

2018 earnings to be in the red

Consti issued a profit warning, expecting the operating result for 2018 to be negative and decline compared to 2017. The profitability in Q4 will be burdened by higher than expected costs of a building purpose modification project. We expect EBIT of EUR -1.0m (prev. 1.5m) in 2018. We do not expect Consti to distribute dividends for FY 2018. We retain our HOLD-rating with a target price of EUR 6.0 (7.5).

Lowered guidance

Consti lowered its guidance, now expecting the operating result to be negative and decline (prev. grow) compared to 2017, when the operating result was EUR -0.4m. Consti's Q4 results will be negative due to weaker than expected profitability in the housing repair unit included in the Building Facades business area. The profitability issues relate to higher than expected costs of a building purpose modification project. The project will be finalized during H1/2019.

2018E EBIT EUR -1.0m (1.5m)

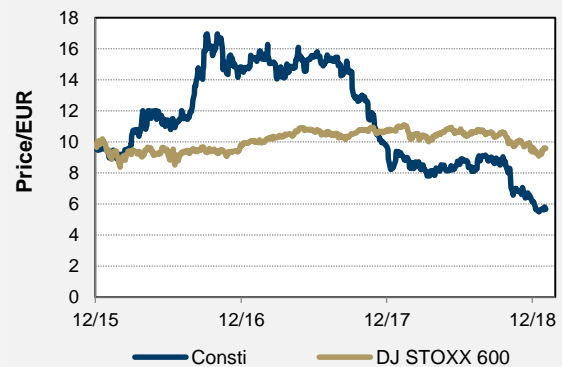
We have cut our Q4 profitability estimates, with both our Q4/18 and 2018E EBIT estimates now at EUR -1.0m (prev. 1.5m). Due to the weaker result we have revised our dividend estimate and do not expect Consti to distribute dividends for FY 2018. We have cut our 2019E EBIT estimate and now expect EBIT of EUR 7.0m (8.7m). We anticipate further profitability impacts of the building purpose modification project during 2019E but continue to expect notable profitability improvements as the projects that have burdened profitability are completed.

HOLD with a target price of EUR 6.0 (7.5)

On our estimates Consti trades at a 2019E EV/EBIT of 8.4x, at a ~10/20 % discount to the Construction peers and Building Installations and Services peers. Given the profitability challenges and weaker visibility into near-term profitability we see the discount as justified and retain our HOLD-rating with a target price of EUR 6.0 (7.5).

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 5.66

Target price, EUR 6.0

Latest change in recommendation	18-Oct-18
Latest report on company	15-Jan-19
Research paid by issuer:	YES
No. of shares outstanding, '000's	7,858
No. of shares fully diluted, '000's	7,858
Market cap, EURm	44
Free float, %	70.0
Exchange rate EUR	1.000
Reuters code	CONSTI.HE
Bloomberg code	CONSTI FH
Average daily volume, EURm	0.09
Next interim report	07-Feb-19
Web site	www.consti.fi

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■ BUY ■ HOLD ■ SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	262	11	4.2%	10	1.05	14.1	0.5	9.7	11.4	0.54
2017	300	0	-0.1%	-1	-0.14	-61.0	0.3	7.7	-207.0	0.00
2018E	306	-1	-0.3%	-2	-0.17	-32.6	0.2	-5.2	-68.9	0.00
2019E	317	7	2.2%	6	0.61	9.3	0.2	3.9	8.4	0.30
2020E	325	12	3.6%	11	1.14	5.0	0.2	3.9	4.4	0.55
Market cap, EURm			44	BV per share 2018E, EUR		3.0	CAGR EPS 2017-20, %			0.0
Net debt 2018E, EURm			23	Price/book 2018E		1.9	CAGR sales 2017-20, %			2.6
Enterprise value, EURm			67	Dividend yield 2018E, %		0.0	ROE 2018E, %			-5.5
Total assets 2018E, EURm			111	Tax rate 2018E, %		20.0	ROCE 2018E, %			-2.0
Goodwill 2018E, EURm			49	Equity ratio 2018E, %		26.6	PEG, P/E 18/CAGR			0.0

