

Headed towards 15% EBITA margin

DT reports Q3 results on Oct 29. The growth rate of MBU still lags those of SBU and IBU, but its stabilization should lift DT to a double-digit rate in the short-term while SBU and IBU are unlikely to grow as fast as they did in Q2.

Q3 EBITA should have improved by roughly EUR 2m y/y

DT's MBU segment Q2'24 LTM revenue was down 18% y/y as the Chinese market has remained soft. Any big rebound is yet to be seen, but the comparison figures are sufficiently low so that some stabilization can be expected from now on and a roughly mid single-digit growth rate should be realistic. The segment's growth rate will likely continue to lag those of SBU and IBU at least for the next year since the former is driven by continued security investment plans while the latter saw significant improvement across the board already in Q2. We estimate DT Q3 revenue to have grown 13% y/y to EUR 27.6m, and we expect EBITA at EUR 4.0m.

CT in SBU and TFT in IBU drive growth at least for now

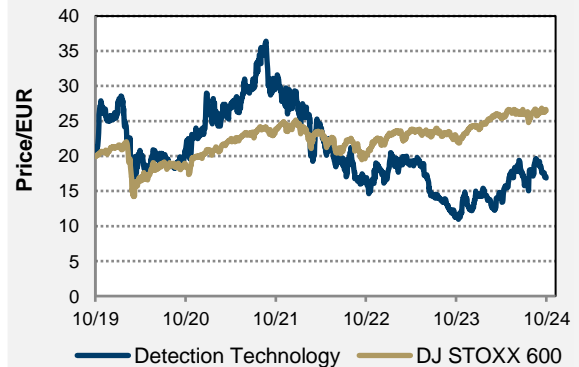
We estimate SBU growth to moderate a bit to around 10-15% going forward as comparison figures are not particularly low, however airport security investments may continue until at least late 2026 (driven by demand for CT scanners). DT has established itself in India, a market where there's especially SBU demand but also potential for IBU and MBU within the TFT business. The new TFT business (DTS) is growing a bit faster than DT, driven by industrial applications, and it has more room to pick up later as it should find some medical volumes within the next year or so. The IBU segment has also seen legacy volume recovery besides TFT applications after a period of soft demand, and we estimate it to be the fastest-growing segment this year. In our view IBU should be positioned for at least high single-digit growth next year, yet the growth of TFT could still help it even a bit higher than that.

EBITA has long-term potential clearly above EUR 15m

We estimate ca. 14% FY'24 EBITA margin, from which there should be further upside next year when all segments have potential to grow. We estimate EBITA margin to then top 15%; the level would still be weighed down a bit by investments in the TFT business. The corresponding EV/EBIT multiple would then decline to 12x from the current level of 15x and the double-digit peer discount would remain. Our new TP is EUR 19.0 (18.5) as we retain BUY rating.

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 16.85
Target price, EUR 19.0

Latest change in 31-Jul-23
Latest report on company 07-Aug-24
Research paid by issuer: YES
No. of shares outstanding, 14,656
No. of shares fully diluted, 14,656
Market cap, EURm 247
Free float, % -
Exchange rate -
Reuters code DETEC.HE
Bloomberg code DETEC FH
Average daily volume, EURm 0.1
Next interim report 29-Oct-24
Web site deete.com/investors/

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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	111.3	15.1	13.5%	10.7	0.76	22.1	2.0	15.1	4.3	0.38
2025E	121.6	18.7	15.4%	15.5	1.00	16.8	1.8	11.6	6.3	0.50
2026E	132.1	20.7	15.7%	11.5	1.11	15.2	1.6	10.3	4.7	0.56
Market cap, EURm		247	Gearing 2024E, %			-25.1	CAGR EPS 2023-26, %			33.3
Net debt 2024E, EURm		-20	Price/book 2024E			3.1	CAGR sales 2023-26, %			8.4
Enterprise value, EURm		227	Dividend yield 2024E, %			2.3	ROE 2024E, %			14.6
Total assets 2024E, EURm		102	Tax rate 2024E, %			21.8	ROCE 2024E, %			18.4
Goodwill 2024E, EURm		0	Equity ratio 2024E, %			79.9	PEG, P/E 24/CAGR			1.6

