

Incap

Company report

10/28/2021 08.00



Joonas Korkiakoski
+358 40 1828 660
joonas.korkiakoski@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Menoa ja meininkiä" published on 10/28/2021 at 8:00 am

inde
res.

We are in full swing

Incap published its Q3 report yesterday. The strong H1 was followed by clearly stronger performance than expected. The company's performance is admirably strong and finding operational softness is very difficult. However, the price of the undeniable high-quality company has increased and the 12-month return/risk ratio is no longer what it used to be. We lower our recommendation to Reduce (previously Accumulate), but raise our target price to EUR 70 (previously EUR 55).

A bewildering quarter

In Q3, Incap's revenue grew by 67% to EUR 47 million, which exceeded our EUR 37.9 million estimate clearly. We believe the strong revenue growth reflects the broadly developed demand in the customer portfolio, and within it, especially the nicely increased order volumes of the largest customers. Naturally, as in H1, strong volume growth has been boosted by the production capacity of India that strengthened at the end of last year, as well as the delivery capacity, which remains free from substantial utilization rate limitations. In Q3, Incap reached EUR 7.9 in adjusted EBIT and an excellent 16.8% EBIT margin relative to the general industry level. We believe the strong earnings growth was based on the combined effects from high growth in production volumes, improved efficiency levels from the comparison period (incl. favorable changes in the product mix), and better purchasing synergies from the AWS transaction than one year ago. Overall, Q3 was a bewilderingly good quarter, and we believe another excellent indication of both daily performance and the operational performance this enables.

Clear estimate hikes again

Incap revised its guidance for the current year in the Q3 report. The company now estimates that its revenue will be EUR 166–171 million and operating profit (EBIT) EUR 24–26 million in 2021, provided that there are no major changes in the COVID pandemic situation, currency exchange rates or in component availability. The ranges given are positive surprises as prior to the Q3 report our 2022 estimates were roughly at these levels. In line with the more detailed guidance, we made visible changes to our estimates for the rest of the year, and we expect the company's performance will unexpectedly be within the updated guidance. Based on Incap's competitiveness, the quality we estimate for the customer portfolio and the growing production capacity in India, we also made clear increases in our 2022 estimates. Next year, we expect the company's revenue to increase by 22% to EUR 205 million, driven by the well evolving order volumes of established customers and realized benefits from new customer procurement. We expect EBIT to increase with improved volume growth and strong operational efficiency to EUR 31.8 million. Key risks are directed at how key customers' businesses perform.

Quality is a bit too expensive

Incap's P/E ratios for 2021 and 2022 based on our estimates are 21x and 17x, while the corresponding EV/EBITDA ratios are 15x and 12x. Absolute multiples have already risen well above historical levels and, at the same time, above our undated neutral range for the company. While we are convinced of the company's qualitative characteristics and the value creation opportunities they provide, we do not currently see these factors as sufficient to compensate for the tightening valuation in the short term and the risks associated with it. Thus, we consider the annual return expectation to be slightly too low and the return/risk ratio undesirable.

Recommendation

Reduce

(previous Accumulate)

EUR 70.00

(previous EUR 55.00)

Share price:

73.90



Key figures

	2020	2021e	2022e	2023e
Revenue	106.5	167.8	204.7	229.2
growth-%	50 %	58 %	22 %	12 %
EBIT adj.	14.6	25.7	31.8	35.6
EBIT-% adj.	13.8 %	15.3 %	15.5 %	15.5 %
Net Income	9.2	19.9	24.8	28.0
EPS (adj.)	1.87	3.50	4.30	4.82

P/E (adj.)	9.8	21.1	17.2	15.3
P/B	2.8	6.8	5.2	4.1
Dividend yield-%	0.0 %	1.1 %	1.2 %	1.4 %
EV/EBIT (adj.)	7.7	16.8	13.1	11.3
EV/EBITDA	7.1	15.4	12.3	10.8
EV/S	1.1	2.6	2.0	1.7

