26 July 2024

# Commissioned research: Incap - Q2 in line with consensus, FY guidance unchanged

*Marketing material commissioned by Incap*

Net sales and adjusted EBIT were close to market consensus (LSEG) in Q2. Revenue grew 12% on q/q basis and by 2% on y/y basis. Organic revenue growth without M&A and without the biggest customer was 14% in Q2 y/y. Incap's factory in India reached a good growth in Q2. Furthermore, visibility has increased towards the year end. To further enhance revenue growth, Incap is now looking at potential acquisitions in Europe and the Asia-Pacific region. It makes sense for Incap to invest to growth because net gearing is negative, debt is not a problem and the company can clearly create shareholder value.

## Q2 key figures

- Revenue growth was 2.1% in Q2 y/y.
- Q2 net sales was EUR 57.6m (consensus EUR 57.5m).
- Adjusted operating profit margin was 12.1% (consensus 12.2%) in Q2.
- Q2 clean EBIT was EUR 7.0m (consensus EUR 7.0m).
- Reported EPS was EUR 0.17 (LSEG consensus EUR 0.17).

## Full year 2024 guidance

- Revenue is guided above last year (unchanged, consensus +6.7%).
- Operating profit 2024 is guided about the same than in last year (unchanged, consensus EUR 28.5m, 2023: EUR 28.2m).

**INCAP: DEVIATION TABLE**

| | Actual Q2 2024E | NDA est. Q2 2024E | Deviation vs. actual | | Consensus Q2 2024E | Deviation vs. actual | | Actual Q1 2024 | q/q | Actual Q2 2023 | y/y |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **57.6** | **57.0** | **0.6** | **1%** | **57.5** | **0.1** | **0%** | **51.4** | **12%** | **56.4** | **2%** |
| **Adj. EBIT** | **7.0** | **7.1** | **-0.1** | **-2%** | **7.0** | **-** | **0%** | **6.2** | **13%** | **8.3** | **-16%** |
| Adj. EBIT margin | 12.2% | 12.5% | | -0.4pp | 12.2% | | 0.0pp | 12.0% | 0.1pp | 14.7% | -2.6pp |
| **EPS** | **0.17** | **0.18** | | **-5%** | **0.17** | **0.01** | 0% | **0.17** | -3% | **0.22** | -22% |

*Source: Company data, LSEG, Nordea estimates*

## SUMMARY TABLE - KEY FIGURES

| EURm | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|---|---|---|---|---|---|
| Total revenue | 170 | 264 | 222 | 237 | 289 | 312 |
| EBITDA (adj) | 29 | 43 | 36 | 35 | 41 | 45 |
| EBIT (adj) | 26 | 39 | 31 | 30 | 35 | 39 |
| EBIT (adj) margin | 15.3% | 14.7% | 13.8% | 12.4% | 12.2% | 12.4% |
| EPS (adj, EUR) | 0.72 | 0.94 | 0.75 | 0.76 | 0.89 | 0.97 |
| EPS (adj) growth | 78.2% | 30.8% | -20.1% | 1.3% | 16.4% | 9.5% |
| DPS (ord, EUR) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| EV/Sales | 2.7 | 2.0 | 1.0 | 1.4 | 1.1 | 1.0 |
| EV/EBIT (adj) | 17.8 | 13.2 | 7.2 | 11.4 | 9.1 | 7.7 |
| P/E (adj) | 21.8 | 18.2 | 10.3 | 15.9 | 13.6 | 12.5 |
| P/BV | 7.3 | 5.7 | 2.1 | 2.8 | 2.4 | 2.0 |
| Dividend yield (ord) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FCF Yield bef A&D, lease adj | 1.1% | -1.3% | 15.3% | 2.8% | 4.4% | 6.3% |
| Net debt | 2 | 14 | -8 | -18 | -34 | -57 |
| Net debt/EBITDA | 0.1 | 0.3 | -0.3 | -0.6 | -0.9 | -1.3 |
| ROIC after tax | 34.5% | 34.4% | 22.5% | 21.1% | 23.5% | 24.4% |

*Source: Company data and Nordea estimates*

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