

Expecting weaker earnings quarter

Consti will report Q2/19 earnings on July 26th. A key uncertainty factor still remains any potential profitability impacts of the building purpose modification project that affected Q1 earnings. With the project having been on-going still post-Q1 we remain conservative in our profitability estimates but still expect Q2 EBIT to be slightly positive, at EUR 0.6m, and net sales at EUR 81.3m. We retain our HOLD rating with a target price of EUR 5.8 (6.0).

Expect project burden impact on Q2 earnings

Consti's Q1 EBIT was barely negative, at EUR -0.4m, due to performance obligations of an individual building purpose modification project. As the project has been on-going also during Q2, we expect a continued negative impact on profitability. We estimate a Q2 EBIT of EUR 0.6m. We expect slight y/y sales growth to EUR 81.3m. Although the order backlog declined slightly in Q1 sales remain supported by strong Q1 growth and order intake as well as an expected faster order backlog conversion.

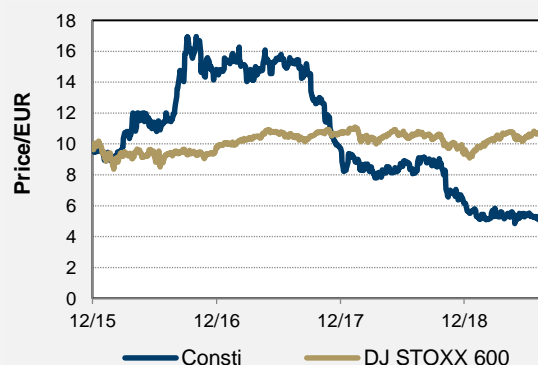
Risk levels still highish but declining

Consti has in our view been showing signs of lower project pipeline risks after having struggled with project management issues since the latter half of 2017. H1/19 has seen the completion and near or expected completion of several significant projects. The share of more demanding building purpose modification projects in the order backlog has also decreased. The likelihood of new major surprises in our view is declining, while we note that the arbitration proceedings relating to the St. George project are still on-going.

HOLD with a target price of EUR 5.8 (6.0)

Consti trades at a discount to its peers, which we consider partly justifiable given profitability challenges and a still weaker near-term earnings visibility. We retain our HOLD rating with a target price of EUR 5.8 (6.0).

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 5.28
Target price, EUR 5.8

Latest change in recommendation 29-Mar-19
Latest report on company 29-Apr-19
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 41
Free float, % 64.5
Exchange rate EUR 1.000
Reuters code CONSTI.HE
Bloomberg code CONSTI FH
Average daily volume, EURm 0.05
Next interim report 26-Jul-19
Web site www.consti.fi

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🟢 BUY 🟡 HOLD 🔴 SELL

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
2017	300	0	-0.1%	-1	-0.14	-61.0	0.3	7.7	-207.0	0.00
2018	316	-2	-0.7%	-3	-0.30	-18.5	0.2	-5.9	-31.4	0.00
2019E	333	6	1.7%	5	0.43	12.3	0.2	4.3	10.7	0.25
2020E	342	11	3.3%	10	0.96	5.5	0.2	3.1	4.9	0.40
2021E	347	12	3.5%	11	1.10	4.8	0.1	2.9	4.0	0.55
Market cap, EURm			41	BV per share 2019E, EUR		3.4	CAGR EPS 2018-21, %			0.0
Net debt 2019E, EURm			20	Price/book 2019E		1.5	CAGR sales 2018-21, %			3.1
Enterprise value, EURm			61	Dividend yield 2019E, %		4.7	ROE 2019E, %			13.4
Total assets 2019E, EURm			120	Tax rate 2019E, %		20.0	ROCE 2019E, %			10.8
Goodwill 2019E, EURm			49	Equity ratio 2019E, %		22.3	PEG, P/E 19/CAGR			0.3

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

Consti	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19E	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Housing Companies		17.9	25.1	28.9	32.4	104.3	28.3	24.3	27.5	31.4	111.5	124.5	129.0
Corporations		26.0	33.1	33.2	42.0	134.3	27.6	35.0	35.5	44.0	142.1	135.0	134.0
Public Sector		3.0	3.8	4.0	7.2	18.0	5.3	4.5	4.5	7.0	21.3	27.5	28.0
Building Technology		17.9	20.1	16.8	20.4	75.2	16.4	21.5	17.0	20.5	75.3	73.0	74.0
Eliminations		-2.5	-4.5	-4.0	-5.1	-16.1	-4.1	-4.0	-4.0	-5.0	-17.1	-18.0	-18.5
Net sales	300.2	62.3	77.8	78.9	96.8	315.8	73.5	81.3	80.5	97.9	333.1	342.0	346.5
change, %	14.8%	8.7%	-1.3%	1.4%	12.1%	5.2%	18.0%	4.5%	2.0%	1.2%	5.5%	2.7%	1.3%
Operating profit	-0.4	-0.2	1.7	-1.4	-2.2	-2.2	-0.4	0.6	2.5	3.0	5.7	11.2	12.3
-margin, %	-0.1%	-0.4%	2.1%	-1.8%	-2.3%	-0.7%	-0.5%	0.7%	3.1%	3.1%	1.7%	3.3%	3.5%

