

## Showing resilience

Consti's Q2 results beat our estimates for both net sales and EBIT. The company showed resilience in a tough market as the Building Technology and Public Sector business areas delivered even stronger growth than expected. Despite positive results for Q2, the market continues to be challenging for the rest of the year.

### Impressive volume development in a challenging market

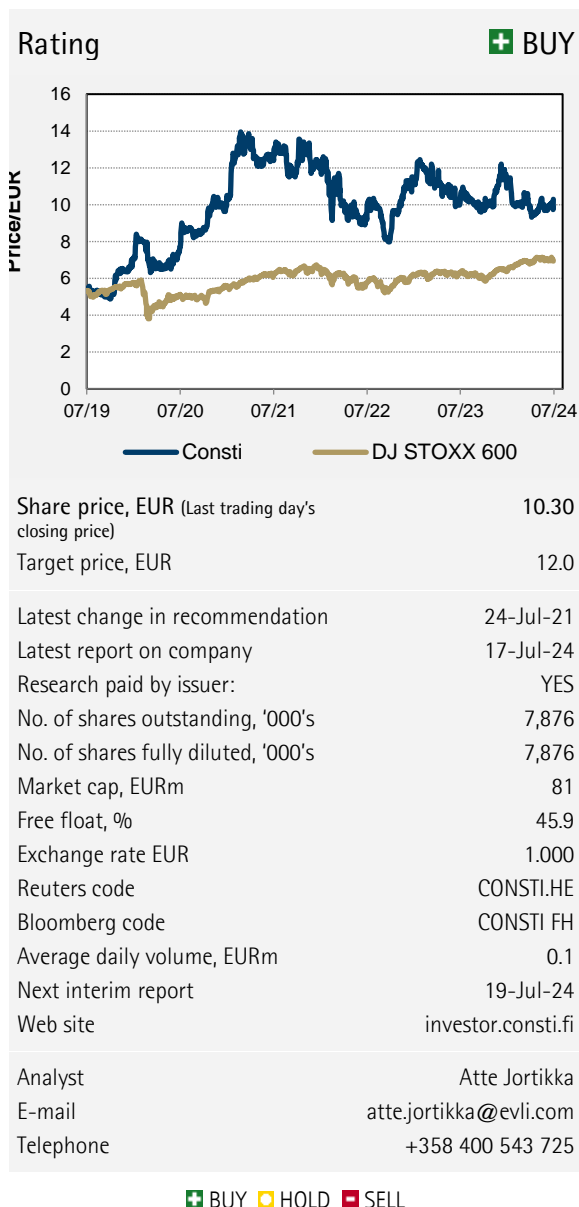
Consti's net sales in Q2 beat our estimates at EUR 82.9m (EUR 75.7m in Q2/23, EUR 75.9m Evli est.), as we expected only slight growth. Growth was even stronger than expected in Public Sector and Building Technology business areas which grew 42.5% and 58.7% respectively. The order backlog at the end of Q2 was EUR 261.2m (EUR 297.9m in Q2/23), down by 12.3% y/y. Order intake was EUR 90.8m in Q2 (Q2/23: EUR 106.5m). While order backlog and intake fell y/y, the company is satisfied with the total number and quality of orders received.

### Expecting sales decline for Q3 driven by tough comparison

While net sales growth was strong in Q2, we expect net sales to decline in Q3 y/y driven by tough comparison period Q3/23. For different business areas, we estimate Housing Companies to turn to growth during H2 while we see the Public Sector slowing down vs. the tough comparison of H2/23. We estimate the current strong backlog in Building Technology to continue to deliver growth in H2. For Corporations, we expect relatively flat sales for H2 while for Q3 we estimate a slight net sales decline due to the challenging comparison period. We expect profitability to decline y/y partly due to the gain recognized on the sale of Consti's property-related relining business in Q3/23 and partly due to the nature of the company's current project portfolio. All in all, we model practically flat net sales for FY 2024E at EUR 322.2m and EBIT at EUR 10.6m (EUR 12.3m in 2023) with a margin of 3.3% (3.9% in 2023).

