

Closing out another solid year

Consti reports its Q4 figures on 2nd of February. We expect a solid finish to the year despite continued salary inflation as we expect slight net sales growth for the quarter.

Strong performance during the first three quarters

Consti's net sales grew by 10.7% y/y during 1-9/23 from EUR 212.0m during 1-9/22 to EUR 234.5m. Growth was driven by the Corporations and Public Sector segments where the company has had major projects such as school and shopping center projects underway. The company's EBIT for the first nine months amounted to EUR 8.4m (EUR 6.6m 1-9/22) with a margin of 3.6% (3.1%). Profitability improved yet was affected by cost inflation. Consti recognized a gain of roughly EUR 1m on the sale of property-related relining business which supported the profitability in Q3. At the end of Q3, the company's backlog was near ATH levels at EUR 247.3m, up 17.5% y/y yet down nearly the same amount q/q.

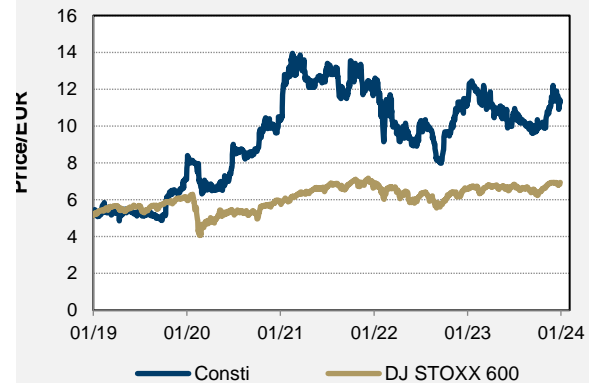
Focus is on the backlog development and guidance for FY24

We maintain our estimate for net sales at EUR 96.1m with growth of roughly 3% y/y. We see the y/y growth slowing down from Q3 as the company faces a tougher comparison period in Q4. We have revised our profitability estimate slightly as we think that Consti's profitability has still been impacted by cost inflation. Our updated EBIT estimate for Q4 is EUR 4.8m (prev. EUR 5.0m), implying EBIT of EUR 13.3m (adj. EBIT EUR 12.3m) for FY 23. With the estimated solid Q4, our focus shifts to backlog trends and FY 24 guidance. The addition of two major projects to the Q4 backlog is positive, yet further small project wins are necessary for sustained backlog growth. Our FY 24 forecasts have been slightly updated, factoring in Sähkö-Huhta acquisition for inorganic growth. We've also tweaked the Corporations segment growth estimates, now expecting group wide net sales of EUR 341.6m with a 3.3% y/y increase and an EBIT of EUR 13.3m for FY 2024.

Valuation remains attractive

Consti trades at 7-6x adj. EV/EBIT and 10-9x adj. P/E for 23-24E. The valuation is modest in absolute terms and Consti trades at a roughly 20-40% discount compared to our peer groups. We continue to lean on the company's historic multiple levels in our valuation in addition to the peer multiples. We retain our TP at EUR 13.0 with BUY-rating intact.

Rating + BUY



Share price, EUR (Last trading day's closing price) 11.35

Target price, EUR 13.0

Latest change in recommendation	24-Jul-21
Latest report on company	30-Oct-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	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	02-Feb-24
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	330.7	13.3	4.0%	10.3	1.26	9.0	0.3	6.5	11.7	0.65
2024E	341.6	13.3	3.9%	11.1	1.30	8.7	0.2	6.0	12.7	0.71
2025E	352.5	14.8	4.2%	12.1	1.48	7.7	0.2	4.9	13.8	0.81
Market cap, EURm		88	Gearing 2023E, %			-4.3	CAGR EPS 2022-25, %			10.4
Net debt 2023E, EURm		-2	Price/book 2023E			2.1	CAGR sales 2022-25, %			4.9
Enterprise value, EURm		86	Dividend yield 2023E, %			5.7	ROE 2023E, %			25.1
Total assets 2023E, EURm		129	Tax rate 2023E, %			20.2	ROCE 2023E, %			21.7
Goodwill 2023E, EURm		50	Equity ratio 2023E, %			31.9	PEG, P/E 23/CAGR			1.0

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

Table 1: Peer group overview (Nordic construction peers above, building technology & service peers below)

Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
YIT	440	18.5x	13.1x	9.1x	38.3x	18.8x	12.3x		30.7x	12.4x
SRV Yhtiot	69		8.7x	6.5x		11.3x	8.3x		11.0x	5.6x
Skanska	6225	5.0x	4.9x	4.7x	8.2x	8.3x	8.1x	8.1x	8.8x	8.9x
NCC	1120	8.0x	8.1x	7.7x	12.9x	14.3x	13.3x	7.9x	10.3x	9.1x
Peab	1256	18.1x	23.6x	12.2x	17.6x	24.1x	13.7x	14.3x	22.2x	17.7x
JM AB	1009	4.5x	4.2x	4.0x	8.0x	7.2x	6.7x	13.5x	12.4x	11.8x
Veidekke	1181	4.8x	4.5x	4.3x	8.7x	7.7x	7.2x	14.0x	12.9x	12.3x
Peer group average	1614	10.0x	9.3x	6.9x	15.7x	12.7x	9.8x	12.7x	15.0x	11.1x
Peer group median	1120	8.0x	7.7x	6.7x	12.9x	10.6x	8.6x	13.7x	12.2x	11.2x
Consti (Evli est.)	91	5.5x	4.6x	3.9x	7.0x	6.0x	4.9x	10.1x	8.7x	7.6x

Consti prem./disc. to peer median

-31.5% -40.7% -42.4% -45.7% -43.5% -42.6% -26.6% -28.3% -31.9%

Source Bloomberg, Evli Research

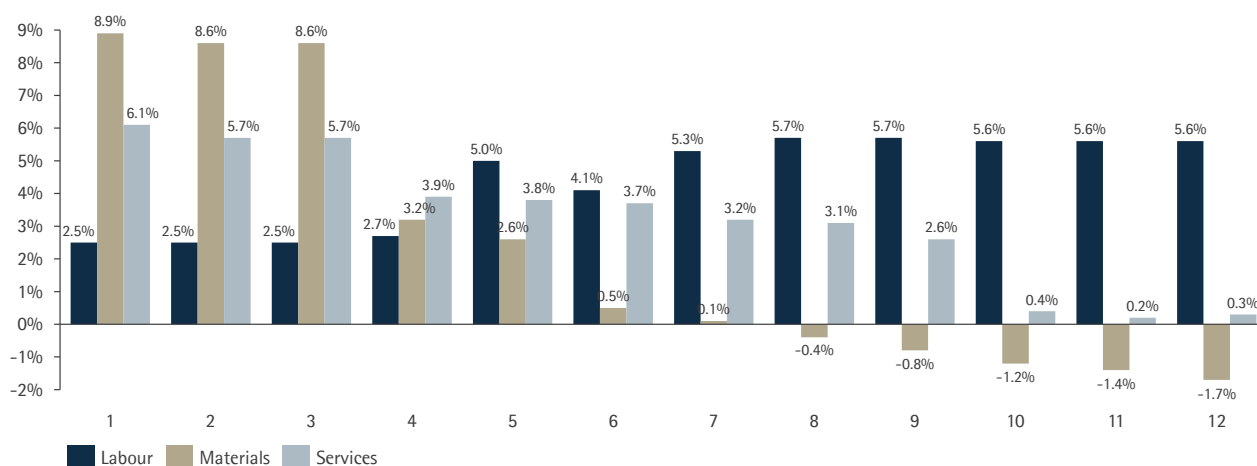
Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Caverion	1199	8.7x	6.9x		16.6x	10.2x		21.6x	12.5x	10.7x
Bravida Holding	1454	8.4x	8.7x	7.8x	10.9x	11.5x	10.2x	12.6x	13.7x	12.3x
MITIE Group	1552	6.0x	5.4x	4.9x	7.7x	6.7x	6.0x	9.6x	9.4x	8.6x
ISS A/S	3220	7.1x	6.0x	5.5x	10.4x	8.4x	7.6x	11.4x	8.9x	7.9x
Bilfinger	1428	4.8x	3.9x	3.2x	7.6x	5.7x	4.6x	14.0x	10.2x	8.3x
Instalco	1015	11.0x	10.3x	9.1x	16.9x	15.2x	12.8x	17.2x	17.0x	14.3x
Peer group average	1645	7.7x	6.9x	6.1x	11.7x	9.6x	8.2x	14.4x	12.0x	10.4x
Peer group median	1441	7.7x	6.4x	5.5x	10.6x	9.3x	7.6x	13.3x	11.3x	9.6x
Consti (Evli est.)	91	5.5x	4.6x	3.9x	7.0x	6.0x	4.9x	10.1x	8.7x	7.6x

