

Slowish start, but things are picking up

DT believes that worst challenges in SBU are behind and security will head toward growth starting in Q2. As the security market is slowly starting to recover and demand in medical market remains strong, we remain positive towards the investment case given both the market drivers as well as DT's strategy and execution capabilities. Based on increased confidence in security market recovery and strong outlook in medical, we raise our target price to €30 (prev. €28.5) but maintain HOLD recommendation.

A slow start to the year

DT's Q1 result was broadly in line regarding net sales, but EBIT clearly missed ours and consensus expectations, although EBIT improved somewhat y/y. Q1 net sales amounted to EUR 18.3m (-8% y/y) vs. EUR 19.2m/19.2m Evli/consensus estimates. Q1 EBIT was EUR 1.4m (7,5% margin) vs. EUR 2.2m/1.94m Evli/cons. R&D costs amounted to EUR 2.4m or 13% of net sales (Q1'20: 2,6m, 13%). SBU net sales decreased -37,7% to EUR 5.8m vs. EUR 6.0m Evli estimate. Decrease was mainly due to COVID-19 situation continuing to affect the security market. IBU net sales increased +11% to EUR 2.4m vs. EUR 2.7m Evli estimate. MBU net sales increased +20% to EUR 10.1m which was broadly in line with our estimate of EUR 10.5m. Growth was driven by continued good demand for medical CT applications, especially in China.

Strong medical to continue, security also starting to recover

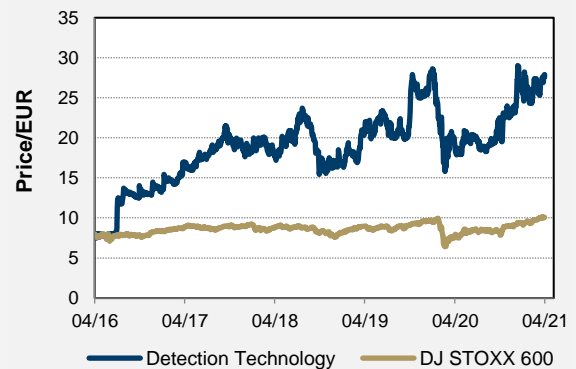
The increased investments in healthcare infrastructure and demand for CT applications have kept momentum for MBU strong. As a result, DT expects MBU sales to grow over 20% in Q2 and H2. DT is also seeing early positive signals in the security market after a difficult year. DT believes that worst challenges in SBU are behind and security will head toward growth starting in Q2 and continue to grow in H2. IBU sales is expected to be at the same level as in the comparison period in Q2 but to grow in H2. In total, DT expects total net sales to grow double-digit in Q2 and in H2 of 2021 driven mainly by the strong medical demand.

Target price of €30 (prev. €28.5), HOLD rating

Our estimates are broadly unchanged after the report. As the security market is slowly starting to recover and demand in medical market remains strong, we remain positive towards the investment case given both the market drivers as well as DT's strategy and execution capabilities. We expect both net sales and EBIT growth to recover in 2021E, but accurately predicting the slope of the recovery is challenging. We expect 2021E to be a year of recovery, and DT to resume above 15% margins from 2022E onwards. Based on increased confidence in security market recovery and strong outlook in medical, we raise our target price to €30 (prev. €28.5) but maintain HOLD recommendation.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 27.60

Target price, EUR 30.0

Latest change in recommendation 21-Apr-21

Latest report on company 21-Apr-21

Research paid by issuer: YES

No. of shares outstanding, '000's 14,375

No. of shares fully diluted, '000's 14,875

Market cap, EURm 397

Free float, % -

Exchange rate -

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm -

Next interim report 3-Aug-21

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■ BUY ■ HOLD ■ SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	102.5	17.0	16.6%	7.6	0.87	29.5	3.4	20.4	2.1	0.38
2020	81.6	8.7	10.7%	5.6	0.47	51.0	4.0	37.1	1.6	0.28
2021E	92.5	11.4	12.3%	5.8	0.62	44.4	4.1	33.0	1.5	0.38
2022E	106.8	17.2	16.1%	7.8	0.93	29.8	3.5	21.8	2.0	0.42
2023E	120.4	19.9	16.6%	9.3	1.08	25.6	3.1	18.6	2.3	0.54
Market cap, EURm			397	Gearing 2021E, %		-33.2	CAGR EPS 2020-23, %			31.9
Net debt 2021E, EURm			-21	Price/book 2021E		6.3	CAGR sales 2020-23, %			13.9
Enterprise value, EURm			376	Dividend yield 2021E, %		1.4	ROE 2021E, %			14.7
Total assets 2021E, EURm			84	Tax rate 2021E, %		20.0	ROCE 2021E, %			16.9
Goodwill 2021E, EURm			0	Equity ratio 2021E, %		76.2	PEG, P/E 21/CAGR			2.1

