SRV GROUP PLC INTERIM REPORT, 1 JANUARY–31 MARCH 2019

Operative operating profit positive, new organisation and segment structure introduced

January–March 2019 in brief:

- **Revenue** rose 3.2 per cent to EUR 222.6 million (215.7 1–3/2018). Revenue rose in the housing construction, and income was recognised from more developer-contracted housing units than in the comparison period, that is, a total of 156 (70) units. Revenue from business construction contracted, largely due to the completion of REDI shopping centre's construction.
- **Operative operating profit** totalled EUR 0.5 (-5.1) million. The operative operating profit was favourably impacted by revenue growth in Construction and the recognition of more than twice as many developer-contracted housing units than in the comparison period. The result includes expense entry of about EUR 3 million for REDI Majakka's water damage and the dissolution of the VTBC fund. The result for the comparison period was impacted by the result of the REDI shopping centre contract.
- **Operating profit** rose to EUR 3.3 (-8.8) million. The change in the rouble exchange rate had the biggest impact on the operating profit of the Investments segment, which totalled EUR 0.1 (-5.6) million. The net effect of the change was EUR 2.8 (-3.7) million. The exchange rate impact, which had no effect on cash flow, was caused by the conversion of euro-denominated loans to roubles and hedging expenses.
- **The result before taxes** was EUR -0.3 (-12.2) million.
- **Earnings per share** were EUR -0.02 (-0.19).
- At period-end, **the order backlog** stood at EUR 1,782.5 (1,634.0) million. The order backlog grew by 9.1 per cent on the comparison period. The sold share of the order backlog was 84.0 (84.7) per cent. New agreements valued at EUR 150 (284) million were signed in January–March.
- IFRS 16 weakened **the equity ratio** to 24.4 (32.5) per cent and **gearing** to 205.8 (134.3) per cent. The capitalisation of lease agreements in the balance sheet added calculatively EUR 173.0 million to inventories and tangible assets and EUR 173.6 million to interest-bearing liabilities as a consequence of adopting IFRS 16. The comparable figures (without the impact of IFRS 16) were 29.7 (32.5) per cent for the equity ratio and 132.7 (134.3) for gearing.

*The company publishes alternative key figures, that is, IFRS 16 key figures that have been adjusted to exclude the impact of the IFRS 16 Leases standard on the balance sheet and result. SRV is applying a simplified approach to adopting this standard, which is why the figures for the comparison period have not been adjusted to comply with the standard.

Outlook (specified)

SRV specifies its guidance for 2019 in terms of operative operating profit: Full-year consolidated revenue for 2019 is expected to grow compared with 2018 (revenue in 2018: EUR 959.7 million). Operative operating profit is expected to improve on 2018 and to be positive (operative operating profit EUR -10.0 million), but lower than operative operating profit in 2017 (operative operating profit in 2017: EUR 27 million).

The earlier guidance was: Full-year consolidated revenue for 2019 is expected to grow compared with 2018 (revenue in 2018: EUR 959.7 million). Operative operating profit is expected to improve on 2018 and to be positive (operative operating profit EUR -10.0 million).

Events after the period

- In connection with the publication of its interim report, SRV announced that it is exploring the possibility to issue a new hybrid bond with an estimated size of EUR 45-60 million and to prematurely repay outstanding debt. The proceeds of the new hybrid bond would be used to partially and prematurely purchase notes of the EUR 45 million hybrid bond issued in March 2016 and the EUR 100 million unsecured bond due March in 2021 through a voluntary tender offer. The final amount to be purchased and its allocation between the existing hybrid bond and the notes would be decided after the end of the tender offer period and the completion of the issuance of the planned new hybrid bond. The company estimates that the planned financing arrangements, if completed, would significantly improve key figures of its balance sheet.
- On 12 April 2019, SRV confirmed market rumours that the company has launched negotiations on the sale of the Pearl Plaza shopping centre to a fund managed by Sberbank Asset Management JSC. The negotiations are being held in collaboration with the shopping centre's other owner, the Chinese firm Shanghai Industrial Investment Company (SIIC).
- Advance marketing of the Tampere Deck's Topaasi apartments was launched at the beginning of April. There has been a great deal of interest in the apartments, and over 70 per cent were reserved during the first week.

Overall review

Group key figures (IFRS, EUR million)	**1–3/ 2019**	1–3/ 2018	change	change, %	1–12/ 2018	previous 12 months
Revenue	**222.6**	215.7	6.9	3.2	959.7	966.5
Operative operating profit[1]	**0.5**	-5.1	5.6		-10.0	-4.4
Operative operating profit, %	**0.2**	-2.4			-1.0	-0.5
Operating profit[*]	**3.3**	-8.8	12.1		-19.8	-7.7
Operating profit, %	**1.5**	-4.1			-2.1	-0.8
Operating profit excl. IFRS 16[2][*]	**2.2**	-8.8	10.9		-19.8	-0.1
Operating profit, % excl. IFRS 16[2]	**1.0**	-4.1			-2.1	
Financial income and expenses, total[**]	**-3.6**	-3.4	-0.2		-17.5	-17.7
Profit before taxes	**-0.3**	-12.2	11.8		-37.3	-25.4
Net profit for the period	**0.4**	-10.7	11.1		-31.2	-20.1
Net profit for the period, %	**0.2**	-5.0			-3.3	-2.1
Order backlog (unrecognised)[3]	**1,782.5**	1,634.0	148.5	9.1	1,816.0	
New agreements	**149.7**	284.4	-134.7	-47.4	1,133.0	998.3
[*] net effect of currency exchange fluctuations	2.8	-3.7	6.5		-9.8	
[**] derivatives included in financial income and expenses	-2.0	0.1	-2.1		-2.2	

1) Operative operating profit is determined by deducting the calculated rouble currency exchange differences included in financial items and their potential hedging impacts from operating profit. Exchange rate differences during the review period amounted to EUR 2.8 (-3.7) million, of which EUR -1.9 (-0.5) million was accounted for by hedging.
2) Restated IFRS 16 effects for the year 2019. As a result of the adjustment, the figure is comparable with the figures for 2018.
3) The amount of the order backlog, which is entirely stated to the Construction segment, is also presented as adjusted comparative information.

Group key figures (IFRS, EUR million)	**1–3/ 2019**	1–3/ 2018	change	change, %	1–12/ 2018
Equity ratio, %[1)]	**24.4**	32.5			28.5
Equity ratio, % excl. IFRS 16[2)]	**29.7**	32.5			28.5
Net interest-bearing debt[1)]	**490.8**	355.4	135.4	38.1	282.8
Net interest-bearing debt excl. IFRS 16[2)]	**317.3**	355.4	-38.2	-10.7	282.8
Net gearing ratio, %	**205.8**	134.3			121.1
Net gearing ratio, % excl. IFRS 16[2)]	**132.7**	134.3			121.1
Return on investment, %	**4.1**	-5.2			-2.9
Return on investment, % excl. IFRS 16[1)]	**4.0**	-5.2			-2.9
Capital employed	**791.9**	650.0	141.9	21.8	611.0
Capital employed excl. IFRS 16 [2)]	**618.9**	650.0	-31.1	-4.8	611.0
Return on equity, %	**0.6**	-15.7			-12.1
Earnings per share, EUR	**-0.02**	-0.19	0.17	-89.9	-0.56
Equity per share (excluding hybrid bond), EUR	**3.28**	3.72	-0.44	-11.8	3.21
Share price at end of period, EUR	**1.70**	2.90	-1.20	-41.4	1.70
Weighted average number of shares outstanding, millions	**59.6**	59.6			59.6

1) The 2019 figures are not comparable with the 2018 figures.
2) Restated IFRS 16 effects for the year 2019. As a result of the adjustment, the figure is comparable with the figures for 2018.

CEO's review

2019 got off to a good start in housing construction and particularly with regard to the number of housing units recognised as income. We managed to get our revenue back on the growth track, and our operating profit in the black. Our order backlog is also strong, with EUR 150 million in new orders signed. We have major hospital projects in Helsinki, Tampere and Jyväskylä, Tampere Deck and arena project and expansion of Helsinki Airport and renovation of Terminal 2.

Our new segments can be seen for the first time in this interim report. We report on two business areas: Construction and Investments. In Construction, we'll be focusing on efficient project management and implementation, as well as high-quality construction and an excellent customer experience. We have gathered all of our property investment expertise together under Investments. Quarterly comparison figures for our new segment structure are available for 2018. The comparison figures for this interim report have been adjusted to reflect our new organisational structure.

We have also adopted IFRS 16 in our segment reporting. Our development project construction usually focuses on leased plots. The adoption of IFRS 16 increases the accounting value of our balance sheet assets by EUR 173.0 million and our financial liabilities by EUR 173.6 million. Plot lease agreements have the most significant impact.

The long-term rise in costs in the construction sector finally ended during the first quarter of this year. Capacity was freed up in the concrete element industry in particular, and international subcontractors' increased activity in the market was reflected both in tender prices and as tougher competition. We are also expecting this to lower production costs this year.

REDI Majakka suffered water damage in February, and this will unfortunately cause some delays. We now expect that residents will be able to start moving into their structurally safe and healthy homes in October. The sale of apartments in the second residential tower, Loisto, began in February and construction is already underway in Kalasatama.

Favourable developments are reflected in our strong order backlog and the rise in our EPSI Rating, based on an independent study of the construction industry. According to this rating, our customers are extremely satisfied with the quality of our new building and other construction. As the highest climber in the sector, we attained an exceptionally high level. Our NPS (which measures customer satisfaction) is also rising, and sales of new apartments have remained good.

Juha Pekka Ojala, President & CEO

Markets

Growth has slowed considerably in both global industrial production and world trade, which has in turn weakened the outlook for growth in the global economy. Trade tensions and protectionism have already increased uncertainty in the global economy, and the threat of greater impacts remains. However, reasonable economic growth is still expected over the next few years. Finland's economic growth is expected to slow, standing at around 1.7 per cent this year. (Source: Ministry of Finance: Financial review, Spring 2019)

Construction continued to grow vigorously during 2018, at an estimated 3.3 per cent. Particularly brisk growth was seen in new housing construction. Growth was also seen in other building construction, and particularly office construction. However, production growth slowed in late 2018 and the outlook for 2019 forecasts a slight decline. Slightly over 10 per cent fewer building permits were issued last year. Construction industry estimates construction staying at the same level this year as in 2018 or decreasing slightly. (Source: Ministry of Finance: Construction 2019–2020, Forecast by the Confederation of Finnish Construction Industries RT April 2019)

Urbanisation and population shift will continue to be the general drivers of construction growth and will maintain the need for both housing and business construction in growth centres, which are SRV's strategic focal points. According to VTT's forecast, urbanisation will continue, as Finland's urbanisation ratio is clearly lagging behind other industrialised nations, such as Sweden. The Helsinki region's 14 municipalities have made a joint MAL Plan. The plan's target state is for the Helsinki region to have two million residents and more than a million jobs by 2050. This would mean about 500,000 more residents and 300,000 more jobs than in 2018. (Sources: Helsinki Region Trends 1/2019 & VTT's Demand for Housing Production, 2015–2040, 01/2016)

According to Statistics Finland, construction costs have risen by 1.8 per cent compared to March 2018. The prices of equipment and supplies in particular have risen over the past 12 months. (Source: Statistics Finland, Building Cost Index)

Investors are maintaining a good level of interest in projects in Finnish growth centres. The transaction volume in the property market totalled EUR 9.3 billion in 2018. Office properties accounted for about EUR 3.6 billion, commercial properties for about EUR 2.2 billion, and residential properties for about EUR 1.8 billion. International investors in particular showed a great deal of interest in the Finnish market, with international investors accounting for about 66 per cent of transaction volume. Apartments have become an increasingly attractive class of property investment in recent years, and interest remains high. (Source: KTI)

The Russian economy has continued to grow slowly. A dearth of investments and weak consumer demand will continue to hamper economic growth in Russia over the coming years. The Bank of Finland Institute for Economies in Transition (BOFIT) forecasts economic growth of about 1.5 per cent in Russia over the next few years. The major forecast risks are still posed by changes in the price of oil and the weaker-than-expected development of the outlook for the global economy and international relations. An increase in government budgetary expenditure might lead to a higher-than-expected rate of GDP growth during the forecast period. (Source: The Bank of Finland Institute for Economies in Transition (BOFIT), 15 March 2019)

Earnings trends for the segments

SRV's new organisation, which is divided into the Construction and Investments segments, came into force at the beginning of 2019. As a result of this change, SRV will report on two business segments as of its first-quarter interim report of 2019: Construction and Investments. The comparison figures were published in a separate bulletin earlier this month.

