

INCAP

# INCAP ANNUAL GENERAL MEETING

20 April 2020



INCAP

# CEO REVIEW

20 April 2020

**2019 - A YEAR OF  
STRONG GROWTH**

**OTTO RICHARD PUKK**  
President and CEO



# INCAP – A TRUSTED PARTNER IN EMS

- Broad offering with a complete range of services throughout the manufacturing value chain.
- Incap's state-of-the-art technology, highly qualified personnel and entrepreneurial culture add value to customers ranging from large multinationals to small start-ups.
- Incap has operations in Finland, Estonia, India, Slovakia, the UK and China (Hong Kong) and employs approximately 1,300 people.



EFFICIENT

FLEXIBLE

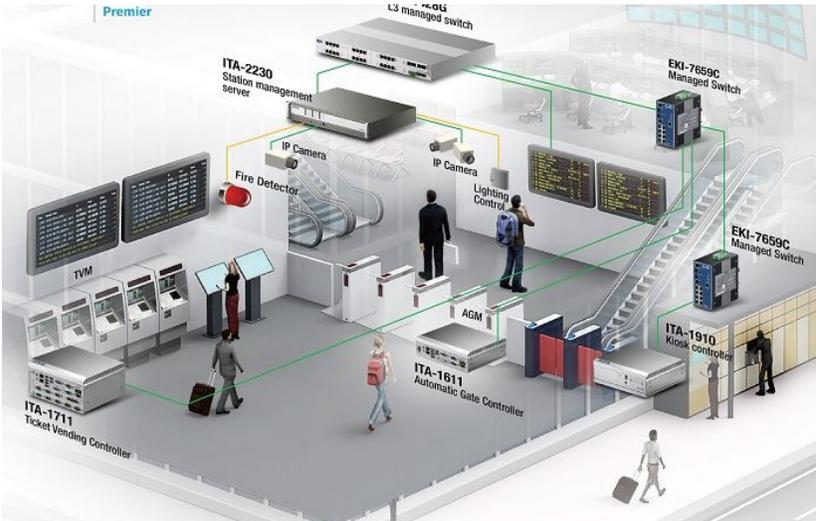
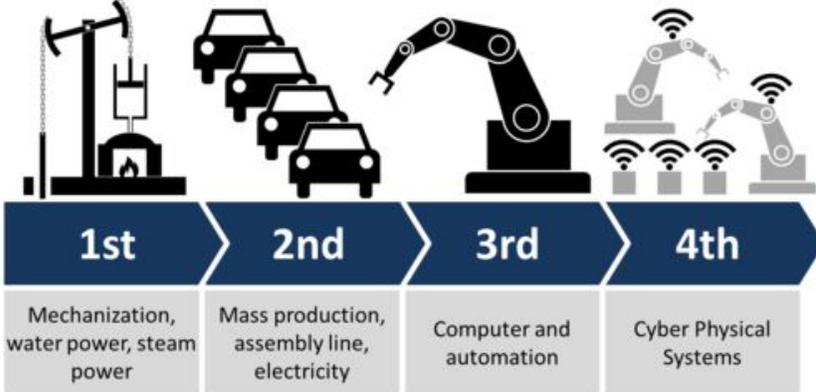
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# GROWING EMS INDUSTRY

Incap operates in the growing electronics manufacturing services (EMS) industry. The growth is driven by the increasing use of electronics and global outsourcing trends.

Incap also benefits from megatrends, such as:

- Globalisation and localisation
- Climate change and energy transition
- Ageing population, changes in health care
- Industry 4.0 and 5G



# STRONG GROWTH CONTINUED DURING 2019

- Revenue increased organically by 20.5 % to EUR 71 million based on growing demand from both established and new customers.
- Operating profit (EBIT) increased to EUR 10.1 million, corresponding to 14.2 % of revenues.

*NB! Numbers do not include AWS Electronics, acquired in January 2020. With EUR 71 million from factories in India and Estonia and approximately EUR 42 million from factories in UK and Slovakia, Incap's total pro forma revenue for 2019 was approximately EUR 113 million.*



# 2019 GROWTH IN VOLUMES

- Growing demand from both established and new customers.
- Growth mainly from electronic appliances such as light vehicles and industrial applications.
- Europe remains our main market. Sales to North-America and Africa increased significantly.

Geographic division of external customers' revenue	1 Jan-31 Dec 2019	1 Jan-31 Dec 2018
Europe	46,844	41,791
North-America	10,315	6,372
Asia	8,239	8,750
Africa	3,143	0
Australia	2,481	2,048
	<b>71,022</b>	<b>58,961</b>

Share of revenue per region in 2019



# CONTINUOUS IMPROVEMENT IN 2019

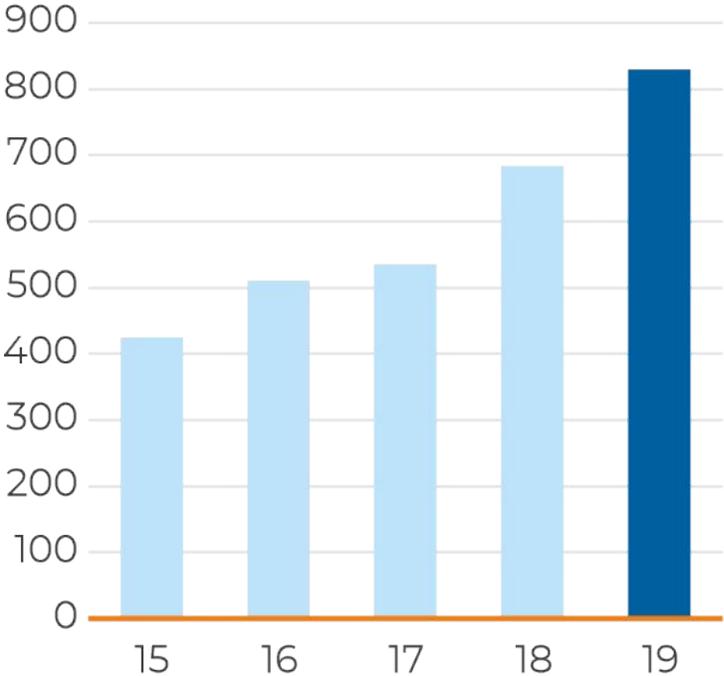
- Focus on maintaining our lean operational model, strong cost-awareness and entrepreneurial culture.
- Efficiency and flexibility of our production lines in India and Estonia further increased.
- Good results from customer satisfaction survey.
- Increased quality training hours for personnel and improved attention to recycling and waste management.