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	27.6	34.9	111.3	121.6
Medical	48.1	12.0	12.4	10.8	13.1	48.4	9.5	9.3	11.3	14.0	44.2	46.8
Security	34.4	7.3	9.1	9.7	13.2	39.3	9.6	11.5	11.2	14.8	47.0	53.2
Industrial	16.1	3.4	3.7	4.0	5.0	16.2	3.6	5.3	5.1	6.1	20.1	21.6
Adj. EBITA	6.1	1.5	1.4	2.2	4.6	9.7	2.3	3.3	4.0	5.9	15.5	18.7
Net sales growth-%	10%	12%	11%	-10%	11%	5%	0%	3%	13%	12%	7%	9%
Medical	-2%	15%	22%	-27%	3%	0%	-21%	-25%	5%	7%	-9%	6%
Security	23%	16%	5%	14%	21%	14%	32%	27%	15%	12%	20%	13%
Industrial	26%	-3%	-6%	2%	8%	1%	5%	42%	28%	22%	24%	8%
Adj. EBITA margin	6.2%	7%	5%	9%	15%	9.3%	10%	13%	15%	17%	13.9%	15.4%

DETECTION TECHNOLOGY PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			
		23	24	25	23	24	25	23	24	25	
Hamamatsu Photonics	3895	12.0x	11.1x	9.7x	15.6x	16.5x	14.6x	16.5x	23.8x	22.2x	
OSI Systems	2269	10.9x	11.3x	10.7x	14.4x	13.8x	12.9x	20.9x	17.4x	15.8x	
Varex Imaging	425	10.2x	8.8x	7.5x	15.4x	16.9x	12.8x	10.9x	26.2x	16.0x	
ams-OSRAM	942	5.6x	3.9x	3.4x	12.2x	9.8x	7.2x	8.6x		7.0x	
Analog Devices	107545	17.2x	21.6x	25.3x	18.9x	31.3x	26.7x	25.0x	36.2x	30.4x	
Keysight Tech	25274	16.4x	20.4x	18.7x	17.9x	22.5x	20.1x	20.0x	25.2x	22.1x	
Emerson Electric	59101	17.6x	17.0x	15.6x	19.5x	18.6x	17.5x	24.0x	20.1x	18.6x	
Texas Instruments	174541	18.6x	27.9x	22.3x	21.7x	36.0x	29.1x	29.5x	40.5x	32.9x	
Oxford Instruments	1361	14.2x	11.5x	10.8x	16.3x	13.3x	12.6x	18.1x	17.8x	16.9x	
Trimble	14107	16.6x	17.2x	16.6x	17.4x	18.5x	18.0x	23.7x	22.9x	20.9x	
Hexagon	24450	17.3x	14.1x	12.9x	22.3x	18.2x	16.7x	21.1x	21.1x	18.9x	
Konica Minolta	1467	9.5x	8.7x	7.1x		42.9x	18.9x			14.5x	
iRay Technology Company	2293	45.2x	17.9x	14.8x	50.0x	21.3x	16.8x	25.5x	24.1x	19.1x	
Vieworks	162	10.1x	7.2x	5.6x	13.9x	9.1x	6.8x	17.7x	10.9x	8.8x	
Peer Group Average	29845	15.8x	14.2x	12.9x	19.6x	20.6x	16.5x	20.1x	23.9x	18.9x	
Peer Group Median	3094	15.3x	12.8x	11.8x	17.4x	18.4x	16.7x	20.9x	23.4x	18.8x	
Detection Technology (Evli est.)	247	16.1x	11.9x	9.5x	23.1x	15.1x	11.6x	29.3x	22.1x	16.8x	
<i>Detection Technology prem./disc. to peer median</i>			5%	-7%	-19%	33%	-18%	-31%	41%	-5%	-10%

