

# Incap

## Company report

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**Antti Viljakainen**  
+358 44 591 2216  
antti.viljakainen@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Tasetta töihin suunnitelman mukaisella ostoksella" published on 7/4/2023 at 7:46 am

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# Balance sheet put to work with a planned acquisition

We reiterate our EUR 12.00 target price and Accumulate recommendation for Incap that yesterday announced it has acquired the US EMS company Pennatronics. We find the acquisition strategically good and also believe the acquisition price is quite reasonable. We included the immediate acquisition in our estimates for Incap and the changes at EPS level were slightly positive for the next few years. Despite the slight decreasing effect of the acquisition, Incap's risk profile remains highish, but we believe that the share valuation is low (2024e: P/E 11x, EV/EBIT 7x). Thus, looking beyond the challenges of this year the share's risk adjusted expected return is sufficient in our opinion. The extensive report we published on Incap in June is available [here](#).

## Incap acquires Pennatronics, a US based single production facility EMS company, for USD 19 million

Incap announced yesterday that it acquires the US based EMS company Pennatronics for a debt-free purchase price of USD 18.6 million (possible additional purchase price 3 MUSD). Last year, Pennatronics' revenue was USD 30 million and EBIT USD 2.4 million. Pennatronics has one production facility in the US, near Pittsburgh, from where it has provided extensive contract manufacturing services to its customers in various industries. To finance the transaction, Incap will raise a loan of EUR 19.5 million and pay an additional USD 1.6 million of the debt-free purchase price with its shares. In addition, Incap explores the option of equity financing to optimize its capital structure at a later stage. The company's rationale for the transaction is expansion in the US market, broadening its customer base, and long-term cross-selling opportunities and synergy benefits. Incap's release on the subject can be found [here](#).

## The acquisition seems good from Incap's point of view, both strategically and in terms of price

We do not find the acquisition surprising at all, because Incap has openly stated that it is seeking inorganic growth and especially the large US market has been of interest to Incap. In Incap's size class, we find the transaction to be of moderate size, since the arrangement allows Incap's annual revenue to grow by some 10%. However, the size of the acquired business is sufficient to keep one plant running profitably and the companies have hardly any overlap. In addition, the transaction slightly decentralizes Incap's concentrated customer structure, which is a step in the right direction. Incap has not yet opened the synergies or integration costs of the transaction, but considering the business logic we estimate that cost synergies and integration costs will be small. On the other hand, we see clearer synergy potential in cross-selling as Incap can offer products manufactured in the US to its global customers and, on the other hand, European and Indian production to Pennatronics' customers. Calculated on Pennatronics' latest actual result, the purchase price corresponds to the industry-typical 0.6x-0.7x EV/S ratio and 8x-9x EV/EBIT ratio. Therefore, we consider the price to be reasonable with the achieved result and the transaction has good preconditions to create value even without significant synergies.

## Risk profile is still highish but low price compensates

The transaction is in practice implemented immediately, so we included Pennatronics in our estimates from the beginning of H2. Estimate changes were small or slightly positive on EPS level. Incap's P/E ratios for 2023 and 2024 based on our estimates are 14x and 11x, while the corresponding EV/EBIT ratios are 10x and 7x. Absolute multiples are justifiably higher than historical levels for this year but they are also at the lower end of the acceptable range next year. Thus, we consider the valuation of Incap that has strong competitiveness attractive and the expected return good, as long as the inventory adjustment of the largest customer is not significantly prolonged.

## Recommendation

**Accumulate**

(previous Accumulate)

**EUR 12.00**

(previous EUR 12.00)

**Share price:**

EUR 10.76



## Key figures

|                    | 2022   | 2023e  | 2024e  | 2025e  |
|--------------------|--------|--------|--------|--------|
| <b>Revenue</b>     | 263.8  | 250.8  | 294.4  | 321.6  |
| <b>growth-%</b>    | 55%    | -5%    | 17%    | 9%     |
| <b>EBIT adj.</b>   | 40.0   | 32.1   | 39.8   | 44.4   |
| <b>EBIT-% adj.</b> | 15.2 % | 12.8 % | 13.5 % | 13.8 % |
| <b>Net Income</b>  | 27.6   | 22.7   | 28.9   | 32.7   |
| <b>EPS (adj.)</b>  | 0.98   | 0.80   | 0.99   | 1.13   |

|                         |       |       |       |       |
|-------------------------|-------|-------|-------|-------|
| <b>P/E (adj.)</b>       | 17.5  | 13.5  | 10.8  | 9.5   |
| <b>P/B</b>              | 5.7   | 2.9   | 2.3   | 1.9   |
| <b>Dividend yield-%</b> | 0.0 % | 0.0 % | 0.9 % | 1.9 % |
| <b>EV/EBIT (adj.)</b>   | 12.8  | 9.5   | 7.1   | 5.8   |
| <b>EV/EBITDA</b>        | 12.0  | 8.4   | 6.3   | 5.2   |
| <b>EV/S</b>             | 1.9   | 1.2   | 1.0   | 0.8   |

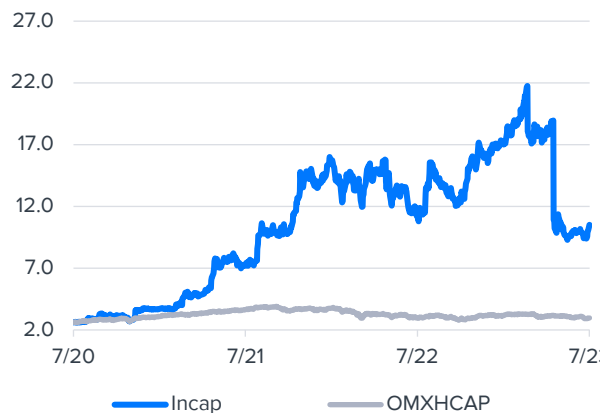
Source: Inderes

## Guidance

(Unchanged)

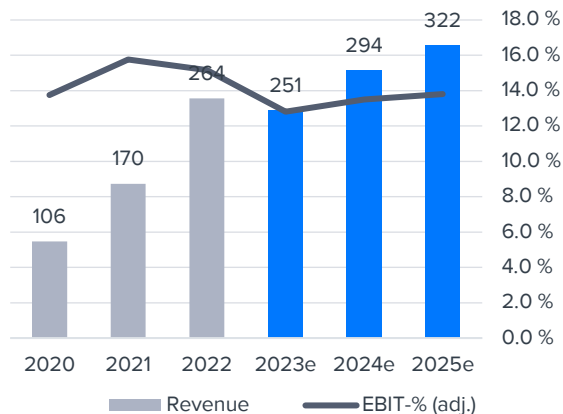
Incap estimates that its revenue and operating profit (EBIT) for 2023 will be lower than in 2022.