The **Construction** segment covers all of SRV's construction activities, including the capital and plots required for developer-contracted housing production. It is our intention to develop, build and sell these plots to a faster schedule than those we report on in the Investments segment. Construction encompasses housing construction, business construction, technical units and procurement, as well as internal services in Finland and Russia.

The **Investments** segment encompasses both complete and incomplete sites in which the company is a long-term investor. Plots that SRV will develop itself, and whose expected profits will be generated through development and longer-term ownership, will also be reported on under Investments. Investments focuses on the management and realisation of the Group's real estate investments, and on the creation and ownership of new joint investment structures.

Other operations and eliminations include the group functions of the parent company, SRV Group Plc, and the project development unit's property and project development activities. Also group eliminations are included.

Revenue (EUR million)	**1–3/ 2019**	1–3/ 2018	change	change, %	1–12/ 2018	previous 12 months
Construction	**221.9**	214.8	7.1	3.3	955.4	962.5
Investments	**1.3**	1.2	0.1	9.7	4.6	4.7
Other operations and eliminations	**-0.6**	-0.3	-0.4		-0.3	-0.7
Group, total	**222.6**	215.7	6.9	3.2	959.7	966.5

Operative operating profit (EUR million)	**1–3/ 2019**	1–3/ 2018	change	change, %	1–12/ 2018	previous 12 months
Construction	**4.8**	-3.2	8.0		-13.4	-5.3
Investments	**-2.7**	-1.9	-0.9		-7.8	-8.6
Other operations and eliminations	**-1.6**	0.0	-1.6		11.1	9.5
Group, total	**0.5**	-5.1	5.6		-10.0	-4.4

Operative operating profit (%)	**1–3/ 2019**	1–3/ 2018	1–12/ 2018	previous 12 months
Construction	**2.2**	-1.5	-1.4	-0.6
Investments	**-**	-	-	-
Group, total	**0.2**	-2.4	-1.0	-0.5

Operating profit (EUR million)	**1–3/ 2019**	1–3/ 2018	change	change, %	1–12/ 2018	previous 12 months
Construction*)	**4.8**	-3.2	8.0		-13.4	-5.3
Investments*)	**0.1**	-5.6	5.6		-17.5	-11.9
Other operations and eliminations	**-1.6**	0.0	-1.6		11.1	9.5
Group, total*)	**3.3**	-8.8	12.1		-19.8	-7.7
*) effect of currency exchange fluctuations	**2.8**	-3.7	6.5	-176.4	-9.8	-3.3

Operating profit (%)	**1–3/ 2019**	1–3/ 2018	1–12/ 2018	previous 12 months
Construction	**2.2**	-1.5	-1.4	-0.6
Investments	**-**	-	-	-
Group	**1.5**	-4.1	-2.1	-0.8

Capital employed[1)] (EUR million)	**1–3/ 2019**	1–3/ 2018	change	change, %	1–12/ 2018	previous 12 months
Construction	**393.3**	316.7	76.6	24.2	221.4	298.0
Investments	**352.4**	327.9	24.6	7.5	336.8	361.4
Group	**791.9**	650.0	141.9	21.8	611.0	752.9

Return on investment (%)	**1–3/ 2019**	1–3/ 2018	1–12/ 2018	previous 12 months
Construction	**6.6**	**-3.6**	**-4.5**	5.7
Investments	**4.5**	**-6.4**	**-5.2**	5.7
Group	**4.1**	**-5.2**	**-2.9**	6.4

1) The 2019 figures are not comparable with the 2018 figures.

Construction

The Construction segment focuses on implementation services for demand-driven, high-quality and efficient building projects, for both the company's own sites and those for external developers. This segment is also responsible for the development of SRV's own residential sites, including housing sales and services for residents, and for the lifecycle maintenance of commercial properties.

Construction's main objective is to harness its specialist expertise in order to provide an excellent customer experience in project management and production, and to help improve the profitability of SRV's business. It takes the SRV Approach, which is based on understanding customer needs and the effective implementation of projects in collaboration with our extensive network of professional partners. This segment focuses on housing, business and infrastructure construction in selected urban growth centres, as per the company's strategy.

Construction (EUR million)	**1–3/ 2019**	1–3/ 2018	change	change, %	1–12/ 2018	previous 12 months
Revenue	**221.9**	214.8	7.1	3.3	955.4	962.5
- business construction	**144.9**	155.4	-10.8	-6.8	666.3	655.5
- housing construction	**77.0**	59.3	17.7	29.8	289.1	306.8
Operating profit	**4.8**	-3.2	8.0		-13.4	-5.3
Operating profit, %	**2.2**	-1.5			-1.4	-0.6
Capital employed	**393.3**	316.7	76.6	24.2	221.4	298.0
Return on investment, %	**6.6**	-3.6	10.2		-4.5	5.7
Order backlog[1)]	**1,782.5**	1,634.0	148.5	9.1	1,816.0	
- business construction	**1,158.4**	1,065.2	93.2	8.7	1,233.3	
- housing construction	**624.1**	568.7	55.4	9.7	582.7	
Group, total[1)]	**1,782.5**	1,634.0	148.5	9.1	1,816.0	
- sold order backlog	1,496	1,384	112	8.1	**1,612**	
- unsold order backlog	286	250	36	14.6	**204**	
- sold order backlog, %	84	85			**89**	
- unsold order backlog, %	16	15			**11**	

1) The Group's order backlog consists of the Construction business. The income statement, which corresponds to the holding, is no longer included in the comparative figures for the order backlog.

January–March 2019

Revenue from Construction rose to EUR 221.9 million (214.8 1–3/2018) in the January–March period. The 29.8 per cent increase in revenue from housing construction had the biggest impact on overall revenue growth. Revenue from business construction fell by -6.8 per cent due to the completion of the REDI and Karuselli shopping centres.

Construction’s **operating profit** rose to EUR 4.8 (-3.2) million. The operating profit was favourably impacted by revenue growth in Construction and the recognition of more than twice as many developer-contracted housing units than in the comparison period. The result includes expense entry of about EUR 2.5 million for REDI Majakka’s water damage. Wintery weather also affected profitability, especially in January. The result for the comparison period was impacted by the result of the REDI shopping centre contract.

Construction’s **order backlog** stood at EUR 1,782.5 (1,634.0) million. The order backlog remains at a good level, and 84 per cent of the order backlog has been sold. New agreements worth EUR 150 (284) million were signed in January–March, the most notable of which was REDI Loisto.

Construction’s **invested capital** totalled EUR 393.3 (316.7) million. IFRS 16 had an accounting effect of EUR 161 million on this growth in invested capital.

Housing construction

January–March 2019

SRV’s **revenue** from housing construction rose to EUR 77.0 million (59.3 1–3/2018) in the January–March period. 156 housing units were recognised as income in January–March, more than in the corresponding period of the previous year (70). The **order backlog** for housing construction was EUR 624.1 (568.7) million.

Housing under construction

SRV's strategic target is to increase developer-contracted housing production in urban growth centres in the vicinity of good transport connections. For some time now, SRV has been one of the largest housing constructors in the Helsinki metropolitan area. At the end of March, SRV had a total of 2,549 housing units under construction, the majority of which were in growth centres (March 2018: 3,211 units). The number of units under construction has been boosted by high consumer and investor demand. In Russia, there were no housing under construction.

SRV is currently building housing as developer-contracted, development, and contracted projects. A developer-contracted residential project is a project that is developed by SRV and which has not been sold when construction begins. SRV bears the risks involved in both the sale and construction of such projects, which are recognised as income when the project has been completed and as the units are sold. A residential development project is a project that is developed by SRV, but which is sold to an investor before construction begins. SRV bears the construction risks in such projects, which are recognised as income according to the percentage of completion. Construction contracts are construction projects that are launched by other parties but implemented by SRV. They are recognised as revenue on the basis of the percentage of completion or as set out in the agreement.

A total of 1,103 (1,054) developer-contracted housing units were under construction at the end of March. The number of developer-contracted units currently under construction will continue to contribute to SRV's result in the future. The average construction period is about 18 months.

The Kalasatama Towers in Kalasatama, Helsinki are the largest construction project in SRV's history. By the end of March, 272 of the 282 units in the first residential tower (Majakka) had been sold. Majakka's completion will be delayed by the water damage that occurred in February. Some of the apartments will have to be dried, and their floor and wall materials will have to be replaced. SRV is expected to incur additional costs in the range of EUR 4–7 million from this water damage. However, insurance will cover almost all of the direct repair costs. During the review period, EUR 2.5 million expense entry was made on estimated indirect costs. Residents will be able to move into their apartments in autumn 2019.

SRV began the sales of Kalasatama's second residential tower (Loisto) in February 2019. 106 apartments had been sold or reserved by the end of March. Loisto will rise to a height of 124 metres above sea level. Its 249 apartments are located on top of the REDI shopping centre, on floors 6–32. Construction has begun and is proceeding according to plan.

At the end of March, a total of 1,171 (1,360) units were under construction for investors, mainly in Helsinki, Espoo, Vantaa and Kerava.

A total of 424 new developer-contracted housing units targeted at consumers went on sale in January–March. Kaarinan Kanttorinkulma will contain 79 units, Kalasataman Loisto 249 units, and Toppilansalmen Fyyri in Oulu 96 units. No housing units targeted at investors went on sale during January–March.

Completed housing units

A total of 184 (61) developer-contracted housing units were completed during January–March. The number of unsold housing units has remained low. At the end of March, 139 (117) completed apartments remained unsold. Although housing sales have remained at good level, a slight slowdown has been observed, particularly outside the capital city region. A total of 203 (198) developer-contracted housing units were sold during January–March.

There were 40 (58) completed yet unsold housing units at one site in Vyborg, Russia. In Finland, 99 (59) completed apartments remained unsold.

Housing units recognised as income

In January–March, 156 (70) developer-contracted housing units were recognised as income, generating total revenue of EUR 42.9 million. A developer-contracted residential project is a project that is developed by SRV and which has not been sold when construction begins. SRV bears the risks involved in both the sale and construction of such projects, which are recognised as income when the project has been completed and as the units are sold.

Housing construction, Group units	**1–3/ 2019**	1–3/ 2018	change, units	**1–12/ 2018**	previous 12 months
Units sold, total	**203**	198	5	1,400	1,405
- developer contracting	**203**	130	73	494	567
- investor sales	**0**	68	-68	906	838
Developer contracting					
- start-ups	**424**	43	381	317	698
- completed	**184**	61	123	526	649
- recognised as income	**156**	70	86	523	609
- completed and unsold	**139**	117	22	116	
Under construction, total	**2,549**	3,211	-662	2,759	
- contracts	**80**	504	-424	80	
- negotiated contracts	**195**	293	-98	487	
- sold to investors	**1,171**	1,360	-189	1,329	
- developer contracting	**1,103**	1,054	49	863	
- sold	**600**	661	-61	559	
- unsold)	**503**	393	110	304	
- of which sold, %	**54**	63		65	
- of which unsold, %	**46**	37		35	

Order backlog, housing construction (EUR million)	**03/2019**	03/2018	change	12/2018
Contracts and negotiated contracts	**181**	150	32	213
Under construction, sold developer contracting	**157**	185	-29	169
Under construction, unsold developer contracting	**253**	214	39	180
Completed and unsold developer contracting	**33**	20	14	20
Housing construction, total	**624**	569	55	583

The Group's largest developer-contracted housing projects under construction in Finland

Project name	Location	SRV, contract value, EUR million	Completion date (estimated)*	Units	Sold*	For sale*
REDI Majakka	Helsinki	106	Q3/2019	282	272	10
REDI Loisto	Helsinki	105	Q4/2020	249	11	238
Neulansilmä	Vantaa	23	Q1/2020	103	39	64
Aleksinkaarre	Kerava	22	Q4/2019	80	25	55
Luxus	Turku	14	Q4/2019	83	75	8
Kanttorinkulma	Turku	14	Q4/2019	79	44	35
Holvi	Jyväskylä	12	Q4/2019	43	19	24
Varikonaarre	Vantaa	9	Q4/2019	46	23	23
Basilika	Kerava	8	Q4/2019	42	4	38

Total value of projects approx. EUR 313 million

* Situation at 31 March 2019.

