

Focus on order intake

Consti reports its Q2 results on July 21st. We anticipate continued y/y growth and expect profitability to stay at a similar level compared to the previous year despite increased volumes, due to expected cost inflationary pressure. We see the Q2 order intake development crucial for H2 volumes.

Expecting a solid Q2, focus is on order intake development

We estimate net sales of EUR 79.8m for Q2, with 9% y/y growth. The estimated continued growth is driven by the Housing Companies and Corporations segments. In terms of profitability, we estimate EBIT of EUR 3.1m with similar profitability levels when compared to last year despite higher volumes given the cost inflationary pressures in materials and personnel expenses. Besides the figures, our attention is on the order intake development. With the end of Q1 backlog being more evenly distributed across subsequent years, new orders are necessary to fill the volumes for the remainder of 2023.

Overall construction market outlook remains gloomy

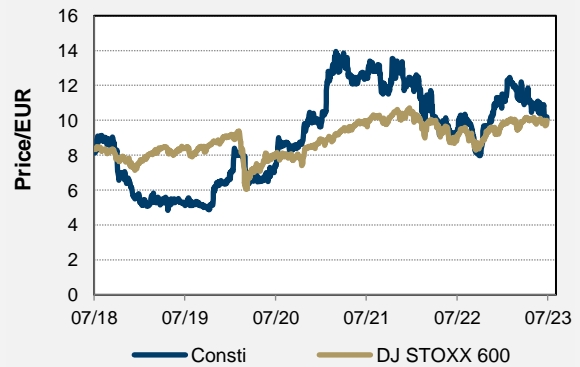
The construction market is expected to slow down in 2023 driven especially by the residential new construction market. The renovation construction market is still expected to experience slight growth during 2023 driven by the need-based nature of the segment. While the renovation construction market typically operates differently, the notable decline in the new construction market may impact renovation construction to some extent. Some of Consti's customers have already publicly announced delays and postponements of renovations and other repairs driven by the increased interest expenses and other costs. Although the market outlook remains gloomy, we haven't adjusted our estimates. However, the recent news flow has drawn greater attention into the order intake development. The development in the housing company segment is of key interest as the future outlook should be clearer after H1.

BUY with TP of EUR 14.0 (14.0)

We continue to see the valuation of Consti undemanding. The company trades at 8.8x P/E and 6.1x EV/EBIT on our 2023 estimates which offers a significant discount to both the main peer companies (Table 1) and Consti's own historic multiples.

Rating

BUY



Share price, EUR (Last trading day's closing price)	10.20
Target price, EUR	14.0

Latest change in recommendation	26-Jul-21
Latest report on company	28-Apr-23
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	79
Free float, %	45.9
Exchange rate EUR	1.000
Reuters code	CONSTI.HE
Bloomberg code	CONSTI FH
Average daily volume, EURm	0.1
Next interim report	21-Jul-23
Web site	investor.consti.fi

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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
2021	288.8	5.7	2.0%	-3.1	0.47	25.9	0.4	19.1	-3.3	0.45
2022	305.2	11.5	3.8%	15.2	1.10	10.2	0.3	7.9	17.6	0.60
2023E	328.2	12.4	3.8%	11.4	1.16	8.8	0.2	6.1	14.5	0.65
2024E	335.1	14.1	4.2%	11.5	1.37	7.5	0.2	4.9	14.6	0.75
2025E	342.1	15.1	4.4%	12.2	1.50	6.8	0.2	4.2	15.4	0.83
Market cap, EURm		79	Gearing 2023E, %			-7.2	CAGR EPS 2022-25, %			11.0
Net debt 2023E, EURm		-3	Price/book 2023E			1.9	CAGR sales 2022-25, %			3.9
Enterprise value, EURm		76	Dividend yield 2023E, %			6.4	ROE 2023E, %			23.4
Total assets 2023E, EURm		127	Tax rate 2023E, %			20.0	ROCE 2023E, %			20.6
Goodwill 2023E, EURm		50	Equity ratio 2023E, %			32.0	PEG, P/E 23/CAGR			0.8