## Share price



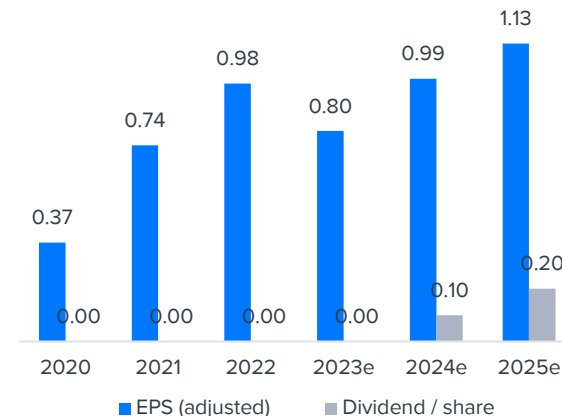
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Organic growth in the electronics market, supported by global megatrends and increased outsourcing rate
- Light organization and cost structure enable a high profitability level
- Quick decision-making supports new customer procurement
- Accelerating growth with acquisitions
- Cross-selling potential created by the Pennatronics acquisition



## Risk factors

- Mutually challenging value chain position upholds a brutal competitive situation
- Cyclical nature of customer industries
- Tightening competitive situation
- Company's cost efficiency deteriorating
- Disruptions in the supply chain
- A very large single customer and an otherwise concentrated customer structure

| Valuation                  | 2023e | 2024e  | 2025e  |
|----------------------------|-------|--------|--------|
| Share price                | 10.76 | 10.76  | 10.76  |
| Number of shares, millions | 29.3  | 29.4   | 29.4   |
| Market cap                 | 316   | 316    | 316    |
| EV                         | 306   | 284    | 258    |
| P/E (adj.)                 | 13.5  | 10.8   | 9.5    |
| P/E                        | 13.9  | 10.9   | 9.7    |
| P/FCF                      | 12.5  | 14.0   | 10.6   |
| P/B                        | 2.9   | 2.3    | 1.9    |
| P/S                        | 1.3   | 1.1    | 1.0    |
| EV/Sales                   | 1.2   | 1.0    | 0.8    |
| EV/EBITDA                  | 8.4   | 6.3    | 5.2    |
| EV/EBIT (adj.)             | 9.5   | 7.1    | 5.8    |
| Payout ratio (%)           | 0.0 % | 10.2 % | 18.0 % |
| Dividend yield-%           | 0.0 % | 0.9 %  | 1.9 %  |

