

Growth story unabated

DT delivered a healthy Q3 report, which was broadly in line with expectations. We remain positive to the investment case and have slightly adjusted upwards our estimates. Our rating remains BUY with revised target price of 24.0 euros (prev. 23.5).

Healthy Q3 with strong growth in SBU and softness in MBU

DT's Q3 figures came in close to expectations. 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. SBU sales grew 42.3% y/y to EUR 18.6m (EUR 17.9m Evli) due to strong demand especially in airport applications. MBU sales decreased by -27.6% y/y to EUR 8.4m (EUR 10m Evli) due to softening of the medical CT market and the ramp-down of one key MBU customer's product. R&D costs amounted to EUR 2.6m or 9.7% of net sales.

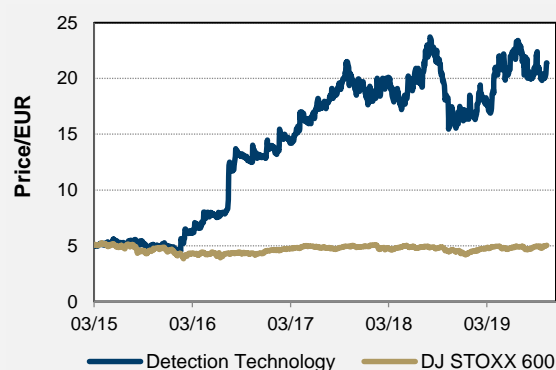
Small estimate changes – growth drivers remain strong

Post Q3, we have made only minor upward adjustments to our estimates. Demand for new standard CT systems for airports has accelerated, starting with Europe and the US as previously noted. Chinese authorities are also commencing their standardization of airport CT equipment, which will support security outlook even further, likely starting 2021 onwards. The slowdown in medical market remains a question which management does not have a clear answer on, but most likely this is only temporary. Overall, DT's growth drivers remain strong, especially in China where Beijing's "Made in China 2025" initiative, has led to double digit growth rates for local Chinese OEM's that are DT's clients. Further support for DT's future sales growth is provided by DT's new product launches such as Aurora, a lower-end and price competitive product family for SBU, and X-Panel, a CMOS flat panel detector product family for static imaging (e.g. dental).

Valuation remains attractive, we maintain BUY rec.

On our estimates, DT is trading at ~20% discount on EV/EBIT and P/E multiples for '19-20E, which we see as unjustified. Our rating remains BUY with revised target price of 24.0 euros (prev. 23.5).

Rating

+ BUY


Share price, EUR (Last trading day's closing price) 21.40

Target price, EUR 24.0

Latest change in recommendation 04-Feb-19

Latest report on company 22-Oct-19

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 308

Free float, %

Exchange rate

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm

Next interim report

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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
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	105.2	18.9	18.0%	14.3	1.02	21.0	2.7	14.8	4.6	0.38
2020E	120.9	23.0	19.0%	14.4	1.27	16.8	2.2	11.8	4.7	0.47
2021E	138.2	27.6	20.0%	16.7	1.54	13.9	1.9	9.5	5.4	0.62
Market cap, EURm		308	Gearing 2019E, %			-44.8	CAGR EPS 2018-21, %			14.1
Net debt 2019E, EURm		-27	Price/book 2019E			5.1	CAGR sales 2018-21, %			13.7
Enterprise value, EURm		281	Dividend yield 2019E, %			1.8	ROE 2019E, %			26.2
Total assets 2019E, EURm		82	Tax rate 2019E, %			18.4	ROCE 2019E, %			31.4
Goodwill 2019E, EURm		0	Equity ratio 2019E, %			74.5	PEG, P/E 19/CAGR			1.6

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

Our rating remains BUY with revised target price of 24.0 euros (prev. 23.5)

Valuation remains attractive, we maintain BUY recommendation

On our estimates, DT is trading at ~20% discount on EV/EBIT and P/E multiples for '19-20E, which we see as unjustified. Despite the short visibility, 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 current valuation, DT could be also become an acquisition target. Our target price translates into an EV/EBIT multiple of 16.8x and 13.4x on our '19E and '20E estimates, some 6-20% under our peer group median, i.e. still leaving upside potential should investment case materialize as expected. Our rating remains BUY with revised target price of 24.0 euros (prev. 23.5).