The largest ongoing housing projects in Finland, investor projects and housing contracting

Project name	Location	Developer	Completion level, %*	Completion date (estimated)*
Pihapuisto and Puistoniitty	Espoo	LocalTapiola	70	Q3/2019
Anna Sahlsteninkatu	Espoo	LocalTapiola	32	Q1/2020
Punanotko	Helsinki	Ilmarinen	21	Q2/2020
Ilveshovi	Helsinki	LocalTapiola	28	Q3/2020
Louhenlinna	Helsinki	LocalTapiola	11	Q1/2021

Total value of projects approx. EUR 142 million

* Situation at 31 March 2019.

Business construction

January–March 2019

SRV's **revenue** from business construction declined to EUR 144.9 million (155.4 1–3/2018) and the **order backlog** strengthened by 8.7 per cent to EUR 1,158.4 (1,065.2) million.

This fall in revenue compared to January–March 2018 was mainly due to the completion of a number of major projects, such as the REDI and Karuselli shopping centres. Shopping centre construction accounted for 17 per cent of SRV's revenue in 2018. Currently, the shopping centre Ainoa's next phase is under construction for LocalTapiola. Ainoa is part of Tapiola city centre project.

SRV is currently building subterranean premises for the Espoonlahti metro station, several hospitals, schools and alliance projects. Alliance projects offer the potential for extra earnings in addition to the basic profit margin if the project is completed under budget or ahead of schedule, or if the quality criteria are met. Work on the Espoonlahti metro station began in December 2018, and construction is being implemented as a project management contract. The tendering of Espoonlahti station is the last station included in the second phase of the Western Metro. Construction of the Monikko educational centre in Leppävaara, Espoo began in January. The project is being implemented as a project management contract.

SRV has also signed a project management contract for Hämeentie 135 in Helsinki. This EUR 17 million contract is for the construction of a music school, and the client is Varma Mutual Pension Insurance Company. SRV has already renovated a studio located in the same property for Angel Films. It was previously used by Aalto University's art and design school, and is now Finland's largest and most modern film studio.

Expansion of Helsinki Airport and renovation of Terminal 2

Helsinki Airport's Terminal 2 extension project involves building a new section for check-in, security control, baggage drop and greeting passengers, plus a travel centre combining different forms of transport. The current departure and arrival halls of Terminal 2 will be transformed into a gate area.

The Terminal 2 extension project was entered into SRV's order backlog in November 2018 and the total cost of the first phase is estimated to be around EUR 250 million. The agreement for the implementation phase will be signed in spring 2019 when the final target cost is determined.

Espoonlahti metro station

Construction of the Espoonlahti metro station and bus terminal is progressing as planned. The project was recognised in SRV's order backlog in November 2018. The contract is valued at about EUR 48 million. The station will be implemented as a project management contract. Work on Espoonlahti metro station began in December 2018. Construction will end and commissioning begin in summer 2022.

Tampere Deck and Arena

The Central Deck and Arena project will be built in the heart of Tampere on top of the railway station. It includes a multipurpose arena, residential towers, office and business premises, and a hotel. Tampere's Topaasi and Kruunu is a hybrid building, which will contain 105 housing units on top of the office floorss. Advance marketing of the Topaasi units is already underway. The agreements also include apartment buildings in Ranta-Tampella, which will be built separately. Construction of the first site has already begun.

The total value of the project is about EUR 550 million. The share of Phase I agreements recognised in SRV's order backlog in 2017-2018 amounts to about EUR 280 million. Additionally, about EUR 79 million will be recognised in the order backlog when the final contractor agreements for Phase I are signed. Revenue will be recognised for the construction of Phase I during the period from 2018 to 2022. The remainder of the project will be recognised as income when the Phase II contractor agreements are signed in 2020-2023. A proportion equivalent to SRV's holding will be eliminated from the profit margin of construction. The deck's frame structures are currently being built.

Wood City

For many years, SRV has been developing Wood City in the Jätkäsaari neighbourhood of Helsinki. Wood City will comprise an office building, hotel, and two apartment buildings for Helsinki Housing Production Department (ATT). This wooden quarter will also have a car park. ATT's apartments were completed in February 2019. According to current estimates, the Wood City quarter is scheduled for completion in stages during 2020. The total value of the Wood City quarter is about EUR 100 million.

SRV is building an office building and parking facility for Supercell. The final sale price will not be published. Investor and operator negotiations are still ongoing for the hotel planned for the Wood City quarter.

Hanhikivi-1 nuclear power plant

In 2015, SRV announced its participation in the Hanhikivi-1 nuclear power plant construction project as both an investor and project manager. SRV has made a financing commitment equating to a 1.8 per cent holding in the project to Fennovoima's main owner, Voimaosakeyhtiö SF. SRV will have the same rights and obligations as other Voimaosakeyhtiö SF shareholders. SRV has also signed a cooperation agreement with Rusatom Group and the main contractor Titan-2. SRV will act as the project manager, and the exact nature of its activities will be confirmed at a later date. The related negotiations on SRV's role are ongoing, and their content and schedule will be specified later. In December 2018, Fennovoima announced that construction will start in 2021.

The largest ongoing business construction projects

Project	Location	SRV total contract value, EUR million	Project type	Completion level, %	Completion (estimate)
DEVELOPMENT PROJECTS					
Deck, southern deck and infra**	Tampere	*	Infra	60	Q3/2021
Deck, multipurpose arena**	Tampere	*	Retail	7	Q3/2021
Deck, arena hotel**	Tampere	*	Retail	0	Q3/2021
Topaasi and Kruunu**	Tampere	*	Retail	5	Q3/2021
BUSINESS PREMISES					
Central Finland Hospital Nova	Jyväskylä	290	Public	64	Q3/2020
Expansion of Helsinki Airport	Vantaa	250	Retail	3	Q1/2022
HUS Siltasairaala	Helsinki	243	Public	14	Q4/2022
TAYS Etupiha	Tampere	170	Public	91	Q2/2019
Tapiola city centre (Phase 2)	Espoo	100 +	Retail	62	Q1/2020
Kehä 1 Keilaniemi	Espoo	81	Infra	87	Q4/2019
Jokirinne Learning Centre	Kirkkonummi	33	Public	6	Q4/2020
Hämeenlinna Women's Prison	Hämeenlinna	30	Public	5	Q4/2020
Autokeskus Konala	Helsinki	*	Retail	87	Q2/2019
Jätkäsaari comprehensive school	Helsinki	*	Public	76	Q3/2019
Hotel Marriot	Tampere	*	Retail	45	Q4/2019
Wood City, office	Helsinki	*	Office	22	Q3/2020
Lauttasaari school	Helsinki	*	Public	44	Q4/2019

Espoonlahti metro station	Espoo	48	Public	3	Q3/2021
Monikko educational centre	Espoo	39	Public	2	Q2/2021

Situation at 31 March 2019.

*The value of individual contracts has not been made public.
**The total value of the Tampere Deck and Arena project is EUR 550 million.

Investments

The Investments segment focuses on the management and realisation of the Group's real estate investments; the creation and ownership of new joint investment structures; and the operation of selected properties. Investments' key objectives are to increase SRV's financing capacity with the aid of joint financing structures; harness the value chains created by projects more extensively through longer-term ownership; diversify capital risk; and generate positive cash flow. SRV's investment strategy revolves around the Group's strategy of building urban centres and harnessing the key megatrends that are affecting the built environment. "Building urban centres" primarily means the construction and ownership of central urban premises, such as housing, offices and retail premises.

Investments Operations (EUR million)	**1–3/ 2019**	1–3/ 2018	change	change, %	1–12/ 2018	previous 12 months
Revenue	**1.3**	1.2	0.1	9.7	4.6	4.7
Percentage of associated companies' profits	**3.6**	-4.3	7.8		-13.1	-5.2
- of which exchange rate gains/losses	**4.7**	-3.1	7.9		-10.3	-2.5
Hedging expenses	**-1.9**	-0.5	-1.4		0.6	-0.8
Operative operating profit	**-2.7**	-1.9	-0.9		-7.8	-8.6
Operating profit *)	**0.1**	-5.6	5.6		-17.5	-11.9
Capital employed	**352.4**	327.9	24.6	7.5	336.8	361.4
Return on investment, %	**4.5**	-6.4	10.9		-5.2	5.7
*) net effect of currency exchange fluctuations	**2.8**	-3.7	6.5		-9.8	-3.3

January–March 2019

Investments' **revenue** totalled EUR 1.3 million in the January–March period (1.2 1–3/2018). It mainly consists of revenue from shopping centre management. In accordance with SRV's operating model, revenue from associated companies' projects and joint ventures are reported under the Construction segment. Tampere Deck and Arena and arena is an example of such projects.

The **operative operating profit** totalled EUR -2.7 (-1.9) million. The occupancy rates and rental income of the shopping centres owned by associated companies improved, but earnings were burdened by the fact that the management and financing expenses of recently opened shopping centres were higher than income. The result included expense entry of EUR 0.6 million for the dissolution of the VTBC fund. The shares of associated companies' results included in SRV's result include not only the projects' EBITDA, but also depreciation, financial expenses and taxes.

Investments' **operating profit** was EUR 0.1 (-5.6) million. Operating profit was increased by the rouble's strengthening exchange rate. The net effect of currency exchange fluctuations was EUR 2.8 (-3.7) million, which arose from converting euro-denominated loans into roubles. Exchange rate differences with no impact on cash flow vary in each interim report in line with fluctuations in the exchange rate of the rouble.

Invested capital totalled EUR 352.4 (327.9) million. Invested capital was increased by investments in REDI and the Tampere Deck and Arena project, as well as the strengthening of the rouble exchange rate. The majority of SRV's invested capital consists of investments in associated companies.

The **return on investment** was 4.5 (-6.4) per cent. When calculating the return on investment, the income from interest on loans granted to associated companies is also taken into consideration.

SRV is a co-investor in four shopping centre projects through its associated companies. SRV is also responsible for leasing, marketing and managing premises in completed shopping centres. SRV intends to sell its holdings once stable rental income has been achieved or the market situation allows. Stable rental income is usually reached 3–4 years after opening. For instance, the rental income of Pearl Plaza in St Petersburg, which was opened in 2013, is now stable.

Invested capital

Invested capital (EUR million)	31 March 2019	31 December 2018
REDI shopping centre and parking facility	120.4	118.4
Okhta Mall, shopping centre	84.2	79.9
Pearl Plaza, shopping centre	28.8	25.3
Tampere Central Deck	18.6	13.8
4Daily, shopping centre	10.6	9.4
Plots to be developed and other holdings	89.8	90.0
Total	352.4	336.8

Invested capital largely consists of investments in subsidiaries, joint ventures and associated companies; loans issued; and accrued income from associated companies. Fluctuations in the rouble exchange rate also affect the amount of invested capital.

Shopping centres

REDI, Helsinki

The REDI Shopping Centre in Kalasatama, Helsinki opened its doors in September 2018. By the end of the March, about 88.5 per cent of the shopping centre's premises were leased and about 82 per cent of its 200 stores were open. A new shopping centre management team started work on 1 February. Visitor numbers improved as a result of marketing and a variety of events.

Although SRV has a 40 per cent holding in the project, the terms and conditions for profit sharing contained in the REDI shareholder's agreement state that SRV's final share of the project's income may vary between 10 and 50 per cent (including cash flow from the ownership period and income from the realisation of assets.) The final division of profit will only be known when the site has been fully developed and sold, and the overall profit has been determined (estimated earliest in the beginning of 2023).

Pearl Plaza, St Petersburg

This shopping and entertainment centre in St Petersburg is still fully leased. Visitor numbers rose by 2.2 per cent on the comparison period in January–March. Sales in roubles saw growth of about 7 per cent compared with the corresponding period of the previous year. More of the Pearl Plaza loans were converted to roubles in February 2018 and now only about a third are euro-based. In February 2018, SRV announced that it is investigating the possible sale of the Pearl Plaza shopping centre.

