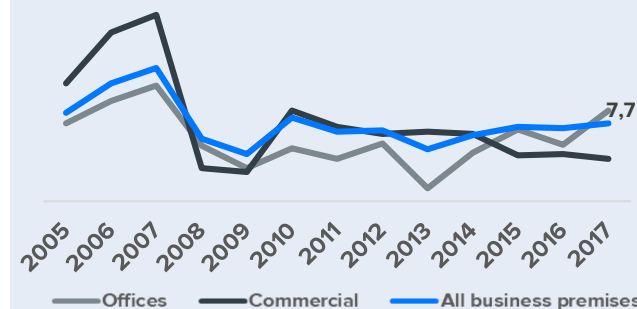


Source: Confederation of Finnish Construction Industries RT, Statistics Finland

Yield spread: Offices - 10y Finland's gov. bond




Business premises yields, %







Source: Inderes, KTI, Catella

Overview of business premises market

<p>Basic demand drivers</p> 	<ul style="list-style-type: none"> - Purchasing power  - Urbanization  - Structural demand  - Investments  	<p>Increased purchasing power and urbanization increases demand for locations with good transport connections</p>
<p>Rental market</p> 	<ul style="list-style-type: none"> - Rent levels  - Vacancy rates  - Financing and regulation  	<p>A slight rise expected in prime-location rents but differences between regions are growing</p>
<p>Return requirement</p> 	<ul style="list-style-type: none"> - Return requirements  - Interest rate development  - Demand from international investors  	<p>International investors have appeared on the markets and a slight drop in return requirements expected</p>
<p>Supply drivers</p> 	<ul style="list-style-type: none"> - Plot prices and availability  - Construction costs  - Profitability  	<p>Plot shortage and plot prices restrict supply while other construction costs are also rising</p>

Current situation:

-  = highly positive
-  = positive
-  = weak
-  = moderate

Trend:

-  = improving
-  = stable
-  = weakening

Market overview 6/6

Russian shopping mall market

SRV's international operations will in coming years mainly consists of renting and operating shopping malls in Russia as construction has been completed and no new projects have been acquired to the order book. Thus, we will focus on the Russian shopping mall market in the outlook for international operations.

In the long term, shopping mall demand is driven by basic demand indicators, like purchasing power development, structural changes in trade, population growth and migration. In the short term, demand is heavily affected by changes in the vacancy rate, rent yields, availability of financing, interest rate level and return requirement.

In the long term, we believe there is demand for upscale shopping malls in Russia. Last year, GDP grew by around 1.7% after the drop in the year before. The growth is expected to continue at approximately 1.3-2.0%. The average salaries of Russian consumers have grown at an average annual rate of 19% measured in rubles in the last ten years but, at the same time, inflation has gradually risen to as much as 15%, which has lowered real wages. Russians use most of their income on consumption as other living costs, taxation and indebtedness are low in an international comparison. Russia also still has relatively little shopping mall space relative to the population (184 m²/1,000 population) and the spaces are often outdated and do not correspond to modern requirements.

In the short term, the outlook for shopping malls is still moderate, even though it seems like the Russian recession is over. The subdued economic development that has continued for years has lowered Russians real wages and purchasing power considerably, which means that retail trade sales development was weak until 2017. In addition, an unsure outlook and economic sanctions have

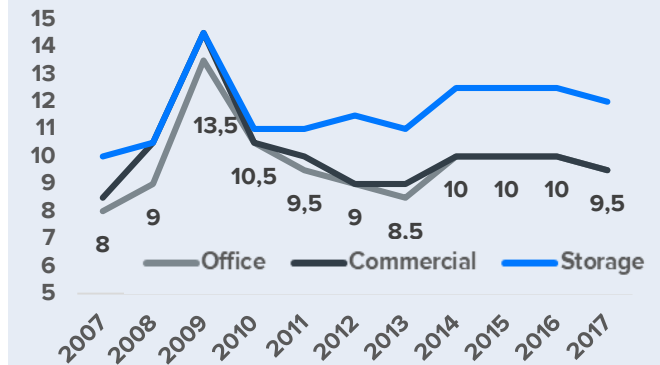
reduced international investors' interest in Russian real estate markets considerably. The ruble, which has clearly weakened further in the first half of 2018, causes additional pressures for the economic prospects and another risk is the high dependency of the Russian economy on oil price fluctuations.

According to the research institute Colliers, a pick-up has been detected on the Russian real estate markets and the value of transactions rose to USD 4.7 billion in 2017 having been at the lowest level in a decade in 2015. Vacancy rates in the shopping malls in Moscow and St Petersburg areas have decreased to 5-8% from the 10% level seen in recent years. In prime locations in Moscow and St Petersburg, the rent levels of shopping malls exceeds the rent levels of many Western European cities. This is due to the combination of a low number of shopping places and relatively high purchasing power that offers high sales per square meter for the tenants. Even in the recession, the ruble-denominated rents have been quite stable. Investors' return requirements for prime locations made and upturn at the end of 2014 but now seem to have stopped at around 9-10% for commercial and office spaces. At the lowest, the return requirements were 8.0-8.5% in 2008.

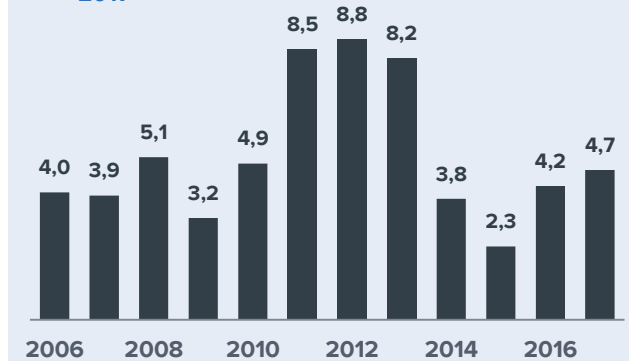
Russia retail sales and GDP, YoY %



Required rate of return in Russia (%)



Business premises transaction volumes in Russia 2006-2017



Financial position 1/2

Order backlog has grown clearly

SRV's order backlog development was very strong in 2015-2016 but made a slight downturn in 2017. In 2017, the order book decreased from the 2016 record level (EUR 1,759 million) and stood at EUR 1,548 million at the end of the year, which was 12% lower than at the end of 2016. In 2Q'18, the order book again made an upturn driven mainly by business premises construction and HUS Siltasairaala hospital. In 2Q'18, the order book grew by 9% to around EUR 1,735 million from EUR 1,595 million in the corresponding period last year.

In Finland, order backlog development has been strong especially in business premises construction in the first half of the year but the order book of housing construction decreased by 5% to EUR 592 million. The order book of business premises construction stood at EUR 1,125 million at the end of Q2'18, which was 18% higher than in 2017 (EUR 950 million).

The growth in the order backlog has in recent years been driven by operations in Finland, as international operations have focused on completing and ramping up large shopping mall projects. The order book for international construction was only EUR 18 million at the end of 2Q'18, which means a 25% drop from the order book at the end of 2Q'17.

The rise in the order backlog in recent years has been highly affected by the large projects (REDI, hospitals, partly Tampereen Kansija Areena) recorded in the order book. In early 2018, the EUR 243 million HUS Siltasairaala hospital project was recorded in the order book and we expect the order backlog to remain at around EUR 1,500-1,700 million in coming years as in 2018 the expansion of the Helsinki-Vantaa Airport and the renovation of Terminal 2 will be still be recorded in the order book. SRV also has several large projects in project development, financing negotiation or planning stage, such as REDI's Loisto and other residential tower

blocks, Lapinmäentie 1 (over EUR 200 million) and Jätkäsaari's Bunkkeri (some EUR 170-190 million), but a small drop in the order backlog is likely caused by SRV's strategy to only select projects with better margins and lower risks to its order book.

The sales volume of the order book has been relatively high in recent years. At the end of 2017, in all 82% of the order book had been sold and 86% at the end of 2Q'18.

Net sales and EBIT development

SRV's net sales development has been relatively stable in 2010-2015 apart from 2011 but the company's net sales made a sharp upturn in 2016-2017. Net sales was boosted by the several large ongoing projects in the company's operations in Finland (REDI, Niittykumpu, TAYS front yard, Tapiola's city center Ainoa) and housing construction volume that had grown clearly from the comparison period. In the first half of 2018, net sales decreased by 11% and it will decrease in the full year as well as apartments are not completed at the same rate as in previous years and the shopping malls in Russia are now completed and do not generate net sales.

SRV's relative profitability improved in 2013-2016 (average EBIT % 3.4%) clearly from 2011-2012 (average EBIT % 1.6%) but made a downturn in 2017 (EBIT % 1.4%). The same trend has continued in early 2018 and the company's EBIT % decreased to -3.1% from -0.6% in the corresponding period last year. Profitability was depressed by the clear cost overruns and project weakening in the fixed-priced REDI shopping mall project. The company has clearly failed in project management and the input costs that have risen rapidly have weakened the functionality of SRV's business model.

SRV's profitability is still modest compared to the company's own objectives and most of its competitors. This is explained, for example, by the

structure of SRV's order book previously focusing quite heavily on low-margin contracting and the share of developer contracted projects and demanding contracts in sales was low. As demanding projects increased their management failed, which has pushed profitability even further into red. Operating profit was also weakened by the Russian shopping mall constructions being completed and a slow start in operating. In addition, project development and start-up of large projects has raised the company's fixed costs considerably.

