

In line with our estimates

Consti's net sales in Q3 declined 16.7% to EUR 68.2m, in line with our estimates and slightly below consensus (EUR 69.6m/72.1m Evli/cons.). EBIT amounted to EUR 2.5m, in line with our estimates and slightly below consensus (EUR 2.5m/2.7m Evli/cons.). Free cash flow at EUR 4.6m (Q3/19: EUR -0.4m).

- Net sales in Q3 were EUR 68.2m (EUR 81.8m in Q3/19), in line with our estimates and slightly below consensus (EUR 69.6m/72.1m Evli/Cons.). Sales declined -16.7 % y/y.
- Operating profit in Q3 amounted to EUR 2.5m (EUR 2.1m in Q3/19), in line with our estimates and slightly below consensus (EUR 2.5m/2.7m Evli/cons.), at a margin of 3.6%.
- EPS in Q3 amounted to EUR 0.21 (EUR 0.17 in Q2/19), in line with our estimates and below consensus (EUR 0.21/0.23 Evli/cons.).
- The order backlog in Q2 was EUR 189.4m (EUR 206.4m in Q3/19), down by -8.2 %. Order intake EUR 31.0m in Q3 (Q3/19: EUR 37.0m).
- Free cash flow improved to EUR 4.6m (Q3/19: EUR -0.4m) and 1-9/2020 cash flow amounted to a stellar 14.7m (1-9/19: EUR -1.1m).
- The coronavirus pandemic has impacted through the postponement of some projects and decreased demand in certain areas. Escalation of the coronavirus pandemic after the reporting period creates further uncertainty to the short-term outlook to the short-term demand outlook of renovations.
- Guidance reiterated: The Company estimates that its operating result for 2020 will improve compared to 2019. The coronavirus pandemic is negatively impacting on Consti's sales, but performance is expected to remain solid also during Q4/2020.

Rating + BUY

Q3/20	Actual	Evli	Consensus	Year ago	Q2/20
Net sales	68.2	69.6	72.1	81.8	69.3
EBIT	2.5	2.5	2.7	2.1	2.4
EPS	0.21	0.21	0.23	0.17	0.21

Deviation	Actual	Evli	Consensus	Year ago	Q2/20
Net sales		-2%	-5%	-17%	-2%
EBIT		0%	-7%	20%	6%
EPS		-1%	-9%	24%	2%

Consensus by Bloomberg

 Share price, EUR (Last trading day's closing price) **8.68**

 Target price, EUR **10.0**

 Latest change in recommendation **27-Jul-20**

 Latest report on company **26-Oct-20**

 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 **68**

 Free float, % **62.0**

 Exchange rate EUR **1.000**

 Reuters code **CONSTI.HE**

 Bloomberg code **CONSTI FH**

 Average daily volume, EURm **0.1**

 Next interim report **28-Oct-20**

 Web site **investor.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
2018	315.8	-2.1	-0.7%	-7.5	-0.30	-18.5	0.2	-31.3	-17.4	0.00
2019	314.8	4.6	1.5%	0.1	0.32	20.3	0.2	15.6	0.2	0.16
2020E	272.1	8.4	3.1%	10.4	0.70	12.5	0.3	9.6	15.3	0.35
2021E	280.0	9.4	3.4%	6.5	0.81	10.7	0.3	8.2	9.5	0.41
2022E	288.4	10.2	3.5%	7.3	0.91	9.5	0.3	7.2	10.7	0.45
Market cap, EURm		68	BV per share 2020E, EUR		42.6	CAGR EPS 2019-22, %		42.4		
Net debt 2020E, EURm		13	Price/book 2020E		2.2	CAGR sales 2019-22, %		-2.9		
Enterprise value, EURm		81	Dividend yield 2020E, %		4.0	ROE 2020E, %		19.4		
Total assets 2020E, EURm		122	Tax rate 2020E, %		19.8	ROCE 2020E, %		14.5		
Goodwill 2020E, EURm		49	Equity ratio 2020E, %		27.5	PEG, P/E 20/CAGR		0.9		

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

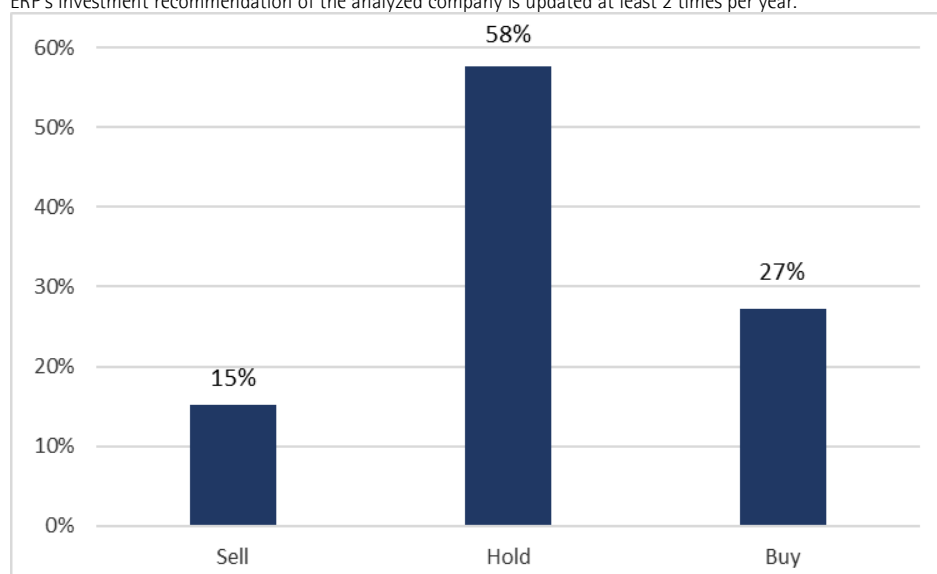
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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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