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Commissioned research: Incap - Q4 was above consensus but FY 2024 EBIT is guided below last year

Marketing material commissioned by Incap

Net sales was 7% above consensus (LSEG) in Q4. Also adjusted EBIT margin of 10.4% was above consensus (7.6%) in Q4. Utilisation ratio management has been successful. However, full year 2024 EBIT is guided down y/y which could lead market consensus EBIT to be downgraded by EUR 2-3m we believe. The destocking effect will still impact the revenue in H1 2024 but Incap has already started to increase the number of employees in India. Net sales could start to grow on q/q basis in 2024. Organic growth without the largest customer was even 17% in Q4 y/y. The company do not pay dividend which is in line with consensus expectations.

Q4 key figures

- Revenue growth was -46% in Q4 y/y.
- Q4 net sales was EUR 42.4m (consensus EUR 39.5m).
- Adjusted operating profit margin was 10.4% (consensus 7.6%) in Q4.
- Q4 clean EBIT was EUR 4.4m (consensus EUR 3.0m).
- Reported EPS was EUR 0.05 (Refinitiv consensus EUR 0.07).

Full year 2024 guidance

- Revenue is guided below EUR 222m (new, consensus EUR 249m).
- Operating profit 2024 is also guided below last year (new, consensus EUR 30m, adjusted EBIT 2023: EUR 30.6m).

Incap: Deviation table

	Actual Q4 2023E	NDA est. Q4 2023E	Deviation vs. actual		Consensus Q4 2023E	Deviation vs. actual		Actual Q3 2023	q/q	Actual Q4 2022	y/y
Sales	**42.4**	**41.2**	**1.2**	**3%**	**39.5**	**2.9**	**7%**	**50.1**	**-15%**	**78.7**	**-46%**
Adj. EBIT	**4.4**	**4.5**	**-0.1**	**-2%**	**3.0**	**1.4**	**47%**	**6.4**	**-32%**	**13.0**	**-66%**
Adj. EBIT margin	10.4%	10.9%		-0.5pp	7.6%		2.8pp	12.8%	-2.5pp	16.5%	-6.1pp
EPS	**0.05**	**0.10**		**-51%**	**0.07**	**0.03**	-29%	**0.17**	-71%	**0.34**	-85%

Source: Company data, LSEG, Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	106	170	264	220	262	288
EBITDA (adj)	16	29	43	35	38	42
EBIT (adj)	13	26	39	31	33	37
EBIT (adj) margin	11.8%	15.3%	14.7%	13.9%	12.4%	12.7%
EPS (adj, EUR)	0.40	0.72	0.94	0.78	0.78	0.88
EPS (adj) growth	40.3%	78.2%	30.8%	-16.5%	-1.2%	13.4%
DPS (ord, EUR)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	0.8	2.7	2.0	1.0	0.8	0.6
EV/EBIT (adj)	7.1	17.8	13.2	6.9	6.1	4.9
P/E (adj)	9.1	21.8	18.2	9.0	9.1	8.1
P/BV	2.2	7.3	5.7	1.9	1.6	1.3
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%	15.1%	5.7%	9.3%
Net debt	5	2	14	1	-11	-30
Net debt/EBITDA	0.3	0.1	0.3	0.0	-0.3	-0.7
ROIC after tax	27.4%	34.5%	34.4%	21.5%	21.1%	22.2%

Source: Company data and Nordea estimates

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