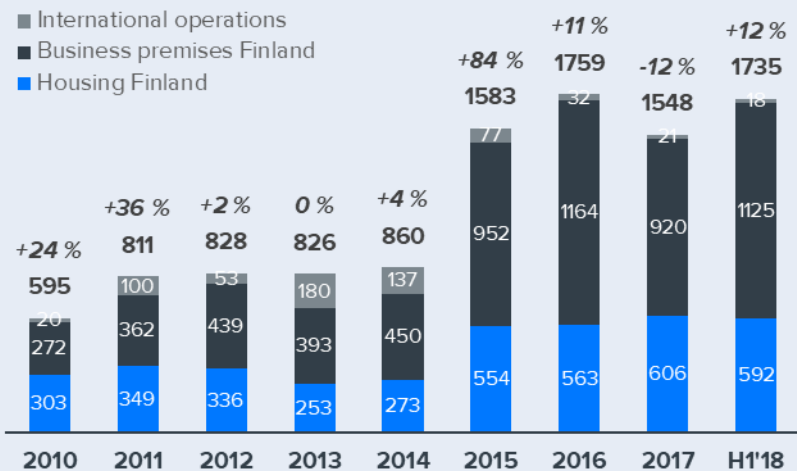
EPS and dividend

SRV's reported earnings per share has been declining in recent years. The reported, share issue adjusted EPS fluctuated between EUR 0.02-0.38 in 2010-2017. In 2017, the EPS was EUR 0.23. The development in the first half of the year has been weak (-0.34) and 2018 is in danger of being the first loss-making year for the company in 30 years. The share issue in 2015, increased financial expenses and considerable value changes not affecting cash flow caused by interest rate hedging have diluted the EPS. The development of the EPS adjusted for value changes and impairments has been more stable.

SRV has been a relatively stable dividend distributor. In 2011-2017, the average dividend per share was EUR 0.08 and the payout ratio was between 20% and 125%.

Financial status

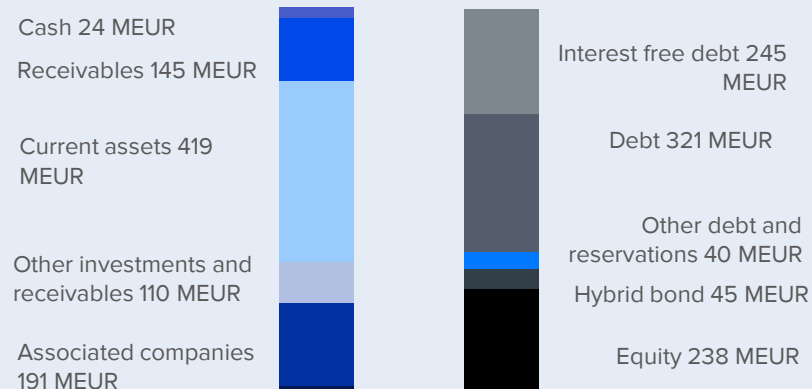
Development of order backlog



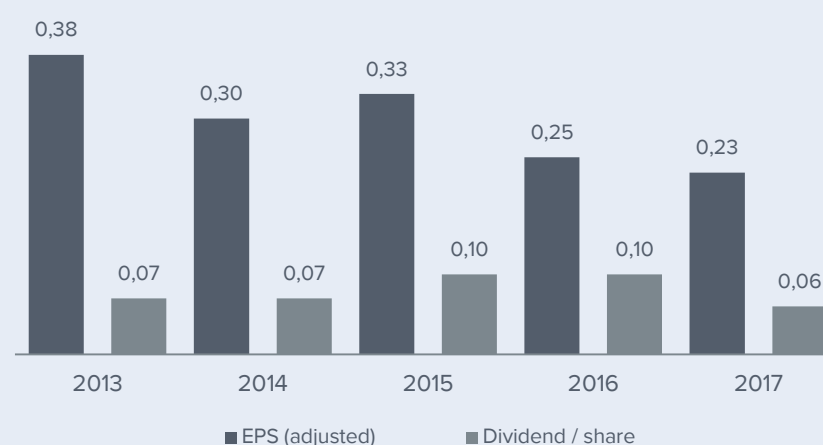
Development of revenue and operating profit



Balance sheet structure, 2017



Earnings per share and dividend



Financial position 2/2

Modest return on equity

SRV's return on equity has been modest for a long time and the amount of investment has been growing. In 2010-2017, the company's ROE was on average around 4.5% and ROI was some 5.5%. The weak development has mainly been caused by the weak profitability of international operations and a relatively high volume of invested capital that has been tied to plots and the financing of associated companies that own the shopping malls. In 2017, the ROI in Finland has been a reasonable 11.4% but the -6.7% of international operations pushes the return for the whole group to a low level.

SRV's average volume of invested capital grew from EUR 182 million to EUR 605 million between 2007 and 2017. The volume of invested capital in international operations stood at EUR 242 million at the end of 2017 (2016: EUR 251 million). We expect the capital to continue decreasing as a majority of the balance sheet assets are already under construction or completed and, thus, generating cash flow or turning into possible sales objects. The growth in the order book will also tie up clearly less of SRV's capital as the company is now building many public sector projects and projects that primarily have external financing. In addition, SRV can release some of the capital that is tied-up in projects with refinancing. Finally, the capital and its value added is only dissolved when the company exits from the holdings in real estate and associated companies.

Balance sheet and financial position

SRV's balance sheet total was EUR 889 million at the end of 2017 (2016: EUR 882 million) which was more than 80% higher than in 2010. The biggest asset item in the balance sheet is for construction companies typically inventories, which share in the 2017 balance sheet was around 47%. Of the inventories, 44% consisted of the value of land areas and plot companies, around 46% of unfinished work and some

7% of shares in completed housing and real estate companies. The second largest asset item in the balance sheet worth a 22% share was shares in associated companies that includes, e.g. SRV's holdings in the Pearl Plaza, Okhta Mall and REDI shopping mall projects. Other considerable asset items include sales receivables with an around 16% share.

SRV's equity was EUR 283 million at the end of 2017. Equity includes a EUR 45 million hybrid loan that the company issued at the beginning of 2016. SRV's interest-bearing liabilities stood at EUR 321 million at the end of 2017 of which 62% were long term debt. Accounts payable and other liabilities amounted to EUR 245 million or some 28% of the balance sheet total.

SRV's equity ratio was 35.5% at the end of 2017 (2016: 38%) and the gearing ratio was 105% (2016: 83%). When comparing these figures to other construction companies one should note that SRV's project management contracting model decreases the share of interest-free debt financing in the balance sheet and, thus, raises SRV's gearing ratio compared to other companies but we feel 105% is too high.

Debt structure and reserves

At the end of 2017, SRV's debt consisted of roughly 29% in short term commercial papers and loans from financial institutions that were maturing. At the end of Q1, SRV made a voluntary repayment offer for to the holders of a EUR 75 million bond that would expire in December 2018 based on which EUR 47 million was redeemed early. The maturity of the new EUR 75 million bond offered at the same time is four years and the fixed annual interest is 4.875%. If necessary, SRV can increase its financing capacity considerably by refinancing its projects that generate cash flow.

At the end of Q2'18, SRV had EUR 87.6 million in financing reserves of which EUR 34 million were

unused limits and project loans and the remaining EUR 53.6 million were cash funds. We estimate that in a normal situation, EUR 30-50 million in cash funds is enough for SRV to run the business.

Financing of large projects

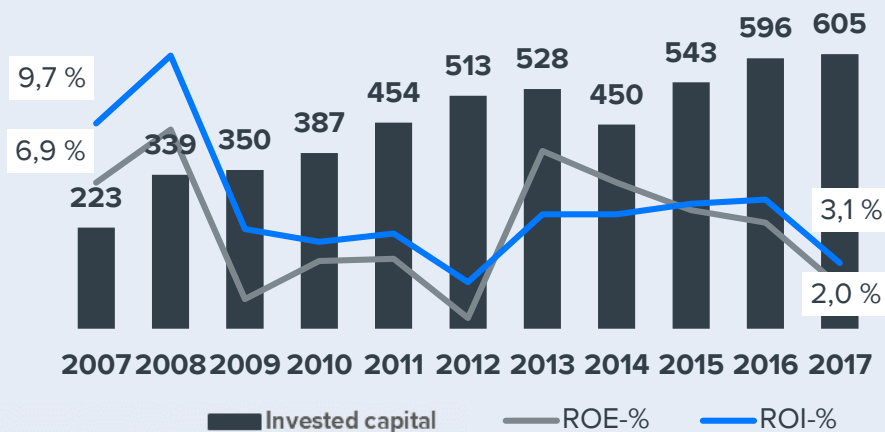
SRV has secured project financing for all large ongoing real estate development projects for several years to come, so in the near future, SRV does not have urgent need for refinancing large real estate development projects. The table on the next page shows project financing in detail and SRV's investments in them.

Debt covenants

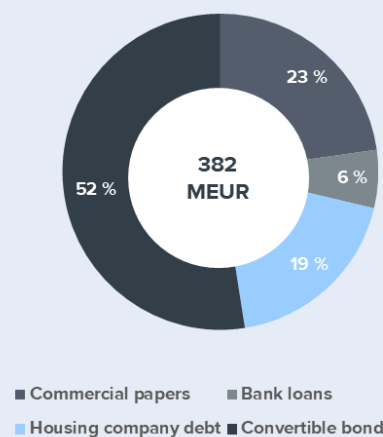
SRV's debt capital has the usual covenants. Financial covenants are the equity ratio, gearing ratio and interest payment ability. Due to the increase in gearing caused by the REDI project, SRV agreed with the financiers of a EUR 100 million marginal lending facility on a temporary increase of the gearing covenant level.

