

# Incap

## Company report

4/28/2021 08.00



Joonas Korkiakoski  
+358 40 1828 660  
joonas.korkiakoski@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Terhakkaa tuloksentekoa" published on 04/28/2021 at 7:35 am

inde  
res.

# Perky performance

Incap released its Q1 report yesterday. Thanks to the raised estimates announced by the company last week, we could expect better than predicted performance from the company and this also materialized. Incap has raised its efficiency to an astonishing level and there is a lot of leeway in the balance sheet to implement the inorganic strategy. Thus, we consider Incap's longer term value creation potential to be good and relative to this the share is not especially expensive. Therefore, we reiterate our Accumulate recommendation and revise our target price to EUR 38.00 (previously EUR 27.00) as a result of the clear estimate increases.

## Great start to the year

In Q1, Incap's revenue grew by 55% to EUR 37.7 million. Revenue growth was primarily driven by strongly developed organic delivery flows, but at the beginning of the year volume support was still provided by one inorganic month from the AWS acquisition. We believe the strong organic growth is a sign of well-developed delivery flows especially towards main customers and new capacity in India that was taken into use faster than planned. In Q1, Incap reached EUR 5.7 million in adjusted operating profit. We believe the strong result growth was based on splendidly risen volumes that focused on India's efficient production plants and that were easily scalable in terms of the cost dynamics of operations. Incap's start to the year was very strong and, in our opinion, again convincing evidence of how efficient the company has become.

## We raised our estimates clearly

Incap's guidance for the ongoing year is that its revenue and adjusted operating profit for 2021 will be clearly higher than in 2020 assuming that there are no major negative changes in the COVID pandemic situation, currency exchange rates or component availability. In light of the strong start to the year and more detailed comments from the management, the demand outlook for 2021 seems very healthy. Considering this and the company's competitiveness we raised our 2021 estimates clearly. We now expect Incap's revenue to grow by 24% to EUR 132 million driven by strong delivery flows throughout the year. We estimate that adjusted operating profit will amount to EUR 19.2 million thanks to volume growth focused on the Indian plants, efficient core business and lifting COVID burdens. The biggest worries for 2021 increasingly concern material availability and the development of the difficult COVID situation in India. So far, Incap has with its own measures managed the component situation well considering and we believe this will continue. The risks related to the situation in India are, in turn, completely out of the company's own hands.

## Return expectation still acceptable

Incap's adjusted P/E ratios based on our estimates for 2021 and 2022 are 14x and 12x, while the corresponding EV/EBITDA multiples are 10x and 8x. Absolute multiples are not senselessly high and are within our updated neutral range for the company. The multiples are above historic medians, but we consider this justified considering the risk level that has decreased thanks to the AWS acquisition and consistent evidence in terms of earnings. The return expectation that consists mainly of the expected earnings growth and small upside in various valuation multiples is still higher than the equity return requirement. In the longer term, the return expectation is, in turn, supported by an A&M transaction option expected to have a positive outcome.

## Recommendation

**Accumulate**  
(previous Accumulate)  
**EUR 38.00**  
(previous EUR 27.00)

**Share price:**  
35.25



## Key indicators

	2020	2021e	2022e	2023e
<b>Revenue</b>	106,5	131,7	148,2	157,1
<b>growth-%</b>	50 %	24 %	13 %	6 %
<b>EBIT adj.</b>	14,6	19,2	21,7	23,1
<b>EBIT-% adj.</b>	13,8 %	14,6 %	14,6 %	14,7 %
<b>Net Income</b>	9,2	14,6	16,5	17,6
<b>EPS (adj.)</b>	1,87	2,60	2,88	3,05

<b>P/E (adj.)</b>	9,8	13,5	12,2	11,6
<b>P/B</b>	2,8	3,5	2,8	2,4
<b>Dividend yield-%</b>	0,0 %	1,1 %	1,3 %	1,4 %
<b>EV/EBIT (adj.)</b>	7,7	10,3	8,7	7,6
<b>EV/EBITDA</b>	7,1	9,6	8,0	7,0
<b>EV/S</b>	1,1	1,5	1,3	1,1

Source: Inderes

## Guidance

(Unchanged)

