

Market presents some challenges

Consti's Q4 figures missed our estimates mainly due to lower volumes than expected. The company expects EBIT of EUR 9–12m for 2024, the range is rather conservative in our view and reflects the low visibility to market development.

Our volume estimates were too high for Q4

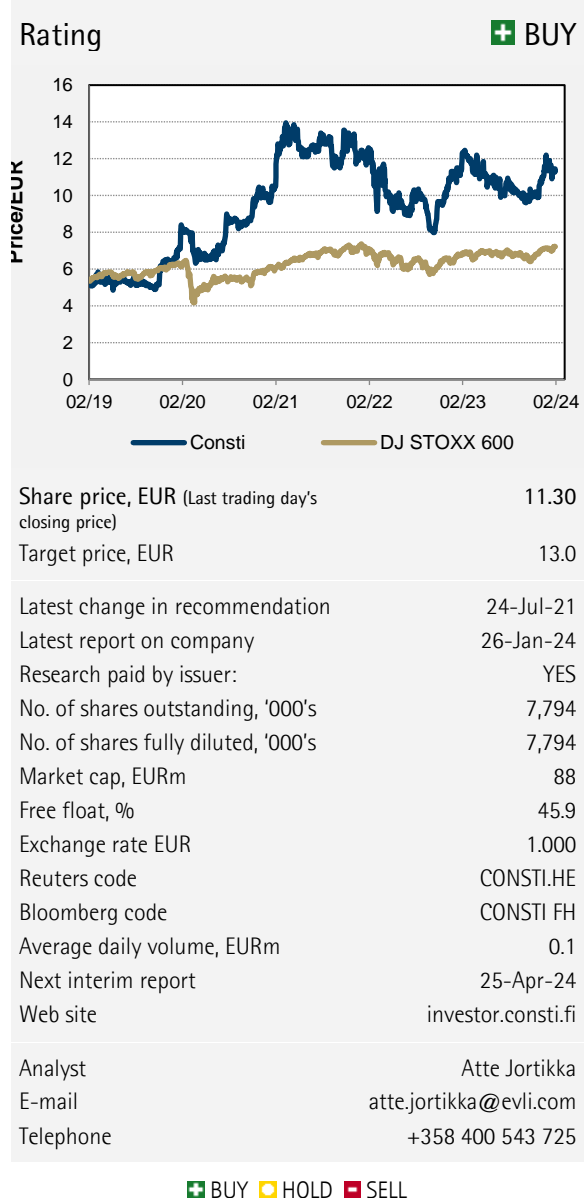
Net sales in Q4 were EUR 86.1m (EUR 93.3m in Q4/22), below our estimates (EUR 96.1m). Sales declined 7.7% y/y. We expected growth to slow down from the high levels of Q3 while still growing as Q4 has typically been the strongest quarter revenue-wise. Our estimates proved to be way too optimistic as especially Corporations business area saw significantly higher decline in revenue than we estimated. This was partly explained by the project profile as some of the projects were front heavy and recurred more revenue in Q3 than during Q4. With the volume miss, EBIT amounted to EUR 3.9m (EUR 4.8m in Q4/22), below our estimates (EUR 4.8m) at a margin of 4.5% (Q4/22 5.2%).

Guidance range seems rather conservative

Consti estimates that its operating result for 2024 will be in the range of EUR 9–12 million. Our previous estimate for 2024 EBIT was EUR 13.3m as we expected net sales to grow 3.3% y/y to EUR 342m. We update our 2024 net sales estimate to EUR 317.5m, with a revenue decline of 1% y/y. With the lower net sales, our estimate for 2024 EBIT is at EUR 10.8m with a margin of 3.4%. The majority of Consti's work for 2024 is secured by the strong backlog yet positive surprises in net sales during the year could result in positive adjustments to the guidance range. On the other hand, we see it quite unlikely that the lower end would be missed without particular problems in single projects or notably declined project sales within the financial year.

Valuation still attractive despite a minor bump in the road

Based on our estimates for 2024E Consti is priced at 8x EV/EBIT and 11x P/E, with a roughly 5–20% discount to Nordic construction and building technology peers. Even with the guidance range bottom of EUR 9m of EBIT, the EV/EBIT would set to roughly 9x which still presents a discount to the peers and would be roughly in line with the historic multiple levels. We retain our TP at EUR 13.0 with rating at BUY.



