

Market headwinds remain

Consti's Q3/24 figures were in line with our estimates. The company keeps delivering steady results in a tough market. Despite some volume growth expected for Finnish renovation market in 2025E, the market remains challenging in the short-term.

Results in line, backlog at a good level in Q3

Consti's net sales in Q3 were EUR 86.0m (EUR 89.9m in Q3/23), only slightly above our estimates (EUR 85.1m). Sales declined 4.3% y/y against a tough comparison period. On segment level, Public Sector developed better than we expected while for example Housing Companies and Corporations were softer than we estimated. Operating profit in Q3 amounted to EUR 3.4m (EUR 4.8m in Q3/23), in line with our estimate (EUR 3.4m) at a margin of 3.9% (Q3/23: 5.3%, Evli: 4.0%). The comparison period was tough as it was helped by a gain recognized on a business sale (EUR 1m positive effect). Overall, there were no large surprises in the cost base. The order backlog at the end of Q3 was EUR 250.4m (EUR 247.3m in Q3/23), growing 1.3% y/y. Order intake was EUR 64.8m in Q3 (Q3/23: EUR 23.2m). Order intake was significantly stronger compared to last year and the order backlog stays at a good level. The order intake included some larger orders such as the installation of building technology systems to Laakso Joint Hospital (EUR 20m) and renovation of three rental apartment building in Helsinki for HEKA (EUR 22m).

Market still challenges on short to medium term

As we expected, Consti kept the guidance for 2024 unchanged and estimates that its EBIT for 2024 will be in the range of EUR 9–12m. After slight adjustments for Q4, we estimate net sales of EUR 323.7m and EBIT of EUR 10.3m for 2024E. Consti doesn't expect material improvements in the demand outlook for Q4. Going forward, market participants estimate slight volume growth in Finnish renovation market for 2025E. We have revised our growth estimates slightly down due to cautious market commentary from the company. We still expect slight revenue growth for 2025E as we forecast net sales to reach EUR 335m and EBIT EUR 11.9m at a margin of 3.5%. The challenging market conditions will likely still put pressure on achievable project margins in 2025E.

BUY with a TP of EUR 12.5 (prev. EUR 13.0)

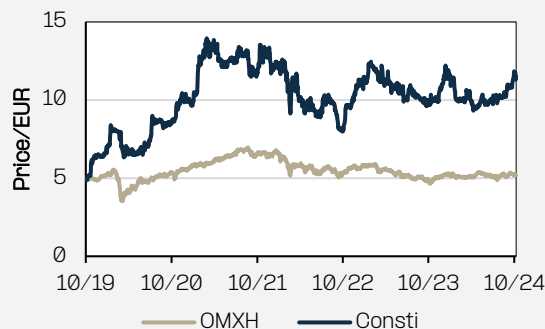
Due to the downward estimate revisions, we adjust our TP to EUR 12.5 (prev. EUR 13.0). Consti's valuation is still modest, with its full potential yet to be realized amidst difficult market conditions.

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	323.7	10.3	3.2%	6.8	0.93	12.2	0.3	8.5	7.6%	0.56
2025E	335.2	11.9	3.5%	7.3	1.10	10.3	0.3	7.1	8.2%	0.66
2026E	351.9	14.1	4.0%	8.3	1.33	8.5	0.2	5.8	9.3%	0.80
Market cap, EURm		90	Gearing 2024E, %			-5.3 %	CAGR EPS 2023–26, %			4.9 %
Net debt 2024E, EURm		-2	Price/book 2024E			2.1	CAGR Sales 2023–26, %			3.2 %
Enterprise value, EURm		88	Dividend yield 2024E, %			4.9 %	ROE 2024E, %			17.5 %
Total assets 2024E, EURm		123	Tax rate 2024E, %			20.0 %	ROCE 2024E, %			16.9 %
Goodwill 2024E, EURm		49	Equity ratio 2024E, %			35.1 %	PEG, P/E 24/CAGR			0.8

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

Rating ++ Buy



Share price, EUR (Last trading day's closing price)	11.35
Target price, EUR	12.5
Latest change in recommendation	24-Jul-21
Latest report on company	21-Oct-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	7 913
No. of shares fully diluted, '000's	7 913
Market cap, EURm	90
Free float, %	45.9 %
Exchange rate	1.0
Reuters code	CONSTI.HE
Bloomberg code	CONSTI FH
Average daily volume, EURm	
Next interim report	07-Feb-25
Web site	investor.consti.fi
Analyst	Atte Jortikka
E-mail	atte.jortikka@evli.com
Telephone	+358 400 543 725