Source: Evli Research

Construction companies	MCAP MEUR	EV/EBITDA		EV/EBIT		P/E		Div. yield	
		19E	20E	19E	20E	19E	20E	19E	20E
YIT	1096	8.5x	8.1x	11.5x	11.2x	8.8x	9.5x	5.8 %	6.1 %
SRV Yhtiöt	97	25.9x	17.3x	42.0x	23.4x		32.0x	1.9 %	3.3 %
Lehto Group	135	6.8x	5.1x	8.2x	5.9x	7.7x	5.5x	5.3 %	8.6 %
Skanska	7120	10.2x	9.4x	13.0x	11.9x	14.1x	13.5x	3.9 %	4.1 %
NCC	1751	8.3x	7.2x	14.4x	10.7x	16.5x	12.1x	3.7 %	4.7 %
Peab	2370	9.0x	8.5x	12.0x	11.3x	11.9x	11.5x	5.1 %	5.3 %
JM	1707	11.8x	11.9x	11.8x	11.8x	12.4x	13.1x	4.4 %	4.5 %
Veidekke	1115	7.1x	6.3x	12.0x	10.3x	10.4x	9.2x	6.5 %	6.7 %
Peer Group Average	1924	10.9x	9.2x	15.6x	12.1x	11.7x	13.3x	4.6 %	5.4 %
Peer Group Median	1411	8.7x	8.3x	12.0x	11.2x	11.9x	11.8x	4.8 %	5.0 %
Consti (Evli est.)	41	6.3x	3.6x	10.7x	4.9x	12.3x	5.5x	4.7 %	7.6 %

Consti prem./disc. to peer median

-28% -57% -11% -56% 3% -53%

Source Bloomberg, Evli Research

Building installations and services companies	MCAP EUR	EV/EBITDA		EV/EBIT		P/E		Div. yield	
		19E	20E	19E	20E	19E	20E	19E	20E
Caverion	859	8.2x	7.2x	17.3x	13.0x	19.7x	14.2x	2.7 %	3.7 %
Bravida Holding	1560	10.5x	10.1x	12.7x	12.1x	16.7x	15.8x	2.7 %	3.0 %
MITIE Group	656	6.5x	6.2x	8.2x	7.7x	9.4x	8.6x	2.5 %	2.5 %
ISS	4819	8.6x	8.2x	12.3x	11.5x	14.2x	13.3x	4.2 %	4.2 %
Bilfinger	1152	7.2x	5.3x	13.6x	8.6x	14.3x	9.3x	3.9 %	4.5 %
Peer Group Average	1809	8.2x	7.4x	12.8x	10.6x	14.9x	12.3x	3.2 %	3.6 %
Peer Group Median	1152	8.2x	7.2x	12.7x	11.5x	14.3x	13.3x	2.7 %	3.7 %
Consti (Evli est.)	41	6.3x	3.6x	10.7x	4.9x	12.3x	5.5x	4.7 %	7.6 %

Consti prem./disc. to peer median

-23% -50% -16% -57% -14% -59%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	5.28 PV of Free Cash Flow	69 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	14.57 PV of Horizon value	69 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	176.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	15.8 Marketable securities	3 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	13.5 Debt - dividend	-27 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	50.2 Value of stock	115 Nr of shares, Mn	7.9 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	316	333	342	347	353	359	364	370	375	381	385	390
<i>Sales growth, %</i>	<i>5.2</i>	<i>5.5</i>	<i>2.7</i>	<i>1.3</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)	-2	6	11	12	14	14	15	15	15	15	14	14
<i>EBIT margin, %</i>	<i>-0.7</i>	<i>1.7</i>	<i>3.3</i>	<i>3.5</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>3.5</i>	<i>3.5</i>
+ Depreciation+amort.	2	4	4	5	5	5	5	5	5	5	5	5
- Income taxes	0	-1	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3
- Change in NWC	-7	1	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-2.5</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-5	-4	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5
<i>Investments / Sales, %</i>	<i>1.6</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	-11	5	9	10	11	12	12	12	12	12	11	151
= Discounted FCF (DFCF)		5	8	8	8	8	7	7	7	6	5	69
= DFCF min WACC		5	8	8	8	8	8	7	7	6	5	78
= DFCF max WACC		5	8	8	8	8	7	7	6	6	5	62