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

Table 1: Construction peer group

Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
YIT	448	18.3x	10.7x	7.9x	22.4x	14.4x	10.2x	39.7x	12.5x	9.0x
SRV Yhtiot	67	14.3x	7.7x	5.1x	25.8x	10.3x	6.3x		10.9x	4.8x
Lehto Group	17		8.5x			17.1x			11.6x	4.8x
Skanska	5513	7.1x	6.3x	5.2x	9.7x	8.3x	6.8x	12.3x	10.4x	9.6x
NCC	903	4.4x	4.3x	4.1x	7.5x	7.5x	7.0x	7.4x	7.6x	7.6x
Peab	1104	7.2x	7.1x	6.7x	11.9x	11.4x	10.8x	6.5x	7.5x	7.1x
JM AB	843	12.4x	14.3x	11.9x	12.5x	13.9x	12.0x	10.1x	12.2x	10.2x
Veidekke	1381	5.7x	5.2x	4.9x	9.7x	8.6x	8.2x	14.7x	13.0x	12.6x
Peer group average	1285	9.9x	8.0x	6.6x	14.2x	11.4x	8.8x	15.1x	10.7x	8.2x
Peer group median	873	7.2x	7.4x	5.2x	11.9x	10.9x	8.2x	11.2x	11.3x	8.3x
Consti (Evli est.)	80	4.8x	4.1x	3.6x	6.1x	4.9x	4.2x	8.8x	7.5x	6.8x

Consti prem./disc. to peer median

-33.5% -44.0% -30.6% -48.4% -54.5% -48.6% -21.5% -33.8% -18.0%

Source Bloomberg, Evli Research

Table 2: Building Installations and Services peer group

Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Caverion	1185	8.4x	7.4x	7.4x	15.3x	12.3x	11.9x	16.3x	14.2x	13.1x
Bravida Holding	1807	9.4x	8.8x	8.5x	12.0x	11.4x	10.8x	15.2x	15.1x	14.3x
MITIE Group	1576	6.3x	5.6x	5.1x	8.3x	7.3x	6.5x	10.6x	10.3x	9.2x
ISS A/S	3466	6.9x	6.0x	5.4x	10.1x	8.5x	7.5x	11.3x	9.3x	8.3x
Bilfinger	1339	4.5x	3.6x	3.1x	7.2x	5.3x	4.5x	13.4x	10.0x	8.9x
Instalco	1169	11.8x	10.5x	9.4x	17.3x	15.3x	13.3x	19.9x	18.0x	15.7x
Peer group average	1757	7.9x	7.0x	6.5x	11.7x	10.0x	9.1x	14.4x	12.8x	11.6x
Peer group median	1457	7.6x	6.7x	6.4x	11.1x	10.0x	9.2x	14.3x	12.2x	11.2x
Consti (Evli est.)	80	4.8x	4.1x	3.6x	6.1x	4.9x	4.2x	8.8x	7.5x	6.8x

Consti prem./disc. to peer median

-37.2% -38.2% -43.1% -44.6% -50.5% -54.2% -38.4% -39.0% -39.2%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.20 PV of Free Cash Flow	93 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	22.76 PV of Horizon value	91 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	123.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	24.4 Marketable securities	21 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	21.3 Debt - dividend	-29 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	49.6 Value of stock	176 Nr of shares, Mn	7.7 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	305	328	335	342	348	353	358	364	369	375	379	384
<i>Sales growth, %</i>	<i>5.7</i>	<i>7.5</i>	<i>2.1</i>	<i>2.1</i>	<i>1.7</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)	11	12	14	15	15	16	16	16	16	16	17	17
<i>Operating income margin, %</i>	<i>3.8</i>	<i>3.8</i>	<i>4.2</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>
+ Depreciation+amort.	4	4	3	2	2	2	2	2	2	2	2	2
EBITDA	15	16	17	17	18	18	18	18	19	19	19	
- Paid taxes	1	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3
- Change in NWC	4	1	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	<i>0.7</i>	<i>0.7</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.7</i>	<i>0.6</i>
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	-2	0	0	0	0	0	0	0	0	0	0	0
= FCFF	17	13	13	13	13	14	14	14	14	14	15	199
= Discounted FCFF		13	12	11	10	9	9	8	8	7	7	91
= DFCF min WACC		13	12	11	10	10	9	8	8	7	7	102
= DFCF max WACC		13	11	11	10	9	9	8	7	7	6	82