### BUY with a TP of EUR 12.0

With only minor estimate changes, the valuation remains undemanding. Consti is priced at 10-8x P/E and 7-6x EV/EBIT on our estimates for 2024-2025E.



## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	305.2	11.5	3.8%	15.2	1.10	10.2	0.3	7.9	17.6	0.60
2023	320.6	12.3	3.9%	8.6	1.16	9.8	0.3	7.1	9.7	0.70
2024E	322.2	10.6	3.3%	7.1	0.98	10.5	0.2	7.4	8.8	0.59
2025E	339.3	13.1	3.9%	8.7	1.25	8.3	0.2	5.7	10.7	0.75
2026E	352.2	14.8	4.2%	8.9	1.43	7.2	0.2	4.8	11.0	0.86
Market cap, EURm				81	Gearing 2024E, %			-6.0	CAGR EPS 2023-26, %	7.4
Net debt 2024E, EURm				-3	Price/book 2024E			1.9	CAGR sales 2023-26, %	3.2
Enterprise value, EURm				79	Dividend yield 2024E, %			5.7	ROE 2024E, %	18.3
Total assets 2024E, EURm				122	Tax rate 2024E, %			20.0	ROCE 2024E, %	17.4
Goodwill 2024E, EURm				49	Equity ratio 2024E, %			35.5	PEG, P/E 24/CAGR	0.7

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

Table 1: Estimate summary

Consti	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E
Housing Companies	104.0	20.4	27.3	29.5	25.2	102.4	15.2	22.5	29.5	27.7	95.0	98.8
Corporations	104.9	26.3	25.6	32.1	28.1	112.2	20.2	25.5	28.1	30.9	104.7	113.1
Public Sector	42.1	9.9	10.0	14.7	19.8	54.3	16.0	14.2	9.5	11.9	51.6	52.6
Building Technology	69.1	14.8	16.2	17.9	16.9	65.7	18.0	25.7	21.5	21.9	87.1	89.7
Eliminations	-14.9	-2.4	-3.4	-4.3	-3.9	-14.0	-3.9	-5.1	-3.5	-3.7	-16.2	-14.9
<b>Net sales</b>	<b>305.2</b>	<b>68.9</b>	<b>75.7</b>	<b>89.9</b>	<b>86.1</b>	<b>320.6</b>	<b>65.5</b>	<b>82.9</b>	<b>85.1</b>	<b>88.7</b>	<b>322.2</b>	<b>339.3</b>
<i>change, %</i>	<i>5.7%</i>	<i>15.2%</i>	<i>3.6%</i>	<i>13.8%</i>	<i>-7.8%</i>	<i>5.0%</i>	<i>-4.9%</i>	<i>9.4%</i>	<i>-5.3%</i>	<i>3.1%</i>	<i>0.5%</i>	<i>5.3%</i>
<b>Operating profit</b>	<b>11.5</b>	<b>0.7</b>	<b>3.0</b>	<b>4.8</b>	<b>3.9</b>	<b>12.3</b>	<b>0.2</b>	<b>3.0</b>	<b>3.2</b>	<b>4.2</b>	<b>10.6</b>	<b>13.1</b>
<i>-margin, %</i>	<i>3.8%</i>	<i>1.0%</i>	<i>4.0%</i>	<i>5.3%</i>	<i>4.5%</i>	<i>3.9%</i>	<i>0.3%</i>	<i>3.6%</i>	<i>3.8%</i>	<i>4.7%</i>	<i>3.3%</i>	<i>3.9%</i>
<b>Adj. Op. profit</b>	<b>11.5</b>	<b>0.7</b>	<b>3.0</b>	<b>4.8</b>	<b>3.9</b>	<b>12.3</b>	<b>0.2</b>	<b>3.0</b>	<b>3.2</b>	<b>4.2</b>	<b>10.6</b>	<b>13.1</b>
<i>-margin, %</i>	<i>3.8%</i>	<i>1.0%</i>	<i>4.0%</i>	<i>5.3%</i>	<i>4.5%</i>	<i>3.9%</i>	<i>0.3%</i>	<i>3.6%</i>	<i>3.8%</i>	<i>4.7%</i>	<i>3.3%</i>	<i>3.9%</i>
Net financials	-1.0	-0.3	-0.3	-0.2	-0.2	-1.0	-0.3	-0.3	-0.2	-0.2	-1.0	-0.8
<b>Pre-tax profit</b>	<b>10.4</b>	<b>0.4</b>	<b>2.8</b>	<b>4.5</b>	<b>3.7</b>	<b>11.4</b>	<b>0.0</b>	<b>2.7</b>	<b>3.0</b>	<b>4.0</b>	<b>9.7</b>	<b>12.3</b>
Income taxes	-1.9	-0.1	-0.6	-0.9	-0.8	-2.4	0.0	-0.5	-0.6	-0.8	-1.9	-2.5
<b>Net earnings</b>	<b>8.5</b>	<b>0.3</b>	<b>2.2</b>	<b>3.6</b>	<b>2.9</b>	<b>9.0</b>	<b>0.0</b>	<b>2.1</b>	<b>2.4</b>	<b>3.2</b>	<b>7.7</b>	<b>9.8</b>