Financial status

Invested capital, ROI and ROE %



Debt structure, Q4/16

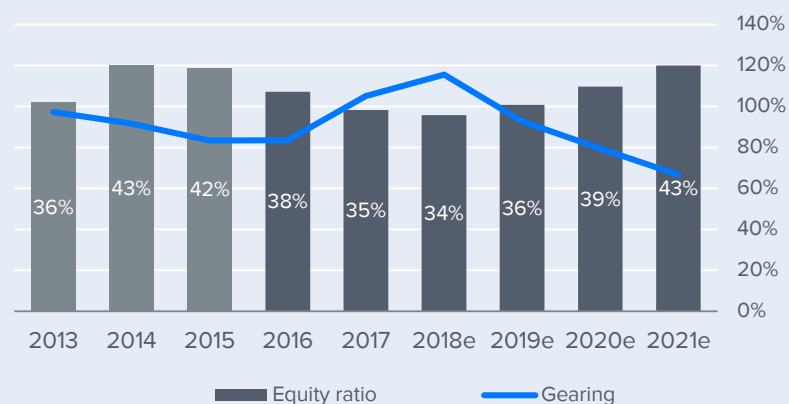


Financing of major projects*

Project	Completion	Project financing maturity	SRV's investment
Pearl Plaza I	2013	2020	28 MEUR
Okhta Mall	2016	2024	91 MEUR
4Daily	2016	2024	12 MEUR
REDI shopping mall	2018	2019	116 MEUR

* Investment amount Q2'18. The current value of the investment may differ from the original due to exchange rate fluctuations of the ruble.

Equity ratio and gearing



Estimates 1/2

Year 2018: REDI's cost overruns and ruble exchange rate fluctuations eat up the result

We expect SRV's 2018 result to decrease considerably from the comparison period because 1) the company will complete and recognize clearly fewer developer contracted housing projects than in 2017 (2018e: 511 vs. 2017: 714), 2) the cost overruns of the company's biggest project REDI will depress the result by over EUR 20 million, and 3) the result of international operations is depressed by translation differences and exchange rate losses from a weaker ruble.

We expect SRV's net sales to drop by 12% to EUR 983 million this year. The drop is driven by a 7% drop in net sales to EUR 675 million from Finnish business premises construction as a result of large projects ending and lower billing of new projects in the initial stages, and by a 36% in net sales from developer contracted housing construction in Finland to EUR 133 million. In addition, international operations focusing on operating and developing shopping mall holdings lowers net sales further with around EUR 12 million.

We estimate that SRV's 2018 operating profit adjusted for exchange rate changes will decrease by 78% from the comparison period to EUR 6.5 million (2017: EUR 27.0 million) and adjusted EBIT % to 0.7% (2017: 2.7%). A majority of the expected drop in operating profit is explained by margin write-downs (H1'18: EUR -20.3 million) caused by REDI's cost overruns and the rest by lower recognition from developer contracted dwellings. We expect the reported operating profit to drop clearly to EUR -1.7 million, i.e. clearly lower than adjusted EBIT due to valuation losses caused by value changes in the ruble. In H1'18 SRV recorded EUR -5.7 million in exchange rate losses on net and we estimate a loss of EUR -2.5 million also for the second half of the year.

We expect the adjusted earnings per share to be EUR -0.15 in 2018 and the reported EPS to be EUR -0.31.

Due to weak result development and a high gearing ratio we do not expect the company to distribute any dividend for 2018.

We consider it likely that SRV will sell the Pearl Plaza shopping mall during 2018 to release capital. We estimate that SRV would record a one-off positive item in EBIT of around EUR 6-12 million if the deal materializes, this is not, however, included in our result estimates but is taken into account in the separately presented sum of parts calculation. In 2018, the company also aims for capital release activity of EUR 50 million which could raise net sales but in our opinion the effect on EBIT would be neutral.

Years 2019-2020: Economic growth accelerates after shopping malls are completed

We expect SRV's net sales to make an upturn again in 2019 and the operating result to improve significantly from the comparison period. According to our estimate, SRV will in 2019 recognize some 60% more developer contracted dwellings than in 2018, which will, according to our estimates, raise the company's net sales by some EUR 120 million (12%). In addition, we expect the growing completion rates of new projects like Siltasairaala and Tampereen Kansijä Areena to raise the net sales of business premises construction by some 4% in 2019. As a whole, we expect SRV's net sales to grow by 14.9% in 2019 to some EUR 1,129 million.

We estimate that adjusted EBIT will rise clearly to EUR 47 million and the EBIT % to grow six-fold to 4.2%. Our estimate of steeply improving profitability development is based on 1) considerably improving margin structure of business premises construction as a result of new business premises projects and completion of loss-making projects (REDI), 2) considerably improving associated company results as a result of completion and increased occupancy

rates of shopping malls and EBIT from international operations, and 3) considerably growing net sales and profitability from housing construction as a result of growing recognition volumes from developer contracted dwellings. In addition, the earnings level is improved by a drop in euro-denominated loans in the Russian operations, which means that the exchange rate losses and financial expenses caused by the weakening ruble decrease. We expect earnings per share to rise to EUR 0.43 in 2019 and dividend to be EUR 0.13.

In 2020, we expect SRV's overall net sales and its operating profit from Finnish construction, which is practically the entire EBIT, to develop relatively stable (+5.5%, EUR 50 million) compared to 2019. We expect the group's net sales to drop by -3% to EUR 1,099 million in 2020. SRV's operating profit, however, rises in our estimate starting from 2019 by nearly +14% to EUR 53 million as the results of associated companies growing by 77% to EUR 9.2 million. As a result of the EBIT growth focusing on associated companies, we expect the 2020 EPS to rise by 16% to EUR 0.50 and dividend by 15% to EUR 0.13 per share.

Estimates 2/2

Years 2021-2022: Shopping mall projects in exit phase

According to our estimate, four of SRV's large shopping mall projects will mature to the exit stage by 2022 at the latest. As mentioned above, the Pearl Plaza project is now ready for sale and we expect the company to try to exit from this object already in 2018 if possible. Due to difficulty to predict exit timings and profits we do not include exits in our estimates for the next few years but assume in our estimates that all exits will take place after the year 2021. Thus, our estimates for 2018-2021 only include the net profit from associated companies rent income.

Our assumption is based on SRV's aim to sell shopping mall holdings after the ramp up stage of rental income that lasts around 3-4 years. For Pearl Plaza, the period has been clearly longer as the company has waited for the Russian economic situation and investor market to recover for several years. In general, the sales schedule for shopping mall projects is affected by the development of the economy and the real estate market.

According to our estimate, sales gains from large projects form a considerable share of SRV's value, so we have taken them into account in our long term estimates for 2022-2026. We also include the value of shopping mall projects in our sum of parts calculation.

We have explained our assumptions related to the rent income, return requirements and cash flow of shopping malls at the end of this report where we go through each shopping mall project in more detail.

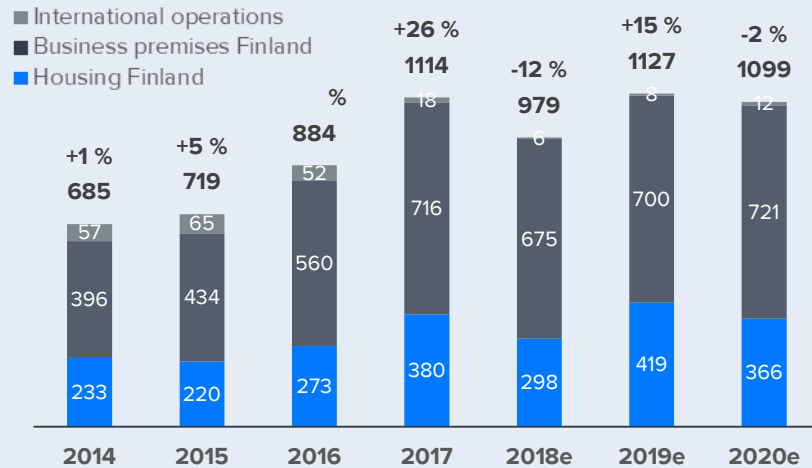
Long term estimates

In the long term (2021-), we expect SRV's net sales from continuing operations to stabilize at slightly over EUR 1,009 million and growth to around 2.5% per year. We expect that SRV will maintain its strong share on the Finnish housing and business premises construction markets. Especially the long term outlook for housing construction is rather strong as due to urbanization and demographic changes the volume of housing construction in Finland must remain at an annual level of 25,000-30,000 long into the future. Dwellings are, in particular, needed in growth centers, which means that they will primarily consist of block of flats construction.

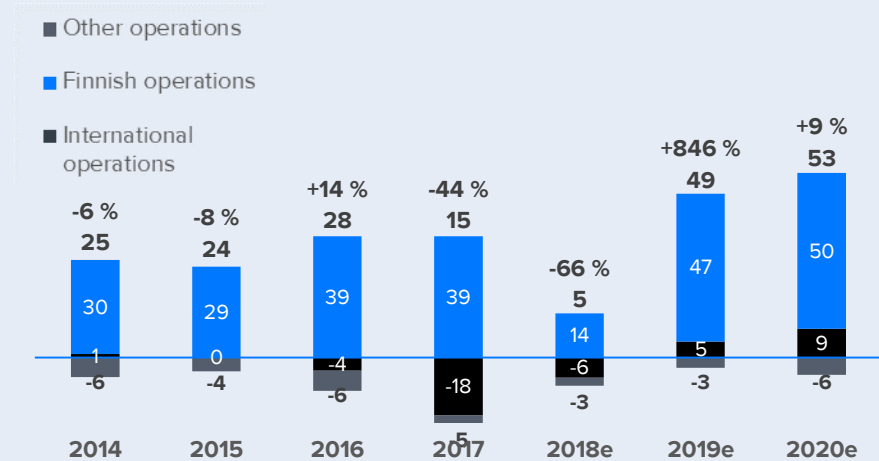
We estimate that SRV's EBIT % will decrease in the long term to 3.5% of net sales. We do not believe that the over 8% EBIT margin level SRV targets is sustainable as it includes a share of associated companies' income. In accordance with its current strategy, SRV has already announced that it will not be a permanent owner of shopping malls and, thus, we do not see the scenario where SRV would also become a real estate investment company as likely.

