

Steady development in a difficult market

Consti reported Q3 figures that were in line with our estimates. The company was able to defend its margins in a difficult market environment. Consti's order backlog decreased slightly but remains at healthy levels, which supports the company's near-term development. Although the construction market outlook is quite grim, the near-term growth outlook for renovation construction remains decent. We retain our BUY-rating and TP of EUR 11.0.

Q3 results in line with our estimates

Consti Q3 results were in line with our estimates. Net sales in Q3 were EUR 79.0m (EUR 76.0m in Q3/21), in line with our and consensus estimates (EUR 79.8m/79.6m Evli/Cons.). Sales grew 4.0% y/y. Adj. operating profit in Q3 amounted to EUR 3.3m (EUR 3.1m in Q3/21), in line with our and consensus estimates (EUR 3.2m/3.3m Evli/cons.). The company was able to defend its margins in a difficult market environment as the operating margin stood at 4.2% (4.1% in Q3/21). The guidance for operating profit is intact at EUR 9-13m for FY 2022.

Strong backlog, market remains uncertain

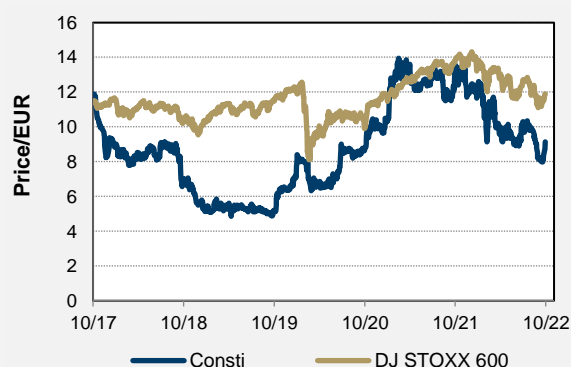
Even though order intake and backlog decreased slightly y/y, both were still at a healthy level supporting the company's near-term development especially during the rest of the year. According to the CFCL estimates, the Finnish renovation construction market is expected to grow 2% in 2023 while Euroconstruct expects volume growth of 1.3%. A survey study conducted by Talotekniikkaliitto in September, however, pointed towards a slower market development especially in the non-residential renovation building technology. The market environment also remains uncertain due to the higher construction costs and rising interest rates, although the labour-intensity of renovation alleviates some concerns.

BUY with a target price of EUR 11.0

Consti has been able to perform well in the turbulent market and the healthy backlog supports continued good near-term development. We find the story still attractive because of the supportive long-term drivers and undemanding valuation.

Rating

BUY



Share price, EUR (Last trading day's closing price) 9.14

Target price, EUR 11.0

Latest change in recommendation 23-Jul-21

Latest report on company 25-Jul-22

Research paid by issuer: YES

No. of shares outstanding, '000's 7,735

No. of shares fully diluted, '000's 7,735

Market cap, EURm 71

Free float, % 46.0

Exchange rate EUR 1.000

Reuters code CONSTI.HE

Bloomberg code CONSTI FH

Average daily volume, EURm 0.05

Next interim report 03-Feb-23

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2020	274.6	8.2	3.0%	15.1	0.71	14.2	0.3	10.6	19.2	0.40
2021	288.8	5.7	2.0%	-3.1	0.47	25.9	0.4	19.1	-3.3	0.45
2022E	298.1	10.4	3.5%	8.2	0.98	9.3	0.3	7.7	11.6	0.49
2023E	308.0	12.0	3.9%	9.4	1.16	7.9	0.2	6.2	13.3	0.58
2024E	318.3	12.8	4.0%	10.0	1.26	7.2	0.2	5.4	14.2	0.63
Market cap, EURm			71	Gearing 2022E, %		26.3	CAGR EPS 2021-24, %			39.3
Net debt 2022E, EURm			9	Price/book 2022E		2.0	CAGR sales 2021-24, %			3.3
Enterprise value, EURm			80	Dividend yield 2022E, %		5.4	ROE 2022E, %			22.3
Total assets 2022E, EURm			121	Tax rate 2022E, %		19.9	ROCE 2022E, %			16.3
Goodwill 2022E, EURm			50	Equity ratio 2022E, %		29.9	PEG, P/E 22/CAGR			1.0

