

### IBU and MBU are picking up too

Strong SBU and IBU sales helped DT Q2 earnings clearly above estimates as they made up for the weakness of MBU and further improved overall sales mix and hence margins.

#### Inorganic growth, but also organic growth in SBU and IBU

DT grew 3.5% y/y despite the deeper-than-expected plunge in MBU revenue as the strength of SBU and IBU more than made up (China SBU and IBU were as expected, MBU lower). TFT sales drove IBU's 43% y/y growth especially now that the comparison period did not yet include the DTS acquisition, but the technology should also drive MBU growth (especially within dental applications for mid and large-size OEMs) in the future (perhaps starting late next year). The EUR 26.1m top line was only slightly above the estimates, but the favorable sales mix and cost control helped the EUR 3.3m EBITA clearly above our EUR 2.7m estimate.

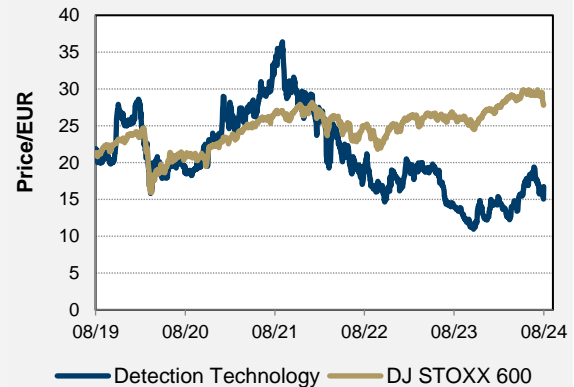
#### Growth likely to rely less on SBU in the medium-term

MBU has potential to recover in the short-term due to the normalization of the Chinese market (low comparison figures especially for Q3) while TFT sales will help MBU and IBU (e.g. batteries) growth in the future. China has seen a lack of growth recently, and its outlook for H2 remains somewhat challenging, however high demand continues across many Western markets especially within SBU but also in India. We estimate DT Q3 revenue to grow some EUR 4m y/y, of which roughly 50% is attributable to SBU. SBU will not benefit from the acquired TFT expertise, but the segment in our view still has roughly similarly strong medium-term growth profile as IBU even if airport security investment trends have already been playing out for a while.

#### High H2 growth due to somewhat low comparison figures

Our estimate changes for Q4 are small, but we raise our Q3 EBITA estimate by EUR 0.6m as Q2 saw better margins than we estimated due to the favorable mix. SBU may no longer grow above 20% next year, but MBU and IBU should be able to pick up the slack in the medium-term. We estimate DT to grow 8% this year; basically all the growth is to materialize in H2, while FY '25 is likely to see a steadier profile when all three segments should be able to grow at significant rates. Earnings could then increase by around EUR 2-3m. DT is valued around 14x EV/EBIT on our FY '24 estimates and 11x on those for FY '25. We retain our EUR 18.5 TP and BUY rating.

Rating + BUY



Share price, EUR (Last trading day's closing price) 16.75

Target price, EUR 18.5

Latest change in recommendation 31-Jul-23

Latest report on company 24-Jul-24

Research paid by issuer: YES

No. of shares outstanding, '000's 14,656

No. of shares fully diluted, '000's 14,656

Market cap, EURm 245

Free float, % -

Exchange rate -

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm 0.1

Next interim report 29-Oct-24

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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
2022	98.6	5.8	5.9%	-1.9	0.35	45.3	2.3	39.2	-0.8	0.20
2023	103.8	8.2	7.9%	21.1	0.38	29.3	1.8	23.1	10.5	0.23
2024E	111.9	15.8	14.2%	11.0	0.80	20.8	2.0	14.2	4.5	0.40
2025E	122.3	18.7	15.3%	15.5	1.00	16.7	1.8	11.5	6.3	0.50
2026E	132.9	20.7	15.6%	11.5	1.11	15.1	1.6	10.2	4.7	0.56
Market cap, EURm		245	Gearing 2024E, %			-25.3	CAGR EPS 2023-26, %			33.3
Net debt 2024E, EURm		-21	Price/book 2024E			3.0	CAGR sales 2023-26, %			8.6
Enterprise value, EURm		226	Dividend yield 2024E, %			2.4	ROE 2024E, %			15.3
Total assets 2024E, EURm		103	Tax rate 2024E, %			21.7	ROCE 2024E, %			19.2
Goodwill 2024E, EURm		0	Equity ratio 2024E, %			79.9	PEG, P/E 24/CAGR			1.7