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	59.8	73.1	79.0	93.3	305.2	68.9	79.8	83.0	96.5	328.2	335.1	342.1
EBITDA	1.4	3.7	4.2	5.7	15.0	1.5	4.0	4.4	6.1	15.9	16.8	17.4
<i>EBITDA margin (%)</i>	<i>2.3</i>	<i>5.1</i>	<i>5.4</i>	<i>6.1</i>	<i>4.9</i>	<i>2.1</i>	<i>5.0</i>	<i>5.3</i>	<i>6.3</i>	<i>4.8</i>	<i>5.0</i>	<i>5.1</i>
EBIT	0.4	2.9	3.3	4.9	11.5	0.7	3.1	3.5	5.2	12.4	14.1	15.1
<i>EBIT margin (%)</i>	<i>0.6</i>	<i>4.0</i>	<i>4.2</i>	<i>5.2</i>	<i>3.8</i>	<i>1.0</i>	<i>3.9</i>	<i>4.2</i>	<i>5.4</i>	<i>3.8</i>	<i>4.2</i>	<i>4.4</i>
Net financial items	-0.2	-0.2	-0.2	-0.3	-1.0	-0.3	-0.3	-0.3	-0.3	-1.2	-0.9	-0.5
Pre-tax profit	0.1	2.7	3.1	4.5	10.4	0.4	2.8	3.2	4.9	11.2	13.2	14.5
Tax	0.0	-0.5	-0.6	-0.8	-1.9	-0.1	-0.6	-0.6	-1.0	-2.2	-2.6	-2.9
<i>Tax rate (%)</i>	<i>20.3</i>	<i>20.0</i>	<i>20.0</i>	<i>16.8</i>	<i>18.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.1	2.2	2.5	3.8	8.5	0.3	2.2	2.5	3.9	9.0	10.6	11.6
EPS	0.01	0.28	0.32	0.49	1.10	0.04	0.29	0.33	0.51	1.16	1.37	1.50
EPS adjusted (diluted no. of shares)	0.01	0.28	0.32	0.49	1.10	0.04	0.29	0.33	0.51	1.16	1.37	1.50
Dividend per share	0.00	0.00	0.00	0.00	0.60	0.00	0.00	0.00	0.00	0.65	0.75	0.83
SALES, EURm												
Housing Companies	15.6	25.4	30.6	32.4	104.0	20.4	29.2	32.9	34.0	116.5	119.5	121.8
Corporations	20.2	24.3	26.7	33.8	104.9	26.3	27.7	28.0	34.5	116.4	118.8	120.5
Public Sector	10.9	9.4	9.4	12.4	42.1	9.9	9.4	9.6	13.0	41.9	43.1	44.2
Building Technology	16.0	17.7	16.3	19.1	69.1	14.8	17.3	16.5	19.5	68.1	70.1	72.2
Elimination	-2.9	-3.6	-4.0	-4.4	-14.9	-2.4	-3.8	-3.9	-4.5	-14.7	-16.3	-16.7
Total	59.8	73.1	79.0	93.3	305.2	68.9	79.8	83.0	96.5	328.2	335.1	342.1
SALES GROWTH, Y/Y %												
<i>Housing Companies</i>	<i>16.5</i>	<i>16.9</i>	<i>10.9</i>	<i>18.7</i>	<i>15.5</i>	<i>30.9</i>	<i>15.0</i>	<i>7.5</i>	<i>5.0</i>	<i>12.1</i>	<i>2.5</i>	<i>2.0</i>
<i>Corporations</i>	<i>-7.4</i>	<i>-6.7</i>	<i>4.3</i>	<i>22.6</i>	<i>3.9</i>	<i>30.3</i>	<i>14.0</i>	<i>5.0</i>	<i>2.0</i>	<i>11.0</i>	<i>2.0</i>	<i>1.5</i>
<i>Public Sector</i>	<i>46.6</i>	<i>10.5</i>	<i>-2.0</i>	<i>2.4</i>	<i>11.9</i>	<i>-9.9</i>	<i>0.0</i>	<i>2.0</i>	<i>5.0</i>	<i>-0.6</i>	<i>3.0</i>	<i>2.5</i>
<i>Building Technology</i>	<i>-16.6</i>	<i>-0.7</i>	<i>-0.3</i>	<i>-2.0</i>	<i>-5.2</i>	<i>-7.9</i>	<i>-2.0</i>	<i>1.0</i>	<i>2.0</i>	<i>-1.5</i>	<i>3.0</i>	<i>3.0</i>
<i>Elimination</i>	<i>12.2</i>	<i>15.5</i>	<i>26.6</i>	<i>14.1</i>	<i>17.1</i>	<i>-16.7</i>	<i>4.7</i>	<i>-1.5</i>	<i>3.1</i>	<i>-1.6</i>	<i>11.5</i>	<i>2.1</i>
Total	0.9	3.1	4.0	12.9	5.7	15.2	9.1	5.1	3.4	7.5	2.1	2.1
EBIT, EURm												
Group	0.4	2.9	3.3	4.9	11.5	0.7	3.1	3.5	5.2	12.4	14.1	15.1
Total	0.4	2.9	3.3	4.9	11.5	0.7	3.1	3.5	5.2	12.4	14.1	15.1
EBIT margin, %												
Total	0.6	4.0	4.2	5.2	3.8	1.0	3.9	4.2	5.4	3.8	4.2	4.4