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	19.9	21.1	20.6	19.9	81.6	18.3	23.8	24.5	25.9	92.5	106.8	120.4
EBITDA	2.0	3.4	3.4	3.1	11.9	2.2	3.8	4.1	4.5	14.6	20.0	22.5
<i>EBITDA margin (%)</i>	<i>9.9</i>	<i>15.9</i>	<i>16.5</i>	<i>15.9</i>	<i>14.6</i>	<i>12.2</i>	<i>15.9</i>	<i>16.7</i>	<i>17.4</i>	<i>15.8</i>	<i>18.8</i>	<i>18.6</i>
EBIT	1.2	2.6	2.6	2.3	8.7	1.4	3.0	3.3	3.7	11.4	17.2	19.9
<i>EBIT margin (%)</i>	<i>6.0</i>	<i>12.3</i>	<i>12.6</i>	<i>11.8</i>	<i>10.7</i>	<i>7.6</i>	<i>12.6</i>	<i>13.5</i>	<i>14.3</i>	<i>12.3</i>	<i>16.1</i>	<i>16.6</i>
Net financial items	0.0	-0.3	-0.1	-0.1	-0.6	0.0	0.0	0.0	0.0	-0.2	-0.5	-0.6
Pre-tax profit	1.2	2.3	2.5	2.2	8.1	1.3	3.0	3.3	3.7	11.2	16.6	19.3
Tax	-0.2	-0.5	-0.8	0.1	-1.4	0.0	-0.6	-0.6	-0.7	-2.2	-3.3	-3.9
<i>Tax rate (%)</i>	<i>20.0</i>	<i>21.6</i>	<i>31.5</i>	<i>-6.6</i>	<i>16.7</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.9	1.8	1.7	2.4	6.7	1.3	2.4	2.6	2.9	8.9	13.3	15.5
EPS	0.06	0.12	0.12	0.16	0.47	0.09	0.16	0.18	0.20	0.62	0.93	1.08
EPS adjusted (diluted no. of shares)	0.06	0.12	0.11	0.16	0.45	0.09	0.16	0.17	0.20	0.60	0.90	1.04
Dividend per share	0.00	0.00	0.00	0.00	0.28	0.00	0.00	0.00	0.00	0.38	0.42	0.54
SALES, EURm												
MBU	8.4	9.9	10.1	10.9	39.3	10.1	13.4	13.2	13.6	50.3	58.1	65.1
SBU	9.4	7.8	7.4	6.1	30.7	5.8	7.0	8.0	9.0	29.8	34.4	38.8
IBU	2.2	3.4	3.1	2.8	11.6	2.4	3.4	3.3	3.3	12.4	14.4	16.5
Total	19.9	21.1	20.6	19.9	81.6	18.3	23.8	24.5	25.9	92.5	106.8	120.4
SALES GROWTH, Y/Y %												
MBU	-2.3	22.2	20.4	26.7	16.6	20.2	35.4	31.3	24.8	28.2	15.5	12.0
SBU						-38.0	-10.1	7.5	46.8	-3.0	15.3	13.0
IBU						9.9	-0.1	5.2	16.6	7.3	15.4	15.0
Total	-13.7	-23.1	-23.3	-20.6	-20.4	-8.2	12.8	18.8	30.4	13.5	15.4	12.7
EBIT, EURm												
Total	1.2	2.6	2.6	2.3	8.7	1.4	3.0	3.3	3.7	11.4	17.2	19.9
EBIT margin, %												
Total	6.0	12.3	12.6	11.8	10.7	7.6	12.6	13.5	14.3	12.3	16.1	16.6

