

Facing tougher comparables

Consti reports its Q3/24 results on Friday 25th of October. Consti's Q3 last year was strong partly due to non-recurring gain on business sale. Despite the tougher comparison period, we expect a solid quarter.

Market conditions should start to improve

Based on the latest estimate by The Confederation of Finnish Construction Industries RT, Finnish renovation construction volumes should turn to slight growth in 2025 followed by relatively strong volume decline during 2023-2024 (-7% and -4% respectively). The Finnish Association of HVAC Technical Contractors' sentiment survey shows a slight improvement, with indexes continuing to rise from their H2/23 lows in residential, non-residential, and public renovation construction sectors. The main drivers behind the improved market sentiment are the slowdown of construction cost inflation and decreasing interest rates.

Facing tougher comparables in Q3

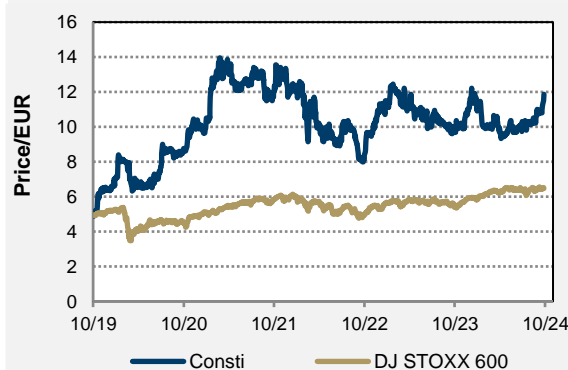
Consti faces tough comparable figures as net sales grew 13.8% y/y in Q3/23 to EUR 89.9m and operating profit amounted to EUR 4.8m (EUR 3.3m in Q3/22), at a margin of 5.3% (4.2%), partly helped by a gain recognized on a business sale (EUR 1m positive effect). After slight adjustments, we estimate net sales of EUR 85.1m and EBIT of EUR 3.4m for Q3/24. On the segment level, we expect Housing Companies to grow in H2 (flat Q3) driven by improved backlog. For Corporations, we expect flat sales for H2, while for Q3 we estimate sales decline against a tough comparison period. In the Public Sector segment, we expect sales to decline y/y in H2 due to the tougher comparable period and lower backlog. For Building Technology, we expect strong growth to continue albeit at a slightly lower pace compared to the first half.

BUY with a TP of EUR 13.0 (prev. EUR 12.0)

Despite the recent share price surge, the company's valuation remains undemanding. Consti is priced at 9-7x EV/EBIT and 12-10x P/E based on our estimates for 2024-25E. The valuation presents a discount compared to both peer companies and the company's own historical multiple levels.

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 11.75

Target price, EUR 13.0

| | |
|-------------------------------------|--------------------|
| Latest change in recommendation | 26-Jul-21 |
| Latest report on company | 22-Jul-24 |
| Research paid by issuer: | YES |
| No. of shares outstanding, '000's | 7,913 |
| No. of shares fully diluted, '000's | 7,913 |
| Market cap, EURm | 94 |
| 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 | 19-Jul-24 |
| Web site | investor.consti.fi |

Analyst Atte Jortikka
E-mail atte.jortikka@evli.com
Telephone +358 400 543 725

+ BUY **0** 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 |
|--------------------------|---------------|--------------|-------------------------|-------------|------------|------------|-----------------------|----------------|----------------|------------|
| 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 | 322.2 | 10.6 | 3.3% | 7.1 | 0.98 | 12.1 | 0.3 | 8.6 | 7.6 | 0.59 |
| 2025E | 339.3 | 13.1 | 3.9% | 8.7 | 1.24 | 9.6 | 0.3 | 6.6 | 9.3 | 0.74 |
| 2026E | 352.2 | 14.8 | 4.2% | 8.9 | 1.43 | 8.3 | 0.2 | 5.7 | 9.5 | 0.86 |
| Market cap, EURm | | 94 | Gearing 2024E, % | | | -6.0 | CAGR EPS 2023-26, % | | | 7.3 |
| Net debt 2024E, EURm | | -3 | Price/book 2024E | | | 2.2 | CAGR sales 2023-26, % | | | 3.2 |
| Enterprise value, EURm | | 91 | Dividend yield 2024E, % | | | 4.9 | ROE 2024E, % | | | 18.3 |
| Total assets 2024E, EURm | | 122 | Tax rate 2024E, % | | | 20.0 | ROCE 2024E, % | | | 17.4 |
| Goodwill 2024E, EURm | | 49 | Equity ratio 2024E, % | | | 35.5 | PEG, P/E 24/CAGR | | | 0.8 |