# HR IN NUMBERS AND BY LOCATION



## AVERAGE NUMBER OF PERSONNEL



\* After the acquisitions of AWS from January 2020 the total number of InCap personnel is around 1,300

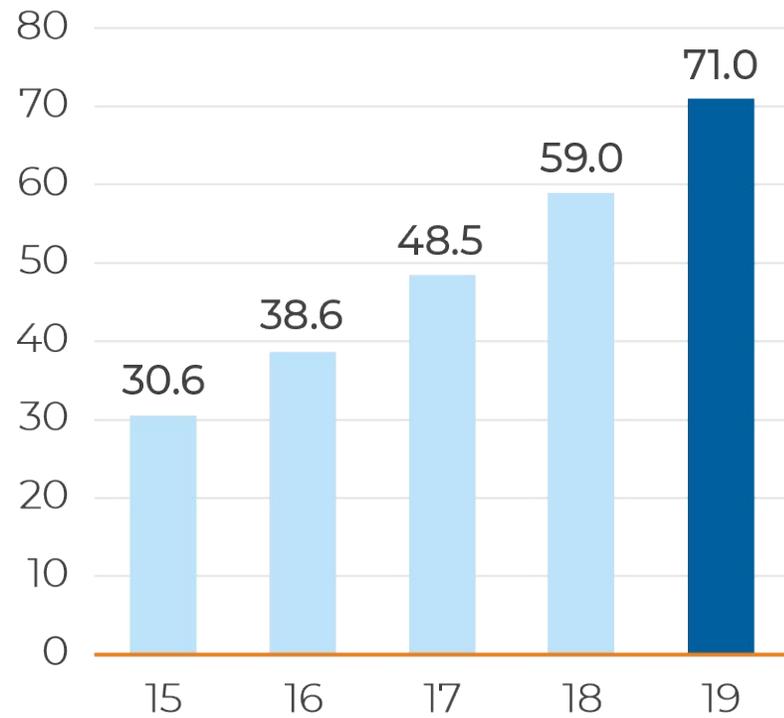
# A GREAT TEAM

- Great results achieved with a **highly professional and entrepreneurial team.**
- Incap's top-quality and efficiency are based on seamless **teamwork** throughout the whole production and delivery chain.
- The dedicated team spirit can also be seen in our **low employee turnover rate.**
- We aim to keep the best professionals at Incap by providing **equal opportunities**, good **training** possibilities and **family friendly** working atmosphere.

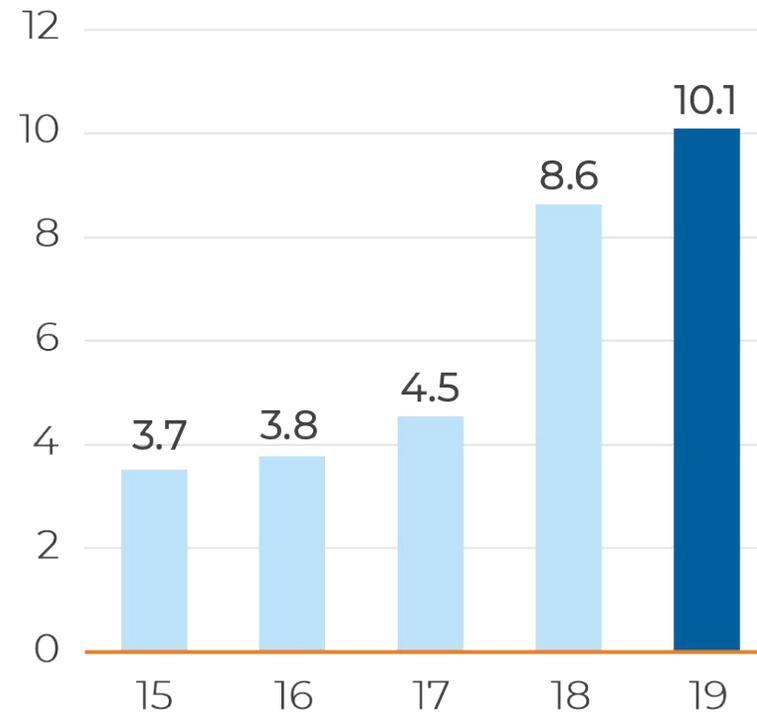


# FIVE YEARS IN NUMBERS

## REVENUE, EUR MILLION



## OPERATING PROFIT (EBIT), EUR MILLION



# SHARE INFORMATION

IFRS		2019	2018	2017	2016*	2015
Per-share data						
Earnings per share	EUR <sup>1</sup>	1.44	1.34	0.72	0.49	0.52
Equity per share	EUR <sup>1</sup>	5.01	3.61	2.39	1.82	1.29
Dividend per share	EUR <sup>1</sup>	0.00	0.00	0.00	0.00	0.00
Dividend out of profit	%	0	0	0	0	0
Effective dividend yield	%	0	0	0	0	0
P/E ratio		11.8	5.4	8.6	11.2	15.3

<sup>1</sup> In accordance with the resolution of the Annual General Meeting the quantity of the company's shares was reduced during the financial period 2016 so that each of previous 50 shares correspond to one share of the company.

