

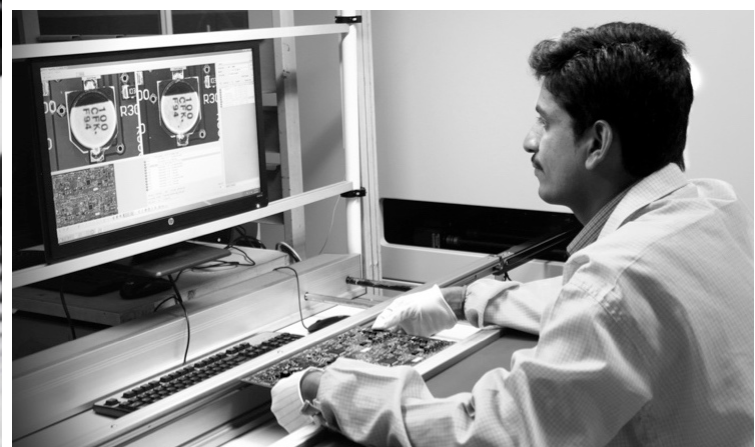


INCAP

AGILE

FLEXIBLE

EFFICIENT



Toimitusjohtajan katsaus / Review by the CEO

Tilinpäätöksen esittely / Presentation of annual accounts

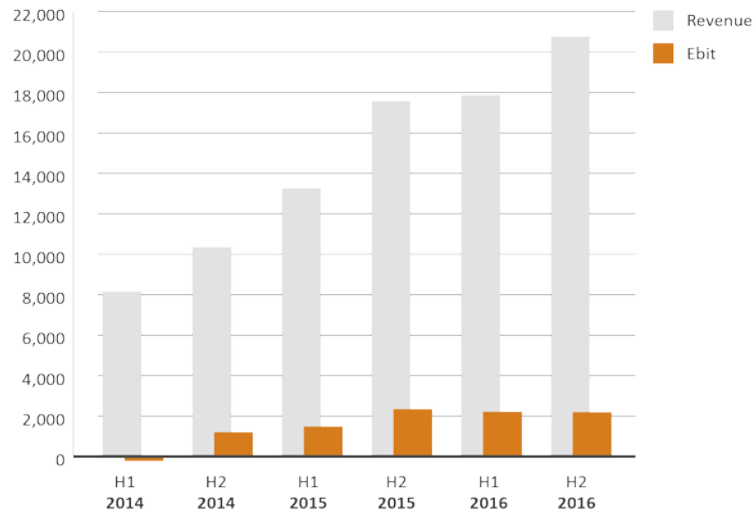
Ville Vuori, CEO

Review by the CEO

- Performance in 2016
- Customers
- India Opportunity
- Organisation & Operation
- Forecasting Challenge
- Market Cap
- Outlook 2016
- Annual Accounts
- Summary and Q&A

Performance in 2016

REVENUE & EBIT, KEUR



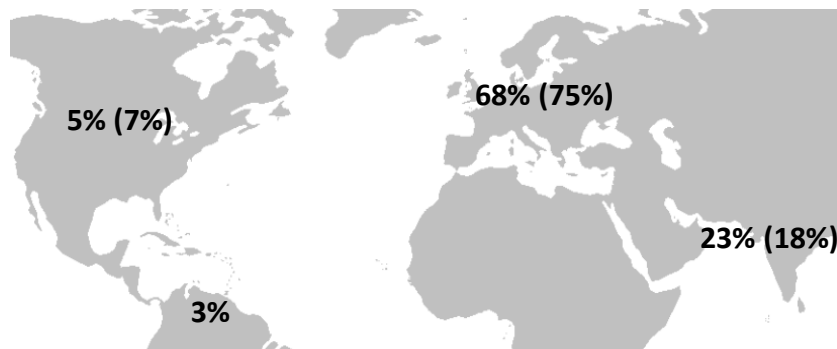
KEY FIGURES (IFRS)

		2016	2015	2014
Revenue	EUR million	38.6	30.6	18.5
Operating profit (EBIT)	EUR million	4.4	3.7	1.1
share of revenue	%	11	12	6
Operating profit before tax	EUR million	3.8	3.2	0.3
Profit for the period	EUR million	2.7	2.0	0.2
Earnings per share (EPS)	EUR	0.63	0.52	0.00
Return on investment (ROI)	%	29.6	26.0	11.2
Equity ratio	%	39.4	31.2	9.9
Investments	EUR million	1.0	0.9	0.2
Personnel at year end		514	468	423
Revenue per capita	kEUR	75	65	43

Customers

- As a company policy and as per a request from the customers, we don't disclose the names of the customers for now.
- Most customers can be allocated under Industrial Electronics segments. Also customers from Consumer electronics and medical electronics. Automotive considered only without call-back risk (possible by being 3rd party supplier).
- Two biggest customers contributed to 61.5% of revenue in 2016 (65% in 2015).