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	315.8	314.8	274.6	288.8	305.2	328.2	335.1	342.1
<i>Sales growth (%)</i>	<i>5.2</i>	<i>-0.3</i>	<i>-12.8</i>	<i>5.1</i>	<i>5.7</i>	<i>7.5</i>	<i>2.1</i>	<i>2.1</i>
EBITDA	-0.5	8.1	11.4	9.2	15.0	15.9	16.8	17.4
<i>EBITDA margin (%)</i>	<i>-0.1</i>	<i>2.6</i>	<i>4.2</i>	<i>3.2</i>	<i>4.9</i>	<i>4.8</i>	<i>5.0</i>	<i>5.1</i>
Depreciation	-1.7	-3.5	-3.2	-3.5	-3.5	-3.5	-2.7	-2.3
EBITA	-2.1	4.6	8.2	5.7	11.5	12.4	14.1	15.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-2.1	4.6	8.2	5.7	11.5	12.4	14.1	15.1
<i>EBIT margin (%)</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.0</i>	<i>2.0</i>	<i>3.8</i>	<i>3.8</i>	<i>4.2</i>	<i>4.4</i>
Reported EBIT	-2.1	4.6	8.2	5.7	11.5	12.4	14.1	15.1
<i>EBIT margin (reported) (%)</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.0</i>	<i>2.0</i>	<i>3.8</i>	<i>3.8</i>	<i>4.2</i>	<i>4.4</i>
Net financials	-0.7	-1.2	-1.0	-1.1	-1.0	-1.2	-0.9	-0.5
Pre-tax profit	-2.8	3.4	7.2	4.6	10.4	11.2	13.2	14.5
Taxes	0.5	-0.7	-1.6	-0.9	-1.9	-2.2	-2.6	-2.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-2.3	2.5	5.6	3.7	8.5	9.0	10.6	11.6
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	4	4	3	3	4	4	4	4
Goodwill	49	49	49	50	50	50	50	50
Right of use assets	4	3	2	6	4	3	2	2
Inventory	1	1	1	1	1	1	1	1
Receivables	53	50	49	41	44	47	48	49
Liquid funds	3	10	24	18	21	22	23	23
Total assets	115	117	129	119	123	127	128	129
Liabilities								
Shareholder's equity	23	26	30	32	36	41	46	52
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	3	3	0	0	0	0	0
Lease liabilities	4	4	2	5	4	3	2	2
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	23	25	27	27	20	17	12	6
Non-interest bearing current liabilities	62	56	63	52	60	64	66	67
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	115	117	129	119	123	127	128	129
CASH FLOW, EURm								
+ EBITDA	0	8	11	9	15	16	17	17
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	0	0	-1	-1	1	-2	-3	-3
- Increase in Net Working Capital	-5	-3	8	-3	4	1	0	0
+/- Other	0	0	0	1	-2	0	0	0
= Cash flow from operations	-7	4	18	5	17	14	14	14
- Capex	-1	-4	-3	-7	-2	-2	-2	-2
- Acquisitions	0	0	0	-1	0	0	0	0
+ Divestments	1	0	0	0	0	0	0	0
= Free cash flow	-8	0	15	-3	15	11	11	12
+/- New issues/buybacks	0	0	0	1	-1	0	0	0
- Paid dividend	0	0	-1	-3	-4	-5	-5	-6
+/- Other	1	6	0	-1	-8	-5	-6	-6