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

Construction companies	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		22	23	24	22	23	24	22	23	24
YIT	551	8.6x	8.4x	7.4x	10.9x	10.7x	9.1x	9.4x	9.6x	7.7x
SRV Yhtiot	68		5.9x	4.8x		7.5x	5.8x		5.3x	3.7x
Lehto Group	23								10.8x	3.8x
Skanska	6326	7.6x	7.9x	7.2x	10.1x	11.9x	10.8x	11.5x	13.4x	12.1x
NCC	876	5.8x	5.0x	4.8x	12.7x	9.5x	8.8x	10.8x	8.2x	7.5x
Peab	1530	8.3x	8.5x	8.5x	12.7x	12.9x	12.8x	7.7x	7.9x	7.8x
JM AB	970	9.6x	11.9x	11.5x	9.4x	11.2x	10.3x	7.9x	9.7x	9.4x
Veidekke	1086	4.1x	3.7x	3.6x	7.0x	5.9x	5.8x	12.0x	9.6x	9.5x
Peer Group Average	1471	7.3x	7.3x	6.8x	10.5x	9.9x	9.0x	9.9x	9.3x	7.7x
Peer Group Median	1058	7.9x	7.9x	7.2x	10.5x	10.7x	9.1x	10.1x	9.6x	7.8x
Consti (Evli est.)	65	5.4x	4.4x	3.9x	7.3x	5.7x	4.9x	8.7x	7.2x	6.7x

Consti prem./disc. to peer median -32 % -44 % -46 % -31 % -46 % -46 % -14 % -25 % -14 %

Source FactSet, Evli Research

Building installations and services companies	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		22	23	24	22	23	24	22	23	24
Caverion	600	5.7x	5.3x	4.9x	11.1x	9.8x	8.6x	11.3x	9.9x	8.5x
Bravida Holding	1944	11.6x	11.1x	10.8x	15.0x	14.4x	14.0x	17.5x	16.7x	16.2x
MITIE Group	1108	5.4x	5.2x	4.8x	7.3x	6.9x	6.1x	9.9x	9.1x	8.6x
ISS A/S	3351	8.1x	7.2x	6.7x	13.2x	11.0x	10.1x	14.2x	11.6x	10.2x
Bilfinger	1135							14.0x	12.4x	9.4x
Instalco	1030	13.3x	12.8x	11.9x	18.7x	17.5x	15.7x	17.9x	16.8x	15.1x
Peer Group Average	1471	8.8x	8.3x	7.8x	13.1x	11.9x	10.9x	14.1x	12.8x	11.4x
Peer Group Median	1058	8.1x	7.2x	6.7x	13.2x	11.0x	10.1x	14.1x	12.0x	9.8x
Consti (Evli est.)	65	5.4x	4.4x	3.9x	7.3x	5.7x	4.9x	8.7x	7.2x	6.7x

Consti prem./disc. to peer median -34 % -38 % -42 % -45 % -48 % -51 % -38 % -40 % -32 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	9.14 PV of Free Cash Flow	88 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	20.66 PV of Horizon value	89 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	126.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	22.3 Marketable securities	18 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	19.3 Debt - dividend	-36 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	50.2 Value of stock	160 Nr of shares, Mn	7.7 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	289	298	308	318	323	328	333	338	343	348	352	356
<i>Sales growth, %</i>	<i>5.1</i>	<i>3.2</i>	<i>3.3</i>	<i>3.3</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.2</i>	<i>1.2</i>
Operating income (EBIT)	6	10	12	13	13	13	13	14	14	14	14	14
<i>Operating income margin, %</i>	<i>2.0</i>	<i>3.5</i>	<i>3.9</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>4.0</i>	<i>4.0</i>	<i>4.0</i>
+ Depreciation+amort.	3	4	3	3	3	4	4	4	4	4	4	4
EBITDA	9	14	15	16	16	17	17	17	17	18	18	
- Paid taxes	-1	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	-3	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-3.4</i>	<i>-3.4</i>	<i>-3.4</i>	<i>-3.4</i>	<i>-3.4</i>	<i>-3.4</i>	<i>-3.4</i>	<i>-3.4</i>	<i>-3.4</i>	<i>-3.4</i>	<i>-3.4</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-1	-1	-1	-1	-1	-1	-1	-1	-2	-2	
<i>opCAPEX / Sales, %</i>	<i>2.4</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.2</i>	<i>1.1</i>	
- Acquisitions	-1	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	1	0	0	0	0	0	0	0	0	0	0	
= FCFF	3	11	12	13	13	13	13	13	13	14	14	190
= Discounted FCFF		11	11	11	10	9	8	8	7	7	6	89
= DFCF min WACC		11	11	11	10	9	9	8	8	7	7	100
= DFCF max WACC		11	11	10	10	9	8	8	7	7	6	80