This process has progressed, and on 12 April 2019 SRV announced that negotiations had been launched on the sale of Pearl Plaza to a Russian fund managed by Sberbank Asset Management JSC. If realised, the sale will not have a significant impact on the company's earnings, but the capital freed up by the transaction will reduce SRV's debt. The final impact on earnings will only be known if and when the sale goes ahead, and there are uncertainties surrounding both the potential transaction and its timetable.

Okhta Mall, St Petersburg

The Okhta Mall in downtown St Petersburg opened its doors in August 2016. SRV owns 45 per cent of the Okhta Mall directly, and another 15 per cent indirectly through the property investment company Russia Invest. Leasing has progressed according to plan. By the end of the March, the centre's occupancy rate had risen to about 96 per cent and about 93 per cent of its stores were open. In the January–March period, sales rose by 24 per cent and visitor numbers by 14 per cent. All of the Okhta Mall loans were converted to roubles in May 2018. This reduces SRV's rouble-related exchange rate risks.

SRV also owns the Okhta City plot next to the Okhta Mall. This will be a major development project in the future. The majority of the Okhta City plot is currently being used as a car park for the Okhta Mall, but another solution will be developed to free up the plot for further development.

4Daily, Moscow

The 4Daily shopping centre opened its doors in Moscow in April 2017. SRV owns 19 per cent of the shopping centre. By the end of March, about 79 per cent of the centre's premises were leased and 70 per cent of its stores were open. In the January–March period, sales rose by 54 per cent and visitor numbers by 61 per cent on the comparison period.

Although the shopping centre's occupancy rate, and therefore its profitability, are still at an insufficient level, growing visitor numbers are creating a foundation for increasing the occupancy rate. SRV also owns the Mira-II plots next to 4Daily, which will enable further development in the area when premises demand permits.

Other projects

SRV is a co-investor in the Tampere Deck and Arena project. SRV has a 20 per cent holding in the Arena and a 33.3 per cent holding in the other Tampere Deck sites.

SRV owns 50 per cent of the Etmia II office project in downtown Moscow. Etmia's occupancy rate has improved and currently stands at 82 per cent.

SRV also has a 20 per cent investment (valued at about EUR 6 million) in the VTBC fund, which invests in real estate properties. The investment period was extended to the end of 2019. The fund sold its investments in March. The fund will be dissolved during 2019, and SRV will receive an approximately EUR 6 million share in the dissolution of the fund. During the period, approximately EUR 0.6 million expense entry was recognised.

Plots held for future development in Russia include the previously mentioned Okhta City plot next to the Okhta Mall in St Petersburg, the Mira-II plots in Mytich, and a 51 per cent holding in the Eurograd plot in St Petersburg.

In addition, SRV owns a commercial property in Porvoo (Ratsumestarinkatu 6), and has a 1.8 per cent holding in Voimaosakeyhtiö SF and a 6.4 per cent holding in Vicus Oy.

Most significant completed investment projects

Project	Holding, %	Opened	Floor area (m^2)	Occupancy rate 3/2019, %	Target Sales Date
Pearl Plaza, shopping centre, St Petersburg	SRV 50 Shanghai Industrial Investment Company 50	August 2013	Gross floor area 96,000 Leasable area 48,000	Binding lease agreements 100	2019 –
Okhta Mall, shopping centre, St Petersburg	SRV 45 Russia Invest 55 *	August 2016	Gross floor area 144,000 Leasable area 78,000	Binding lease agreements 96	2021 –
4Daily, shopping centre, Moscow	Vicus 26 SRV 19 Blagosostoyanie 55	April 2017	Gross floor area 52,000 Leasable area 25,500	Binding lease agreements 79	2022 –
REDI, shopping centre, Helsinki	SRV 40 Ilmarinen 32 LocalTapiola 15 OP Group 13	September 2018	Gross floor area 110,650 Leasable area 64,000	Binding lease agreements 88.5	2022 – **

*Russia Invest's shareholders are Finnish institutional investors. Ilmarinen owns a 40 per cent stake in Russia Invest, Sponda and SRV have 27 per cent holdings, and Conficap owns six per cent.

**According to the shareholder agreement, the sales process can be launched in 2022 at the earliest, enabling the project to be sold sometime in early 2023.

Group project development

In accordance with its strategy, SRV is focusing on improving profitability. Development and developer-contracted projects are by far the best way to improve the profitability of operations, as they generally yield a better margin than traditional contracting. Projects based on SRV's own development efforts target growth centres and, in the Greater Helsinki Area, particularly locations close to rail transport.

Projects close to rail transport

The Greater Helsinki Area metro has been expanded to run from Ruoholahti to Espoo via Lauttasaari. In the first phase of the Western Metro, a 14-km rail line was completed from Ruoholahti to Matinkylä, with eight new stations. SRV has numerous projects along the route of this metro line. For example, SRV has built the Koivusaari metro station and excavated both the Otaniemi metro tunnel and the Kaitaa station and rail line.

SRV is currently building the underground metro station in Espoonlahti. In addition, SRV is building and planning many projects around the stations.

Kivenlahti

In January 2016, the Trade and Competitiveness Division of the Espoo City Board reserved an area for SRV and Kojamo Ltd, formerly known as VVO Group Plc, to design the Kivenlahti Metro Centre. The plans for the area comprise about 1,300 housing units and about 45,000 m2 of commercial, office and service premises, and park-and-ride spaces. Construction will begin once zoning has been completed – current estimate 2019–2020 – and the Metro Centre is scheduled for completion by the time the Western Metro extension is opened.

Espoonlahti

Apartments covering approximately 100,000 square metres of floor area will be built next to the future Espoonlahti metro station (Espoonlahden keskus/Mårtensbro). SRV is seeking a holding of around 30 per cent. The plan for the Espoonlahti Centre came into force in March 2017.

The City of Espoo has leased the plot to serve as provisional premises for the Lippulaiva shopping centre until 2020, which means construction can begin only when Lippulaiva has moved.

Keilaniemi

SRV is forging ahead with its residential tower project in Keilaniemi, Espoo. Four towers and a parking facility are planned for Keilaniemi. The area's city plan is in force, and progress now hinges on tunnelling and traffic arrangements for Ring Road I, which SRV is currently implementing.

As part of the overall plan, Espoo City Board's Trade and Competitiveness Division decided in spring 2016 to sell two residential plots in Keilaniemi to SRV. Preliminary contracts on the sale of these plots were signed in May 2016. On 18 October 2017, the Administrative Court of Helsinki dismissed a complaint made about the sale of the plots. A complaint was then lodged with the Supreme Administrative Court. If realised, the Keilaniemi residential towers will be the tallest residential buildings in Finland, with the tallest soaring to a height of almost 145 metres. SRV has not as yet made a final decision on the construction of the towers.

Raide-Jokeri Vermonniitty

Raide-Jokeri is a rapid tramline that will link Itäkeskus in Helsinki to Keilaniemi in Espoo. It will also enable numerous residential sites to be built along the line. For instance, SRV is planning to build housing in the vicinity of the future Vermonniitty station in cooperation with SATO and Ilmarinen. It will have a total of almost 2,000 housing units. SRV also has a planning reservation for the Säterintorni plot, where the company plans to build housing and an office building. Processing of the city plan proposal for Säterinkallionkulma in Leppävaara is still in progress. The city is planning housing for about 800 people in Säterinkulma.

Other projects

Lapinmäentie

The Lapinmäentie project in Munkkivuori, Helsinki, is progressing well. SRV is continuing to develop the area in accordance with the city plan approved in August 2016. Seven new residential towers are planned for the area in addition to the existing Tower A, which will remain. Different concepts are currently being considered for Tower A, and it may contain shops, services and office space. Demolition of the Pohjola Building has been completed and the construction of the first two apartment buildings sold to LocalTapiola is in progress. It is planned that the area will have 800 apartments.

Bunkkeri in Jätkäsaari

SRV is highly involved in revitalising the Jätkäsaari district of Helsinki. It is intended that Bunkkeri will be a 13-storey landmark in Jätkäsaari, featuring a wide range of fitness facilities, a swimming hall, and about 300 housing units. The development of Bunkkeri was delayed in autumn 2017, when the Administrative Court of Helsinki overturned an acquisition decision that had been made in April 2016 concerning the sale of Bunkkeri to SRV. The Administrative Court held that the deal did not constitute a public procurement, but a real estate transaction. After this ruling, the City of Helsinki resumed its preparatory work. On 11 April 2018, the Helsinki City Council decided to sell the plot to SRV.

A complaint has been lodged with the Administrative Court of Helsinki on the decision of the City Board to sell Plot 5 in Block 20811 in District 20 (Länsisatama) of the City of Helsinki and the Bunkkeri building located there as well as the related implementation of the decision. With its decision on 15 June 2018, the Administrative Court rejected the complainant's demand to forbid and halt the execution of the sale decision. With its decision on 5 October 2018, the Supreme Administrative Court upheld the decision of the Administrative Court and did not forbid the execution of the sale decision. The complaint on the sale decision of the City Board is still under review at the Administrative Court.

SRV and the City of Helsinki signed the implementation agreement in October.

Land reserves 31 March 2019	**Business construction**	**Housing construction**	**Investments**	**Total**
Unbuilt land areas, land acquisition commitments and rented plots				
Building rights[1)], 1,000 m²	**135**	**344**	**694**	**1,172**
Land development agreements				
Building rights[1)], 1,000 m²	**74**	**242**	**0**	**316**

1) Building rights also include the estimated building rights/construction volume of unzoned land reserves and land areas covered by agreements in projects that are wholly or partly owned by SRV.

Financing and financial position

IFRS, EUR million	**31 March 2019**	31 March 2018	Change, %	31 December 2018
Equity ratio, %	**24.4**	32.5	-24.9	28.5
Equity ratio, % (excl. IFRS 16)[1)]	**29.7**	32.5	-8.5	28.5
Net gearing ratio, %	**205.8**	134.3	53.2	121.1
Net gearing ratio, % (excl. IFRS 16) [1)]	**132.7**	134.3	-1.2	121.1
Shareholders' equity	**238.5**	264.6	-9.8	233.6
Capital employed	**791.9**	650.0	21.8	611.0
Net interest-bearing debt	**490.8**	355.4	38.1	282.8
Net interest-bearing debt (excl. IFRS 16) [1)]	**317.3**	355.4	-10.7	282.8

Interest-bearing debt	**552.0**	382.2	44.4	375.9
- of which short-term	**98.0**	130.4	-24.9	91.8
- of which long-term	**454.0**	251.8	80.3	284.1
Interest-bearing debt (excl. IFRS 16) [1)]	**378.4**	382.2	-1.0	375.9
Cash and cash equivalents	**61.1**	26.8		93.1
Unused binding liquidity limits and account limit agreements	**24.5**	122.0	-79.9	31.5
Unused project loans that can be drawn immediately	**10.9**	12.0	-9.3	15.2

1) Restated IFRS 16 effects for the year 2019. As a result of the adjustment, the figure is comparable with the figures for 2018.

At the end of the period, the Group's financing reserves totalled EUR 96.5 million (EUR 160.8 million 1-3/2018), consisting of unused committed liquidity facilities and unused project loans EUR 35.4 million and cash and cash equivalents EUR 61.1 million. In addition, the company has a TEL loan of about EUR 15 million at its disposal. SRV also has a EUR 100 million credit facility whose use includes certain restrictions due to an interest coverage ratio covenant.

SRV's financing agreements contain standard covenants. The financial covenants are equity ratio (also based on percentage of completion), net gearing, and the interest coverage ratio. The interest coverage ratio is the ratio of the Group's operating margin (EBITDA) to its net financial expenses. The interest cover ratio is tested only if and when new loan financing is withdrawn; the covenant does not prevent the refinancing of existing sources of financing. In the first quarter this year, SRV agreed to temporarily raise the gearing covenant on its EUR 100 million credit facility with the bank syndicate. The net interest-bearing liabilities did not exceed the level of financing agreements.

The covenant levels of these financing agreements are determined on the basis of the accounting principles in force when the loan agreements were signed. Therefore, although IFRS 16 has recently come into force, it will have no effect on the covenants for existing loan agreements.