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

Table 1: Peer group

| Company name | MCAP MEUR | EV/EBITDA | | | EV/EBIT | | | P/E | | |
|-----------------------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 24 | 25 | 26 | 24 | 25 | 26 | 24 | 25 | 26 |
| YIT | 556 | 21.2x | 16.7x | 11.7x | 60.9x | 24.8x | 15.6x | 281.4x | 16.3x | |
| SRV Yhtiot | 90 | 12.0x | 8.7x | 6.2x | 17.8x | 11.8x | 7.8x | 21.5x | 9.8x | 5.1x |
| Skanska | 7912 | 10.7x | 9.7x | 9.1x | 14.0x | 12.1x | 11.1x | 14.7x | 12.7x | 11.8x |
| NCC | 1428 | 7.1x | 7.1x | 7.1x | 12.2x | 11.8x | 11.5x | 12.0x | 11.3x | 11.0x |
| Peab | 1883 | 10.0x | 9.4x | 8.7x | 16.8x | 15.5x | 13.7x | 14.4x | 12.8x | 11.1x |
| JM AB | 1097 | 41.8x | 31.4x | 21.5x | 38.9x | 32.3x | 21.5x | 31.2x | 22.8x | 14.0x |
| Veidekke | 1410 | | | | | | | 13.6x | 12.9x | 12.1x |
| Bravida Holding | 1398 | 9.0x | 7.9x | 7.5x | 12.5x | 10.6x | 9.8x | 14.2x | 11.5x | 10.4x |
| MITIE Group | 1844 | 6.4x | 6.0x | 5.7x | 8.1x | 7.5x | 7.0x | 10.8x | 10.0x | 9.1x |
| ISS A/S | 3400 | 7.1x | 6.7x | 6.4x | 9.7x | 9.0x | 8.6x | 9.4x | 8.3x | 7.6x |
| Bilfinger | 1897 | 5.3x | 4.8x | 4.4x | 7.5x | 6.5x | 5.8x | 11.6x | 9.9x | 8.8x |
| Instalco | 907 | 11.1x | 10.2x | 9.3x | 18.2x | 15.8x | 13.5x | 18.3x | 14.6x | 12.2x |
| Peer Group Average | 1985 | 12.9x | 10.8x | 8.9x | 19.7x | 14.3x | 11.4x | 15.6x | 34.8x | 10.8x |
| Peer Group Median | 1419 | 10.0x | 8.7x | 7.5x | 14.0x | 11.8x | 11.1x | 14.2x | 12.1x | 11.1x |
| Consti (Evli est.) | 93 | 6.4x | 5.1x | 4.4x | 8.5x | 6.6x | 5.6x | 12.0x | 9.5x | 8.2x |
| Consti prem./disc. to peer median | | -36 % | -42 % | -42 % | -39 % | -44 % | -49 % | -15 % | -22 % | -26 % |

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, % | 1.0 Risk-free interest rate, % | 2.25 |
| DCF share value | 21.30 PV of Horizon value | 81 WACC, % | 9.2 Market risk premium, % | 5.8 |
| Share price potential, % | 79.7 Unconsolidated equity | 0 Spread, % | 0.5 Debt risk premium, % | 3.3 |
| Maximum value | 22.7 Marketable securities | 21 Minimum WACC, % | 8.7 Equity beta coefficient | 1.15 |
| Minimum value | 20.1 Debt - dividend | -26 Maximum WACC, % | 9.7 Target debt ratio, % | 20 |
| Horizon value, % | 46.8 Value of stock | 169 Nr of shares, Mn | 7.9 Effective tax rate, % | 20 |

