

Smooth sailing

Consti's Q2 report provided no real surprises, and the figures were largely in line with our estimates. Our focus for Q2 was on the company's order intake which came in strong at EUR 106.5m in Q2 (Q2/22: EUR 98.7m). We see continued steady development going forward backed by the healthy backlog.

Q2 results were in line with our estimates

Q2 net sales were EUR 75.7m (compared to EUR 73.1m in Q2/22), roughly in line with our and consensus estimates (EUR 79.8m/77.7m Evli/cons.). Sales grew 3.6% y/y. Operating profit in Q2 was EUR 3.0m (EUR 2.9m in Q2/22), aligning with our and consensus estimates (EUR 3.1m/3.1m Evli/cons.) at a 4.0% margin. EPS in Q2 was EUR 0.29 (EUR 0.28 in Q2/22), in line with our and consensus estimates (EUR 0.29/0.29 Evli/cons.). Cash flow generation was strong during the quarter, with free cash flow improving to EUR 4.1m (EUR 2.6m in Q2/22) due to good profitability and released working capital.

Improved backlog strengthens future outlook

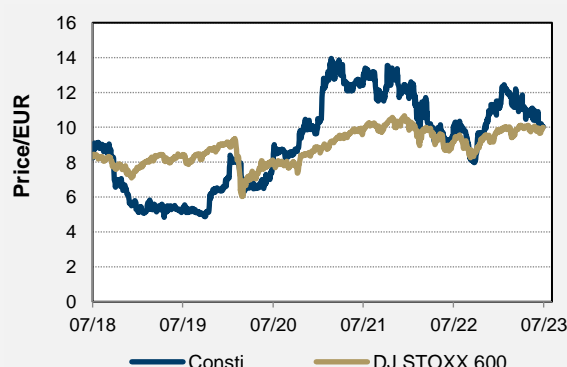
Consti's order backlog kept growing both y/y and q/q as it reached new record level of EUR 297.9m, the improved backlog strengthens outlook for H2 and 2024. As the company's development was steady during the first half of 2023, we have made only slight adjustments to our estimates. After the minor adjustments, we forecast revenue of EUR 321.9m for 2023 with EBIT of EUR 12.2m. Consti kept its guidance for 2023 unchanged as it estimates EBIT of EUR 9.5–13.5m for the FY. Our estimate for EBIT sits above the middle point of the guidance. We estimate that the company maintains similar profitability level compared to H2 2022 despite increased volumes, due to expected cost inflationary pressure.

BUY with TP of EUR 14.0

We base our valuation of Consti on both the company's own historic multiple levels and relative valuation. Based on our estimates for 2023, the company trades at 8.9x P/E and 6.3x EV/EBIT. In our view, Consti's current price undervalues its current form, and the valuation remains attractive.

Rating

BUY



Share price, EUR (Last trading day's closing price) 10.05

Target price, EUR 14.0

Latest change in recommendation 26-Jul-21

Latest report on company 14-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 78

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

Analyst Atte Jortikka

E-mail atte.jortikka@evli.com

Telephone +358 400 543 725

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	8.9	0.2	6.3	14.2	0.65
2024E	332.0	13.9	4.2%	11.5	1.36	7.5	0.2	5.0	14.8	0.75
2025E	339.2	14.9	4.4%	12.1	1.49	6.8	0.2	4.3	15.5	0.82
Market cap, EURm		78	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		75	Dividend yield 2023E, %			6.5	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	453	18.3x	10.7x	7.9x	22.4x	14.4x	10.2x	39.7x	12.5x	9.0x
SRV Yhtiot	65	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	5704	7.1x	6.3x	5.2x	9.7x	8.3x	6.8x	12.3x	10.4x	9.6x
NCC	988	4.4x	4.3x	4.1x	7.5x	7.5x	7.0x	7.4x	7.6x	7.6x
Peab	1024	7.2x	7.1x	6.7x	11.9x	11.4x	10.8x	6.5x	7.5x	7.1x
JM AB	873	12.4x	14.3x	11.9x	12.5x	13.9x	12.0x	10.1x	12.2x	10.2x
Veidekke	1387	5.7x	5.2x	4.9x	9.7x	8.6x	8.2x	14.7x	13.0x	12.6x
Peer group average	1314	9.9x	8.0x	6.6x	14.2x	11.4x	8.8x	15.1x	10.7x	8.2x
Peer group median	930	7.2x	7.4x	5.2x	11.9x	10.9x	8.2x	11.2x	11.3x	8.3x
Consti (Evli est.)	79	4.9x	4.2x	3.7x	6.3x	5.0x	4.3x	8.9x	7.5x	6.8x