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

Operative model									
Consti	2016	2017	Q1/'18	Q2/'18	Q3/'18E	Q4/'18E	2018E	2019E	2020E
Net sales	261.5	300.2	62.3	77.8	78.9	87.0	306.0	317.0	324.5
sales growth %	2.1%	14.8%	8.7%	-1.3%	1.4%	0.8%	1.9%	3.6%	2.4%
EBIT	11.0	-0.4	-0.2	1.7	-1.4	-1.0	-1.0	7.0	11.8
EBIT-margin %	4.2%	-0.1%	-0.4%	2.1%	-1.8%	-1.1%	-0.3%	2.2%	3.6%
Technical Building Services									
Net sales	103.9	116.1	25.0	28.0	23.9	30.1	106.9	111.0	112.0
sales growth %	1.3%	11.8%	-4.2%	-14.6%	-7.4%	-4.3%	-7.9%	3.8%	0.9%
Renovation Contracting									
Net sales	74.9	80.9	18.1	21.0	22.7	24.1	85.9	89.0	91.5
sales growth %	9.1%	7.9%	13.3%	1.4%	5.8%	5.9%	6.2%	3.7%	2.8%
Building Facades									
Net sales	88.6	113.9	21.7	33.2	36.4	36.8	128.1	133.0	137.0
sales growth %	-0.7%	28.6%	28.6%	20.5%	6.7%	3.9%	12.4%	3.9%	3.0%
Parent comp. and elim.	-6.0	-10.7	-2.5	-4.5	-4.0	-4.0	-14.9	-16.0	-16.0

CONSTRUCTION PEERS	MCAP MEUR	EV/EBITDA		EV/EBIT		P/E	
		19E	20E	19E	20E	19E	20E
YIT	1197	7.2x	7.2x	9.0x	9.2x	8.6x	9.0x
SRV Yhtiöt	123	10.3x	9.3x	11.5x	10.2x	7.2x	6.1x
Lehto Group	283	6.0x	4.9x	6.5x	5.3x	7.9x	6.6x
Skanska	6100	7.7x	7.2x	9.5x	8.7x	12.3x	11.5x
NCC	1509	7.2x	5.8x	10.4x	7.8x	12.2x	9.3x
Peab	2106	6.2x	6.0x	8.2x	7.9x	10.5x	10.2x
JM	1258	7.2x	6.7x	7.2x	6.7x	10.8x	10.2x
Veidekke	1247	6.9x	6.2x	10.1x	8.9x	11.3x	10.3x
Peer Group Average	1704	7.3x	6.7x	9.1x	8.1x	10.1x	9.2x
Peer Group Median	1247	7.2x	6.5x	9.3x	8.3x	10.7x	9.7x
Consti (Evli est.)	44	6.4x	3.9x	8.4x	4.4x	9.3x	5.0x

Consti prem./disc. to peer median

-10% -40% -10% -47% -13% -49%

Source FactSet, Evli Research

BUILDING INSTALLATIONS AND SERVICES PEERS	MCAP MEUR	EV/EBITDA		EV/EBIT		P/E	
		19E	20E	19E	20E	19E	20E
Caverion	740	7.6x	6.5x	10.3x	8.4x	14.2x	11.3x
Bravida Holding	1324	10.7x	9.9x	11.0x	10.1x	14.0x	13.4x
MITIE Group	451	4.4x	3.7x	5.6x	4.7x	6.2x	5.6x
ISS	4617	9.2x	8.2x	11.0x	9.9x	13.0x	11.8x
Bilfinger	1195	6.5x	4.5x	10.3x	6.2x	12.2x	8.1x
Peer Group Average	1666	7.7x	6.6x	9.6x	7.9x	11.9x	10.0x
Peer Group Median	1195	7.6x	6.5x	10.3x	8.4x	13.0x	11.3x
Consti (Evli est.)	44	6.4x	3.9x	8.4x	4.4x	9.3x	5.0x