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	62	78	79	97	316	73	81	81	98	333	342	347
EBITDA	0	2	-1	-2	0	0	2	4	4	10	16	17
<i>EBITDA margin (%)</i>	<i>0.3</i>	<i>2.7</i>	<i>-1.3</i>	<i>-1.8</i>	<i>-0.1</i>	<i>0.7</i>	<i>2.0</i>	<i>4.4</i>	<i>4.1</i>	<i>2.9</i>	<i>4.6</i>	<i>4.8</i>
EBIT	0	2	-1	-2	-2	0	1	3	3	6	11	12
<i>EBIT margin (%)</i>	<i>-0.4</i>	<i>2.2</i>	<i>-1.8</i>	<i>-2.2</i>	<i>-0.7</i>	<i>-0.5</i>	<i>0.7</i>	<i>3.1</i>	<i>3.1</i>	<i>1.7</i>	<i>3.3</i>	<i>3.5</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	0	2	-2	-2	-3	-1	0	2	3	5	10	11
Tax	0	0	0	0	1	0	0	0	-1	-1	-2	-2
<i>Tax rate (%)</i>	<i>18.9</i>	<i>19.7</i>	<i>20.0</i>	<i>17.4</i>	<i>17.9</i>	<i>20.1</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	1	-1	-2	-2	0	0	2	2	3	8	9
EPS	-0.04	0.16	-0.17	-0.25	-0.30	-0.06	0.02	0.21	0.26	0.43	0.96	1.10
EPS adjusted (diluted no. of shares)	-0.04	0.16	-0.17	-0.25	-0.30	-0.06	0.02	0.21	0.26	0.43	0.96	1.10
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.40	0.55
SALES, EURm												
Housing Companies	18	25	29	32	104	28	24	28	31	112	125	129
Corporations	26	33	33	42	134	28	35	36	44	142	135	134
Public Sector	3	4	4	7	18	5	5	5	7	21	28	28
Building Technology	18	20	17	20	75	16	21	17	21	75	73	74
Elimination	-2	-4	-4	-5	-16	-4	-4	-4	-5	-17	-18	-18
Total	62	78	79	97	316	73	81	81	98	333	342	347
SALES GROWTH, Y/Y %												
<i>Housing Companies</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>58.6</i>	<i>-3.2</i>	<i>-5.0</i>	<i>-3.2</i>	<i>6.9</i>	<i>11.6</i>	<i>3.6</i>
<i>Corporations</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>6.4</i>	<i>5.6</i>	<i>7.0</i>	<i>4.8</i>	<i>5.8</i>	<i>-5.0</i>	<i>-0.7</i>
<i>Public Sector</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>75.1</i>	<i>17.7</i>	<i>11.6</i>	<i>-2.1</i>	<i>18.0</i>	<i>29.3</i>	<i>1.8</i>
<i>Building Technology</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-8.4</i>	<i>6.5</i>	<i>1.3</i>	<i>0.7</i>	<i>0.2</i>	<i>-3.1</i>	<i>1.4</i>
<i>Elimination</i>	<i>53.0</i>	<i>97.5</i>	<i>15.1</i>	<i>53.8</i>	<i>50.4</i>	<i>67.8</i>	<i>-10.2</i>	<i>0.1</i>	<i>-2.7</i>	<i>6.7</i>	<i>5.1</i>	<i>2.8</i>
<i>Group</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total	8.7	-1.3	1.4	12.1	5.2	18.0	4.5	2.0	1.2	5.5	2.7	1.3
EBIT, EURm												
Group	0	2	-1	-2	-2	0	1	3	3	6	11	12
Total	0	2	-1	-2	-2	0	1	3	3	6	11	12
EBIT margin, %												
<i>Total</i>	<i>-0.4</i>	<i>2.2</i>	<i>-1.8</i>	<i>-2.2</i>	<i>-0.7</i>	<i>-0.5</i>	<i>0.7</i>	<i>3.1</i>	<i>3.1</i>	<i>1.7</i>	<i>3.3</i>	<i>3.5</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	216	256	262	300	316	333	342	347