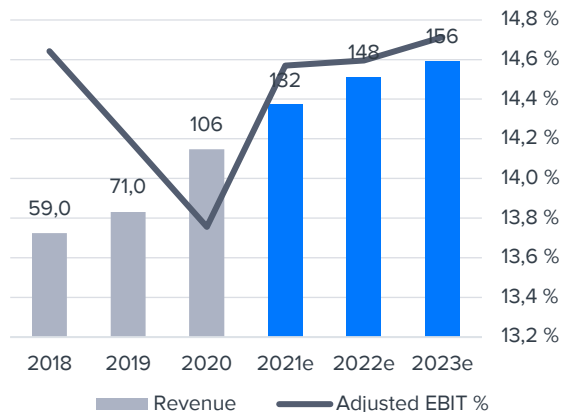
Incap expects that its revenue and adjusted operating profit for 2021 will be clearly higher than in 2020 assuming that there are no major negative changes in the COVID pandemic situation, currency exchange rates or component availability.

## Share price



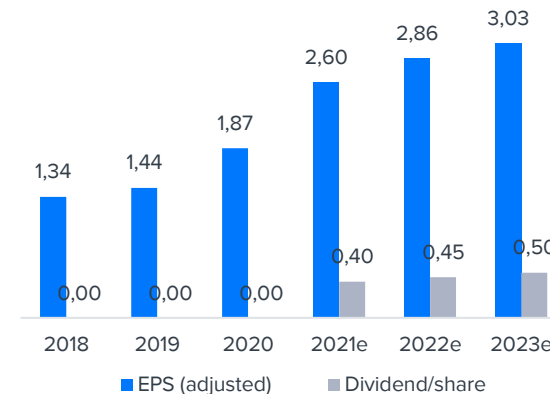
Source: Thomson Reuters

## Net sales and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



### Value drivers

- Organic growth on electronics market supported by global megatrends and increased outsourcing
- Light organization and cost structure enable high profitability
- Fast decision-making supports new customer acquisition
- Growth acceleration through acquisitions

### Risk factors

- Challenging value chain position maintains a brutal competitive situation
- Cyclical nature of customer industries
- Tightening competitive situation
- Short-term disruptions in delivery chains and worsening COVID situation in India

### Valuation

- Absolute multiples are not especially high and are within our updated multiple range
- Share priced within the fair value range
- Return expectation consisting of earnings growth, small dividend, and slight upside in multiples is still good in our opinion
- M&A transaction option supports longer term return expectation

# Estimates

Estimates MEUR / EUR	Q1'20	Q1'21	Q1'21e	Q1'21e	Consensus		Difference (%)	2021e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	24,3	37,7	30,5				23 %	132
EBIT (adj.)	2,7	5,7	4,0				42 %	19,2
EBIT	2,2	5,5	3,8				43 %	18,4
EPS (reported)	0,26	0,79	0,49				61 %	2,49
Revenue growth-%	31,4 %	55,1 %	25,7 %				29,5 pp	23,7 %
EBIT-% (adj.)	11,1 %	15,2 %	13,2 %				2 pp	14,6 %