| DCF valuation, EURm | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | Horizon |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Net sales | 321 | 322 | 339 | 352 | 361 | 366 | 372 | 377 | 383 | 389 | 393 | 397 |
| <i>Sales growth, %</i> | <i>5.0</i> | <i>0.5</i> | <i>5.3</i> | <i>3.8</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>1.0</i> | <i>1.0</i> |
| Operating income (EBIT) | 12 | 11 | 13 | 15 | 15 | 15 | 13 | 13 | 13 | 14 | 14 | 14 |
| <i>Operating income margin, %</i> | <i>3.9</i> | <i>3.3</i> | <i>3.9</i> | <i>4.2</i> | <i>4.2</i> | <i>4.0</i> | <i>3.5</i> | <i>3.5</i> | <i>3.5</i> | <i>3.5</i> | <i>3.5</i> | <i>3.5</i> |
| + Depreciation+amort. | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 |
| EBITDA | 16 | 14 | 17 | 19 | 20 | 20 | 18 | 18 | 19 | 19 | 19 | |
| - Paid taxes | -2 | -2 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | |
| - Change in NWC | 1 | 0 | 0 | -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 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | |
| <i>opCAPEX / Sales, %</i> | <i>1.5</i> | <i>1.3</i> | <i>1.4</i> | <i>1.6</i> | <i>1.4</i> | <i>1.4</i> | <i>1.4</i> | <i>1.4</i> | <i>1.5</i> | <i>1.5</i> | <i>1.5</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 | 13 | 15 | 15 | 14 | 14 | 14 | 15 | 15 | 181 |
| = Discounted FCFF | | 11 | 11 | 10 | 12 | 10 | 9 | 8 | 8 | 7 | 7 | 81 |
| = DFCF min WACC | | 11 | 11 | 10 | 12 | 11 | 9 | 8 | 8 | 7 | 7 | 90 |
| = DFCF max WACC | | 11 | 11 | 10 | 11 | 10 | 8 | 8 | 7 | 7 | 6 | 73 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2023Q1 | 2023Q2 | 2023Q3 | 2023Q4 | 2023 | 2024Q1 | 2024Q2E | 2024Q3E | 2024Q4E | 2024E | 2025E | 2026E |
|--------------------------------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 68.9 | 75.7 | 89.9 | 86.1 | 320.6 | 65.5 | 82.9 | 85.1 | 88.7 | 322.2 | 339.3 | 352.2 |
| EBITDA | 1.5 | 3.9 | 5.7 | 4.8 | 16.1 | 1.3 | 3.9 | 4.3 | 4.9 | 14.2 | 17.0 | 19.1 |
| <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>2.0</i> | <i>4.7</i> | <i>5.1</i> | <i>5.5</i> | <i>4.4</i> | <i>5.0</i> | <i>5.4</i> |
| EBIT | 0.7 | 3.0 | 4.8 | 3.9 | 12.3 | 0.2 | 3.0 | 3.4 | 4.0 | 10.6 | 13.1 | 14.8 |
| <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>0.3</i> | <i>3.6</i> | <i>4.0</i> | <i>4.5</i> | <i>3.3</i> | <i>3.9</i> | <i>4.2</i> |
| Net financial items | -0.3 | -0.3 | -0.2 | -0.2 | -1.0 | -0.3 | -0.3 | -0.2 | -0.2 | -1.0 | -0.8 | -0.7 |
| Pre-tax profit | 0.4 | 2.8 | 4.5 | 3.7 | 11.4 | 0.0 | 2.7 | 3.2 | 3.8 | 9.6 | 12.3 | 14.1 |
| Tax | -0.1 | -0.6 | -0.9 | -0.8 | -2.4 | 0.0 | -0.5 | -0.6 | -0.8 | -1.9 | -2.5 | -2.8 |
| <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>20.9</i> | <i>19.9</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 | 0.0 | 2.2 | 2.6 | 3.0 | 7.7 | 9.8 | 11.3 |
| EPS | 0.04 | 0.28 | 0.47 | 0.37 | 1.16 | 0.00 | 0.27 | 0.32 | 0.38 | 0.98 | 1.24 | 1.43 |
| EPS adjusted (diluted no. of shares) | 0.04 | 0.28 | 0.47 | 0.37 | 1.16 | 0.00 | 0.27 | 0.32 | 0.38 | 0.98 | 1.24 | 1.43 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.59 | 0.74 | 0.86 |
| SALES, EURm | | | | | | | | | | | | |
| Housing Companies | 20.4 | 27.3 | 29.5 | 25.2 | 102.4 | 15.2 | 22.5 | 29.5 | 27.7 | 95.0 | 98.8 | 100.8 |
| Corporations | 26.3 | 25.6 | 32.1 | 28.1 | 112.2 | 20.2 | 25.5 | 28.1 | 30.9 | 104.7 | 113.1 | 116.5 |
| Public Sector | 9.9 | 10.0 | 14.7 | 19.8 | 54.3 | 16.0 | 14.2 | 9.5 | 11.9 | 51.6 | 52.6 | 55.2 |
| Building Technology | 14.8 | 16.2 | 17.9 | 16.9 | 65.7 | 18.0 | 25.7 | 21.5 | 21.9 | 87.1 | 89.7 | 95.1 |
| Elimination | -2.4 | -3.4 | -4.3 | -3.9 | -14.0 | -3.9 | -5.1 | -3.5 | -3.7 | -16.2 | -14.9 | -15.4 |
| Total | 68.9 | 75.7 | 89.9 | 86.1 | 320.6 | 65.5 | 82.9 | 85.1 | 88.7 | 322.2 | 339.3 | 352.2 |
| 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>-25.3</i> | <i>-17.4</i> | <i>0.0</i> | <i>10.0</i> | <i>-7.2</i> | <i>4.0</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>-23.1</i> | <i>-0.6</i> | <i>-12.5</i> | <i>10.0</i> | <i>-6.6</i> | <i>8.0</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>62.0</i> | <i>42.5</i> | <i>-35.0</i> | <i>-40.0</i> | <i>-5.0</i> | <i>2.0</i> | <i>5.0</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>21.8</i> | <i>58.7</i> | <i>20.0</i> | <i>30.0</i> | <i>32.5</i> | <i>3.0</i> | <i>6.0</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>59.9</i> | <i>51.0</i> | <i>-18.3</i> | <i>-4.4</i> | <i>15.8</i> | <i>-8.2</i> | <i>3.8</i> |
| Total | 15.2 | 3.6 | 13.8 | -7.7 | 5.0 | -4.9 | 9.4 | -5.3 | 3.1 | 0.5 | 5.3 | 3.8 |
| EBIT, EURm | | | | | | | | | | | | |
| Group | 0.7 | 3.0 | 4.8 | 3.9 | 12.3 | 0.2 | 3.0 | 3.4 | 4.0 | 10.6 | 13.1 | 14.8 |
| Total | 0.7 | 3.0 | 4.8 | 3.9 | 12.3 | 0.2 | 3.0 | 3.4 | 4.0 | 10.6 | 13.1 | 14.8 |
| EBIT margin, % | | | | | | | | | | | | |
| Total | 1.0 | 4.0 | 5.3 | 4.5 | 3.9 | 0.3 | 3.6 | 4.0 | 4.5 | 3.3 | 3.9 | 4.2 |