Consti prem./disc. to peer median

-29.2% -28.6% -30.0% -34.1% -35.6% -35.0% -24.1% -22.9% -20.8%

Source Bloomberg, Evli Research

Figure 1: Labour costs: a significant cost factor for labour intensive renovation construction, continue to increase by 5.6% y/y in Q4, building cost index by type of cost, y/y growth %, 2023 monthly data



Source: Statistics Finland, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.35 PV of Free Cash Flow	98 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	24.04 PV of Horizon value	99 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	111.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	25.8 Marketable securities	23 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	22.5 Debt - dividend	-21 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	50.3 Value of stock	188 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	331	342	353	360	365	370	376	382	387	392	397
<i>Sales growth, %</i>	<i>5.7</i>	<i>8.3</i>	<i>3.3</i>	<i>3.2</i>	<i>2.0</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	13	13	15	16	16	16	17	17	17	17	17
<i>Operating income margin, %</i>	<i>3.8</i>	<i>4.0</i>	<i>3.9</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>
+ Depreciation+amort.	4	4	3	2	2	2	2	2	2	2	2	2
EBITDA	15	17	16	17	18	18	19	19	19	19	19	20
- Paid taxes	1	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3
- Change in NWC	4	1	1	1	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	-3	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	<i>0.7</i>	<i>1.3</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>0.6</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	12	13	13	14	14	14	14	15	15	15	206
= Discounted FCFF		12	12	11	11	10	9	9	8	8	7	99
= DFCF min WACC		12	12	12	11	10	10	9	9	8	7	110
= DFCF max WACC		12	12	11	11	10	9	9	8	7	7	89

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	59.8	73.1	79.0	93.3	305.2	68.9	75.7	89.9	96.1	330.7	341.6	352.5
EBITDA	1.4	3.7	4.2	5.7	15.0	1.5	3.9	5.7	5.7	16.8	16.1	17.2
<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>6.3</i>	<i>6.0</i>	<i>5.1</i>	<i>4.7</i>	<i>4.9</i>
EBIT	0.4	2.9	3.3	4.9	11.5	0.7	3.0	4.8	4.8	13.3	13.3	14.8
<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>5.3</i>	<i>5.0</i>	<i>4.0</i>	<i>3.9</i>	<i>4.2</i>
Net financial items	-0.2	-0.2	-0.2	-0.3	-1.0	-0.3	-0.3	-0.2	-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	4.5	4.5	12.2	12.5	14.3
Tax	0.0	-0.5	-0.6	-0.8	-1.9	-0.1	-0.6	-0.9	-0.9	-2.5	-2.5	-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>20.6</i>	<i>20.2</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	3.6	3.6	9.7	10.0	11.4
EPS	0.01	0.28	0.32	0.49	1.10	0.04	0.29	0.47	0.46	1.26	1.30	1.48
EPS adjusted (diluted no. of shares)	0.01	0.28	0.32	0.49	1.10	0.04	0.29	0.47	0.46	1.26	1.30	1.48
Dividend per share	0.00	0.00	0.00	0.00	0.60	0.00	0.00	0.00	0.00	0.65	0.71	0.81
SALES, EURm												
Housing Companies	15.6	25.4	30.6	32.4	104.0	20.4	27.3	29.5	31.8	109.0	112.3	115.6
Corporations	20.2	24.3	26.7	33.8	104.9	26.3	25.6	32.1	36.3	120.4	119.2	123.9
Public Sector	10.9	9.4	9.4	12.4	42.1	9.9	10.0	14.7	13.3	47.8	50.2	51.2
Building Technology	16.0	17.7	16.3	19.1	69.1	14.8	16.2	17.9	19.3	68.2	75.0	77.2
Elimination	-2.9	-3.6	-4.0	-4.4	-14.9	-2.4	-3.4	-4.3	-4.5	-14.7	-15.0	-15.5
Total	59.8	73.1	79.0	93.3	305.2	68.9	75.7	89.9	96.1	330.7	341.6	352.5
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>-3.5</i>	<i>-2.0</i>	<i>4.8</i>	<i>3.0</i>	<i>3.0</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>20.4</i>	<i>7.5</i>	<i>14.7</i>	<i>-1.0</i>	<i>4.0</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>56.1</i>	<i>7.0</i>	<i>13.4</i>	<i>5.0</i>	<i>2.0</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>9.9</i>	<i>1.0</i>	<i>-1.4</i>	<i>10.0</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>9.2</i>	<i>2.7</i>	<i>-1.6</i>	<i>2.1</i>	<i>3.2</i>
Total	0.9	3.1	4.0	12.9	5.7	15.2	3.6	13.8	3.0	8.3	3.3	3.2
EBIT, EURm												
Group	0.4	2.9	3.3	4.9	11.5	0.7	3.0	4.8	4.8	13.3	13.3	14.8
Total	0.4	2.9	3.3	4.9	11.5	0.7	3.0	4.8	4.8	13.3	13.3	14.8
EBIT margin, %												
Total	0.6	4.0	4.2	5.2	3.8	1.0	4.0	5.3	5.0	4.0	3.9	4.2