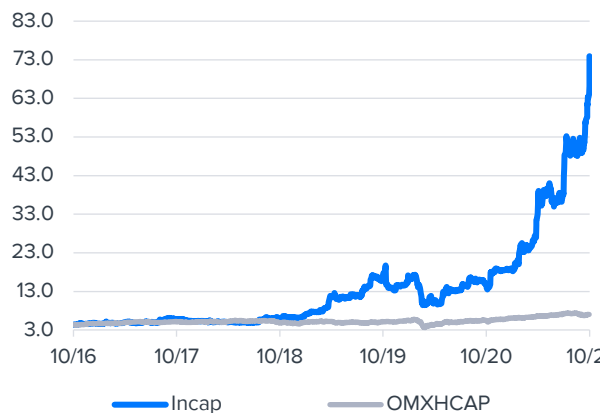
Source: Inderes

Guidance

(Revised)

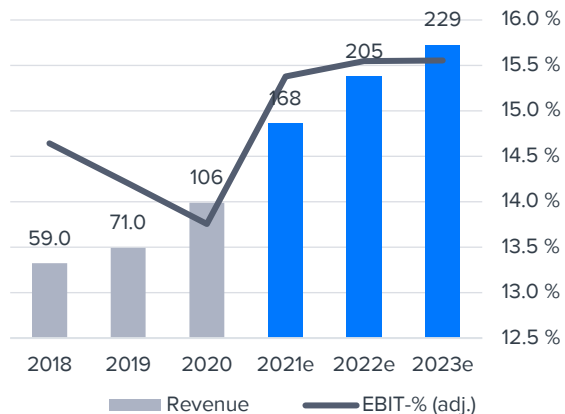
Incap estimates that its revenue will be EUR 166–171 million and operating profit (EBIT) EUR 24–26 million in 2021.

Share price



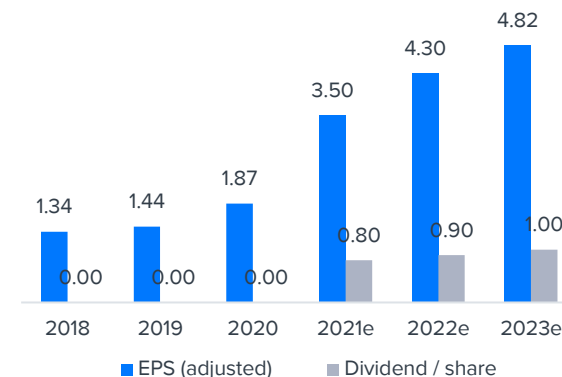
Source: Thomson Reuters

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



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

Valuation	2021e	2022e	2023e
Share price	73.90	73.90	73.90
Number of shares, millions	5.85	5.85	5.85
Market cap	432	432	432
EV	432	415	400
P/E (adj.)	20.9	17.1	15.2
P/E	21.5	17.3	15.3
P/FCF	>100	19.8	21.1
P/B	6.8	5.1	4.0
P/S	2.6	2.1	1.9
EV/Sales	2.6	2.0	1.7
EV/EBITDA	15.2	12.2	10.7
EV/EBIT (adj.)	16.6	13.0	11.1
Payout ratio (%)	23.2 %	21.1 %	20.8 %
Dividend yield-%	1.1 %	1.2 %	1.4 %

Source: Inderes

Estimates

Estimates	Q3'20	Q3'21	Q3'21e	Q3'21e	Consensus		Difference (%)	2021e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	28.1	47.0	37.9				24%	169
EBIT (adj.)	3.6	7.9	5.3				49%	25.9
EBIT	3.3	7.8	5.1				53%	25.2
EPS (reported)	0.41	1.09	0.68				62%	3.44
Revenue growth-%	59.6 %	67.3 %	35.0 %				32.3 pp	58.4 %
EBIT-% (adj.)	12.7 %	16.8 %	14.0 %				2.8 pp	15.4 %