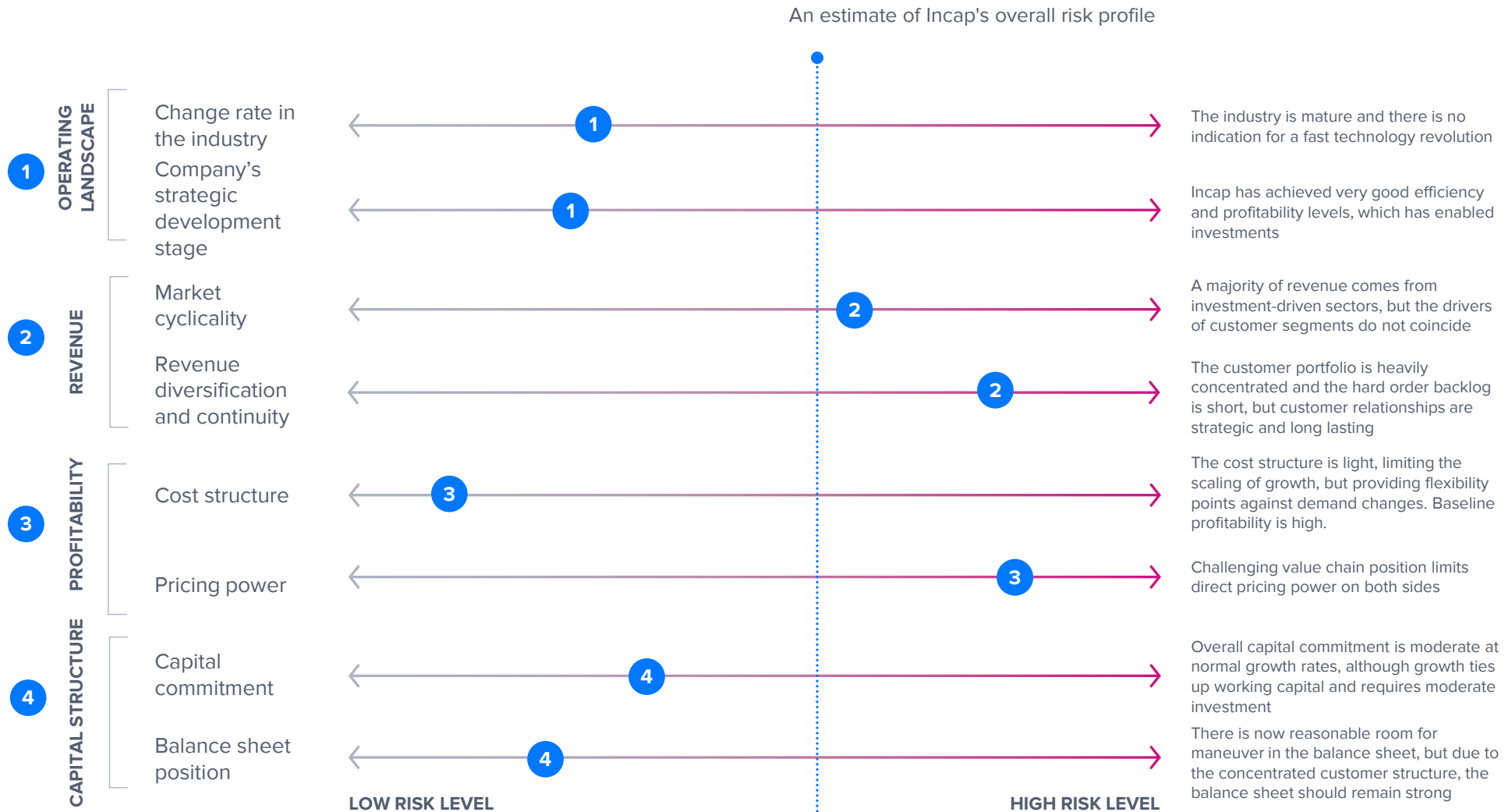
Source: Inderes

# Estimates

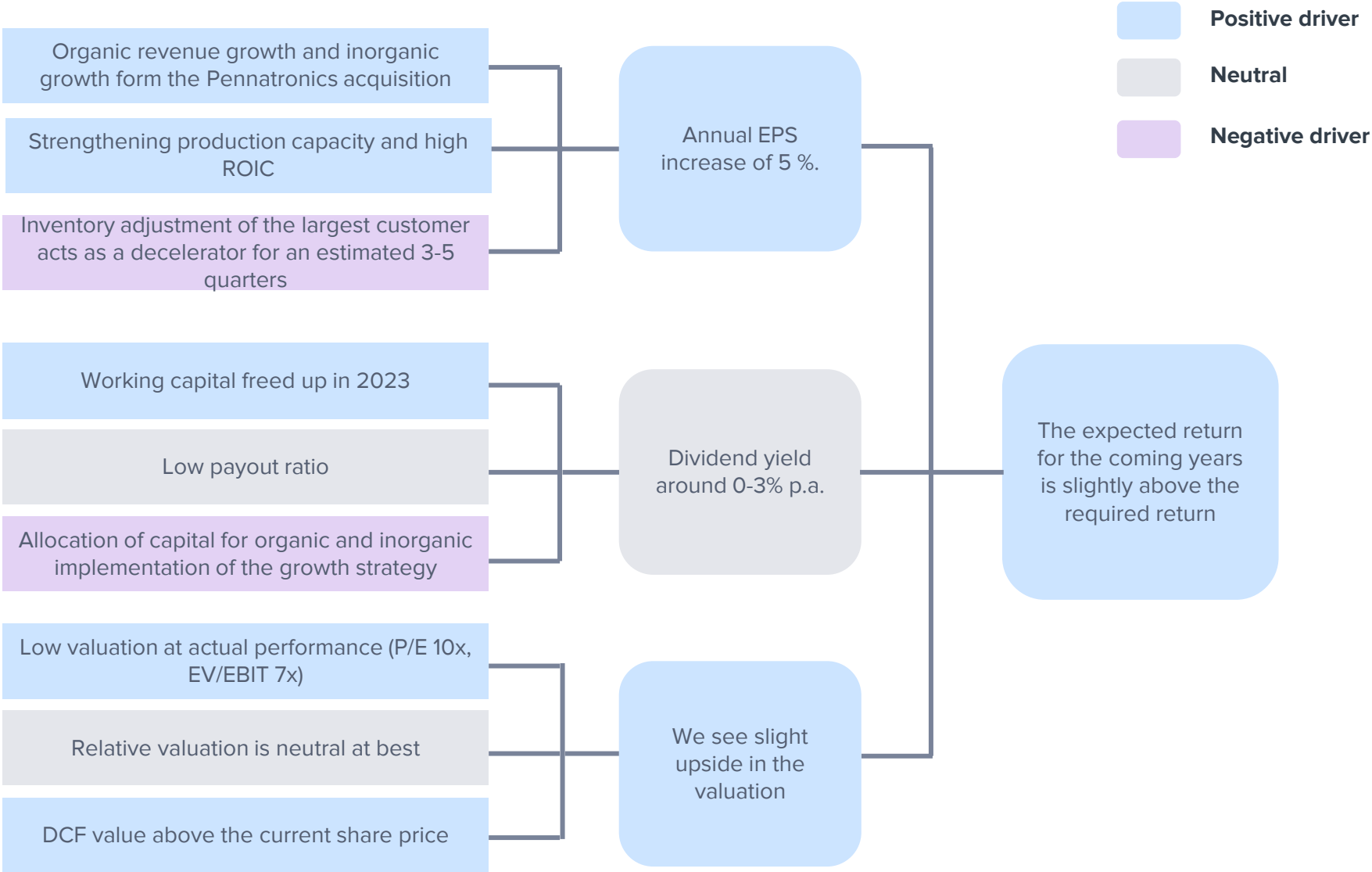
| <b>Estimate revisions</b> | <b>2023e</b> | <b>2023e</b> | <b>Change</b> | <b>2024e</b> | <b>2024e</b> | <b>Change</b> | <b>2025e</b> | <b>2025e</b> | <b>Change</b> |
|---------------------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|
| <b>MEUR / EUR</b>         | <b>Old</b>   | <b>New</b>   | <b>%</b>      | <b>Vanha</b> | <b>Uusi</b>  | <b>%</b>      | <b>Vanha</b> | <b>Uusi</b>  | <b>%</b>      |
| <b>Revenue</b>            | 236          | 251          | 6%            | 265          | 294          | 11%           | 292          | 322          | 10%           |
| <b>EBITDA</b>             | 35.5         | 36.3         | 2%            | 41.8         | 44.7         | 7%            | 46.1         | 49.2         | 7%            |
| <b>EBIT</b>               | 30.9         | 31.3         | 1%            | 37.2         | 39.3         | 6%            | 41.6         | 43.9         | 6%            |
| <b>PTP</b>                | 30.0         | 29.8         | -1%           | 37.2         | 38.1         | 2%            | 41.9         | 43.1         | 3%            |
| <b>EPS (excl. NRIs)</b>   | 0.79         | 0.80         | 1%            | 0.97         | 1.00         | 2%            | 1.10         | 1.13         | 3%            |
| <b>DPS</b>                | 0.15         | 0.00         | -100%         | 0.20         | 0.10         | -50%          | 0.25         | 0.20         | -20%          |

