

Positive development expected

Consti reports its Q4 2022 results on February 3rd. We expect that the steady performance continues, and operative profitability improves year-on-year. We retain our BUY-rating and adjust our target price to EUR 13.0 (12.0).

Steady performance expected to continue in Q4

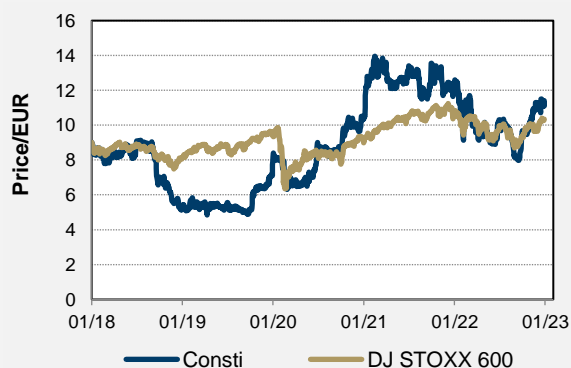
Consti reports its Q4 results on February 3rd. The company's performance has been steady during the first nine months, and we expect that the development has continued during the last quarter. We estimate revenue growth of 2.8% for Q4 driven by slightly higher backlog burn yet lack of inorganic growth when comparing to Q4 2021. Consti estimates that the EBIT for FY will be in the range of EUR 9-13 (EUR 2.4-6.4m implied guidance for Q4). Our estimate for FY EBIT stands at EUR 10.3m (EUR 3.7m for Q4), slightly below the middle point of the guidance. We expect that the company can improve its relative profitability y/y despite the cost inflationary environment as Q4 2021 was affected by two regional business units with poor profitability.

Renovation market is expected to grow slightly in 2023

Despite the anticipated decrease in new construction, the Finnish renovation construction volumes are predicted to experience a slight increase in 2023. The Confederation of Finnish Construction Industries RT predicts that renovation output will increase by 2% in 2023. We currently forecast revenue growth of 2.2% and EBIT margin of 3.8% for 2023, we expect the company's growth to continue, though at a slightly slower pace due to a lack of inorganic growth. However, margins are predicted to improve as a result of higher volumes and slowing cost inflation. Consti's backlog is still at healthy levels and the company has been able to win projects especially on non-residential renovation. The demand for renovations by housing companies in 2023 is uncertain due to the high interest rates and renovation costs.

BUY with a target price of EUR 13.0 (12.0)

We have not made any adjustments to our estimates. Due to higher peer group multiples, we adjust our target price to EUR 13.0 (12.0) with BUY-rating intact.

 Rating BUY


Share price, EUR (Last trading day's closing price) 11.40

Target price, EUR 13.0

Latest change in recommendation 26-Jul-21

Latest report on company 22-Dec-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 88

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 03-Feb-23

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+ BUY □ HOLD - SELL

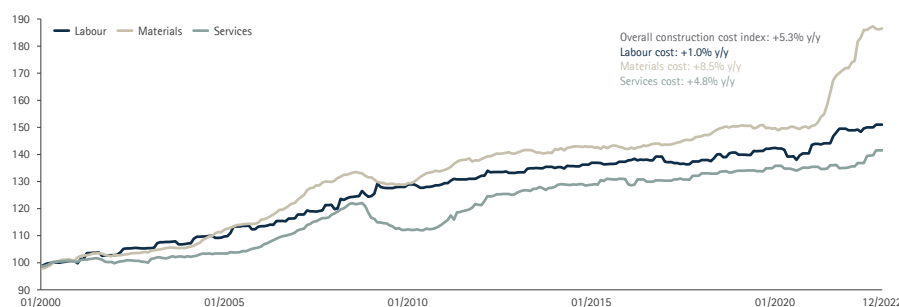
KEY FIGURES

	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	297.0	10.3	3.5%	8.2	0.98	11.7	0.3	9.4	9.3	0.49
2023E	303.8	11.6	3.8%	9.1	1.12	10.1	0.3	7.9	10.3	0.56
2024E	311.8	12.5	4.0%	9.7	1.23	9.3	0.3	7.0	11.1	0.61
Market cap, EURm	88		Gearing 2022E, %	26.3		CAGR EPS 2021-24, %		38.1		
Net debt 2022E, EURm	9		Price/book 2022E	2.4		CAGR sales 2021-24, %		2.6		
Enterprise value, EURm	98		Dividend yield 2022E, %	4.3		ROE 2022E, %		22.2		
Total assets 2022E, EURm	120		Tax rate 2022E, %	20.0		ROCE 2022E, %		16.2		
Goodwill 2022E, EURm	50		Equity ratio 2022E, %	29.9		PEG, P/E 22/CAGR		1.2		