Source: Consti, Evli Research estimates

Expecting slight sales decline for H2/24

With our updated estimates for 2024E, we estimate practically flat sales at EUR 322.2m (EUR 320.6m 2023) and EBIT of EUR 10.6m (EUR 12.3m 2023) with a margin of 3.3% (3.9%). Consti kept its guidance unchanged as it estimates that its operating result for 2024 will be in the range of EUR 9-12 million. Therefore, our updated estimate is slightly above the middle point of the guidance range. Our interest during H2 remains on the order intake as slowness in the new construction market continues to increase competition and Consti has had to allocate resources in tendering and negotiation activities to secure order backlog. Despite the increased competition, Consti has continued its disciplined tendering to secure project margins. Considering these factors, an order intake of EUR 90.8 million in the quarter, 14.8% off the pace achieved in Q2/23, can be viewed as a solid performance. Despite this, failing to secure projects during H2 would naturally affect net sales negatively. In absolute terms a slightly smaller share of June 2024 order backlog to be recognized in revenue within the next six months compared to June 2023 backlog.

Table 2: Peer group

Company name	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
YIT	534	23.0x	17.0x	12.3x	52.4x	22.8x	15.3x		80.3x	16.1x
SRV Yhtiot	86	12.0x	8.4x	6.1x	18.1x	11.3x	7.7x	19.6x	8.8x	5.1x
Skanska	7424	10.3x	9.4x	9.0x	13.3x	11.7x	10.9x	13.8x	12.3x	11.6x
NCC	1382	7.1x	7.1x	7.0x	12.2x	11.8x	11.4x	11.8x	11.2x	10.8x
Peab	1921	10.3x	9.7x	8.9x	17.1x	15.9x	14.1x	15.1x	13.6x	11.8x
JM AB	1177	42.1x	31.2x	21.4x	38.0x	31.2x	21.4x	38.9x	22.8x	14.4x
Veidekke	1394							13.7x	12.9x	12.3x
Bravida Holding	1557	9.8x	8.7x	8.2x	13.7x	11.4x	10.7x	15.8x	12.7x	11.6x
MITIE Group	1860	6.4x	6.0x	5.6x	8.0x	7.4x	6.9x	10.8x	10.0x	9.2x
ISS A/S	3080	6.0x	5.7x	5.5x	8.2x	7.6x	7.3x	8.4x	7.4x	6.6x
Bilfinger	1934	5.3x	4.7x	4.3x	7.5x	6.3x	5.7x	12.1x	10.2x	9.0x
Instalco	1181	13.1x	12.0x	11.1x	20.8x	17.9x	15.7x	23.5x	18.7x	15.7x
Peer Group Average	1961	<b>13.2x</b>	<b>10.9x</b>	<b>9.0x</b>	<b>19.0x</b>	<b>14.1x</b>	<b>11.5x</b>	<b>16.7x</b>	<b>18.4x</b>	<b>11.2x</b>
Peer Group Median	1475	<b>10.3x</b>	<b>8.7x</b>	<b>8.2x</b>	<b>13.7x</b>	<b>11.7x</b>	<b>10.9x</b>	<b>13.8x</b>	<b>12.5x</b>	<b>11.6x</b>
Consti (Evli est.)	<b>78</b>	<b>5.5x</b>	<b>4.4x</b>	<b>3.7x</b>	<b>7.4x</b>	<b>5.7x</b>	<b>4.8x</b>	<b>10.5x</b>	<b>8.3x</b>	<b>7.2x</b>