KEY FIGURES

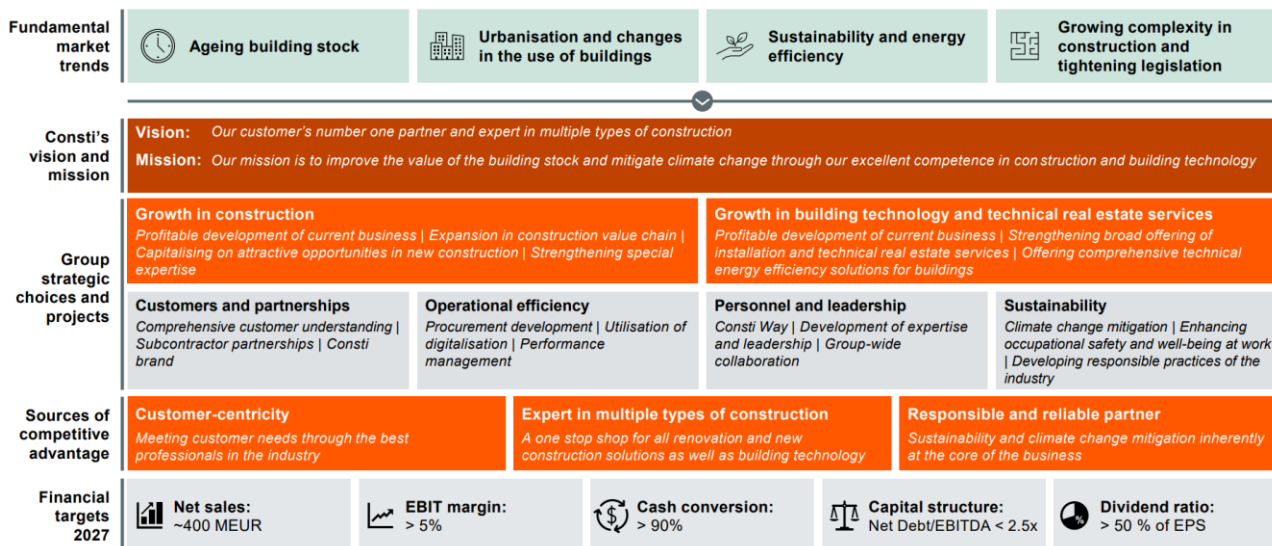
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	305.2	11.5	3.8%	15.2	1.10	10.2	0.3	7.9	17.6	0.60
2023	320.6	12.3	3.9%	8.6	1.16	9.8	0.3	7.1	9.7	0.70
2024E	317.5	10.8	3.4%	7.3	1.03	11.0	0.3	7.9	8.2	0.62
2025E	326.7	12.5	3.8%	8.3	1.21	9.4	0.3	6.6	9.4	0.72
2026E	334.9	13.9	4.1%	8.9	1.37	8.3	0.2	5.7	10.2	0.82
Market cap, EURm		88	Gearing 2024E, %			-6.3	CAGR EPS 2023–26, %			5.8
Net debt 2024E, EURm		-3	Price/book 2024E			2.0	CAGR sales 2023–26, %			1.5
Enterprise value, EURm		85	Dividend yield 2024E, %			5.5	ROE 2024E, %			19.0
Total assets 2024E, EURm		121	Tax rate 2024E, %			20.0	ROCE 2024E, %			17.8
Goodwill 2024E, EURm		49	Equity ratio 2024E, %			36.0	PEG, P/E 24/CAGR			0.8

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

Updated strategy for 2024-2027

With the Q4 report, Consti announced its updated strategy for the strategy period from 2024 to 2027, the company's strategy remains largely unchanged from the previous strategy. In the updated strategy, the company's vision is unchanged, Consti aims to be its customer's number one partner and expert in multiple types of construction. In addition, the key market drivers that the company sees affecting its business remain the same: ageing building stock, urbanization and climate change. Consti aims to have four equally strong business areas with total net sales amounting to roughly EUR 400m at the end of the strategy period. This is achieved by growing faster than the market in both the construction and building technology markets. On the construction side, the company aims to strengthen and expand in its special expertise areas such as groundworks and façade repairs. In addition, the company sees growth opportunities among its industrial customers. With the strategy update, the long-term financial goals remain unchanged. As said, the company aims to have roughly EUR 400m of net sales at the end of 2027, with the current long-term profitability target of EBIT % >5% this would imply EBIT of EUR >20m.