In practice, the number of shares was divided by 50.

Comparison periods have been adjusted accordingly.

\* The 2016 key figures have been adjusted to reflect the adjusted result and the corresponding balance sheet.

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# EUROPEAN EMS MARKET IS CHANGING

- A paradigm shift in the EMS market since 2018.
- The game changer: the US-China trade war.
- Geographic change ongoing in manufacturing: production moving from China to other Asian countries as well as Eastern Europe
- Customer desire to bring production closer to design and end-user.
- Big European EMS companies have acquired market share on the global market.
- The COVID-19 pandemic partly intensifies these changes.

Market data based on EMS market statistics report by in4ma.

# THE MARKET IS GROWING AND CONSOLIDATING

- Clear growth trend in the European EMS market: the European EMS market exceeded EUR 40 billion in 2018 and is forecasted to be EUR 53.5 billion in 2022.
- Most of the growth is driven by the biggest EMS companies and smaller EMS companies find it harder to stay competitive.
- The market is consolidating: over 25 M&A per year in Europe (2018 – 2019).
- Valuation of pure Printed Circuit Board Assembly (PCBA) manufacturers is deteriorating.

Market data based on EMS market statistics report by in4ma

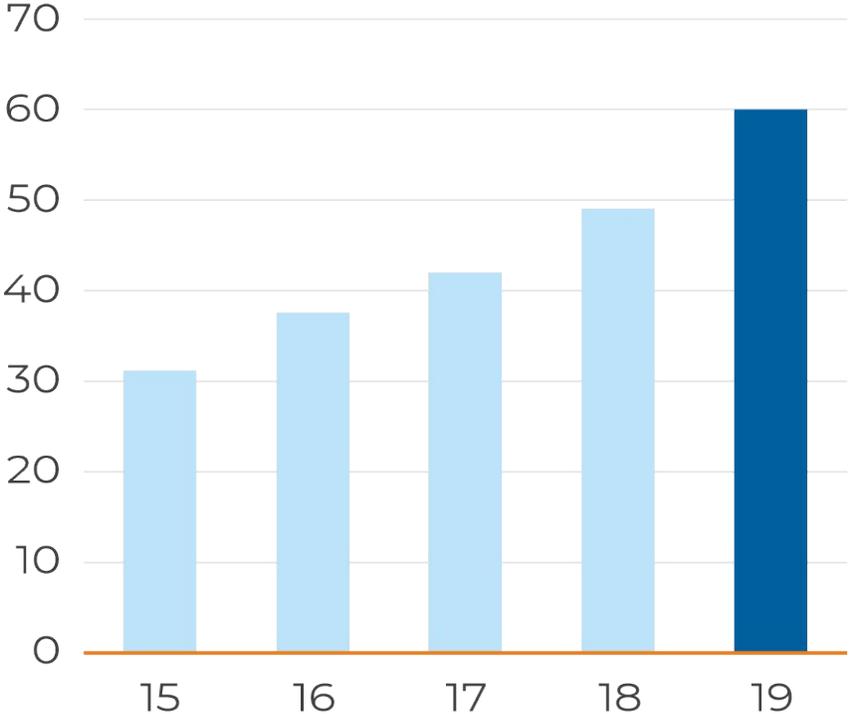
# ACQUISITION OF AWS ELECTRONICS

Thanks to the acquisition in the beginning of 2020 Incap:

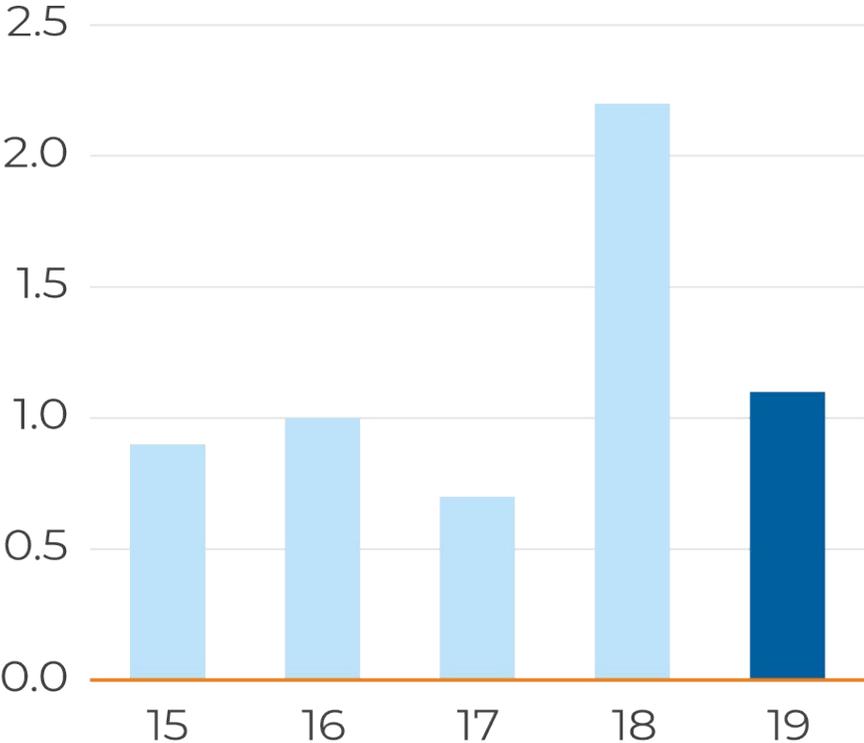
- is able to significantly widen the **customer base**
- has entered into **new market segments**
- has increased its **geographic** presence and set a new strategic foothold in the UK, Central Europe, USA and South-Asia
- has **balanced** its customer portfolio both in terms of number of customers and industrial segments
- achieves potential synergy effects through increased purchasing power and cross selling opportunities
- expands its production footprint into the UK and Slovakia with more than 400 professionals joining Incap