New strategy affirms growth ambitions with expanded addressable market of EUR 3bn

The strategy update in Q2 report affirmed that DT is committed to continue growth - no change to medium-term financial targets

In conjunction with the Q2 result, DT announced its updated strategy until 2025. The company's new strategic target is to be the growth leader in digital x-ray imaging detector solutions and a significant player in other technologies and applications where the company sees good business opportunities. The company estimates that the market for digital x-ray imaging detector solutions will be around EUR 3 billion in 2025. DT's previous strategy until 2020 was based on being the leader in computed tomography and line-scan x-ray detectors and solutions. The total market, as per the company's previous strategy, is estimated to be around EUR 700 million in 2020. Given DT's current estimated 2019E sales of above 100 MEUR, it's fair to say that DT is a leader in the scope of the previous strategy. The new 2025 strategy's market scope is broader, with TAM estimated at EUR 3 billion in 2025. DT's medium-term financial targets remain unchanged; sales growth at least 15% per annum and operating margin at or above 15% in the medium term.

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	EBIT % 19E	EBIT % 20E	EBIT % 21E	EBITDA % 19E	EBITDA % 20E	EBITDA % 21E	ROCE % 19E	ROCE % 20E	ROCE % 21E
First Sensor AG	SIS-DE	359									
Hamamatsu Photonics K.K.	6965-JP	5312	18	18	19	25	26	27	12	12	13
OSI Systems, Inc.	OSIS-US	1560	10	10	11	16	17	16			
Varex Imaging Corporation	VREX-US	991	10	10	13	15	16	19	9	9	11
ams AG	AMS-CH	3439	18	20	22	30	31	32	10	12	12
Analog Devices, Inc.	ADI-US	35036	41	41	43	47	46	49	12	12	14
Keysight Technologies Inc	KEYS-US	17015	23	24	24	26	27	24	20	18	16
Spectris plc	SXS-GB	3230	15	16	16	20	19	19	16	16	17
Oxford Instruments plc	OXIG-GB	855	15	16	16	19	19	19			
Trimble Inc.	TRMB-US	8814	20	21	22	22	23	24	14	15	15
Hexagon AB Class B	HEXA.B-SE	16266	24	26	26	33	34	34	11	12	12
Vaisala Oyj Class A	VAIAS-FI	960	10	11	12	15	16	16	19	23	26
Peer Group Average		7591	18	19	20	24	25	25	14	15	16
Peer Group Median		3439	17	18	18	22	23	24	13	14	14
Detection Technology (Evli est.)		308	18	19	20	21	21	22	31	33	34

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	ROE % 19E	ROE % 20E	ROE % 21E	DIV % 19E	DIV % 20E	DIV % 21E	P/E 19E	P/E 20E	P/E 21E
First Sensor AG	SIS-DE	359									
Hamamatsu Photonics K.K.	6965-JP	5312	10	10	10	1,0	1,0	1,1	32,7x	30,1x	27,3x
OSI Systems, Inc.	OSIS-US	1560	16	15	15				22,0x	20,2x	18,3x
Varex Imaging Corporation	VREX-US	991	11	12	13				22,4x	19,7x	16,4x
ams AG	AMS-CH	3439	22	21	21	0,2	0,5	1,0	11,0x	9,1x	7,8x
Analog Devices, Inc.	ADI-US	35036	17	17	18	2,0	2,1	2,2	20,3x	19,9x	17,4x
Keysight Technologies Inc	KEYS-US	17015	32	27	26	0,0	0,0	0,0	22,0x	20,6x	18,5x
National Instruments Corporation	NATI-US	4853							39,5x	34,7x	31,2x
Spectris plc	SXS-GB	3230	16	16	16	2,7	2,9	3,0	14,4x	14,0x	13,3x
Oxford Instruments plc	OXIG-GB	855	18	17	16	1,1	1,2	1,3	18,9x	17,8x	16,7x
Trimble Inc.	TRMB-US	8814	16	16	15	0,0	0,0	0,0	20,0x	17,8x	16,0x
Hexagon AB Class B	HEXA.B-SE	16266	14	14	14	1,4	1,5	1,7	21,1x	19,3x	17,8x
Vaisala Oyj Class A	VAIAS-FI	960	16	18	19	2,3	2,4	2,6	31,8x	27,2x	24,3x
Peer Group Average		7591	17	17	17	1,2	1,3	1,4	23,0x	20,9x	18,7x
Peer Group Median		3439	16	16	16	1,1	1,2	1,3	21,6x	19,8x	17,6x
Detection Technology (Evli est.)		308	26	27	27	1,8	2,2	2,9	21,0x	16,8x	13,9x