Forecasts

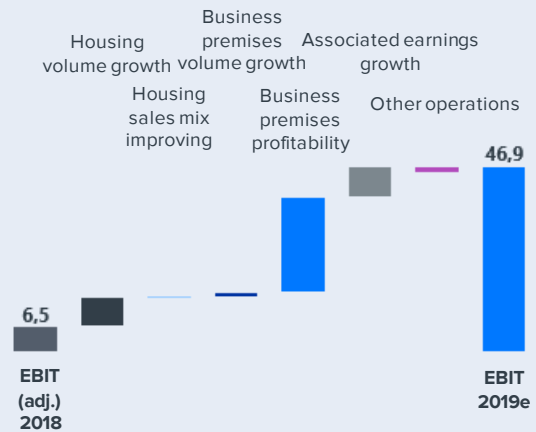
Revenue development by segment



EBIT development by segment



Drivers of EBIT forecast 2016-2020



Earnings per share and dividend



Quarterly forecasts

	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18e	Q4'18e	2018e	2019e	2020e	2021e
Revenue	884	224	284	268	339	1114	216	236	251	281	983	1129	1099	1057
<i>Finnish operations</i>	832	219	277	263	337	1096	214	234	249	280	976	1121	1087	1042
<i>International operations</i>	52,4	4,4	7,0	4,2	2,3	17,9	1,7	1,8	1,5	1,0	6,0	8,0	12,0	15,0
<i>Other operations</i>	15,5	0,0	0,0	0,0	0,0	0,0	0,2	0,4	0,0	0,0	0,6	0,0	0,0	0,0
EBITDA	34,2	8,2	-9,3	8,1	14,1	21,0	-7,9	-4,8	2,3	12,7	2,2	51,2	57,5	59,2
Depreciation	-6,5	-0,9	-1,0	-1,0	-2,8	-5,7	-0,9	-0,6	-1,0	-1,4	-3,9	-4,3	-4,2	-4,5
EBIT (excl. NRI)	28,9	2,8	1,8	8,4	15,1	28,0	-5,1	-3,4	3,8	11,3	6,5	46,9	53,3	54,7
EBIT	27,7	7,3	-10,3	7,1	11,3	15,3	-8,8	-5,4	1,3	11,3	-1,7	46,9	53,3	54,7
<i>Suomen liiketoiminta</i>	38,3	5,0	5,7	9,7	18,2	38,6	-3,7	-1,7	6,3	13,2	14,1	47,0	49,6	49,4
<i>Kansainvälinen liiketoiminta (oik.)</i>	-5,5	-1,4	-1,9	-1,2	-2,3	-6,7	-1,8	-0,6	-1,5	-0,4	-4,3	5,1	9,2	11,3
<i>Muut toiminnot</i>	-6,5	-0,8	-2,1	-0,1	-1,8	-4,8	0,4	-1,1	-1,0	-1,5	-3,2	-5,2	-5,5	-6,0
<i>Valuuttakurssivoitot/-tappiot</i>	1,3	4,5	-12,1	-1,3	-2,8	-11,7	-3,7	-2,0	-2,5	0,0	-8,2	0,0	0,0	0,0
Net financial items	-11,3	0,0	-5,0	-3,8	-1,9	-10,7	-3,4	-4,3	-3,5	-3,4	-14,6	-13,6	-14,9	-15,1
PTP	16,4	7,3	-15,3	3,3	9,4	4,6	-12,2	-9,7	-2,2	7,9	-16,3	33,3	38,3	39,6
Taxes	-2,0	-0,7	-0,1	0,0	2,0	1,2	1,5	1,3	-0,4	-1,7	0,8	-4,7	-5,4	-5,0
Minority interest	-0,5	-0,1	0,7	-0,3	-0,1	0,2	0,2	0,3	-0,2	0,0	0,3	0,0	0,0	0,0
Net earnings	13,9	6,4	-14,7	3,0	11,3	5,9	-8,1	-8,2	-2,7	6,2	-15,1	28,6	32,9	34,6
EPS (adj.)	0,25	0,01	-0,06	0,05	0,23	0,23	-0,13	-0,10	-0,02	0,09	-0,15	0,43	0,50	0,53
EPS (rep.)	0,15	0,09	-0,26	0,04	0,18	0,05	-0,19	-0,15	-0,06	0,09	-0,31	0,43	0,50	0,53
Key figures														
<i>Revenue growth-%</i>	22,9 %	55,3 %	30,0 %	38,5 %	3,4 %	26,1 %	-3,5 %	-17,0 %	-6,3 %	-17,2 %	-11,8 %	14,9 %	-2,7 %	-3,8 %
<i>Adjusted EBIT growth-%</i>	18,4 %		-56,1 %	23,5 %	-16,3 %	-3,0 %	-28,7 %	-28,9 %	-55,0 %	-25,0 %	-76,7 %	61,9 %	13,5 %	2,8 %
<i>EBITDA-%</i>	3,9 %	3,6 %	-3,3 %	3,0 %	4,2 %	1,9 %	-3,7 %	-2,0 %	0,9 %	4,5 %	0,2 %	4,5 %	5,2 %	5,6 %
<i>Adjusted EBIT-%</i>	3,3 %	1,2 %	0,6 %	3,1 %	4,4 %	2,5 %	-2,4 %	-1,4 %	1,5 %	4,0 %	0,7 %	4,2 %	4,8 %	5,2 %
<i>Net earnings-%</i>	1,0 %	2,5 %	-5,5 %	0,8 %	3,1 %	0,2 %	-5,2 %	-3,8 %	-1,4 %	1,9 %	-1,9 %	2,3 %	2,7 %	3,0 %

Source: Inderes

Revenue and EBIT-% (adj.)



Adjusted EBIT development



Source: Inderes

Valuation and recommendation 1/3

Sum of parts reflects the valuation potential of the whole

In our view, SRV's share valuation should be approached through a sum of part analysis as a considerable share of SRV's market value consists, next to continuous construction business, of the value of ownership in large real estate development projects outside the balance sheet and asset items not tied to the continuing business activities of the balance sheet. In addition, the sensitivity of the fair value compared to key indicators can be measured with the sum of parts analysis.

The key elements of the sum of parts analysis are:

- The estimated 2019 net sales of construction activities (in practice, operations in Finland) times the 2019e average EV/EBIT ratio of the peer group.
- The sum of the current values of the estimated cash flow from the real estate development projects owned by SRV's associated companies and joint ventures.
- Balance sheet asset items, like plots, land areas or shares and participations that are not, according to our estimates, tied to known or ongoing large real estate development projects or continuous construction business.
- Interest-bearing net liabilities and hybrid loan.

Our current estimate of the enterprise value (EV) formed by SRV's sum of parts is in our basic scenario and with our earnings estimates EUR 557 million and the value of the entire stock is EUR 212 million or EUR 3.6 per share.

According to our estimates, construction activities are clearly most valuable of SRV's

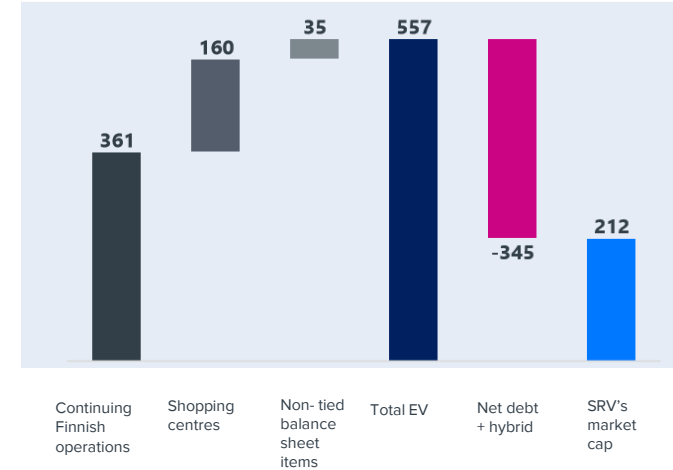
activities and form 65% (EUR 361 million) of the EV we forecast for SRV. We estimate that the current value of the cash flow from large projects according to SRV's holding in our basic scenario is EUR 160 million or 29% of the total EV. This is divided between the projects so that Pearl Plaza's value is EUR 24 million, Okhta Mall's EUR 60 million, Daily's EUR 5 million and REDI's EUR 72 million. We estimate the value of other assets to be EUR 35 million (40% of the balance sheet values at the end of 2017). Net liabilities (EUR -300 million) and hybrid loan (EUR -45 million) total EUR -345 million.

Biggest potential in improving profitability of continuing operations

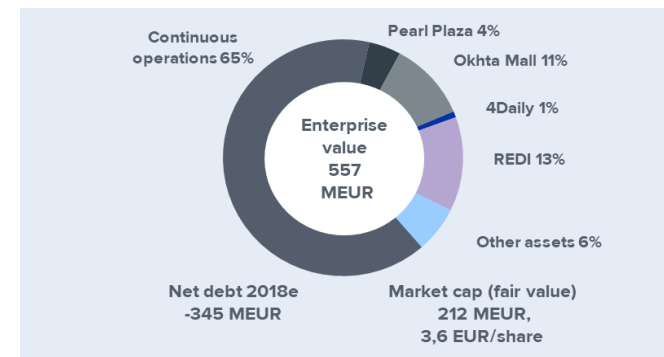
When examining SRV's parts, the biggest potential relative to the current value is, in our view, linked to improving the operating profit from construction activities. The valuation of continuing operations could be considerably boosted (+30-40%) if the approximately 4% EBIT % included in our current estimate could be raised close to the 6% level targeted by the company. The right-hand side of the sum of parts table presented on the following page describes this potential. On the other hand, if profitability remains at the current extremely weak level there would still be downward pressure in the share (left-hand column).