DETECTION TECHNOLOGY PEER GROUP	Sales 22	Sales gr.			EBIT-%			Div. yield		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	1439	-7.1%	-3.6%	9.9%	23.4%	16.4%	16.9%	1.9%	2.0%	1.9%
OSI Systems	1178	8.7%	12.7%	6.4%	12.7%	13.9%	14.1%			0.0%
Varex Imaging	826	-3.1%	-7.3%	3.0%	9.2%	5.7%	7.4%			
ams-OSRAM	4819	-25.5%	-2.6%	3.2%	6.4%	7.2%	9.6%	0.0%	0.0%	0.0%
Analog Devices	11682	-7.5%	-19.0%	10.2%	47.9%	41.3%	44.0%	1.4%	1.6%	1.7%
Keysight Tech	5231	-6.0%	-7.0%	5.5%	29.2%	25.2%	26.7%	0.0%	0.0%	0.0%
Emerson Electric	19860	-26.3%	10.5%	4.5%	23.2%	24.0%	24.5%	1.9%	1.9%	2.0%
Texas Instruments	18370	-12.5%	-10.4%	13.7%	41.8%	34.6%	37.6%	2.4%	2.5%	2.6%
Oxford Instruments	519	5.4%	5.4%	3.8%	17.2%	17.1%	17.5%	1.0%	1.1%	1.1%
Trimble	3428	2.9%	-5.8%	2.4%	24.6%	24.7%	24.9%	0.0%	0.0%	0.0%
Hexagon	5161	5.3%	0.6%	6.1%	26.8%	28.4%	29.2%	1.3%	1.5%	1.7%
Konica Minolta	7621	-7.5%	1.0%	-0.2%	-0.3%	1.3%	3.1%	1.3%	0.4%	0.8%
iRay Technology Company	212	14.5%	19.8%	21.1%	36.7%	39.9%	41.9%	1.1%	0.0%	0.0%
Vieworks	169	-10.1%	7.0%	10.6%	8.5%	11.4%	13.8%	1.3%	1.3%	1.4%
Peer Group Average	6592	-4.9%	0.1%	7.2%	22.0%	20.8%	22.2%	1.1%	1.0%	1.0%
Peer Group Median	4819	-6.6%	-1.0%	5.8%	23.3%	20.6%	21.0%	1.3%	1.2%	1.1%
Detection Technology (Evli est.)	99	5.3%	7.2%	9.2%	7.9%	13.5%	15.4%	1.7%	2.3%	3.0%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	16.85 PV of Free Cash Flow	106 Long-term growth, %	2.6 Risk-free interest rate, %	2.25
DCF share value	19.08 PV of Horizon value	165 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	13.3 Unconsolidated equity	-1 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	19.1 Marketable securities	19 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	19.1 Debt - dividend	-10 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	60.8 Value of stock	280 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	111	122	132	139	146	153	161	165	170	175	179
<i>Sales growth, %</i>	<i>5.3</i>	<i>7.2</i>	<i>9.2</i>	<i>8.6</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	15	19	21	21	23	24	25	26	26	27	28
<i>Operating income margin, %</i>	<i>7.9</i>	<i>13.5</i>	<i>15.4</i>	<i>15.7</i>	<i>15.0</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>
+ Depreciation+amort.	4	4	4	4	5	5	5	5	6	6	6	
EBITDA	12	19	23	25	26	28	29	30	31	32	33	
- Paid taxes	-2	-3	-4	-4	-4	-5	-5	-5	-5	-5	-6	
- 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>34.0</i>	<i>34.1</i>	<i>34.1</i>	<i>34.1</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>4.3</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	11	16	12	14	15	16	16	19	19	20	348
= Discounted FCFF		11	14	10	11	11	10	10	10	10	9	165
= DFCF min WACC		11	14	10	11	11	10	10	10	10	9	165
= DFCF max WACC		11	14	10	11	11	10	10	10	10	9	165

