

Valuation doesn't set the bar high

Consti reports its Q3 results on 27th of October. We expect continued good execution supported by the strong backlog. We continue to keep an eye on order intake and the future outlook as the renovation market sentiment shows signs of weakness.

Strong backlog supports the development in H2

Consti's order backlog finished at all time high levels of EUR 297.9m at the end of Q2 2023. We expect net sales of EUR 81.5m with growth of 3.1% for Q3, for FY 23, we estimate revenue growth of 5.4%. The expected growth during H2 is driven by the current strong backlog of projects. In terms of profitability, we estimate EBIT of EUR 3.4m for Q3 and EUR 12.2m for FY 2023, within Consti's EBIT guidance range of EUR 9.5-13.5m. The sale of the company's property-related relining business to Spolargruppen might have a slight positive effect on the Q3 result yet we have not included it in our estimates.

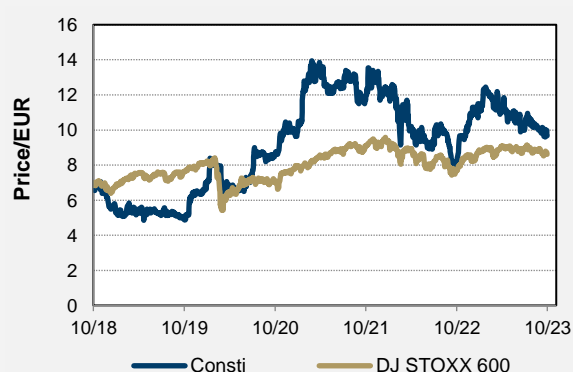
Signs of weakening demand for renovation

Confederation of Finnish Construction Industries (RT) revised its estimates of Finnish renovation construction volumes downwards in September. Before, it had projected growth of 1.5% for 2023 and a 2% increase for 2024. However, the revised forecasts now indicate a 4% reduction in volumes in 2023, with the decline persisting into 2024, where volumes are anticipated to decrease by 1%. The main drivers for the weaker outlook include cost inflation and tighter financing environment. In addition to RT, the Finnish Association of HVAC Technical Contractors published their balance figures for renovation construction which declined notably from the figures published in March. Despite the negative outlook spreading from new construction to renovation construction, we see that Consti is well positioned within the renovation segment. Consti mainly operates in the largest cities within Finland where the market is expected to fare better when compared to more rural areas.

Valuation remains conservative

Our TP values Consti at roughly 12x 2023 P/E and 9x 2023 EV/EBIT. Consti trades at a discount to both our peer group and the company's own historical valuation levels. We continue to see the current pricing hard to justify given the company's exposure to the more stable renovation market.

Rating BUY



Share price, EUR (Last trading day's closing price) 9.68

Target price, EUR 14.0

Latest change in recommendation	23-Jul-21
Latest report on company	21-Jul-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	75
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	321.9	12.2	3.8%	11.1	1.14	8.5	0.2	5.9	14.8	0.65
2024E	332.0	13.9	4.2%	11.5	1.36	7.1	0.2	4.7	15.4	0.75
2025E	339.2	14.9	4.4%	12.1	1.49	6.5	0.2	4.0	16.1	0.82
Market cap, EURm		75	Gearing 2023E, %			-6.3	CAGR EPS 2022-25, %			10.7
Net debt 2023E, EURm		-3	Price/book 2023E			1.9	CAGR sales 2022-25, %			3.6
Enterprise value, EURm		72	Dividend yield 2023E, %			6.7	ROE 2023E, %			23.1
Total assets 2023E, EURm		125	Tax rate 2023E, %			20.0	ROCE 2023E, %			20.3
Goodwill 2023E, EURm		50	Equity ratio 2023E, %			32.2	PEG, P/E 23/CAGR			0.8

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

Table 1: Peer valuation overview

Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
YIT	394	18.6x	12.5x	8.7x	29.8x	18.4x	11.6x	92.9x	19.1x	9.3x
SRV Yhtiot	57	20.6x	8.4x	6.0x	42.6x	11.2x	7.6x		9.4x	4.1x
Lehto Group	8									
Skanska	6038	8.3x	6.9x	6.8x	11.4x	9.0x	8.8x	13.8x	11.3x	10.4x
NCC	1024	4.8x	5.0x	4.8x	8.2x	8.6x	8.2x	8.0x	8.6x	8.5x
Peab	1015	7.2x	7.2x	6.8x	11.4x	12.1x	11.0x	6.6x	8.0x	7.4x
JM AB	780	12.4x	12.3x	11.0x	12.2x	12.3x	10.8x	9.8x	11.3x	10.4x
Veidekke	1127	4.6x	4.4x	4.0x	8.5x	7.4x	6.6x	13.4x	11.8x	11.0x
Peer group average	1305	10.9x	8.1x	6.9x	17.7x	11.3x	9.2x	24.1x	11.4x	8.7x
Peer group median	897	8.3x	7.2x	6.8x	11.4x	11.2x	8.8x	11.6x	11.3x	9.3x
Consti (Evli est.)	79	4.7x	4.1x	3.6x	6.1x	4.9x	4.1x	8.7x	7.3x	6.7x

