EVLI

CONSTI

Construction & Engineering/Finland, November 9, 2017
News Flash

Reorganizations in TBS to be started

Key figures were no surprise as Consti had already released preliminary Q3 sales and EBIT figures on 25th October. EBIT was dampened by project cost assessments, higher staff renewal rate and continued price competition. The company started planning of reorganizing the non-performing Technical Building Services segment. In addition, EBIT was negatively impacted by insolvency of a subcontractor and termination of CEO contract. Sales in three business segments were in line with our expectations. Growth continued to be strongest in Building Facades due to favorable demand in Greater Helsinki region.

- Net sales were 77.8 MEUR vs. preliminary 77.8 MEUR vs. 81.1 MEUR by Evli (before pre-info) and consensus of 81.0 MEUR (before pre-info)
- Sales growth was 10.3%, organic growth 4.1%
- EBIT was -0.8 MEUR vs. preliminary -0.8 MEUR vs. 3.5 MEUR by Evli (before pre-info) and consensus of 3.1 MEUR (before pre-info)
- EBIT affected by TBS profitability challenges, a subcontractor being found insolvent (0.5 MEUR) and provision of 0.3 MEUR due to termination of CEO contract
- EPS was -0.10 vs. 0.34 by Evli (before pre-info) and consensus of 0.34 (before pre-info)
- Guidance unchanged: Consti estimates that its total annual net sales for 2017 will grow compared to 2016 but operating profit will be lower than in 2016.
- Our Group EBIT estimate for 2017E is at 5.7 MEUR or 1.9% of net sales

Net Sales by segment:

- Technical Building Services 25.8 MEUR vs. 24.3 MEUR by Evli
- Building Facades 34.1 MEUR vs. 34.0 MEUR by Evli
- Renovation Contracting 21.4 MEUR vs. 20.9 MEUR by Evli
- Order backlog up by 7.1%

Rating	HOLD

CONSTI						
Q3/17	Actual	Evli**	Act vs Evli	Consens	Act. Consens	Year ago
Revenue	77.8	77.8	0%	81.0	-4%	70.6
EBIT	-0.8	-0.8	0%	3.1	-126%	3.7
EPS rep.	-0.10	-0.11	-9%	0.34	-129%	0.37

Consensus by Bloomberg
***Consti released preliminary Q3 figures on 25 Oct. 2017*

Share price, EUR (Last trading day's closing price)	11.72
Target price, EUR	12.0
Latest change in recommendation	21-Apr-17
Latest report on company	9-Nov-17
Research paid by issuer:	Yes
No. of shares outstanding, '000's	7,621
No. of shares fully diluted, '000's	7,621
Market cap, EURm	89
Free float, %	78.0
Exchange rate EUR	1.000
Reuters code	CONSTI.HE
Bloomberg code	CONSTI FH
Average daily volume, EURm	0.176
Next interim report	09-Nov-17
Web site	www.consti.fi

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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2015	256	11	4.1%	6	0.70	13.6	0.4	5.7	8.6	0.39
2016	262	11	4.2%	10	1.05	14.1	0.5	9.7	11.4	0.54
2017E	294	6	1.9%	5	0.51	23.2	0.4	12.2	18.0	0.45
2018E	315	10	3.3%	9	0.97	12.1	0.3	8.0	9.6	0.50
2019E	330	13	3.9%	12	1.26	9.3	0.3	6.7	7.3	0.55

Market cap, EURm	89	BV per share 2017E, EUR	3.9	CAGR EPS 2016-19, %	6.4
Net debt 2017E, EURm	14	Price/book 2017E	3.0	CAGR sales 2016-19, %	8.1
Enterprise value, EURm	103	Dividend yield 2017E, %	3.8	ROE 2017E, %	13.1
Total assets 2017E, EURm	107	Tax rate 2017E, %	20.8	ROCE 2017E, %	11.1
Goodwill 2017E, EURm	44	Equity ratio 2017E, %	31.2	PEG, P/E 17/CAGR	0.5

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

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Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:
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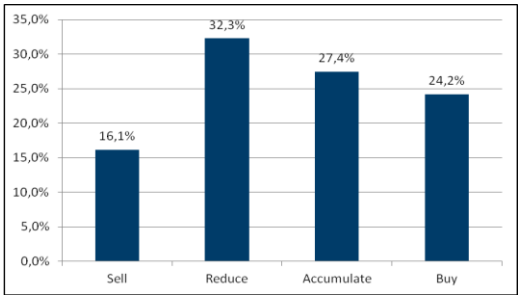
Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is in general updated 2 – 4 per year.



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Name(s) of the analyst(s): Lindell

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