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	EBIT % 21E	EBIT % 22E	EBITDA % 21E	EBITDA % 22E	ROCE % 21E	ROCE % 22E
First Sensor AG	SIS-DE	440						
Hamamatsu Photonics K.K.	6965-JP	8262	15,5	17,7	25,5	26,5	10,2	11,0
OSI Systems, Inc.	OSIS-US	1615	9,9	11,6	17,2	17,2	13,9	14,9
Varex Imaging Corporation	VREX-US	824	3,3	9,2	13,1	14,3	6,4	6,9
ams AG	AMS-CH	3699	13,1	12,9	23,6	24,9	8,1	10,6
Analog Devices, Inc.	ADI-US	53365	39,9	43,0	44,1	46,2	13,8	15,2
Keysight Technologies Inc	KEYS-US	24925	24,9	27,3	28,6	29,6	18,0	17,3
Spectris plc	SXS-GB	4521	13,0	16,3	19,5	20,5	13,0	13,8
Oxford Instruments plc	OXIG-GB	1384	17,4	18,0	20,6	20,9	18,2	17,0
Trimble Inc.	TRMB-US	19040	22,9	23,1	23,8	24,6	12,5	12,9
Hexagon AB Class B	HEXA.B-SE	29232	24,8	27,9	36,7	36,9	12,0	12,3
Vaisala Oyj Class A	VAIAS-FI	1202	11,8	12,3	16,8	17,8	15,8	18,6
Peer Group Average		11845	17,7	19,8	24,2	25,2	13,0	13,8
Peer Group Median		4521	15,6	17,8	22,5	23,8	13,4	14,3
Detection Technology (Evli est.)		407	12,3	16,1	15,8	18,8	18,5	22,5

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	ROE % 21E	ROE % 22E	DIV % 21E	DIV % 22E	P/E 21E	P/E 22E
First Sensor AG	SIS-DE	440						
Hamamatsu Photonics K.K.	6965-JP	8262	8,6	9,3	0,6	0,7	53,0x	46,2x
OSI Systems, Inc.	OSIS-US	1615	15,8	15,3	0,0	0,0	19,3x	18,2x
Varex Imaging Corporation	VREX-US	824	6,0	8,6			33,1x	22,0x
ams AG	AMS-CH	3699	12,2	15,9	0,0	0,3	9,6x	7,1x
Analog Devices, Inc.	ADI-US	53365	18,7	20,3	1,5	1,8	26,5x	23,8x
Keysight Technologies Inc	KEYS-US	24925	28,9	25,6	0,0	0,3	25,9x	23,5x
National Instruments Corporation	NATI-US	5477	8,0	11,8	2,2	2,4	60,6x	39,3x
Spectris plc	SXS-GB	4521	13,4	15,1	2,0	2,2	24,4x	21,7x
Oxford Instruments plc	OXIG-GB	1384	20,2	18,3	0,7	0,8	26,5x	25,2x
Trimble Inc.	TRMB-US	19040	15,6	11,9	0,0	0,0	35,6x	31,6x
Hexagon AB Class B	HEXA.B-SE	29232	14,4	14,3	0,8	0,9	34,7x	32,0x
Vaisala Oyj Class A	VAIAS-FI	1202	16,3	18,0	1,8	2,0	35,3x	30,1x
Peer Group Average		11845	14,8	15,4	0,9	1,0	32,0x	26,7x
Peer Group Median		4521	15,0	15,2	0,7	0,8	29,8x	24,5x
Detection Technology (Evli est.)		407	15,9	19,4	1,5	1,6	38,3x	28,3x

28 % 15 %

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	EV/S 21E	EV/S 22E	EV/EBITDA 21E	EV/EBITDA 22E	EV/EBIT 21E	EV/EBIT 22E
First Sensor AG	SIS-DE	440						
Hamamatsu Photonics K.K.	6965-JP	8262	6,5x	6,1x	25,5x	22,9x	39,5x	34,3x
OSI Systems, Inc.	OSIS-US	1615	1,8x	1,6x	10,2x	9,1x	15,4x	13,6x
Varex Imaging Corporation	VREX-US	824	1,7x	1,5x	12,7x	10,6x	19,2x	16,5x
ams AG	AMS-CH	3699	1,0x	0,9x	4,4x	3,7x	10,1x	7,0x
Analog Devices, Inc.	ADI-US	53365	9,6x	9,0x	21,9x	19,5x	23,3x	20,9x
Keysight Technologies Inc	KEYS-US	24925	5,6x	5,1x	19,5x	17,3x	21,3x	18,8x
Spectris plc	SXS-GB	4521	2,9x	2,7x	14,8x	13,2x	19,0x	16,7x
Oxford Instruments plc	OXIG-GB	1384	3,2x	3,0x	15,7x	14,3x	18,4x	16,7x
Trimble Inc.	TRMB-US	19040	6,5x	5,9x	27,3x	23,9x	29,2x	25,5x
Hexagon AB Class B	HEXA.B-SE	29232	8,0x	7,4x	21,8x	20,0x	29,3x	26,5x
Vaisala Oyj Class A	VAIAS-FI	1202	3,1x	2,9x	18,4x	16,2x	28,7x	23,5x
Peer Group Average		11845	4,5x	4,2x	17,6x	15,6x	23,2x	20,1x
Peer Group Median		4521	3,7x	3,4x	18,9x	16,5x	22,3x	19,8x
Detection Technology (Evli est.)		407	3,8x	3,3x	22,5x	17,7x	28,3x	20,6x