Source: Inderes

# Risk profile of the business model



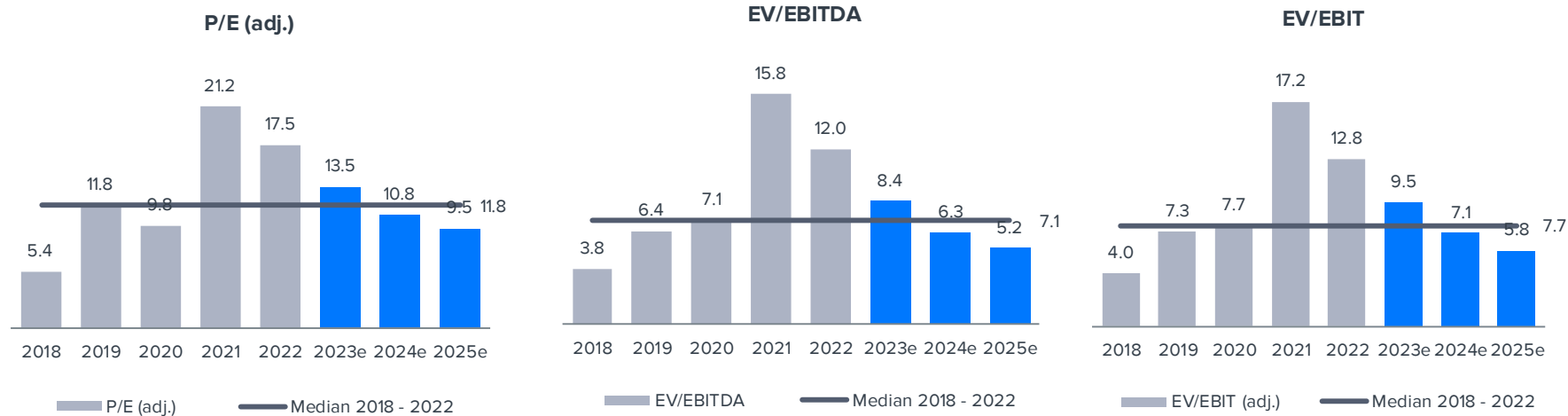
# EPS drivers 2022-2026e



# Valuation table

| Valuation                  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023e | 2024e  | 2025e  | 2026e  |
|----------------------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| Share price                | 1.45  | 3.38  | 3.69  | 15.70 | 17.10 | 10.76 | 10.76  | 10.76  | 10.76  |
| Number of shares, millions | 21.9  | 21.9  | 29.1  | 29.2  | 29.3  | 29.3  | 29.4   | 29.4   | 29.4   |
| Market cap                 | 32    | 74    | 107   | 459   | 500   | 316   | 316    | 316    | 316    |
| EV                         | 35    | 73    | 113   | 461   | 514   | 306   | 284    | 258    | 235    |
| P/E (adj.)                 | 5.4   | 11.8  | 9.8   | 21.2  | 17.5  | 13.5  | 10.8   | 9.5    | 8.6    |
| P/E                        | 5.4   | 11.8  | 11.6  | 21.8  | 18.1  | 13.9  | 10.9   | 9.7    | 8.7    |
| P/FCF                      | 13.7  | 11.4  | neg.  | >100  | neg.  | 12.5  | 14.0   | 10.6   | 10.9   |
| P/B                        | 2.0   | 3.4   | 2.8   | 7.3   | 5.7   | 2.9   | 2.3    | 1.9    | 1.6    |
| P/S                        | 0.5   | 1.0   | 1.0   | 2.7   | 1.9   | 1.3   | 1.1    | 1.0    | 0.9    |
| EV/Sales                   | 0.6   | 1.0   | 1.1   | 2.7   | 1.9   | 1.2   | 1.0    | 0.8    | 0.7    |
| EV/EBITDA                  | 3.8   | 6.4   | 7.1   | 15.8  | 12.0  | 8.4   | 6.3    | 5.2    | 4.4    |
| EV/EBIT (adj.)             | 4.0   | 7.3   | 7.7   | 17.2  | 12.8  | 9.5   | 7.1    | 5.8    | 4.8    |
| Payout ratio (%)           | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 10.2 % | 18.0 % | 24.3 % |
| Dividend yield-%           | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.9 %  | 1.9 %  | 2.8 %  |