Consti prem./disc. to peer median

-46 % -49 % -54 % -46 % -52 % -56 % -24 % -34 % -38 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.30 PV of Free Cash Flow	90 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	20.92 PV of Horizon value	79 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	103.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	22.3 Marketable securities	21 Minimum WACC, %	8.7 Equity beta coefficient	1.15
Minimum value	19.7 Debt - dividend	-26 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	46.8 Value of stock	165 Nr of shares, Mn	7.9 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	321	322	339	352	361	366	372	377	383	389	393	397
<i>Sales growth, %</i>	<i>5.0</i>	<i>0.5</i>	<i>5.3</i>	<i>3.8</i>	<i>2.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	12	11	13	15	15	15	13	13	13	14	14	14
<i>Operating income margin, %</i>	<i>3.9</i>	<i>3.3</i>	<i>3.9</i>	<i>4.2</i>	<i>4.2</i>	<i>4.0</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>
+ Depreciation+amort.	4	4	4	4	5	5	5	5	5	5	5	6
EBITDA	16	14	17	19	20	20	18	18	19	19	19	
- Paid taxes	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	1	0	0	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.6</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	
<i>opCAPEX / Sales, %</i>	<i>1.5</i>	<i>1.3</i>	<i>1.4</i>	<i>1.6</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	13	11	12	13	15	15	14	14	14	15	15	181
= Discounted FCFF		10	11	10	11	10	9	8	7	7	6	79
= DFCF min WACC		10	11	10	11	10	9	8	8	7	7	88
= DFCF max WACC		10	11	10	11	10	8	8	7	7	6	72