# STRONG BALANCE SHEET AND MODERN MACHINERY

### EQUITY RATIO, %



### INVESTMENTS, EUR MILLION



# MOVING FORWARD

- As an Electronic Manufacturing Service provider we always need to **be prepared to adjust quickly** to changes in the market.
- 5G and other megatrends support **growth in EMS business** in general.
- Trade war, current pandemic and other factors present **opportunities for growth in our units both in India and Europe.**
- Incap will continue to focus on both **organic growth and growth through M&A to remain competitive** on the market.
- We continue our work to **expand** our **customers base** and harvest **cross-selling synergies** from AWS acquisition.
- We are financially well positioned for future M&A activity.

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In 2020 Incap will celebrate:  
InCap Estonia 20 years  
InCap Corporation 35 years



# THANK YOU!

## AT YOUR SERVICE

**OTTO PUKK**

President and CEO  
at Incap Corporation

[otto.pukk@incapcorp.com](mailto:otto.pukk@incapcorp.com)



# FINANCIAL STATEMENTS 2019

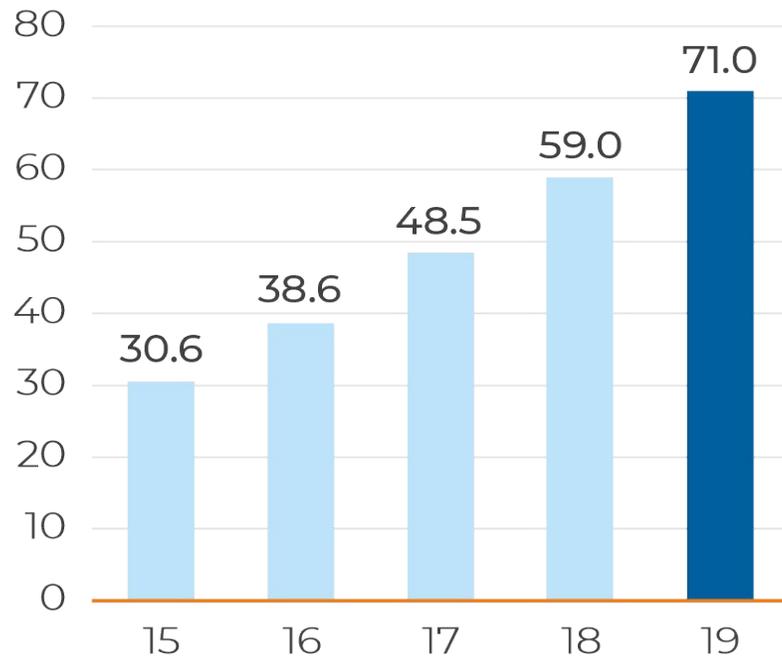
**ANTTI PYNNÖNEN**  
CFO

20 April 2020

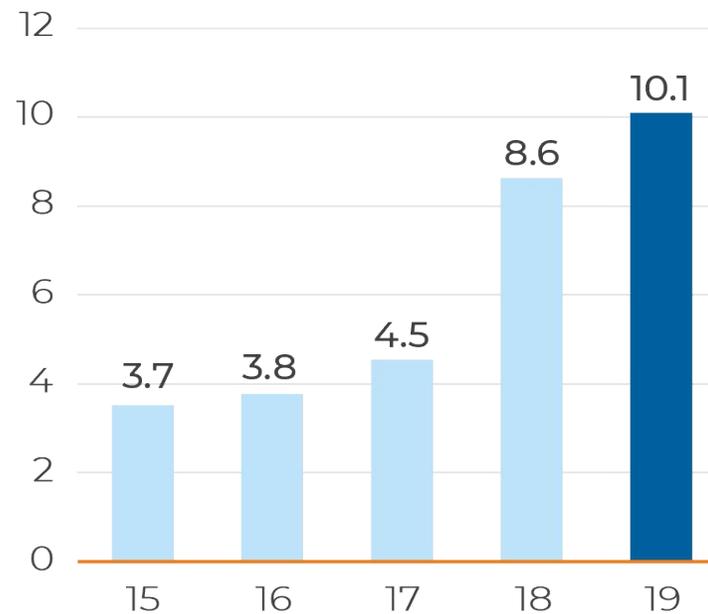


# STRONG YEAR FOR INCAP

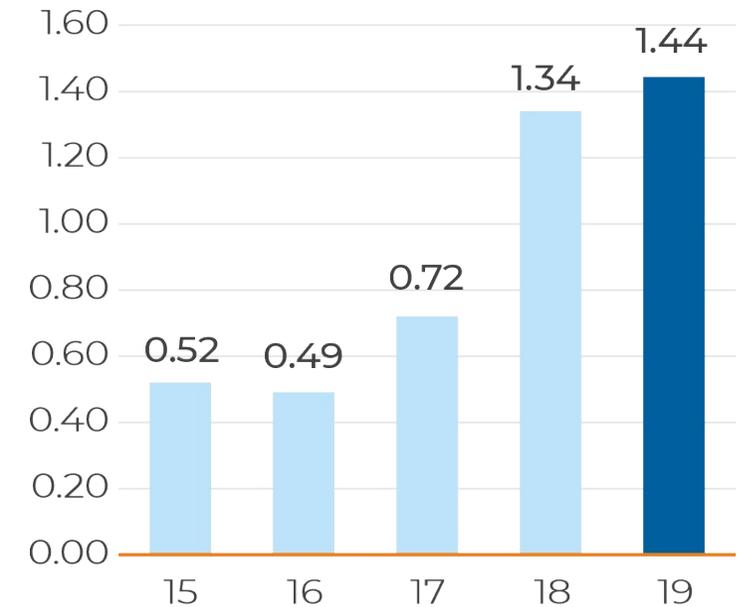
