

## Strong finish to the year

Consti's Q4 results were strong as both revenue and profitability figures exceeded our estimates. The valuation is still rather undemanding despite the recent share price strength, we also see the dividend yield attractive. We retain our BUY-rating and adjust our target price to EUR 14.0 (13.0).

### Q4 results were strong

Net sales in Q4 were EUR 93.3m (EUR 82.6m in Q4/21), above our and consensus estimates (EUR 85.1m/86.0m Evli/cons.). Sales growth was impressive at 12.9% y/y. Operating profit in Q4 amounted to EUR 4.8m (EUR 3.0m in Q4/21), above our and consensus estimates (EUR 3.7m/3.4m Evli/cons.) at a margin of 5.2% (3.6%). We estimated improvement in profitability y/y as the comparison period was affected by poor performance of two regional business units, yet the published figures were even stronger than anticipated. The order backlog in Q4 was EUR 246.7m (EUR 218.6m in Q4/21), up by 12.8% y/y driven by strong order intake of EUR 109.1m in Q4 (Q4/21: EUR 66.9m). Consti's BoD proposes a dividend of EUR 0.60 per share.

### Positive development expected to continue

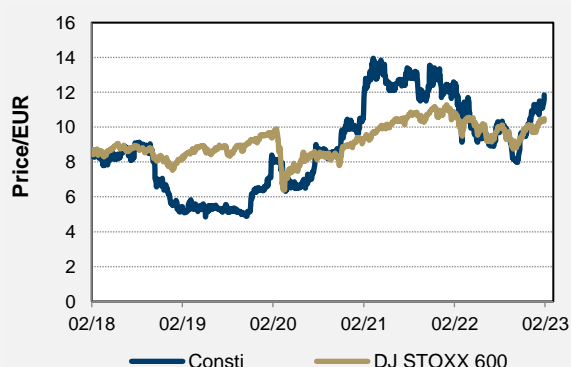
Consti expects that the operating result for 2023 will be in the range of EUR 9.5–13.5 million. We have made small adjustments to our forecasts, our current estimate for 2023 revenue is at EUR 315.2m (EUR 303.8m) and EBIT slightly above the guidance middle point at EUR 12.3m (EUR 11.6m). The estimate adjustments are driven by the company's order backlog, easing cost inflation and volume growth. We still see potential margin pressure coming from salary cost inflation, on the other hand, the material cost inflation is clearly slowing down.

### BUY with a target price of EUR 14.0 (13.0)

We continue to see the case attractive despite the recent share price strength. The company has shown its capabilities in a difficult market, and we expect the positive development to continue. The valuation is still rather undemanding when comparing to its key peers. In addition to the favorable relative valuation, we see the company's dividend yield attractive at the current price levels. We adjust our target price to EUR 14.0 (13.0) with BUY-rating intact.

## Rating

BUY



Share price, EUR (Last trading day's closing price) 11.85  
 Target price, EUR 14.0

Latest change in recommendation 23-Jul-21  
 Latest report on company 3-Feb-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 92  
 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 27-Apr-23  
 Web site investor.consti.fi

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BUY HOLD SELL

## KEY FIGURES

|                          | Sales<br>EURm | EBIT<br>EURm | EBIT<br>%               | FCF<br>EURm | EPS<br>EUR | P/E<br>(x) | EV/Sales<br>(x)       | EV/EBIT<br>(x) | FCF yield<br>% | DPS<br>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%                    | 14.9        | 1.10       | 10.2       | 0.3                   | 7.9            | 17.2           | 0.60       |
| 2023E                    | 315.2         | 12.3         | 3.9%                    | 10.5        | 1.15       | 10.3       | 0.3                   | 7.3            | 11.5           | 0.65       |
| 2024E                    | 322.5         | 13.5         | 4.2%                    | 10.9        | 1.31       | 9.1        | 0.3                   | 6.2            | 11.9           | 0.72       |
| 2025E                    | 329.4         | 14.5         | 4.4%                    | 11.6        | 1.44       | 8.2        | 0.2                   | 5.4            | 12.6           | 0.79       |
| Market cap, EURm         |               | 92           | Gearing 2023E, %        |             |            | -5.0       | CAGR EPS 2022-25, %   |                |                | 9.4        |
| Net debt 2023E, EURm     |               | -2           | Price/book 2023E        |             |            | 2.3        | CAGR sales 2022-25, % |                |                | 2.6        |
| Enterprise value, EURm   |               | 90           | Dividend yield 2023E, % |             |            | 5.5        | ROE 2023E, %          |                |                | 23.2       |
| Total assets 2023E, EURm |               | 124          | Tax rate 2023E, %       |             |            | 20.0       | ROCE 2023E, %         |                |                | 20.5       |
| Goodwill 2023E, EURm     |               | 50           | Equity ratio 2023E, %   |             |            | 32.6       | PEG, P/E 23/CAGR      |                |                | 0.3        |