++ BUY ◻ HOLD - SELL

Table 1: Peer group

Company name	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
YIT	550	21.1x	16.8x	11.8x	61.1x	24.9x	15.7x		334.0x	16.3x
SRV Yhtiot	87	13.2x	9.7x	6.6x	20.6x	13.7x	8.4x	57.1x	17.7x	5.9x
Skanska	7783	10.5x	9.4x	8.7x	13.4x	11.5x	10.4x	14.2x	12.2x	11.2x
NCC	1414	7.3x	7.2x	7.3x	12.2x	11.8x	11.6x	11.9x	11.2x	10.9x
Peab	1955	9.8x	9.3x	8.5x	16.9x	15.1x	13.3x	15.5x	13.3x	11.5x
JM AB	990	43.4x	30.6x	19.5x	41.0x	31.4x	19.5x	44.8x	21.4x	12.2x
Veidekke	1419							13.6x	13.0x	12.1x
Bravida Holding	1367	8.9x	7.9x	7.4x	12.5x	10.5x	9.7x	14.1x	11.4x	10.3x
MITIE Group	1790	6.3x	5.9x	5.5x	7.9x	7.3x	6.8x	10.5x	9.7x	8.9x
ISS A/S	3296	7.0x	6.6x	6.3x	9.5x	8.9x	8.4x	9.1x	8.0x	7.3x
Bilfinger	1657	4.6x	4.2x	3.9x	6.5x	5.7x	5.1x	10.2x	8.7x	7.7x
Instalco	778	10.1x	9.4x	8.5x	16.7x	14.5x	12.4x	16.0x	12.7x	10.5x
Peer Group Average	1924	12.9x	10.6x	8.5x	19.8x	14.1x	11.0x	19.7x	39.5x	10.4x
Peer Group Median	1417	9.8x	9.3x	7.4x	13.4x	11.8x	10.4x	14.1x	12.5x	10.7x
Consti (Evli est.)	90	6.3x	5.4x	4.4x	8.5x	7.1x	5.8x	12.2x	10.3x	8.5x
<i>Consti prem./disc. to peer median</i>		<i>-36 %</i>	<i>-42 %</i>	<i>-40 %</i>	<i>-37 %</i>	<i>-40 %</i>	<i>-44 %</i>	<i>-14 %</i>	<i>-17 %</i>	<i>-21 %</i>

Source FactSet, Evli Research

Valuation remains modest

Based on our updated estimates, the company is priced at 8–7x EV/EBIT for 2024–2025E, significantly below the peer group. We find such wide discount unwarranted given the company's strong cash flow generation and higher return metrics. The levels are also modest on absolute level considering the current market environment and estimated cycle–low Finnish renovation volumes in 2024. We base our valuation of Consti on the company's own historical multiple levels and relative peer group multiples, additionally our DCF implies a notable discount to fair value from the current price levels.

Slight estimate adjustments after Q3

Based on the latest estimate by The Confederation of Finnish Construction Industries RT, Finnish renovation construction volumes should turn to slight growth in 2025 followed by relatively strong volume decline during 2023–2024 (–7% and –4% respectively). The Finnish Association of HVAC Technical Contractors' sentiment survey shows a slight improvement, with indexes continuing to rise from their H2/23 lows in residential, non–residential, and public renovation construction sectors. The main drivers behind the improved market sentiment are the slowdown of construction cost inflation and decreasing interest rates. The company's management was slightly conservative regarding market comments and while some volume growth is predicted, we have adjusted our growth projections downwards for 2025E. The challenging market conditions will likely still keep competitive environment tight and put pressure to achievable project margins in 2025E. We now estimate net sales of EUR 335.2m and EBIT of EUR 11.9m for 2025E.