Construction & Engineering/Finland, October 21, 2024
Preview

| INCOME STATEMENT, EURm | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|--|-------------|--------------|------------|------------|------------|------------|------------|------------|
| Sales | 314.8 | 274.6 | 288.8 | 305.2 | 320.6 | 322.2 | 339.3 | 352.2 |
| <i>Sales growth (%)</i> | <i>-0.3</i> | <i>-12.8</i> | <i>5.1</i> | <i>5.7</i> | <i>5.0</i> | <i>0.5</i> | <i>5.3</i> | <i>3.8</i> |
| EBITDA | 8.1 | 11.4 | 9.2 | 15.0 | 16.1 | 14.2 | 17.0 | 19.1 |
| <i>EBITDA margin (%)</i> | <i>2.6</i> | <i>4.2</i> | <i>3.2</i> | <i>4.9</i> | <i>5.0</i> | <i>4.4</i> | <i>5.0</i> | <i>5.4</i> |
| Depreciation | -3.5 | -3.2 | -3.5 | -3.5 | -3.7 | -3.6 | -3.9 | -4.3 |
| EBITA | 4.6 | 8.2 | 5.7 | 11.5 | 12.3 | 10.6 | 13.1 | 14.8 |
| 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 | 10.6 | 13.1 | 14.8 |
| <i>EBIT margin (%)</i> | <i>1.5</i> | <i>3.0</i> | <i>2.0</i> | <i>3.8</i> | <i>3.9</i> | <i>3.3</i> | <i>3.9</i> | <i>4.2</i> |
| Reported EBIT | 4.6 | 8.2 | 5.7 | 11.5 | 12.3 | 10.6 | 13.1 | 14.8 |
| <i>EBIT margin (reported) (%)</i> | <i>1.5</i> | <i>3.0</i> | <i>2.0</i> | <i>3.8</i> | <i>3.9</i> | <i>3.3</i> | <i>3.9</i> | <i>4.2</i> |
| Net financials | -1.2 | -1.0 | -1.1 | -1.0 | -1.0 | -1.0 | -0.8 | -0.7 |
| Pre-tax profit | 3.4 | 7.2 | 4.6 | 10.4 | 11.4 | 9.6 | 12.3 | 14.1 |
| Taxes | -0.7 | -1.6 | -0.9 | -1.9 | -2.4 | -1.9 | -2.5 | -2.8 |
| Minority shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | 2.5 | 5.6 | 3.7 | 8.5 | 9.0 | 7.7 | 9.8 | 11.3 |
| 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 | 5 | 5 | 6 |
| 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 | 41 | 44 | 48 |
| Liquid funds | 10 | 24 | 18 | 21 | 21 | 21 | 22 | 23 |
| Total assets | 117 | 129 | 119 | 123 | 121 | 122 | 128 | 133 |
| Liabilities | | | | | | | | |
| Shareholder's equity | 26 | 30 | 32 | 36 | 41 | 43 | 49 | 54 |
| 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 | 10 | 7 |
| Non-interest bearing current liabilities | 56 | 63 | 52 | 60 | 57 | 57 | 60 | 63 |
| Other interest-free debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities | 117 | 129 | 119 | 123 | 121 | 122 | 128 | 133 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 8 | 11 | 9 | 15 | 16 | 14 | 17 | 19 |
| - 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 | 0 | -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 | -5 | -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 | 9 | 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 | -2 |