Net interest-bearing debt totalled EUR 490.8 (355.4) million at the end of the review period. Net interest-bearing debt rose by EUR 135.4 million on the comparison period. Lease liabilities arising from the adoption of IFRS 16 accounted for EUR 173.6 million. Housing corporation loans account for EUR 77.1 (73.2) million of the interest-bearing debt. Cash flow from operating activities was EUR -20.4 (-48.6) million and cash flow from investing activities was EUR -9.4 (-2.7) million. Cash flow from operating activities was weakened by an increase in work-in-progress.

Net financial expenses since the beginning of the year totalled EUR -3.6 (-3.4) million. Net financial expenses were increased by the negative fair value revaluation of a ten-year interest rate hedge (including interest expenses) to EUR -2.0 million (0.1). When interest level rises from its current level, a positive change in fair value will be recognised in the income statement, and vice versa. EUR 0.2 (0.3) million in interest expenses have been capitalised in accordance with IAS 23 since the beginning of the year. Exchange rate gains in financial expenses totalled EUR 2.9 (-0.5) million. Change in IFRS 16 impacted on financial expenses by EUR-1.7 million.

SRV's investment commitments totalled EUR 58.0 (77.1) million at the end of December, and mainly consisted of investments in Fennovoima's Hanhikivi-1 nuclear power project and the Tampere Central Deck project.

SRV is exposed to changes in the exchange rate of the rouble through its Russian subsidiaries. The strengthening rouble led to translation differences of EUR 7.7 (-1.4) million, which impacted both shareholders' equity and the comprehensive result for the period. In addition to currency exchange rate gains of EUR 2.9 (-0.5) million in financial income and expenses, the Group also entered similarly derived currency exchange rate gains of EUR 4.7 (-3.1) million (with no cash flow impact) under the profit accounted for by associated companies. These are primarily due to the conversion of currency-denominated loans to roubles. Currency exchange rate gains were reduced by EUR -1.9 (-0.5) million in hedging expenses.

SRV Group Plc is exploring the possibility to issue a new hybrid bond with an estimated size of EUR 45-60 million and to prematurely repay outstanding debt. The proceeds of the new hybrid bond would be used to partially and prematurely purchase notes of the EUR 45 million hybrid bond issued in March 2016 and the EUR 100 million unsecured bond due March in 2021 through a voluntary tender offer. The final amount to be purchased and its allocation between the existing hybrid bond and the notes would be decided after the end of the tender offer period and the completion of the issuance of the planned new hybrid bond. The company estimates that the planned financing arrangements, if completed, would significantly improve key figures of its balance sheet.

Personnel

Personnel by segment at end of period	**31 March 2019**	31 March 2018	Percentage of Group personnel, 31 March 2018	31 December 2018
Construction	849	965	81	906
Investments	135	90	13	85
Other operations	68	59	6	66
Group, total	1,052	1,114	100	1,057

SRV employed an average of 1,051 (1,129 1-12/2018) people in January–March 2019. At period-end, 849 (915) people worked average in Construction and 135 (145) people worked in Investments. 67 (67) people worked in Group operations.

Risks, risk management and corporate governance

SRV has published a separate Corporate Governance Statement in its Annual Report and on the company's website. More detailed information about the company's business risks and risk management has been provided in the 2018 Notes to the Financial Statements and Annual Report, and is also available on the company's website.

The most significant operational risks relate to problems arising from the lengthy boom in the industry, capital employed in major business construction projects, the Russian economy, and the rouble exchange rate.

According to the latest forecasts, the strong growth that the construction industry has experienced in recent years is now levelling off, or there may even be a slight downswing in production. This is expected to generate a slow improvement in subcontractor availability and to relieve cost pressures in materials and subcontracting. Coupled with the prudent selection of new projects, it is also expected to improve SRV's cost-competitiveness. The removal of the loss-making REDI shopping centre from the order backlog is also expected to reduce risks in both earnings and financing. SRV's ongoing major projects and completed shopping centre projects are employing a great deal of capital, and they also have an impact on the availability and price of financing. SRV's financial position is expected to improve thanks to positive cash flow, the balance sheet lightening programme.

Net rental income from SRV's shopping centre investments typically reaches its target level about 3–5 years after opening. Once this occurs, it is SRV's strategy to sell the investment. Developments in rental income are impacted by factors such as general economic trends, consumer behaviour, successful shopping centre management, the shopping centre's reputation and, in Russia, also the rouble exchange rate. Weaker-than-planned developments in these areas on the planned sale date may result in a need to lower the shopping centre's acquisition-price-based value in the balance sheet. In accordance with the profit-sharing agreement between the owners of the REDI shopping centre and parking facility, lower-than-expected income may increase the risk of impairment.

In its Russian business, fluctuations in the rouble exchange rate expose SRV to translation and transaction risks. A ten per cent weakening of the rouble against the euro on the reporting date would have had an impact of about EUR -8.7 million on the Group's equity translation differences. A ten per cent weakening in the exchange rate would correspondingly have an impact of about EUR -6.6 million on SRV's earnings. The exact rouble hedging rate varies over time. SRV's transaction risk largely comprises the euro-denominated loans of associated companies that are partly owned by SRV. Some of the loans taken out by SRV's associated companies in Russia were converted to roubles during early 2018, thereby reducing SRV's exchange rate risk. The remaining exchange rate risk is hedged in accordance with the hedging policy approved by the Board of Directors.

To increase the comparability of operations, the company reports operative operating profit in addition to operating profit. Operative operating profit differs from the IFRS definition of operating profit in that it eliminates the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts. In order to improve the comparability of the balance sheet structure, SRV will also report its 2019 key figures without the impact of IFRS 16.

Corporate governance and the decisions of the Annual General Meeting

SRV Group Plc's Annual General Meeting (AGM) was held on 19 March 2019. The meeting adopted the 2018 financial statements and discharged the Board of Directors and the President & CEO from liability for the financial period 1 January–31 December 2018.

Dividends paid

Based on the adopted balance sheet and the Board of Directors' proposal, the Annual General Meeting decided that no dividend will be distributed for the financial year ending 31 December 2018.

The Members and Chair of the Board of Directors

The AGM verified that the Board of Directors shall have six (6) members. Minna Alitalo, M.Sc. (Econ.); Juhani Hintikka, M.Sc. (Tech.); Olli-Pekka Kallasvuo, Master of Laws, LL.D.h.c. and Ilpo Kokkila, M.Sc. (Tech.) were re-elected as Members of the Board. Tomi Yli-Kyyny, M.Sc. (Tech.) was elected as a new member. Ilpo Kokkila was elected as Chair of the Board.

Auditor

PricewaterhouseCoopers Oy, a firm of authorised public accountants, was elected as auditor of the company for a term until the close of the Annual General Meeting of 2020. PricewaterhouseCoopers Oy has announced that Samuli Perälä, Authorised Public Accountant, will serve as the responsible auditor. The auditors' remuneration was confirmed as payable on the basis an approved invoice.

Authorisation to decide on the acquisition of treasury shares

The AGM authorised the Board of Directors to decide on the acquisition of the company's own shares, using the company's unrestricted equity as follows:

The Board of Directors is authorised to acquire a maximum of 5,000,000 shares in the company, so that the number of shares acquired on the basis of the authorisation when combined with the shares already owned by the company and its subsidiaries does not at any given time exceed a total of 10% of all shares in the company.

Shares may be acquired in public trading arranged by Nasdaq Helsinki Oy at the market price at the moment of acquisition.

Treasury shares may be acquired otherwise than in proportion to the existing holdings of shareholders. Shares may be acquired in one or several instalments.

Treasury shares can be acquired for use as payment in corporate acquisitions, when the company acquires assets relating to its business, as part of the company's incentive programmes, or to be otherwise conveyed, held or cancelled. The Board of Directors shall decide on all other terms relating to the acquisition of shares.

The aforementioned authorisation shall be in force for 18 months from the decision of the Annual General Meeting and cancels the authorisation to decide on acquisition of the company's own shares granted by the Annual General Meeting to the Board of Directors on 20 March 2018.

Authorisation to decide on a share issue and on the issue of special rights

The Annual General Meeting authorised the Board of Directors to decide on a share issue and on the issue of special rights as follows:

The Board of Directors may decide on the issue of new shares or the reissue of treasury shares and/or the issue of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Companies Act either for or without consideration, in one or several instalments.

Based on the authorisation the number of new shares issued or treasury shares conveyed including shares issued on the basis of special rights, is in total a maximum of 12,000,000 corresponding approx. 19.8% of all the shares of the company at the time of the proposal. Eventual shares issued on the basis of special rights are included in the above mentioned total number of shares.

The authorisation entitles the Board of Directors to decide on terms and conditions of a share issue and special rights entitling to shares, including the right to decide whether the subscription price will be recognized in full or in part in the invested unrestricted equity reserve or as an increase to the share capital and including the right to derogate from the pre-emptive subscription right of shareholders if there is a weighty financial reason for the company to do so. A directed share issue may be executed without consideration only if there is an especially weighty financial reason for the company to do so, taking into account the interests of all shareholders.

The authorisation may be used, for example, when issuing new shares or conveying shares as consideration in corporate acquisitions, when the company acquires assets relating to its business, in order to strengthen the company's capital structure and for implementing incentive schemes.

The aforementioned authorisation shall be in force for 18 months from the decision of the Annual General Meeting and cancels the authorisation to decide on a share issue and on the issue of special rights granted by the Annual General Meeting to the Board of Directors on 22 March 2016.

The organisation of SRV Group Plc's Board of Directors and the composition of its Committees

SRV Group Plc's Board of Directors held its organisational meeting on 19 March 2019. The Board of Directors elected a Vice Chair and the members of its Board Committees for a term ending at the closing of the Annual General Meeting in 2020. Olli-Pekka Kallasvuo was selected as Vice Chair of the Board of Directors.

Minna Alitalo was elected as Chair and Timo Kokkila and Tomi Yli-Kyyny as members of the Audit Committee. Ilpo Kokkila was elected as Chair and Juhani Hintikka and Olli-Pekka Kallasvuo as members of the HR and Nomination Committee.

Shares and shareholders

SRV Group Plc's share capital is EUR 3.1 million. The share has no nominal value and the number of shares outstanding is 60,499,575. The company has one class of shares.

The closing price at Nasdaq Helsinki on 31 March 2019 was EUR 1.70 (EUR 1.70 on 31 December 2018, change 0%). The highest share price during the review period was EUR 1.79 and the lowest EUR 1.68. At the end of the period, SRV's equity per share excluding the hybrid bond was EUR 3.28. On 31 March 2019, SRV had a market capitalisation of EUR 101 million, excluding the Group's treasury shares. 1.8 million shares were traded during the review period with a trade volume of EUR 3.1 million.

At the end of March, SRV Group Plc held 918,599 treasury shares (1.5 per cent of the total number of shares and combined number of votes).

Outlook for 2019

In addition to general economic trends, SRV's revenue and result in 2019 will be affected by several factors, such as: the trend in the exchange rate of the rouble; the recognition as income upon delivery of SRV's own projects; the part of the order backlog that is continuously recognised as income consisting mainly of low-margin contracting; trends in the order backlog's profit margins; the sales volume of developer-contracted housing and the completion schedules of the properties; and the launch of new contracts and own-development projects. The largest projects are Tampere Deck, the extension of Helsinki Airport and ongoing hospital projects.

- More developer-contracted housing units will be completed in 2019 than in the comparison period. It is estimated that a total of 809 developer-contracted housing units will be completed in 2019 (526 in 2018).
- SRV makes long-term procurement agreements, due to which the expected reduction in construction costs will not have a significant effect on the company's earnings performance in 2019. The trend in rental income from shopping centres is positive, but slower than anticipated.

SRV specifies its guidance for 2019 in terms of operative operating profit:

- Full-year consolidated revenue for 2019 is expected to grow compared with 2018 (revenue in 2018: EUR 959.7 million). Operative operating profit is expected to improve on 2018 and to be positive (operative operating profit EUR -10.0 million), but lower than operative operating profit in 2017 (operative operating profit in 2017: EUR 27 million).

The earlier guidance was:

- Full-year consolidated revenue for 2019 is expected to grow compared with 2018 (revenue in 2018: EUR 959.7 million). Operative operating profit is expected to improve on 2018 and to be positive (operative operating profit EUR -10.0 million).

Espoo, 26 April 2019

Board of Directors

All forward-looking statements in this review are based on management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

About this interim report

This interim report has been prepared in accordance with IAS 34, and the disclosed information is unaudited. The figures in parentheses are the comparison figures for 2018.