## Estimates and valuation

Estimates	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24E	Q4'24E	2024E	2025E
Net sales	98.6	22.8	25.2	24.5	31.3	103.8	22.7	26.1	28.4	34.7	111.9	122.3
Medical	48.1	12.0	12.4	10.8	13.1	48.4	9.5	9.3	11.6	13.8	44.1	46.8
Security	34.4	7.3	9.1	9.7	13.2	39.3	9.6	11.5	11.8	14.9	47.9	54.1
Industrial	16.1	3.4	3.7	4.0	5.0	16.2	3.6	5.3	5.0	6.1	20.0	21.4
Adj. EBITA	6.1	1.5	1.4	2.2	4.6	9.7	2.3	3.3	4.8	5.9	16.3	18.7
Net sales growth-%	10%	12%	11%	-10%	11%	5%	0%	3%	16%	11%	8%	9%
Medical	-2%	15%	22%	-27%	3%	0%	-21%	-25%	7%	5%	-9%	6%
Security	23%	16%	5%	14%	21%	14%	32%	27%	22%	13%	22%	13%
Industrial	26%	-3%	-6%	2%	8%	1%	5%	42%	25%	21%	23%	8%
Adj. EBITA margin	6.2%	7%	5%	9%	15%	9.3%	10%	13%	17%	17%	14.5%	15.3%

DETECTION TECHNOLOGY	MCAP	EV/EBITDA			EV/EBIT			P/E		
PEER GROUP	MEUR	23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	4035	11.8x	9.1x	8.1x	15.2x	13.2x	11.6x	16.1x	21.1x	19.4x
OSI Systems	2106	10.8x	9.8x	8.9x	14.7x	12.7x	11.2x	18.9x	16.0x	14.5x
Varex Imaging	462	10.2x	9.3x	7.9x	15.3x	17.3x	12.9x	11.8x	29.2x	17.4x
ams-OSRAM	1095	5.6x	4.6x	3.5x	12.2x	10.3x	7.4x	8.9x		6.8x
Analog Devices	91210	18.1x	24.8x	20.6x	18.9x	26.8x	21.8x	21.2x	30.5x	24.0x
Keysight Tech	19645	16.4x	15.8x	14.0x	17.9x	17.4x	15.1x	15.5x	20.1x	17.1x
Emerson Electric	55783	17.6x	16.4x	15.0x	19.7x	19.0x	19.3x	22.7x	19.0x	17.2x
Texas Instruments	151619	18.6x	24.2x	19.1x	21.7x	31.2x	25.0x	25.6x	35.0x	28.5x
Oxford Instruments	1560	14.2x	13.6x	12.7x	16.3x	15.7x	14.7x	21.3x	21.0x	19.9x
Trimble	11150	16.6x	15.9x	15.2x	17.4x	17.4x	16.7x	18.7x	18.3x	16.3x
Hexagon	23286	17.3x	13.2x	12.0x	22.3x	17.2x	15.6x	20.4x	19.9x	17.6x
Konica Minolta	1098	9.5x	7.9x	6.3x		29.4x	16.5x		93.6x	10.5x
iRay Technology Company	1866	45.2x	14.6x	11.6x	50.0x	16.9x	13.6x	20.9x	15.8x	12.8x
Vieworks	156	10.1x	6.2x	5.0x	13.9x	7.7x	5.9x	17.3x	9.5x	7.7x
Peer Group Average	26077	15.9x	13.2x	11.4x	19.7x	18.0x	14.8x	18.4x	26.8x	16.4x
Peer Group Median	3071	15.3x	13.4x	11.8x	17.4x	17.3x	14.9x	18.9x	20.1x	17.2x
Detection Technology (Evli est.)	245	16.1x	11.3x	9.5x	23.1x	14.2x	11.5x	29.3x	20.8x	16.7x
<i>Detection Technology prem./disc. to peer median</i>		5%	-15%	-20%	33%	-18%	-23%	55%	4%	-3%

