

25 October 2023

Commissioned research: Incap – Q3 was better than consensus and FY guidance is unchanged*Marketing material commissioned by Incap*

Net sales was above consensus (Refinitiv) in Q3. Clean operating profit margin was also better than consensus in Q3. Inventory destocking effect was not as bad as feared during Q3 but the full impact of the decreased volumes will become visible during the fourth quarter. However, relative profitability should remain good because Incap has reduced workforce by 1136 people in India to keep utilization ratios at healthy level. The company could even be able to grow organically in near future. Guidance for the full year 2023 was repeated and market consensus for the net sales in this year could even be upgraded after Q3 release we believe. However, uncertainty related to the biggest customer and delivery volumes in 2024 may remain.

Q3 key figures

- Revenue growth was -29% in Q3 y/y.
- Q3 net sales was EUR 50m (consensus EUR 42.5m).
- Adjusted operating profit margin was 12.7% (consensus 8.2%) in Q3.
- Q3 clean EBIT was EUR 6.4m (consensus EUR 3.5m).
- Reported EPS was EUR 0.12 (Refinitiv consensus EUR 0.10).

Full year 2023 guidance

- Revenue is guided to EUR 210-220m (unchanged).
- Operating profit is guided to EUR 24-28m (unchanged).
- Consensus for 2023 EBIT has been EUR 26m (2022: EUR 39m).

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	106	170	264	215	271	298
EBITDA (adj)	16	29	43	33	40	45
EBIT (adj)	13	26	39	28	35	40
EBIT (adj) margin	11.8%	15.3%	14.7%	13.1%	12.9%	13.3%
EPS (adj, EUR)	0.40	0.72	0.94	0.71	0.86	0.98
EPS (adj) growth	40.3%	78.2%	30.8%	-25.0%	22.5%	13.8%
DPS (ord, EUR)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	0.8	2.7	2.0	0.8	0.6	0.5
EV/EBIT (adj)	7.1	17.8	13.2	5.9	4.5	3.4
P/E (adj)	9.1	21.8	18.2	8.6	7.0	6.1
P/BV	2.2	7.3	5.7	1.7	1.3	1.1
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease adj	0.7%	0.8%	-1.5%	23.9%	5.2%	12.8%
Net debt	5	2	14	-11	-21	-43
Net debt/EBITDA	0.3	0.1	0.3	-0.4	-0.5	-1.0
ROIC after tax	27.4%	34.5%	34.4%	21.2%	25.1%	25.7%

Source: Company data and Nordea estimates

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