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

Table 1: Consti peer group multiples

| Construction companies                   | MCAP<br>MEUR | EV/EBITDA    |              |              | EV/EBIT      |              |              | P/E          |              |             |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
|  |              | 22           | 23           | 24           | 22           | 23           | 24           | 22           | 23           | 24          |
| YIT                                      | 578          | 8.7x         | 9.4x         | 8.2x         | 11.2x        | 12.4x        | 10.5x        | 10.3x        | 12.9x        | 10.0x       |
| SRV Yhtiot                               | 71           |              | 9.3x         | 5.6x         |              | 11.6x        | 6.7x         |              | 10.6x        | 4.8x        |
| Lehto Group                              | 20           |              |              |              |              |              |              |              | 303.1x       | 5.4x        |
| Skanska                                  | 7045         | 6.9x         | 8.3x         | 7.7x         | 9.1x         | 12.6x        | 11.7x        | 10.4x        | 15.0x        | 13.9x       |
| NCC                                      | 949          | 5.3x         | 5.4x         | 5.1x         | 10.3x        | 10.4x        | 9.4x         | 9.5x         | 9.2x         | 8.2x        |
| Peab                                     | 1665         | 8.4x         | 9.3x         | 9.1x         | 13.0x        | 14.6x        | 14.3x        | 8.8x         | 9.6x         | 9.4x        |
| JM AB                                    | 1442         | 9.2x         | 16.3x        | 16.6x        | 8.9x         | 15.5x        | 15.0x        | 10.4x        | 13.9x        | 13.4x       |
| Veidekke                                 | 1317         | 4.5x         | 5.0x         | 4.9x         | 7.2x         | 8.2x         | 7.9x         | 14.1x        | 13.3x        | 12.7x       |
| Peer Group Average                       | 1686         | <b>7.2x</b>  | <b>9.0x</b>  | <b>8.2x</b>  | <b>10.0x</b> | <b>12.2x</b> | <b>10.8x</b> | <b>10.6x</b> | <b>48.5x</b> | <b>9.7x</b> |
| Peer Group Median                        | 1275         | <b>7.7x</b>  | <b>9.3x</b>  | <b>7.7x</b>  | <b>9.7x</b>  | <b>12.4x</b> | <b>10.5x</b> | <b>10.3x</b> | <b>13.1x</b> | <b>9.7x</b> |
| Consti (Evli est.)                       | <b>97</b>    | <b>5.9x</b>  | <b>6.0x</b>  | <b>5.4x</b>  | <b>7.9x</b>  | <b>7.7x</b>  | <b>6.6x</b>  | <b>10.2x</b> | <b>10.9x</b> | <b>9.5x</b> |
| <i>Consti prem./disc. to peer median</i> |              | <i>-23 %</i> | <i>-36 %</i> | <i>-30 %</i> | <i>-19 %</i> | <i>-38 %</i> | <i>-37 %</i> | <i>-2 %</i>  | <i>-17 %</i> | <i>-1 %</i> |

