25 October 2024

Commissioned research: Incap – Q3 in line with consensus, FY guidance unchanged

Marketing material commissioned by Incap

EMS market has been weak but Incap was able to improve net sales in y/y and also in q/q basis. The company's net sales and adjusted EBIT were close to market consensus (LSEG) in Q3. Organic revenue growth without the biggest customer was 6.1% in Q3 y/y. Visibility has not greatly improved but the company's outlook for the year remains unchanged. The biggest customer could reach EUR ~24m run rate on net sales per quarter we believe. We believe market consensus for clean EBIT in 2024 is realistic. Net sales could even grow by 15-20% in 2025 due to low comparison period.

Q3 key figures

- Revenue growth was 23% in Q3 y/y.
- Q3 net sales was EUR 61.8m (consensus EUR 62.5m).
- Q3 clean EBIT was EUR 8.1m (consensus EUR 8.0m).
- Adjusted operating profit margin was 13.1% (consensus 12.8%) in Q3.
- Reported EPS was EUR 0.17 (LSEG consensus EUR 0.19).

Full year 2024 guidance

- Revenue is guided to EUR 227-237m (new, previously above last year, consensus 238m).
- Operating profit 2024 is guided to EUR 27.5-30.0m (new, previously same y/y, consensus EUR 28.5m, 2023: EUR 28.2m).

Incap: Deviation table

	Actual Q3 2024E	NDA est. Q3 2024E	Deviation vs. actual		Consensus Q3 2024E	Deviation vs. actual		Actual Q2 2024	q/q	Actual Q3 2023	y/y
Sales	61.8	64.0	-2.2	-3%	62.5	-0.7	-1%	57.6	7%	50.1	23%
Adj. EBIT	8.1	7.8	0.3	4%	8.0	0.1	1%	7.0	16%	6.4	26%
Adj. EBIT margin	13.1%	12.2%		0.9pp	12.8%		0.3pp	12.2%	1.0pp	12.8%	0.3pp
EPS	0.17	0.19		-12%	0.19	0.00	-11%	0.18	-6%	0.17	-2%

Source: Company data, LSEG, Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	170	264	222	239	286	309
EBITDA (adj)	29	43	36	35	40	43
EBIT (adj)	26	39	31	29	34	37
EBIT (adj) margin	15.3%	14.7%	13.8%	12.2%	12.0%	12.0%
EPS (adj, EUR)	0.72	0.94	0.75	0.75	0.87	0.94
EPS (adj) growth	78.2%	30.8%	-20.1%	-0.2%	15.5%	8.4%
DPS (ord, EUR)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	2.7	2.0	1.0	1.2	1.0	0.8
EV/EBIT (adj)	17.8	13.2	7.2	10.2	8.1	6.9
P/E (adj)	21.8	18.2	10.3	14.3	12.4	11.4
P/BV	7.3	5.7	2.1	2.5	2.1	1.8
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%	3.3%	5.6%	7.3%
Net debt	2	14	-8	-19	-37	-60
Net debt/EBITDA	0.1	0.3	-0.3	-0.6	-0.9	-1.4
ROIC after tax	34.5%	34.4%	22.5%	20.8%	22.8%	23.7%

Source: Company data and Nordea estimates

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