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	27.6	34.9	111.3	121.6	132.1
EBITDA	2.2	2.1	3.1	4.3	11.8	3.2	4.1	4.9	6.8	19.1	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>17.9</i>	<i>19.5</i>	<i>17.2</i>	<i>18.8</i>	<i>19.1</i>
EBIT	1.5	1.4	1.3	4.0	8.2	2.2	3.3	3.8	5.7	15.1	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>13.8</i>	<i>16.3</i>	<i>13.5</i>	<i>15.4</i>	<i>15.7</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	3.7	5.5	14.4	18.5	20.5
Tax	-0.2	-0.3	-0.4	-0.8	-1.8	-0.4	-0.9	-0.8	-1.1	-3.2	-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>21.8</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	2.9	4.4	11.2	14.7	16.3
EPS	0.06	0.03	0.06	0.22	0.38	0.11	0.15	0.20	0.30	0.76	1.00	1.11
EPS adjusted (diluted no. of shares)	0.06	0.03	0.12	0.25	0.47	0.11	0.15	0.20	0.30	0.76	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	0.38	0.50	0.56
SALES, EURm												
MBU	12.0	12.4	10.8	13.1	48.4	9.5	9.3	11.3	14.0	44.2	46.8	49.6
SBU	7.3	9.1	9.7	13.2	39.3	9.6	11.5	11.2	14.8	47.0	53.2	59.5
IBU	3.4	3.7	3.9	5.0	16.1	3.6	5.3	5.1	6.1	20.1	21.6	22.9
Total	22.8	25.2	24.5	31.3	103.8	22.7	26.1	27.6	34.9	111.3	121.6	132.1
SALES GROWTH, Y/Y %												
<i>MBU</i>	<i>14.6</i>	<i>22.3</i>	<i>-26.8</i>	<i>3.5</i>	<i>0.6</i>	<i>-21.2</i>	<i>-25.1</i>	<i>4.6</i>	<i>7.0</i>	<i>-8.8</i>	<i>6.0</i>	<i>6.0</i>
<i>SBU</i>	<i>16.2</i>	<i>5.0</i>	<i>14.1</i>	<i>20.8</i>	<i>14.3</i>	<i>31.8</i>	<i>26.9</i>	<i>14.4</i>	<i>12.0</i>	<i>19.7</i>	<i>13.0</i>	<i>12.0</i>
<i>IBU</i>	<i>-3.0</i>	<i>-6.2</i>	<i>0.4</i>	<i>7.9</i>	<i>0.2</i>	<i>5.2</i>	<i>41.5</i>	<i>30.2</i>	<i>22.0</i>	<i>25.0</i>	<i>7.5</i>	<i>6.0</i>
<i>Total</i>	<i>12.0</i>	<i>10.8</i>	<i>-10.1</i>	<i>10.9</i>	<i>5.3</i>	<i>-0.3</i>	<i>3.5</i>	<i>12.6</i>	<i>11.5</i>	<i>7.2</i>	<i>9.2</i>	<i>8.6</i>
EBIT, EURm												
Group	1.5	1.4	1.3	4.0	8.2	2.2	3.3	3.8	5.7	15.1	18.7	20.7
Total	1.5	1.4	1.3	4.0	8.2	2.2	3.3	3.8	5.7	15.1	18.7	20.7
EBIT margin, %												
<i>Total</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>13.8</i>	<i>16.3</i>	<i>13.5</i>	<i>15.4</i>	<i>15.7</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	102.5	81.6	89.8	98.6	103.8	111.3	121.6	132.1
<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>7.2</i>	<i>9.2</i>	<i>8.6</i>
EBITDA	19.9	11.9	13.9	9.1	11.8	19.1	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>17.2</i>	<i>18.8</i>	<i>19.1</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	15.4	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	15.1	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>13.5</i>	<i>15.4</i>	<i>15.7</i>
Reported EBIT	17.0	8.7	10.6	5.8	8.2	15.1	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>13.5</i>	<i>15.4</i>	<i>15.7</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	14.4	18.5	20.5
Taxes	-3.6	-1.4	-2.1	-0.4	-1.8	-3.2	-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	11.2	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
BALANCE SHEET, EURm								
Assets								
Fixed assets	10	10	9	7	17	18	19	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	33	36	40
Liquid funds	26	25	30	24	19	24	34	37
Total assets	77	76	92	91	95	102	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	18
Other interest-free debt	1	1	1	1	1	1	1	1
Total liabilities	77	76	92	91	95	102	112	122
CASH FLOW, EURm								
+ EBITDA	20	12	14	9	12	19	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	12
+/- 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	247	247	247
Net debt (excl. convertibles)	-19	-28	-21	-13	-20	-30	-34
Enterprise value	324	402	227	189	227	217	213
Sales	82	90	99	104	111	122	132
EBITDA	12	14	9	12	19	23	25
EBIT	9	11	6	8	15	19	21
Pre-tax	8	11	6	7	14	18	21
Earnings	7	9	5	5	11	15	16
Equity book value (excl. minorities)	58	74	73	73	81	90	99
Valuation multiples							
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	11.9	9.5	8.5
EV/EBITA	37.1	38.0	39.2	23.1	14.8	11.3	10.0
EV/EBIT	37.1	38.0	39.2	23.1	15.1	11.6	10.3
EV/OCF	43.1	56.4	-772.5	17.7	14.6	10.5	12.5
EV/FCFF	65.2	78.5	-132.7	8.7	20.2	13.9	18.2
P/FCFE	77.4	74.5	-128.9	9.6	23.0	15.9	21.4
P/E	51.0	46.4	45.3	29.3	22.1	16.8	15.2
P/B	5.9	5.8	3.4	2.8	3.1	2.8	2.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	13.5	10.9	9.7
Target EV/EBIT	0.0	0.0	0.0	0.0	17.1	13.3	11.8
Target EV/FCF	0.0	0.0	0.0	0.0	24.1	16.0	21.2
Target P/B	0.0	0.0	0.0	0.0	3.5	3.1	2.8
Target P/E	0.0	0.0	0.0	0.0	24.9	19.0	17.1
Per share measures							
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	0.76	1.00	1.11
Operating cash flow per share	0.52	0.49	-0.02	0.73	1.06	1.41	1.17
Free cash flow per share	0.31	0.39	-0.13	1.44	0.73	1.06	0.79
Book value per share	4.06	5.02	4.96	4.97	5.50	6.12	6.73
Dividend per share	0.28	0.35	0.20	0.23	0.38	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	2.3	3.0	3.3
FCF yield, %	1.3	1.3	-0.8	10.5	4.3	6.3	4.7
Efficiency measures							
ROE	11.5	14.0	7.0	7.6	14.6	17.2	17.3
ROCE	13.6	15.1	7.7	10.6	18.4	21.0	21.2
Financial ratios							
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	4.3	4.3	4.2
CAPEX/sales (incl. acquisitions), %	3.8	1.5	1.7	13.9	4.3	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	-1.1	-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	80.9	81.6
Gearing, %	-33.2	-37.6	-28.3	-17.7	-25.1	-33.6	-34.8