## REVENUE, EUR MILLION



## OPERATING PROFIT (EBIT), EUR MILLION



## EARNINGS PER SHARE (EPS), EUR



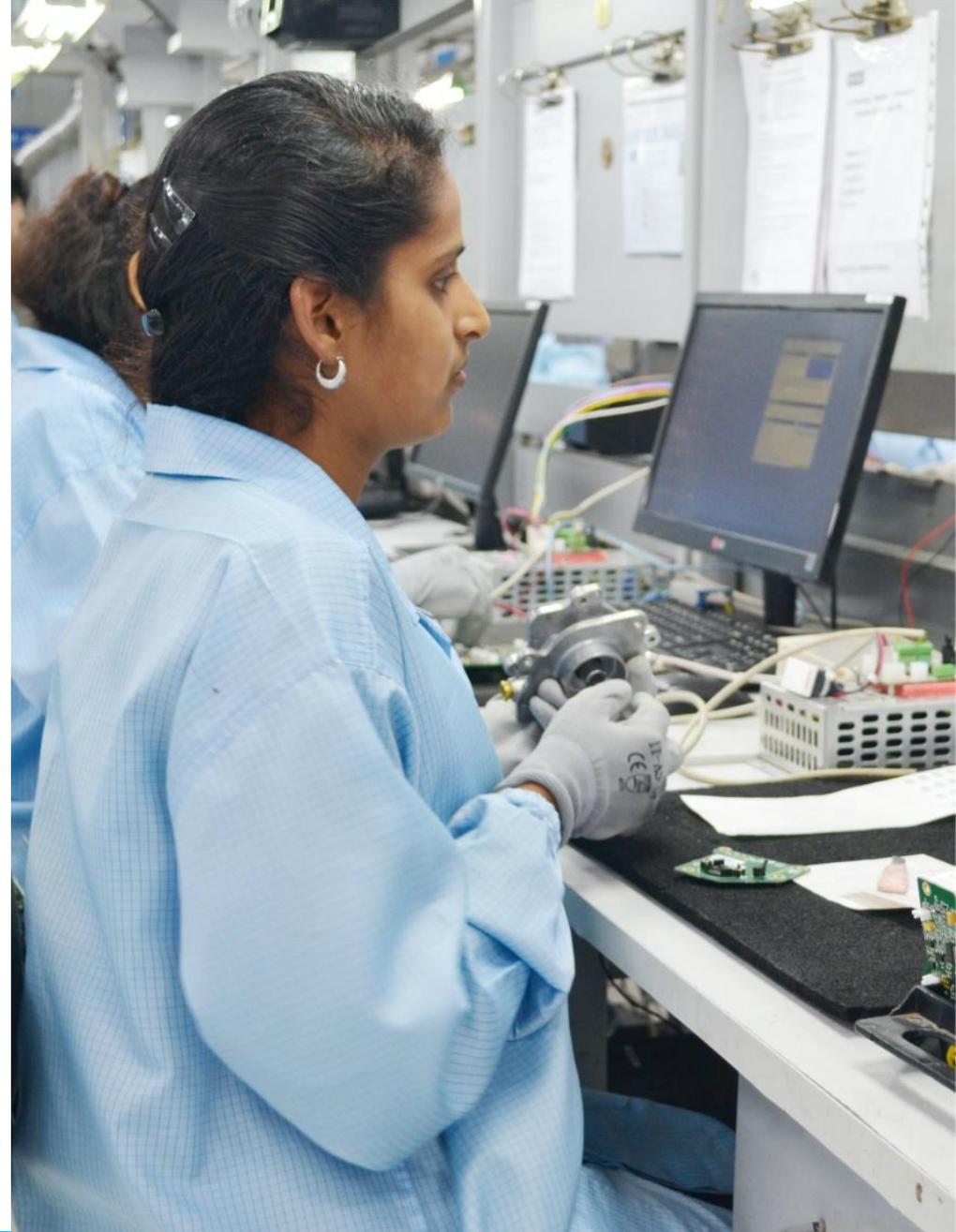
# CONSOLIDATED INCOME STATEMENT

1 000 euros	Note	1.1.-31.12.2019	1.1.-31.12.2018
Revenue	3	71,022	58,961
Other operating income	4	1,004	1,063
Changes in inventories of finished goods and work in progress	5	-408	1,428
Raw materials and consumables used	5	50,987	44,277
Personnel expenses	8	5,178	4,560
Depreciation and amortisation	7	1,384	509
Other operating expenses	6	3,983	3,472
<b>Operating profit</b>		<b>10,086</b>	<b>8,633</b>
Financial income and expenses	9	-422	-692
<b>Profit before tax</b>		<b>9,664</b>	<b>7,941</b>
Income tax	10	-3,390	-2,094
<b>Profit for the year</b>		<b>6,274</b>	<b>5,847</b>
<b>Consolidated statement of comprehensive income</b>			
<b>Other comprehensive income:</b>			
Items that are not transferred to the statement of income			
Revaluation of employee benefits		-34	-100
Items that may be reclassified subsequently to profit or loss			
Translation differences from foreign units		-95	-424
Other comprehensive income, net		-128	-524
<b>Total comprehensive income attributable to:</b>		<b>6,146</b>	<b>5,323</b>