Source FactSet, Evli Research

| Building installations and services companies | MCAP<br>MEUR | EV/EBITDA    |              |              | EV/EBIT      |              |              | P/E          |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |              | 22           | 23           | 24           | 22           | 23           | 24           | 22           | 23           | 24           |
| Caverion                                      | 1163         | 8.3x         | 9.2x         | 8.5x         | 16.2x        | 16.6x        | 14.6x        | 22.4x        | 19.9x        | 17.1x        |
| Bravida Holding                               | 2161         | 12.4x        | 12.7x        | 12.5x        | 16.0x        | 16.3x        | 16.1x        | 19.9x        | 19.0x        | 18.6x        |
| MITIE Group                                   | 1233         | 5.8x         | 6.2x         | 5.7x         | 7.8x         | 8.2x         | 7.4x         | 10.9x        | 10.4x        | 9.7x         |
| ISS A/S                                       | 3641         | 8.6x         | 7.5x         | 6.7x         | 13.9x        | 11.3x        | 9.9x         | 14.8x        | 12.2x        | 10.1x        |
| Bilfinger                                     | 1321         |              |              |              |              |              |              | 22.9x        | 13.4x        | 10.1x        |
| Instalco                                      | 1001         | 12.7x        | 12.9x        | 12.0x        | 19.1x        | 19.3x        | 17.1x        | 19.6x        | 18.0x        | 15.8x        |
| Peer Group Average                            | 1686         | <b>9.6x</b>  | <b>9.7x</b>  | <b>9.1x</b>  | <b>14.6x</b> | <b>14.3x</b> | <b>13.0x</b> | <b>18.4x</b> | <b>15.5x</b> | <b>13.6x</b> |
| Peer Group Median                             | 1275         | <b>8.6x</b>  | <b>9.2x</b>  | <b>8.5x</b>  | <b>16.0x</b> | <b>16.3x</b> | <b>14.6x</b> | <b>19.8x</b> | <b>15.7x</b> | <b>13.0x</b> |
| Consti (Evli est.)                            | <b>97</b>    | <b>5.9x</b>  | <b>6.0x</b>  | <b>5.4x</b>  | <b>7.9x</b>  | <b>7.7x</b>  | <b>6.6x</b>  | <b>10.2x</b> | <b>10.9x</b> | <b>9.5x</b>  |
| <i>Consti prem./disc. to peer median</i>      |              | <i>-31 %</i> | <i>-35 %</i> | <i>-37 %</i> | <i>-51 %</i> | <i>-53 %</i> | <i>-55 %</i> | <i>-49 %</i> | <i>-31 %</i> | <i>-26 %</i> |

Source FactSet, Evli Research

| VALUATION RESULTS        | BASE CASE DETAILS          | VALUATION ASSUMPTIONS  | ASSUMPTIONS FOR WACC           |      |
|--------------------------|----------------------------|------------------------|--------------------------------|------|
| Current share price      | 11.85 PV of Free Cash Flow | 92 Long-term growth, % | 1.2 Risk-free interest rate, % | 2.25 |
| DCF share value          | 21.84 PV of Horizon value  | 80 WACC, %             | 8.6 Market risk premium, %     | 5.8  |
| Share price potential, % | 84.3 Unconsolidated equity | 0 Spread, %            | 0.5 Debt risk premium, %       | 3.3  |
| Maximum value            | 23.4 Marketable securities | 21 Minimum WACC, %     | 8.1 Equity beta coefficient    | 1.15 |
| Minimum value            | 20.5 Debt - dividend       | -25 Maximum WACC, %    | 9.1 Target debt ratio, %       | 30   |
| Horizon value, %         | 46.5 Value of stock        | 169 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         | 315         | 323         | 329         | 335         | 340         | 345         | 350         | 355         | 361         | 365         | 369         |
| <i>Sales growth, %</i>            | <i>5.7</i>  | <i>3.2</i>  | <i>2.3</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          | 14          | 28          | 14          | 14          | 14          | 14          | 14          | 15          | 15          |
| <i>Operating income margin, %</i> | <i>3.8</i>  | <i>3.9</i>  | <i>4.2</i>  | <i>4.4</i>  | <i>8.4</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.             | 4           | 4           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| EBITDA                            | 15          | 16          | 16          | 17          | 31          | 16          | 16          | 17          | 17          | 17          | 17          | 17          |
| - Paid taxes                      | 1           | -2          | -3          | -3          | -6          | -3          | -3          | -3          | -3          | -3          | -3          | -3          |
| - Change in NWC                   | 4           | 0           | 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>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</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          | 24          | 12          | 12          | 13          | 13          | 13          | 13          | 182         |
| = Discounted FCFF                 |             | 12          | 11          | 10          | 17          | 8           | 8           | 7           | 7           | 6           | 6           | 80          |
| = DFCF min WACC                   |             | 12          | 11          | 11          | 18          | 8           | 8           | 7           | 7           | 7           | 6           | 90          |
| = DFCF max WACC                   |             | 12          | 11          | 10          | 17          | 8           | 7           | 7           | 6           | 6           | 6           | 72          |