Consti prem./disc. to peer median

-43.0% -43.0% -47.1% -46.6% -56.5% -53.1% -25.2% -34.8% -28.4%

Source Bloomberg, Evli Research

Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Caverion	1202	9.1x	7.6x	7.4x	16.7x	12.1x	11.3x	17.9x	14.2x	12.8x
Bravida Holding	1429	7.9x	8.0x	7.2x	10.2x	10.5x	9.2x	12.6x	13.2x	11.8x
MITIE Group	1572	6.1x	5.5x	5.1x	7.8x	7.2x	6.5x	10.2x	10.4x	9.6x
ISS A/S	2606	6.0x	5.2x	4.7x	8.9x	7.3x	6.5x	8.9x	7.2x	6.4x
Bilfinger	1238	4.1x	3.2x	2.7x	6.5x	4.7x	3.9x	12.3x	9.0x	7.9x
Instalco	718	8.4x	7.7x	6.6x	13.2x	11.6x	9.6x	13.1x	12.0x	10.2x
Peer group average	1461	6.9x	6.2x	5.6x	10.6x	8.9x	7.8x	12.5x	11.0x	9.8x
Peer group median	1333	7.0x	6.5x	5.8x	9.5x	8.9x	7.9x	12.4x	11.2x	9.9x
Consti (Evli est.)	79	4.7x	4.1x	3.6x	6.1x	4.9x	4.1x	8.7x	7.3x	6.7x

Consti prem./disc. to peer median

-32.3% -37.2% -38.9% -36.0% -45.1% -47.4% -29.8% -34.5% -32.6%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	9.68 PV of Free Cash Flow	94 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	23.07 PV of Horizon value	93 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	138.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	24.7 Marketable securities	21 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	21.6 Debt - dividend	-29 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	49.6 Value of stock	178 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	322	332	339	345	350	355	361	366	371	376	380
<i>Sales growth, %</i>	<i>5.7</i>	<i>5.4</i>	<i>3.2</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	15	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	17	18	18	18	18	19	19	
- Paid taxes	1	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3
- Change in NWC	4	1	1	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	13	14	14	14	14	14	198
= Discounted FCFF		13	12	11	10	10	9	8	8	7	7	93
= DFCF min WACC		13	12	11	10	10	9	9	8	8	7	104
= DFCF max WACC		13	12	11	10	9	9	8	8	7	6	83

