

Expect return to growth

Detection technology will report its Q2 results on August 3rd. Q1 started off rather slow and expectations are for growth to pick up in the coming quarters. We expect the trend of net sales decline to be reversed in Q2 and sales to grow 12.8% y/y. We retain our target price of EUR 30.0 and HOLD-rating.

Q1 started off rather slow

Detection Technology will report its Q2 results next Tuesday on August 3rd. In Q1 net sales in MBU and IBU saw double-digit growth y/y while SBU saw net sales decline with the continued challenging situation in the security market. MBU showed good momentum in sales growth driven by investments in healthcare infrastructure and increased demand for CT applications. Group net sales overall declined 8.0% y/y. Relative profitability increased y/y to a 7.5% operating margin (Q1/20: 5.9%) but remained clearly below pre-COVID levels.

Growth seen to pick up in coming quarters

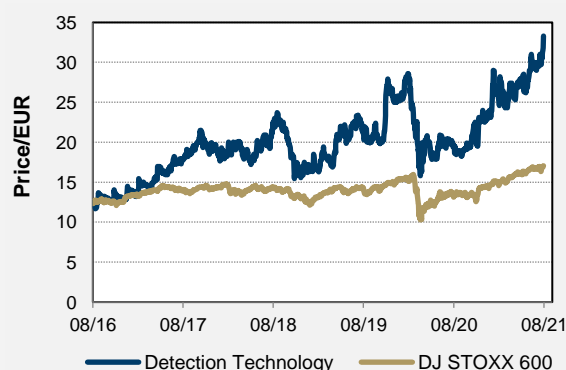
Detection Technology noted in Q1 that although the beginning of the year was slow, the worst challenges are seen to have been left behind and growth is expected to pick up again during 2021. MBU is seen to grow more in Q2 and H2 than in Q1 while IBU should turn to growth during H2. SBU is seen to head for growth in late Q2 and grow in H2 but demand is characterized by uncertainty. We estimate group net sales of EUR 23.8m for a growth of 12.8% y/y. We expect growth to be driven by MBU (35.4% y/y) and a clearly smaller y/y growth decline in SBU (-10.1% y/y). We expect group operating margins to remain quite on par with previous year levels.

HOLD with a target price of EUR 30.0

We have made no changes to our estimates ahead of Q2. Valuation is quite elevated, with 2022E P/E of ~36x, and growth recovery is still coupled with uncertainty. Potential is however still large, with good market growth expectations. We retain our HOLD-rating with a target price of EUR 30.0.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 33.30

Target price, EUR 30.0

Latest change in recommendation 21-Apr-21

Latest report on company 28-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 479

Free float, % 0.0

Exchange rate 0.000

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm 0.0

Next interim report 03-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%	6.0	0.64	52.0	4.9	40.2	1.3	0.38
2022E	106.8	17.2	16.1%	7.8	0.93	35.9	4.3	26.5	1.6	0.42
2023E	120.4	19.9	16.6%	9.3	1.08	30.9	3.8	22.6	1.9	0.54
Market cap, EURm	479			Gearing 2021E, %	-33.5		CAGR EPS 2020-23, %		31.9	
Net debt 2021E, EURm	-21			Price/book 2021E	7.5		CAGR sales 2020-23, %		13.9	
Enterprise value, EURm	457			Dividend yield 2021E, %	1.1		ROE 2021E, %		15.1	
Total assets 2021E, EURm	84			Tax rate 2021E, %	17.6		ROCE 2021E, %		16.9	
Goodwill 2021E, EURm	0			Equity ratio 2021E, %	76.5		PEG, P/E 21/CAGR		2.6	