A rise in the rental income relative to the acquisition value of the shopping malls to clearly above the markets' return requirements around 2021 would also be positive for the sum of parts analysis. We have, in our opinion, used realistic expectations in our cash flow calculations for the shopping malls but changes in markets' return requirements also have a considerable effect on expected cash flows and sales gain expectations.

Sum-of-parts 8/2018



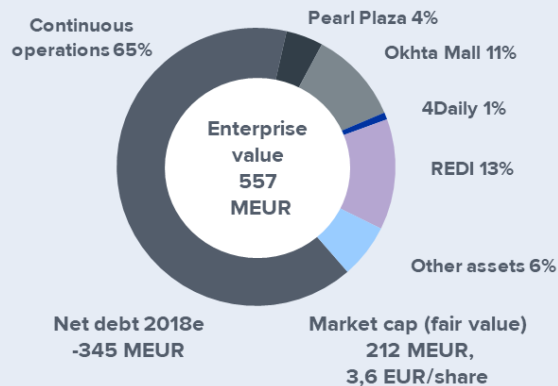
Value distribution 8/2018



Source: Inderes

Sum-of-parts

Operation	Valuation principle	Value MEUR	Multiple Low	/ exit-required rare of return %			EV Normal	High
				Normal	High	Low		
Construction operations EBIT 2019e	Peers FY'19 EV/EBIT	35,9	8,5x	10,1x	12,6x	307	361	452
- other operations expenses								
Pearl Plaza (exit 2018)	NPV estimate		10,0 %	9,5 %	9,0 %	20	24	28
Okhta Mall (exit 2022)	NPV estimate		11 %	10 %	9 %	51	60	70
4Daily (exit 2022)	NPV estimate		12 %	11 %	10 %	4	5	6
REDI (exit 2022)	NPV estimate		5,5 %	5,0 %	4,5 %	61	72	84
Non- tied balance sheet items	Balance sheet value Q4'17	88	0,3x	0,4x	0,5x	26	35	44



Total EV	469	557	683
- net debt Q4'18e	-300	-300	-300
- hybrid bond Q4'18e	-45	-45	-45
Total market cap	124	212	338
Total number of shares	59,6	59,6	59,6
Share value	2,1	3,6	5,7
Share price	2,67	2,67	2,67
Potential	-22 %	33 %	113 %

Valuation and recommendation 2/3

Target price and rating

In light of the updated forecasts and the valuation methods we use, we see upside potential in SRV's share. The share's result-based price (FY'19-20 EV/EBIT 8-10x and P/E 5-6x) is moderate compared to its peer group and with 30-35% discount compared to the equity book value and sum of parts (around EUR 3.6). The weak profitability development seen in recent years, the weakness of the Russian economy and ruble, the company's high gearing ratio and the emergent downturn in construction do, however, clearly limit the upside potential of the share.

Sum of parts

Through the sum of parts presented above, the value of SRV's entire stock in the basic scenario is EUR 212 million or EUR 3.6 per share. On page 36, we have also made a simplified sensitivity analysis for SRV's sum of parts. We have examined sum of parts in a situation where the key indicators we used for different elements are clearly better or weaker than those we use in the basic scenario. Based on the sensitivity analysis, the per share market value of SRV's sum of parts varies between EUR 2.1 and 5.7.

Our model is especially sensitive to changes in the profitability assumption for continuing operations, EV/EBIT ratio and the return requirements of the REDI and Okhta Mall shopping malls. Due to the cyclical position, Russia risks and project risks these all still involve a lot of uncertainty so we still focus clearly more on the basic and negative scenarios when utilizing the sum of parts analysis than on the positive scenario.

Valuation indicator analysis

Even if we believe sum of parts is the most straight forward way to determine SRV's market value, a valuation indicator analysis supports the valuation so that one can expect the share to reach our target

price over the next 12 months.

SRV's earnings indicators for 2018 are very high or negative due to the weak earnings level so in our valuation indicator analysis we focus on the 2019 earnings indicators that in our opinion better represent a so-called "normalized" profitability level for SRV. The adjusted EV/EBIT ratios for 2019 are with our estimates at 10x level and the corresponding P/E ratios at 6x level. The 2018e P/B ratio adjusted with the hybrid loan is 0.7x.

The 2018 dividend yield is 0% with our estimates. Examined with the EV/EBIT based indicator, the share is valued roughly in lined with the Nordic peer group and with a premium of some 20% compared to Finnish construction companies. Examined with the P/E ratio, the share is, however, priced at a 40% discount to its Nordic peers and some 30% discount to its Finnish peers. The big difference between the EV/EBIT and P/E ratios reflects on one hand SRV's high gearing and risk level, higher earnings growth potential and the increasing share of associated companies' result, which lowers the company's effective tax rate. SRV's return on capital has been extremely weak in recent years, which is visible in the some 30% discount in the share compared to its equity value. We consider SRV's balance sheet values to be mainly current and we expect the difference between the share price and equity value to decrease when the company's return on capital normalizes. As a whole, we see the company's valuation level in relation to the company's normalized ability to generate profit to be moderate but due to the weak track record and increased cyclical risks we do not expect a steep increase in the short term.

Main value drivers in the near future

For SRV, the first considerable value driver is, according to our view, strong growth in the sales volumes of housing construction and the sales mix

focusing more clearly on SRV's developer contracted production that has clearly higher margin levels than contracting. The realization of the earnings potential in housing construction is, however, dependent on there being sufficient demand for the company's ongoing and future large housing construction projects especially in 2019-2020. So far, the sales risks have been low, which is proven by, e.g. the close to 100% sales rate of REDI's first residential tower block.

Another important growth driver in our estimates is the volume development and improved margin structure of the order book in business premises construction. REDI has depressed the profitability of business premises construction considerably in recent years and the fact that the project is removed from the order book will help show the company's performance capacity better.

Valuation and recommendation 3/3

The third important earnings driver in the next few years is the progress of renting large shopping mall projects so that the company can reach the estimated net rent level within 3-4 years from opening the mall. In our value determination model, we assume that SRV will in the long term be close to the target levels when it comes to net rents and that the occupancy rates of the shopping malls within a 3-4 year scope are around 95-97%.

The fourth growth driver that is partially linked to the third is the development of investors' return requirements for the shopping malls over the next few years. Especially the development of the return requirements on the Russian real estate markets includes a lot of uncertainty and, thus, any news about the Russian economy, the development of Russian consumers' purchasing power and economic sanctions will be important drivers for SRV's share.

In addition, in the short term, the share's valuation level will be affected by 1) how the trend of the economy and construction develops, 2) how the company's construction profitability develops and will more project risks become realized, 3) how the order book develops and can the company start other large projects that would affect earnings growth especially towards the end of the period 2020-2021e and forward. These would be, for example, Jätkäsaari Bunkkeri and Keilaniemi high rise projects. The company's high gearing and weak return on capital are also worrisome, which means it is important for the company to succeed in the capital release measures planned for the end of 2018.

Selling of Pearl Plaza could also be a share driver if it is done at a clear over or under value compared to the project's balance sheet value.

DCF valuation

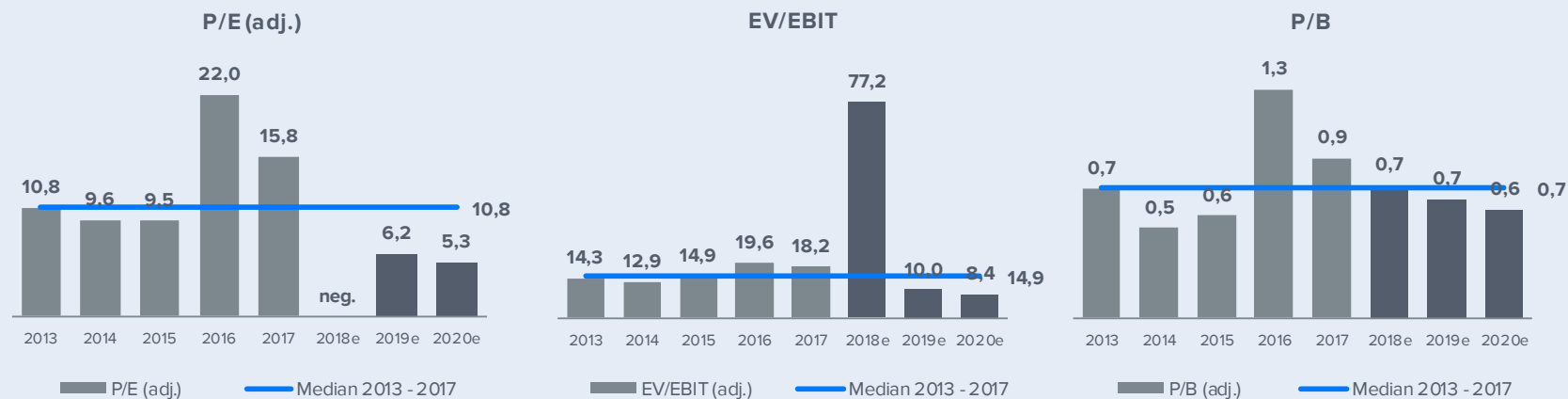
The value for the SRV's share according to our DCF model is EUR 3.5, which corresponds with our view of the share's upside potential. In our model, the company's net sales growth will stabilize at a very moderate 2% level in the terminal period and the EBIT margin will be 3.5% of net sales, which corresponds more or less to the company's profitability level in 2013-2016. In the model, the weight for the terminal period of the current value of cash flows is a relatively modest 35%, which reflects the potential related to the company's major projects and the estimated earnings growth in coming years.