## INTERIM FIGURES

| EVLI ESTIMATES, EURm                 | 2022Q1       | 2022Q2      | 2022Q3      | 2022Q4      | 2022         | 2023Q1E     | 2023Q2E     | 2023Q3E     | 2023Q4E     | 2023E        | 2024E        | 2025E        |
|--------------------------------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Net sales                            | 59.8         | 73.1        | 79.0        | 93.3        | 305.2        | 62.5        | 75.0        | 81.2        | 96.4        | 315.2        | 322.5        | 329.4        |
| EBITDA                               | 1.4          | 3.7         | 4.2         | 6.0         | 15.3         | 1.4         | 3.9         | 4.5         | 6.1         | 15.9         | 16.5         | 17.1         |
| <i>EBITDA margin (%)</i>             | <i>2.3</i>   | <i>5.1</i>  | <i>5.4</i>  | <i>6.4</i>  | <i>5.0</i>   | <i>2.3</i>  | <i>5.2</i>  | <i>5.5</i>  | <i>6.3</i>  | <i>5.0</i>   | <i>5.1</i>   | <i>5.2</i>   |
| EBIT                                 | 0.4          | 2.9         | 3.3         | 4.9         | 11.5         | 0.5         | 3.0         | 3.6         | 5.2         | 12.3         | 13.5         | 14.5         |
| <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>0.9</i>  | <i>4.0</i>  | <i>4.4</i>  | <i>5.4</i>  | <i>3.9</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         | -0.6         |
| Pre-tax profit                       | 0.1          | 2.7         | 3.1         | 4.5         | 10.4         | 0.2         | 2.7         | 3.3         | 4.9         | 11.1         | 12.7         | 13.9         |
| Tax                                  | 0.0          | -0.5        | -0.6        | -0.8        | -1.9         | 0.0         | -0.5        | -0.7        | -1.0        | -2.2         | -2.5         | -2.8         |
| <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          | 0.2         | 2.2         | 2.6         | 3.9         | 8.9          | 10.1         | 11.1         |
| EPS                                  | 0.01         | 0.28        | 0.32        | 0.49        | 1.10         | 0.02        | 0.28        | 0.34        | 0.50        | 1.15         | 1.31         | 1.44         |
| EPS adjusted (diluted no. of shares) | 0.01         | 0.28        | 0.32        | 0.49        | 1.10         | 0.02        | 0.28        | 0.34        | 0.50        | 1.15         | 1.31         | 1.44         |
| Dividend per share                   | 0.00         | 0.00        | 0.00        | 0.00        | 0.60         | 0.00        | 0.00        | 0.00        | 0.00        | 0.65         | 0.72         | 0.79         |
| <b>SALES, EURm</b>                   |              |             |             |             |              |             |             |             |             |              |              |              |
| Housing Companies                    | 15.6         | 25.4        | 30.6        | 32.4        | 104.0        | 16.4        | 26.1        | 31.5        | 33.4        | 107.4        | 110.1        | 112.3        |
| Corporations                         | 20.2         | 24.3        | 26.7        | 33.8        | 104.9        | 22.2        | 25.5        | 27.2        | 34.5        | 109.4        | 111.5        | 113.2        |
| Public Sector                        | 10.9         | 9.4         | 9.4         | 12.4        | 42.1         | 11.1        | 9.6         | 9.9         | 13.6        | 44.2         | 45.6         | 46.7         |
| Building Technology                  | 16.0         | 17.7        | 16.3        | 19.1        | 69.1         | 15.7        | 17.3        | 16.5        | 19.5        | 69.0         | 71.1         | 73.2         |
| Elimination                          | -2.9         | -3.6        | -4.0        | -4.4        | -14.9        | -2.9        | -3.5        | -3.8        | -4.5        | -14.9        | -15.7        | -16.1        |
| <b>Total</b>                         | <b>59.8</b>  | <b>73.1</b> | <b>79.0</b> | <b>93.3</b> | <b>305.2</b> | <b>62.5</b> | <b>75.0</b> | <b>81.2</b> | <b>96.4</b> | <b>315.2</b> | <b>322.5</b> | <b>329.4</b> |
| <b>SALES GROWTH, Y/Y %</b>           |              |             |             |             |              |             |             |             |             |              |              |              |
| <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>5.0</i>  | <i>3.0</i>  | <i>3.0</i>  | <i>3.0</i>  | <i>3.3</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>10.0</i> | <i>5.0</i>  | <i>2.0</i>  | <i>2.0</i>  | <i>4.2</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>2.0</i>  | <i>2.0</i>  | <i>5.0</i>  | <i>10.0</i> | <i>5.0</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>-2.0</i> | <i>-2.0</i> | <i>1.0</i>  | <i>2.0</i>  | <i>-0.2</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>0.4</i>  | <i>-1.6</i> | <i>-3.6</i> | <i>3.1</i>  | <i>-0.4</i>  | <i>5.9</i>   | <i>2.1</i>   |
| <b>Total</b>                         | <b>0.9</b>   | <b>3.1</b>  | <b>4.0</b>  | <b>12.9</b> | <b>5.7</b>   | <b>4.5</b>  | <b>2.6</b>  | <b>2.8</b>  | <b>3.4</b>  | <b>3.2</b>   | <b>2.3</b>   | <b>2.1</b>   |
| <b>EBIT, EURm</b>                    |              |             |             |             |              |             |             |             |             |              |              |              |
| Group                                | 0.4          | 2.9         | 3.3         | 4.9         | 11.5         | 0.5         | 3.0         | 3.6         | 5.2         | 12.3         | 13.5         | 14.5         |
| Total                                | 0.4          | 2.9         | 3.3         | 4.9         | 11.5         | 0.5         | 3.0         | 3.6         | 5.2         | 12.3         | 13.5         | 14.5         |
| <b>EBIT margin, %</b>                |              |             |             |             |              |             |             |             |             |              |              |              |
| <b>Total</b>                         | <b>0.6</b>   | <b>4.0</b>  | <b>4.2</b>  | <b>5.2</b>  | <b>3.8</b>   | <b>0.9</b>  | <b>4.0</b>  | <b>4.4</b>  | <b>5.4</b>  | <b>3.9</b>   | <b>4.2</b>   | <b>4.4</b>   |