Figure 1: Updated strategy for 2024-2027



Source: Consti

Q4 missed our estimates

Net sales in Q4 were EUR 86.1m (EUR 93.3m in Q4/22), below our estimates (EUR 96.1m). Sales declined 7.7% y/y. Public Sector was the only business area that grew in Q4, supported by ongoing school projects. Low order intake in the third quarter affected sales more than we had estimated. In addition, some projects especially in the Corporations business area brought in more revenue during Q3 than normally which then resulted in lower net sales for Q4. Operating profit in Q4 amounted to EUR 3.9m (EUR 4.8m in Q4/22), below our estimates (EUR 4.8m) at a margin of 4.5% (5.2%). The EBIT miss is mostly related to lower-than-expected volumes with some negative effect for fixed costs due to the Sähkö-Huhta acquisition. EPS in Q4 amounted to EUR 0.37 (EUR 0.49 in Q4/22), also below our estimates (EUR 0.46) Consti's BoD proposes a dividend of EUR 0.70 per share, slightly higher than our estimate of EUR 0.65 per share. The order backlog at the end of Q4 was EUR 270.0m (EUR 246.7m in Q4/22), up by 9.5% y/y. Order intake was EUR 91.6m in Q4 (Q4/22: EUR 109.1m). Free cash flow amounted to EUR 2.8m in the quarter (Q4/22: EUR 10.4m).

Our estimate for EBIT is above guidance middle point

Consti estimates that its operating result for 2024 will be in the range of EUR 9–12 million. We update our 2024 net sales estimate to EUR 317.5m, down roughly 1% y/y. We expect Public Sector to continue to grow driven by the company's current large public projects, in addition, we estimate growth for the Building Technology business area driven by both organic and inorganic growth. For Housing Companies and Corporations, we estimate a decline in revenue as the current market environment with higher interest rates will lower the demand, especially for housing company and real estate investor segments. We do not estimate dramatic changes in the company's cost structure, our updated EBIT estimate for 2024E stands at EUR 10.8m, with a margin of 3.4%. We expect profitability to remain roughly in line with 2023 (excl. gain on sale of relining business). Our current long-term estimates sit significantly below Consti's long-term estimates. We view that Consti needs to complete acquisitions as well as benefit from good market conditions to achieve revenue of approximately EUR 400m by the end of 2027.

Table 1: Peer group overview

Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
YIT	415	19.7x	12.2x	9.1x	38.9x	17.5x	12.2x		23.2x	12.3x
SRV Yhtiot	69		8.7x	6.5x		11.3x	8.3x		10.9x	5.9x
Skanska	6298	5.6x	5.3x	5.1x	9.4x	8.9x	8.3x	9.0x	9.0x	8.5x
NCC	1163	8.5x	8.0x	7.6x	14.3x	14.4x	13.1x	9.6x	10.9x	9.7x
Peab	1234	26.7x	19.1x	12.8x	25.0x	20.6x	13.6x	25.0x	18.3x	12.4x
JM AB	942	4.5x	4.2x	4.0x	8.2x	7.2x	6.8x	13.7x	12.4x	11.7x
Veidekke	1135	4.8x	4.5x	4.3x	8.7x	7.7x	7.2x	14.0x	12.9x	12.3x
Peer group average	1608	12.2x	8.8x	7.1x	18.9x	12.4x	9.9x	16.1x	13.8x	10.5x
Peer group median	1135	8.5x	8.2x	7.0x	14.3x	11.3x	9.1x	13.8x	12.4x	11.5x
Consti (Evli est.)	89	5.9x	5.9x	5.0x	7.7x	7.9x	6.6x	11.0x	11.0x	9.4x