In the cash flow model, the average cost of capital (WACC) used is 8.9% and the cost of capital is 11.9%.

Valuation summary

	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
Share price	4,05	2,83	3,10	5,43	3,60	2,67	2,67	2,67	2,67
Number of shares, millions	39,7	39,8	42,6	59,3	59,6	59,6	59,6	59,6	59,6
Market cap	161	113	132	322	214	159	159	159	159
EV	377	319	363	567	511	504	468	448	424
P/E (adj.)	10,8	9,6	9,5	22,0	15,8	neg.	6,2	5,3	5,1
P/E	10,8	9,6	12,5	36,9	77,6	neg.	6,2	5,3	5,1
P/FCF	1,3	2,0	2,9	neg.	neg.	9,6	3,0	3,1	2,8
P/B (adj.)	0,7	0,5	0,6	1,3	0,9	0,7	0,7	0,6	0,6
P/S	0,2	0,2	0,2	0,4	0,2	0,2	0,1	0,1	0,2
EV/Sales	0,6	0,5	0,5	0,6	0,5	0,5	0,4	0,4	0,4
EV/EBITDA	12,8	11,9	13,0	16,6	24,3	>100	9,1	7,8	7,2
EV/EBIT (adj.)	14,3	12,9	14,9	19,6	18,2	77,2	10,0	8,4	7,7
Payout ratio (%)	18,7 %	23,7 %	40,2 %	67,9 %	129,3 %	0,0 %	30,0 %	30,0 %	30,0 %
Dividend yield-%	1,7 %	2,5 %	3,2 %	1,8 %	1,7 %	0,0 %	4,8 %	5,6 %	5,9 %

Source: Inderes



Peer group valuation comparison

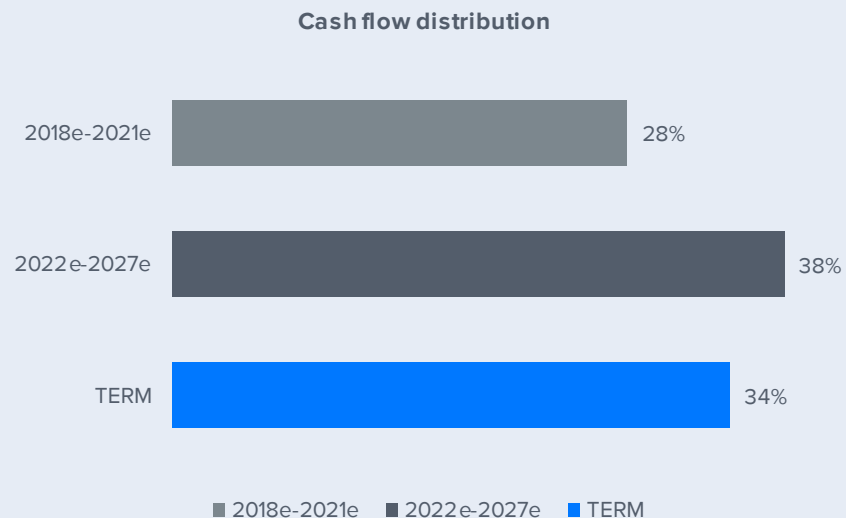
Company	Share price	Market cap	EV	EV/EBIT		EV/EBITDA		EV/Sales		P/E		Dividend yield-%		P/B
		MEUR	MEUR	2018e	2019e	2018e	2019e	2018e	2019e	2018e	2019e	2018e	2019e	2018e
AF Gruppen	129,50	1293	1239	11,2	10,7	9,8	9,4	0,7	0,7	17,4	16,4	6,7	6,6	6,7
Bonava	119,00	1231	1759	10,3	11,5	10,8	11,6	1,2	1,2	10,4	11,6	4,4	4,3	1,8
Consti Yhtiöt	8,76	69	87	10,6	8,5	8,5	7,0	0,3	0,3	11,7	9,3	4,0	5,6	2,2
JM	181,70	1209	1302	7,0	8,6	7,0	8,6	0,9	0,9	8,7	10,6	5,8	5,9	1,8
Lehto Group	8,13	464	509	8,2	6,9	7,8	6,6	0,7	0,6	9,5	8,0	4,3	5,3	2,6
Merko Ehitus	9,70	173	203	11,5	12,3	10,1	10,8	0,6	0,7	15,6	14,3	5,2	5,2	1,4
NCC	154,85	1606	1839	15,1	9,5	9,6	7,0	0,3	0,3	17,1	10,7	5,3	6,3	3,1
PEAB	81,90	2036	2553	10,9	10,7	8,0	7,9	0,5	0,5	12,3	12,4	5,0	5,1	2,1
Skanska	170,15	6457	6548	13,8	11,4	10,8	9,2	0,4	0,4	15,4	13,4	4,9	5,1	2,5
Veidekke	82,60	1156	1453	14,7	10,6	9,2	7,3	0,4	0,4	14,0	9,9	5,8	6,3	2,8
YIT	5,66	1190	1966	16,3	9,7	11,2	7,8	0,5	0,5	15,6	8,5	4,8	5,2	1,1
SRV Yhtiöt (Inderes)	2,67	159	504	>100	10,0	>100	9,1	0,5	0,4	neg.	6,2	0,0	4,8	0,7
Average				11,8	10,1	9,4	8,5	0,6	0,6	13,4	11,4	5,1	5,5	2,5
Median				11,2	10,6	9,6	7,9	0,5	0,5	14,0	10,7	5,0	5,3	2,2
Diff-% to median					-6 %		16 %	-2 %	-17 %		-42 %	-100 %	-9 %	-66 %

Source: Thomson Reuters / Inderes

DCF-cash flow calculation

	2017	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	TERM
EBIT (operating profit)	15,3	-1,7	46,9	53,3	54,7	153	40,1	38,5	39,4	40,4	41,2	
+ Depreciation	5,7	3,9	4,3	4,2	4,5	4,8	5,0	5,2	5,3	5,5	5,6	
- Paid taxes	-0,4	2,5	-3,7	-4,4	-4,0	-14,0	-6,4	-6,6	-6,8	-7,0	-7,1	
- Tax, financial expenses	2,7	-0,7	-1,9	-2,1	-1,9	-1,3	-1,7	-1,1	-1,1	-1,1	-1,1	
+ Tax, financial income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
- Change in working capital	-50,9	14,6	-0,1	8,1	11,4	8,1	-6,9	-7,1	-7,3	-7,5	-6,1	
Operating cash flow	-27,7	18,6	45,5	59,0	64,6	151	30,1	28,8	29,6	30,4	32,5	
+ Change in other long-term liabilities	4,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
- Gross CAPEX	-18,2	1,1	10,0	-5,1	-5,3	42,3	-5,5	-5,7	-5,8	-6,0	-5,6	
Free operating cash flow	-41,2	19,7	55,5	53,9	59,4	193	24,6	23,2	23,8	24,4	26,9	
+/- Other	-3,2	-3,2	-3,2	-3,2	-3,2	-3,2	0,0	0,0	0,0	0,0	0,0	
FCFF	-44,4	16,5	52,3	50,7	56,2	190	24,6	23,2	23,8	24,4	26,9	398
Discounted FCFF		16,1	46,9	41,7	42,5	132	15,7	13,5	12,8	12,0	12,2	180
Sum of FCFF present value		525	509	462	420	378	246	231	217	204	192	180
Enterprise value DCF		525										
- Interesting bearing debt		-321										
+ Cash and cash equivalents		24										
-Minorities		0										
-Dividend/ capital return		-4										
Equity value DCF		224										
Equity value DCF per share		3,8										

WACC	
Tax-% (WACC)	20,0 %
Target debt ratio (D/(D+E))	40,0 %
Cost of debt	5,5 %
Equity Beta	1,45
Market risk premium	4,75 %
Liquidity premium	2,00 %
Risk free interest rate	3,0 %
Cost of equity	11,9 %
Weighted average cost of capital (WACC)	8,9 %



Source: Inderes

Balance sheet

Assets (MEUR)	2016	2017	2018e	2019e	2020e
Non-current assets	306	300	293	283	293
Goodwill	1,7	1,7	1,7	1,7	1,7
Intangible assets	1,9	1,5	1,5	1,5	1,5
Tangible assets	12,0	11,0	12,0	12,7	13,6
Associated companies	211	191	190	195	205
Other investments	13,9	16,0	10,0	10,0	10,0
Other non-current assets	55,9	67,7	67,7	52,7	52,7
Deferred tax assets	9,2	11,7	10,0	9,0	8,0
Current assets	576	588	561	599	583
Inventories	400	419	393	406	396
Other current assets	1,1	1,0	1,0	1,0	1,0
Receivables	120	145	128	147	143
Cash and equivalents	54,6	23,5	39,3	45,2	44,0
Balance sheet total	882	889	854	882	876

Liabilities & Equity (MEUR)	2016	2017	2018e	2019e	2020e
Equity	295	283	259	285	307
Share capital	3,1	3,1	3,1	3,1	3,1
Retained earnings	101	96,6	74,6	100	122
Hybrid bonds	45,0	45,0	45,0	45,0	45,0
Revaluation reserve	-1,1	-1,2	-4,7	-4,7	-4,7
Other equity	150	142	142	142	142
Minorities	-1,8	-1,6	0,0	0,0	0,0
Non-current liabilities	253	202	245	217	204
Deferred tax liabilities	4,2	5,1	5,1	5,1	5,1
Provisions	7,8	8,8	8,8	8,8	8,8
Long term debt	227	171	213	186	173
Convertibles	0,0	0,0	0,0	0,0	0,0
Other long term liabilities	14,0	17,7	17,7	17,7	17,7
Current liabilities	334	403	350	380	365
Short term debt	73,7	150	126	124	115
Payables	253	245	216	248	242
Other current liabilities	6,8	7,8	7,8	7,8	7,8
Balance sheet total	882	888	854	882	876

Source: Inderes

SRV's major real estate development projects 1/3

Summary of SRV's major development projects

SRV has 5 real estate development projects that are completed or almost completed that, in addition to SRV, involve external investors, and that are consolidated in the financial statements using the equity method. The total investment of these projects is around 920 MEUR, of which 52% is in REDI-shopping mall development project under construction in Kalasatama in Helsinki, about 23% in Okhta Mall in St Petersburg that was completed in the summer of 2016, 15% in Pearl Plaza in St Petersburg that was completed in 2013, around 7% in 4Daily shopping mall development project in Moscow completed in 2017, and the rest, some 3% in Etmia II office project in Moscow that was completed in 2009.