AMOUNT OF CUSTOMER BY SIZE		2016	2015
Revenue >5MEUR	PCS	3	1
Revenue 2-5 MEUR	PCS	2	3
Revenue 1-2 MEUR	PCS	2	2
Revenue 0,1 - 1 MEUR	PCS	7	6



Geographic division of external customers' revenue	1.1.–31.12.2016	1.1.–31.12.2015
Europe	26,554	22,742
North America	2,059	2,055
South America	956	59
Asia	8,936	5,679
Africa	0	30
Australia	121	0
	38,626	30,566

Indian opportunity

- India is according to publicly available information currently the fastest growing economy in the world with over 7% annual growth.
- Many western companies are currently in establishing operations in India and localizing supply chains.
- Strong government attention to support the positive development: simplification of corporate taxation, incentives for growth, infrastructure development, etc (yet to be proven, though).
- Currency fluctuations stabilizing and thereby supporting exports from India.
- Availability of skilled labor and engineers expected to remain good.
- Inflation and increasing wages requires attention but has so far been able to be managed with productivity improvements.

Inaguration of the factory extension, Jan 2017



EUR to INR, 5Y

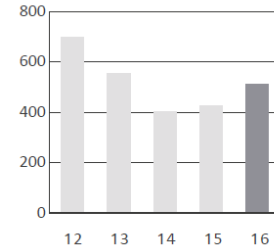


Organization & Operation

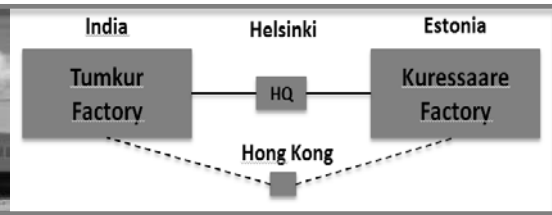
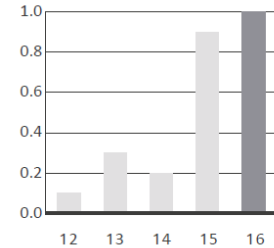
Clear and Lean corporate structure and continuous capability development:

- HQ in Finland with CFO (from 1st Jan 2017) and CEO
- MD's in both factories
- Decentralized with cooperation in sourcing and sales
- Sourcing unit in Hong Kong
- Personnel 520
- Total production area after extension in India, 17000m2
- Investments to production equipment in CAPEX or in OPEX (Such as leasing SMT lines)
- One ERP (SAP)

AVERAGE NUMBER OF PERSONNEL



INVESTMENTS, EUR MILLION

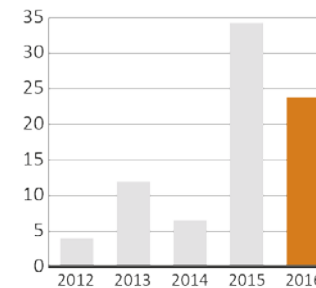


Market Cap

IFRS		2016	2015	2014	2013	2012
Earnings per share	EUR ²⁾	0.63	0.52	0.05	-4.81	-8.19
Equity per share	EUR ²⁾	1.96	1.29	0.44	0.16	-4.81
P/E ratio		8.7	15.3	43.3	-0.7	-0.8
EV/EBITDA ratio		6.2	9.9	10.2		
Minimum price during year	EUR	4.95	0.03	0.04	0.10	0.15
Maximum price during year	EUR	8.65	0.20	0.11	0.25	0.65
Average price during year	EUR	6.43	0.12	0.06	0.14	0.30
Closing price at end of year	EUR	5.46	0.16	0.06	0.11	0.19
Total market capitalisation at 31 Dec	EUR million	23.8	34.3	6.5	12.0	4.0
Trade volume	no. of shares	N/A	123,997,394	40,584,525	7,065,282	2,952,411
Trade volume	%	est 40	57	37	7	14
Share issue-adjusted number of shares, each of previous 50 shares correspond to one share						
Average number during year		4,365,168	3,835,433	3,273,421	1,803,513	602,011
Number at end of year		4,365,168	4,365,168	3,273,421	3,273,421	625,469

²⁾ In accordance with the resolution of the Annual General Meeting the quantity of company's shares was reduced in the financial year so that each of previous 50 shares of the company correspond to one share of the company. In practice, the number of shares in the financial period was divided by 50. Comparison periods have been adjusted accordingly. Average number of shares during financial year is the number of shares at the end of period.

Total market capitalisation at 31st Dec, EUR million



Outlook for 2016

- Due to the continued uncertainty in world economy it is very difficult to predict the development of customer demand. Most of the company's customers are indicating that their own demand will grow in 2017.
- The electronics manufacturing volumes in Incap's factory in Kuressaare have grown steadily and the positive development is expected to continue. Inauguration of the new factory extension in India improves the possibilities to increase the revenue further.
- The Group's revenue in 2017 is estimated to be higher than in 2016 and the operating profit (EBIT) is estimated to be somewhat higher than in 2016, provided that there are no major changes in exchange rates.
- The estimate will be specified more accurately quarterly.

