

Profitability back at healthier levels

Consti's net sales in Q3 amounted to EUR 81.8m, slightly above our and consensus estimates (Evli/cons. EUR 79.5m). EBIT amounted to EUR 2.1m, in line with our estimates and above consensus (Evli/cons. EUR 2.2m/1.6m). The negative impact of certain projects on profitability was clearly smaller than at the beginning of the year, contributing to the clear improvement in profitability.

- Net sales in Q3 amounted EUR 81.8m (EUR 78.9m in Q3/18), slightly above our estimates (Evli EUR 79.5m). Growth in Q3 amounted to 3.7 % y/y. Net sales development was still supported by sustained high volumes of large comprehensive renovation projects in Q3.
- Operating profit in Q3 amounted to EUR 2.1m (EUR 0.1m in Q3/18), in line with our estimates (Evli EUR 2.2m), at a margin of 2.6 %. The profitability was still affected by old projects of the already discontinued housing repair unit, but the impact was clearly smaller than at the beginning of the year. All business areas were profitable in the third quarter
- The order backlog in Q3 was EUR 206.4m (EUR 270.0m in Q3/18), down by 23.6 %. The order intake amounted to EUR 37.0m, down 5.7% y/y, reflecting the company's more disciplined bidding procedures.
- Guidance reiterated: The Company estimates that its operating result for 2019 will improve compared to 2018.

| Rating 🟡 HOLD | | | | | |
|---|--------|------|-----------|----------|--------------------------|
| Q3/19 | Actual | Evli | Consensus | Year ago | Q2/19 |
| Net sales | 81.8 | 79.5 | 79.5 | 78.9 | 81.2 |
| EBIT | 2.1 | 2.2 | 1.6 | -1.4 | 0.1 |
| EPS | 0.17 | 0.18 | 0.14 | -0.17 | -0.04 |
| Deviation | Actual | Evli | Consensus | Year ago | Q2/19 |
| Net sales | | 3% | 3% | 4% | 1% |
| EBIT | | -5% | 31% | - | >100% |
| EPS | | -6% | 21% | - | - |
| <i>Consensus by Bloomberg</i> | | | | | |
| Share price, EUR (Last trading day's closing price) | | | | | 4.92 |
| Target price, EUR | | | | | 5.4 |
| Latest change in recommendation | | | | | 21-Mar-19 |
| Latest report on company | | | | | 21-Oct-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 | | | | | 39 |
| 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 | | | | | 25-Oct-19 |
| Web site | | | | | www.consti.fi |
| Analyst | | | | | Jerker Salokivi |
| E-mail | | | | | jerker.salokivi@evli.com |
| Telephone | | | | | +358 9 4766 9149 |

🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT KEY FIGURES

| | Sales EURm | EBIT EURm | EBIT % | FCF EURm | EPS EUR | P/E (x) | EV/Sales (x) | EV/EBIT (x) | FCF yield % | DPS EUR |
|--------------------------|---------------|--------------|-----------|-------------------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2017 | 300.2 | -0.4 | -0.1% | 2.5 | -0.14 | -61.0 | 0.3 | -207.0 | 3.9 | 0.00 |
| 2018 | 315.8 | -2.1 | -0.7% | -9.0 | -0.30 | -18.5 | 0.2 | -31.3 | -20.9 | 0.00 |
| 2019E | 330.1 | 4.9 | 1.5% | 3.1 | 0.34 | 14.4 | 0.2 | 12.5 | 8.0 | 0.17 |
| 2020E | 331.5 | 11.2 | 3.4% | 7.5 | 0.96 | 5.1 | 0.2 | 4.9 | 19.5 | 0.40 |
| 2021E | 337.0 | 12.3 | 3.6% | 8.6 | 1.09 | 4.5 | 0.1 | 4.0 | 22.2 | 0.55 |
| Market cap, EURm | 39 | | | BV per share 2019E, EUR | | 95.0 | CAGR EPS 2018-21, % | | 0.0 | |
| Net debt 2019E, EURm | 23 | | | Price/book 2019E | | 1.6 | CAGR sales 2018-21, % | | 2.2 | |
| Enterprise value, EURm | 61 | | | Dividend yield 2019E, % | | 3.5 | ROE 2019E, % | | 11.4 | |
| Total assets 2019E, EURm | 115 | | | Tax rate 2019E, % | | 20.0 | ROCE 2019E, % | | 9.6 | |
| Goodwill 2019E, EURm | 49 | | | Equity ratio 2019E, % | | 28.6 | PEG, P/E 19/CAGR | | 0.3 | |

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

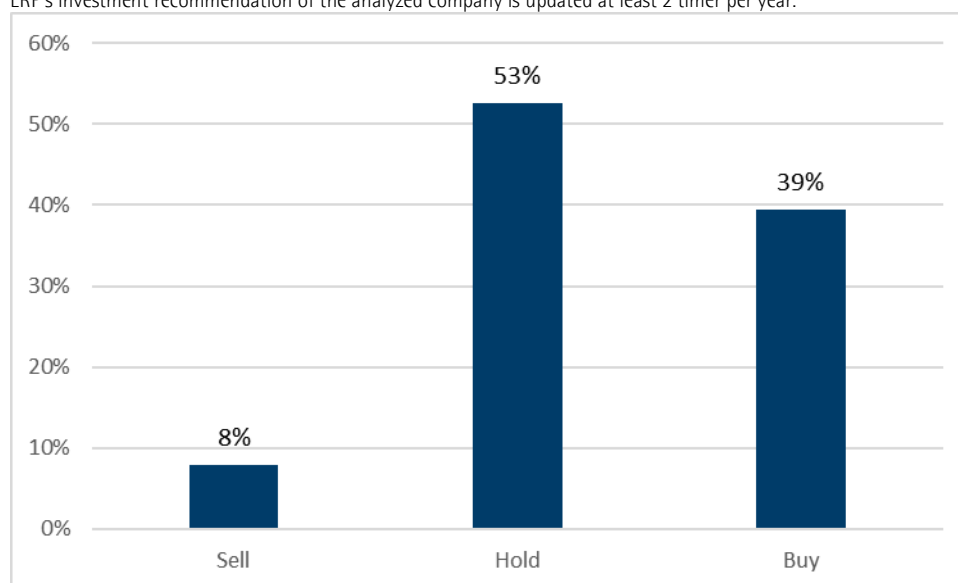
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| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 – (+10) % | HOLD |
| > 10 % | BUY |

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 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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Contact information

SALES, TRADING AND RESEARCH

Equity Sales

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

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

ETFs and Derivatives

Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001