Source: Inderes



# Peer group valuation

| Peer group valuation         | Market cap | EV         | EV/EBIT     |             | EV/EBITDA  |            | EV/S       |            | P/E         |             | Dividend yield-% |             | P/B         |
|------------------------------|------------|------------|-------------|-------------|------------|------------|------------|------------|-------------|-------------|------------------|-------------|-------------|
| Company                      | MEUR       | MEUR       | 2023e       | 2024e       | 2023e      | 2024e      | 2023e      | 2024e      | 2023e       | 2024e       | 2023e            | 2024e       | 2023e       |
| Cicor Technologies           | 150        | 256        | 13.8        | 12.1        | 6.5        | 5.9        | 0.7        | 0.6        | 23.4        | 16.2        |                  |             | 1.2         |
| Integrated Micro-Electronics | 182        | 444        | 29.7        | 17.6        | 10.7       | 6.8        | 0.3        | 0.3        |             | 11.2        |                  |             | 0.5         |
| Data Modul                   | 208        | 226        | 6.5         | 5.3         | 5.8        | 4.9        | 0.6        | 0.6        | 10.8        | 9.7         | 0.2              | 0.2         | 1.4         |
| Hanza                        | 317        | 363        | 12.6        | 9.0         | 5.0        | 4.3        | 0.4        | 0.4        | 16.9        | 14.8        | 1.3              | 1.5         | 1.1         |
| Kitron                       | 739        | 875        | 12.9        | 11.7        | 10.5       | 9.6        | 1.1        | 1.0        | 14.0        | 13.5        | 2.0              | 2.5         | 4.7         |
| Lacroix Group SA             | 179        | 348        | 12.2        | 10.0        | 6.8        | 6.0        | 0.5        | 0.4        | 10.5        | 8.2         | 2.8              | 3.7         | 1.0         |
| Jabil                        | 13126      | 14680      | 9.4         | 9.0         | 6.1        | 5.8        | 0.5        | 0.5        | 12.7        | 11.6        | 0.3              | 0.3         | 4.7         |
| Scanfil                      | 659        | 751        | 12.3        | 11.9        | 9.4        | 9.2        | 0.8        | 0.8        | 14.0        | 13.6        | 2.3              | 2.5         | 2.5         |
| Fabrinet                     | 4321       | 3835       | 14.6        | 14.3        | 12.7       | 12.4       | 1.6        | 1.5        | 17.1        | 16.7        |                  |             | 3.2         |
| Hana Microelectronics        | 983        | 904        | 18.2        | 14.2        | 9.4        | 8.1        | 1.3        | 1.1        | 18.7        | 15.0        | 2.4              | 3.4         | 1.5         |
| SVI                          | 462        | 540        | 12.3        | 10.8        | 10.5       | 9.4        | 0.7        | 0.7        | 12.0        | 10.5        | 2.7              | 3.1         | 2.3         |
| TT Electronics               | 324        | 490        | 8.4         | 7.6         | 6.3        | 5.7        | 0.7        | 0.7        | 8.5         | 7.6         | 4.3              | 4.7         | 0.9         |
| Katek Se                     | 209        | 245        | 13.6        | 8.1         | 6.1        | 4.6        | 0.3        | 0.3        | 24.0        | 12.1        |                  |             | 1.3         |
| Nolato AB                    | 1159       | 1251       | 17.4        | 13.4        | 10.5       | 8.8        | 1.4        | 1.3        | 20.7        | 15.8        | 4.1              | 4.0         | 2.5         |
| Celestica                    | 1589       | 2150       | 6.0         | 5.7         | 4.7        | 4.4        | 0.3        | 0.3        | 7.1         | 6.6         |                  |             | 1.1         |
| <b>Incap (Inderes)</b>       | <b>316</b> | <b>306</b> | <b>9.5</b>  | <b>7.1</b>  | <b>8.4</b> | <b>6.3</b> | <b>1.2</b> | <b>1.0</b> | <b>13.5</b> | <b>10.8</b> | <b>0.0</b>       | <b>0.9</b>  | <b>2.9</b>  |
| <b>Average</b>               |            |            | <b>13.3</b> | <b>10.7</b> | <b>8.0</b> | <b>7.1</b> | <b>0.7</b> | <b>0.7</b> | <b>15.0</b> | <b>12.2</b> | <b>2.2</b>       | <b>2.6</b>  | <b>2.0</b>  |
| <b>Median</b>                |            |            | <b>12.6</b> | <b>10.8</b> | <b>6.8</b> | <b>6.3</b> | <b>0.7</b> | <b>0.6</b> | <b>14.0</b> | <b>12.1</b> | <b>2.3</b>       | <b>2.8</b>  | <b>1.4</b>  |
| <b>Diff-% to median</b>      |            |            | <b>-24%</b> | <b>-34%</b> | <b>25%</b> | <b>1%</b>  | <b>82%</b> | <b>53%</b> | <b>-3%</b>  | <b>-11%</b> | <b>-100%</b>     | <b>-67%</b> | <b>105%</b> |

Source: Refinitiv / Inderes



# Income statement

| Income statement        | H1'21       | H2'21       | 2021        | H1'22       | H2'22       | 2022        | H1'23e      | H2'23e      | 2023e       | 2024e       | 2025e       | 2026e       |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Revenue</b>          | <b>71.3</b> | <b>98.5</b> | <b>170</b>  | <b>115</b>  | <b>149</b>  | <b>264</b>  | <b>129</b>  | <b>122</b>  | <b>251</b>  | <b>294</b>  | <b>322</b>  | <b>346</b>  |
| Incap                   | 71.3        | 98.5        | 170         | 115         | 149         | 264         | 129         | 122         | 251         | 294         | 322         | 346         |
| <b>EBITDA</b>           | <b>11.3</b> | <b>17.9</b> | <b>29.3</b> | <b>17.2</b> | <b>25.6</b> | <b>42.8</b> | <b>20.9</b> | <b>15.4</b> | <b>36.3</b> | <b>44.7</b> | <b>49.2</b> | <b>53.5</b> |
| Depreciation            | -1.6        | -1.7        | -3.3        | -1.8        | -2.0        | -3.8        | -2.2        | -2.8        | -4.9        | -5.5        | -5.3        | -5.4        |
| <b>EBIT (excl. NRI)</b> | <b>10.2</b> | <b>16.6</b> | <b>26.8</b> | <b>15.6</b> | <b>24.4</b> | <b>40.0</b> | <b>18.8</b> | <b>13.3</b> | <b>32.1</b> | <b>39.8</b> | <b>44.4</b> | <b>48.6</b> |
| <b>EBIT</b>             | <b>9.8</b>  | <b>16.2</b> | <b>26.0</b> | <b>15.4</b> | <b>23.6</b> | <b>39.0</b> | <b>18.7</b> | <b>12.7</b> | <b>31.3</b> | <b>39.3</b> | <b>43.9</b> | <b>48.1</b> |
| Net financial items     | -0.3        | 0.1         | -0.3        | -0.8        | -1.5        | -2.3        | -0.7        | -0.9        | -1.6        | -1.2        | -0.8        | -0.3        |
| <b>PTP</b>              | <b>9.4</b>  | <b>16.3</b> | <b>25.7</b> | <b>14.6</b> | <b>22.1</b> | <b>36.7</b> | <b>18.0</b> | <b>11.8</b> | <b>29.8</b> | <b>38.1</b> | <b>43.1</b> | <b>47.7</b> |
| Taxes                   | -1.6        | -3.0        | -4.7        | -3.4        | -5.7        | -9.0        | -4.3        | -2.8        | -7.1        | -9.1        | -10.3       | -11.5       |
| 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         |
| <b>Net earnings</b>     | <b>7.8</b>  | <b>13.3</b> | <b>21.1</b> | <b>11.2</b> | <b>16.4</b> | <b>27.6</b> | <b>13.7</b> | <b>8.9</b>  | <b>22.7</b> | <b>28.9</b> | <b>32.7</b> | <b>36.3</b> |
| <b>EPS (adj.)</b>       | <b>0.28</b> | <b>0.46</b> | <b>0.74</b> | <b>0.39</b> | <b>0.59</b> | <b>0.98</b> | <b>0.47</b> | <b>0.32</b> | <b>0.80</b> | <b>1.00</b> | <b>1.13</b> | <b>1.25</b> |
| <b>EPS (rep.)</b>       | <b>0.27</b> | <b>0.45</b> | <b>0.72</b> | <b>0.38</b> | <b>0.57</b> | <b>0.94</b> | <b>0.47</b> | <b>0.30</b> | <b>0.77</b> | <b>0.98</b> | <b>1.11</b> | <b>1.23</b> |