Source: Inderes

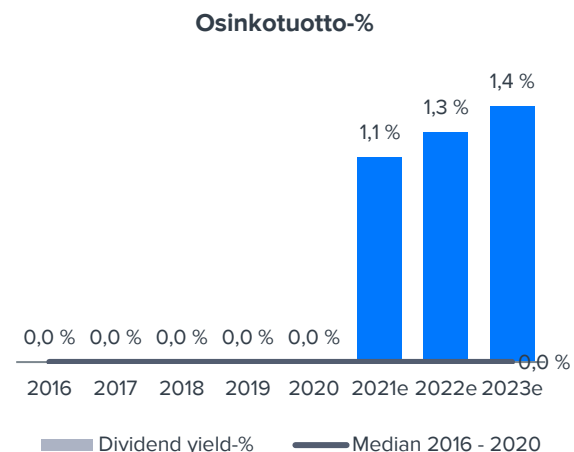
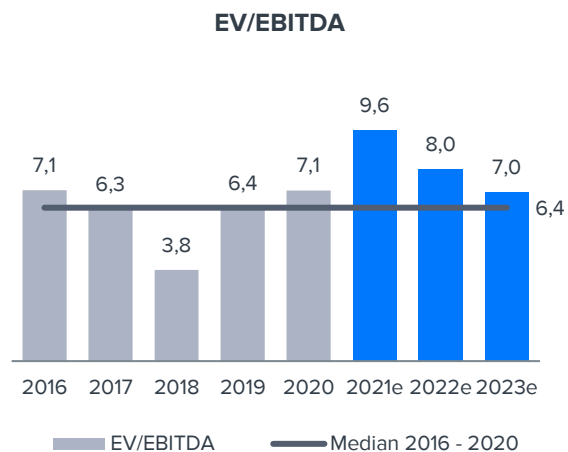
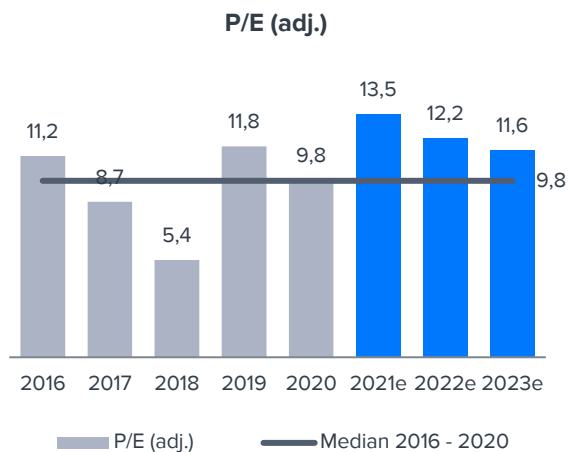
Estimate revisions MEUR / EUR	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	118	132	12 %	125	148	18 %	130	157	20 %
EBITDA	17,4	20,5	18 %	19,2	23,6	23 %	20,2	25,1	25 %
EBIT (exc. NRIs)	16,0	19,2	20 %	17,3	21,7	25 %	18,2	23,1	27 %
EBIT	15,2	18,4	21 %	16,9	21,3	26 %	17,9	22,8	28 %
EPS (raportoitu)	2,00	2,49	24 %	2,22	2,83	27 %	2,32	3,00	29 %
DPS	0,30	0,40	33 %	0,35	0,45	29 %	0,40	0,50	25 %

Source: Inderes

# Valuation table

Valuation	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	5,46	6,19	7,26	16,9	18,5	<b>35,25</b>	<b>35,25</b>	<b>35,25</b>	<b>35,25</b>
Number of shares, millions	4,37	4,37	4,37	4,37	5,82	<b>5,85</b>	<b>5,85</b>	<b>5,85</b>	<b>5,85</b>
Market cap	24	27	32	74	107	<b>206</b>	<b>206</b>	<b>206</b>	<b>206</b>
EV	29	31	35	73	113	<b>197</b>	<b>188</b>	<b>176</b>	<b>165</b>
P/E (adj.)	11,2	8,7	5,4	11,8	9,8	<b>13,5</b>	<b>12,2</b>	<b>11,6</b>	<b>11,0</b>
P/E	11,2	8,7	5,4	11,8	11,6	<b>14,2</b>	<b>12,5</b>	<b>11,7</b>	<b>11,1</b>
P/FCF	neg.	11,7	13,7	11,4	neg.	<b>20,9</b>	<b>16,7</b>	<b>14,3</b>	<b>13,6</b>
P/B	3,0	2,6	2,0	3,4	2,8	<b>3,5</b>	<b>2,8</b>	<b>2,4</b>	<b>2,0</b>
P/S	0,6	0,6	0,5	1,0	1,0	<b>1,6</b>	<b>1,4</b>	<b>1,3</b>	<b>1,3</b>
EV/Sales	0,8	0,6	0,6	1,0	1,1	<b>1,5</b>	<b>1,3</b>	<b>1,1</b>	<b>1,0</b>
EV/EBITDA	7,1	6,3	3,8	6,4	7,1	<b>9,6</b>	<b>8,0</b>	<b>7,0</b>	<b>6,3</b>
EV/EBIT (adj.)	7,8	6,9	4,0	7,3	7,7	<b>10,3</b>	<b>8,7</b>	<b>7,6</b>	<b>6,7</b>
Payout ratio (%)	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	<b>16,1 %</b>	<b>15,9 %</b>	<b>16,6 %</b>	<b>17,4 %</b>
Dividend yield-%	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	<b>1,1 %</b>	<b>1,3 %</b>	<b>1,4 %</b>	<b>1,6 %</b>