Table 2: Estimate summary

Consti	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24E	2024E	2025E
Housing Companies	104.0	20.4	27.3	29.5	25.2	102.4	15.2	22.5	26.7	25.2	89.6	92.3
Corporations	104.9	26.3	25.6	32.1	28.1	112.2	20.2	25.5	25.1	25.3	96.1	98.0
Public Sector	42.1	9.9	10.0	14.7	19.8	54.3	16.0	14.2	15.1	19.8	65.0	66.3
Building Technology	69.1	14.8	16.2	17.9	16.9	65.7	18.0	25.7	24.1	22.8	90.5	93.3
Eliminations	-14.9	-2.4	-3.4	-4.3	-3.9	-14.0	-3.9	-5.1	-4.8	-3.7	-17.5	-14.7
Net sales	305.2	68.9	75.7	89.9	86.1	320.6	65.5	82.9	86.1	89.3	323.7	335.2
<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>-4.3%</i>	<i>3.8%</i>	<i>1.0%</i>	<i>3.5%</i>
Operating profit	11.5	0.7	3.0	4.8	3.9	12.3	0.2	3.0	3.4	3.8	10.3	11.9
<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>3.9%</i>	<i>4.2%</i>	<i>3.2%</i>	<i>3.5%</i>
Adj. Op. profit	11.5	0.7	3.0	4.8	3.9	12.3	0.2	3.0	3.4	3.8	10.3	11.9
<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>3.9%</i>	<i>4.2%</i>	<i>3.2%</i>	<i>3.5%</i>
Net financials	-1.0	-0.3	-0.3	-0.2	-0.2	-1.0	-0.3	-0.3	-0.3	-0.3	-1.1	-1.0
Pre-tax profit	10.4	0.4	2.8	4.5	3.7	11.4	0.0	2.7	3.1	3.5	9.2	10.9
Income taxes	-1.9	-0.1	-0.6	-0.9	-0.8	-2.4	0.0	-0.5	-0.6	-0.7	-1.8	-2.2
Net earnings	8.5	0.3	2.2	3.6	2.9	9.0	0.0	2.1	2.5	2.8	7.4	8.7

Source: Consti, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	11.35 PV of Free Cash Flow	87 Long-term growth, %	1.0 % Risk-free interest rate, %
DCF share value	19.29 PV of Horizon value	70 WACC, %	9.2 % Market risk premium, %
Share price potential, %	70.0 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %
Maximum value	20.5 Marketable securities	21 Minimum WACC, %	8.7 % Equity beta coefficient
Minimum value	18.2 Debt – dividend	-26 Maximum WACC, %	9.7 % Target debt ratio, %
Horizon value, %	44.6 % Value of stock	153 No. of shares, Mn	7.9 Effective tax rate, %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TERMINAL
Net sales	321	324	335	352	361	366	372	377	383	389	393	396
Sales growth (%)	5.0%	1.0%	3.5%	5.0%	2.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.0%	1.0%
Operating income (EBIT)	12	10	12	14	15	15	13	13	13	12	12	12
Operating income margin %	3.9%	3.2%	3.5%	4.0%	4.2%	4.0%	3.5%	3.5%	3.5%	3.0%	3.0%	3.0%
+ Depreciation+amort.	4	4	4	4	5	5	5	5	5	5	6	
EBITDA	16	14	16	18	20	20	18	18	19	17	17	
- Paid taxes	-2	-2	-2	-3	-3	-3	-3	-3	-3	-2	-2	
- Change in NWC	1	0	-1	-1	-1	0	0	0	0	0	0	
NWC / Sales, %	-4.9%	-4.9%	-4.6%	-4.1%	-3.8%	-3.7%	-3.6%	-3.5%	-3.4%	-3.3%	-3.2%	
+ Change in other liabs	0											
- Operative CAPEX	-2	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	
opCAPEX / Sales, %	1.5%	1.3%	1.4%	1.6%	1.4%	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%	
- Acquisitions												
+ Divestments												
- Other items												
= FCFF	13	11	11	12	14	15	13	14	14	13	13	157
= Discounted FCFF		10	10	10	11	10	8	8	7	6	6	70
= DFCF min WACC		10	10	10	11	10	9	8	8	6	6	78
= DFCF max WACC		10	10	10	11	10	8	8	7	6	5	63

Sensitivity analysis, EUR

		Terminal WACC				
		7.17 %	8.17 %	9.17 %	10.17 %	11.17 %
Terminal EBIT-%	1.00 %	16.62	15.05	13.81	12.79	11.95
	2.00 %	20.92	18.45	16.55	15.04	13.81
	3.00 %	25.22	21.84	19.29	17.29	15.67
	4.00 %	29.52	25.24	22.03	19.53	17.54
	5.00 %	33.82	28.64	24.77	21.78	19.40