| Key figures                   | H1'21  | H2'21  | 2021   | H1'22  | H2'22  | 2022   | H1'23e | H2'23e  | 2023e   | 2024e  | 2025e  | 2026e  |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|--------|--------|--------|
| <b>Revenue growth-%</b>       | 52.2 % | 65.1 % | 59.4 % | 60.6 % | 51.6 % | 55.4 % | 12.9 % | -18.6 % | -4.9 %  | 17.4 % | 9.2 %  | 7.7 %  |
| <b>Adjusted EBIT growth-%</b> | 83.5 % | 82.3 % | 82.8 % | 53.1 % | 47.1 % | 49.4 % | 20.9 % | -45.5 % | -19.6 % | 23.7 % | 11.6 % | 9.4 %  |
| <b>EBITDA-%</b>               | 15.9 % | 18.2 % | 17.2 % | 15.0 % | 17.2 % | 16.2 % | 16.1 % | 12.7 %  | 14.5 %  | 15.2 % | 15.3 % | 15.4 % |
| <b>Adjusted EBIT-%</b>        | 14.3 % | 16.8 % | 15.8 % | 13.6 % | 16.4 % | 15.2 % | 14.6 % | 10.9 %  | 12.8 %  | 13.5 % | 13.8 % | 14.0 % |
| <b>Net earnings-%</b>         | 10.9 % | 13.5 % | 12.4 % | 9.8 %  | 11.0 % | 10.5 % | 10.6 % | 7.4 %   | 9.0 %   | 9.8 %  | 10.2 % | 10.5 % |

Source: Inderes

# Balance sheet

| Assets                     | 2021       | 2022       | 2023e      | 2024e      | 2025e      |
|----------------------------|------------|------------|------------|------------|------------|
| <b>Non-current assets</b>  | <b>23</b>  | <b>33</b>  | <b>38</b>  | <b>36</b>  | <b>36</b>  |
| Goodwill                   | 8          | 7          | 7          | 7          | 7          |
| Intangible assets          | 0          | 4          | 6          | 5          | 4          |
| Tangible assets            | 14         | 20         | 24         | 23         | 24         |
| Associated companies       | 0          | 0          | 0          | 0          | 0          |
| Other investments          | 0          | 0          | 0          | 0          | 0          |
| Other non-current assets   | 0          | 1          | 1          | 1          | 1          |
| Deferred tax assets        | 1          | 0          | 0          | 0          | 0          |
| <b>Current assets</b>      | <b>102</b> | <b>136</b> | <b>161</b> | <b>199</b> | <b>236</b> |
| Inventories                | 59         | 92         | 75         | 85         | 92         |
| Other current assets       | 0          | 0          | 0          | 0          | 0          |
| Receivables                | 34         | 36         | 55         | 62         | 66         |
| Cash and equivalents       | 9          | 8          | 30         | 52         | 79         |
| <b>Balance sheet total</b> | <b>130</b> | <b>168</b> | <b>199</b> | <b>236</b> | <b>272</b> |

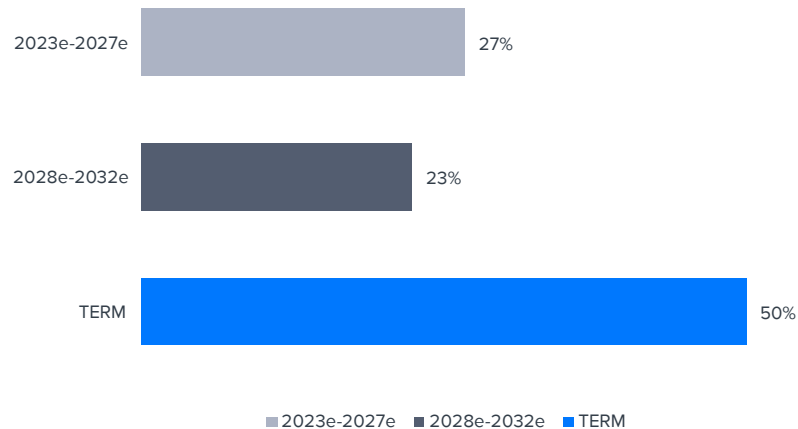
Source: Inderes

| Liabilities & equity           | 2021       | 2022       | 2023e      | 2024e      | 2025e      |
|--------------------------------|------------|------------|------------|------------|------------|
| <b>Equity</b>                  | <b>63</b>  | <b>87</b>  | <b>110</b> | <b>139</b> | <b>169</b> |
| Share capital                  | 1          | 1          | 1          | 1          | 1          |
| Retained earnings              | 42         | 70         | 92         | 121        | 151        |
| Hybrid bonds                   | 0          | 0          | 0          | 0          | 0          |
| Revaluation reserve            | -2         | -5         | -5         | -5         | -5         |
| Other equity                   | 22         | 22         | 22         | 22         | 22         |
| Minorities                     | 0          | 0          | 0          | 0          | 0          |
| <b>Non-current liabilities</b> | <b>6</b>   | <b>13</b>  | <b>20</b>  | <b>18</b>  | <b>18</b>  |
| Deferred tax liabilities       | 1          | 1          | 1          | 1          | 1          |
| Provisions                     | 2          | 2          | 2          | 2          | 2          |
| Long term debt                 | 4          | 11         | 15         | 15         | 15         |
| Convertibles                   | 0          | 0          | 0          | 0          | 0          |
| Other long term liabilities    | 0          | 0          | 3          | 0          | 0          |
| <b>Current liabilities</b>     | <b>60</b>  | <b>68</b>  | <b>68</b>  | <b>79</b>  | <b>86</b>  |
| Short term debt                | 7          | 11         | 5          | 5          | 5          |
| Payables                       | 53         | 57         | 63         | 74         | 80         |
| Other current liabilities      | 0          | 1          | 1          | 1          | 1          |
| <b>Balance sheet total</b>     | <b>130</b> | <b>168</b> | <b>199</b> | <b>236</b> | <b>272</b> |