-3 % -15 % -21 %

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	EV/S 19E	EV/S 20E	EV/S 21E	EV/EBITDA 19E	EV/EBITDA 20E	EV/EBITDA 21E	EV/EBIT 19E	EV/EBIT 20E	EV/EBIT 21E
First Sensor AG	SIS-DE	359									
Hamamatsu Photonics K.K.	6965-JP	5312	4,2x	3,9x	3,6x	16,5x	15,1x	13,8x	24,0x	21,6x	19,5x
OSI Systems, Inc.	OSIS-US	1560	1,7x	1,5x	1,4x	10,3x	9,1x	8,2x	17,4x	14,8x	12,4x
Varex Imaging Corporation	VREX-US	991	1,9x	1,8x	1,6x	12,2x	10,8x	8,6x	19,1x	17,0x	12,1x
ams AG	AMS-CH	3439	2,4x	2,0x	1,7x	8,1x	6,4x	5,3x	13,5x	9,8x	7,9x
Analog Devices, Inc.	ADI-US	35036	7,3x	7,1x	6,6x	15,5x	15,3x	13,5x	17,9x	17,4x	15,4x
Keysight Technologies Inc	KEYS-US	17015	4,6x	4,2x	4,0x	17,4x	15,4x	16,2x	19,7x	17,7x	16,6x
Spectris plc	SXS-GB	3230	1,8x	1,7x	1,6x	9,1x	9,1x	8,6x	11,9x	11,1x	10,3x
Oxford Instruments plc	OXIG-GB	855	2,1x	2,0x	1,9x	11,3x	10,7x	10,0x	13,9x	12,9x	12,0x
Trimble Inc.	TRMB-US	8814	3,4x	3,1x	2,7x	15,2x	13,5x	11,5x	16,9x	14,6x	12,5x
Hexagon AB Class B	HEXA.B-SE	16266	4,6x	4,3x	3,9x	14,0x	12,6x	11,4x	18,8x	16,6x	14,8x
Vaisala Oyj Class A	VAIAS-FI	960	2,4x	2,3x	2,2x	16,6x	14,5x	13,3x	24,9x	20,9x	18,5x
Peer Group Average		7591	3,3x	3,1x	2,8x	13,3x	12,0x	11,0x	18,0x	15,9x	13,8x
Peer Group Median		3439	2,4x	2,3x	2,2x	14,0x	12,6x	11,4x	17,9x	16,6x	12,5x
Detection Technology (Evli est.)		308	2,7x	2,2x	1,9x	12,8x	10,6x	8,6x	14,8x	11,8x	9,5x