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	86.1	89.3	323.7	335.2	351.9
EBITDA	1.5	3.9	5.7	4.8	16.1	1.3	3.9	4.3	4.7	13.9	15.8	18.4
<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>5.0%</i>	<i>5.2%</i>	<i>4.3%</i>	<i>4.7%</i>	<i>5.2%</i>
EBIT	0.7	3.0	4.8	3.9	12.3	0.2	3.0	3.4	3.8	10.3	11.9	14.1
<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>3.9%</i>	<i>4.2%</i>	<i>3.2%</i>	<i>3.6%</i>	<i>4.0%</i>
Net financial items	-0.3	-0.3	-0.2	-0.2	-1.0	-0.3	-0.3	-0.3	-0.3	-1.1	-1.0	-0.9
Pre-tax profit	0.4	2.8	4.5	3.7	11.4	0.0	2.7	3.1	3.5	9.2	10.9	13.2
Tax	-0.1	-0.6	-0.9	-0.8	-2.4	0.0	-0.5	-0.6	-0.7	-1.8	-2.2	-2.6
<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	2.5	2.8	7.4	8.7	10.6
EPS	0.04	0.28	0.47	0.37	1.16	0.00	0.27	0.31	0.35	0.93	1.10	1.33
EPS adj. (diluted)	0.04	0.28	0.47	0.37	1.16	0.00	0.27	0.31	0.35	0.93	1.10	1.33
Dividend per share					0.70					0.56	0.66	0.80
SALES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Housing Companies	20.4	27.3	29.5	25.2	102.4	15.2	22.5	26.7	25.2	89.6	92.3	96.0
Corporations	26.3	25.6	32.1	28.1	112.2	20.2	25.5	25.1	25.3	96.1	98.0	102.9
Public Sector	9.9	10.0	14.7	19.8	54.3	16.0	14.2	15.1	19.8	65.0	66.3	69.6
Building Technology	14.8	16.2	17.9	16.9	65.7	18.0	25.7	24.1	22.8	90.5	93.3	98.9
Elimination	-2.4	-3.4	-4.3	-3.9	-14.0	-3.9	-5.1	-4.8	-3.7	-17.5	-14.7	-15.4
Total	68.9	75.7	89.9	86.1	320.6	65.5	82.9	86.1	89.3	323.7	335.2	351.9
SALES GROWTH, Y.Y%	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Housing Companies	31.0%	7.6%	-3.5%	-22.3%	-1.5%	-25.3%	-17.4%	-9.7%		-12.5%	3.0%	4.0%
Corporations	30.3%	5.7%	20.4%	-16.8%	6.9%	-23.1%	-0.6%	-21.9%	-10.0%	-14.4%	2.0%	5.0%
Public Sector	-9.9%	6.2%	56.1%	59.4%	28.8%	62.0%	42.5%	2.8%		19.8%	2.0%	5.0%
Building Technology	-7.9%	-8.4%	9.9%	-11.7%	-4.9%	21.8%	58.7%	34.5%	35.0%	37.7%	3.0%	6.0%
Elimination	-16.7%	-6.6%	9.2%	-12.3%	-6.1%	59.9%	51.0%	11.3%	-3.8%	25.1%	-16.1%	5.0%
Total	15.2%	3.6%	13.8%	-7.8%	5.0%	-4.9%	9.4%	-4.3%	3.8%	1.0%	3.5%	5.0%
EBIT, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Total	0.7	3.0	4.8	3.9	12.3	0.2	3.0	3.4	3.8	10.3	11.9	14.1
EBIT margin %	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Total	1.0%	4.0%	5.3%	4.5%	3.9%	0.3%	3.6%	3.9%	4.2%	3.2%	3.5%	4.0%