We value SRV's ownership-% and the current value of the cash flow from the objects' rental income to currently be slightly over EUR 160 million, which corresponds roughly to about 1/3 of our enterprise value (EV) estimate for SRV's operations as a whole. SRV will receive a majority of the large projects value at exit, most of which we expect to take place by the end of 2022. Additionally, SRV gets cash flow from major projects in the form of construction margins and operating fees, but we take these into account separately in the earnings estimates for construction and other activities.

Next we will go through the projects individually, according to the weights we believe they have on SRV's valuation.

REDI shopping mall

Location and business idea

The first part of the REDI shopping mall and parking facility construction started in the spring 2015 and is part of the more than EUR 1 billion regional development project in Kalasatama in Helsinki. The shopping mall and parking facilities are expected to

be ready in the fall in 2018. The shopping mall is located close to the main road towards east and the subway goes through the shopping center. According to SRV's estimates about 0.5 million people live in the catchment area (15 min) of the center, and the subway takes 6 minutes to the center of Helsinki. The aim is to reach 12 million visitors in the first full year of operation.

There will be two grocery stores, various services, brand stores and entertainment in the shopping mall. The total leasable area is about 64,000 square meters and there will be a parking facility with 2,000 parking spaces. In 8/2018, around 80% of the object was rented calculated based on the targeted rental price.

Ownership, financing and rental income

SRV owns 40% of REDI, Ilmarinen 30%, a fund managed by OP-Pohjola group 15% and LähiTapiola 15%. The total value of project investments is about EUR 480 million of which EUR 240 million is financed with equity. The rest is financed with project credit. SRV has granted a EUR 15 million non-collateral project credit for the construction.

SRV has not communicated any net rental income target for REDI. Based on similar shopping mall projects, we have estimated that REDI would generate an annual net rental income of around EUR 28 million in 2022 when fully rented.

Net present value - NPV

In our basic scenario, we estimate that the net present value of REDI's cash flow is EUR 404 million and the exit price is EUR 556 million in 2022. Other key assumptions are EUR 28 million net rental income in 2022, investors' return requirement 5.0% at the time of exit in 2022, and WACC 10%. Thus, the net present value of SRV's 40% holding would be EUR 72 million in our basic scenario. If the return requirement is lowered to 4.5%, the net present value of SRV's

holding rises to EUR 84 million. Correspondingly, with a 5.5% return requirement the net present value of the holding would be EUR 61 million.

Okhta Mall shopping mall

Location and business idea

The Okhta Mall shopping mall project that was completed in late summer 2016, is located east of downtown St Petersburg on an 8.5 hectare plot owned by SRV in the Okhta City block. Construction started in 2013 and the mall opened to customers in August 2016. According to SRV, some 0.9 million people live in the catchment area of the mall or 20 minutes away from the mall.

Okhta Mall is the first shopping center close to the city center where there is a hypermarket. The mall also houses a movie theater complex, several restaurants, a gym, specialty stores and various fashion and sports stores. In mid-2018, the mall's occupancy rate was around 90%.

The total leasable area is about 68,000 m².

SRV's major property development projects

Summary

	Pearl Plaza	Etmia II	Okhta Mall	4Daily	REDI
Location	Pietari	Moskova	Pietari	Moskovan alue	Helsinki
Construction start-end	2011-2013	2006-2008	2013-2016	2014-2017	2015-2018
Rental area, m2	48000	6500	68000	26000	64000
Inderes estimate for rental income on exit year MEUR/year	14 MEUR	3 MEUR	27 MEUR	9 MEUR	28 MEUR
Investment value	140 MEUR	-	>200 MEUR	60 MEUR	480 MEUR
Project loan / financing	95 MEUR	33 MEUR	90 MEUR	30 MEUR	225 MEUR
SRV ownership	50 %	50 %	45 % + 15 %	20 %	40 %
Project exit-valuation (Inderes estimate)	143 MEUR	3 MEUR	269 MEUR	80 MEUR	556 MEUR
SRV DCF with current ownership (Inderes estimate)	24 MEUR	3 MEUR	60 MEUR	5 MEUR	72 MEUR
Estimated exit year (Inderes estimate)	2018	2018	2022	2022	2022

SRV's major real estate development projects 2/3

Ownership, financing and rental income

SRV owns 45% of Okhta Mall directly, and 15% through the Russia Invest investment company that owns 55% of the project. Other Russia Invest owners include Ilmarinen, Etera, Sponda and Onvest.

The total investment in the shopping mall is valued at around EUR 200 million and it is financed with a EUR 90 million project finance contract and some EUR 110 million in equity, of which SRV's share is around EUR 80 million. The long term target net rental income is around EUR 30 million annually. SRV's REAM team is responsible for renting and operating the object.

Net present value - NPV

In our basic scenario, we estimate that the net present value of Okhta Mall's cash flow is EUR 190 million and the exit price is EUR 269 million in 2022. Other key assumptions are EUR 27 million net rental income in 2022, investors' return requirement 10.0% at the time of exit in 2022, and WACC 12%. Thus, the net present value of SRV's 40% holding would be EUR 60 million in our basic scenario. If the return requirement is lowered to 9.5%, the net present value of SRV's holding rises to EUR 70 million. Correspondingly, with a 10.5% return requirement the net present value of the holding would be EUR 51 million.

Tampereen kansi ja arena project

Location and business idea

The Tampereen Kansi ja Arena project is a hybrid project that is built on top of Tampere railway station where the railroads are covered in two stages, one for the south side cover and one for the north side cover. The work began in fall 2017 with the foundation for the south side cover and in the first stage, a multi-purpose arena, training hall, hotel and 2 tower blocks with 250 dwellings are built on top of

the south cover. The south side cover is planned to be completed in 2020 and the tower blocks and arena in 2021. Construction of the north side cover should begin in 2020 and it includes 3 tower blocks with 750 dwellings and business premises. Some 13,000 square meters in office and retail space will be constructed during the project.

Ownership

The investors of the project with equal shares are SRV, Lähitapiola and a private investor group of OP group's insurance and a pension funds. The city of Tampere is a minority partner in the project and it has invested EUR 60 million in the project. The investment in the company that owns the multi-purpose arena is EUR 26 million, construction of the cover that will be owned by the city is worth EUR 27 million and the infrastructure of the cover EUR 11.3 million. The investor group and the city of Tampere form an arena consortium that constructs the multi-purpose arena and training hall. The investor group constructs the other parts of the project, that is the tower blocks, the hotel, office and retail spaces and parking facility. The project also includes construction of six residential blocks of flats in Ranta-Tampella.

Recognition

During 2017-2025, the project will generate net sales and the estimated total value of the project is EUR 550 million. Net sales distribution will focus more heavily on 2019. The estimate is that EUR 90 million will be recognized in 2018, EUR 130 million in 2019, EUR 100 million in 2020, EUR 50 million in 2021, EUR 60 million in 2022, EUR 40 million in 2023 and EUR 10 million in 2024. (Source: SRV's CMD material)

We have not calculated a net present value for the object in our estimates but included the object in SRV's estimates through the net sales of construction. According to current information, the hotel, arena, hall and tower blocks of the project will be completed in

2021 so it is still challenging to estimate their future rental income.

Pearl Plaza shopping mall

Location and business idea

Pearl Plaza is located in the southwestern part of St Petersburg, in area developed by the Chinese called Baltic Pearl. The shopping mall that was opened in August 2013 has about 800,000 people in its catchment area. So far, Pearl Plaza is the only modern shopping center within its catchment area and it has a lot of international chain and fashion stores as tenants.

The first phase of the project has a total area of 96,000 square meters and 48,000 square meters of leasable area. There are 1,300 parking lots in the shopping center. The mall is currently fully leased. The mall has received numerous awards in the industry. In early 2018, SRV announced it was looking into selling the shopping mall and continues negotiations with potential buyers.