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

Figure 1: Total construction cost index Finland by segment, 2000 = 100

The construction cost inflation has slowed down during H2/2022



Source: Statistics Finland, Evli Research

Table 1: Consti peer group multiples

Construction companies	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		22	23	24	22	23	24	22	23	24
YIT	573	8.6x	9.0x	7.8x	11.2x	12.2x	10.3x	10.2x	12.4x	9.7x
SRV Yhtiot	73		7.0x	5.7x		9.0x	6.9x		6.9x	4.7x
Lehto Group	23								9.9x	5.4x
Skanska	6863	6.9x	8.1x	7.4x	9.1x	12.2x	11.3x	12.1x	14.5x	13.4x
NCC	1007	5.3x	5.5x	5.3x	10.7x	10.4x	9.7x	10.1x	9.4x	8.7x
Peab	1767	8.6x	9.7x	9.6x	13.1x	15.0x	14.8x	9.3x	10.1x	9.9x
JM AB	1218	10.8x	16.1x	15.5x	10.3x	15.0x	13.9x	10.2x	13.8x	13.3x
Veidekke	1301	4.6x	4.8x	4.7x	7.2x	7.9x	7.6x	13.7x	12.9x	12.3x
Peer Group Average	1669	7.5x	8.6x	8.0x	10.3x	11.7x	10.7x	10.9x	11.2x	9.7x
Peer Group Median	1215	7.7x	8.1x	7.4x	10.5x	12.2x	10.3x	10.2x	11.2x	9.8x
Consti (Evli est.)	88	6.9x	6.1x	5.4x	9.4x	7.9x	7.0x	11.7x	10.1x	9.3x

Consti prem./disc. to peer median

-10 % -25 % -27 % -10 % -35 % -32 % 14 % -10 % -6 %

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	1156	8.3x	9.1x	8.5x	16.2x	16.5x	14.5x	22.3x	19.7x	17.0x
Bravida Holding	2096	12.4x	12.3x	12.1x	16.0x	15.8x	15.6x	19.2x	18.3x	18.0x
MITIE Group	1212	5.8x	6.0x	5.5x	7.8x	8.0x	7.2x	10.5x	10.1x	9.4x
ISS A/S	3787	8.6x	7.7x	6.9x	13.9x	11.6x	10.2x	15.4x	12.7x	10.5x
Bilfinger	1293							22.4x	13.1x	9.9x
Instalco	991	12.7x	12.8x	11.8x	19.1x	19.0x	16.9x	19.3x	17.7x	15.5x
Peer Group Average	1669	9.6x	9.6x	9.0x	14.6x	14.2x	12.9x	18.2x	15.3x	13.4x
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Consti (Evli est.)	88	6.9x	6.1x	5.4x	9.4x	7.9x	7.0x	11.7x	10.1x	9.3x