Consti prem./disc. to peer median

-30.9% -28.1% -28.9% -46.4% -30.3% -27.9% -20.6% -11.9% -18.4%

Source Bloomberg, Evli Research

Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Caverion	1207	8.8x	6.9x		16.6x	10.2x		21.7x	12.6x	10.7x
Bravida Holding	1391	8.3x	8.6x	7.7x	10.9x	11.4x	10.1x	12.5x	13.6x	12.2x
MITIE Group	1619	6.2x	5.5x	5.0x	7.9x	6.9x	6.2x	9.9x	9.7x	8.9x
ISS A/S	3246	7.1x	6.0x	5.5x	10.5x	8.4x	7.6x	11.5x	8.9x	7.9x
Bilfinger	1442	4.9x	4.0x	3.2x	7.6x	5.8x	4.7x	14.2x	10.7x	8.7x
Instalco	970	10.6x	9.9x	8.8x	16.4x	15.0x	12.6x	16.6x	16.3x	13.7x
Peer group average	1646	7.6x	6.8x	6.0x	11.6x	9.6x	8.2x	14.4x	12.0x	10.3x
Peer group median	1417	7.7x	6.4x	5.5x	10.7x	9.3x	7.6x	13.4x	11.6x	9.8x
Consti (Evli est.)	89	5.9x	5.9x	5.0x	7.7x	7.9x	6.6x	11.0x	11.0x	9.4x

Consti prem./disc. to peer median

-24.0% -8.2% -8.7% -28.0% -15.5% -13.3% -17.8% -5.7% -4.6%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.30 PV of Free Cash Flow	94 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	25.20 PV of Horizon value	102 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	123.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	27.1 Marketable securities	21 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	23.5 Debt - dividend	-20 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	52.1 Value of stock	196 Nr of shares, Mn	7.8 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	321	317	327	335	340	345	350	356	361	366	371	375
<i>Sales growth, %</i>	<i>5.0</i>	<i>-1.0</i>	<i>2.9</i>	<i>2.5</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)	12	11	12	14	15	15	15	16	16	16	16	17
<i>Operating income margin, %</i>	<i>3.9</i>	<i>3.4</i>	<i>3.8</i>	<i>4.1</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	4	4	4	4	5	5	5	5	5	
EBITDA	16	14	16	18	19	20	20	20	21	21	21	
- Paid taxes	-2	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	1	0	-1	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.6</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	<i>-4.1</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	
<i>opCAPEX / Sales, %</i>	<i>1.5</i>	<i>1.3</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	13	11	12	12	15	15	16	16	16	17	17	230
= Discounted FCFF		10	10	10	11	10	10	9	8	8	7	102
= DFCF min WACC		10	10	10	11	10	10	9	9	8	8	114
= DFCF max WACC		10	10	10	11	10	9	9	8	8	7	91