Source: Inderes

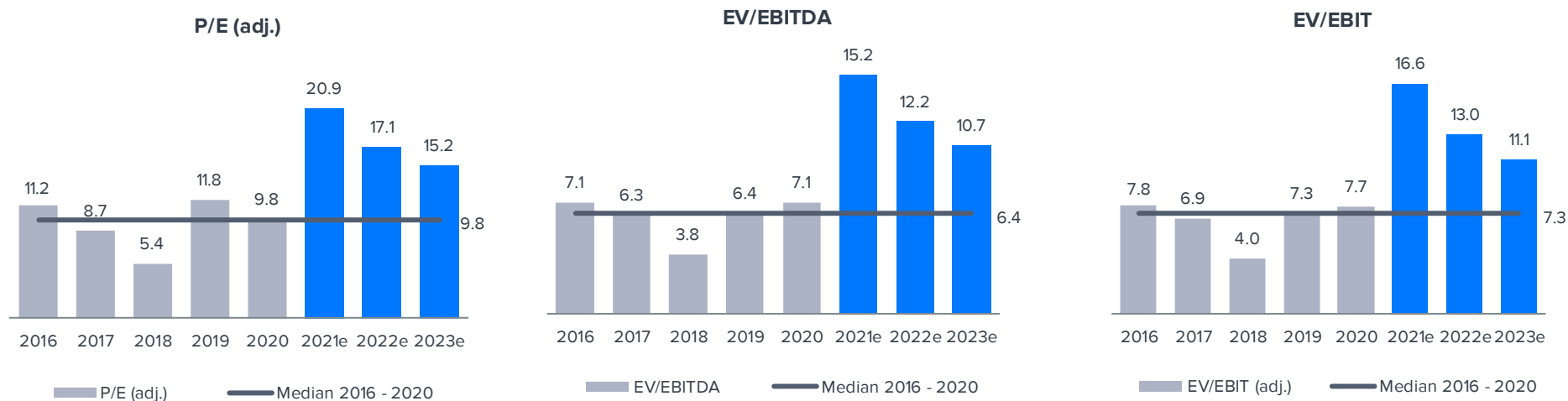
Estimate revisions	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	150	169	12%	176	206	17%	193	231	19%
EBITDA	23.8	28.4	19%	28.6	34.8	22%	31.7	38.8	22%
EBIT (exc. NRIs)	21.5	25.9	21%	25.8	32.0	24%	28.8	35.9	25%
EBIT	20.7	25.2	22%	25.4	31.6	24%	28.5	35.6	25%
EPS (raportoitu)	2.83	3.44	22%	3.41	4.27	25%	3.78	4.81	27%
DPS	0.60	0.80	33%	0.65	0.90	38%	0.70	1.00	43%

Source: Inderes

Valuation table

Valuation	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	5.46	6.19	7.26	16.9	18.5	73.90	73.90	73.90	73.90
Number of shares, millions	4.37	4.37	4.37	4.37	5.82	5.85	5.85	5.85	5.85
Market cap	24	27	32	74	107	432	432	432	432
EV	29	31	35	73	113	432	415	400	379
P/E (adj.)	11.2	8.7	5.4	11.8	9.8	20.9	17.1	15.2	14.0
P/E	11.2	8.7	5.4	11.8	11.6	21.5	17.3	15.3	14.1
P/FCF	neg.	11.7	13.7	11.4	neg.	>100	19.8	21.1	16.3
P/B	3.0	2.6	2.0	3.4	2.8	6.8	5.1	4.0	3.3
P/S	0.6	0.6	0.5	1.0	1.0	2.6	2.1	1.9	1.7
EV/Sales	0.8	0.6	0.6	1.0	1.1	2.6	2.0	1.7	1.5
EV/EBITDA	7.1	6.3	3.8	6.4	7.1	15.2	12.2	10.7	9.2
EV/EBIT (adj.)	7.8	6.9	4.0	7.3	7.7	16.6	13.0	11.1	9.8
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.2 %	21.1 %	20.8 %	21.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.1 %	1.2 %	1.4 %	1.5 %