Premium/discount relative to peer group median

Source: Factset, Evli Research

4 % -4 % 19 % 7 % 27 % 4 %

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	Sales growth % 21E	Sales growth % 22E	Net debt / EBITDA 21E	Net debt / EBITDA 22E	Equity ratio % 21E	Equity ratio % 22E
First Sensor AG	SIS-DE	440						
Hamamatsu Photonics K.K.	6965-JP	8262	8,1	6,2	-2,0x	-2,0x	79,7	80,5
OSI Systems, Inc.	OSIS-US	1615	-3,5	0,0	0,9x	0,4x	49,5	53,9
Varex Imaging Corporation	VREX-US	824	1,5	5,6	3,4x	2,5x	40,6	42,4
ams AG	AMS-CH	3699	54,7	4,2	1,3x	0,8x	31,0	33,0
Analog Devices, Inc.	ADI-US	53365	16,1	6,5	1,2x	0,9x	56,5	55,5
Keysight Technologies Inc	KEYS-US	24925	14,7	5,9	-0,4x	-0,9x	49,7	55,0
National Instruments Corporation	NATI-US	5477	9,7	0,0	-0,8x	-0,8x	63,5	68,2
Spectris plc	SXS-GB	4521	-2,0	4,1	-0,5x	-0,8x	67,7	68,0
Oxford Instruments plc	OXIG-GB	1384	4,9	5,3	-1,6x	-1,9x	62,8	62,1
Trimble Inc.	TRMB-US	19040	7,5	7,6	1,1x	0,3x	55,1	57,8
Hexagon AB Class B	HEXA.B-SE	29232	8,8	6,0	1,2x	0,7x	57,8	59,4
Vaisala Oyj Class A	VAIAS-FI	1202	1,8	5,7	-0,3x	-0,5x	59,2	61,7
Peer Group Average		11845	10,2	5,7	0,3x	-0,1x	56,1	58,1
Peer Group Median		4521	7,8	5,8	0,3x	-0,1x	57,1	58,6
Detection Technology (Evli est.)		407	13,5	15,4	-1,4x	-1,2x	77,9	76,4

Source: Factset, Evli Research

Updated on April 27th, 2021

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	75.5	89.0	93.9	102.5	81.6	92.5	106.8	120.4
<i>Sales growth (%)</i>	<i>76.5</i>	<i>17.9</i>	<i>5.5</i>	<i>9.2</i>	<i>-20.4</i>	<i>13.5</i>	<i>15.4</i>	<i>12.7</i>
EBITDA	17.3	22.1	20.9	19.9	11.9	14.6	20.0	22.5
<i>EBITDA margin (%)</i>	<i>22.9</i>	<i>24.9</i>	<i>22.3</i>	<i>19.5</i>	<i>14.6</i>	<i>15.8</i>	<i>18.8</i>	<i>18.6</i>
Depreciation	-2.5	-2.2	-2.4	-2.9	-3.2	-3.2	-2.9	-2.5
EBITA	14.8	19.9	18.5	17.0	8.7	11.4	17.2	19.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	14.8	19.9	18.5	17.0	8.7	11.4	17.2	19.9
<i>EBIT margin (%)</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>10.7</i>	<i>12.3</i>	<i>16.1</i>	<i>16.6</i>
Reported EBIT	14.8	19.9	18.5	17.0	8.7	11.4	17.2	19.9
<i>EBIT margin (reported) (%)</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>10.7</i>	<i>12.3</i>	<i>16.1</i>	<i>16.6</i>
Net financials	-0.7	-0.5	-0.1	-1.0	-0.6	-0.2	-0.5	-0.6
Pre-tax profit	14.1	19.4	18.4	16.0	8.1	11.2	16.6	19.3
Taxes	-3.2	-4.2	-3.6	-3.6	-1.4	-2.2	-3.3	-3.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	10.9	15.2	14.9	12.5	6.7	8.9	13.3	15.5
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	6	6	9	10	10	9	10	11
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	11	9	13	14	16	18	21	23
Receivables	22	21	27	27	25	28	32	36
Liquid funds	16	27	22	26	25	29	33	37
Total assets	54	62	71	77	76	84	96	108
Liabilities								
Shareholder's equity	31	42	51	58	58	63	71	81
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	7	5	4	6	6	8	10	11
Non-interest bearing current liabilities	14	15	15	12	11	12	14	16
Other interest-free debt	3	1	0	1	1	1	1	1
Total liabilities	54	62	71	77	76	84	96	108
CASH FLOW, EURm								
+ EBITDA	17	22	21	20	12	15	20	22
- Net financial items	8	11	0	-1	-1	0	-1	-1
- Taxes	-1	-3	-5	-4	-1	-2	-3	-4
- Increase in Net Working Capital	-11	1	-10	-3	-1	-4	-5	-5
+/- Other	-9	-12	0	0	0	0	0	0
= Cash flow from operations	5	19	6	12	9	8	11	13
- Capex	-2	-2	-5	-4	-3	-2	-3	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	3	17	1	8	6	6	8	9
+/- New issues/buybacks	0	-1	0	0	-1	0	0	0
- Paid dividend	-1	-3	-5	-5	-5	-4	-5	-6
+/- Other	6	-2	0	2	0	2	2	1
Change in cash	8	11	-4	4	-1	3	4	4