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	68.9	75.7	89.9	86.1	320.6	66.4	75.3	87.7	88.1	317.5	326.7	334.9
EBITDA	1.5	3.9	5.7	4.8	16.1	1.4	3.6	4.3	5.2	14.4	16.3	18.0
<i>EBITDA margin (%)</i>	<i>2.1</i>	<i>5.2</i>	<i>6.3</i>	<i>5.6</i>	<i>5.0</i>	<i>2.1</i>	<i>4.8</i>	<i>4.8</i>	<i>5.9</i>	<i>4.5</i>	<i>5.0</i>	<i>5.4</i>
EBIT	0.7	3.0	4.8	3.9	12.3	0.5	2.7	3.4	4.3	10.8	12.5	13.9
<i>EBIT margin (%)</i>	<i>1.0</i>	<i>4.0</i>	<i>5.3</i>	<i>4.5</i>	<i>3.9</i>	<i>0.8</i>	<i>3.6</i>	<i>3.8</i>	<i>4.9</i>	<i>3.4</i>	<i>3.8</i>	<i>4.1</i>
Net financial items	-0.3	-0.3	-0.2	-0.2	-1.0	-0.2	-0.2	-0.2	-0.2	-0.8	-0.7	-0.6
Pre-tax profit	0.4	2.8	4.5	3.7	11.4	0.3	2.5	3.2	4.1	10.0	11.8	13.3
Tax	-0.1	-0.6	-0.9	-0.8	-2.4	-0.1	-0.5	-0.6	-0.8	-2.0	-2.4	-2.7
<i>Tax rate (%)</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>22.2</i>	<i>20.7</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	0.3	2.2	3.6	2.9	9.0	0.3	2.0	2.5	3.3	8.0	9.4	10.7
EPS	0.04	0.28	0.47	0.37	1.16	0.03	0.26	0.32	0.42	1.03	1.21	1.37
EPS adjusted (diluted no. of shares)	0.04	0.28	0.47	0.37	1.16	0.03	0.26	0.32	0.42	1.03	1.21	1.37
Dividend per share	0.00	0.00	0.00	0.00	0.70	0.00	0.00	0.00	0.00	0.62	0.72	0.82
SALES, EURm												
Housing Companies	20.4	27.3	29.5	25.2	102.4	17.4	24.6	30.1	26.4	98.5	101.4	103.5
Corporations	26.3	25.6	32.1	28.1	112.2	21.0	23.1	27.3	29.0	100.4	104.4	107.5
Public Sector	9.9	10.0	14.7	19.8	54.3	13.8	13.0	14.7	17.8	59.2	60.4	61.6
Building Technology	14.8	16.2	17.9	16.9	65.7	17.0	17.8	19.3	18.6	72.6	74.8	77.0
Elimination	-2.4	-3.4	-4.3	-3.9	-14.0	-2.8	-3.1	-3.7	-3.7	-13.2	-14.3	-14.7
Total	68.9	75.7	89.9	86.1	320.6	66.4	75.3	87.7	88.1	317.5	326.7	334.9
SALES GROWTH, Y/Y %												
<i>Housing Companies</i>	<i>30.9</i>	<i>7.6</i>	<i>-3.5</i>	<i>-22.3</i>	<i>-1.5</i>	<i>-15.0</i>	<i>-10.0</i>	<i>2.0</i>	<i>5.0</i>	<i>-3.9</i>	<i>3.0</i>	<i>2.0</i>
<i>Corporations</i>	<i>30.3</i>	<i>5.7</i>	<i>20.4</i>	<i>-16.8</i>	<i>6.9</i>	<i>-20.0</i>	<i>-10.0</i>	<i>-15.0</i>	<i>3.0</i>	<i>-10.5</i>	<i>4.0</i>	<i>3.0</i>
<i>Public Sector</i>	<i>-9.9</i>	<i>6.2</i>	<i>56.1</i>	<i>59.4</i>	<i>28.8</i>	<i>40.0</i>	<i>30.0</i>	<i>0.0</i>	<i>-10.0</i>	<i>9.1</i>	<i>2.0</i>	<i>2.0</i>
<i>Building Technology</i>	<i>-7.9</i>	<i>-8.4</i>	<i>9.9</i>	<i>-11.7</i>	<i>-4.9</i>	<i>15.0</i>	<i>10.0</i>	<i>7.5</i>	<i>10.0</i>	<i>10.4</i>	<i>3.0</i>	<i>3.0</i>
<i>Elimination</i>	<i>-16.7</i>	<i>-6.6</i>	<i>9.2</i>	<i>-12.3</i>	<i>-6.1</i>	<i>13.4</i>	<i>-6.5</i>	<i>-15.8</i>	<i>-5.1</i>	<i>-5.5</i>	<i>8.3</i>	<i>2.5</i>
Total	15.2	3.6	13.8	-7.7	5.0	-3.6	-0.6	-2.4	2.3	-1.0	2.9	2.5
EBIT, EURm												
Group	0.7	3.0	4.8	3.9	12.3	0.5	2.7	3.4	4.3	10.8	12.5	13.9
Total	0.7	3.0	4.8	3.9	12.3	0.5	2.7	3.4	4.3	10.8	12.5	13.9
EBIT margin, %												
Total	1.0	4.0	5.3	4.5	3.9	0.8	3.6	3.8	4.9	3.4	3.8	4.1