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	68.9	75.7	89.9	86.1	320.6	65.5	82.9	85.1	88.7	322.2	339.3	352.2
EBITDA	1.5	3.9	5.7	4.8	16.1	1.3	3.9	4.1	5.1	14.2	17.0	19.1
<i>EBITDA margin (%)</i>	<i>2.1</i>	<i>5.2</i>	<i>6.3</i>	<i>5.6</i>	<i>5.0</i>	<i>2.0</i>	<i>4.7</i>	<i>4.9</i>	<i>5.7</i>	<i>4.4</i>	<i>5.0</i>	<i>5.4</i>
EBIT	0.7	3.0	4.8	3.9	12.3	0.2	3.0	3.2	4.2	10.6	13.1	14.8
<i>EBIT margin (%)</i>	<i>1.0</i>	<i>4.0</i>	<i>5.3</i>	<i>4.5</i>	<i>3.9</i>	<i>0.3</i>	<i>3.6</i>	<i>3.8</i>	<i>4.7</i>	<i>3.3</i>	<i>3.9</i>	<i>4.2</i>
Net financial items	-0.3	-0.3	-0.2	-0.2	-1.0	-0.3	-0.3	-0.2	-0.2	-1.0	-0.8	-0.7
Pre-tax profit	0.4	2.8	4.5	3.7	11.4	0.0	2.7	3.0	4.0	9.7	12.3	14.1
Tax	-0.1	-0.6	-0.9	-0.8	-2.4	0.0	-0.5	-0.6	-0.8	-1.9	-2.5	-2.8
<i>Tax rate (%)</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>22.2</i>	<i>20.7</i>	<i>20.9</i>	<i>19.9</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.3	2.2	3.6	2.9	9.0	0.0	2.2	2.4	3.2	7.7	9.8	11.3
EPS	0.04	0.28	0.47	0.37	1.16	0.00	0.27	0.31	0.40	0.98	1.25	1.43
EPS adjusted (diluted no. of shares)	0.04	0.28	0.47	0.37	1.16	0.00	0.27	0.31	0.40	0.98	1.25	1.43
Dividend per share	0.00	0.00	0.00	0.00	0.70	0.00	0.00	0.00	0.00	0.59	0.75	0.86
<b>SALES, EURm</b>												
Housing Companies	20.4	27.3	29.5	25.2	102.4	15.2	22.5	29.5	27.7	95.0	98.8	100.8
Corporations	26.3	25.6	32.1	28.1	112.2	20.2	25.5	28.1	30.9	104.7	113.1	116.5
Public Sector	9.9	10.0	14.7	19.8	54.3	16.0	14.2	9.5	11.9	51.6	52.6	55.2
Building Technology	14.8	16.2	17.9	16.9	65.7	18.0	25.7	21.5	21.9	87.1	89.7	95.1
Elimination	-2.4	-3.4	-4.3	-3.9	-14.0	-3.9	-5.1	-3.5	-3.7	-16.2	-14.9	-15.4
<b>Total</b>	<b>68.9</b>	<b>75.7</b>	<b>89.9</b>	<b>86.1</b>	<b>320.6</b>	<b>65.5</b>	<b>82.9</b>	<b>85.1</b>	<b>88.7</b>	<b>322.2</b>	<b>339.3</b>	<b>352.2</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Housing Companies</i>	<i>30.9</i>	<i>7.6</i>	<i>-3.5</i>	<i>-22.3</i>	<i>-1.5</i>	<i>-25.3</i>	<i>-17.4</i>	<i>0.0</i>	<i>10.0</i>	<i>-7.2</i>	<i>4.0</i>	<i>2.0</i>
<i>Corporations</i>	<i>30.3</i>	<i>5.7</i>	<i>20.4</i>	<i>-16.8</i>	<i>6.9</i>	<i>-23.1</i>	<i>-0.6</i>	<i>-12.5</i>	<i>10.0</i>	<i>-6.6</i>	<i>8.0</i>	<i>3.0</i>
<i>Public Sector</i>	<i>-9.9</i>	<i>6.2</i>	<i>56.1</i>	<i>59.4</i>	<i>28.8</i>	<i>62.0</i>	<i>42.5</i>	<i>-35.0</i>	<i>-40.0</i>	<i>-5.0</i>	<i>2.0</i>	<i>5.0</i>
<i>Building Technology</i>	<i>-7.9</i>	<i>-8.4</i>	<i>9.9</i>	<i>-11.7</i>	<i>-4.9</i>	<i>21.8</i>	<i>58.7</i>	<i>20.0</i>	<i>30.0</i>	<i>32.5</i>	<i>3.0</i>	<i>6.0</i>
<i>Elimination</i>	<i>-16.7</i>	<i>-6.6</i>	<i>9.2</i>	<i>-12.3</i>	<i>-6.1</i>	<i>59.9</i>	<i>51.0</i>	<i>-18.3</i>	<i>-4.4</i>	<i>15.8</i>	<i>-8.2</i>	<i>3.8</i>