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	314.8	274.6	288.8	305.2	320.6	323.7	335.2	351.9
<i>Sales growth (%)</i>	-0.3%	-12.8%	5.1%	5.7%	5.0%	1.0%	3.5%	5.0%
EBITDA	8.1	11.4	9.2	15.0	16.1	13.9	15.8	18.4
<i>EBITDA margin (%)</i>	2.6%	4.2%	3.2%	4.9%	5.0%	4.3%	4.7%	5.2%
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	10.3	11.9	14.1
Goodwill amortization / writedown								
EBIT	4.6	8.2	5.7	11.5	12.3	10.3	11.9	14.1
<i>EBIT margin (%)</i>	1.5%	3.0%	2.0%	3.8%	3.9%	3.2%	3.5%	4.0%
Reported EBIT	4.6	8.2	5.7	11.5	12.3	10.3	11.9	14.1
<i>EBIT margin (reported) (%)</i>	1.5%	3.0%	2.0%	3.8%	3.9%	3.2%	3.6%	4.0%
Net financials	-1.2	-1.0	-1.1	-1.0	-1.0	-1.1	-1.0	-0.9
Pre-tax profit	3.4	7.2	4.6	10.4	11.4	9.2	10.9	13.2
Taxes	-0.7	-1.6	-0.9	-1.9	-2.4	-1.8	-2.2	-2.6
Minority shares								
Net profit	2.5	5.6	3.7	8.5	9.0	7.4	8.7	10.6
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
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	123	127	133
Liabilities								
Shareholders' equity	26	30	32	36	41	43	47	53
Minority interest								
Convertibles	3	3						
Lease liabilities	4	2	5	4	5	6	6	6
Deferred taxes								
Interest bearing debt	25	27	27	20	15	13	11	8
Non-interest bearing current liabilities	56	63	52	60	57	58	60	63
Other interest-free debt								
Total liabilities	117	129	119	123	121	123	127	133
CASH FLOW, EURm								
+ EBITDA	8	11	9	15	16	14	16	18
- 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	-1	-1
+/- Other	0	0	1	-2				
= Cash flow from operations	4	18	5	17	13	11	12	14
- Capex	-4	-3	-7	-2	-5	-4	-5	-6
- Acquisitions			-1					
+ Divestments	0		0					
= Free cash flow	0	15	-3	15	9	7	7	8
+/- New issues/buybacks	0	0	1	-1	1			
- Paid dividend	1	3	4	5	5	4	5	6
+/- Other	6	0	-1	-8	-4	-1	-2	-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	90	90	90
Net debt (excl. convertibles)	5	14	4	-1	-2	-5	-8
Enterprise value	87	109	90	88	88	85	81
Sales	275	289	305	321	324	335	352
EBITDA	11	9	15	16	14	16	18
EBIT	8	6	11	12	10	12	14
Pre-tax	7	5	10	11	9	11	13
Earnings	6	4	8	9	7	9	11
Equity book value (excl. minorities)	30	32	36	41	43	47	53

Valuation multiple	2020	2021	2022	2023	2024E	2025E	2026E
EV/Sales	0.3	0.4	0.3	0.3	0.3	0.3	0.2
EV/EBITDA	7.6	11.9	6.0	5.4	6.3	5.4	4.4
EV/EBITA	10.6	19.1	7.9	7.1	8.5	7.1	5.8
EV/EBIT	10.6	19.1	7.9	7.1	8.5	7.1	5.8
EV/OCF	4.9	23.3	5.2	6.5	7.9	7.0	5.9
EV/FCF	5.2	32.9	5.2	6.9	8.2	7.6	6.7
P/FCFR	5.2	-30.6	5.7	10.3	13.2	12.2	10.8
P/E	14.2	25.9	10.2	9.8	12.2	10.3	8.5
P/BV	2.6	3.0	2.4	2.2	2.1	1.9	1.7
Target EV/EBITDA					6.9	5.9	4.9
Target EV/EBIT					9.4	7.9	6.4
Target EV/FCFF					14.2	12.8	10.9
Target P/BV					2.3	2.1	1.9
Target P/E, diluted					13.5	11.4	9.4

Per share measures	2020	2021	2022	2023	2024E	2025E	2026E
Number of shares (million)	7.86	7.86	7.73	7.79	7.91	7.91	7.91
Number of shares (diluted, million)	7.86	7.86	7.73	7.79	7.91	7.91	7.91
EPS	0.71	0.47	1.10	1.16	0.93	1.10	1.33
Operating cash flow per share	2.27	0.60	2.25	1.73	1.40	1.53	1.75
Free cash flow per share	1.93	-0.40	1.96	1.10	0.86	0.93	1.05
Book value per share	3.87	4.08	4.68	5.27	5.44	5.97	6.65
Dividend per share	0.40	0.45	0.60	0.70	0.56	0.66	0.80
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%	4.9%	5.8%	7.0%
FCF yield, %	19.2%	-3.3%	17.6%	9.7%	7.6%	8.2%	9.3%