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	314.8	274.6	288.8	305.2	320.6	317.5	326.7	334.9
<i>Sales growth (%)</i>	-0.3	-12.8	5.1	5.7	5.0	-1.0	2.9	2.5
EBITDA	8.1	11.4	9.2	15.0	16.1	14.4	16.3	18.0
<i>EBITDA margin (%)</i>	2.6	4.2	3.2	4.9	5.0	4.5	5.0	5.4
Depreciation	-3.5	-3.2	-3.5	-3.5	-3.7	-3.6	-3.9	-4.1
EBITA	4.6	8.2	5.7	11.5	12.3	10.8	12.5	13.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.6	8.2	5.7	11.5	12.3	10.8	12.5	13.9
<i>EBIT margin (%)</i>	1.5	3.0	2.0	3.8	3.9	3.4	3.8	4.1
Reported EBIT	4.6	8.2	5.7	11.5	12.3	10.8	12.5	13.9
<i>EBIT margin (reported) (%)</i>	1.5	3.0	2.0	3.8	3.9	3.4	3.8	4.1
Net financials	-1.2	-1.0	-1.1	-1.0	-1.0	-0.8	-0.7	-0.6
Pre-tax profit	3.4	7.2	4.6	10.4	11.4	10.0	11.8	13.3
Taxes	-0.7	-1.6	-0.9	-1.9	-2.4	-2.0	-2.4	-2.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.5	5.6	3.7	8.5	9.0	8.0	9.4	10.7
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	3	3	4	5	4	5	5
Goodwill	49	49	50	50	49	49	49	49
Right of use assets	3	2	6	4	5	6	6	6
Inventory	1	1	1	1	1	1	1	1
Receivables	50	49	41	44	41	40	42	45
Liquid funds	10	24	18	21	21	21	21	22
Total assets	117	129	119	123	121	121	125	128
Liabilities								
Shareholder's equity	26	30	32	36	41	44	48	53
Minority interest	0	0	0	0	0	0	0	0
Convertibles	3	3	0	0	0	0	0	0
Lease liabilities	4	2	5	4	5	6	6	6
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	25	27	27	20	15	13	9	6
Non-interest bearing current liabilities	56	63	52	60	57	57	58	60
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	117	129	119	123	121	121	125	128
CASH FLOW, EURm								
+ EBITDA	8	11	9	15	16	14	16	18
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	0	-1	-1	1	-2	-2	-2	-3
- Increase in Net Working Capital	-3	8	-3	4	1	0	-1	-1
+/- Other	0	0	1	-2	0	0	0	0
= Cash flow from operations	4	18	5	17	13	11	13	14
- Capex	-4	-3	-7	-2	-5	-4	-4	-5
- Acquisitions	0	0	-1	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	15	-3	15	9	7	8	9
+/- New issues/buybacks	0	0	1	-1	1	0	0	0
- Paid dividend	0	-1	-3	-4	-5	-5	-5	-6
+/- Other	6	0	-1	-8	-4	-2	-3	-3
Change in cash	7	14	-6	3	0	0	1	1

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	79	95	86	88	88	88	88
Net debt (excl. convertibles)	5	14	4	-1	-3	-6	-10
Enterprise value	87	109	90	88	85	82	79
Sales	275	289	305	321	317	327	335
EBITDA	11	9	15	16	14	16	18
EBIT	8	6	11	12	11	12	14
Pre-tax	7	5	10	11	10	12	13
Earnings	6	4	8	9	8	9	11
Equity book value (excl. minorities)	30	32	36	41	44	48	53
Valuation multiples							
EV/sales	0.3	0.4	0.3	0.3	0.3	0.3	0.2
EV/EBITDA	7.6	11.9	6.0	5.4	5.9	5.0	4.4
EV/EBITA	10.6	19.1	7.9	7.1	7.9	6.6	5.7
EV/EBIT	10.6	19.1	7.9	7.1	7.9	6.6	5.7
EV/OCF	4.9	23.3	5.2	6.5	7.4	6.4	5.8
EV/FCFF	5.2	32.9	5.2	6.9	7.9	6.9	6.3
P/FCFE	5.2	-30.6	5.7	10.3	12.1	10.6	9.8
P/E	14.2	25.9	10.2	9.8	11.0	9.4	8.3
P/B	2.6	3.0	2.4	2.2	2.0	1.8	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.8	5.8	5.1
Target EV/EBIT	0.0	0.0	0.0	0.0	9.1	7.6	6.6
Target EV/FCF	0.0	0.0	0.0	0.0	13.6	11.5	10.3
Target P/B	0.0	0.0	0.0	0.0	2.3	2.1	1.9
Target P/E	0.0	0.0	0.0	0.0	12.6	10.8	9.5
Per share measures							
Number of shares	7,858	7,858	7,735	7,794	7,794	7,794	7,794
Number of shares (diluted)	7,858	7,858	7,735	7,794	7,794	7,794	7,794
EPS	0.71	0.47	1.10	1.16	1.03	1.21	1.37
Operating cash flow per share	2.27	0.60	2.25	1.73	1.47	1.63	1.73
Free cash flow per share	1.93	-0.40	1.96	1.10	0.93	1.06	1.15
Book value per share	3.87	4.08	4.68	5.27	5.61	6.20	6.84
Dividend per share	0.40	0.45	0.60	0.70	0.62	0.72	0.82
Dividend payout ratio, %	56.3	96.4	54.6	60.5	60.0	60.0	60.0
Dividend yield, %	4.0	3.7	5.4	6.2	5.5	6.4	7.3
FCF yield, %	19.2	-3.3	17.6	9.7	8.2	9.4	10.2
Efficiency measures							
ROE	19.7	11.8	24.9	23.3	19.0	20.5	21.0
ROCE	13.7	9.1	18.4	20.3	17.8	20.0	21.6
Financial ratios							
Inventories as % of sales	0.2	0.3	0.3	0.2	0.2	0.2	0.2
Receivables as % of sales	17.9	14.3	14.4	12.7	12.7	13.0	13.5
Non-interest bearing liabilities as % of sales	23.1	18.0	19.6	17.8	17.8	17.8	17.8
NWC/sales, %	-4.9	-3.4	-4.9	-4.9	-4.9	-4.6	-4.1
Operative CAPEX/sales, %	1.0	2.4	0.7	1.5	1.3	1.4	1.4
CAPEX/sales (incl. acquisitions), %	1.0	2.0	0.7	1.5	1.3	1.4	1.4
FCFF/EBITDA	1.5	0.4	1.1	0.8	0.7	0.7	0.7
Net debt/EBITDA, book-weighted	0.4	1.5	0.3	-0.1	-0.2	-0.4	-0.5
Debt/equity, market-weighted	0.3	0.3	0.2	0.2	0.1	0.1	0.1
Equity ratio, book-weighted	26.1	26.9	29.4	33.9	36.0	38.7	41.5
Gearing, %	14.1	44.1	10.7	-2.3	-6.3	-12.9	-17.8