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	315.8	314.8	274.6	288.8	305.2	330.7	341.6	352.5
<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>8.3</i>	<i>3.3</i>	<i>3.2</i>
EBITDA	-0.5	8.1	11.4	9.2	15.0	16.8	16.1	17.2
<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>5.1</i>	<i>4.7</i>	<i>4.9</i>
Depreciation	-1.7	-3.5	-3.2	-3.5	-3.5	-3.5	-2.7	-2.4
EBITA	-2.1	4.6	8.2	5.7	11.5	13.3	13.3	14.8
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	13.3	13.3	14.8
<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>4.0</i>	<i>3.9</i>	<i>4.2</i>
Reported EBIT	-2.1	4.6	8.2	5.7	11.5	13.3	13.3	14.8
<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>4.0</i>	<i>3.9</i>	<i>4.2</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	12.2	12.5	14.3
Taxes	0.5	-0.7	-1.6	-0.9	-1.9	-2.5	-2.5	-2.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-2.3	2.5	5.6	3.7	8.5	9.7	10.0	11.4
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	4	4	3	3	4	4	4	4
Goodwill	49	49	49	50	50	50	50	50
Right of use assets	4	3	2	6	4	3	2	2
Inventory	1	1	1	1	1	1	1	1
Receivables	53	50	49	41	44	47	49	51
Liquid funds	3	10	24	18	21	23	23	24
Total assets	115	117	129	119	123	129	131	133
Liabilities								
Shareholder's equity	23	26	30	32	36	41	46	52
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	3	3	0	0	0	0	0
Lease liabilities	4	4	2	5	4	3	2	2
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	23	25	27	27	20	18	14	8
Non-interest bearing current liabilities	62	56	63	52	60	65	67	69
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	115	117	129	119	123	129	131	133
CASH FLOW, EURm								
+ EBITDA	0	8	11	9	15	17	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	1	1	1
+/- Other	0	0	0	1	-2	0	0	0
= Cash flow from operations	-7	4	18	5	17	14	13	14
- Capex	-1	-4	-3	-7	-2	-4	-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	10	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	-4	-5	-6
Change in cash	-6	7	14	-6	3	2	1	1

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	50	79	95	86	88	88	88
Net debt (excl. convertibles)	19	5	14	4	-2	-8	-14
Enterprise value	72	87	109	90	86	80	73
Sales	315	275	289	305	331	342	353
EBITDA	8	11	9	15	17	16	17
EBIT	5	8	6	11	13	13	15
Pre-tax	3	7	5	10	12	13	14
Earnings	2	6	4	8	10	10	11
Equity book value (excl. minorities)	26	30	32	36	41	46	52
Valuation multiples							
EV/sales	0.2	0.3	0.4	0.3	0.3	0.2	0.2
EV/EBITDA	8.9	7.6	11.9	6.0	5.1	5.0	4.3
EV/EBITA	15.6	10.6	19.1	7.9	6.5	6.0	4.9
EV/EBIT	15.6	10.6	19.1	7.9	6.5	6.0	4.9
EV/OCF	19.7	4.9	23.3	5.2	5.9	6.0	5.1
EV/FCFF	31.9	5.2	32.9	5.2	7.2	6.3	5.5
P/FCFE	523.9	5.2	-30.6	5.7	8.5	7.9	7.3
P/E	20.3	14.2	25.9	10.2	9.0	8.7	7.7
P/B	1.9	2.6	3.0	2.4	2.1	1.9	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	5.9	5.8	5.0
Target EV/EBIT	0.0	0.0	0.0	0.0	7.4	6.9	5.8
Target EV/FCF	0.0	0.0	0.0	0.0	9.6	8.3	7.1
Target P/B	0.0	0.0	0.0	0.0	2.4	2.2	1.9
Target P/E	0.0	0.0	0.0	0.0	10.3	10.0	8.8
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	1.26	1.30	1.48
Operating cash flow per share	0.47	2.27	0.60	2.25	1.87	1.72	1.85
Free cash flow per share	0.01	1.93	-0.40	1.96	1.33	1.44	1.57
Book value per share	3.33	3.87	4.08	4.68	5.34	5.99	6.75
Dividend per share	0.16	0.40	0.45	0.60	0.65	0.71	0.81
Dividend payout ratio, %	50.8	56.3	96.4	54.6	51.7	55.0	55.0
Dividend yield, %	2.5	4.0	3.7	5.4	5.7	6.3	7.2
FCF yield, %	0.2	19.2	-3.3	17.6	11.7	12.7	13.8
Efficiency measures							
ROE	10.0	19.7	11.8	24.9	25.1	22.9	23.2
ROCE	8.6	13.7	9.1	18.4	21.7	21.7	24.1
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	1.3	0.6	0.6
CAPEX/sales (incl. acquisitions), %	1.3	1.0	2.0	0.7	1.3	0.6	0.6
FCFF/EBITDA	0.3	1.5	0.4	1.1	0.7	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	0.2	0.1
Equity ratio, book-weighted	29.8	26.1	26.9	29.4	31.9	35.3	39.1
Gearing, %	64.4	14.1	44.1	10.7	-4.3	-17.0	-27.7