Efficiency measures	2020	2021	2022	2023	2024E	2025E	2026E
ROE	19.8%	11.8%	24.9%	23.3%	17.5%	19.2%	21.1%
ROCE	13.8%	9.1%	18.4%	20.3%	16.9%	19.0%	21.6%

Financial ratios	2020	2021	2022	2023	2024E	2025E	2026E
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-int. 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%	-5.0%	-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	-0.3	-0.5
Debt/equity, market-weighted	0.3	0.3	0.2	0.2	0.1	0.1	0.1
Equity ratio, book-weighted	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Gearing, %	14.1%	44.1%	10.7%	-2.3%	-5.3%	-11.1%	-15.9%

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	9.194	10.2 %
Heikintorppa Oy	750 000	8.513	9.5 %
Wipunen Varainhallinta Oy	750 000	8.513	9.5 %
Fennia Life Insurance Company Ltd	519 970	5.902	6.6 %
Korkeela Esa Sakari	477 931	5.425	6.0 %
Kivi Risto Juhani	392 354	4.453	5.0 %
Kalevo Markku	298 967	3.393	3.8 %
Varma Mutual Pension Insurance Company	172 000	1.952	2.2 %
Drumbo Oy	150 000	1.703	1.9 %
Erikoissijoitusrahasto Aktia Mikro Markka	117 678	1.336	1.5 %
Ten largest	4 438 900	50.382	56.1 %
Residual	3 474 367	39.434	43.9 %
Total	7 913 267	89.816	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Esa Korkeela
OFO: Anders Löfman
IR: Ismo Heikkilä

Hopeatie 2, 6. krs, 00440 Helsinki, Finland
Tel: +358 10 288 6000

DEFINITIONS

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

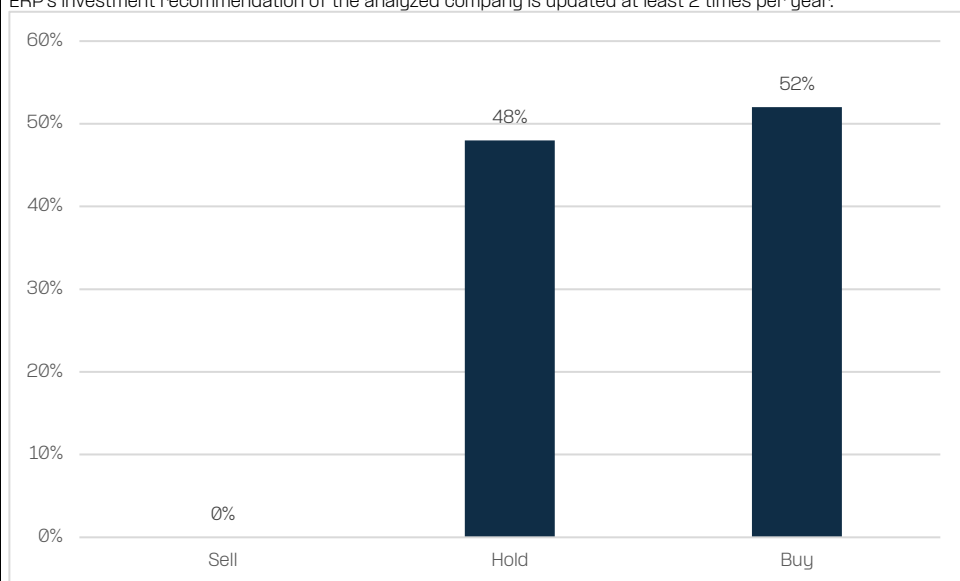
Important Disclosures

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

Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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



The graph above shows the distribution of ERP's recommendations of companies under coverage on the 23rd of October, 2024. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on 28.10.2024, 8:10. This report has been published on 28.10.2024, 08:30.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

According to ERP's best knowledge, the issuer(s) of the securities does/(do) not hold in excess of 5% of the total issued share capital of the issuer(s).

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales & Trading**

Joachim Dannberg (head) +358 9 4766 9123
Aleksi Jalava +358 9 4766 9123
Pasi Väisänen +358 9 4766 9123

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

Equity Research

Jerker Salokivi (head) +358 9 4766 9149
Joonas Ilvonen +358 44 430 9071
Atte Jortikka +358 40 054 3725
Atte Pitkälampi +358 44 047 6597

EVLI

EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000