Consti prem./disc. to peer median

-15% -41% -19% -48% -29% -56%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	5.66 PV of Free Cash Flow	54 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	13.49 PV of Horizon value	65 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	138.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	14.6 Marketable securities	1 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	12.5 Debt - dividend	-23 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	54.4 Value of stock	107 Nr of shares, Mn	7.9 Effective tax rate, %	20

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	300	306	317	325	331	338	341	344	348	351	355	358
<i>Sales growth, %</i>	<i>14.8</i>	<i>1.9</i>	<i>3.6</i>	<i>2.4</i>	<i>2.0</i>	<i>2.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	0	-1	7	12	13	14	14	14	14	14	13	13
<i>EBIT margin, %</i>	<i>-0.1</i>	<i>-0.3</i>	<i>2.2</i>	<i>3.6</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>3.5</i>	<i>3.5</i>
+ Depreciation+amort.	2	2	2	2	2	2	2	2	2	2	2	
- Income taxes	0	2	-3	-2	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	8	-11	5	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-5.0</i>	<i>-1.1</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-5	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
<i>Investments / Sales, %</i>	<i>1.7</i>	<i>0.4</i>	<i>0.7</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	4	-10	9	10	11	11	11	11	11	11	10	135
= Discounted FCF (DFCF)		-10	9	8	8	8	7	7	6	6	5	65
= DFCF min WACC		-10	9	8	8	8	7	7	7	6	5	72
= DFCF max WACC		-10	9	8	8	8	7	7	6	6	5	58

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3	2018Q4E	2018E	2019E	2020E
Net sales	57	79	78	86	300	62	78	79	87	306	317	325
EBITDA	1	3	0	-2	2	0	2	-1	0	1	9	13
<i>EBITDA margin (%)</i>	<i>1.3</i>	<i>4.1</i>	<i>-0.3</i>	<i>-2.4</i>	<i>0.6</i>	<i>0.3</i>	<i>2.7</i>	<i>-1.3</i>	<i>-0.5</i>	<i>0.3</i>	<i>2.9</i>	<i>4.1</i>
EBIT	0	3	-1	-3	0	0	2	-1	-1	-1	7	12
<i>EBIT margin (%)</i>	<i>0.5</i>	<i>3.4</i>	<i>-1.0</i>	<i>-3.0</i>	<i>-0.1</i>	<i>-0.4</i>	<i>2.2</i>	<i>-1.8</i>	<i>-1.1</i>	<i>-0.3</i>	<i>2.2</i>	<i>3.6</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	0	2	-1	-3	-1	0	2	-2	-1	-2	6	11
Tax	0	0	0	1	0	0	0	0	0	0	-1	-2
<i>Tax rate (%)</i>	<i>76.5</i>	<i>20.0</i>	<i>17.2</i>	<i>18.4</i>	<i>10.8</i>	<i>18.9</i>	<i>19.7</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0	2	-1	-2	-1	0	1	-1	-1	-1	5	9
EPS	0.00	0.26	-0.10	-0.30	-0.14	-0.04	0.16	-0.17	-0.12	-0.17	0.61	1.14
EPS adjusted (diluted no. of shares)	0.00	0.26	-0.10	-0.30	-0.14	-0.04	0.16	-0.17	-0.12	-0.17	0.61	1.14
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.55
SALES, EURm												
Technical Building Services	26	33	26	31	116	25	28	25	30	108	111	112
Renovation	16	21	21	23	81	18	21	24	24	87	89	92
Building Facades	17	28	34	35	114	22	33	34	37	126	133	137
Elimination	-2	-2	-3	-3	-11	-2	-4	-4	-4	-15	-16	-16
Total	57	79	78	86	300	62	78	79	87	306	317	325
SALES GROWTH, Y/Y %												
<i>Technical Building Services</i>	<i>9.7</i>	<i>17.1</i>	<i>0.6</i>	<i>18.8</i>	<i>11.8</i>	<i>-4.2</i>	<i>-14.6</i>	<i>-3.0</i>	<i>-4.3</i>	<i>-6.9</i>	<i>2.7</i>	<i>0.9</i>
<i>Renovation</i>	<i>-5.0</i>	<i>20.6</i>	<i>9.2</i>	<i>6.7</i>	<i>7.9</i>	<i>13.3</i>	<i>1.4</i>	<i>11.2</i>	<i>5.9</i>	<i>7.6</i>	<i>2.3</i>	<i>2.8</i>
<i>Building Facades</i>	<i>42.5</i>	<i>33.1</i>	<i>26.4</i>	<i>21.7</i>	<i>28.6</i>	<i>28.6</i>	<i>20.5</i>	<i>0.1</i>	<i>3.9</i>	<i>10.4</i>	<i>5.7</i>	<i>3.0</i>
<i>Elimination</i>	<i>57.9</i>	<i>109.2</i>	<i>103.8</i>	<i>58.2</i>	<i>80.6</i>	<i>53.0</i>	<i>97.5</i>	<i>15.1</i>	<i>19.7</i>	<i>39.7</i>	<i>7.3</i>	<i>0.0</i>
Total	11.5	21.6	10.4	15.3	14.8	8.7	-1.3	1.4	0.8	1.9	3.6	2.4
EBIT, EURm												
Group	0	3	-1	-3	0	0	2	-1	-1	-1	7	12
Total	0	3	-1	-3	0	0	2	-1	-1	-1	7	12
EBIT margin, %												
<i>Group</i>					<i>-93,750.0</i>							
Total	0.5	3.4	-1.0	-3.0	-0.1	-0.4	2.2	-1.8	-1.1	-0.3	2.2	3.6