| INCOME STATEMENT, EURm                   | 2018        | 2019        | 2020         | 2021       | 2022       | 2023E      | 2024E      | 2025E      |
|--|-------------|-------------|--------------|------------|------------|------------|------------|------------|
| Sales                                    | 315.8       | 314.8       | 274.6        | 288.8      | 305.2      | 315.2      | 322.5      | 329.4      |
| <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>3.2</i> | <i>2.3</i> | <i>2.1</i> |
| EBITDA                                   | -0.5        | 8.1         | 11.4         | 9.2        | 15.3       | 15.9       | 16.5       | 17.1       |
| <i>EBITDA margin (%)</i>                 | <i>-0.1</i> | <i>2.6</i>  | <i>4.2</i>   | <i>3.2</i> | <i>5.0</i> | <i>5.0</i> | <i>5.1</i> | <i>5.2</i> |
| Depreciation                             | -1.7        | -3.5        | -3.2         | -3.5       | -3.8       | -3.6       | -2.9       | -2.6       |
| EBITA                                    | -2.1        | 4.6         | 8.2          | 5.7        | 11.5       | 12.3       | 13.5       | 14.5       |
| 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       | 12.3       | 13.5       | 14.5       |
| <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>3.9</i> | <i>4.2</i> | <i>4.4</i> |
| Reported EBIT                            | -2.1        | 4.6         | 8.2          | 5.7        | 11.5       | 12.3       | 13.5       | 14.5       |
| <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>3.9</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       | -0.6       |
| Pre-tax profit                           | -2.8        | 3.4         | 7.2          | 4.6        | 10.4       | 11.1       | 12.7       | 13.9       |
| Taxes                                    | 0.5         | -0.7        | -1.6         | -0.9       | -1.9       | -2.2       | -2.5       | -2.8       |
| 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        | 8.9        | 10.1       | 11.1       |
| 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        |
| <b>BALANCE SHEET, EURm</b>               |             |             |              |            |            |            |            |            |
| <b>Assets</b>                            |             |             |              |            |            |            |            |            |
| 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         | 45         | 46         | 47         |
| Liquid funds                             | 3           | 10          | 24           | 18         | 21         | 22         | 22         | 23         |
| Total assets                             | 115         | 117         | 129          | 119        | 123        | 124        | 125        | 127        |
| <b>Liabilities</b>                       |             |             |              |            |            |            |            |            |
| Shareholder's equity                     | 23          | 26          | 30           | 32         | 36         | 40         | 46         | 51         |
| 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         | 62         | 63         | 64         |
| Other interest-free debt                 | 0           | 0           | 0            | 0          | 0          | 0          | 0          | 0          |
| Total liabilities                        | 115         | 117         | 129          | 119        | 123        | 124        | 125        | 127        |
| <b>CASH FLOW, EURm</b>                   |             |             |              |            |            |            |            |            |
| + EBITDA                                 | 0           | 8           | 11           | 9          | 15         | 16         | 16         | 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          | 0          | 0          | 0          |
| +/- Other                                | 0           | 0           | 0            | 1          | -2         | 0          | 0          | 0          |