DETECTION TECHNOLOGY	Sales	Sales gr.			EBIT-%			Div. yield		
PEER GROUP	22	23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	1439	-5.4%	2.0%	9.4%	23.8%	18.3%	19.0%	1.8%	1.9%	2.0%
OSI Systems	1178	8.9%	11.7%	6.4%	12.6%	13.8%	14.6%			
Varex Imaging	826	-3.1%	-7.3%	3.0%	9.2%	5.9%	7.7%			
ams-OSRAM	4819	-25.5%	-2.4%	3.0%	6.4%	7.0%	9.4%	0.0%	0.0%	0.0%
Analog Devices	11682	-7.6%	-19.3%	14.0%	47.9%	41.4%	44.7%	1.7%	1.9%	2.0%
Keysight Tech	5231	-6.2%	-7.7%	6.7%	29.2%	25.5%	27.6%	0.0%	0.0%	0.0%
Emerson Electric	19860	-26.3%	10.9%	5.4%	22.9%	22.4%	21.0%	2.0%	2.0%	2.1%
Texas Instruments	18370	-12.5%	-10.7%	14.5%	41.8%	34.6%	37.8%	2.8%	2.9%	3.0%
Oxford Instruments	519	5.4%	4.1%	3.7%	17.2%	17.1%	17.4%	0.9%	0.9%	1.0%
Trimble	3428	2.9%	-6.3%	3.6%	24.6%	24.1%	24.4%	0.0%	0.0%	0.0%
Hexagon	5161	5.3%	2.0%	6.8%	26.8%	28.3%	29.3%	1.3%	1.6%	1.7%
Konica Minolta	7621	-7.5%	3.8%	1.0%	-0.3%	1.8%	3.2%	1.8%	0.9%	1.4%
iRay Technology Company	212	14.5%	22.3%	21.5%	36.7%	39.6%	40.3%	1.3%	1.6%	2.0%
Vieworks	169	-10.1%	6.5%	10.4%	8.5%	12.7%	15.0%	1.4%	1.3%	1.4%
Peer Group Average	6592	-4.8%	0.7%	7.8%	21.9%	20.9%	22.2%	1.2%	1.2%	1.4%
Peer Group Median	4819	-5.8%	2.0%	6.5%	23.4%	20.3%	20.0%	1.4%	1.5%	1.6%
Detection Technology (Evli est.)	99	5.3%	7.8%	9.3%	7.9%	14.2%	15.3%	1.7%	2.4%	3.0%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	16.75 PV of Free Cash Flow	104 Long-term growth, %	2.6 Risk-free interest rate, %	2.25
DCF share value	18.44 PV of Horizon value	157 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	10.1 Unconsolidated equity	-1 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	18.4 Marketable securities	19 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	18.4 Debt - dividend	-10 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	60.2 Value of stock	270 Nr of shares, Mn	14.7 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	104	112	122	133	139	146	154	161	166	171	176	180
<i>Sales growth, %</i>	<i>5.3</i>	<i>7.8</i>	<i>9.3</i>	<i>8.7</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.6</i>	<i>2.6</i>
Operating income (EBIT)	8	16	19	21	21	23	24	25	25	26	26	27
<i>Operating income margin, %</i>	<i>7.9</i>	<i>14.2</i>	<i>15.3</i>	<i>15.6</i>	<i>15.0</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>
+ Depreciation+amort.	4	4	4	4	5	5	5	6	6	6	6	
EBITDA	12	20	23	25	26	28	29	31	31	32	32	
- Paid taxes	-2	-4	-4	-4	-4	-5	-5	-5	-5	-5	-5	
- Change in NWC	2	0	2	-4	-2	-2	-3	-3	-2	-2	-2	
<i>NWC / Sales, %</i>	<i>41.8</i>	<i>38.7</i>	<i>33.8</i>	<i>33.9</i>	<i>34.0</i>	<i>34.0</i>	<i>34.1</i>	<i>34.1</i>	<i>34.1</i>	<i>34.2</i>	<i>34.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-5	-5	-6	-5	-6	-6	-6	-6	-6	-6	
<i>opCAPEX / Sales, %</i>	<i>1.9</i>	<i>4.4</i>	<i>4.3</i>	<i>4.2</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	<i>3.6</i>	<i>3.6</i>	<i>3.5</i>	
- Acquisitions	12	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	22	12	16	12	14	15	16	17	18	18	19	338
= Discounted FCFF		11	14	10	10	11	10	10	10	9	9	157
= DFCF min WACC		11	14	10	10	11	10	10	10	9	9	157
= DFCF max WACC		11	14	10	10	11	10	10	10	9	9	157