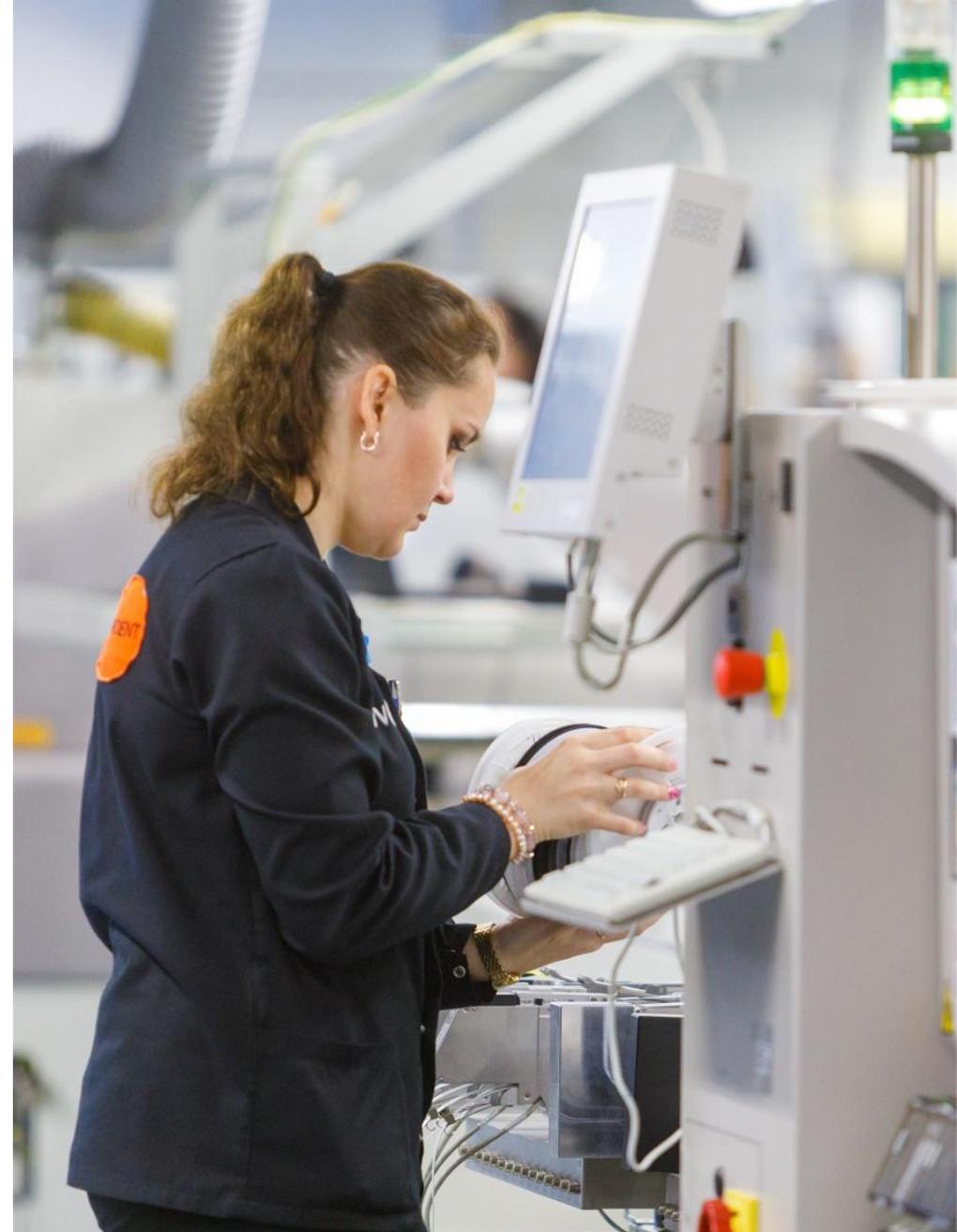
# CONSOLIDATED BALANCE SHEET

1 000 euros	Note	1.1.-31.12.2019	1.1.-31.12.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	4,853	4,545
Right-of-use assets	12	2,463	-
Goodwill	13	894	895
Other intangible assets	13	13	15
Other financial assets	14	4	4
Deferred tax assets	15	147	141
Other receivables	17	203	183
<b>Total non-current assets</b>		<b>8,576</b>	<b>5,782</b>
<b>Current assets</b>			
Inventories	16	10,845	11,647
Trade and other receivables	17	10,891	11,757
Cash and cash equivalents	18	6,163	2,894
<b>Total current assets</b>		<b>27,899</b>	<b>26,297</b>
<b>Total assets</b>		<b>36,475</b>	<b>32,080</b>