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	250	224	368	344	397	397	397
Net debt (excl. convertibles)	-22	-18	-20	-19	-21	-23	-27
Enterprise value	228	206	348	324	376	373	370
Sales	89	94	103	82	93	107	120
EBITDA	22	21	20	12	15	20	22
EBIT	20	19	17	9	11	17	20
Pre-tax	19	18	16	8	11	17	19
Earnings	15	15	12	7	9	13	15
Equity book value (excl. minorities)	42	51	58	58	63	71	81
Valuation multiples							
EV/sales	2.6	2.2	3.4	4.0	4.1	3.5	3.1
EV/EBITDA	10.3	9.8	17.4	27.3	25.7	18.6	16.5
EV/EBITA	11.5	11.1	20.4	37.1	33.0	21.8	18.6
EV/EBIT	11.5	11.1	20.4	37.1	33.0	21.8	18.6
EV/OCF	12.3	33.6	28.9	37.7	45.8	33.9	28.4
EV/FCFF	13.3	142.7	41.6	52.7	63.3	45.6	37.7
P/FCFE	14.9	162.4	48.5	61.1	68.8	51.0	42.6
P/E	16.5	15.1	29.5	51.0	44.4	29.8	25.6
P/B	6.0	4.4	6.3	5.9	6.3	5.6	4.9
Target EV/EBITDA	0.0	0.0	0.0	0.0	28.0	20.4	18.0
Target EV/EBIT	0.0	0.0	0.0	0.0	36.0	23.8	20.3
Target EV/FCF	0.0	0.0	0.0	0.0	71.1	52.4	43.4
Target P/B	0.0	0.0	0.0	0.0	6.8	6.1	5.3
Target P/E	0.0	0.0	0.0	0.0	49.9	33.5	28.8
Per share measures							
Number of shares	13,901	14,375	14,375	14,375	14,375	14,375	14,375
Number of shares (diluted)	13,901	14,849	14,875	14,875	14,875	14,875	14,875
EPS	1.09	1.03	0.87	0.47	0.62	0.93	1.08
Operating cash flow per share	1.34	0.43	0.84	0.60	0.57	0.77	0.91
Free cash flow per share	1.21	0.10	0.53	0.39	0.40	0.54	0.65
Book value per share	3.00	3.57	4.06	4.06	4.40	4.95	5.61
Dividend per share	0.35	0.38	0.38	0.28	0.38	0.42	0.54
Dividend payout ratio, %	32.1	36.7	43.9	59.7	61.1	45.0	50.0
Dividend yield, %	1.9	2.4	1.5	1.2	1.4	1.5	1.9
FCF yield, %	6.7	0.6	2.1	1.6	1.5	2.0	2.3
Efficiency measures							
ROE	41.8	32.0	22.7	11.5	14.7	19.8	20.4
ROCE	47.4	36.4	28.5	13.6	16.9	22.6	23.2
Financial ratios							
Inventories as % of sales	9.6	14.2	13.8	19.5	19.5	19.5	19.5
Receivables as % of sales	24.1	28.4	25.9	30.1	30.1	30.1	30.1
Non-interest bearing liabilities as % of sales	16.8	16.4	12.1	13.4	13.4	13.4	13.4
NWC/sales, %	15.7	25.9	27.0	35.6	35.7	35.7	35.8
Operative CAPEX/sales, %	2.1	5.0	4.4	3.6	2.6	3.0	3.1
CAPEX/sales (incl. acquisitions), %	2.1	5.0	4.4	3.6	2.6	3.0	3.1
FCFF/EBITDA	0.8	0.1	0.4	0.5	0.4	0.4	0.4
Net debt/EBITDA, book-weighted	-1.0	-0.9	-1.0	-1.6	-1.4	-1.2	-1.2
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	67.5	73.0	76.6	77.9	76.2	74.9	75.3
Gearing, %	-52.3	-35.6	-34.9	-33.2	-33.2	-32.8	-33.1