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	172	216	256	262	300	306	317	325
<i>Sales growth (%)</i>	<i>0.0</i>	<i>25.6</i>	<i>18.6</i>	<i>2.1</i>	<i>14.8</i>	<i>1.9</i>	<i>3.6</i>	<i>2.4</i>
Costs	-165	-206	-244	-248	-298	-305	-308	-311
Reported EBITDA	7	10	13	13	2	1	9	13
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>4.1</i>	<i>4.5</i>	<i>4.9</i>	<i>5.0</i>	<i>0.6</i>	<i>0.3</i>	<i>2.9</i>	<i>4.1</i>
Depreciation	-1	-2	-2	-2	-2	-2	-2	-2
EBITA	6	8	11	11	0	-1	7	12
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	6	8	11	11	0	-1	7	12
<i>EBIT margin (%)</i>	<i>3.2</i>	<i>3.6</i>	<i>4.1</i>	<i>4.2</i>	<i>-0.1</i>	<i>-0.3</i>	<i>2.2</i>	<i>3.6</i>
Net financials	-5	-5	-4	-1	-1	-1	-1	-1
Pre-tax profit	1	3	6	10	-1	-2	6	11
Extraordinary items	0	0	-2	0	0	0	0	0
Taxes	0	-1	-1	-2	0	0	-1	-2
Minority shares	0	0	0	0	0	0	0	0
Net profit	16	2	3	8	-1	-1	5	9
BALANCE SHEET, EURm								
Assets								
Fixed assets	7	7	6	6	5	4	4	4
<i>% of sales</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>1</i>	<i>1</i>
Goodwill	43	44	43	44	49	49	49	49
<i>% of sales</i>	<i>25</i>	<i>20</i>	<i>17</i>	<i>17</i>	<i>16</i>	<i>16</i>	<i>15</i>	<i>15</i>
Inventory	0	1	1	1	1	1	1	1
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	24	35	36	39	36	57	48	49
<i>% of sales</i>	<i>14</i>	<i>16</i>	<i>14</i>	<i>15</i>	<i>12</i>	<i>19</i>	<i>15</i>	<i>15</i>
Liquid funds	1	10	4	9	10	1	10	10
<i>% of sales</i>	<i>1</i>	<i>5</i>	<i>2</i>	<i>4</i>	<i>3</i>	<i>0</i>	<i>3</i>	<i>3</i>
Total assets	76	96	91	98	101	111	112	113
Liabilities								
Equity	-1	1	25	30	25	24	29	35
<i>% of sales</i>	<i>-1</i>	<i>0</i>	<i>10</i>	<i>11</i>	<i>8</i>	<i>8</i>	<i>9</i>	<i>11</i>
Deferred taxes	0	0	0	0	0	1	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	55	55	21	21	22	23	24	18
<i>% of sales</i>	<i>32</i>	<i>25</i>	<i>8</i>	<i>8</i>	<i>7</i>	<i>8</i>	<i>8</i>	<i>5</i>
Non-interest bearing current liabilities	22	40	43	46	52	61	57	58
<i>% of sales</i>	<i>13</i>	<i>18</i>	<i>17</i>	<i>18</i>	<i>17</i>	<i>20</i>	<i>18</i>	<i>18</i>
Other interest free debt	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	76	96	91	98	101	111	112	113
CASH FLOW, EURm								
+ EBITDA	7	10	13	13	2	1	9	13
- Net financial items	-5	-5	-4	-1	-1	-1	-1	-1
- Taxes	-1	0	-1	-2	0	2	-3	-2
- Increase in Net Working Capital	-3	8	2	0	8	-11	5	0
+/- Other	15	0	-2	0	-1	0	0	0
= Cash flow from operations	14	12	7	11	9	-11	12	11
- Capex	-51	-2	-1	-3	-1	-1	-2	-2
- Acquisitions	0	0	0	0	-4	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-37	9	6	8	3	-12	10	9
+/- Change in interest-bearing debt	55	-1	-33	0	0	1	1	-6
+/- New issues/buybacks	-17	0	21	0	1	0	0	0
- Paid dividend	0	0	0	-3	-4	0	0	-2
+/- Change in loan receivables	0	1	0	0	1	0	0	0
Change in cash	2	9	-6	5	1	-11	11	0