| 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 | 94 | 94 | 94 |
| Net debt (excl. convertibles) | 5 | 14 | 4 | -1 | -3 | -7 | -10 |
| Enterprise value | 87 | 109 | 90 | 88 | 91 | 87 | 84 |
| Sales | 275 | 289 | 305 | 321 | 322 | 339 | 352 |
| EBITDA | 11 | 9 | 15 | 16 | 14 | 17 | 19 |
| EBIT | 8 | 6 | 11 | 12 | 11 | 13 | 15 |
| Pre-tax | 7 | 5 | 10 | 11 | 10 | 12 | 14 |
| Earnings | 6 | 4 | 8 | 9 | 8 | 10 | 11 |
| Equity book value (excl. minorities) | 30 | 32 | 36 | 41 | 43 | 49 | 54 |
| 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 | 6.4 | 5.1 | 4.4 |
| EV/EBITA | 10.6 | 19.1 | 7.9 | 7.1 | 8.6 | 6.6 | 5.7 |
| EV/EBIT | 10.6 | 19.1 | 7.9 | 7.1 | 8.6 | 6.6 | 5.7 |
| EV/OCF | 4.9 | 23.3 | 5.2 | 6.5 | 8.0 | 6.5 | 5.8 |
| EV/FCFF | 5.2 | 32.9 | 5.2 | 6.9 | 8.4 | 7.1 | 6.7 |
| P/FCFE | 5.2 | -30.6 | 5.7 | 10.3 | 13.2 | 10.8 | 10.5 |
| P/E | 14.2 | 25.9 | 10.2 | 9.8 | 12.1 | 9.6 | 8.3 |
| P/B | 2.6 | 3.0 | 2.4 | 2.2 | 2.2 | 1.9 | 1.7 |
| Target EV/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 7.1 | 5.7 | 4.9 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 9.5 | 7.3 | 6.3 |
| Target EV/FCF | 0.0 | 0.0 | 0.0 | 0.0 | 14.1 | 11.1 | 10.4 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 2.4 | 2.1 | 1.9 |
| Target P/E | 0.0 | 0.0 | 0.0 | 0.0 | 13.3 | 10.5 | 9.1 |
| Per share measures | | | | | | | |
| Number of shares | 7,858 | 7,858 | 7,735 | 7,794 | 7,913 | 7,913 | 7,913 |
| Number of shares (diluted) | 7,858 | 7,858 | 7,735 | 7,794 | 7,913 | 7,913 | 7,913 |
| EPS | 0.71 | 0.47 | 1.10 | 1.16 | 0.98 | 1.24 | 1.43 |
| Operating cash flow per share | 2.27 | 0.60 | 2.25 | 1.73 | 1.44 | 1.70 | 1.82 |
| Free cash flow per share | 1.93 | -0.40 | 1.96 | 1.10 | 0.90 | 1.10 | 1.13 |
| Book value per share | 3.87 | 4.08 | 4.68 | 5.27 | 5.48 | 6.14 | 6.82 |
| Dividend per share | 0.40 | 0.45 | 0.60 | 0.70 | 0.59 | 0.74 | 0.86 |
| 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 | 4.9 | 6.3 | 7.2 |
| FCF yield, % | 19.2 | -3.3 | 17.6 | 9.7 | 7.6 | 9.3 | 9.5 |
| Efficiency measures | | | | | | | |
| ROE | 19.7 | 11.8 | 24.9 | 23.3 | 18.3 | 21.4 | 22.0 |
| ROCE | 13.7 | 9.1 | 18.4 | 20.3 | 17.4 | 20.9 | 22.7 |
| 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 | 1.6 |
| CAPEX/sales (incl. acquisitions), % | 1.0 | 2.0 | 0.7 | 1.5 | 1.3 | 1.4 | 1.6 |
| FCFF/EBITDA | 1.5 | 0.4 | 1.1 | 0.8 | 0.8 | 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 | 35.5 | 38.1 | 40.5 |
| Gearing, % | 14.1 | 44.1 | 10.7 | -2.3 | -6.0 | -13.7 | -18.0 |