Briefing, webcast and presentation materials

A briefing for analysts, fund managers, investors and media representatives will be held on 26 April 2019, starting at 1 pm in the Living Lab (address Kaasutehtaankatu1, 00540 Helsinki).

A webcast of the briefing will begin at 1 pm on 26 April 2019. A livestream will be broadcast at www.srv.fi/sijoittajat. The recording will be available on the website immediately after the presentation. The materials will also be made available on the website.

Next interim report

SRV Group Plc will publish its half-year report for 2019 on 17 July 2019. During the silent period (17 June–17 July), the company will not comment on anything relating to market outlooks, business or earnings trends.

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Q1

26. Apr 2019 at 12:00 PM

Key figures

EUR million	**1-3/ 2019**	**1-3/ 2018**	**1-12/ 2018**	**Last 12 Months**
Revenue	**222.6**	215.7	959.7	966.5
Operative operating profit [1)]	**0.5**	-5.1	-10.0	-4.4
Operative operating profit, % revenue [1)]	**0.2**	-2.4	-1.0	
Operation profit	**3.3**	-8.8	-19.8	-7.7
Operation profit, % revenue	**1.5**	-4.1	-2.1	
Operation profit, excl. IFRS16[2)]	**2.2**	-8.8		-8.8
Operation profit, % revenue excl. IFRS16[2)]	**1.0**	-4.1		
Profit before taxes	**-0.3**	-12.2	-37.3	-25.4
Profit before taxes, % of revenue	**-0.2**	-5.6	-3.9	
Net profit attributable to equity holders of the parent company	**-0.4**	-10.5	-30.1	-20.0
Return on equity, %	**0.6**	-15.7	-12.1	
Return on investment, %	**4.1**	-5.2	-2.9	
Return on investment % excl. IFRS16[2)]	**4.0**	-5.2	-2.9	
Capital employed	**791.9**	650.0	611.0	
Capital employed excl. IFRS16 [2)]	**618.9**	650.0	611.0	
Equity ratio %	**24.4**	32.5	28.5	
Equity ratio excl. IFRS16, % [2)]	**29.7**	32.5	28.5	
Net interest-bearing debt	**490.8**	355.4	282.8	
Net interest-bearing debt excl. IFRS16[2)]	**317.3**	355.4	282.8	
Net gearing ratio, %	**205.8**	134.3	121.1	
Net gearing ratio excl. IFRS16, %[2)]	**132.7**	134.3	121.1	
Order backlog [3)]	**1,782.5**	1,634.0	1,816.0	
New agreements	**149.7**	284.4	1,133.0	
Personnel on average	**1,051**	1,109	1,129	
Earnings per share	**-0.02**	-0.19	-0.56	-0.39
Earnings per share (diluted)	**-0.02**	-0.19	-0.56	-0.39
Equity per share	**4.04**	4.47	3.97	
Equity per share (without hybrid bond), euros	**3.28**	3.72	3.21	
Dividend per share, euros	**0.00**	0.06	0.06	
Dividend payout ratio, %	**0.0**	neg.	neg.	
Dividend yield, %	**0.0**	2.1	3.5	
Price per earnings ratio	**neg.**	neg.	neg.	
Share price development:				
Share price at the end of the period, eur	**1.70**	2.90	1.70	
Average share price, eur	**1.76**	3.41	2.63	
Lowest share price, eur	**1.68**	2.83	1.66	
Highest share price, eur	**1.79**	4.12	4.12	
Market capitalisation at the end of the period	**101.3**	172.8	101.3	
Trading volume, 1 000 units	**1,780**	1,731	6,580	
Trading volume, %	**3.0**	2.9	11.0	
Weighted average number of shares outstanding during the period, 1 000 units	**59,581**	59,581	59,581	
Weighted average number of shares outstanding during the period (diluted) 1 000 units	**59,581**	59,581	59,581	
Number of shares outstanding at the end of the period,1 000 units	**59,581**	59,581	59,581	

[1)] Operative operating profit is determined by deducting the calculated ruble currency exchange differences included in financial items and their potential hedging impacts from operating profit. Exchange rate differences during the review period amounted to EUR 2.8 (-3.7) million, of which EUR -1.9 (-0.5) million was accounted for by hedging.

[2)] Restated IFRS 16 effects for the year 2019. As a result of the adjustment, the figure is comparable with the figures for 2018.

[3)] The Group's order backlog consists of the Construction business. The income statement, which corresponds to the holding, is no longer included in the comparative figures for the order backlog.

Alternative performance measures used in interim reporting

The company discloses certain other widely used performance measures that can for the most part be derived from the income statement and balance sheet. The formulas for these performance measures are provided in the next page. In the company’s view, these measures clarify the result of operations and financial position based on the income statement and balance sheet.

SRV presents key figures for operative operating profit and operating profit margin in the interim report

The key figure for operative operating profit is considered to provide a better picture of the Group’s operations when comparing the reported period to earlier periods. In accordance with IFRS, the currency exchange rate gains and losses of associated companies as well as income and expenses from hedging are eliminated from operating profit. The currency exchange rate gains and losses of associated companies are included above operating profit on the line “share of results of associated companies”. Income and expenses from currency hedging are included above operating profit on the line “other operating expenses”.

SRV presents key figures excluding effect of IFRS 16 standard

The company publishes alternative key figures, that is, IFRS 16 key figures that have been adjusted to exclude the impact of the IFRS 16 Leases standard on the balance sheet and result. SRV is applying a simplified approach to adopting this standard, which is why the figures for the comparison period have not been adjusted to comply with the standard. The figures are considered to provide a better comparability to previous year figures.

Q1

26. Apr 2019 at 12:00 PM

Calculation of key figures

Return on equity, %	=	100 x	Total comprehensive income for the period / Total equity, average
Capital employed	=		Total assets – non-interest bearing debt – deferred tax liabilities – provisions
Capital employed, excl. IFRS16	=		Total assets – non-interest bearing debt – deferred tax liabilities – provisions – property, plant and equipment, right -of-use asset – inventories, right -of-use asset
Return on investment, %	=	100 x	Operating profit + interest and other financial income (incl. exchange rate gains and losses) / Invested capital, average
Return on investment, % excl. IFRS16	=	100 x	Operating profit + interest and other financial income (incl. exchange rate gains and losses) / Capital employed excl. IFRS16, average
Equity ratio, %	=	100 x	Total equity / Total assets – advances received
Equity ratio,% excl. IFRS16	=	100 x	Total equity – IFRS16 depreciations, leases and interest and financial expenses recoqnised in income statement / Total assets – advances received – IFRS16 depreciations, leases and interest and financial expenses recoqnised in income statement
Net interest-bearing debt	=		Interest-bearing debt – cash and cash equivalents
Net interest-bearing debt excl. IFRS16	=		Interest-bearing debt - interest-bearing lease liabilities – cash and cash equivalents
Net gearing ratio, %	=	100 x	Net interest-bearing debt / Total equity
Net gearing ratio,% excl. IFRS16	=	100 x	Interest-bearing debt - interest-bearing lease liabilities – cash and cash equivalents / Total equity – IFRS16 depreciations, leases, interest and financial expenses recoqnized in income statement
Earnings per share attributable to equity holders of the parent company	=		Result for the period – non-controlling interest – hybrid bond interest, tax adjusted / Average number of shares
Earnings per share attributable to equity holders of the parent company (diluted)	=		Result for the period – non-controlling interest – hybrid bond interest, tax adjusted / Average number of shares (diluted)
Equity per share	=		Shareholders' equity attributable to equity holders of the parent company / Average number of shares at end of period
Equity per share (without hybrid bond)	=		Shareholders' equity attributable to equity holders of the parent company – hybrid bond / Average number of shares at end of period
Price per earnings ratio (P/E-ratio)	=		Share price at end of period / Earnings per share
Dividend payout ratio, %	=	100 x	Dividend per share / Earnings per share
Dividend yield, %	=	100 x	Dividend per share / Share price at end of period
Average share price	=		Number of shares traded in euros during the period / Number of shares traded during the period
Market capitalisation at the end of the period	=		Number of shares outstanding at the end of the period x share price at the end of the period
Trading volume	=		Number of shares traded during the period and their percentage of the weighted average number of shares outstanding
Operative operating profit	=		Operating profit-/+ currency exchange rate gains and losses -/+ income and expenses from hedging

Q1

26. Apr 2019 at 12:00 PM

Group and Segment information by quarter

SRV Group EUR million	**1-3/ 2019**	**10-12/ 2018**	**7-9/ 2018**	**4-6/ 2018**	**1-3/ 2018**
Revenue	**222.6**	299.8	208.4	235.7	215.7
Operation profit	**3.3**	0.1	-5.7	-5.4	-8.8
Financial income and expenses, total	**-3.6**	-6.3	-3.5	-4.3	-3.4
Profit before taxes	**-0.3**	-6.2	-9.1	-9.8	-12.2
Order backlog [1]	**1,782.5**	1,816.0	1,661.5	1,716.7	1,634.0
New agreements	**149.7**	438.0	128.3	282.3	284.4
Earnings per share, eur	**-0.02**	-0.08	-0.14	-0.15	-0.19
Equity per share, eur	**3.28**	3.21	3.32	3.52	3.72
Share closing price, eur	**1.70**	1.70	2.50	2.65	2.90
Equity ratio, %	**24.4**	28.5	28.0	29.7	32.5
Equity ratio, % excl. IFRS16 [2]	**29.7**	28.5	28.0	29.7	32.5
Net interest-bearing liabilities	**490.8**	282.8	346.5	355.7	355.4
Net interest-bearing liabilities excl. IFRS16 [2]	**317.3**	282.8	346.5	355.7	355.4
Net gearing, %	**205.8**	121.1	144.2	140.8	134.3
Net gearing, % excl. IFRS16 [2]	**132.7**	121.1	144.2	140.8	134.3

Revenue EUR million	**1-3/ 2019**	**10-12/ 2018**	**7-9/ 2018**	**4-6/ 2018**	**1-3/ 2018**
Construction	**221.9**	298.4	207.6	234.6	214.8
- business construction	**144.9**	183.9	160.3	166.7	155.4
- housing construction	**77.0**	114.6	47.4	67.8	59.3
Investments	**1.3**	1.0	1.2	1.2	1.2
Other operations and eliminations	**-0.6**	0.3	-0.4	0.0	-0.3
Group, total	**222.6**	**299.8**	**208.4**	**235.7**	**215.7**

Operating profit EUR million	**1-3/ 2019**	**10-12/ 2018**	**7-9/ 2018**	**4-6/ 2018**	**1-3/ 2018**
Construction	**4.8**	-7.5	-1.6	-1.1	-3.2
Investments	**0.1**	-5.4	-3.7	-2.9	-5.6
Other operations and eliminations	**-1.6**	13.0	-0.4	-1.5	0.0
Group, total	**3.3**	**0.1**	**-5.7**	**-5.4**	**-8.8**

Operating profit (%)	**1-3/ 2019**	**10-12/ 2018**	**7-9/ 2018**	**4-6/ 2018**	**1-3/ 2018**
Construction	**2.2**	-2.5	-0.8	-0.5	-1.5
Investments	**-**	-	-	-	-
Group	**1.5**	**0.0**	**-2.7**	**-2.3**	**-4.1**

[1] The Group's order backlog consists of the Construction business. The income statement, which corresponds to the holding, is no longer included in the comparative figures for the order backlog.

[2] Restated IFRS 16 effects for the year 2019. As a result of the adjustment, the figure is comparable with the figures for 2018.

Q1

26. Apr 2019 at 12:00 PM

Order backlog EUR million	**31.3.19**	**31.12.18**	**30.9.18**	**30.6.18**	**31.3.18**
- business construction	**1,158.1**	1,233.3	1,019.3	1,124.7	1,065.2
- housing construction	**624.1**	582.7	642.2	592.0	568.7
Group, total [1)]	**1,782.5**	1,816.0	1,661.5	1,716.7	1,634.0
- sold order backlog	**1,496**	1,612	1,409	1,480	1,384
- unsold order backlog	**286**	204	253	237	250

[1)]Group's order backlog consists only of construction segment.
The unrecognised margin corresponding to ownership are not anymore included in order backlog.