Consti prem./disc. to peer median

-19 % -33 % -36 % -41 % -50 % -52 % -39 % -34 % -29 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.40 PV of Free Cash Flow	89 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	20.40 PV of Horizon value	90 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	79.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	22.0 Marketable securities	19 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	19.0 Debt - dividend	-28 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	50.2 Value of stock	161 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	297	304	312	316	321	326	331	336	341	345	349
<i>Sales growth, %</i>	<i>5.1</i>	<i>2.9</i>	<i>2.3</i>	<i>2.6</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	12	13	13	13	13	13	14	14	14
<i>Operating income margin, %</i>	<i>2.0</i>	<i>3.5</i>	<i>3.8</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	4	3	4	4	4	4	4	4	4	4
EBITDA	9	14	15	16	16	16	17	17	17	17	18	
- Paid taxes	-1	-2	-2	-2	-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>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</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	12	12	13	13	13	13	13	14	186
= Discounted FCFF		11	11	11	10	9	9	8	7	7	7	90
= 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	85.1	297.0	303.8	311.8
EBITDA	0.9	0.3	4.0	4.0	9.2	1.4	3.7	4.2	4.8	14.1	15.2	16.0
<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>5.4</i>	<i>5.6</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	3.7	10.3	11.6	12.5
<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>0.6</i>	<i>4.0</i>	<i>4.2</i>	<i>4.4</i>	<i>3.5</i>	<i>3.8</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	0.1	2.7	3.1	3.5	9.4	10.9	11.9
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>20.3</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	-0.7	2.4	2.2	3.7	0.1	2.2	2.5	2.8	7.5	8.7	9.5
EPS	-0.02	-0.09	0.30	0.27	0.47	0.01	0.28	0.32	0.36	0.98	1.12	1.23
EPS adjusted (diluted no. of shares)	-0.02	-0.09	0.30	0.27	0.47	0.01	0.28	0.32	0.36	0.98	1.12	1.23
Dividend per share	0.00	0.00	0.00	0.00	0.45	0.00	0.00	0.00	0.00	0.49	0.56	0.61
SALES, EURm												
Housing Companies	13.4	21.7	27.6	27.3	90.0	15.6	25.4	30.6	28.7	100.2	103.3	105.8
Corporations	21.8	26.0	25.6	27.6	101.0	20.2	24.3	26.7	28.4	99.5	101.5	103.5
Public Sector	7.5	8.5	9.6	12.1	37.7	10.9	9.4	9.4	12.2	42.0	42.8	43.6
Building Technology	19.2	17.8	16.3	19.5	72.9	16.0	17.7	16.3	19.7	69.7	71.1	73.9
Elimination	-2.6	-3.1	-3.1	-3.9	-12.7	-2.9	-3.6	-4.0	-3.9	-14.4	-14.8	-15.2
Total	59.3	70.9	76.0	82.6	288.8	59.8	73.1	79.0	85.1	297.0	303.8	311.8
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>5.0</i>	<i>11.4</i>	<i>3.0</i>	<i>2.5</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>3.0</i>	<i>-1.4</i>	<i>2.0</i>	<i>2.0</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>11.4</i>	<i>2.0</i>	<i>2.0</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>2.0</i>	<i>4.0</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>1.3</i>	<i>13.3</i>	<i>2.8</i>	<i>2.6</i>
Total	0.4	2.3	11.4	5.8	5.1	0.9	3.1	4.0	3.0	2.9	2.3	2.6
EBIT, EURm												
Group	0.1	-0.5	3.1	3.0	5.7	0.4	2.9	3.3	3.7	10.3	11.6	12.5
Total	0.1	-0.5	3.1	3.0	5.7	0.4	2.9	3.3	3.7	10.3	11.6	12.5
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>0.6</i>	<i>4.0</i>	<i>4.2</i>	<i>4.4</i>	<i>3.5</i>	<i>3.8</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	297.0	303.8	311.8
<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>2.9</i>	<i>2.3</i>	<i>2.6</i>
EBITDA	1.7	-0.5	8.1	11.4	9.2	14.1	15.2	16.0
<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	-3.7	-3.6	-3.5
EBITA	-0.4	-2.1	4.6	8.2	5.7	10.3	11.6	12.5
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	10.3	11.6	12.5
<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>3.8</i>	<i>4.0</i>
Reported EBIT	-0.4	-2.1	4.6	8.2	5.7	10.3	11.6	12.5
<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>3.8</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	9.4	10.9	11.9
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	7.5	8.7	9.5
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	5	4	4	3	3	3	3	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	45
Liquid funds	10	3	10	24	18	19	19	20
Total assets	101	115	117	129	119	120	122	123
Liabilities								
Shareholder's equity	25	23	26	30	32	36	41	46
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	55	56
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	101	115	117	129	119	120	122	123
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	12	13
- 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	0	0