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3	2022Q4E	2022E	2023E	2024E
Net sales	59.3	70.9	76.0	82.6	288.8	59.8	73.1	79.0	86.1	298.1	308.0	318.3
EBITDA	0.9	0.3	4.0	4.0	9.2	1.4	3.7	4.2	4.7	14.0	15.5	16.3
<i>EBITDA margin (%)</i>	<i>1.5</i>	<i>0.4</i>	<i>5.3</i>	<i>4.9</i>	<i>3.2</i>	<i>2.3</i>	<i>5.1</i>	<i>5.3</i>	<i>5.4</i>	<i>4.7</i>	<i>5.0</i>	<i>5.1</i>
EBIT	0.1	-0.5	3.1	3.0	5.7	0.4	2.9	3.3	3.8	10.4	12.0	12.8
<i>EBIT margin (%)</i>	<i>0.2</i>	<i>-0.7</i>	<i>4.1</i>	<i>3.6</i>	<i>2.0</i>	<i>0.7</i>	<i>4.0</i>	<i>4.2</i>	<i>4.4</i>	<i>3.5</i>	<i>3.9</i>	<i>4.0</i>
Net financial items	-0.2	-0.4	-0.2	-0.3	-1.1	-0.2	-0.2	-0.2	-0.2	-0.9	-0.8	-0.6
Pre-tax profit	-0.1	-0.9	2.9	2.7	4.6	0.2	2.7	3.1	3.5	9.5	11.2	12.2
Tax	0.0	0.2	-0.6	-0.5	-0.9	0.0	-0.5	-0.6	-0.7	-1.9	-2.2	-2.4
<i>Tax rate (%)</i>	<i>19.8</i>	<i>20.0</i>	<i>19.1</i>	<i>19.1</i>	<i>18.9</i>	<i>15.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>19.9</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-0.1	-0.7	2.4	2.2	3.7	0.2	2.2	2.5	2.8	7.6	9.0	9.8
EPS	-0.02	-0.09	0.30	0.27	0.47	0.02	0.28	0.32	0.37	0.98	1.16	1.26
EPS adjusted (diluted no. of shares)	-0.02	-0.09	0.30	0.27	0.47	0.02	0.28	0.32	0.37	0.98	1.16	1.26
Dividend per share	0.00	0.00	0.00	0.00	0.45	0.00	0.00	0.00	0.00	0.49	0.58	0.63
SALES, EURm												
Housing Companies	13.4	21.7	27.6	27.3	90.0	15.6	25.4	30.6	30.3	101.9	106.0	110.2
Corporations	21.8	26.0	25.6	27.6	101.0	20.2	24.3	26.7	28.1	99.2	102.2	105.3
Public Sector	7.5	8.5	9.6	12.1	37.7	10.9	9.4	9.4	12.0	41.7	43.0	44.3
Building Technology	19.2	17.8	16.3	19.5	72.9	16.0	17.7	16.3	19.7	69.7	71.8	74.0
Elimination	-2.6	-3.1	-3.1	-3.9	-12.7	-2.9	-3.6	-4.0	-4.0	-14.5	-14.9	-15.4
Total	59.3	70.9	76.0	82.6	288.8	59.8	73.1	79.0	86.1	298.1	308.0	318.3
SALES GROWTH, Y/Y %												
<i>Housing Companies</i>	<i>-18.6</i>	<i>-12.4</i>	<i>16.1</i>	<i>29.2</i>	<i>4.5</i>	<i>16.5</i>	<i>16.9</i>	<i>10.9</i>	<i>11.0</i>	<i>13.2</i>	<i>4.0</i>	<i>4.0</i>
<i>Corporations</i>	<i>5.0</i>	<i>20.2</i>	<i>18.8</i>	<i>3.5</i>	<i>11.4</i>	<i>-7.4</i>	<i>-6.7</i>	<i>4.3</i>	<i>2.0</i>	<i>-1.7</i>	<i>3.0</i>	<i>3.0</i>
<i>Public Sector</i>	<i>-20.3</i>	<i>-17.4</i>	<i>-2.0</i>	<i>1.0</i>	<i>-9.1</i>	<i>46.6</i>	<i>10.5</i>	<i>-2.0</i>	<i>-1.0</i>	<i>10.8</i>	<i>3.0</i>	<i>3.0</i>
<i>Building Technology</i>	<i>24.4</i>	<i>8.2</i>	<i>2.7</i>	<i>-9.3</i>	<i>5.1</i>	<i>-16.6</i>	<i>-0.7</i>	<i>-0.3</i>	<i>1.0</i>	<i>-4.4</i>	<i>3.0</i>	<i>3.0</i>
<i>Elimination</i>	<i>-13.5</i>	<i>-19.6</i>	<i>11.6</i>	<i>22.1</i>	<i>-1.1</i>	<i>12.2</i>	<i>15.5</i>	<i>26.6</i>	<i>3.0</i>	<i>13.8</i>	<i>3.0</i>	<i>3.0</i>