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	22.8	25.2	24.5	31.3	103.8	22.7	26.1	28.4	34.7	111.9	122.3	132.9
EBITDA	2.2	2.1	3.1	4.3	11.8	3.2	4.1	5.7	6.8	19.9	22.8	25.2
<i>EBITDA margin (%)</i>	<i>9.9</i>	<i>8.4</i>	<i>12.6</i>	<i>13.7</i>	<i>11.3</i>	<i>14.2</i>	<i>15.9</i>	<i>20.2</i>	<i>19.6</i>	<i>17.8</i>	<i>18.7</i>	<i>19.0</i>
EBIT	1.5	1.4	1.3	4.0	8.2	2.2	3.3	4.6	5.7	15.8	18.7	20.7
<i>EBIT margin (%)</i>	<i>6.5</i>	<i>5.4</i>	<i>5.4</i>	<i>12.9</i>	<i>7.9</i>	<i>9.8</i>	<i>12.8</i>	<i>16.2</i>	<i>16.3</i>	<i>14.2</i>	<i>15.3</i>	<i>15.6</i>
Net financial items	-0.3	-0.6	0.0	0.0	-0.9	-0.1	-0.2	-0.1	-0.1	-0.7	-0.2	-0.2
Pre-tax profit	1.2	0.8	1.3	4.0	7.3	2.1	3.1	4.4	5.5	15.1	18.5	20.5
Tax	-0.2	-0.3	-0.4	-0.8	-1.8	-0.4	-0.9	-0.9	-1.1	-3.4	-3.8	-4.2
<i>Tax rate (%)</i>	<i>20.1</i>	<i>41.7</i>	<i>20.1</i>	<i>24.9</i>	<i>24.5</i>	<i>19.2</i>	<i>29.1</i>	<i>20.0</i>	<i>20.0</i>	<i>21.7</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.9	0.5	0.9	3.2	5.5	1.7	2.2	3.5	4.4	11.8	14.7	16.3
EPS	0.06	0.03	0.06	0.22	0.38	0.11	0.15	0.24	0.30	0.80	1.00	1.11
EPS adjusted (diluted no. of shares)	0.06	0.03	0.12	0.25	0.47	0.11	0.15	0.24	0.30	0.80	1.00	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.40	0.50	0.56
<b>SALES, EURm</b>												
MBU	12.0	12.4	10.8	13.1	48.4	9.5	9.3	11.6	13.8	44.1	46.8	49.6
SBU	7.3	9.1	9.7	13.2	39.3	9.6	11.5	11.8	14.9	47.9	54.1	60.6
IBU	3.4	3.7	3.9	5.0	16.1	3.6	5.3	5.0	6.1	20.0	21.4	22.7
Total	22.8	25.2	24.5	31.3	103.8	22.7	26.1	28.4	34.7	111.9	122.3	132.9
<b>SALES GROWTH, Y/Y %</b>												
MBU	14.6	22.3	-26.8	3.5	0.6	-21.2	-25.1	6.6	5.0	-8.9	6.0	6.0
SBU	16.2	5.0	14.1	20.8	14.3	31.8	26.9	21.4	13.0	21.8	13.0	12.0
IBU	-3.0	-6.2	0.4	7.9	0.2	5.2	41.5	27.1	21.0	23.9	7.5	6.0
Total	12.0	10.8	-10.1	10.9	5.3	-0.3	3.5	15.8	10.9	7.8	9.3	8.7
<b>EBIT, EURm</b>												
Group	1.5	1.4	1.3	4.0	8.2	2.2	3.3	4.6	5.7	15.8	18.7	20.7
Total	1.5	1.4	1.3	4.0	8.2	2.2	3.3	4.6	5.7	15.8	18.7	20.7
<b>EBIT margin, %</b>												
Total	6.5	5.4	5.4	12.9	7.9	9.8	12.8	16.2	16.3	14.2	15.3	15.6