Consti prem./disc. to peer median

-32.3% -43.2% -29.6% -47.3% -53.8% -47.9% -20.3% -33.2% -17.3%

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	1182	8.4x	7.4x	7.4x	15.3x	12.3x	11.9x	16.3x	14.2x	13.1x
Bravida Holding	1516	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	3361	6.9x	6.0x	5.4x	10.1x	8.5x	7.5x	11.3x	9.3x	8.3x
Bilfinger	1284	4.5x	3.6x	3.1x	7.2x	5.3x	4.5x	13.4x	10.0x	8.9x
Instalco	969	11.8x	10.5x	9.4x	17.3x	15.3x	13.3x	19.9x	18.0x	15.7x
Peer group average	1648	7.9x	7.0x	6.5x	11.7x	10.0x	9.1x	14.4x	12.8x	11.6x
Peer group median	1400	7.6x	6.7x	6.4x	11.1x	10.0x	9.2x	14.3x	12.2x	11.2x
Consti (Evli est.)	79	4.9x	4.2x	3.7x	6.3x	5.0x	4.3x	8.9x	7.5x	6.8x

Consti prem./disc. to peer median

-36.1% -37.3% -42.3% -43.4% -49.8% -53.5% -37.5% -38.5% -38.7%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.05 PV of Free Cash Flow	92 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	22.58 PV of Horizon value	91 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	124.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	24.2 Marketable securities	21 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	21.1 Debt - dividend	-29 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	49.6 Value of stock	175 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		12	12	11	10	9	9	8	8	7	7	91
= DFCF min WACC		12	12	11	10	10	9	8	8	7	7	102
= DFCF max WACC		12	11	11	10	9	8	8	7	7	6	81

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	78	78	78
Net debt (excl. convertibles)	19	5	14	4	-3	-9	-15
Enterprise value	72	87	109	90	75	69	62
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	4.8	4.1	3.6
EV/EBITA	15.6	10.6	19.1	7.9	6.2	4.9	4.2
EV/EBIT	15.6	10.6	19.1	7.9	6.2	4.9	4.2
EV/OCF	19.7	4.9	23.3	5.2	5.7	5.0	4.4
EV/FCFF	31.9	5.2	32.9	5.2	5.9	5.3	4.7
P/FCFE	523.9	5.2	-30.6	5.7	7.0	6.7	6.4
P/E	20.3	14.2	25.9	10.2	8.8	7.4	6.7
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	6.7	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	6.5	7.4	8.2
FCF yield, %	0.2	19.2	-3.3	17.6	14.2	14.8	15.5
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	7.940	10.2%
Heikintorppa Oy	750,000	7.538	9.7%
Wipunen Varainhallinta Oy	750,000	7.538	9.7%
Vakuutusosakeyhtiö Henki-Fennia	518,525	5.211	6.7%
Korkeela Esa Sakari	462,931	4.652	6.0%
Kivi Risto Juhani	388,913	3.909	5.0%
Kalevo Markku	301,044	3.025	3.9%
Keskinäinen Työeläkevakuutusyhtiö Varma	172,000	1.729	2.2%
Drumbo Oy	150,000	1.508	1.9%
Consti Yhtiöt Oyj	123,739	1.244	1.6%
Ten largest	4,407,152	44.292	57%
Residual	3,327,376	33.440	43%
Total	7,734,528	77.732	100%

EARNINGS CALENDAR

July 21, 2023 Q2 report
October 27, 2023 Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Esa Korkeela Hopeatie 2, 6. krs, 00440 Helsinki, Finland
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

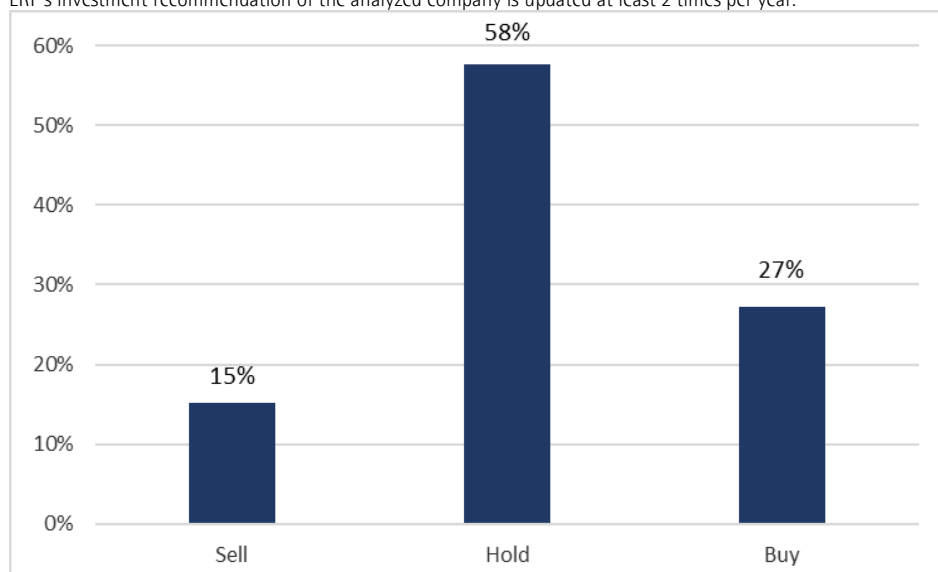
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on 21.7.2023, 15:30. This report has been published on 21.7.2023, 15:50.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

Trading

Lauri Vehkaluoto (Head)	+358 9 4766 9120
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120
Miika Ronkanen	+358 9 4766 9120

Structured Investments

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

Equity Research

Arttu Heikura	+358 40 082 8098
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
----------------	------------------



EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000