Source: Inderes



Peer group valuation

Peer group valuation	Share price	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company		MEUR	MEUR	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e
Cicor Technologies Ltd	57.20	155	172									1.8	2.3	
Integrated Micro-Electronics Inc	8.92	336	490	43.3	11.5	9.9	6.8	0.4	0.4	77.8	12.9		0.6	0.9
Data Modul AG	63.00	224	213	6.5	5.3	5.8	4.9	0.6	0.6	10.8	9.7			2.0
Hanza Holding AB	33.80	113	156	12.6	9.0	5.0	4.3	0.4	0.4	12.2	11.9	0.8	2.2	1.1
Kitron ASA	190.00	333	403	15.4	11.7	11.2	9.0	1.1	0.9	18.2	12.8	3.9	5.4	3.6
Lacroix Group SA	25.00	181	252	12.6	10.5	7.2	6.0	0.4	0.4	15.2	12.5	2.2	2.5	1.2
Scanfil Oyj	7.78	506	531	12.3	10.2	9.0	8.0	0.8	0.7	16.0	13.6	2.3	2.6	2.5
Hana Microelectronics PCL	81.50	1686	1442	22.3	18.2	14.3	12.4	2.2	2.0	25.6	22.2	2.2	2.6	2.8
SVI PCL	5.40	320	356							19.7	17.3	2.0	2.4	2.8
TT electronics PLC	256.50	536	666	15.3	12.4	10.6	9.0	1.2	1.1	17.4	14.5	2.2	2.5	1.5
Katek Se	30.55	408	399		17.1		8.8		0.7		22.0			
Incap (Inderes)	73.90	432	432	16.6	13.0	15.2	12.2	2.6	2.0	20.9	17.1	1.1	1.2	6.8
Average				17.5	11.8	9.1	7.7	0.9	0.8	23.7	14.9	2.2	2.7	2.0
Median				14.0	11.5	9.5	8.4	0.7	0.7	17.4	13.3	2.2	2.5	2.0
Diff-% to median				19%	13%	60%	46%	277%	205%	20%	29%	-51%	-51%	245%

Source: Thomson Reuters / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company