Source: Inderes



# Peer group valuation

Peer group valuation Company	Share price	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
				2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e
Data Modul AG	46,40	162	147	6,5	5,3	5,8	4,9	0,6	0,6	10,8	9,7	2,2	2,2	1,4
Hanza Holding AB	18,20	60	93	12,6	9,0	5,0	4,3	0,4	0,4	10,4	8,7	1,3	3,1	1,1
Kitron ASA	20,30	361	428	14,2	12,2	10,7	9,4	1,0	0,9	16,5	14,4	3,9	4,5	3,7
Lacroix Group SA	43,40	166	216	8,7	7,4	5,3	4,5	0,4	0,3	11,9	9,9	2,5	3,0	1,5
Scanfil Oyj	7,52	510	522	12,2	10,9	9,0	8,3	0,8	0,8	15,5	14,4	2,3	2,5	2,5
Valuetronics Holdings Ltd	0,65	175	55									4,4	3,5	
Hana Microelectronics PCL	56,00	1188	933	17,3	15,4	10,3	9,4	1,6	1,5	21,0	19,1	3,0	3,3	2,0
SVI PCL	4,98	297	330	20,2	17,4	12,0	10,7	0,7	0,7	18,6	15,6	1,6	2,2	2,5
TT electronics PLC	242,50	484	583	16,1	12,0	9,7	8,2	1,1	1,0	17,3	14,0	2,3	2,7	1,4
<b>Incap (Inderes)</b>	<b>35,25</b>	<b>206</b>	<b>197</b>	<b>10,3</b>	<b>8,7</b>	<b>9,6</b>	<b>8,0</b>	<b>1,5</b>	<b>1,3</b>	<b>13,5</b>	<b>12,2</b>	<b>1,1</b>	<b>1,3</b>	<b>3,5</b>
<b>Average</b>				<b>13,5</b>	<b>11,2</b>	<b>8,5</b>	<b>7,5</b>	<b>0,8</b>	<b>0,8</b>	<b>15,3</b>	<b>17,7</b>	<b>2,6</b>	<b>3,0</b>	<b>2,0</b>
<b>Median</b>				<b>13,4</b>	<b>11,5</b>	<b>9,4</b>	<b>8,7</b>	<b>0,8</b>	<b>0,7</b>	<b>16,0</b>	<b>14,4</b>	<b>2,3</b>	<b>3,0</b>	<b>1,7</b>
<b>Diff-% to median</b>				<b>-23 %</b>	<b>-24 %</b>	<b>3 %</b>	<b>-8 %</b>	<b>94 %</b>	<b>75 %</b>	<b>-16 %</b>	<b>-15 %</b>	<b>-51 %</b>	<b>-58 %</b>	<b>102 %</b>