Premium/discount relative to peer group median

Source: Factset, Evli Research

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	Sales growth % 19E	Sales growth % 20E	Sales growth % 21E	Net debt / EBITDA 19E	Net debt / EBITDA 20E	Net debt / EBITDA 21E	Equity ratio % 19E	Equity ratio % 20E	Equity ratio % 21E
First Sensor AG	SIS-DE	359									
Hamamatsu Photonics K.K.	6965-JP	5312	11,4	5,4	6,5	-1,9x	-1,9x	-2,0x	78,6	79,0	79,3
OSI Systems, Inc.	OSIS-US	1560	23,0	5,6	0,0	1,3x	0,8x	0,2x			
Varex Imaging Corporation	VREX-US	991	12,1	3,2	3,3	3,0x	2,4x	1,5x	42,3	44,5	47,8
ams AG	AMS-CH	3439	80,3	14,8	8,2	1,7x	1,1x	0,5x	39,4	43,4	47,3
Analog Devices, Inc.	ADI-US	35036	15,5	1,1	7,9	1,7x	1,5x	1,3x	55,0	56,7	57,1
Keysight Technologies Inc	KEYS-US	17015	31,9	5,5	7,1	0,7x	0,1x	0,2x	47,6	51,7	54,6
National Instruments Corporation	NATI-US	4853	4,8	4,9	0,0				72,7	73,9	71,2
Spectris plc	SXS-GB	3230	8,4	0,0	2,8	0,6x	0,3x	0,0x	59,4	63,1	69,7
Oxford Instruments plc	OXIG-GB	855	15,7	4,3	3,5	-0,2x	-0,3x	-0,4x			
Trimble Inc.	TRMB-US	8814	23,7	6,2	6,8	2,0x	1,2x	0,4x	49,7	53,2	55,5
Hexagon AB Class B	HEXA.B-SE	16266	14,1	4,7	5,3	1,4x	0,9x	0,5x	56,5	58,4	60,6
Vaisala Oyj Class A	VAIAS-FI	960	19,1	4,4	4,4	-0,3x	-0,4x	-0,6x	52,4	53,7	54,9
Peer Group Average		7591	21,7	5,0	5,6	0,9x	0,5x	0,2x	55,4	57,8	59,8
Peer Group Median		3439	15,6	4,8	5,9	1,3x	0,8x	0,2x	53,7	55,2	56,3
Detection Technology (Evli est.)		308	12,0	14,9	14,3	-1,2x	-1,4x	-1,5x	74,5	79,5	80,4