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	88.971	36.0%
OP-Finland Fund	617,376	10.403	4.2%
Varma Mutual Pension Insurance Company	515,000	8.678	3.5%
Sijoitusrahassto Aktia Capital	463,654	7.813	3.2%
Ilmarinen Mutual Pension Insurance Company	435,737	7.342	3.0%
Martola Hannu Veikko	431,690	7.274	2.9%
Veritas Pension Insurance Company Ltd.	389,387	6.561	2.7%
Evli Finnish Small Cap Fund	352,000	5.931	2.4%
OP-Finland Small Firms Fund	330,019	5.561	2.3%
Säästöpankki Kotimaa	260,000	4.381	1.8%
Ten largest	9,075,030	152.914	62%
Residual	5,580,900	94.038	38%
Total	14,655,930	246.952	100%

EARNINGS CALENDAR

October 29, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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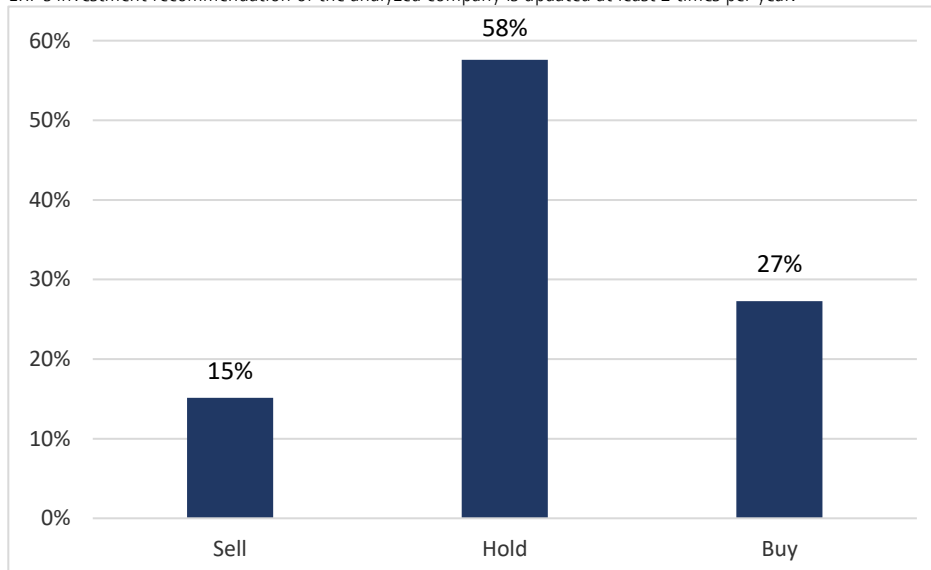
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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