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	75.7	81.5	95.7	321.9	332.0	339.2
EBITDA	1.4	3.7	4.2	5.7	15.0	1.5	3.9	4.3	6.0	15.7	16.6	17.3
<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>5.2</i>	<i>5.3</i>	<i>6.3</i>	<i>4.9</i>	<i>5.0</i>	<i>5.1</i>
EBIT	0.4	2.9	3.3	4.9	11.5	0.7	3.0	3.4	5.1	12.2	13.9	14.9
<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>4.0</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	-1.1	-0.8	-0.5
Pre-tax profit	0.1	2.7	3.1	4.5	10.4	0.4	2.8	3.1	4.8	11.1	13.1	14.4
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	8.8	10.5	11.5
EPS	0.01	0.28	0.32	0.49	1.10	0.04	0.29	0.32	0.50	1.14	1.36	1.49
EPS adjusted (diluted no. of shares)	0.01	0.28	0.32	0.49	1.10	0.04	0.29	0.32	0.50	1.14	1.36	1.49
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	0.82
SALES, EURm												
Housing Companies	15.6	25.4	30.6	32.4	104.0	20.4	27.3	32.1	34.0	113.9	118.4	120.8
Corporations	20.2	24.3	26.7	33.8	104.9	26.3	25.6	27.6	34.5	114.0	117.4	119.2
Public Sector	10.9	9.4	9.4	12.4	42.1	9.9	10.0	9.6	13.0	42.4	43.7	45.0
Building Technology	16.0	17.7	16.3	19.1	69.1	14.8	16.2	16.0	18.7	65.7	67.0	69.0
Elimination	-2.9	-3.6	-4.0	-4.4	-14.9	-2.4	-3.4	-3.8	-4.5	-14.1	-14.6	-14.9
Total	59.8	73.1	79.0	93.3	305.2	68.9	75.7	81.5	95.7	321.9	332.0	339.2
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>7.6</i>	<i>5.0</i>	<i>5.0</i>	<i>9.5</i>	<i>4.0</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>5.7</i>	<i>3.5</i>	<i>2.0</i>	<i>8.7</i>	<i>3.0</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>6.2</i>	<i>2.0</i>	<i>5.0</i>	<i>0.7</i>	<i>3.0</i>	<i>3.0</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>-8.4</i>	<i>-2.0</i>	<i>-2.0</i>	<i>-5.0</i>	<i>2.0</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>-6.6</i>	<i>-3.4</i>	<i>2.3</i>	<i>-5.1</i>	<i>2.9</i>	<i>2.1</i>
Total	0.9	3.1	4.0	12.9	5.7	15.2	3.6	3.1	2.6	5.4	3.2	2.1
EBIT, EURm												
Group	0.4	2.9	3.3	4.9	11.5	0.7	3.0	3.4	5.1	12.2	13.9	14.9
Total	0.4	2.9	3.3	4.9	11.5	0.7	3.0	3.4	5.1	12.2	13.9	14.9
EBIT margin, %												
<i>Total</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>4.0</i>	<i>4.2</i>	<i>5.4</i>	<i>3.8</i>	<i>4.2</i>	<i>4.4</i>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	315.8	314.8	274.6	288.8	305.2	321.9	332.0	339.2
<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>5.4</i>	<i>3.2</i>	<i>2.1</i>
EBITDA	-0.5	8.1	11.4	9.2	15.0	15.7	16.6	17.3
<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>4.9</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	12.2	13.9	14.9
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	12.2	13.9	14.9
<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	12.2	13.9	14.9
<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	-1.1	-0.8	-0.5
Pre-tax profit	-2.8	3.4	7.2	4.6	10.4	11.1	13.1	14.4
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	8.8	10.5	11.5
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	46	48	49
Liquid funds	3	10	24	18	21	22	23	23
Total assets	115	117	129	119	123	125	127	128
Liabilities								
Shareholder's equity	23	26	30	32	36	40	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	63	65	66
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	115	117	129	119	123	125	127	128
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	1	0
+/- Other	0	0	0	1	-2	0	0	0
= Cash flow from operations	-7	4	18	5	17	13	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	12	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	1	1	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	50	79	95	86	75	75	75
Net debt (excl. convertibles)	19	5	14	4	-3	-9	-15
Enterprise value	72	87	109	90	72	66	60
Sales	315	275	289	305	322	332	339
EBITDA	8	11	9	15	16	17	17
EBIT	5	8	6	11	12	14	15
Pre-tax	3	7	5	10	11	13	14
Earnings	2	6	4	8	9	10	12
Equity book value (excl. minorities)	26	30	32	36	40	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	4.6	4.0	3.4
EV/EBITA	15.6	10.6	19.1	7.9	5.9	4.7	4.0
EV/EBIT	15.6	10.6	19.1	7.9	5.9	4.7	4.0
EV/OCF	19.7	4.9	23.3	5.2	5.5	4.8	4.2
EV/FCFF	31.9	5.2	32.9	5.2	5.7	5.0	4.5
P/FCFE	523.9	5.2	-30.6	5.7	6.8	6.5	6.2
P/E	20.3	14.2	25.9	10.2	8.5	7.1	6.5
P/B	1.9	2.6	3.0	2.4	1.9	1.6	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.7	6.0	5.4
Target EV/EBIT	0.0	0.0	0.0	0.0	8.7	7.1	6.2
Target EV/FCF	0.0	0.0	0.0	0.0	9.6	8.6	7.7
Target P/B	0.0	0.0	0.0	0.0	2.7	2.4	2.1
Target P/E	0.0	0.0	0.0	0.0	12.2	10.3	9.4
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	1.14	1.36	1.49
Operating cash flow per share	0.47	2.27	0.60	2.25	1.70	1.77	1.84
Free cash flow per share	0.01	1.93	-0.40	1.96	1.43	1.49	1.56
Book value per share	3.33	3.87	4.08	4.68	5.22	5.93	6.68
Dividend per share	0.16	0.40	0.45	0.60	0.65	0.75	0.82
Dividend payout ratio, %	50.8	56.3	96.4	54.6	56.8	55.0	55.0
Dividend yield, %	2.5	4.0	3.7	5.4	6.7	7.7	8.5
FCF yield, %	0.2	19.2	-3.3	17.6	14.8	15.4	16.1
Efficiency measures							
ROE	10.0	19.7	11.8	24.9	23.1	24.3	23.7
ROCE	8.6	13.7	9.1	18.4	20.3	23.5	25.2
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	-0.5	-0.9
Debt/equity, market-weighted	0.5	0.3	0.3	0.2	0.2	0.2	0.1
Equity ratio, book-weighted	29.8	26.1	26.9	29.4	32.2	36.1	40.2
Gearing, %	64.4	14.1	44.1	10.7	-6.3	-19.8	-29.7

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	7.647	10.2%
Heikintorppa Oy	750,000	7.260	9.7%
Wipunen Varainhallinta Oy	750,000	7.260	9.7%
Vakuutusosakeyhtiö Henki-Fennia	518,525	5.019	6.7%
Korkeela Esa Sakari	462,931	4.481	6.0%
Kivi Risto Juhani	388,913	3.765	5.0%
Kalevo Markku	301,044	2.914	3.9%
Keskinäinen Työeläkevakuutusyhtiö Varma	172,000	1.665	2.2%
Drumbo Oy	150,000	1.452	1.9%
Consti Yhtiöt Oyj	123,739	1.198	1.6%
Ten largest	4,407,152	42.661	57%
Residual	3,327,376	32.209	43%
Total	7,734,528	74.870	100%

EARNINGS CALENDAR

October 27, 2023

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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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
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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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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