Order backlog, housing construction in Group EUR million	**31.3.19**	**31.12.18**	**30.9.18**	**30.6.18**	**31.3.18**
Negotiation and construction contracts	**181**	213	210	192	150
Under construction, sold	**157**	169	196	179	185
Under construction, unsold	**253**	180	220	199	214
Completed and unsold	**33**	20	17	22	20
Housing construction, total	**624**	583	642	592	569

Capital employed EUR million	**31.3.19**	**31.12.18**	**30.9.18**	**30.6.18**	**31.3.18**
Construction	**393.3**	221.4	286.0	321.8	316.7
Investments	**352.4**	336.8	331.7	328.3	327.9
Other operations and eliminations	**46.2**	52.8	46.3	14.9	5.5
Group, total	**791.9**	611.0	664.0	665.0	650.0

Housing production in Group (units)	**1-3/ 2019**	**10-12/ 2018**	**7-9/ 2018**	**4-6/ 2018**	**1-3/ 2018**
Housing sales, total	**203**	346	315	541	198
- sales, developer contracting	**203**	156	133	75	130
- sales, negotiation contracts	**0**	190	182	466	68
Developer contracting					
- start-ups	**424**	0	232	42	43
- completed	**184**	298	26	141	61
-recognized in revenue	**156**	276	45	132	70
- completed and unsold	**139**	116	102	126	117
Under construction, total	**2,549**	2,759	2,927	3,164	3,211
- construction contracts	**80**	80	80	504	504
- negotiation contracts	**195**	487	293	293	293
- negotiated contracts	**1,171**	1,329	1,393	1,412	1,360
- developer contracting	**1,103**	863	1,161	955	1,054
- of which sold	**600**	559	687	605	661
- of which unsold	**503**	304	474	350	393

Q1

26. Apr 2019 at 12:00 pm

SRV GROUP PLC THE FINANCIAL STATEMENTS, 1 JANUARY–31 MARCH 2019: TABLES

1) Accounting policies
2) Consolidated income statement and consolidated statement of comprehensive income
3) Consolidated balance sheet
4) Consolidated cash flow statement
5) Consolidated statement of changes in shareholder's equity
6) Group commitments and contingent liabilities
7) Segment information
8) Inventories
9) Insider events

1) The Financial Statements Report 1 January – 31 MARCH 2019

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. In preparing this interim report release, SRV has applied the same accounting policies as in its annual financial statements for 2018, however so that the Group has introduced as of 1 January 2019 the new or revised IFRS standards and IFRIC interpretations published by the IASB mentioned in the accounting policies of the annual financial statements for 2018.

Changes in accounting policies

New business areas

SRV introduced new business areas from 1 January 2019. SRV reports two segments: Construction and Investment, which appear in financial reporting from the first quarter. The adjusted comparative data can be found in the release published on 23 April 2019.

Cash flow statement

SRV changed the presentation of cash flow statement for advances received. Advances received are presented under cash receipts from sales instead of payments for operating expenses. In the interim report, cash flow statements for the comparison period have been adjusted to reflect the new presentation.

IFRS 16

SRV applies the IFRS16 Leases standard from 1 January 2019.

SRV as a lessee

With some exceptions, the IFRS 16 standard requires all leases to be presented in the lessee's balance sheet as an asset and a lease liability. At the commencement of the contract, the lease contract is valued at the present value of the lease payments that have not been settled on that date. Lease payments are discounted at the interest rate implicit for the lease if the interest rate is readily determinable, otherwise the interest rate on the lessee's incremental borrowing rate is used. The lessee's incremental borrowing rate is the rate of interest that the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

In determining the present value of lease payments, an estimate of the lease term is required in some circumstances. Such situations, for example, relate to lease agreements with indefinite duration or contracts with options for continuation or termination.

Such an option is taken into account in determining the lease term if it is reasonably certain that the option will be exercised. Lease liability shall also include the amount to be paid on the basis of any residual value guarantee and the possible exercise price of a purchase option, if it is reasonably certain that the option will be exercised.

Acquisition cost of an asset consists of the amount initially recognized under the lease contract, any lease payments paid by the commencement date of the lease, any initial direct costs incurred by the lessee and the costs of restoration to the original condition.

Any incentives received will be deducted from the acquisition cost of the underlying asset. Subsequent valuation of the asset item is based on the acquisition cost model, whereby the asset is valued at acquisition cost less depreciation and impairment. Depreciation is amortized over the lease period. If the lease transfers the ownership of the underlying asset to the lessee by the end of the lease term or if the acquisition cost of the underlying item takes into account that the lessee uses the option to purchase, the underlying asset is amortized over its useful life.

SRV Group uses exemptions related to short-term leases and leases where the underlying asset is of low value.

The rental agreements for site equipment are typically contracts with an indefinite lease term. Such leases generally entitle the SRV Group to decide to terminate contract for each leased asset at its chosen time. Site equipment rental agreements typically last for less than 12 months thus the exemption for short-term leases is applied.

Plot lease agreements

The SRV Group presents right-of-use assets related to leased plots as inventories, because the plots directly owned by the group are presented as inventories and the same principle is also applied in the presentation of the leased plots. From the beginning of construction, the depreciations of the leased plots is recognized as part of the cost of the construction. The borrowing cost of such leases is capitalized as part of the cost of the construction.

Use of estimates

The preparation of the Financial Statements in accordance with IFRS requires Group management to make estimates and assumptions that affect both the values of assets and liabilities on the balance sheet date, and income and expenditure for the financial period. Judgements also have to be made in applying the accounting principles. As these estimates and assumptions are based on current perceptions of the situation on the balance sheet date, they involve risks and uncertainties. Actual results may therefore differ from the estimates and assumptions. The key accounting estimates and judgement-based solutions are presented in greater detail in the accounting principles of the consolidated financial statements for 2018.

The information disclosed in this Financial Statement is unaudited. The figures in this Financial Statements have been rounded up to millions of euros, so the sum total of individual figures may deviate from the sum total presented.

Q1

26. Apr 2019 at 12:00 PM

2) Consolidated income statement and statement of comprehensive income

Consolidated income statement EUR million	**1-3/ 2019**	1-3/ 2018	change MEUR	change %	1-12/ 2018	Last 12 Months
Revenue	**222.6**	215.7	6.9	3.2	959.7	966.5
Other operating income	**0.2**	0.2	0.0	-15.1	16.9	16.9
Change in inventories of finished goods and work in progress	**-9.2**	23.2	-32.3		34.5	2.2
Use of materials and services	**-189.0**	-218.7	29.7	-13.6	-919.3	-889.6
Employee benefit expenses	**-18.4**	-19.1	0.7	-3.8	-75.5	-74.8
Share of profits of associated and joint venture companies	**3.6**	-4.3	7.8		-13.1	-5.2
Depreciation and impairments [2)]	**-2.9**	-0.9	-1.9	211.7	-5.3	-7.2
Other operating expenses	**-3.6**	-4.9	1.2	-25.3	-17.7	-16.5
Operating profit [2)]	**3.3**	-8.8	12.1		-19.8	-7.7
Financial income	**4.0**	1.1	2.8	245.4	5.5	8.4
Financial expenses [1)3)]	**-7.6**	-4.6	-3.0	66.3	-23.0	-26.1
Financial income and expenses, total	**-3.6**	-3.4	-0.2		-17.5	-17.7
Profit before taxes	**-0.3**	-12.2	11.8		-37.3	-25.4
Income taxes	**0.7**	1.5	-0.7		6.1	5.3
Net profit for the period	**0.4**	-10.7	11.1		-31.2	-20.1
Attributable to						
Equity holders of the parent company	**-0.4**	-10.5			-30.1	-20.0
Non-Controlling interests	**0.7**	-0.2			-1.1	-0.1
Earnings per share attributable to equity holders of the parent company	**-0.02**	-0.19			-0.56	-0.39
Earnings per share attributable to equity holders of the parent company (diluted)	**-0.02**	-0.19			-0.56	-0.39
[1)] of which derivative expenses fair value revaluation	**-2.0**	0.1			-2.2	
[2)] includes cost of IFRS16 lease agreements in depreciations and leases	**-1.6**	0.0	-1.6			
[3)] includes cost of IFRS16 lease agreements in interest and financial expenses	**-1.7**	0.0	-1.7			

Statement of comprehensive income EUR million	**1-3/ 2019**	1-3/ 2018	1-12/ 2018	Last 12 Months
Net profit for the period	**0.4**	-10.7	-31.2	-20.1
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Financial assets available for sale	**0.0**	0.0	0.0	0.0
Income tax relaed to components of other comprehensive income	**0.0**	0.0	0.0	0.0
Gains and losses arising from translating the financial statements of a foreign operation	**1.5**	-0.4	-2.6	-0.6
Share of other comprehensive income of associated companies and joint ventures	**6.1**	-0.9	-10.2	-3.2
Other comprehensive income for the period, net of tax	**7.6**	-1.4	-12.8	-3.7
Total comprehensive income for the period	**8.0**	-12.1	-44.0	-23.8
Attributable to				
Equity holders of the parent company	**7.3**	-11.9	-42.9	-23.7
Non-Controlling interests	**0.7**	-0.2	-1.1	-0.1

3) Consolidated balance sheet

Consolidated balance sheet EUR million	31.3.19	31.3.18	change %	31.12.18
ASSETS				
Non-current assets				
Property, plant and equipment	**6.1**	11.2	-45.2	6.0
Property, plant and equipment, right -of-use asset [1]	**12.3**	0.0		0.0
Goodwill	**1.7**	1.7	0.0	1.7
Other intangible assets	**1.6**	1.5	2.1	1.6
Shares in associated companies and joint ventures	**193.9**	187.1	3.7	180.2
Other financial assets	**17.7**	16.0	10.8	18.3
Receivables	**0.7**	0.9	-17.8	0.7
Loan receivables from associated companies and joint ventures	**72.8**	71.7	1.6	67.3
Deferred tax assets	**21.0**	13.2	58.9	18.6
Non-current assets, total	**328.0**	303.4	8.1	294.4
Current assets				
Inventories	**438.0**	433.1	1.1	438.2
Inventories, right -of-use asset [1]	**160.7**	0.0		0.0
Trade and other receivables	**106.1**	160.8	-34.0	116.8
Loan receivables from associated companies and joint ventures	**5.0**	2.0	148.8	4.6
Current tax receivables (based on profit for the review period)	**0.2**	1.6	-89.3	0.1
Cash and cash equivalents	**61.1**	26.8	128.0	93.1
Current assets, total	**771.1**	624.4	23.5	652.7
ASSETS, TOTAL	**1,099.1**	**927.7**	**18.5**	**947.0**

Consolidated balance sheet EUR million	31.3.19	31.3.18	change,%	31.12.18
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	**3.1**	3.1	0.0	3.1
Invested free equity fund	**142.5**	141.5	0.7	142.5
Translation differences	**-5.2**	-1.5		-12.9
Fair value reserve	**0.0**	0.0		0.0
Hybrid bond	**45.0**	45.0	0.0	45.0
Retained earnings	**55.1**	78.4	-29.6	58.7
Equity attributable to equity holders of the parent company, total	**240.5**	266.4	-9.7	236.4
Non-controlling interests	**-2.0**	-1.9	6.3	-2.8
Total equity	**238.5**	264.6	-9.8	233.6
Non-current liabilities				
Deferred tax liabilities	**5.6**	5.1	10.6	5.1
Provisions	**10.6**	8.9	18.6	10.7
Interest-bearing liabilities excl. lease liabilities	**282.5**	251.8	12.2	284.1
Interest-bearing lease liabilities [1]	**171.5**	0.0		0.0
Other liabilities	**10.1**	7.5	33.7	9.0
Non-current liabilities, total	**480.2**	273.4	75.7	308.8
Current liabilities				
Trade and other payables	**273.6**	250.9	9.0	303.9
Current tax payables (based on profit for the review period)	**0.2**	0.2	-5.1	0.1
Provisions	**8.5**	8.2	4.1	8.9
Interest-bearing liabilities excl. lease liabilities	**95.9**	130.4	-26.5	91.8
Interest-bearing lease liabilities [1]	**2.1**	14.2	0.0	
Current liabilities, total	**380.3**	389.8	-2.4	404.6
Liabilities, total	**860.6**	663.1	29.8	713.4
EQUITY AND LIABILITIES, total	**1,099.1**	**927.7**	18.5	**947.0**