SRV's major real estate development projects

Okhta Mall summary

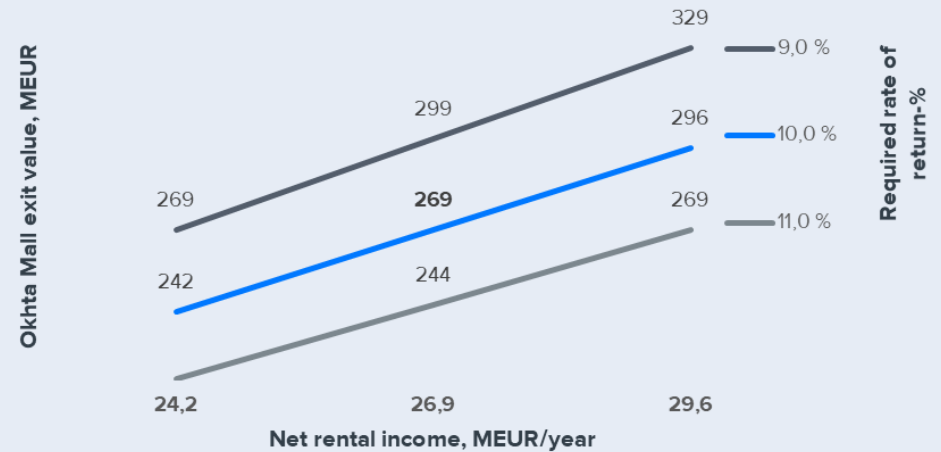
	Okhta Mall
Location	St. Petersburg
Start year - finished	2013-2016
Rental area (m2)	68000
Target rental income per year	27 MEUR
Investment	>200 MEUR
Project loan/funding	90 MEUR
SRV ownership	45 % + 15 %
Exit value (Inderes estimate)	269 MEUR
NPV of SRV ownership (Inderes estimate)	60 MEUR
Exit year (Inderes estimate)	2022

REDI summary

	REDI
Location	Helsinki
Start year - finished	2015-2018
Rental area (m2)	64000
Target rental income per year	28 MEUR
Investment	480 MEUR
Project loan/funding	225 MEUR
SRV ownership	40 %
Exit value (Inderes estimate)	556 MEUR
NPV of SRV ownership (Inderes estimate)	72 MEUR
Exit year (Inderes estimate)	2022

Source: Inderes, SRV Group

Sensitivity calculation of Okhta Mall's exit value



Sensitivity calculation of REDI's exit value



SRV's major real estate development projects 3/3

Ownership, financing and rental income

SRV owns 50% of the first stage of Pearl Plaza. The other 50% is owned by the Chinese Shanghai Industrial Investment Company (SIC), that also develops the area. The total shopping mall investment is estimated to be about EUR 140 million and it was financed with a EUR 95 million long term bank loan and EUR 44 million in equity. SRV's REAM team is responsible for renting and operating the object.

The target net rental income is EUR 18 million annually. SRV has not disclosed the net rental income levels for 2016, 2015 or 2014, but looking at reported net sales, we estimate the current net rental income to be around EUR 14 million. Due to the Russian economic recession, Pearl Plaza's euro-denominated net sales decreased slightly even though measured in ruble, sales grew by 25%.

Net present value - NPV

Based on estimated operational revenue streams, sales price and assumed timing (2018), we estimate the net present value of the Pearl Plaza shopping mall project to be EUR 135 million in our basic scenario and the exit price to be EUR 151 million in 2018. Other key assumptions are EUR 14.3 million net rental income in 2019, investors' return requirement 9.5% at the time of exit in 2018, and WACC 12%. Thus, the net present value of SRV's 50% holding would be EUR 24 million in our basic scenario. If the return requirement is lowered to 9%, the exit value rises to EUR 151 million and the net present value of SRV's holding to EUR 28 million. Correspondingly, with a 10% return requirement, the exit value would be EUR 143 million and the net present value of the SRV's holding EUR 20 million.

4Daily shopping mall

Location and business idea

The first stage of the 4Daily shopping mall is located in Mitish, Moscow area. The construction was started in 2014 and the mall opened in April 2017. The mall houses a hypermarket, specialty stores, restaurants, entertainment services and parking areas

Some 180,000 persons live in the catchment area of the mall. The leasable area is about 26,000 m². About 80% of the area is rented or have signed a letter of intent.

Ownership, financing and rental income

SRV owns 20% of the first stage of the 4Daily shopping mall project. The Russian pension fund Blagoosostoyanie owns 55% of the project and the Finnish real estate investment company Vicus 25%.

The total investment for the first phase is estimated to be around EUR 60 million and it is financed 50/50 with equity and a project credit of some EUR 30 million. SRV's share in the investment is around EUR 7 million. The target net rental income is EUR 10 million annually. SRV's REAM team is responsible for renting the object.

Net present value - NPV

Based on estimated operational revenue streams, sales price and assumed timing, we estimate the net present value of the 4Daily shopping mall project to be EUR 54 million in our basic scenario and the exit price to be EUR 80 million in 2022. Other key assumptions are EUR 9 million net rental income in 2022, investors' return requirement 11% at the time of exit in 2022, and WACC 12%. Thus, the net present value of SRV's 20% holding would be EUR 5 million in our basic scenario. If the return requirement is lowered to 10 %, the exit value rises to EUR 88 million and the net present value of SRV's holding to EUR 6 million. Correspondingly, with a 12 % return requirement, the exit value would be EUR 73 million and the net present value of the SRV's holding EUR 4 million,

Etmia office building

Description and net present value

SRV owns 50 % of the Etmia II, office and parking house project located in downtown Moscow and completed in 2009. The occupancy rate is currently around 84% and if fully rented, the annual rental income would be some EUR 3-4 million annually

According to our estimate, SRV's tied capital in the object is EUR 3 million. We estimate that the net present value of SRV's Etmia holding roughly corresponds with SRV's investment in the object, around EUR 3 million. We expect that SRV will try to sell the object in connection with its capital release measures in 2018-2019.

SRV's major real estate development projects

Pearl Plaza summary

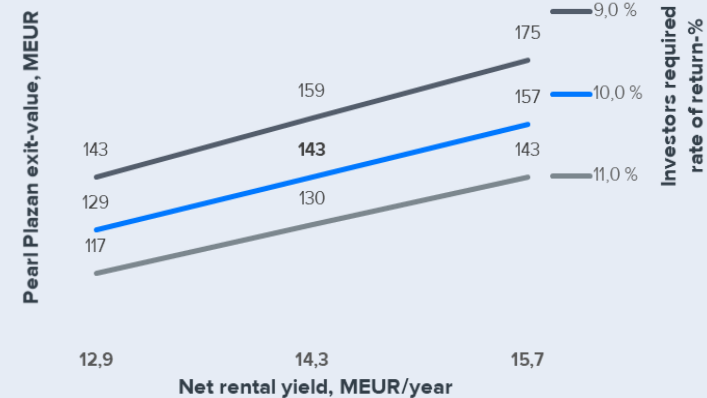
	Pearl Plaza
Location	St. Petersburg
Start year - finished	2011-2013
Rental area (m2)	48000
Target rental income per year	14 MEUR
Investment	140 MEUR
Project loan/funding	95 MEUR
SRV ownership	50 %
Exit value (Inderes estimate)	143 MEUR
NPV of SRV ownership (Inderes estimate)	24 MEUR
Exit year (Inderes estimate)	2018

4Daily summary

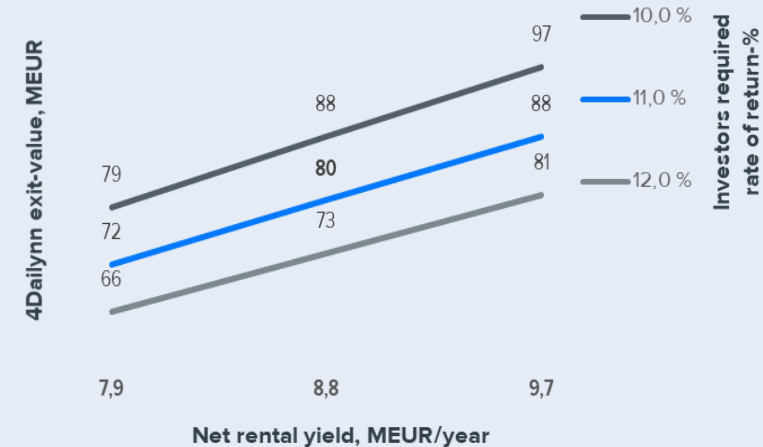
	4Daily
Location	Moscow area
Start year - finished	2014-2017
Rental area (m2)	26000
Target rental income per year	9 MEUR
Investment	60 MEUR
Project loan/funding	30 MEUR
SRV ownership	20 %
Exit value (Inderes estimate)	80 MEUR
NPV of SRV ownership (Inderes estimate)	5 MEUR
Exit year (Inderes estimate)	2022

Source: Inderes, SRV Group

Sensitivity calculation of Pearl Plaza's exit value



Sensitivity calculation of 4Daily's exit value



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Recommendation potential*	Upside
Buy	> 15 %
Accumulate	5 - 15 %
Reduce	-5 - 5 %
Sell	< -5 %

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Recommendation history, LTM

Date	Recommendation	Target price	Share price
21.7.2017	Reduce	4,85 €	4,83 €
28.9.2017	Reduce	4,40 €	4,40 €
30.10.2017	Reduce	4,30 €	4,16 €
1.12.2017	Reduce	4,00 €	3,80 €
18.2.2018	Accumulate	3,50 €	3,24 €
2.5.2018	Reduce	2,80 €	2,83 €
20.7.2018	Reduce	2,60 €	2,62 €
26.8.2018	Accumulate	3,00 €	2,67 €

Inderes Oy



2015, 2018
Estimates



2014, 2016, 2017
Recommendations



2014, 2015, 2016, 2018
Estimates



2012, 2016, 2018
Recommendations



2012, 2016, 2017, 2018
Recommendations



2017
Recommendations



2017
Recommendations



2018
Estimates

Inderes equity research is the information link between companies and the capital markets. Our goal is to improve the efficiency of Finnish capital markets. The company was founded in 2009 and is owned by employees.

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