Source: Thomson Reuters / Inderes

NB: The market cap Inderes uses does not consider own shares held by the company

# Income statement

Income statement	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue	71,0	24,3	22,6	28,1	31,5	106	37,7	29,4	30,6	34,0	132	148	157	165
Incap	71,0	24,3	22,6	28,1	31,5	106	37,7	29,4	30,6	34,0	132	148	157	165
<b>EBITDA</b>	<b>11,5</b>	<b>2,9</b>	<b>3,0</b>	<b>3,8</b>	<b>6,3</b>	<b>15,9</b>	<b>6,0</b>	<b>4,6</b>	<b>4,6</b>	<b>5,3</b>	<b>20,5</b>	<b>23,6</b>	<b>25,1</b>	<b>26,5</b>
Depreciation	-1,4	-0,7	-0,9	-0,5	-1,2	-3,3	-0,5	-0,6	-0,6	-0,6	-2,2	-2,3	-2,3	-2,3
<b>EBIT (excl. NRI)</b>	<b>10,1</b>	<b>2,7</b>	<b>2,9</b>	<b>3,6</b>	<b>5,5</b>	<b>14,6</b>	<b>5,7</b>	<b>4,3</b>	<b>4,2</b>	<b>5,0</b>	<b>19,2</b>	<b>21,7</b>	<b>23,1</b>	<b>24,4</b>
<b>EBIT</b>	<b>10,1</b>	<b>2,2</b>	<b>2,1</b>	<b>3,3</b>	<b>5,1</b>	<b>12,6</b>	<b>5,5</b>	<b>4,1</b>	<b>4,0</b>	<b>4,8</b>	<b>18,4</b>	<b>21,3</b>	<b>22,8</b>	<b>24,2</b>
Net financial items	-0,4	-0,2	-0,4	-0,3	-0,2	-1,1	-0,1	-0,2	-0,1	-0,1	-0,5	-0,6	-0,6	-0,5
<b>PTP</b>	<b>9,7</b>	<b>2,0</b>	<b>1,7</b>	<b>3,0</b>	<b>4,9</b>	<b>11,5</b>	<b>5,4</b>	<b>3,9</b>	<b>3,9</b>	<b>4,6</b>	<b>17,8</b>	<b>20,7</b>	<b>22,2</b>	<b>23,7</b>
Taxes	-3,4	-0,5	-0,5	-0,6	-0,7	-2,3	-0,8	-0,8	-0,8	-0,9	-3,3	-4,1	-4,7	-5,2
Minority interest	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net earnings</b>	<b>6,3</b>	<b>1,5</b>	<b>1,2</b>	<b>2,4</b>	<b>4,2</b>	<b>9,2</b>	<b>4,6</b>	<b>3,1</b>	<b>3,1</b>	<b>3,7</b>	<b>14,6</b>	<b>16,5</b>	<b>17,6</b>	<b>18,5</b>
<b>EPS (adj.)</b>	<b>1,44</b>	<b>0,33</b>	<b>0,31</b>	<b>0,45</b>	<b>0,78</b>	<b>1,87</b>	<b>0,82</b>	<b>0,56</b>	<b>0,56</b>	<b>0,66</b>	<b>2,60</b>	<b>2,88</b>	<b>3,04</b>	<b>3,19</b>
<b>EPS (rep.)</b>	<b>1,44</b>	<b>0,26</b>	<b>0,20</b>	<b>0,41</b>	<b>0,72</b>	<b>1,59</b>	<b>0,79</b>	<b>0,54</b>	<b>0,54</b>	<b>0,63</b>	<b>2,49</b>	<b>2,83</b>	<b>3,00</b>	<b>3,16</b>

Key figures	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue growth-%	20,5 %	31,4 %	20,7 %	59,6 %	94,5 %	49,9 %	55,1 %	30,2 %	9,0 %	7,8 %	23,7 %	12,5 %	6,0 %	5,0 %
Adjusted EBIT growth-%	16,8 %	-4,6 %	-2,3 %	60,1 %	161,8 %	45,2 %	112,2 %	49,7 %	19,2 %	-10,6 %	31,0 %	12,9 %	6,8 %	5,4 %
EBITDA-%	16,1 %	11,7 %	13,2 %	13,4 %	20,0 %	15,0 %	15,9 %	15,7 %	15,0 %	15,6 %	15,6 %	15,9 %	16,0 %	16,1 %
Adjusted EBIT-%	14,2 %	11,1 %	12,6 %	12,7 %	17,6 %	13,8 %	15,2 %	14,5 %	13,8 %	14,6 %	14,6 %	14,6 %	14,7 %	14,8 %
Net earnings-%	8,8 %	6,3 %	5,2 %	8,5 %	13,2 %	8,7 %	12,2 %	10,7 %	10,2 %	10,9 %	11,1 %	11,2 %	11,2 %	11,2 %

# Balance sheet

Assets	2019	2020	2021e	2022e	2023e
<b>Non-current assets</b>	<b>8,6</b>	<b>24,1</b>	<b>24,2</b>	<b>24,9</b>	<b>25,6</b>
Goodwill	0,9	7,1	7,1	7,1	7,1
Intangible assets	0,0	4,6	3,9	3,1	2,3
Tangible assets	7,3	11,4	13,0	14,5	16,0
Associated companies	0,0	0,0	0,0	0,0	0,0
Other investments	0,0	0,0	0,0	0,0	0,0
Other non-current assets	0,4	0,2	0,2	0,2	0,2
Deferred tax assets	0,0	0,7	0,0	0,0	0,0
<b>Current assets</b>	<b>27,9</b>	<b>52,3</b>	<b>65,0</b>	<b>78,2</b>	<b>91,5</b>
Inventories	10,8	24,2	21,1	24,1	25,9
Other current assets	0,0	0,0	0,0	0,0	0,0
Receivables	10,4	24,2	24,0	27,4	29,8
Cash and equivalents	6,7	3,9	19,9	26,8	35,5
<b>Balance sheet total</b>	<b>36,5</b>	<b>76,4</b>	<b>89,2</b>	<b>103,2</b>	<b>117</b>

Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
<b>Equity</b>	<b>21,9</b>	<b>38,5</b>	<b>58,4</b>	<b>72,6</b>	<b>87,6</b>
Share capital	1,0	1,0	1,0	1,0	1,0
Retained earnings	11,5	20,7	35,3	49,5	64,5
Hybrid bonds	0,0	0,0	0,0	0,0	0,0
Revaluation reserve	-1,7	-4,6	0,0	0,0	0,0
Other equity	11,0	21,4	22,1	22,1	22,1
Minorities	0,0	0,0	0,0	0,0	0,0
<b>Non-current liabilities</b>	<b>4,0</b>	<b>8,6</b>	<b>6,8</b>	<b>5,3</b>	<b>3,8</b>
Deferred tax liabilities	0,0	0,9	0,0	0,0	0,0
Provisions	0,0	0,0	0,0	0,0	0,0
Long term debt	4,0	6,1	6,8	5,3	3,8
Convertibles	0,0	0,0	0,0	0,0	0,0
Other long term liabilities	0,0	1,6	0,0	0,0	0,0
<b>Current liabilities</b>	<b>10,6</b>	<b>29,2</b>	<b>24,0</b>	<b>25,3</b>	<b>25,6</b>
Short term debt	2,2	3,7	4,2	3,1	2,0
Payables	8,4	25,6	19,8	22,2	23,6
Other current liabilities	0,0	0,0	0,0	0,0	0,0
<b>Balance sheet total</b>	<b>36,5</b>	<b>76,4</b>	<b>89,2</b>	<b>103,2</b>	<b>116,9</b>