| = Cash flow from operations              | -7          | 4           | 18           | 5          | 17         | 13         | 13         | 14         |
| - Capex                                  | -1          | -4          | -3           | -7         | -3         | -2         | -2         | -3         |
| - 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         | -5         | -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    | 92    | 92    | 92    |
| Net debt (excl. convertibles)                  | 19    | 5     | 14    | 4     | -2    | -8    | -14   |
| Enterprise value                               | 72    | 87    | 109   | 90    | 90    | 84    | 78    |
| Sales  | 315   | 275   | 289   | 305   | 315   | 323   | 329   |
| EBITDA   | 8     | 11    | 9     | 15    | 16    | 16    | 17    |
| EBIT   | 5     | 8     | 6     | 11    | 12    | 14    | 14    |
| Pre-tax  | 3     | 7     | 5     | 10    | 11    | 13    | 14    |
| Earnings                                       | 2     | 6     | 4     | 8     | 9     | 10    | 11    |
| Equity book value (excl. minorities)           | 26    | 30    | 32    | 36    | 40    | 46    | 51    |
| <b>Valuation multiples</b>                     |       |       |       |       |       |       |       |
| EV/sales                                       | 0.2   | 0.3   | 0.4   | 0.3   | 0.3   | 0.3   | 0.2   |
| EV/EBITDA                                      | 8.9   | 7.6   | 11.9  | 5.9   | 5.6   | 5.1   | 4.5   |
| EV/EBITA                                       | 15.6  | 10.6  | 19.1  | 7.9   | 7.3   | 6.2   | 5.4   |
| EV/EBIT  | 15.6  | 10.6  | 19.1  | 7.9   | 7.3   | 6.2   | 5.4   |
| EV/OCF   | 19.7  | 4.9   | 23.3  | 5.2   | 6.9   | 6.2   | 5.5   |
| EV/FCFF  | 31.9  | 5.2   | 32.9  | 5.2   | 7.1   | 6.5   | 5.9   |
| P/FCFE   | 523.9 | 5.2   | -30.6 | 5.8   | 8.7   | 8.4   | 7.9   |
| P/E  | 20.3  | 14.2  | 25.9  | 10.2  | 10.3  | 9.1   | 8.2   |
| P/B  | 1.9   | 2.6   | 3.0   | 2.4   | 2.3   | 2.0   | 1.8   |
| Target EV/EBITDA                               | 0.0   | 0.0   | 0.0   | 0.0   | 6.7   | 6.1   | 5.5   |
| Target EV/EBIT                                 | 0.0   | 0.0   | 0.0   | 0.0   | 8.6   | 7.4   | 6.5   |
| Target EV/FCF                                  | 0.0   | 0.0   | 0.0   | 0.0   | 10.1  | 9.2   | 8.1   |
| 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  | 10.7  | 9.7   |
| <b>Per share measures</b>                      |       |       |       |       |       |       |       |
| 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  | 1.15  | 1.31  | 1.44  |
| Operating cash flow per share                  | 0.47  | 2.27  | 0.60  | 2.25  | 1.68  | 1.73  | 1.83  |
| Free cash flow per share                       | 0.01  | 1.93  | -0.40 | 1.92  | 1.36  | 1.41  | 1.50  |
| Book value per share                           | 3.33  | 3.87  | 4.08  | 4.68  | 5.23  | 5.89  | 6.61  |
| Dividend per share                             | 0.16  | 0.40  | 0.45  | 0.60  | 0.65  | 0.72  | 0.79  |
| Dividend payout ratio, %                       | 50.8  | 56.3  | 96.4  | 54.6  | 56.6  | 55.0  | 55.0  |
| Dividend yield, %                              | 2.5   | 4.0   | 3.7   | 5.1   | 5.5   | 6.1   | 6.7   |
| FCF yield, %                                   | 0.2   | 19.2  | -3.3  | 17.2  | 11.5  | 11.9  | 12.6  |
| <b>Efficiency measures</b>                     |       |       |       |       |       |       |       |
| ROE  | 10.0  | 19.7  | 11.8  | 24.9  | 23.2  | 23.6  | 23.0  |
| ROCE   | 8.6   | 13.7  | 9.1   | 18.4  | 20.5  | 22.8  | 24.4  |
| <b>Financial ratios</b>                        |       |       |       |       |       |       |       |
| 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   | 0.8   | 0.8   | 0.8   | 0.8   |
| CAPEX/sales (incl. acquisitions), %            | 1.3   | 1.0   | 2.0   | 0.8   | 0.8   | 0.8   | 0.8   |
| 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   | -0.1  | -0.5  | -0.8  |
| 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  | 32.6  | 36.3  | 40.3  |
| Gearing, %                                     | 64.4  | 14.1  | 44.1  | 10.7  | -5.0  | -17.4 | -27.3 |