Income statement

Income statement	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21e	2021e	2022e	2023e	2024e
Revenue	71.0	24.3	22.6	28.1	31.5	106	37.7	33.6	47.0	50.4	169	206	231	249
Incap	71.0	24.3	22.6	28.1	31.5	106	37.7	33.6	47.0	50.4	169	206	231	249
EBITDA	11.5	2.9	3.0	3.8	6.3	15.9	6.3	5.1	8.6	8.4	28.4	34.8	38.8	41.8
Depreciation	-1.4	-0.7	-0.9	-0.5	-1.2	-3.3	-0.8	-0.8	-0.8	-0.8	-3.2	-3.2	-3.2	-3.2
EBIT (excl. NRI)	10.1	2.7	2.9	3.6	5.5	14.6	5.7	4.5	7.9	7.8	25.9	32.0	35.9	38.8
EBIT	10.1	2.2	2.1	3.3	5.1	12.6	5.5	4.3	7.8	7.6	25.2	31.6	35.6	38.6
Net financial items	-0.4	-0.2	-0.4	-0.3	-0.2	-1.1	-0.1	-0.2	-0.2	-0.2	-0.6	-0.4	-0.4	-0.4
PTP	9.7	2.0	1.7	3.0	4.9	11.5	5.4	4.1	7.6	7.5	24.6	31.3	35.2	38.3
Taxes	-3.4	-0.5	-0.5	-0.6	-0.7	-2.3	-0.8	-0.9	-1.3	-1.5	-4.4	-6.3	-7.0	-7.7
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	0.0	0.0
Net earnings	6.3	1.5	1.2	2.4	4.2	9.2	4.6	3.2	6.3	6.0	20.1	25.0	28.2	30.6
EPS (adj.)	1.44	0.33	0.31	0.45	0.78	1.87	0.82	0.58	1.09	1.05	3.54	4.33	4.85	5.26
EPS (rep.)	1.44	0.26	0.20	0.41	0.72	1.59	0.79	0.55	1.08	1.02	3.44	4.27	4.81	5.24
Key figures	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21e	2021e	2022e	2023e	2024e
Revenue growth-%	20.5 %	31.4 %	20.7 %	59.6 %	94.5 %	49.9 %	55.1 %	48.9 %	67.3 %	59.8 %	58.4 %	22.0 %	12.0 %	8.0 %
Adjusted EBIT growth-%	16.8 %	-4.6 %	-2.3 %	60.1 %	161.8 %	45.2 %	112.2 %	57.4 %	122.1 %	41.3 %	77.1 %	23.3 %	12.0 %	8.3 %
EBITDA-%	16.1 %	11.7 %	13.2 %	13.4 %	20.0 %	15.0 %	16.6 %	15.2 %	18.3 %	16.7 %	16.8 %	16.9 %	16.8 %	16.8 %
Adjusted EBIT-%	14.2 %	11.1 %	12.6 %	12.7 %	17.6 %	13.8 %	15.2 %	13.4 %	16.8 %	15.5 %	15.4 %	15.5 %	15.6 %	15.6 %
Net earnings-%	8.8 %	6.3 %	5.2 %	8.5 %	13.2 %	8.7 %	12.2 %	9.6 %	13.4 %	11.9 %	11.9 %	12.1 %	12.2 %	12.3 %

Lähde: Inderes

Balance sheet

Assets	2019	2020	2021e	2022e	2023e
Non-current assets	8.6	24.1	25.7	28.1	29.7
Goodwill	0.9	7.1	7.1	7.1	7.1
Intangible assets	0.0	4.6	4.1	3.3	3.1
Tangible assets	7.3	11.4	14.3	17.5	19.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.4	0.2	0.2	0.2	0.2
Deferred tax assets	0.0	0.7	0.0	0.0	0.0
Current assets	27.9	52.3	76.3	97.4	120.4
Inventories	10.8	24.2	33.7	33.4	38.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	10.4	24.2	30.8	38.1	43.8
Cash and equivalents	6.7	3.9	11.8	26.0	38.3
Balance sheet total	36.5	76.4	102.0	125.6	150

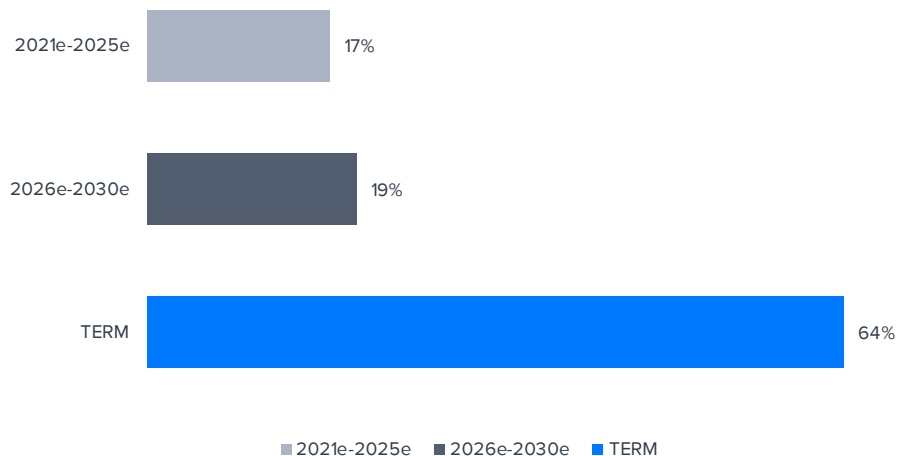
Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
Equity	21.9	38.5	64.0	84.3	107
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	11.5	20.7	40.9	61.2	84.1
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-1.7	-4.6	0.0	0.0	0.0
Other equity	11.0	21.4	22.1	22.1	22.1
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	4.0	8.6	6.9	5.3	3.8
Deferred tax liabilities	0.0	0.9	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	4.0	6.1	6.9	5.3	3.8
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	1.6	0.0	0.0	0.0
Current liabilities	10.6	29.2	31.2	36.0	38.9
Short term debt	2.2	3.7	4.2	3.1	2.0
Payables	8.4	25.6	27.0	32.9	36.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	36.5	76.4	102.0	125.6	149.9

DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
EBIT (operating profit)	12.6	25.2	31.6	35.6	38.6	39.6	40.6	42.2	43.9	45.2	46.3	
+ Depreciation	3.3	3.2	2.3	1.7	2.6	2.5	3.2	3.2	3.2	3.3	3.3	
- Paid taxes	-2.1	-4.6	-6.3	-7.0	-7.7	-7.9	-8.5	-8.9	-9.2	-9.5	-9.7	
- Tax, financial expenses	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-10.0	-14.7	-1.1	-6.4	-3.6	-2.9	-3.1	-2.2	-2.3	-1.8	-1.5	
Operating cash flow	3.6	9.0	26.5	23.8	29.9	31.2	32.2	34.4	35.6	37.2	38.4	
+ Change in other long-term liabilities	1.6	-1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-18.1	-5.5	-4.7	-3.3	-3.3	-3.3	-3.3	-3.3	-3.3	-3.3	-3.3	
Free operating cash flow	-12.9	1.8	21.8	20.5	26.6	27.9	28.9	31.1	32.3	33.9	35.1	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-12.9	1.8	21.8	20.5	26.6	27.9	28.9	31.1	32.3	33.9	35.1	625
Discounted FCFF		1.8	19.9	17.3	20.7	20.1	19.2	19.2	18.4	17.9	17.1	305
Sum of FCFF present value		477	475	455	438	417	397	378	358	340	322	305
Enterprise value DCF		477										
- Interesting bearing debt		-9.8										
+ Cash and cash equivalents		3.9										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		471										
Equity value DCF per share		80.5										

Cash flow distribution



Wacc	
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	1.30%
Risk free interest rate	2.0 %
Cost of equity	9.2 %
Weighted average cost of capital (WACC)	8.1 %