<b>Total</b>	<b>15.2</b>	<b>3.6</b>	<b>13.8</b>	<b>-7.7</b>	<b>5.0</b>	<b>-4.9</b>	<b>9.4</b>	<b>-5.3</b>	<b>3.1</b>	<b>0.5</b>	<b>5.3</b>	<b>3.8</b>
<b>EBIT, EURm</b>												
Group	0.7	3.0	4.8	3.9	12.3	0.2	3.0	3.2	4.2	10.6	13.1	14.8
Total	0.7	3.0	4.8	3.9	12.3	0.2	3.0	3.2	4.2	10.6	13.1	14.8
<b>EBIT margin, %</b>												
<b>Total</b>	<b>1.0</b>	<b>4.0</b>	<b>5.3</b>	<b>4.5</b>	<b>3.9</b>	<b>0.3</b>	<b>3.6</b>	<b>3.8</b>	<b>4.7</b>	<b>3.3</b>	<b>3.9</b>	<b>4.2</b>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	314.8	274.6	288.8	305.2	320.6	322.2	339.3	352.2
<i>Sales growth (%)</i>	-0.3	-12.8	5.1	5.7	5.0	0.5	5.3	3.8
EBITDA	8.1	11.4	9.2	15.0	16.1	14.2	17.0	19.1
<i>EBITDA margin (%)</i>	2.6	4.2	3.2	4.9	5.0	4.4	5.0	5.4
Depreciation	-3.5	-3.2	-3.5	-3.5	-3.7	-3.6	-3.9	-4.3
EBITA	4.6	8.2	5.7	11.5	12.3	10.6	13.1	14.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.6	8.2	5.7	11.5	12.3	10.6	13.1	14.8
<i>EBIT margin (%)</i>	1.5	3.0	2.0	3.8	3.9	3.3	3.9	4.2
Reported EBIT	4.6	8.2	5.7	11.5	12.3	10.6	13.1	14.8
<i>EBIT margin (reported) (%)</i>	1.5	3.0	2.0	3.8	3.9	3.3	3.9	4.2
Net financials	-1.2	-1.0	-1.1	-1.0	-1.0	-1.0	-0.8	-0.7
Pre-tax profit	3.4	7.2	4.6	10.4	11.4	9.7	12.3	14.1
Taxes	-0.7	-1.6	-0.9	-1.9	-2.4	-1.9	-2.5	-2.8
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.5	5.6	3.7	8.5	9.0	7.7	9.8	11.3
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	4	3	3	4	5	5	5	6
Goodwill	49	49	50	50	49	49	49	49
Right of use assets	3	2	6	4	5	6	6	6
Inventory	1	1	1	1	1	1	1	1
Receivables	50	49	41	44	41	41	44	48
Liquid funds	10	24	18	21	21	21	22	23
Total assets	117	129	119	123	121	122	128	133
Liabilities								
Shareholder's equity	26	30	32	36	41	43	49	54
Minority interest	0	0	0	0	0	0	0	0
Convertibles	3	3	0	0	0	0	0	0
Lease liabilities	4	2	5	4	5	6	6	6
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	25	27	27	20	15	13	10	7
Non-interest bearing current liabilities	56	63	52	60	57	57	60	63
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	117	129	119	123	121	122	128	133
<b>CASH FLOW, EURm</b>								
+ EBITDA	8	11	9	15	16	14	17	19
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	0	-1	-1	1	-2	-2	-2	-3
- Increase in Net Working Capital	-3	8	-3	4	1	0	0	-1
+/- Other	0	0	1	-2	0	0	0	0
= Cash flow from operations	4	18	5	17	13	11	13	14
- Capex	-4	-3	-7	-2	-5	-4	-5	-5
- Acquisitions	0	0	-1	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	15	-3	15	9	7	9	9
+/- New issues/buybacks	0	0	1	-1	1	0	0	0
- Paid dividend	0	-1	-3	-4	-5	-5	-5	-6
+/- Other	6	0	-1	-8	-4	-2	-3	-2
Change in cash	7	14	-6	3	0	0	1	1