Total	0.4	2.3	11.4	5.8	5.1	0.9	3.1	4.0	4.3	3.2	3.3	3.3
EBIT, EURm												
Group	0.1	-0.5	3.1	3.0	5.7	0.4	2.9	3.3	3.8	10.4	12.0	12.8
Total	0.1	-0.5	3.1	3.0	5.7	0.4	2.9	3.3	3.8	10.4	12.0	12.8
EBIT margin, %												
<i>Total</i>	<i>0.2</i>	<i>-0.7</i>	<i>4.1</i>	<i>3.6</i>	<i>2.0</i>	<i>0.7</i>	<i>4.0</i>	<i>4.2</i>	<i>4.4</i>	<i>3.5</i>	<i>3.9</i>	<i>4.0</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	300.2	315.8	314.8	274.6	288.8	298.1	308.0	318.3
<i>Sales growth (%)</i>	<i>14.8</i>	<i>5.2</i>	<i>-0.3</i>	<i>-12.8</i>	<i>5.1</i>	<i>3.2</i>	<i>3.3</i>	<i>3.3</i>
EBITDA	1.7	-0.5	8.1	11.4	9.2	14.0	15.5	16.3
<i>EBITDA margin (%)</i>	<i>0.6</i>	<i>-0.1</i>	<i>2.6</i>	<i>4.2</i>	<i>3.2</i>	<i>4.7</i>	<i>5.0</i>	<i>5.1</i>
Depreciation	-2.1	-1.7	-3.5	-3.2	-3.5	-3.6	-3.5	-3.5
EBITA	-0.4	-2.1	4.6	8.2	5.7	10.4	12.0	12.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-0.4	-2.1	4.6	8.2	5.7	10.4	12.0	12.8
<i>EBIT margin (%)</i>	<i>-0.1</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.0</i>	<i>2.0</i>	<i>3.5</i>	<i>3.9</i>	<i>4.0</i>
Reported EBIT	-0.4	-2.1	4.6	8.2	5.7	10.4	12.0	12.8
<i>EBIT margin (reported) (%)</i>	<i>-0.1</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.0</i>	<i>2.0</i>	<i>3.5</i>	<i>3.9</i>	<i>4.0</i>
Net financials	-0.8	-0.7	-1.2	-1.0	-1.1	-0.9	-0.8	-0.6
Pre-tax profit	-1.2	-2.8	3.4	7.2	4.6	9.5	11.2	12.2
Taxes	0.1	0.5	-0.7	-1.6	-0.9	-1.9	-2.2	-2.4
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-1.1	-2.3	2.5	5.6	3.7	7.6	9.0	9.8
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	5	4	4	3	3	3	4	4
Goodwill	49	49	49	49	50	50	50	50
Right of use assets	0	4	3	2	6	5	5	5
Inventory	1	1	1	1	1	1	1	1
Receivables	36	53	50	49	41	43	44	46
Liquid funds	10	3	10	24	18	19	19	20
Total assets	101	115	117	129	119	121	123	125
Liabilities								
Shareholder's equity	25	23	26	30	32	36	41	47
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	3	3	0	0	0	0
Lease liabilities	0	4	4	2	5	5	5	5
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	22	23	25	27	27	23	18	13
Non-interest bearing current liabilities	52	62	56	63	52	54	56	57
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	101	115	117	129	119	121	123	125
CASH FLOW, EURm								
+ EBITDA	2	0	8	11	9	14	15	16
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-1	0	0	-1	-1	-2	-2	-2
- Increase in Net Working Capital	9	-5	-3	8	-3	0	0	0
+/- Other	0	0	0	0	1	0	0	0
= Cash flow from operations	9	-7	4	18	5	12	13	14
- Capex	-1	-1	-4	-3	-7	-3	-3	-4
- Acquisitions	-4	0	0	0	-1	0	0	0