Source: Inderes

Summary

Income statement	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	59.0	71.0	106.5	168.7	205.8	EPS (reported)	1.34	1.44	1.59	3.44	4.28
EBITDA	9.1	11.5	15.9	28.4	33.9	EPS (adj.)	1.34	1.44	1.87	3.54	4.33
EBIT	8.6	10.1	12.6	25.2	31.6	OCF / share	0.81	1.74	0.61	1.53	4.54
PTP	7.9	9.7	11.5	24.6	31.3	FCF / share	0.53	1.48	-2.21	0.31	3.73
Net Income	5.8	6.3	9.2	20.1	25.0	Book value / share	3.61	5.01	6.62	10.94	14.41
Extraordinary items	0.0	0.0	-2.1	-0.7	-0.4	Dividend / share	0.00	0.00	0.00	0.80	0.90
Balance sheet	2018	2019	2020	2021e	2022e	Growth and profitability	2018	2019	2020	2021e	2022e
Balance sheet total	32.1	36.5	76.4	102.0	125.6	Revenue growth-%	21%	20%	50%	58%	22%
Equity capital	15.8	21.9	38.5	64.0	84.3	EBITDA growth-%	84%	25%	39%	78%	20%
Goodwill	0.9	0.9	7.1	7.1	7.1	EBIT (adj.) growth-%	91%	17%	45%	77%	23%
Net debt	3.1	-0.5	5.9	-0.7	-17.6	EPS (adj.) growth-%	88%	7%	30%	89%	22%
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	16%	16%	15%	17%	16%
EBITDA	9.1	11.5	15.9	28.4	33.9	EBIT (adj.)-%	15%	14%	14%	15%	16%
Change in working capital	-3.3	-1.3	-10.0	-14.7	-1.1	EBIT-%	15%	14%	12%	15%	15%
Operating cash flow	3.5	7.6	3.6	9.0	26.5	ROE-%	45%	33%	31%	39%	34%
CAPEX	-1.2	-1.1	-18.1	-5.5	-4.7	ROI-%	44%	41%	33%	41%	38%
Free cash flow	2.3	6.5	-12.9	1.8	21.8	Equity ratio	49%	60%	50%	63%	67%
						Gearing	20%	-2%	15%	-1%	-21%
Valuation multiples	2018	2019	2020	2021e	2022e						
EV/S	0.6	1.0	1.1	2.6	2.0						
EV/EBITDA (adj.)	3.8	6.4	7.1	15.2	12.2						
EV/EBIT (adj.)	4.0	7.3	7.7	16.6	13.0						
P/E (adj.)	5.4	11.8	9.8	20.9	17.1						
P/B	2.0	3.4	2.8	6.8	5.1						
Dividend-%	0.0 %	0.0 %	0.0 %	1.1 %	1.2 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report. Inderes' analyst Joonas Korhikoski has based on a notification received on April 8, 2021 a holding of over EUR 50,000 in the target company Incap Oyj.

Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
07-11-19	Reduce	18.50 €	18.85 €
24-01-20	Accumulate	21.00 €	18.95 €
27-02-20	Accumulate	20.00 €	17.45 €
24-03-20	Accumulate	12.50 €	11.00 €
25-03-20	Accumulate	12.50 €	11.65 €
21-04-20	Reduce	12.00 €	12.45 €
12-05-20	Accumulate	13.00 €	12.00 €
25-05-20	Accumulate	14.00 €	12.85 €
27-08-20	Accumulate	20.00 €	18.55 €
17-09-20	Accumulate	20.00 €	18.00 €
27-10-20	Accumulate	17.50 €	15.10 €
12-11-20	Accumulate	19.00 €	17.00 €
26-11-20	Accumulate	20.00 €	18.00 €
25-02-21	Accumulate	27.00 €	24.40 €
28-04-21	Accumulate	38.00 €	35.25 €
29-07-21	Accumulate	46.00 €	42.90 €
16-09-21	Accumulate	55.00 €	50.60 €
28-10-21	Reduce	70.00 €	73.90 €



Inderes' mission is to connect listed companies and investors. We produce high-quality research and content for the needs of our extensive investor community.

At Inderes we believe that open data is every investor's fundamental right. We guarantee investors' access to award-winning research, insightful video content and an active investor community.

For listed companies we ensure that there is always high-quality information available on the company for investors and shareholders for decision making, and that data collected from investors can be utilized by the companies.

Over 100 Finnish listed companies want to serve their shareholders and investors through us by utilizing our company research services, data driven IR services, content creation and consulting.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



STARMINE
ANALYST AWARDS
FROM REFINITIV



THOMSON REUTERS
ANALYST AWARDS



Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen
2014, 2016, 2017, 2019



Sauli Vilén
2012, 2016, 2018, 2019, 2020



Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020



Petri Kajaani
2017, 2019, 2020



Joni Grönqvist
2019, 2020



Erkki Vesola
2018, 2020



Petri Gostowski
2020



Atte Riikola
2020



Olli Koponen
2020

**Research belongs
to everyone.**