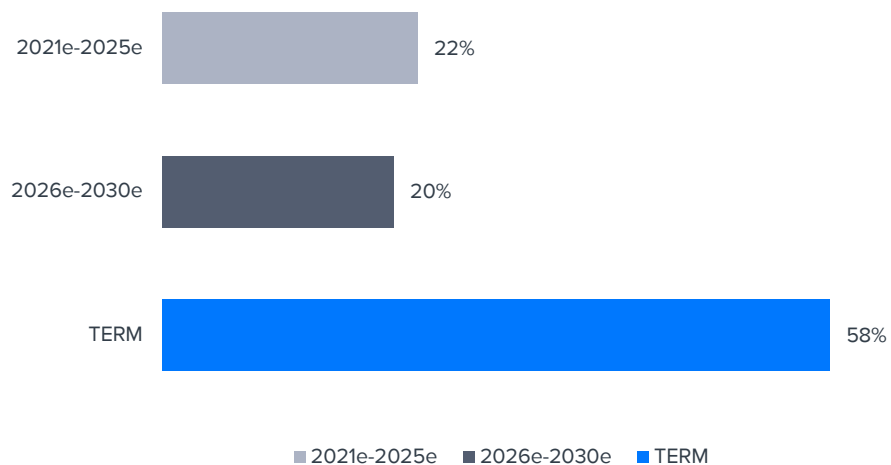


# DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
<b>EBIT (operating profit)</b>	<b>12,6</b>	<b>18,4</b>	<b>21,3</b>	<b>22,8</b>	<b>24,2</b>	<b>24,2</b>	<b>23,2</b>	<b>24,6</b>	<b>24,2</b>	<b>23,9</b>	<b>24,4</b>	
+ Depreciation	3,3	2,2	2,3	2,3	2,1	2,1	2,7	2,6	2,6	2,6	2,6	
- Paid taxes	-2,1	-3,4	-4,1	-4,7	-5,2	-5,3	-5,1	-5,4	-5,3	-5,3	-5,4	
- Tax, financial expenses	-0,2	-0,1	-0,1	-0,1	-0,1	0,0	0,0	0,0	0,0	0,0	0,0	
+ Tax, financial income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
- Change in working capital	-10,0	-2,5	-3,9	-2,9	-2,8	-2,2	-1,1	-0,8	-1,0	-1,0	-0,8	
<b>Operating cash flow</b>	<b>3,6</b>	<b>14,5</b>	<b>15,4</b>	<b>17,4</b>	<b>18,1</b>	<b>18,8</b>	<b>19,6</b>	<b>21,0</b>	<b>20,6</b>	<b>20,2</b>	<b>20,8</b>	
+ Change in other long-term liabilities	1,6	-1,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
- Gross CAPEX	-18,1	-3,0	-3,0	-3,0	-3,0	-2,5	-2,5	-2,5	-2,5	-2,5	-2,5	
<b>Free operating cash flow</b>	<b>-12,9</b>	<b>9,9</b>	<b>12,4</b>	<b>14,4</b>	<b>15,1</b>	<b>16,3</b>	<b>17,1</b>	<b>18,5</b>	<b>18,0</b>	<b>17,7</b>	<b>18,3</b>	
+/- Other	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
FCFF	-12,9	9,9	12,4	14,4	15,1	16,3	17,1	18,5	18,0	17,7	18,3	304
<b>Discounted FCFF</b>		<b>9,3</b>	<b>10,8</b>	<b>11,7</b>	<b>11,3</b>	<b>11,3</b>	<b>11,0</b>	<b>11,0</b>	<b>9,9</b>	<b>9,0</b>	<b>8,6</b>	<b>142</b>
Sum of FCFF present value		246	237	226	214	203	192	181	170	160	151	142
<b>Enterprise value DCF</b>		<b>246</b>										
- Interesting bearing debt		-9,8										
+ Cash and cash equivalents		3,9										
-Minorities		0,0										
-Dividend/capital return		0,0										
<b>Equity value DCF</b>		<b>240</b>										
<b>Equity value DCF per share</b>		<b>41,1</b>										
<b>Wacc</b>												
Tax-% (WACC)		25,0 %										
Target debt ratio (D/(D+E))		20,0 %										
Cost of debt		5,0 %										
Equity Beta		1,25										
Market risk premium		4,75 %										
Liquidity premium		1,30 %										
Risk free interest rate		2,0 %										
<b>Cost of equity</b>		<b>9,2 %</b>										
<b>Weighted average cost of capital (WACC)</b>		<b>8,1 %</b>										

Source: Inderes

## Cash flow distribution



# Summary

Income statement	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	59,0	71,0	106,5	131,7	148,2	EPS (reported)	1,34	1,44	1,59	2,49	2,83
EBITDA	9,1	11,5	15,9	20,5	23,5	EPS (adj.)	1,34	1,44	1,87	2,60	2,88
EBIT	8,6	10,1	12,6	18,4	21,3	OCF / share	0,81	1,74	0,61	2,48	2,63
PTP	7,9	9,7	11,5	17,8	20,7	FCF / share	0,53	1,48	-2,21	1,68	2,11
Net Income	5,8	6,3	9,2	14,6	16,5	Book value / share	3,61	5,01	6,62	9,99	12,41
Extraordinary items	0,0	0,0	-2,1	-0,8	-0,4	Dividend / share	0,00	0,00	0,00	0,40	0,45
Balance sheet	2018	2019	2020	2021e	2022e	Growth and profitability	2018	2019	2020	2021e	2022e
Balance sheet total	32,1	36,5	76,4	89,2	103,2	Revenue growth-%	21 %	20 %	50 %	24 %	13 %
Equity capital	15,8	21,9	38,5	58,4	72,6	EBITDA growth-%	84 %	25 %	39 %	29 %	15 %
Goodwill	0,9	0,9	7,1	7,1	7,1	EBIT (adj.) growth-%	91 %	17 %	45 %	31 %	13 %
Net debt	3,1	-0,5	5,9	-8,9	-18,4	EPS (adj.) growth-%	88 %	7 %	30 %	39 %	11 %
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	16 %	16 %	15 %	16 %	16 %
EBITDA	9,1	11,5	15,9	20,5	23,5	EBIT (adj.)-%	15 %	14 %	14 %	15 %	15 %
Change in working capital	-3,3	-1,3	-10,0	-2,5	-3,9	EBIT-%	15 %	14 %	12 %	14 %	14 %
Operating cash flow	3,5	7,6	3,6	14,5	15,4	ROE-%	45 %	33 %	31 %	30 %	25 %
CAPEX	-1,2	-1,1	-18,1	-3,0	-3,0	ROI-%	44 %	41 %	33 %	31 %	28 %
Free cash flow	2,3	6,5	-12,9	9,9	12,4	Equity ratio	49 %	60 %	50 %	66 %	70 %
						Gearing	20 %	-2 %	15 %	-15 %	-25 %
Largest shareholders	% of shares					Valuation multiples	2018	2019	2020	2021e	2022e
Oy Etra Invest Oy	19,5 %					EV/S	0,6	1,0	1,1	1,5	1,3
Nordea Henkivakuutus Suomi Oy	13,3 %					EV/EBITDA (adj.)	3,8	6,4	7,1	9,6	8,0
Joensuun Kauppa ja Kone Oy	9,0 %					EV/EBIT (adj.)	4,0	7,3	7,7	10,3	8,7
Laakkonen Mikko Kalervo	5,0 %					P/E (adj.)	5,4	11,8	9,8	13,5	12,2
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	4,5 %					P/B	2,0	3,4	2,8	3,5	2,8
Mandatum Life	3,7 %					Dividend-%	0,0 %	0,0 %	0,0 %	1,1 %	1,3 %