COMPANY DESCRIPTION: Detection Technology is a global provider of off-the-shelf and customized X-ray imaging solutions for medical, security and industrial applications. DT's product portfolio ranges from photodiodes to complete detector systems with ASICs, electronics, mechanics and software. The company was established in 1991 and it listed on Nasdaq First North Finland in 2015. The company is headquartered in Finland and has volume production in Beijing, China. Detection Technology has over 500 employees in Finland, China, France and USA, serving 260 active customers in over 40 countries.

INVESTMENT CASE: Demand for Detection Technology's detector solutions is increasing due to expansion of healthcare to a wider share of population in the emerging economies, aging population, growth in travelling and freight transport, urbanization, increased security concerns and increasing need for X-ray imaging applications in industrial inspection. We see investment case attractive due to strong market drivers, especially in China, as well as DT's compelling strategy and execution capabilities, which should enable DT to grow faster than the market and maintain above target level margins. Due to its proximity to the fastest growing market China and inexpensive valuation, DT could be also become an acquisition target.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ac Invest Seven B.V.	5,205,167	143.663	36.2%
OP-Finland Value Fund	651,065	17.969	4.5%
Ilmarinen Mutual Pension Insurance Company	554,000	15.290	3.9%
Varma Mutual Pension Insurance Company	515,000	14.214	3.6%
Sijoitusrahasto Aktia Capital	484,762	13.379	3.4%
Fondita Nordic Micro Cap	390,000	10.764	2.7%
Evli Finnish Small Cap Fund	327,259	9.032	2.3%
Martola Hannu Veikko	322,875	8.911	2.2%
Saastopankki Kotimaa	200,000	5.520	1.4%
Ten largest	8,650,128	238.744	60%
Residual	5,725,302	158.018	40%
Total	14,375,430	396.762	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Hannu Martola

CFO: Petri Hiljanen

IR: Johanna Tarkiainen

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Tel: +358 20 766 9700

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

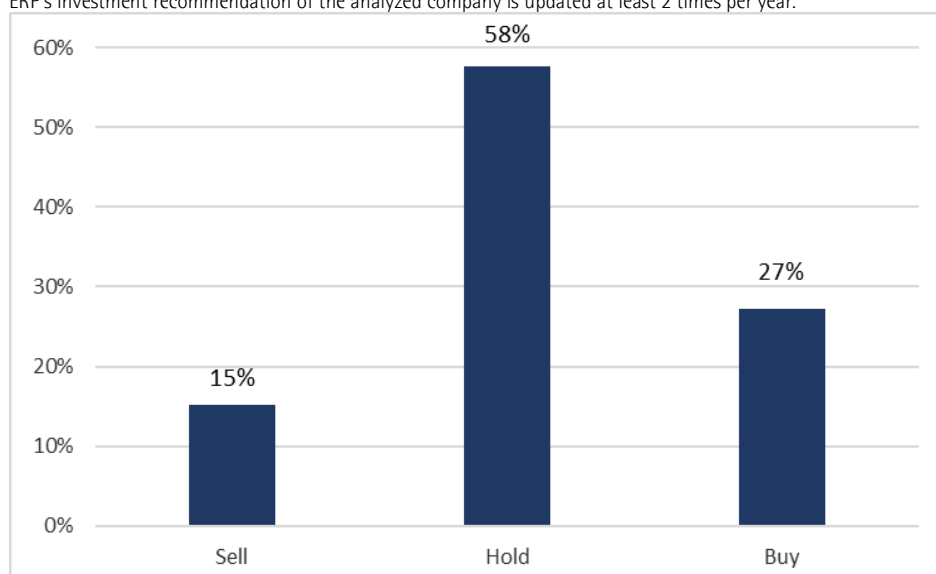
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Investment recommendations are defined as follows:

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 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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