Change in cash	-6	7	14	-6	3	2	0	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	50	79	95	86	79	79	79
Net debt (excl. convertibles)	19	5	14	4	-3	-9	-16
Enterprise value	72	87	109	90	76	69	63
Sales	315	275	289	305	328	335	342
EBITDA	8	11	9	15	16	17	17
EBIT	5	8	6	11	12	14	15
Pre-tax	3	7	5	10	11	13	15
Earnings	2	6	4	8	9	11	12
Equity book value (excl. minorities)	26	30	32	36	41	46	52
Valuation multiples							
EV/sales	0.2	0.3	0.4	0.3	0.2	0.2	0.2
EV/EBITDA	8.9	7.6	11.9	6.0	4.8	4.1	3.6
EV/EBITA	15.6	10.6	19.1	7.9	6.1	4.9	4.2
EV/EBIT	15.6	10.6	19.1	7.9	6.1	4.9	4.2
EV/OCF	19.7	4.9	23.3	5.2	5.6	5.1	4.4
EV/FCFF	31.9	5.2	32.9	5.2	5.8	5.3	4.7
P/FCFE	523.9	5.2	-30.6	5.7	6.9	6.9	6.5
P/E	20.3	14.2	25.9	10.2	8.8	7.5	6.8
P/B	1.9	2.6	3.0	2.4	1.9	1.7	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.6	5.9	5.3
Target EV/EBIT	0.0	0.0	0.0	0.0	8.5	7.0	6.1
Target EV/FCF	0.0	0.0	0.0	0.0	9.2	8.6	7.6
Target P/B	0.0	0.0	0.0	0.0	2.7	2.3	2.1
Target P/E	0.0	0.0	0.0	0.0	12.1	10.2	9.3
Per share measures							
Number of shares	7,858	7,858	7,858	7,735	7,735	7,735	7,735
Number of shares (diluted)	7,858	7,858	7,858	7,735	7,735	7,735	7,735
EPS	0.32	0.71	0.47	1.10	1.16	1.37	1.50
Operating cash flow per share	0.47	2.27	0.60	2.25	1.76	1.76	1.85
Free cash flow per share	0.01	1.93	-0.40	1.96	1.48	1.49	1.57
Book value per share	3.33	3.87	4.08	4.68	5.24	5.96	6.71
Dividend per share	0.16	0.40	0.45	0.60	0.65	0.75	0.83
Dividend payout ratio, %	50.8	56.3	96.4	54.6	56.0	55.0	55.0
Dividend yield, %	2.5	4.0	3.7	5.4	6.4	7.4	8.1
FCF yield, %	0.2	19.2	-3.3	17.6	14.5	14.6	15.4
Efficiency measures							
ROE	10.0	19.7	11.8	24.9	23.4	24.4	23.7
ROCE	8.6	13.7	9.1	18.4	20.6	23.7	25.4
Financial ratios							
Inventories as % of sales	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Receivables as % of sales	15.8	17.9	14.3	14.4	14.4	14.4	14.4
Non-interest bearing liabilities as % of sales	17.8	23.1	18.0	19.6	19.6	19.6	19.6
NWC/sales, %	-1.7	-4.9	-3.4	-4.9	-4.9	-4.9	-4.9
Operative CAPEX/sales, %	1.3	1.0	2.4	0.7	0.7	0.6	0.6
CAPEX/sales (incl. acquisitions), %	1.3	1.0	2.0	0.7	0.7	0.6	0.6
FCFF/EBITDA	0.3	1.5	0.4	1.1	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	2.3	0.4	1.5	0.3	-0.2	-0.6	-0.9
Debt/equity, market-weighted	0.5	0.3	0.3	0.2	0.2	0.1	0.1
Equity ratio, book-weighted	29.8	26.1	26.9	29.4	32.0	36.1	40.2
Gearing, %	64.4	14.1	44.1	10.7	-7.2	-20.4	-30.3