<i>Sales growth (%)</i>	<i>25.6</i>	<i>18.6</i>	<i>2.1</i>	<i>14.8</i>	<i>5.2</i>	<i>5.5</i>	<i>2.7</i>	<i>1.3</i>
Costs	-206	-244	-248	-298	-316	-323	-326	-330
Reported EBITDA	10	13	13	2	0	10	16	17
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>4.5</i>	<i>4.9</i>	<i>5.0</i>	<i>0.6</i>	<i>-0.1</i>	<i>2.9</i>	<i>4.6</i>	<i>4.8</i>
Depreciation	-2	-2	-2	-2	-2	-4	-4	-5
EBITA	8	11	11	0	-2	6	11	12
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	8	11	11	0	-2	6	11	12
<i>EBIT margin (%)</i>	<i>3.6</i>	<i>4.1</i>	<i>4.2</i>	<i>-0.1</i>	<i>-0.7</i>	<i>1.7</i>	<i>3.3</i>	<i>3.5</i>
Net financials	-5	-4	-1	-1	-1	-1	-1	-1
Pre-tax profit	3	6	10	-1	-3	5	10	11
Extraordinary items	0	-2	0	0	0	0	0	0
Taxes	-1	-1	-2	0	1	-1	-2	-2
Minority shares	0	0	0	0	0	0	0	0
Net profit	2	3	8	-1	-2	3	8	9
BALANCE SHEET, EURm								
Assets								
Fixed assets	7	6	6	5	8	9	9	9
<i>% of sales</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>
Goodwill	44	43	44	49	49	49	49	49
<i>% of sales</i>	<i>20</i>	<i>17</i>	<i>17</i>	<i>16</i>	<i>15</i>	<i>15</i>	<i>14</i>	<i>14</i>
Inventory	1	1	1	1	1	1	1	1
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	35	36	39	36	53	50	51	52
<i>% of sales</i>	<i>16</i>	<i>14</i>	<i>15</i>	<i>12</i>	<i>17</i>	<i>15</i>	<i>15</i>	<i>15</i>
Liquid funds	10	4	9	10	3	11	11	11
<i>% of sales</i>	<i>5</i>	<i>2</i>	<i>4</i>	<i>3</i>	<i>1</i>	<i>3</i>	<i>3</i>	<i>3</i>
Total assets	96	91	98	101	115	120	122	123
Liabilities								
Equity	1	25	30	25	23	27	32	38
<i>% of sales</i>	<i>0</i>	<i>10</i>	<i>11</i>	<i>8</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>11</i>
Deferred taxes	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	55	21	21	22	27	30	25	19
<i>% of sales</i>	<i>25</i>	<i>8</i>	<i>8</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>7</i>	<i>6</i>
Non-interest bearing current liabilities	40	43	46	52	62	60	61	62
<i>% of sales</i>	<i>18</i>	<i>17</i>	<i>18</i>	<i>17</i>	<i>20</i>	<i>18</i>	<i>18</i>	<i>18</i>
Other interest free debt	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	96	91	98	101	115	120	122	123
CASH FLOW, EURm								
+ EBITDA	10	13	13	2	0	10	16	17
- Net financial items	-5	-4	-1	-1	-1	-1	-1	-1
- Taxes	0	-1	-2	0	0	-1	-2	-2
- Increase in Net Working Capital	8	2	0	8	-7	1	0	0
+/- Other	0	-2	0	-1	1	0	0	0
= Cash flow from operations	12	7	11	9	-7	8	12	13
- Capex	-2	-1	-3	-1	-5	-4	-5	-5
- Acquisitions	0	0	0	-4	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	9	6	8	3	-13	4	8	9
+/- Change in interest-bearing debt	-1	-33	0	0	5	3	-5	-5
+/- New issues/buybacks	0	21	0	1	0	0	0	0
- Paid dividend	0	0	-3	-4	0	0	-2	-3
+/- Change in loan receivables	1	0	0	1	1	0	0	0
Change in cash	9	-6	5	1	-6	7	0	0