Source: Factset, Evli Research

Updated on October 25th, 2019

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	19.3	24.4	24.6	25.6	93.9	23.1	27.5	26.9	27.7	105.2	120.9	138.2
EBITDA	4.3	5.9	5.7	5.0	20.9	4.4	5.5	5.7	6.2	21.9	25.5	30.4
<i>EBITDA margin (%)</i>	<i>22.3</i>	<i>24.3</i>	<i>23.1</i>	<i>19.5</i>	<i>22.3</i>	<i>19.2</i>	<i>20.0</i>	<i>21.3</i>	<i>22.4</i>	<i>20.8</i>	<i>21.1</i>	<i>22.0</i>
EBIT	3.7	5.3	5.1	4.4	18.5	3.9	4.8	5.1	5.1	18.9	23.0	27.6
<i>EBIT margin (%)</i>	<i>19.2</i>	<i>21.7</i>	<i>20.7</i>	<i>17.3</i>	<i>19.7</i>	<i>16.7</i>	<i>17.5</i>	<i>19.1</i>	<i>18.5</i>	<i>18.0</i>	<i>19.0</i>	<i>20.0</i>
Net financial items	-0.3	0.2	-0.1	0.2	-0.1	0.0	-0.7	-0.1	-0.1	-1.0	-0.1	0.0
Pre-tax profit	3.4	5.5	5.0	4.6	18.4	3.9	4.2	5.0	5.0	18.0	22.8	27.6
Tax	-0.5	-1.1	-0.5	-1.5	-3.6	-0.3	-0.9	-1.0	-1.0	-3.3	-4.6	-5.5
<i>Tax rate (%)</i>	<i>14.3</i>	<i>20.6</i>	<i>9.6</i>	<i>32.3</i>	<i>19.4</i>	<i>9.1</i>	<i>22.9</i>	<i>20.0</i>	<i>20.1</i>	<i>18.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.9	4.4	4.5	3.1	14.9	3.5	3.2	4.0	4.0	14.7	18.3	22.1
EPS	0.20	0.31	0.31	0.22	1.03	0.24	0.22	0.28	0.28	1.02	1.27	1.54
EPS adjusted (diluted no. of shares)	0.20	0.30	0.30	0.21	1.00	0.24	0.22	0.27	0.27	0.99	1.23	1.49
Dividend per share	0.00	0.00	0.00	0.00	0.38	0.00	0.00	0.00	0.00	0.38	0.47	0.62
SALES, EURm												
MBU	7.5	9.2	11.5	10.1	38.3	8.6	8.1	8.4	8.7	33.8	38.9	44.7
SBU	11.8	15.2	13.1	15.5	55.6	14.5	19.4	18.6	19.0	71.5	82.0	93.5
Total	19.3	24.4	24.6	25.6	93.9	23.1	27.5	26.9	27.7	105.2	120.9	138.2
SALES GROWTH, Y/Y %												
<i>MBU</i>	<i>10.0</i>	<i>26.3</i>	<i>29.2</i>	<i>24.7</i>	<i>23.2</i>	<i>15.0</i>	<i>-12.1</i>	<i>-27.4</i>	<i>-13.9</i>	<i>-11.9</i>	<i>15.3</i>	<i>14.9</i>
<i>SBU</i>	<i>-2.5</i>	<i>16.0</i>	<i>-1.5</i>	<i>-20.1</i>	<i>-4.0</i>	<i>22.9</i>	<i>27.6</i>	<i>41.6</i>	<i>22.6</i>	<i>28.5</i>	<i>14.8</i>	<i>14.0</i>
<i>Total</i>	<i>2.0</i>	<i>19.7</i>	<i>10.8</i>	<i>-6.9</i>	<i>5.5</i>	<i>19.8</i>	<i>12.6</i>	<i>9.3</i>	<i>8.2</i>	<i>12.0</i>	<i>14.9</i>	<i>14.3</i>
EBIT, EURm												
Total	3.7	5.3	5.1	4.4	18.5	3.9	4.8	5.1	5.1	18.9	23.0	27.6
EBIT margin, %												
<i>Total</i>	<i>19.2</i>	<i>21.7</i>	<i>20.7</i>	<i>17.3</i>	<i>19.7</i>	<i>16.7</i>	<i>17.5</i>	<i>19.1</i>	<i>18.5</i>	<i>18.0</i>	<i>19.0</i>	<i>20.0</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	33.1	42.8	75.5	89.0	93.9	105.2	120.9	138.2
<i>Sales growth (%)</i>	<i>8.9</i>	<i>29.2</i>	<i>76.5</i>	<i>17.9</i>	<i>5.5</i>	<i>12.0</i>	<i>14.9</i>	<i>14.3</i>
EBITDA	4.8	5.8	17.3	22.1	20.9	21.9	25.5	30.4
<i>EBITDA margin (%)</i>	<i>14.6</i>	<i>13.4</i>	<i>22.9</i>	<i>24.9</i>	<i>22.3</i>	<i>20.8</i>	<i>21.1</i>	<i>22.0</i>
Depreciation	-0.7	-1.3	-2.5	-2.2	-2.4	-2.9	-2.5	-2.8
EBITA	4.1	4.5	14.8	19.9	18.5	18.9	23.0	27.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.1	4.5	14.8	19.9	18.5	18.9	23.0	27.6
<i>EBIT margin (%)</i>	<i>12.4</i>	<i>10.5</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>18.0</i>	<i>19.0</i>	<i>20.0</i>
Reported EBIT	3.1	3.4	14.8	19.9	18.5	18.9	23.0	27.6
<i>EBIT margin (reported) (%)</i>	<i>9.4</i>	<i>8.0</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>18.0</i>	<i>19.0</i>	<i>20.0</i>
Net financials	-0.3	-2.4	-0.7	-0.5	-0.1	-1.0	-0.1	0.0
Pre-tax profit	3.8	2.1	14.1	19.4	18.4	18.0	22.8	27.6
Taxes	0.0	-0.1	-3.2	-4.2	-3.6	-3.3	-4.6	-5.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.8	0.9	10.9	15.2	14.9	14.7	18.3	22.1
Cash NRIs	-1.0	-1.1	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	4	7	6	6	9	11	11	12
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	6	7	11	9	13	15	17	19
Receivables	7	14	22	21	27	25	29	33
Liquid funds	3	7	16	27	22	32	36	46
Total assets	20	35	54	62	71	82	93	111
Liabilities								
Shareholder's equity	1	21	31	42	51	61	73	89
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	11	1	7	5	4	4	0	0
Non-interest bearing current liabilities	7	11	14	15	15	17	19	22
Other interest-free debt	1	2	3	1	0	0	0	0
Total liabilities	20	35	54	62	71	82	93	111
CASH FLOW, EURm								
+ EBITDA	5	6	17	22	21	22	26	30
- Net financial items	-1	4	8	11	0	-1	0	0
- Taxes	0	0	-1	-3	-4	-3	-5	-6
- Increase in Net Working Capital	0	-2	-11	1	-10	1	-3	-4
+/- Other	-1	-8	-9	-12	0	0	0	0
= Cash flow from operations	3	0	5	18	7	19	17	21
- Capex	-1	-5	-2	-2	-5	-5	-3	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	-4	3	16	2	14	14	17
+/- New issues/buybacks	0	19	0	-1	0	0	0	0
- Paid dividend	0	0	-1	-3	-5	-5	-5	-7
+/- Other	-3	-10	6	-1	-1	0	-4	0
Change in cash	-1	4	8	11	-4	9	5	10