[1] Items related to IFRS 16 standard

4) Consolidated cash flow statement EUR million	**1-3/ 2019**	**1-3/ 2018**	**1-12/ 2018**	**Last 12 Months**
Cash flows from operating activities				
Cash receipts from customers [1]	232.1	201.2	986.1	1,017.1
Cash receipts from other operating income	0.2	0.2	2.1	2.0
Cash paid to suppliers and employees [1) 2)]	-238.7	-239.0	-946.0	-945.8
Net cash before interests and taxes	**-6.4**	**-37.6**	**42.1**	**73.3**
Interests received and other financial income	0.1	0.0	0.1	0.1
Interests paid and other expenses from financial costs [2]	-13.6	-11.1	-18.2	-20.7
Income taxes paid	-0.5	0.1	1.5	0.9
Cash flows from operating activities	**-20.4**	**-48.6**	**25.5**	**53.7**
Cash flow from investing activities				
Purchase of tangible and intangible assets	-0.8	-1.1	-4.5	-4.2
Purchase of investments	0.0	0.2	-1.9	-2.0
Subsidiary shares sold	0.0	0.0	18.6	18.6
Investments in associated companies and joint ventures	-5.1	-1.9	-14.2	-17.4
Associated companies and joint ventures sold	1.0	0.0	0.0	1.0
Increase in loan receivable from associated companies and joint ventures	-4.6	0.1	-5.8	-10.5
Decrease in loan receivable from associated companies and joint ventures	0.0	0.0	4.6	4.6
Net cash used in investing activities	**-9.4**	**-2.7**	**-3.1**	**-9.9**
Cash flow from financing activities				
Proceeds from loans	2.2	75.4	97.6	24.3
Repayment of loans	-0.6	-48.4	-86.7	-38.9
Hybrid bond intrests	-3.9	-3.9	-3.9	-3.9
Change in housing corporation loans	-1.2	17.1	22.2	3.9
Net change in short-term loans	2.0	18.0	22.0	6.0
Dividends paid	0.0	-3.6	-3.6	0.0
Repayment of lease liabilities [2]	-1.0	0.0	0.0	-1.0
Net cash flow from financing activities	**-2.5**	**54.7**	**47.5**	**-9.6**
Net change in cash and cash equivalents	**-32.3**	**3.3**	**69.9**	**34.3**
Cash and cash equivalents at the beginning of period	**93.1**	**23.5**	**23.5**	**93.0**
Effect of exchange rate changes in cash and cash equivalents	0.4	-0.1	-0.3	0.1
Cash and cash equivalents at the end of period	**61.1**	**26.8**	**93.1**	**127.4**

[1] The presentation of comparative data for the year 2018 has been changed for 'cash receipts from customers' and 'cash paid for suppliers and employees'. Advances received will be presented under 'cash receipts from customers'.
[2] Because of the IFRS16 Leases standard, lease payments are from 1 January 2019 presented under the item ‘Interest paid and other expenses from financial costs’, and the items ‘proceeds and repayment of lease liabilities' under cash flow from financing activities, instead of the item ‘cash paid to suppliers and employees’ under cash flow from operating activities. The comparison figures for 2018 have not been adjusted to conform to the IFRS16 standard.

5) Statement of changes in Group equity

	Equity attributable to the equity holders of the parent company								
	Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation diffe rences	Fair value reserve	Reitained earnings	**Total**	Non-cont-rolling interests	**Total equity**
1 January- 31 March 2019 (EUR million)									
Equity 1 January 2019	3.1	142.5	45.0	-12.9	0.0	58.7	**236.4**	-2.8	**233.6**
Comprehensive income for the review period	0.0	0.0	0.0	7.7	0.0	-0.4	**7.3**	0.8	**8.1**
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Costs related to share issue, tax	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-3.2	**-3.2**	0.0	**-3.2**
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Equity on 31 March 2019	3.1	142.5	45.0	-5.2	0.0	55.1	**240.5**	-2.0	**238.5**
1 January- 31 March 2018 (EUR million)									
Equity 31 December 2017	3.1	141.5	45.0	-0.1	-1.1	96.6	**285.0**	-1.6	**283.4**
Change in accounting principles (IFRS 9)	0.0	0.0	0.0	0.0	1.1	-1.1	**0.0**	0.0	**0.0**
Equity 1 January 2018	3.1	141.5	45.0	-0.1	0.0	95.5	**285.0**	-1.6	**283.4**
Comprehensive income for the review period	0.0	0.0	0.0	-1.4	0.0	-10.5	**-11.9**	-0.2	**-12.1**
Dividends paid	0.0	0.0	0.0	0.0	0.0	-3.6	**-3.6**	0.0	**-3.6**
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Costs related to share issue, tax	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-3.2	**-3.2**	0.0	**-3.2**
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Equity on 31 March 2018	3.1	141.5	45.0	-1.5	0.0	78.4	**266.4**	-1.9	**264.6**
1 January- 31 December 2018 (EUR million)									
Equity 31 December 2017	3.1	141.5	45.0	-0.1	-1.1	96.6	**285.0**	-1.6	**283.4**
Change in accounting principles (IFRS 9)	0.0	0.0	0.0	0.0	1.1	-1.1	**0.0**	0.0	**0.0**
Equity 1 January 2018	3.1	141.5	45.0	-0.1	0.0	95.5	**285.0**	-1.6	**283.4**
Comprehensive income for the review period	0.0	0.0	0.0	-12.8	0.0	-30.1	**-42.9**	-1.1	**-44.0**
Dividends paid	0.0	0.0	0.0	0.0	0.0	-3.6	**-3.6**	0.0	**-3.6**
Share-based incentive plan	0.0	1.0	0.0	0.0	0.0	0.0	**1.0**	0.0	**1.0**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Costs related to share issue, tax	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-3.2	**-3.2**	0.0	**-3.2**
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Equity on 31 December 2018	3.1	142.5	45.0	-12.9	0.0	58.7	**236.4**	-2.8	**233.6**

6) Group commitments and contingent liabilities (EUR million)	**31.3.19**	**31.3.18**	change **%**	**31.12.18**
Collateral given for own liabilities				
Real estate mortgages given [1)]	**84.9**	90.3	-5.9	82.3
Other commitments				
Investment commitments given	**58.0**	77.1	-24.8	67.5
Plots purchase commitments	**47.8**	54.1	-11.7	47.8

[1)] Real estate mortgages include the total amount of mortgages given as collateral for developer contracting housing production against the housing corporation loans of uncompleted and unsold completed projects.

Liability of derivative instruments (EUR million)	**3/2019** Fair value		**3/2018** Fair value		**12/2018** Fair value	
	Posit.	Negat.	Posit.	Negat.	Posit.	Negat.
Hedge accounting not applied						
Currency option	0.0	0.0	0.3	0.0	1.4	0.0
Interest rate swaps	0.0	8.5	0.0	5.8	0.0	6.7

	3/2019	**3/2018**	**12/2018**
Nominal values of derivative instruments			
Currency option	63.0	60.0	83.0
Interest rate swaps	100.0	100.0	100.0

7) Group and Segment Information

SRV Group's segments are Construction, Investments and Other operations and elimination.

Group and Segment information

Revenue EUR million	**1-3/ 2019**	1-3/ 2018	change, MEUR	change %	1-12/ 2018	Last 12 Months
Revenue recognition at a point in time						
Construction	**43.2**	20.1	23.1	115.1	139.2	162.3
Investments	**0.0**	0.0	0.0		0.0	0.0
Revenue recognition over time						
Construction	**177.2**	191.9	-14.7	-7.6	802.6	787.9
Investments	**0.9**	0.7	0.1	15.8	2.8	3.0
Other revenue						
Construction	**1.5**	2.9	-1.3	-47.1	13.6	12.2
Investments	**0.4**	0.4	0.0	-0.2	1.8	1.8
Other operations and eliminations	**-0.6**	-0.3	-0.4		-0.3	-0.7
Group, total	**222.6**	215.7	6.9	3.2	959.7	966.5

Operation profit EUR million	**1-3/ 2019**	1-3/ 2018	change, MEUR	change %	1-12/ 2018	Last 12 Months
Construction	**4.8**	-3.2	8.0		-13.4	-5.3
Investments	**0.1**	-5.6	5.6		-17.5	-11.9
Other operations and eliminations	**-1.6**	0.0	-1.6		11.1	9.5
Group, total	**3.3**	-8.8	12.1		-19.8	-7.7

Operating profit, %	**1-3/ 2019**	1-3/ 2018	1-12/ 2018	Last 12 Months
Construction	**2.2**	-1.5	-1.4	-0.6
Investments[2)]	**-**	-	-	-
Group, total	**1.5**	-4.1	-2.1	-0.8

[2)] It is not adequete to present operative profit margin in investments segment, as profit is not generally generated through revenue.

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Assets EUR million	**31.3.2019**	31.3.2018	change MEUR	change, %	31.12.2018
Construction	**667.0**	567.8	99.2	17.5	519.7
Investments	**361.9**	336.6	25.3	7.5	345.1
Other operations and eliminations	**70.2**	23.3	46.9		82.2
Group, total	**1,099.1**	927.7	171.4	18.5	947.0

Non-interest-bearing liabilities EUR million	**31.3.2019**	31.3.2018	change MEUR	change, %	31.12.2018
Construction	**273.8**	251.2	22.6	9.0	298.3
Investments	**9.5**	8.7	0.8	8.9	8.4
Other operations and eliminations	**23.9**	17.9	6.1	34.0	29.4
Group, total	**307.2**	277.7	29.5	10.6	336.1

Capital Employed EUR million	**31.3.2019**	31.3.2018	change MEUR	change, %	31.12.2018
Construction	**393.3**	316.7	76.6	24.2	221.4
Investments	**352.4**	327.9	24.6	7.5	336.8
Other operations and eliminations	**46.2**	5.5	40.8		52.8
Group, total	**791.9**	650.0	141.9	21.8	611.0

Return on investment EUR million	**31.3.2019**	31.3.2018	change MEUR	change, %	31.12.2018
Construction	**5.1**	-2.8	7.8		-11.7
Investments	**3.9**	-5.3	9.2		-17.6
Group	**7.3**	-8.2	15.4		-17.7

Return on investment %	**31.3.2019**	31.3.2018	31.12.2018
Construction	**6.6**	-3.6	-4.5
Investment	**4.5**	-6.4	-5.2
Group	**4.1**	-5.2	-2.9

8) Inventories EUR million	**31.3.2019**	31.3.2018	change MEUR	31.12.2018
Land areas and plot-owning companies	**147.6**	167.1	-19.5	145.3
Construction	**81.3**	105.3	-24.0	81.9
Investments	**66.0**	61.6	4.4	63.2
Work in progress	**251.5**	230.1	21.5	261.2
Construction	**251.5**	230.1	21.5	261.2
Shares in completed housing corporations and real estate companies	**32.3**	25.5	6.8	25.1
Construction	**27.8**	20.9	6.9	20.7
Investments	**4.4**	4.6	-0.2	4.4
Other inventories	**167.3**	10.4	156.9	6.6
Construction	**166.0**	10.4	155.6	6.6
Investments	**1.3**	0.0	1.3	0.0
Inventories, total	**598.7**	433.1	165.6	438.2
Construction	**526.7**	366.6	160.1	370.3
Investments	**71.7**	66.2	5.5	67.6

9) Related party transactions

EUR million	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
31.3.19						
Management and the Board of Directors	0.5	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	11.1	0.0	0.2	32.8	0.0
Associated companies	0.0	0.5	0.0	0.8	56.2	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.5**	**11.6**	**0.0**	**1.0**	**89.0**	**0.0**

31.3.18	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
Management and the Board of Directors	0.5	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	31.1	0.0	0.1	19.5	0.0
Associated companies	0.0	0.8	0.0	0.8	54.5	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.5**	**31.9**	**0.0**	**0.9**	**73.9**	**0.0**

31.12.18	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
Management and the Board of Directors	2.5	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	119.3	0.0	0.8	32.4	0.0
Associated companies	0.0	2.9	0.0	3.3	52.9	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	**2.5**	**122.2**	**0.0**	**4.1**	**85.3**	**0.0**