Source: Inderes

# Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oy can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oy's shareholdings are presented in itemised form in the model portfolio. Inderes Oy does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oy does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at [www.inderes.fi/research-disclaimer](http://www.inderes.fi/research-disclaimer).

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report. Based on a notification given on April 8, 2021, Inderes' analyst Joonas Korkiakoski has a holding of over EUR 50,000 in the target company Incap Oyj.

## Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
9.5.2019	Accumulate	16,50 €	14,65 €
28.5.2019	Buy	16,50 €	12,75 €
15.8.2019	Buy	18,00 €	15,35 €
16.9.2019	Accumulate	20,50 €	18,80 €
7.11.2019	Reduce	18,50 €	18,85 €
24.1.2020	Accumulate	21,00 €	18,95 €
27.2.2020	Accumulate	20,00 €	17,45 €
24.3.2020	Accumulate	12,50 €	11,00 €
25.3.2020	Accumulate	12,50 €	11,65 €
21.4.2020	Reduce	12,00 €	12,45 €
12.5.2020	Accumulate	13,00 €	12,00 €
25.5.2020	Accumulate	14,00 €	12,85 €
27.8.2020	Accumulate	20,00 €	18,55 €
17.9.2020	Accumulate	20,00 €	18,00 €
27.10.2020	Accumulate	17,50 €	15,10 €
12.11.2020	Accumulate	19,00 €	17,00 €
26.11.2020	Accumulate	20,00 €	18,00 €
25.2.2021	Accumulate	27,00 €	24,40 €
28.4.2021	Accumulate	38,00 €	35,25 €



Inderes' mission is to connect listed companies and investors. We produce high-quality research and content for the needs of our extensive investor community.

At Inderes we believe that open data is every investor's fundamental right. We guarantee investors' access to award-winning research, insightful video content and an active investor community.

For listed companies we ensure that there is always high-quality information available on the company for investors and shareholders for decision making, and that data collected from investors can be utilized by the companies.

Over 100 Finnish listed companies want to serve their shareholders and investors through us by utilizing our company research services, data driven IR services, content creation and consulting.

### Inderes Oy

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



STARMINE  
ANALYST AWARDS  
FROM REFINITIV



THOMSON REUTERS  
ANALYST AWARDS



Juha Kinnunen  
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen  
2014, 2016, 2017, 2019



Sauli Vilén  
2012, 2016, 2018, 2019, 2020



Antti Viljakainen  
2014, 2015, 2016, 2018, 2019, 2020



Petri Kajaani  
2017, 2019, 2020



Joni Grönqvist  
2019, 2020



Erkki Vesola  
2018, 2020



Petri Gostowski  
2020



Atte Riikola  
2020



Olli Koponen  
2020

**Research belongs  
to everyone.**