# DCF calculation

| DCF model                               | 2022        | 2023e       | 2024e       | 2025e       | 2026e       | 2027e       | 2028e       | 2029e       | 2030e       | 2031e       | 2032e       | TERM       |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Revenue growth-%                        | 55.4 %      | -4.9 %      | 17.4 %      | 9.2 %       | 7.7 %       | 5.0 %       | 4.0 %       | 3.5 %       | 3.0 %       | 3.0 %       | 2.0 %       | 2.0 %      |
| EBIT-% (adj.)                           | 14.8 %      | 12.5 %      | 13.3 %      | 13.6 %      | 13.9 %      | 14.0 %      | 13.7 %      | 13.5 %      | 13.0 %      | 12.5 %      | 12.5 %      | 12.5 %     |
| <b>EBIT (operating profit)</b>          | <b>39.0</b> | <b>31.3</b> | <b>39.3</b> | <b>43.9</b> | <b>48.1</b> | <b>50.9</b> | <b>51.8</b> | <b>52.9</b> | <b>52.4</b> | <b>51.9</b> | <b>53.0</b> |            |
| + Depreciation                          | 3.8         | 4.9         | 5.9         | 5.7         | 5.7         | 5.8         | 5.8         | 5.9         | 5.9         | 5.9         | 5.8         |            |
| - Paid taxes                            | -8.8        | -7.1        | -9.1        | -10.3       | -11.5       | -12.4       | -12.7       | -13.0       | -13.0       | -13.0       | -13.3       |            |
| - Tax, financial expenses               | -0.6        | -0.4        | -0.4        | -0.4        | -0.4        | -0.2        | -0.2        | -0.2        | -0.2        | -0.2        | -0.2        |            |
| + Tax, financial income                 | 0.0         | 0.0         | 0.1         | 0.2         | 0.3         | 0.4         | 0.5         | 0.6         | 0.7         | 0.7         | 0.8         |            |
| - Change in working capital             | -30.7       | 3.7         | -5.8        | -3.6        | -7.7        | -4.2        | -3.6        | -3.2        | -2.9        | -3.0        | -2.0        |            |
| <b>Operating cash flow</b>              | <b>2.8</b>  | <b>32.5</b> | <b>29.9</b> | <b>35.5</b> | <b>34.6</b> | <b>40.3</b> | <b>41.6</b> | <b>42.8</b> | <b>42.9</b> | <b>42.4</b> | <b>44.0</b> |            |
| + Change in other long-term liabilities | 0.3         | 2.7         | -2.7        | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |            |
| - Gross CAPEX                           | -9.7        | -10.0       | -4.5        | -5.5        | -5.5        | -5.5        | -5.5        | -5.5        | -5.5        | -5.5        | -5.8        |            |
| <b>Free operating cash flow</b>         | <b>-6.7</b> | <b>25.2</b> | <b>22.6</b> | <b>30.0</b> | <b>29.1</b> | <b>34.8</b> | <b>36.1</b> | <b>37.3</b> | <b>37.4</b> | <b>36.9</b> | <b>38.2</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                                    | -6.7        | 25.2        | 22.6        | 30.0        | 29.1        | 34.8        | 36.1        | 37.3        | 37.4        | 36.9        | 38.2        | 504        |
| <b>Discounted FCFF</b>                  |             | <b>24.1</b> | <b>19.7</b> | <b>23.8</b> | <b>21.0</b> | <b>22.9</b> | <b>21.7</b> | <b>20.4</b> | <b>18.6</b> | <b>16.7</b> | <b>15.8</b> | <b>209</b> |
| Sum of FCFF present value               |             | 413         | 389         | 370         | 346         | 325         | 302         | 280         | 260         | 241         | 224         | 209        |
| <b>Enterprise value DCF</b>             |             | <b>413</b>  |             |             |             |             |             |             |             |             |             |            |
| - Interest bearing debt                 |             | -21.2       |             |             |             |             |             |             |             |             |             |            |
| + Cash and cash equivalents             |             | 7.6         |             |             |             |             |             |             |             |             |             |            |
| -Minorities                             |             | 0.0         |             |             |             |             |             |             |             |             |             |            |
| -Dividend/capital return                |             | 0.0         |             |             |             |             |             |             |             |             |             |            |
| <b>Equity value DCF</b>                 |             | <b>400</b>  |             |             |             |             |             |             |             |             |             |            |
| <b>Equity value DCF per share</b>       |             | <b>13.6</b> |             |             |             |             |             |             |             |             |             |            |

Cash flow distribution



## WACC

|  |               |
|--|---------------|
| Tax-% (WACC)                                   | 25.0 %        |
| Target debt ratio (D/(D+E))                    | 10.0 %        |
| Cost of debt                                   | 5.0 %         |
| Equity Beta                                    | 1.40          |
| Market risk premium                            | 4.75%         |
| Liquidity premium                              | 1.25%         |
| Risk free interest rate                        | 2.5 %         |
| <b>Cost of equity</b>                          | <b>10.4 %</b> |
| <b>Weighted average cost of capital (WACC)</b> | <b>9.7 %</b>  |

