

Profitability burdened by older projects

Consti had pre-announced Q3 revenue and EBIT of EUR 78.9m and EUR -1.4m respectively. Profitability was weakened by a limited number of projects launched in 2016 and 2017 within the Technical Building Services and Building facades business areas. Revenue growth continued at a slow pace, but the order backlog remains strong, at EUR 270m.

- Consti had pre-announced Q3 revenue and EBIT on October 17th
- Net sales in Q3 were EUR 78.9m (EUR 77.8m in Q3/17). Sales growth in Q3 was 1.4 % y/y.
- EBIT in Q3 was EUR -1.4m (EUR -0.8m in Q3/17), at an EBIT-margin of -1.8 %. The weaker profitability concerns a limited number of projects launched in 2016 and 2017 in project deliveries within the Technical Building Services and Building Facades business areas, with the majority of projects to be completed in 2018.
- Free cash flow was negative, at EUR -3.5m (2.9m).
- Technical Building Services: Net sales in in Q3 were EUR 25m vs. EUR 23.9m Evli.
- Renovation Contracting: Net sales in in Q3 were EUR 23.8m vs. EUR 22.7m Evli.
- Building Facades: Net sales in in Q3 were EUR 34.1m vs. EUR 36.4m Evli.
- Order backlog at EUR 270m, up 35.9 % y/y.
- Guidance intact, Consti estimates that its operating result for 2018 will grow compared to 2017.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	6.74
Target price, EUR	8.2
Latest change in recommendation	18-Oct-18
Latest report on company	18-Oct-18
Research paid by issuer:	YES
No. of shares outstanding, '000's	7,858
No. of shares fully diluted, '000's	7,858
Market cap, EURm	53
Free float, %	78.0
Exchange rate EUR	1.000
Reuters code	CONSTI.HE
Bloomberg code	CONSTI FH
Average daily volume, EURm	0.09
Next interim report	26-Oct-18
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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
2016	262	11	4.2%	10	1.05	14.1	0.5	9.7	11.4	0.54
2017	300	0	-0.1%	-1	-0.14	-61.0	0.3	7.7	-207.0	0.00
2018E	306	2	0.5%	1	0.09	79.3	0.2	9.1	40.7	0.30
2019E	317	9	2.7%	8	0.78	8.6	0.2	5.5	6.9	0.40
2020E	325	13	3.9%	12	1.17	5.8	0.2	4.2	4.2	0.55
Market cap, EURm				53	BV per share 2018E, EUR		3.3	CAGR EPS 2017-20, %		0.0
Net debt 2018E, EURm				11	Price/book 2018E		2.0	CAGR sales 2017-20, %		2.6
Enterprise value, EURm				64	Dividend yield 2018E, %		4.5	ROE 2018E, %		2.6
Total assets 2018E, EURm				103	Tax rate 2018E, %		20.0	ROCE 2018E, %		3.6
Goodwill 2018E, EURm				49	Equity ratio 2018E, %		28.8	PEG, P/E 18/CAGR		0.5

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

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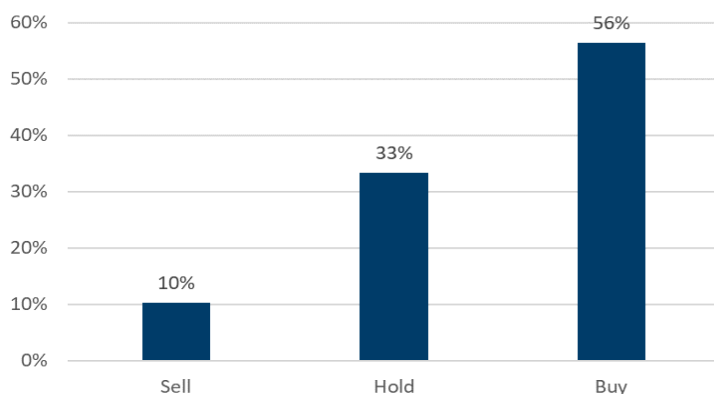
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

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

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