

Q3 result broadly in line

DT's Q3 net sales at EUR 26.9m (+9.5% y/y) vs. EUR 27.9m/27.6m Evli/consensus estimates. SBU sales grew +42.3% to EUR 18.6m (EUR 17.9m our expectation) and MBU sales declined -27.6% to EUR 8.4m (EUR 10.0m our expectation). DT's Q3 EBIT came in at EUR 5.1m vs. our estimates of EUR 4.9m (EUR 5.2m cons).

- **Group level results:** Q3 net sales amounted to EUR 26.9m (+9.5% y/y) vs. EUR 27.9m/27.6m Evli/consensus estimates. Q3 EBIT was EUR 5.1m (19.1% margin) vs. EUR 4.9m/5.2m Evli/cons. R&D costs amounted to EUR 2.6m or 9.7% of net sales.
- **Medical Business Unit (MBU)** delivered net sales of EUR 8.4m which was below our estimate of EUR 10.0m. Net sales of MBU decreased by -27.6% y/y due to softening of the medical CT market and the ramp-down of one key MBU customer's product.
- **Security and Industrial Business Unit (SBU)** had net sales of EUR 18.6m vs. EUR 17.9m Evli estimate. SBU sales grew 42.3% y/y due to strong demand especially in airport applications.
- **Outlook update:** DT expects growth in net sales, but growth to slow down in Q4 compared to the previous year. Previous guidance was for Q3.
- **Medium-term business outlook is unchanged:** to increase sales by at least 15% p.a. and to achieve an EBIT margin at or above 15% in the medium term.

| Rating | BUY |
|-----------------------------------------------------|---------------------------------------------------------------------------------|
| Share price, EUR (Last trading day's closing price) | 21.40 |
| Target price, EUR | 23.5 |
| Latest change in | 01-Feb-19 |
| Latest report on company | |
| Research paid by issuer: | |
| No. of shares outstanding, | 14,375 |
| No. of shares fully diluted, | 14,875 |
| Market cap, EURm | 308 |
| Free float, % | 0.0 |
| Exchange rate | 0.000 |
| Reuters code | DETEC.HE |
| Bloomberg code | DETEC FH |
| Average daily volume, | 0.0 |
| Next interim report | 25-Oct-19 |
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BUY HOLD SELL

PRE-REPORT KEY FIGURES

| | Sales EURm | EBIT EURm | EBIT % | FCF EURm | EPS EUR | P/E (x) | EV/Sales (x) | EV/EBIT (x) | FCF yield % | DPS EUR |
|--------------------------|---------------|--------------|-------------------------|-------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2017 | 89.0 | 19.9 | 22.4% | 16.4 | 1.09 | 16.5 | 2.6 | 11.5 | 6.6 | 0.35 |
| 2018 | 93.9 | 18.5 | 19.7% | 1.6 | 1.03 | 15.1 | 2.2 | 11.1 | 0.7 | 0.38 |
| 2019E | 106.7 | 18.9 | 17.7% | 13.9 | 1.02 | 21.0 | 2.6 | 14.8 | 4.5 | 0.38 |
| 2020E | 122.0 | 23.1 | 18.9% | 14.5 | 1.27 | 16.8 | 2.2 | 11.8 | 4.7 | 0.47 |
| 2021E | 139.3 | 26.5 | 19.0% | 15.8 | 1.47 | 14.5 | 1.9 | 9.9 | 5.1 | 0.59 |
| Market cap, EURm | | 308 | BV per share 2019E, EUR | | | -44.2 | CAGR EPS 2018-21, % | | | 12.5 |
| Net debt 2019E, EURm | | -27 | Price/book 2019E | | | 5.1 | CAGR sales 2018-21, % | | | 14.1 |
| Enterprise value, EURm | | 281 | Dividend yield 2019E, % | | | 1.8 | ROE 2019E, % | | | 26.2 |
| Total assets 2019E, EURm | | 83 | Tax rate 2019E, % | | | 18.4 | ROCE 2019E, % | | | 31.2 |
| Goodwill 2019E, EURm | | 0 | Equity ratio 2019E, % | | | 73.5 | PEG, P/E 19/CAGR | | | 1.5 |

All the important disclosures can be found on the last pages of this report.

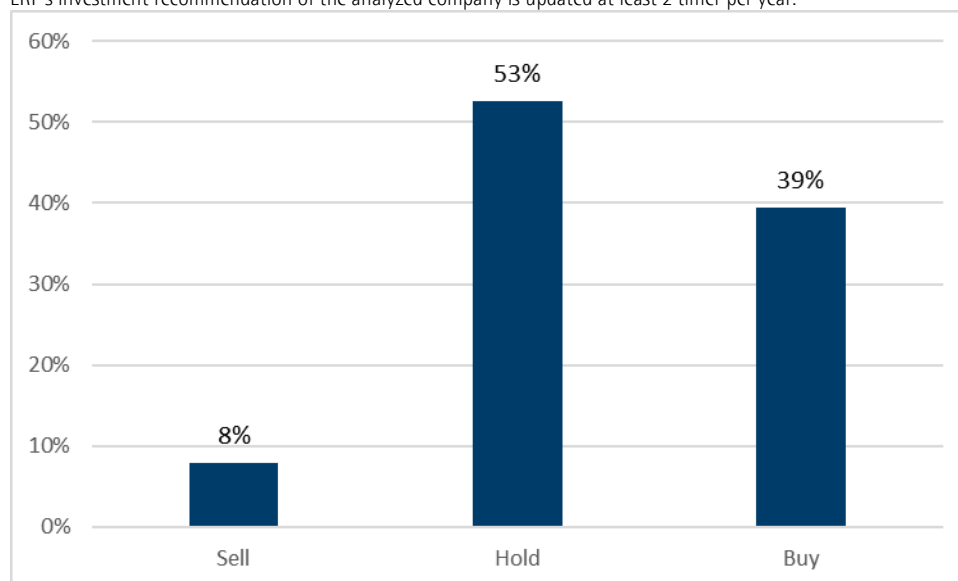
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Investment recommendations are defined as follows:

| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 – (+10) % | HOLD |
| > 10 % | BUY |

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Forslund

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