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	102.5	81.6	89.8	98.6	103.8	111.9	122.3	132.9
<i>Sales growth (%)</i>	<i>9.2</i>	<i>-20.4</i>	<i>10.1</i>	<i>9.8</i>	<i>5.3</i>	<i>7.8</i>	<i>9.3</i>	<i>8.7</i>
EBITDA	19.9	11.9	13.9	9.1	11.8	19.9	22.8	25.2
<i>EBITDA margin (%)</i>	<i>19.5</i>	<i>14.6</i>	<i>15.4</i>	<i>9.2</i>	<i>11.3</i>	<i>17.8</i>	<i>18.7</i>	<i>19.0</i>
Depreciation	-2.9	-3.2	-3.3	-3.3	-3.6	-3.8	-3.5	-3.9
EBITA	17.0	8.7	10.6	5.8	8.2	16.1	19.3	21.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	-0.3	-0.6	-0.6
EBIT	17.0	8.7	10.6	5.8	8.2	15.8	18.7	20.7
<i>EBIT margin (%)</i>	<i>16.6</i>	<i>10.7</i>	<i>11.8</i>	<i>5.9</i>	<i>7.9</i>	<i>14.2</i>	<i>15.3</i>	<i>15.6</i>
Reported EBIT	17.0	8.7	10.6	5.8	8.2	15.8	18.7	20.7
<i>EBIT margin (reported) (%)</i>	<i>16.6</i>	<i>10.7</i>	<i>11.8</i>	<i>5.9</i>	<i>7.9</i>	<i>14.2</i>	<i>15.3</i>	<i>15.6</i>
Net financials	-1.0	-0.6	0.8	-0.2	-0.9	-0.7	-0.2	-0.2
Pre-tax profit	16.0	8.1	11.4	5.6	7.3	15.1	18.5	20.5
Taxes	-3.6	-1.4	-2.1	-0.4	-1.8	-3.4	-3.8	-4.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	12.5	6.7	9.3	5.1	5.5	11.8	14.7	16.3
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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	10	10	9	7	17	18	20	21
Goodwill	0	0	0	0	0	0	-1	-1
Right of use assets	0	0	0	0	0	0	0	0
Inventory	14	16	22	25	24	27	23	25
Receivables	27	25	31	36	35	34	37	40
Liquid funds	26	25	30	24	19	25	34	37
Total assets	77	76	92	91	95	103	112	122
Liabilities								
Shareholder's equity	58	58	74	73	73	81	90	99
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	6	6	2	3	6	4	4	3
Non-interest bearing current liabilities	12	11	15	14	14	16	17	19
Other interest-free debt	1	1	1	1	1	1	1	1
Total liabilities	77	76	92	91	95	103	112	122
<b>CASH FLOW, EURm</b>								
+ EBITDA	20	12	14	9	12	20	23	25
- Net financial items	4	-1	3	-6	-1	-1	0	0
- Taxes	-5	-3	-1	-2	-2	-3	-4	-4
- Increase in Net Working Capital	-2	0	-6	-9	2	0	2	-4
+/- Other	-5	-1	-3	7	0	0	0	0
= Cash flow from operations	12	8	7	0	11	16	21	17
- Capex	-4	-3	-1	-2	-2	-5	-5	-6
- Acquisitions	0	0	0	0	12	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	8	4	6	-2	21	11	15	11
+/- New issues/buybacks	0	-1	10	-1	-2	0	0	0
- Paid dividend	-5	-5	-4	-5	-3	-3	-6	-7
+/- Other	2	1	-7	2	-20	-2	0	-1
Change in cash	4	-1	5	-6	-5	5	9	4