ANNUAL ACCOUNTS

Consolidated Income Statement & Comprehensive Income

1,000 euros	Note	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Revenue	3	38,626	30,566
Other operating income	4	246	36
Changes in inventories of finished goods and work in progress	5	575	165
Raw materials and consumables used	5	28,519	21,147
Personnel expenses	8	3,531	3,154
Depreciation and amortisation	7	369	337
Other operating expenses	6	2,643	2,437
Operating profit		4,386	3,692
Financial income and expenses	9	-553	-470
Profit before tax		3,833	3,222
Income tax	10	-1,091	-1,210
Profit for the year		2,742	2,012
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Translation differences from foreign units		158	215
Other comprehensive income, net		158	215
Total comprehensive income, total		2,900	2,227

Consolidated Balance Sheet & Cash Flow

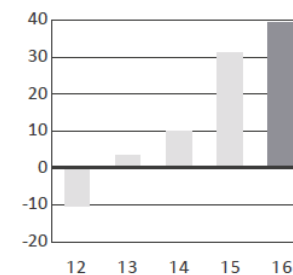
1,000 euros	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,883	2,230
Goodwill	13	944	938
Other intangible assets	13	40	61
Other financial assets	14	6	6
Other receivables	17	863	878
Total non-current assets		4,736	4,113
Current assets			
Inventories	16	6,280	5,172
Trade and other receivables	17	8,320	6,771
Cash and cash equivalents	18	2,347	2,068
Total current assets		16,947	14,011
Total assets		21,683	18,124
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,000	20,487
Share premium account		0	44
Exchange differences		-515	-673
Unrestricted equity reserve		11,028	19,464
Retained earnings		-2,966	-33,675
Total equity		8,547	5,647
Non-current liabilities			
Interest-bearing and non-interest-bearing liabilities	22	3,752	4,567
Current liabilities			
Trade and other payables	23	5,161	4,607
Interest-bearing loans and borrowings	22	4,223	3,303
Total liabilities		13,136	12,476
Total equity and liabilities		21,683	18,124

1,000 euros	Note	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Cash flow from operations			
Operating profit, in total		4,386	3,692
Adjustments to operating profit	26	508	316
Change in working capital		-1,775	-1,419
Interest paid		-512	-918
Interest received		6	85
Tax paid and tax refund		-1,486	-763
Cash flow from operations		1,126	992
Cash flow from investing activities			
Capital expenditure on tangible and intangible assets		-982	-940
Repayments of shares		0	268
Cash flow from investing activities		-982	-672
Cash flow from financing activities			
Proceeds from share issue		0	1,993
Drawdown of loans		4,712	2,996
Repayments of loans		-4,612	-5,159
Cash flow from financing activities		100	-169
Change in cash and cash equivalents		245	151
Cash and cash equivalents at beginning of period		2,068	1,873
Effects of changes in exchange rates		35	43
Cash and cash equivalents at end of period		2,347	2,068

Equity

1 000 euroa	Share capital	Share premium account	Unrestricted equity reserve	Translation differences	Retained earnings	Total equity
Equity at 1 January 2015	20,487	44	17,471	-888	-35,687	1,427
Total comprehensive income					2,012	2,012
Currency translation differences				215		215
Transactions with shareholders						
Directed share issue			2,182			2,182
Transaction costs for equity			-189			-189
Equity at 31 December 2015	20,487	44	19,464	-673	-33,675	5,647
Equity at 1 January 2016	20,487	44	19,464	-673	-33,675	5,647
Total comprehensive income					2,742	2,742
Currency translation differences				158		158
Transactions with shareholders						
Other changes *)	-19,487	-44	-8,436		27,967	
Equity at 31 December 2016	1,000	0	11,028	-515	-2,966	8,547

EQUITY RATIO, %



Financing

STATUS OF THE COMPANY'S FINANCING ON 31 DECEMBER 2016

Loans from credit institutions	Balance on 31 Dec 2016	Balance on 31 Dec 2015	Expiry date
1. Factoring limit (< EUR 2.2 million)	2,214	753	for the present
2. Account with credit facility (< EUR 1.5 million)	819	1,077	for the present
3. Bank loan in Finland	2,538	0	30 Oct 2019
4. Bank loan in Finland	0	1,567	-
5. Bank loan in Finland	0	824	-
6. Bank loan in Finland	0	463	-
7. Bank loan in Finland	0	184	-
8. Account with credit facility in India	1,833	2,384	Bank loan 1 Jun 2019, limit for the present
Total	7,404	7,252	
Other loans			
Other loans	302	46	1 Sep 2018
Pension loan (India)	269	321	-
Total	571	367	
Total	7,975	7,620	

SUMMARY

Focus, high service level and lean operations key to good profitability

Market promise and positioning work well and the company is able to take further organic growth

Well-positioned to capture the emerging opportunity in India

Q & A