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	43	50	79	95	88	88	88
Net debt (excl. convertibles)	23	19	5	14	9	4	-1
Enterprise value	67	72	87	109	98	92	87
Sales	316	315	275	289	297	304	312
EBITDA	0	8	11	9	14	15	16
EBIT	-2	5	8	6	10	12	12
Pre-tax	-3	3	7	5	9	11	12
Earnings	-2	2	6	4	8	9	9
Equity book value (excl. minorities)	23	26	30	32	36	41	46
Valuation multiples							
EV/sales	0.2	0.2	0.3	0.4	0.3	0.3	0.3
EV/EBITDA	-143.6	8.9	7.6	11.9	6.9	6.1	5.4
EV/EBITA	-31.3	15.6	10.6	19.1	9.4	7.9	7.0
EV/EBIT	-31.3	15.6	10.6	19.1	9.4	7.9	7.0
EV/OCF	-9.9	19.7	4.9	23.3	8.4	7.4	6.6
EV/FCFF	-9.6	31.9	5.2	32.9	8.9	7.9	7.0
P/FCFE	-5.7	523.9	5.2	-30.6	10.7	9.7	9.0
P/E	-18.5	20.3	14.2	25.9	11.7	10.1	9.3
P/B	1.8	1.9	2.6	3.0	2.4	2.2	1.9
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.8	6.9	6.2
Target EV/EBIT	0.0	0.0	0.0	0.0	10.6	9.0	8.0
Target EV/FCF	0.0	0.0	0.0	0.0	13.4	11.5	10.2
Target P/B	0.0	0.0	0.0	0.0	2.8	2.5	2.2
Target P/E	0.0	0.0	0.0	0.0	13.3	11.6	10.6
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	1.12	1.23
Operating cash flow per share	-0.85	0.47	2.27	0.60	1.50	1.62	1.72
Free cash flow per share	-0.96	0.01	1.93	-0.40	1.06	1.17	1.26
Book value per share	2.98	3.33	3.87	4.08	4.66	5.30	5.96
Dividend per share	0.00	0.16	0.40	0.45	0.49	0.56	0.61
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	4.3	4.9	5.4
FCF yield, %	-17.4	0.2	19.2	-3.3	9.3	10.3	11.1
Efficiency measures							
ROE	-9.6	10.0	19.7	11.8	22.2	22.6	21.8
ROCE	-4.2	8.6	13.7	9.1	16.2	18.3	19.5
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	0.2	0.2
Equity ratio, book-weighted	24.4	29.8	26.1	26.9	29.9	33.7	37.4
Gearing, %	100.0	64.4	14.1	44.1	26.3	10.2	-2.6

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. 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	9.006	10.2%
Wipunen Varainhallinta Oy	750,000	8.550	9.7%
Heikintorppa Oy	750,000	8.550	9.7%
Fennia Life Insurance Company Ltd	518,525	5.911	6.7%
Korkeela Esa Sakari	450,058	5.131	5.8%
Kivi Risto Juhani	380,473	4.337	4.9%
Kalevo Markku	301,044	3.432	3.9%
Varma Mutual Pension Insurance Company	172,000	1.961	2.2%
Drumbo Oy	150,000	1.710	1.9%
Consti Yhtiöt Oyj	123,739	1.411	1.6%
Ten largest	4,385,839	49.999	57%
Residual	3,348,689	38.175	43%
Total	7,734,528	88.174	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

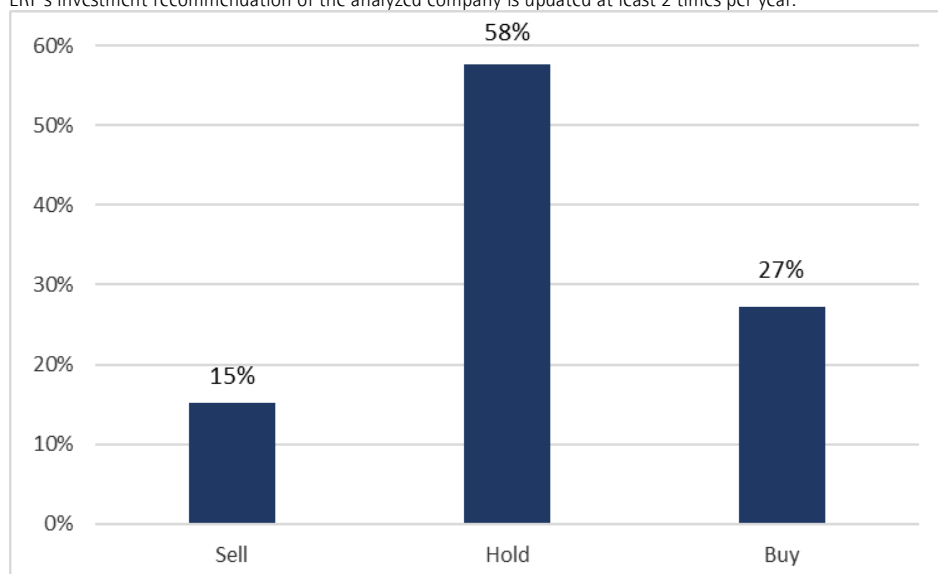
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Investment recommendations are defined as follows:

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, Jortikka

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