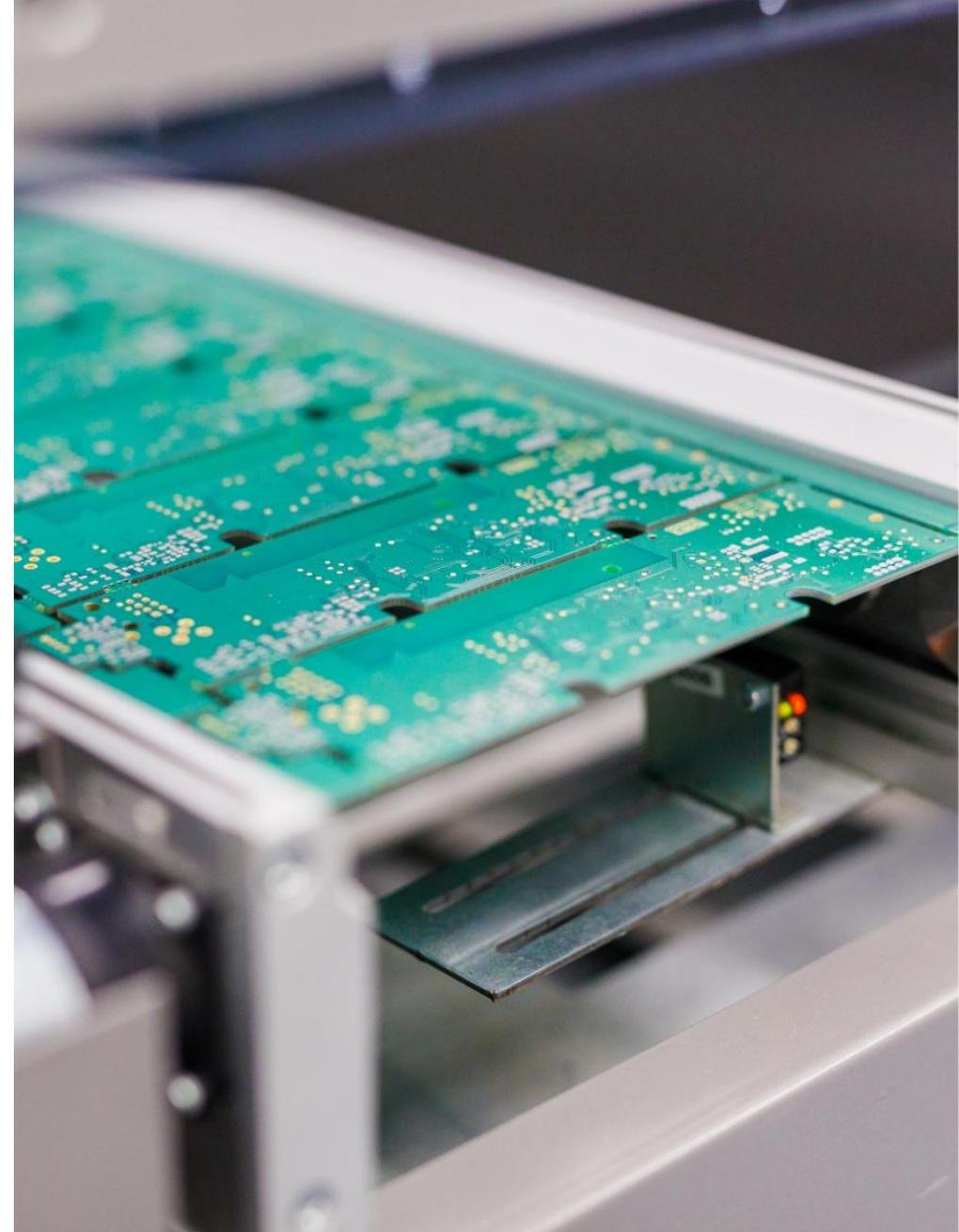
# CONSOLIDATED BALANCE SHEET

1 000 euros	Note	1.1.-31.12.2019	1.1.-31.12.2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>	19		
Share capital		1,000	1,000
Exchange differences		-1,664	-1,569
Unrestricted equity reserve		11,028	11,028
Retained earnings		11,519	5,279
<b>Total equity</b>		<b>21,883</b>	<b>15,738</b>
<b>Non-current liabilities</b>			
Non-Interest-bearing liabilities	23	1,619	468
Interest-bearing liabilities	22	2,333	1,000
<b>Current liabilities</b>			
Trade and other payables	23	7,405	10,370
Interest-bearing loans and borrowings	22	3,234	4,503
<b>Total liabilities</b>		<b>14,592</b>	<b>16,342</b>
<b>Total equity and liabilities</b>		<b>36,475</b>	<b>32,080</b>



# CONSOLIDATED CASH FLOW STATEMENT

1 000 euros	Note	1.1.-31.12.2019	1.1.-31.12.2018
<b>Cash flow from operations</b>			
Operating profit, in total		10,086	8,633
Adjustments to operating profit	26	1,431	621
Change in working capital		-1,260	-2,995
Interest paid		-407	-439
Interest received		2	3
Tax paid and tax refund		-2,537	-1,686
<b>Cash flow from operating activities</b>		<b>7,315</b>	<b>4,137</b>
<b>Cash flow from investing activities</b>			
Capital expenditure on tangible and intangible assets		-1,123	-2,199
<b>Cash flow from investing activities</b>		<b>-1,123</b>	<b>-2,199</b>
<b>Cash flow from financing activities</b>			
Drawdown of loans		3,507	3,389
Repayments of loans		-5,895	-5,279
Right-of-use asset payments		-561	-
<b>Cash flow from financing activities</b>		<b>-2,949</b>	<b>-1,889</b>
<b>Change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		2,894	2,862
Effects of changes in exchange rates		27	-17
<b>Cash and cash equivalents at end of period</b>		<b>6,163</b>	<b>2,894</b>