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. 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	790,000	8.058	10.2%
Heikintorppa Oy	750,000	7.650	9.7%
Wipunen Varainhallinta Oy	750,000	7.650	9.7%
Vakuutusosakeyhtiö Henki-Fennia	518,525	5.289	6.7%
Korkeela Esa Sakari	462,931	4.722	6.0%
Kivi Risto Juhani	388,913	3.967	5.0%
Kalevo Markku	301,044	3.071	3.9%
Keskinäinen Työeläkevakuutusyhtiö Varma	172,000	1.754	2.2%
Drumbo Oy	150,000	1.530	1.9%
Consti Yhtiöt Oyj	123,739	1.262	1.6%
Ten largest	4,407,152	44.953	57%
Residual	3,327,376	33.939	43%
Total	7,734,528	78.892	100%

EARNINGS CALENDAR

July 21, 2023 Q2 report

October 27, 2023 Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

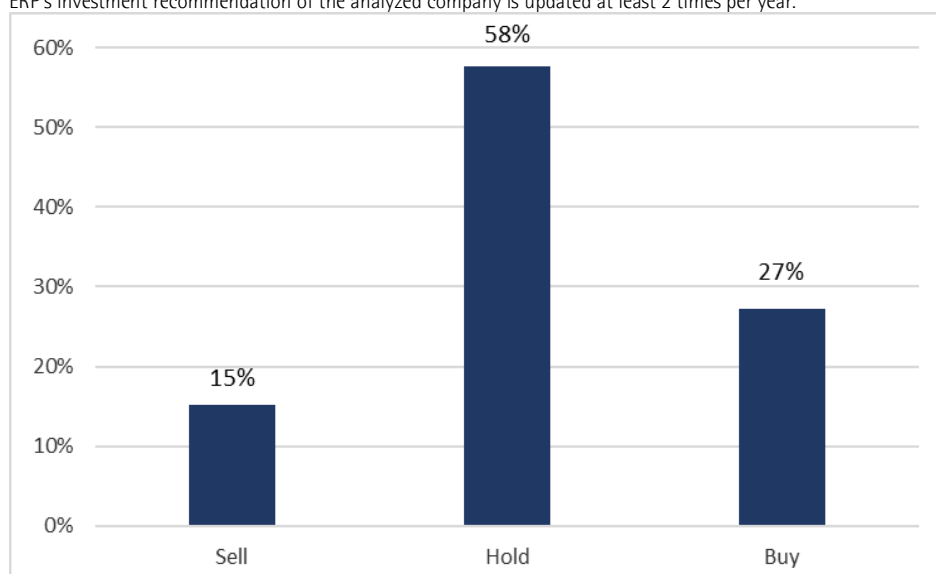
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Investment recommendations are defined as follows:

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

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

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