Source: Inderes

# Summary

| Income statement          | 2020  | 2021  | 2022  | 2023e        | 2024e        | Per share data           | 2020  | 2021 | 2022  | 2023e       | 2024e       |
|---------------------------|-------|-------|-------|--------------|--------------|--------------------------|-------|------|-------|-------------|-------------|
| Revenue                   | 106.5 | 169.8 | 263.8 | <b>250.8</b> | <b>294.4</b> | EPS (reported)           | 0.32  | 0.72 | 0.94  | <b>0.77</b> | <b>0.98</b> |
| EBITDA                    | 15.9  | 29.3  | 42.8  | <b>36.3</b>  | <b>45.1</b>  | EPS (adj.)               | 0.37  | 0.74 | 0.98  | <b>0.80</b> | <b>0.99</b> |
| EBIT                      | 12.6  | 26.0  | 39.0  | <b>31.3</b>  | <b>39.3</b>  | OCF / share              | 0.12  | 0.24 | 0.09  | <b>1.11</b> | <b>1.02</b> |
| PTP                       | 11.5  | 25.7  | 36.7  | <b>29.8</b>  | <b>38.1</b>  | FCF / share              | -0.44 | 0.03 | -0.23 | <b>0.86</b> | <b>0.77</b> |
| Net Income                | 9.2   | 21.1  | 27.6  | <b>22.7</b>  | <b>28.9</b>  | Book value / share       | 1.32  | 2.15 | 2.99  | <b>3.75</b> | <b>4.73</b> |
| Extraordinary items       | -2.1  | -0.8  | -1.0  | <b>-0.8</b>  | <b>-0.5</b>  | Dividend / share         | 0.00  | 0.00 | 0.00  | <b>0.00</b> | <b>0.10</b> |
| Balance sheet             | 2020  | 2021  | 2022  | 2023e        | 2024e        | Growth and profitability | 2020  | 2021 | 2022  | 2023e       | 2024e       |
| Balance sheet total       | 76.4  | 129.5 | 168.4 | <b>198.5</b> | <b>235.7</b> | Revenue growth-%         | 50%   | 59%  | 55%   | <b>-5%</b>  | <b>17%</b>  |
| Equity capital            | 38.5  | 62.9  | 87.4  | <b>110.1</b> | <b>139.0</b> | EBITDA growth-%          | 39%   | 84%  | 46%   | <b>-15%</b> | <b>24%</b>  |
| Goodwill                  | 7.1   | 7.5   | 7.2   | <b>7.2</b>   | <b>7.2</b>   | EBIT (adj.) growth-%     | 45%   | 83%  | 49%   | <b>-20%</b> | <b>24%</b>  |
| Net debt                  | 5.9   | 2.0   | 13.6  | <b>-10.4</b> | <b>-32.2</b> | EPS (adj.) growth-%      | 30%   | 98%  | 31%   | <b>-18%</b> | <b>25%</b>  |
| Cash flow                 | 2020  | 2021  | 2022  | 2023e        | 2024e        | EBITDA-%                 | 15%   | 17%  | 16%   | <b>14%</b>  | <b>15%</b>  |
| EBITDA                    | 15.9  | 29.3  | 42.8  | <b>36.3</b>  | <b>45.1</b>  | EBIT (adj.)-%            | 14%   | 16%  | 15%   | <b>13%</b>  | <b>14%</b>  |
| Change in working capital | -10.0 | -17.4 | -30.7 | <b>3.7</b>   | <b>-5.8</b>  | EBIT-%                   | 12%   | 15%  | 15%   | <b>12%</b>  | <b>13%</b>  |
| Operating cash flow       | 3.6   | 7.0   | 2.8   | <b>32.5</b>  | <b>29.9</b>  | ROE-%                    | 31%   | 42%  | 37%   | <b>23%</b>  | <b>23%</b>  |
| CAPEX                     | -18.1 | -6.2  | -9.7  | <b>-10.0</b> | <b>-4.5</b>  | ROI-%                    | 33%   | 42%  | 43%   | <b>26%</b>  | <b>28%</b>  |
| Free cash flow            | -12.9 | 0.8   | -6.7  | <b>25.2</b>  | <b>22.6</b>  | Equity ratio             | 50%   | 52%  | 52%   | <b>55%</b>  | <b>59%</b>  |
|                           |       |       |       |              |              | Gearing                  | 15%   | 3%   | 16%   | <b>-9%</b>  | <b>-23%</b> |
| Valuation multiples       | 2020  | 2021  | 2022  | 2023e        | 2024e        |                          |       |      |       |             |             |
| EV/S                      | 1.1   | 2.7   | 1.9   | <b>1.2</b>   | <b>1.0</b>   |                          |       |      |       |             |             |
| EV/EBITDA (adj.)          | 7.1   | 15.8  | 12.0  | <b>8.4</b>   | <b>6.3</b>   |                          |       |      |       |             |             |
| EV/EBIT (adj.)            | 7.7   | 17.2  | 12.8  | <b>9.5</b>   | <b>7.1</b>   |                          |       |      |       |             |             |
| P/E (adj.)                | 9.8   | 21.2  | 17.5  | <b>13.5</b>  | <b>10.8</b>  |                          |       |      |       |             |             |
| P/B                       | 2.8   | 7.3   | 5.7   | <b>2.9</b>   | <b>2.3</b>   |                          |       |      |       |             |             |
| Dividend-%                | 0.0 % | 0.0 % | 0.0 % | <b>0.0 %</b> | <b>0.9 %</b> |                          |       |      |       |             |             |

Source: Inderes

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| Date                           | Recommendation | Target  | Share price |
|--------------------------------|----------------|---------|-------------|
| 5/12/2020                      | Accumulate     | 2.60 €  | 2.40 €      |
| 5/25/2020                      | Accumulate     | 2.80 €  | 2.57 €      |
| 8/27/2020                      | Accumulate     | 4.00 €  | 3.71 €      |
| 9/17/2020                      | Accumulate     | 4.00 €  | 3.60 €      |
| 10/27/2020                     | Accumulate     | 3.50 €  | 3.02 €      |
| 11/12/2020                     | Accumulate     | 3.80 €  | 3.40 €      |
| 11/26/2020                     | Accumulate     | 4.00 €  | 3.60 €      |
| 2/25/2021                      | Accumulate     | 5.40 €  | 4.88 €      |
| 4/28/2021                      | Accumulate     | 7.60 €  | 7.05 €      |
| 7/29/2021                      | Accumulate     | 9.20 €  | 8.58 €      |
| 9/16/2021                      | Accumulate     | 11.00 € | 10.12 €     |
| 10/28/2021                     | Reduce         | 14.00 € | 14.78 €     |
| 2/25/2022                      | Accumulate     | 14.40 € | 13.42 €     |
| 3/23/2022                      | Reduce         | 14.80 € | 15.08 €     |
| 4/27/2022                      | Reduce         | 14.80 € | 14.00 €     |
| ----- An analyst changed ----- |                |         |             |
| 7/28/2022                      | Accumulate     | 16.00 € | 14.66 €     |
| 10/19/2022                     | Accumulate     | 17.00 € | 15.08 €     |
| 10/28/2022                     | Reduce         | 17.00 € | 16.06 €     |
| 11/18/2022                     | Reduce         | 17.00 € | 16.18 €     |
| 2/23/2023                      | Reduce         | 17.00 € | 18.04 €     |
| 4/19/2023                      | Accumulate     | 12.00 € | 10.92 €     |
| 4/27/2023                      | Accumulate     | 12.00 € | 10.36 €     |
| 6/15/2023                      | Accumulate     | 12.00 € | 9.96 €      |
| 7/4/2023                       | Accumulate     | 12.00 € | 10.76 €     |



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