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	344	429	248	202	245	245	245
Net debt (excl. convertibles)	-19	-28	-21	-13	-21	-30	-34
Enterprise value	324	402	227	189	226	216	212
Sales	82	90	99	104	112	122	133
EBITDA	12	14	9	12	20	23	25
EBIT	9	11	6	8	16	19	21
Pre-tax	8	11	6	7	15	18	21
Earnings	7	9	5	5	12	15	16
Equity book value (excl. minorities)	58	74	73	73	81	90	99
<b>Valuation multiples</b>							
EV/sales	4.0	4.5	2.3	1.8	2.0	1.8	1.6
EV/EBITDA	27.3	29.0	25.0	16.1	11.3	9.5	8.4
EV/EBITA	37.1	38.0	39.2	23.1	14.0	11.2	9.9
EV/EBIT	37.1	38.0	39.2	23.1	14.2	11.5	10.2
EV/OCF	43.1	56.4	-772.5	17.7	14.2	10.4	12.4
EV/FCFF	65.2	78.5	-132.7	8.7	19.5	13.8	18.2
P/FCFE	77.4	74.5	-128.9	9.6	22.3	15.9	21.4
P/E	51.0	46.4	45.3	29.3	20.8	16.7	15.1
P/B	5.9	5.8	3.4	2.8	3.0	2.7	2.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.6	10.6	9.4
Target EV/EBIT	0.0	0.0	0.0	0.0	15.8	12.9	11.5
Target EV/FCF	0.0	0.0	0.0	0.0	22.8	15.6	20.7
Target P/B	0.0	0.0	0.0	0.0	3.3	3.0	2.7
Target P/E	0.0	0.0	0.0	0.0	23.0	18.5	16.6
<b>Per share measures</b>							
Number of shares	14,375	14,656	14,656	14,656	14,656	14,656	14,656
Number of shares (diluted)	14,875	15,156	15,156	14,656	14,656	14,656	14,656
EPS	0.47	0.63	0.35	0.38	0.80	1.00	1.11
Operating cash flow per share	0.52	0.49	-0.02	0.73	1.08	1.42	1.17
Free cash flow per share	0.31	0.39	-0.13	1.44	0.75	1.05	0.78
Book value per share	4.06	5.02	4.96	4.97	5.54	6.14	6.75
Dividend per share	0.28	0.35	0.20	0.23	0.40	0.50	0.56
Dividend payout ratio, %	59.7	55.4	57.0	61.3	50.0	50.0	50.0
Dividend yield, %	1.2	1.2	1.2	1.7	2.4	3.0	3.3
FCF yield, %	1.3	1.3	-0.8	10.5	4.5	6.3	4.7
<b>Efficiency measures</b>							
ROE	11.5	14.0	7.0	7.6	15.3	17.1	17.2
ROCE	13.6	15.1	7.7	10.6	19.2	20.9	21.1
<b>Financial ratios</b>							
Inventories as % of sales	19.5	24.8	25.2	22.7	24.0	19.0	19.0
Receivables as % of sales	30.1	34.8	36.2	33.8	30.0	30.0	30.0
Non-interest bearing liabilities as % of sales	13.4	17.1	14.3	13.4	14.0	14.0	14.0
NWC/sales, %	35.6	41.3	45.6	41.8	38.7	33.8	33.9
Operative CAPEX/sales, %	3.8	1.5	1.7	1.9	4.4	4.3	4.2
CAPEX/sales (incl. acquisitions), %	3.8	1.5	1.7	13.9	4.4	4.3	4.2
FCFF/EBITDA	0.4	0.4	-0.2	1.9	0.6	0.7	0.5
Net debt/EBITDA, book-weighted	-1.6	-2.0	-2.3	-1.1	-1.0	-1.3	-1.4
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	77.9	80.4	80.2	77.8	79.9	80.8	81.6
Gearing, %	-33.2	-37.6	-28.3	-17.7	-25.3	-33.4	-34.6