# FIVE-YEAR KEY FIGURES

IFRS		2019	2018	2017	2016*	2015
Revenue	EUR million	71.0	59.0	48.5	38.6	30.6
Growth/change	%	20	21	26	26	65
Operating profit/loss	EUR million	10.1	8.6	4.5	3.8	3.7
Share of revenue	%	14.2	14.6	9.4	9.8	12.1
Profit/loss before tax	EUR million	9.7	7.9	4.0	3.2	3.2
Share of revenue	%	13.6	13.5	8.2	8.3	11.0
Return on equity (ROE)	%	33.4	44.7	34.2	31.3	56.9
Return on investment (ROI)	%	43.4	46.8	28.4	26.0	26.0
Total assets	EUR million	36.5	32.1	24.8	21.1	18.1
Equity ratio	%	60.0	49.1	42.0	37.6	31.2
Net gearing	%	-2.7	16.6	41.9	71.0	98.3
Interest-bearing net debt	EUR million	-0.6	2.6	4.4	5.6	5.6
Quick ratio		1.4	1.0	1.0	1.1	1.1
Current ratio		2.3	1.7	1.6	1.7	1.8
Investments	EUR million	1.1	2.2	0.7	1.0	0.9
Share of revenue	%	1.6	3.7	1.4	2.5	3.0
R&D expenditure	EUR million	0	0	0	0	0
Share of revenue	%	0	0	0	0	0
Average number of employees		830	684	535	511	425
Dividends	EUR million	0	0	0	0	0

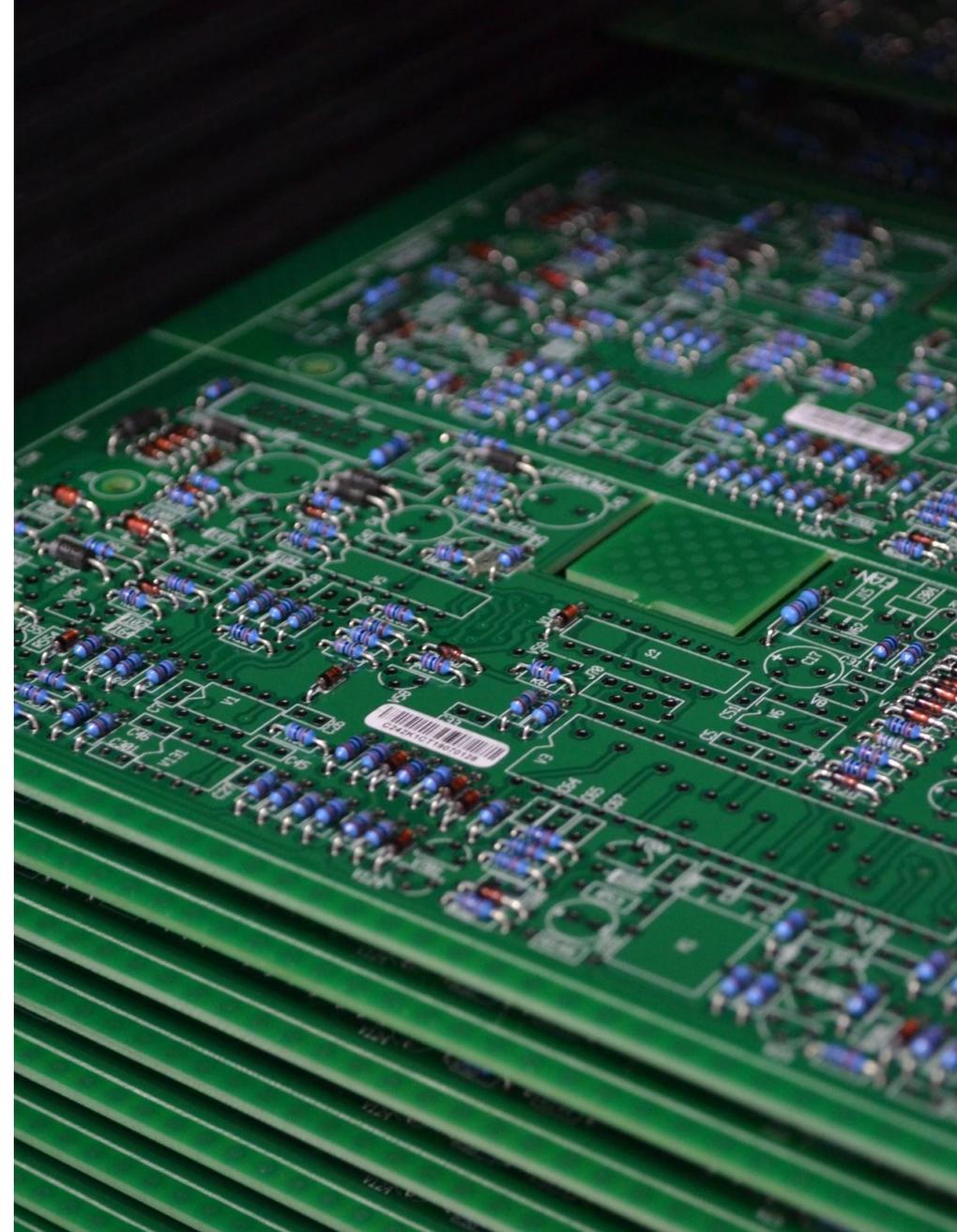
\* The 2016 key figures have been adjusted to reflect the adjusted result and the corresponding balance sheet.



# DIVIDEND PROPOSAL

- A dividend payment of a maximum of **EUR 0.35 per share** from the profits of the financial year 2019 to be distributed in one or several instalments at a later stage based on the Board of Directors' assessment.

*If the Board of Directors decides to exercise the authorization, the company will publish the possible decision on dividend payment separately, and at the same time confirm the pertinent record and payment dates.*





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**THANK YOU**

20 April 2020



# Incap Corporation

More information:  
[www.incapcorp.com](http://www.incapcorp.com)  
[www.awselectronicsgroup.com](http://www.awselectronicsgroup.com)