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	63	188	250	224	308	308	308
Net debt (excl. convertibles)	-6	-9	-22	-18	-27	-36	-46
Enterprise value	57	179	228	206	281	272	262
Sales	43	76	89	94	105	121	138
EBITDA	6	17	22	21	22	26	30
EBIT	5	15	20	19	19	23	28
Pre-tax	2	14	19	18	18	23	28
Earnings	2	11	15	15	15	18	22
Equity book value (excl. minorities)	21	31	42	51	61	73	89
Valuation multiples							
EV/sales	1.3	2.4	2.6	2.2	2.7	2.2	1.9
EV/EBITDA	9.9	10.3	10.3	9.8	12.8	10.6	8.6
EV/EBITA	12.7	12.1	11.5	11.1	14.8	11.8	9.5
EV/EBIT	12.7	12.1	11.5	11.1	14.8	11.8	9.5
EV/OCF	150.8	36.6	12.5	29.8	14.8	15.7	12.4
EV/FCFF	-15.0	48.3	13.6	121.2	18.6	18.7	15.6
P/FCFE	-14.5	57.3	15.3	136.9	21.5	21.3	18.4
P/E	14.2	17.2	16.5	15.1	21.0	16.8	13.9
P/B	3.0	6.1	6.0	4.4	5.1	4.2	3.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	14.5	12.1	9.8
Target EV/EBIT	0.0	0.0	0.0	0.0	16.8	13.4	10.8
Target EV/FCF	0.0	0.0	0.0	0.0	22.2	21.4	17.9
Target P/B	0.0	0.0	0.0	0.0	5.7	4.7	3.9
Target P/E	0.0	0.0	0.0	0.0	24.3	19.5	16.1
Per share measures							
Number of shares	12,951	13,426	13,901	14,375	14,375	14,375	14,375
Number of shares (diluted)	12,951	13,426	13,901	14,849	14,875	14,875	14,875
EPS	0.15	0.81	1.09	1.03	1.02	1.27	1.54
Operating cash flow per share	0.03	0.36	1.31	0.48	1.32	1.21	1.47
Free cash flow per share	-0.34	0.24	1.18	0.11	0.99	1.00	1.16
Book value per share	1.63	2.30	3.00	3.57	4.21	5.11	6.18
Dividend per share	0.07	0.25	0.35	0.38	0.38	0.47	0.62
Dividend payout ratio, %	45.5	30.8	32.1	36.7	37.0	37.0	40.0
Dividend yield, %	1.4	1.8	1.9	2.4	1.8	2.2	2.9
FCF yield, %	-6.9	1.7	6.6	0.7	4.6	4.7	5.4
Efficiency measures							
ROE	17.7	41.9	41.8	32.0	26.2	27.3	27.3
ROCE	23.0	48.2	47.4	36.4	31.4	33.1	34.0
Financial ratios							
Inventories as % of sales	15.8	14.0	9.6	14.2	14.0	14.0	14.0
Receivables as % of sales	32.5	28.6	24.1	28.4	24.0	24.0	24.0
Non-interest bearing liabilities as % of sales	26.5	18.7	16.8	16.4	16.0	16.0	16.0
NWC/sales, %	19.6	21.5	15.7	25.9	21.8	21.9	21.9
Operative CAPEX/sales, %	11.1	2.1	2.1	5.6	4.5	2.4	3.1
CAPEX/sales (incl. acquisitions), %	11.1	2.1	2.1	5.6	4.5	2.4	3.1
FCFF/EBITDA	-0.7	0.2	0.8	0.1	0.7	0.6	0.6
Net debt/EBITDA, book-weighted	-1.1	-0.5	-1.0	-0.9	-1.2	-1.4	-1.5
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	60.7	57.8	67.5	73.0	74.5	79.5	80.4
Gearing, %	-29.5	-29.2	-52.3	-35.6	-44.8	-49.2	-51.9