+ Divestments	1	1	0	0	0	0	0	0
= Free cash flow	4	-8	0	15	-3	8	9	10
+/- New issues/buybacks	1	0	0	0	1	0	0	0
- Paid dividend	-4	0	0	-1	-3	-4	-4	-4
+/- Other	-1	1	6	0	-1	-4	-5	-5
Change in cash	0	-6	7	14	-6	1	1	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	43	50	79	95	71	71	71
Net debt (excl. convertibles)	23	19	5	14	9	4	-2
Enterprise value	67	72	87	109	80	75	69
Sales	316	315	275	289	298	308	318
EBITDA	0	8	11	9	14	15	16
EBIT	-2	5	8	6	10	12	13
Pre-tax	-3	3	7	5	9	11	12
Earnings	-2	2	6	4	8	9	10
Equity book value (excl. minorities)	23	26	30	32	36	41	47
Valuation multiples							
EV/sales	0.2	0.2	0.3	0.4	0.3	0.2	0.2
EV/EBITDA	-143.6	8.9	7.6	11.9	5.7	4.8	4.2
EV/EBITA	-31.3	15.6	10.6	19.1	7.7	6.2	5.4
EV/EBIT	-31.3	15.6	10.6	19.1	7.7	6.2	5.4
EV/OCF	-9.9	19.7	4.9	23.3	6.9	5.8	5.1
EV/FCFF	-9.6	31.9	5.2	32.9	7.3	6.2	5.5
P/FCFE	-5.7	523.9	5.2	-30.6	8.6	7.5	7.0
P/E	-18.5	20.3	14.2	25.9	9.3	7.9	7.2
P/B	1.8	1.9	2.6	3.0	2.0	1.7	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.7	5.7	5.1
Target EV/EBIT	0.0	0.0	0.0	0.0	9.1	7.4	6.5
Target EV/FCF	0.0	0.0	0.0	0.0	11.5	9.5	8.3
Target P/B	0.0	0.0	0.0	0.0	2.4	2.1	1.8
Target P/E	0.0	0.0	0.0	0.0	11.2	9.5	8.7
Per share measures							
Number of shares	7,858	7,858	7,858	7,858	7,735	7,735	7,735
Number of shares (diluted)	7,858	7,858	7,858	7,858	7,735	7,735	7,735
EPS	-0.30	0.32	0.71	0.47	0.98	1.16	1.26
Operating cash flow per share	-0.85	0.47	2.27	0.60	1.49	1.66	1.76
Free cash flow per share	-0.96	0.01	1.93	-0.40	1.06	1.22	1.30
Book value per share	2.98	3.33	3.87	4.08	4.67	5.34	6.02
Dividend per share	0.00	0.16	0.40	0.45	0.49	0.58	0.63
Dividend payout ratio, %	0.0	50.8	56.3	96.4	50.0	50.0	50.0
Dividend yield, %	0.0	2.5	4.0	3.7	5.4	6.4	6.9
FCF yield, %	-17.4	0.2	19.2	-3.3	11.6	13.3	14.2
Efficiency measures							
ROE	-9.6	10.0	19.7	11.8	22.3	23.2	22.2
ROCE	-4.2	8.6	13.7	9.1	16.3	18.8	19.9
Financial ratios							
Inventories as % of sales	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Receivables as % of sales	16.8	15.8	17.9	14.3	14.3	14.3	14.3
Non-interest bearing liabilities as % of sales	19.5	17.8	23.1	18.0	18.0	18.0	18.0
NWC/sales, %	-2.5	-1.7	-4.9	-3.4	-3.4	-3.4	-3.4
Operative CAPEX/sales, %	0.4	1.3	1.0	2.4	1.1	1.1	1.1
CAPEX/sales (incl. acquisitions), %	0.4	1.3	1.0	2.0	1.1	1.1	1.1
FCFF/EBITDA	15.0	0.3	1.5	0.4	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	-50.5	2.3	0.4	1.5	0.7	0.3	-0.1
Debt/equity, market-weighted	0.5	0.5	0.3	0.3	0.3	0.3	0.2
Equity ratio, book-weighted	24.4	29.8	26.1	26.9	29.9	33.7	37.3
Gearing, %	100.0	64.4	14.1	44.1	26.3	9.4	-3.6