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	8.927	10.1%
Wipunen Varainhallinta Oy	750,000	8.475	9.6%
Heikintorppa Oy	750,000	8.475	9.6%
Vakuutusosakeyhtiö Henki-Fennia	518,525	5.859	6.7%
Korkeela Esa Sakari	462,931	5.231	5.9%
Kivi Risto Juhani	388,913	4.395	5.0%
Kalevo Markku	299,967	3.390	3.8%
Keskinäinen Työeläkevakuutusyhtiö Varma	172,000	1.944	2.2%
Drumbo Oy	150,000	1.695	1.9%
Norvier Oy	106,463	1.203	1.4%
Ten largest	4,388,799	49.593	56%
Residual	3,405,168	38.478	44%
Total	7,793,967	88.072	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Esa Korkeela
CFO: Joni Sorsanen
IR: Ismo Heikkilä

Hopeatie 2, 6. krs, 00440 Helsinki, Finland
Tel: +358 10 288 6000

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> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
--	--

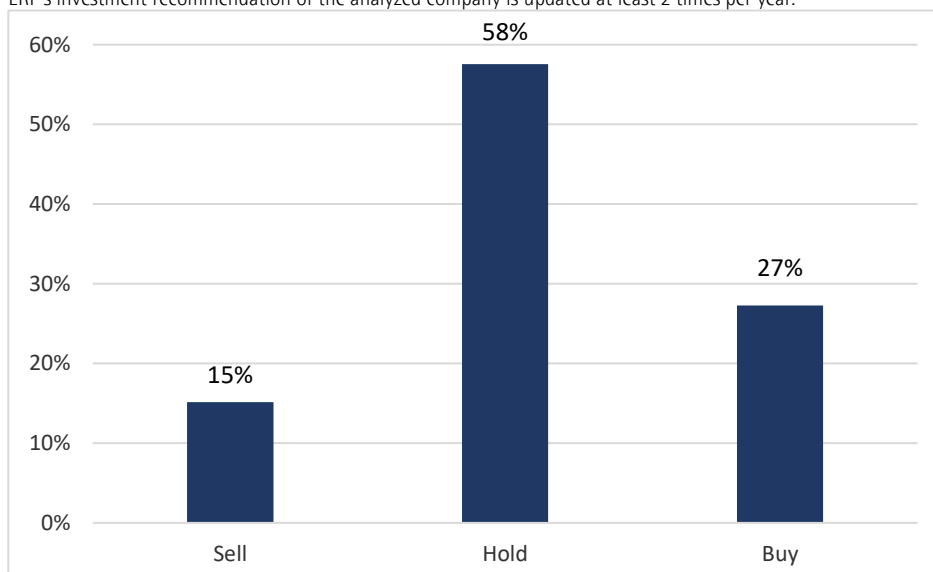
Important Disclosures

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 5.2.2024, 8:10. This report has been published on 5.2.2024, 08:30.

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 Lijja	+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

Atte Jortikka	+358 40 054 3725
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149

Evli Investment Solutions

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

EVLI**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