**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 ~450 employees in Finland, China, France and USA, serving 370 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. Supported by the underlying megatrends and market expansion in TFT-flat panel markets, DT has lots of long-term potential in our view. Low valuation compared to historical multiples and peers provides a decent yield also on a short-term in our view.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ahlstrom Capital Bv	5,280,167	88.443	36.0%
OP-Finland Fund	617,376	10.341	4.2%
Varma Mutual Pension Insurance Company	515,000	8.626	3.5%
Sijoitusrahassto Aktia Capital	483,654	8.101	3.3%
Ilmarinen Mutual Pension Insurance Company	435,737	7.299	3.0%
Martola Hannu Veikko	431,690	7.231	2.9%
Veritas Pension Insurance Company Ltd.	389,387	6.522	2.7%
Evli Finnish Small Cap Fund	352,000	5.896	2.4%
OP-Finland Small Firms Fund	337,019	5.645	2.3%
Säästöpankki Kotimaa	260,000	4.355	1.8%
Ten largest	9,102,030	152.459	62%
Residual	5,553,900	93.028	38%
Total	14,655,930	245.487	100%

**EARNINGS CALENDAR**

October 29, 2024

Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

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Elektroniikkatie 10, 90590 Oulu

CFO: Matti Nylander

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



<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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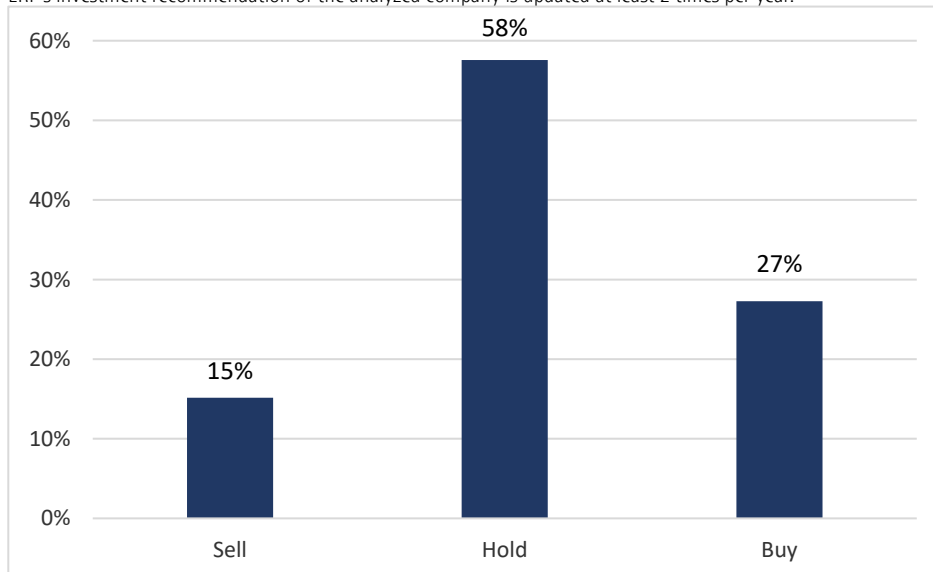
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Investment recommendations are defined as follows:

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

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

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