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 years driven by a number of weak margin projects. Growth has been a challenge but with an improved order backlog and the strategic venture into new construction services growth is once again picking up. Demand in certain areas remains affected by the pandemic but for instance the housing market has seen good recovery. 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 growth.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lujatalo Oy	790,000	7.221	10.2%
Heikintorppa Oy	750,000	6.855	9.7%
Wipunen varainhallinta Oy	750,000	6.855	9.7%
Fennia Life Insurance Company Ltd	518,525	4.739	6.7%
Korkeela Esa Sakari	450,058	4.114	5.8%
Kivi Risto Juhani	380,473	3.478	4.9%
Kalervo Markku	300,044	2.742	3.9%
Varma Mutual Pension Insurance Company	172,000	1.572	2.2%
Drumbo Oy	150,000	1.371	1.9%
Consti Yhtiot Oyj	123,739	1.131	1.6%
Ten largest	4,384,839	40.077	57%
Residual	3,349,689	30.616	43%
Total	7,734,528	70.694	100%

EARNINGS CALENDAR

February 03, 2023	FY 2022 Results
April 27, 2023	Q1 report
July 21, 2023	Q2 report
October 27, 2023	Q3 report

OTHER EVENTS**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	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

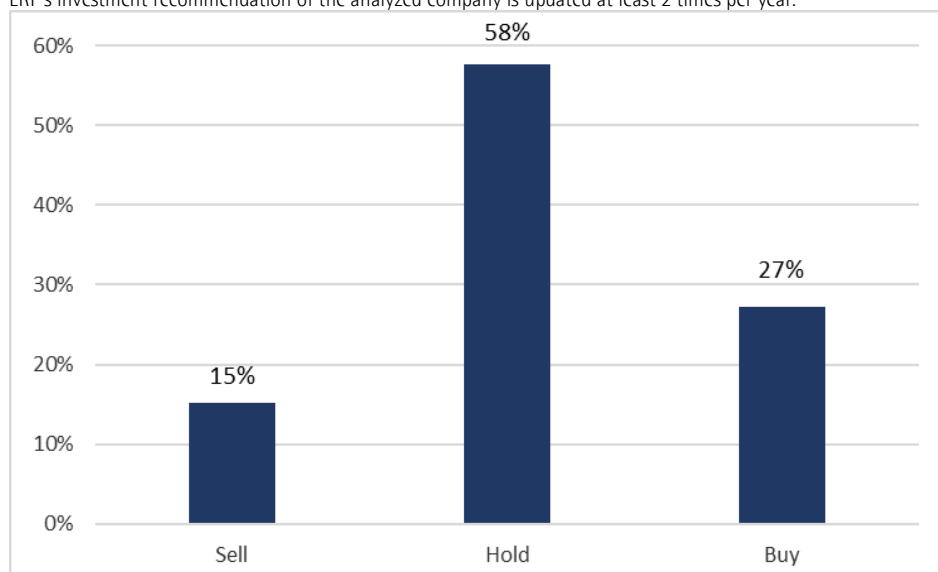
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Investment recommendations are defined as follows:

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

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

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