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	0	73	112	66	44	44	44
Net debt	44	17	12	12	23	14	7
Enterprise value	44	91	125	78	67	59	52
Sales	216	256	262	300	306	317	325
EBITDA	10	13	13	2	1	9	13
EBIT	8	11	11	0	-1	7	12
Pre-tax	3	6	10	-1	-2	6	11
Earnings	2	5	8	-1	-1	5	9
Book value	1	25	30	25	24	29	35
Valuation multiples							
EV/sales	0.2	0.4	0.5	0.3	0.2	0.2	0.2
EV/EBITDA	4.5	7.2	9.5	45.3	75.8	6.4	3.9
EV/EBITA	5.7	8.6	11.4	-207.0	-68.9	8.4	4.4
EV/EBIT	5.7	8.6	11.4	-207.0	-68.9	8.4	4.4
EV/operating cash flow	2.7	7.0	10.8	9.1	-7.8	5.1	4.6
EV/cash earnings	9.6	12.4	11.9	273.3	29.1	10.7	4.9
P/E	0.0	13.6	14.1	-61.0	-32.6	9.3	5.0
P/E excl. goodwill	0.0	13.6	14.1	-61.0	-32.6	9.3	5.0
P/B	0.0	3.0	3.8	2.6	1.9	1.5	1.3
P/sales	0.0	0.3	0.4	0.2	0.1	0.1	0.1
P/CF	0.0	5.7	9.7	7.7	-5.2	3.9	3.9
Target EV/EBIT	0.0	0.0	0.0	0.0	-71.7	8.8	4.6
Target P/E	0.0	0.0	0.0	0.0	-34.6	9.8	5.3
Target P/B	0.0	0.0	0.0	0.0	2.0	1.6	1.3
Per share measures							
Number of shares	7,615	7,615	7,621	7,621	7,858	7,858	7,858
Number of shares (diluted)	7,615	7,615	7,621	7,621	7,858	7,858	7,858
EPS	0.26	0.70	1.05	-0.14	-0.17	0.61	1.14
EPS excl. goodwill	0.26	0.70	1.05	-0.14	-0.17	0.61	1.14
Cash EPS	0.60	0.96	1.38	0.04	0.29	0.70	1.35
Operating cash flow per share	2.13	1.69	1.52	1.12	-1.10	1.46	1.44
Capital employed per share	5.87	5.51	5.48	4.90	5.91	5.45	5.44
Book value per share	0.07	3.22	3.89	3.32	3.04	3.65	4.49
Book value excl. goodwill	-5.65	-2.49	-1.90	-3.06	-3.14	-2.53	-1.69
Dividend per share	0.00	0.39	0.54	0.00	0.00	0.30	0.55
Dividend payout ratio, %	0.0	55.4	51.5	0.0	0.0	49.1	48.4
Dividend yield, %	0.0	4.1	3.7	0.0	0.0	5.3	9.7
Efficiency measures							
ROE	0.0	42.8	29.5	-3.9	-5.5	18.2	27.9
ROCE	14.3	21.0	22.7	-0.6	-2.0	14.1	22.4
Financial ratios							
Capex/sales, %	1.1	0.5	1.0	1.7	0.4	0.7	0.5
Capex/depreciation excl. goodwill,%	100.0	66.0	87.6	36.4	70.4	106.8	105.9
Net debt/EBITDA, book-weighted	4.5	1.4	0.9	7.0	25.5	1.6	0.6
Debt/equity, market-weighted	0.0	0.3	0.2	0.3	0.5	0.5	0.4
Equity ratio, book-weighted	0.5	31.4	34.8	28.8	26.6	25.7	31.2
Gearing	88.40	0.71	0.41	0.48	0.94	0.49	0.21
Number of employees, average	853	890	935	1,079	1,111	1,145	1,156
Sales per employee, EUR	253,107	287,810	279,704	278,222	275,321	276,926	280,671
EBIT per employee, EUR	9,144	11,819	11,708	-347	-875	6,115	10,206