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	79	95	86	88	81	81	81
Net debt (excl. convertibles)	5	14	4	-1	-3	-7	-10
Enterprise value	87	109	90	88	79	74	71
Sales	275	289	305	321	322	339	352
EBITDA	11	9	15	16	14	17	19
EBIT	8	6	11	12	11	13	15
Pre-tax	7	5	10	11	10	12	14
Earnings	6	4	8	9	8	10	11
Equity book value (excl. minorities)	30	32	36	41	43	49	54
<b>Valuation multiples</b>							
EV/sales	0.3	0.4	0.3	0.3	0.2	0.2	0.2
EV/EBITDA	7.6	11.9	6.0	5.4	5.5	4.4	3.7
EV/EBITA	10.6	19.1	7.9	7.1	7.4	5.7	4.8
EV/EBIT	10.6	19.1	7.9	7.1	7.4	5.7	4.8
EV/OCF	4.9	23.3	5.2	6.5	6.9	5.5	5.0
EV/FCFF	5.2	32.9	5.2	6.9	7.3	6.0	5.7
P/FCFE	5.2	-30.6	5.7	10.3	11.4	9.4	9.1
P/E	14.2	25.9	10.2	9.8	10.5	8.3	7.2
P/B	2.6	3.0	2.4	2.2	1.9	1.7	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.5	5.2	4.4
Target EV/EBIT	0.0	0.0	0.0	0.0	8.7	6.7	5.7
Target EV/FCF	0.0	0.0	0.0	0.0	12.9	10.1	9.5
Target P/B	0.0	0.0	0.0	0.0	2.2	1.9	1.8
Target P/E	0.0	0.0	0.0	0.0	12.2	9.6	8.4
<b>Per share measures</b>							
Number of shares	7,858	7,858	7,735	7,794	7,876	7,876	7,876
Number of shares (diluted)	7,858	7,858	7,735	7,794	7,876	7,876	7,876
EPS	0.71	0.47	1.10	1.16	0.98	1.25	1.43
Operating cash flow per share	2.27	0.60	2.25	1.73	1.45	1.71	1.83
Free cash flow per share	1.93	-0.40	1.96	1.10	0.90	1.10	1.13
Book value per share	3.87	4.08	4.68	5.27	5.51	6.17	6.85
Dividend per share	0.40	0.45	0.60	0.70	0.59	0.75	0.86
Dividend payout ratio, %	56.3	96.4	54.6	60.5	60.0	60.0	60.0
Dividend yield, %	4.0	3.7	5.4	6.2	5.7	7.3	8.4
FCF yield, %	19.2	-3.3	17.6	9.7	8.8	10.7	11.0
<b>Efficiency measures</b>							
ROE	19.7	11.8	24.9	23.3	18.3	21.3	22.0
ROCE	13.7	9.1	18.4	20.3	17.4	20.9	22.7
<b>Financial ratios</b>							
Inventories as % of sales	0.2	0.3	0.3	0.2	0.2	0.2	0.2
Receivables as % of sales	17.9	14.3	14.4	12.7	12.7	13.0	13.5
Non-interest bearing liabilities as % of sales	23.1	18.0	19.6	17.8	17.8	17.8	17.8
NWC/sales, %	-4.9	-3.4	-4.9	-4.9	-4.9	-4.6	-4.1
Operative CAPEX/sales, %	1.0	2.4	0.7	1.5	1.3	1.4	1.6
CAPEX/sales (incl. acquisitions), %	1.0	2.0	0.7	1.5	1.3	1.4	1.6
FCFF/EBITDA	1.5	0.4	1.1	0.8	0.8	0.7	0.7
Net debt/EBITDA, book-weighted	0.4	1.5	0.3	-0.1	-0.2	-0.4	-0.5
Debt/equity, market-weighted	0.3	0.3	0.2	0.2	0.2	0.1	0.1
Equity ratio, book-weighted	26.1	26.9	29.4	33.9	35.5	38.1	40.5
Gearing, %	14.1	44.1	10.7	-2.3	-6.0	-13.7	-18.0

