


## Profitability beats expectations

Consti's net sales in Q2 amounted to EUR 69.3m, in line with our estimates and consensus (EUR 68.5m/70.3m Evli/cons.). EBIT amounted to EUR 2.4m, above our and consensus estimates (EUR 1.8m/1.4m Evli/cons.). Free cash flow improved to a solid EUR 8.1m (Q2/19: EUR 2.7m).

- Net sales in Q2 were EUR 69.3m (EUR 81.2m in Q2/19), in line with our estimates and consensus estimates (EUR 68.5m/70.3m Evli/Cons.). Sales declined -14.7 % y/y.
- Operating profit in Q2 amounted to EUR 2.4m (EUR 0.1m in Q2/19), above our estimates and consensus estimates (EUR 1.8m/1.4m Evli/cons.), at a margin of 3.4 %.
- EPS in Q2 amounted to EUR 0.21 (EUR -0.04 in Q2/19), above our estimates and consensus estimates (EUR 0.14/0.11 Evli/cons.).
- The order backlog in Q2 was EUR 211.8m (EUR 226.8m in Q2/19), down by -6.6 %. Order intake EUR 66.8m in Q2 (Q2/19: EUR 57.4m).
- Free cash flow improved to EUR 8.1m (Q2/19: EUR 2.7m) driven by profitability improvement and release of working capital.
- The corona pandemic had a limited impact, with worksites remaining open in all business areas. Short-term uncertainty in renovation demand outlook due to the possible moving forward of some projects in the negotiation stage.
- Guidance reiterated: The Company estimates that its operating result for 2020 will improve compared to 2019.

### Rating

 HOLD

Q2/20	Actual	Evli	Cons.	Q2/19
Net sales	69.3	68.5	70.3	81.2
EBIT	2.4	1.8	1.4	0.1
EPS	0.21	0.14	0.11	-0.04
Deviation	Actual	Evli	Cons.	Q2/19
Net sales		1%	-1%	-15%
EBIT		33%	71%	>100%
EPS		49%	91%	-

\*Consensus by FactSet

Share price, EUR (Last trading day's closing price) **8.06**

Target price, EUR **7.4**

Latest change in recommendation **29-Jan-20**

Latest report on company **21-Jul-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 **63**

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 **24-Jul-20**

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 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	271.9	7.6	2.8%	1.5	0.60	13.4	0.3	11.3	2.4	0.24
2021E	280.4	9.0	3.2%	5.4	0.70	11.5	0.3	9.1	8.5	0.35
2022E	288.8	9.8	3.4%	6.2	0.80	10.1	0.3	8.0	9.7	0.40
Market cap, EURm	63		BV per share 2020E, EUR		73.7		CAGR EPS 2019-22, %		36.5	
Net debt 2020E, EURm	22		Price/book 2020E		2.1		CAGR sales 2019-22, %		-2.8	
Enterprise value, EURm	85		Dividend yield 2020E, %		3.0		ROE 2020E, %		16.9	
Total assets 2020E, EURm	121		Tax rate 2020E, %		19.9		ROCE 2020E, %		12.3	
Goodwill 2020E, EURm	49		Equity ratio 2020E, %		27.2		PEG, P/E 20/CAGR		0.6	

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

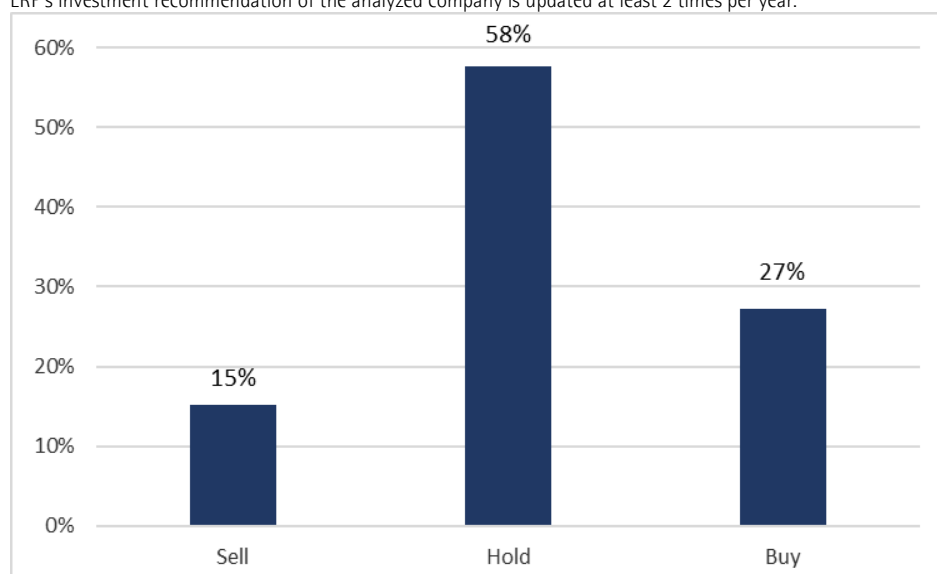
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Investment recommendations are defined as follows:

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

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

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