COMPANY DESCRIPTION: Consti, listed in the Helsinki stock exchange in 2015, 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 demanding residential and non-residential properties. Consti's strongest position is in residential building pipeline and façade renovations. Consti was established in 2008 to meet the growing need for repair and construction work.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ilmarinen Mutual Pension Insurance Company	780,451	4.417	9.9%
Evli Finnish Small Cap Fund	499,568	2.828	6.4%
Danske Invest Finnish Institutional Equity Fund	425,818	2.410	5.4%
Korkeela Esa Sakari	411,600	2.330	5.2%
Kivi Risto Juhani	375,300	2.124	4.8%
OP-Finland Small Firms Fund	307,977	1.743	3.9%
Kalervo Markku	297,900	1.686	3.8%
Korkeela Antti Petteri	276,894	1.567	3.5%
Danske Invest Finland Opportunities	216,229	1.224	2.8%
Aktia Capital Investment Fund	185,850	1.052	2.4%
Ten largest	3,777,587	21.381	48%
Residual	4,080,680	23.097	52%
Total	7,858,267	44.478	100%

EARNINGS CALENDAR

February 07, 2019	FY 2018 Results
April 26, 2019	Q1 report
July 26, 2019	Q2 report
October 25, 2019	Q3 report

OTHER EVENTS

April 02, 2019	AGM
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COMPANY MISCELLANEOUS

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CFO: Joni Sorsanen	Tel: +358 10 288 6000
IR: Ismo Heikkilä	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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<https://research.evli.com/JasperAllModels.action?authParam=key:461&authParam=x:G3rNagWrtf7K&authType=3>

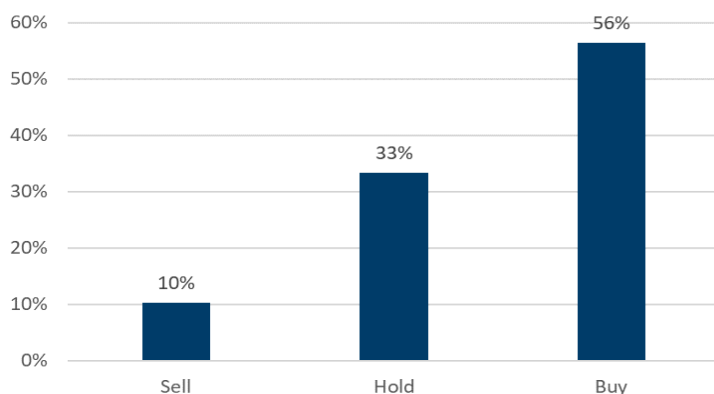
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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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 in general updated 2 – 4 per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

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

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