**COMPANY DESCRIPTION:** Consti is one of the leading renovation and technical service companies in Finland. Consti has a comprehensive service offering covering technical building services, residential pipeline renovation, renovation contracting, building facade repair and maintenance, and other renovation and technical services for residential and non-residential properties. Consti was established in 2008 to meet the growing need for repair and construction work.

**INVESTMENT CASE:** Consti should seek to maintain the achieved healthier levels of profitability after a period of weaker profitability during previous 2017-2019 driven by a number of weak margin projects. The backlog is still at healthy levels which supports near-term development. The long-term market outlook remains favourable due to among other things a large aging building stock, and the renovation market is expected to see steady low single-digit growth.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lujatalo Oy	810,000	8.343	10.3%
Heikintorppa Oy	750,000	7.725	9.5%
Wipunen Varainhallinta Oy	750,000	7.725	9.5%
Fennia Life Insurance Company Ltd	519,970	5.356	6.6%
Korkeela Esa Sakari	477,931	4.923	6.1%
Kivi Risto Juhani	392,354	4.041	5.0%
Kalevo Markku	298,967	3.079	3.8%
Varma Mutual Pension Insurance Company	172,000	1.772	2.2%
Drumbo Oy	150,000	1.545	1.9%
Erikoissijoitusrahasto Aktia Mikro Markka	117,678	1.212	1.5%
Ten largest	4,438,900	45.721	56%
Residual	3,436,639	35.397	44%
Total	7,875,539	81.118	100%

**EARNINGS CALENDAR**

October 25, 2024

Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

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Hopeatie 2, 6. krs, 00440 Helsinki, Finland

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IR: Ismo Heikkilä



## DEFINITIONS

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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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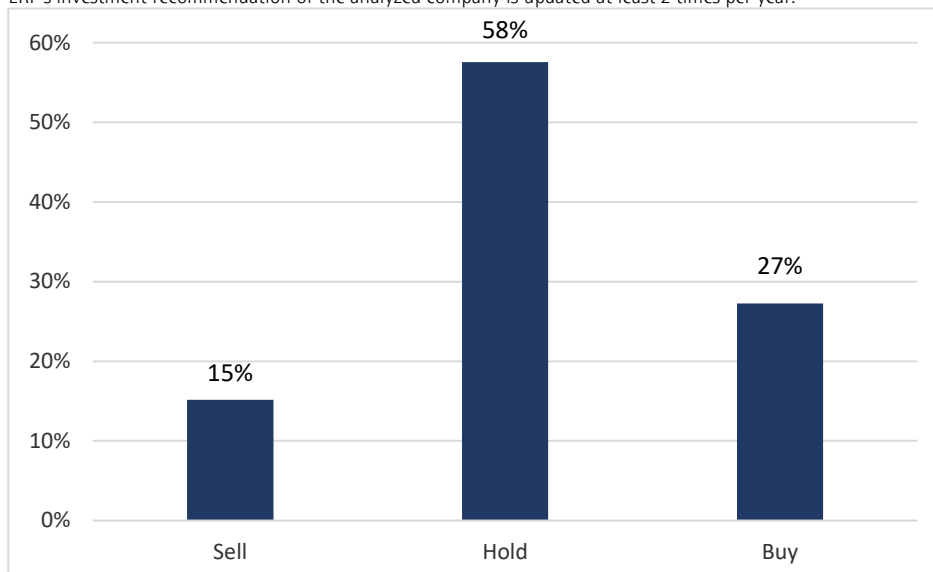
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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