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	73	112	66	43	41	41	41
Net debt	17	12	12	24	20	14	8
Enterprise value	91	125	78	67	61	55	50
Sales	256	262	300	316	333	342	347
EBITDA	13	13	2	0	10	16	17
EBIT	11	11	0	-2	6	11	12
Pre-tax	6	10	-1	-3	5	10	11
Earnings	5	8	-1	-2	3	8	9
Book value	25	30	25	23	27	32	38
Valuation multiples							
EV/sales	0.4	0.5	0.3	0.2	0.2	0.2	0.1
EV/EBITDA	7.2	9.5	45.3	-144.0	6.3	3.6	3.0
EV/EBITA	8.6	11.4	-207.0	-31.4	10.7	4.9	4.0
EV/EBIT	8.6	11.4	-207.0	-31.4	10.7	4.9	4.0
EV/operating cash flow	7.0	10.8	9.1	-9.1	6.4	4.1	3.4
EV/cash earnings	12.4	11.9	273.3	-54.9	8.0	4.5	3.7
P/E	13.6	14.1	-61.0	-18.5	12.3	5.5	4.8
P/E excl. goodwill	13.6	14.1	-61.0	-18.5	12.3	5.5	4.8
P/B	3.0	3.8	2.6	1.8	1.5	1.3	1.1
P/sales	0.3	0.4	0.2	0.1	0.1	0.1	0.1
P/CF	5.7	9.7	7.7	-5.9	4.3	3.1	2.9
Target EV/EBIT	0.0	0.0	0.0	0.0	11.4	5.3	4.4
Target P/E	0.0	0.0	0.0	0.0	13.5	6.0	5.3
Target P/B	0.0	0.0	0.0	0.0	1.7	1.4	1.2
Per share measures							
Number of shares	7,615	7,621	7,621	7,858	7,858	7,858	7,858
Number of shares (diluted)	7,615	7,621	7,621	7,858	7,858	7,858	7,858
EPS	0.70	1.05	-0.14	-0.30	0.43	0.96	1.10
EPS excl. goodwill	0.70	1.05	-0.14	-0.30	0.43	0.96	1.10
Cash EPS	0.96	1.38	0.04	-0.15	0.97	1.57	1.72
Operating cash flow per share	1.69	1.52	1.12	-0.93	1.22	1.73	1.84
Capital employed per share	5.51	5.48	4.90	5.98	5.90	5.89	5.88
Book value per share	3.22	3.89	3.32	2.98	3.41	4.12	4.82
Book value excl. goodwill	-2.49	-1.90	-3.06	-3.21	-2.78	-2.06	-1.36
Dividend per share	0.39	0.54	0.00	0.00	0.25	0.40	0.55
Dividend payout ratio, %	55.4	51.5	0.0	0.0	58.2	41.6	50.0
Dividend yield, %	4.1	3.7	0.0	0.0	4.7	7.6	10.4
Efficiency measures							
ROE	42.8	29.5	-3.9	-9.6	13.4	25.6	24.6
ROCE	21.0	22.7	-0.6	-4.2	10.8	19.8	21.7
Financial ratios							
Capex/sales, %	0.5	1.0	1.7	1.6	1.3	1.3	1.3
Capex/depreciation excl. goodwill,%	66.0	87.6	36.4	302.9	110.7	102.6	101.3
Net debt/EBITDA, book-weighted	1.4	0.9	7.0	-50.8	2.0	0.9	0.5
Debt/equity, market-weighted	0.3	0.2	0.3	0.6	0.7	0.6	0.5
Equity ratio, book-weighted	31.4	34.8	28.8	24.9	22.3	26.6	30.9
Gearing	0.71	0.41	0.48	1.01	0.73	0.43	0.22
Number of employees, average	890	935	1,079	1,046	1,077	1,088	1,099
Sales per employee, EUR	287,810	279,704	278,222	301,876	309,217	314,294	315,277
EBIT per employee, EUR	11,819	11,708	-347	-2,032	5,293	10,293	11,192

COMPANY DESCRIPTION: Consti, listed on the Helsinki stock exchange in 2015, 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 demanding residential and non-residential properties. Consti was established in 2008 to meet the growing need for repair and construction work.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ilmarinen Mutual Pension Insurance Company	482,301	2.547	6.1%
Evli Finnish Small Cap Fund	479,200	2.530	6.1%
Danske Invest Finnish Institutional Equity Fund	425,818	2.248	5.4%
Korkeela Esa Sakari	414,133	2.187	5.3%
Kivi Risto Juhani	377,937	1.996	4.8%
OP-Finland Small Firms Fund	307,977	1.626	3.9%
Kalervo Markku	298,692	1.577	3.8%
Korkeela Antti Petteri	276,894	1.462	3.5%
Riikantorppa Oy	218,688	1.155	2.8%
Wipunen varainhallinta Oy	200,000	1.056	2.5%
Ten largest	3,481,640	18.383	44%
Residual	4,376,627	23.109	56%
Total	7,858,267	41.492	100%

EARNINGS CALENDAR

July 26, 2019 Q2 report
October 25, 2019 Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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CFO: Joni Sorsanen Tel: +358 10 288 6000
IR: Ismo Heikkilä

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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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 updated at least 2 times per year.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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