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 | 810,000 | 9.599 | 10.2% |
| Heikintorppa Oy | 750,000 | 8.888 | 9.5% |
| Wipunen Varainhallinta Oy | 750,000 | 8.888 | 9.5% |
| Fennia Life Insurance Company Ltd | 519,970 | 6.162 | 6.6% |
| Korkeela Esa Sakari | 477,931 | 5.663 | 6.0% |
| Kivi Risto Juhani | 392,354 | 4.649 | 5.0% |
| Kalevo Markku | 298,967 | 3.543 | 3.8% |
| Varma Mutual Pension Insurance Company | 172,000 | 2.038 | 2.2% |
| Drumbo Oy | 150,000 | 1.778 | 1.9% |
| Erikoissijoitusrahasto Aktia Mikro Markka | 117,678 | 1.394 | 1.5% |
| Ten largest | 4,438,900 | 52.601 | 56% |
| Residual | 3,474,367 | 41.171 | 44% |
| Total | 7,913,267 | 93.772 | 100% |

EARNINGS CALENDAR

October 25, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Esa Korkeela

Hopeatie 2, 6. krs, 00440 Helsinki, Finland

CFO: Anders Löfman

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 |

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

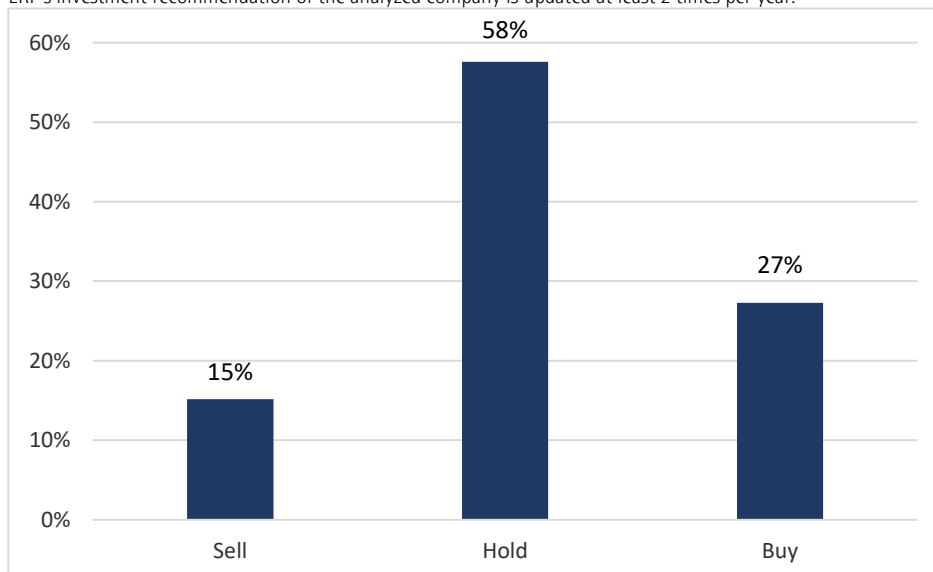
Important Disclosures

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 21.10.2024, 8:10. This report has been published on 21.10.2024, 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