**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   | 9.362  | 10.2% |
| Wipunen Varainhallinta Oy              | 750,000   | 8.888  | 9.7%  |
| Heikintorppa Oy                        | 750,000   | 8.888  | 9.7%  |
| Fennia Life Insurance Company Ltd      | 518,525   | 6.145  | 6.7%  |
| Korkeela Esa Sakari                    | 450,058   | 5.333  | 5.8%  |
| Kivi Risto Juhani                      | 380,473   | 4.509  | 4.9%  |
| Kalevo Markku                          | 301,044   | 3.567  | 3.9%  |
| Varma Mutual Pension Insurance Company | 172,000   | 2.038  | 2.2%  |
| Drumbo Oy                              | 150,000   | 1.778  | 1.9%  |
| Consti Yhtiöt Oyj                      | 123,739   | 1.466  | 1.6%  |
| Ten largest                            | 4,385,839 | 51.972 | 57%   |
| Residual                               | 3,348,689 | 39.682 | 43%   |
| Total                                  | 7,734,528 | 91.654 | 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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| 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, %                | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$        |                           |   |



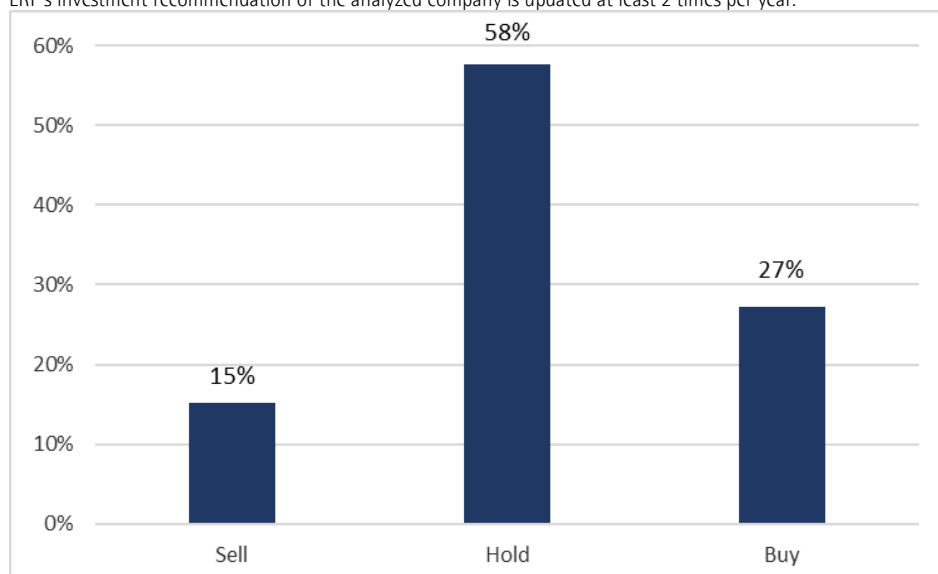
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Investment recommendations are defined as follows:

|                                      |                |
|--------------------------------------|----------------|
| 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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