COMPANY DESCRIPTION: Detection Technology is a technology company providing X-ray imaging products and services for medical, security and industrial applications. It is engaged in design, manufacture and marketing of X-ray imaging components and subsystems, such as detectors, photodiodes, and parts and components

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ac Invest Seven B.V.	5,205,167	111.391	36.2%
OP-Finland Value Fund	651,065	13.933	4.5%
Ilmarinen Mutual Pension Insurance Company	554,000	11.856	3.9%
Varma Mutual Pension Insurance Company	515,000	11.021	3.6%
Sijoitusrahasto Aktia Capital	484,762	10.374	3.4%
Fondita Nordic Micro Cap	390,000	8.346	2.7%
Evli Finnish Small Cap Fund	327,259	7.003	2.3%
Martola Hannu Veikko	322,875	6.910	2.2%
Saastopankki Kotimaa	200,000	4.280	1.4%
Ten largest	8,650,128	185.113	60%
Residual	5,725,302	122.521	40%
Total	14,375,430	307.634	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

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Elektroniikkatie 10, 90590 Oulu

CFO: Petri Hijanen

Tel: +358 20 766 9700

IR: Johanna Tarkiainen

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

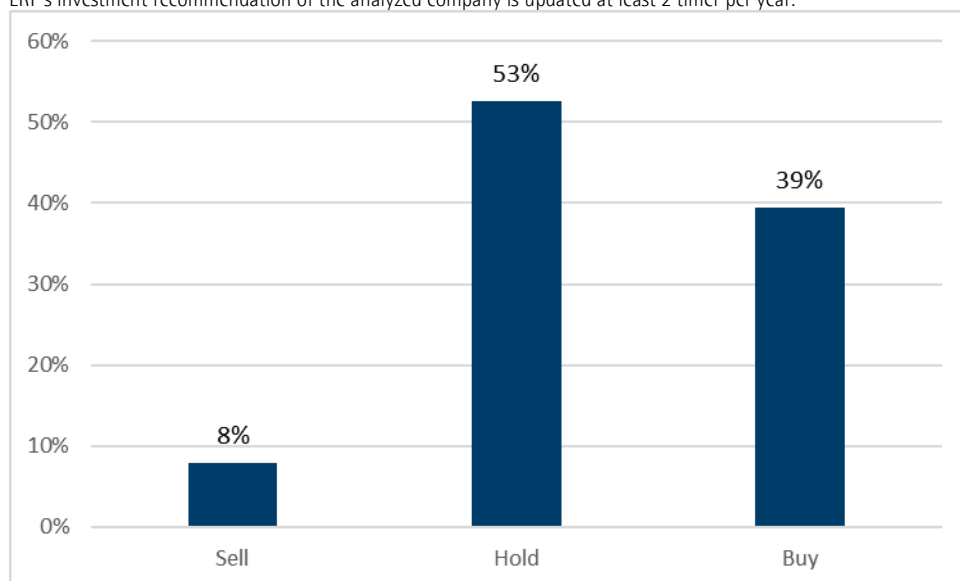
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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