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 2017-2019 driven by a number of weak margin projects. The backlog is still at healthy levels which supports near-term development. The long-term market outlook remains favourable due to among other things a large aging building stock, and the renovation market is expected to see steady low single-digit growth.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lujatalo Oy	790,000	8.967	10.2%
Wipunen Varainhallinta Oy	750,000	8.513	9.7%
Heikintorppa Oy	750,000	8.513	9.7%
Vakuutusosakeyhtiö Henki-Fennia	518,525	5.885	6.7%
Korkeela Esa Sakari	462,931	5.254	6.0%
Kivi Risto Juhani	388,913	4.414	5.0%
Kalevo Markku	299,967	3.405	3.9%
Keskinäinen Työeläkevakuutusyhtiö Varma	172,000	1.952	2.2%
Drumbo Oy	150,000	1.703	1.9%
Norvier Oy	106,463	1.208	1.4%
Ten largest	4,388,799	49.813	57%
Residual	3,345,729	37.974	43%
Total	7,734,528	87.787	100%

EARNINGS CALENDAR

February 02, 2024

FY 2023 Results

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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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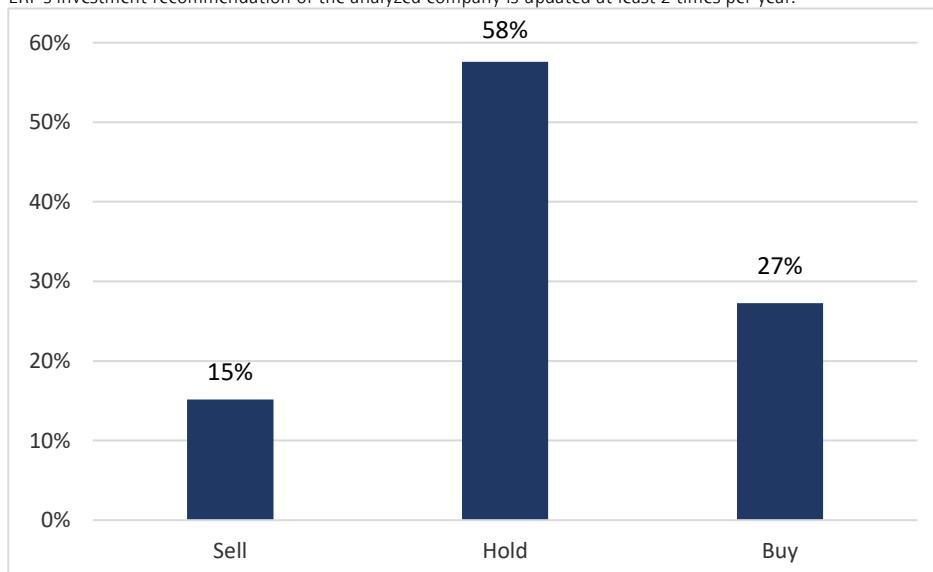
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Investment recommendations are defined as follows:

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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