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

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	442						
Hamamatsu Photonics K.K.	6965-JP	8005	15.5	18.9	26.1	27.5	11.7	11.9
OSI Systems, Inc.	OSIS-US	1617	9.9	11.6	17.2	17.2	14.0	15.3
Varex Imaging Corporation	VREX-US	974	3.3	9.5	15.5	16.9		
ams AG	AMS-CH	4137	13.1	10.0	19.8	21.0	6.0	8.3
Analog Devices, Inc.	ADI-US	55315	39.9	43.4	44.4	45.1	15.0	16.4
Keysight Technologies Inc	KEYS-US	26828	24.9	29.6	28.9	30.1	19.8	19.5
Spectris plc	SXS-GB	4650	13.0	16.8	19.7	20.6	12.6	13.4
Oxford Instruments plc	OXIG-GB	1659	17.8	18.0	21.0	20.8	18.6	17.6
Trimble Inc.	TRMB-US	19321	22.9	23.5	24.2	24.9	13.1	13.6
Hexagon AB Class B	HEXA.B-SE	33934	24.8	28.5	37.5	37.6	11.6	12.2
Vaisala Oyj Class A	VAIAS-FI	1408	11.8	12.6	16.7	17.9	17.6	19.1
Peer Group Average		12560	17.7	20.1	24.3	25.2	14.1	14.9
Peer Group Median		4650	15.6	18.1	20.8	21.9	14.0	15.3
Detection Technology (Evli est.)		485	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	442						
Hamamatsu Photonics K.K.	6965-JP	8005	9.9	10.1	0.6	0.7	43.9x	40.3x
OSI Systems, Inc.	OSIS-US	1617	16.0	15.2	0.0	0.0	18.9x	17.9x
Varex Imaging Corporation	VREX-US	974					27.5x	21.6x
ams AG	AMS-CH	4137	8.4	12.2	0.0	0.2	16.2x	11.3x
Analog Devices, Inc.	ADI-US	55315	19.4	21.0	1.5	1.7	26.5x	23.9x
Keysight Technologies Inc	KEYS-US	26828	30.5	27.5	0.0	0.0	27.4x	25.0x
National Instruments Corporation	NATI-US	4992	8.4	12.3	2.5	2.6	53.6x	35.8x
Spectris plc	SXS-GB	4650	13.7	15.6	1.9	2.1	24.9x	22.0x
Oxford Instruments plc	OXIG-GB	1659	15.8	14.2	0.6	0.7	30.4x	29.9x
Trimble Inc.	TRMB-US	19321	16.4	12.7	0.0	0.0	34.7x	30.6x
Hexagon AB Class B	HEXA.B-SE	33934	14.9	14.3	0.7	0.8	36.9x	34.2x
Vaisala Oyj Class A	VAIAS-FI	1408	19.1	19.1	1.6	1.7	34.5x	31.6x
Peer Group Average		12560	15.7	15.8	0.8	1.0	31.3x	27.0x
Peer Group Median		4650	15.8	14.3	0.6	0.7	29.0x	27.5x
Detection Technology (Evli est.)		485	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	442						
Hamamatsu Photonics K.K.	6965-JP	8005	5.9x	5.6x	22.7x	20.5x	32.9x	29.9x
OSI Systems, Inc.	OSIS-US	1617	1.8x	1.6x	10.3x	9.2x	15.5x	13.7x
Varex Imaging Corporation	VREX-US	974						
ams AG	AMS-CH	4137	1.2x	1.2x	6.2x	5.6x	15.9x	11.7x
Analog Devices, Inc.	ADI-US	55315	9.7x	9.0x	21.9x	19.8x	23.1x	20.6x
Keysight Technologies Inc	KEYS-US	26828	6.0x	5.5x	20.8x	18.3x	21.6x	18.7x
Spectris plc	SXS-GB	4650	3.0x	2.8x	15.2x	13.7x	19.0x	16.8x
Oxford Instruments plc	OXIG-GB	1659	4.0x	3.8x	19.2x	18.3x	21.8x	21.1x
Trimble Inc.	TRMB-US	19321	6.4x	5.8x	26.5x	23.2x	28.4x	24.6x
Hexagon AB Class B	HEXA.B-SE	33934	8.8x	8.0x	23.5x	21.2x	31.5x	27.9x
Vaisala Oyj Class A	VAIAS-FI	1408	3.4x	3.2x	20.4x	17.9x	29.6x	25.5x
Peer Group Average		12560	4.9x	4.5x	18.6x	16.6x	23.9x	20.9x
Peer Group Median		4650	4.0x	3.8x	20.4x	18.3x	23.1x	20.6x
Detection Technology (Evli est.)		485	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	442						
Hamamatsu Photonics K.K.	6965-JP	8005	14.8	4.0	-1.8x	-1.8x	79.7	80.6
OSI Systems, Inc.	OSIS-US	1617	-2.9	0.0	1.1x	0.6x	50.0	54.6
Varex Imaging Corporation	VREX-US	974	6.7	5.4				
ams AG	AMS-CH	4137	50.9	1.6	1.8x	1.5x	30.7	32.2
Analog Devices, Inc.	ADI-US	55315	19.3	7.4	1.2x	0.9x	56.4	55.4
Keysight Technologies Inc	KEYS-US	26828	15.5	5.7	-0.3x	-0.9x	47.6	51.8
National Instruments Corporation	NATI-US	4992	9.7	0.0	-0.6x	-0.6x	65.5	69.9
Spectris plc	SXS-GB	4650	-1.8	4.0	-0.4x	-0.6x	59.2	61.2
Oxford Instruments plc	OXIG-GB	1659	4.9	4.9	-1.3x	-1.4x	61.4	63.2
Trimble Inc.	TRMB-US	19321	10.5	7.9	1.0x	0.3x	56.3	59.2
Hexagon AB Class B	HEXA.B-SE	33934	13.9	8.9	1.2x	0.7x	57.7	59.8
Vaisala Oyj Class A	VAIAS-FI	1408	9.4	4.6	-0.1x	-0.4x	59.4	62.4
Peer Group Average		12560	12.6	5.4	0.2x	-0.1x	56.7	59.1
Peer Group Median		4650	10.1	5.2	-0.1x	-0.4x	57.7	59.8
Detection Technology (Evli est.)		485	13.5	15.4	-1.4x	-1.2x	77.9	76.4

Source: Factset, Evli Research

Updated on July 30th, 2021

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	16.7	19.4
Tax	-0.2	-0.5	-0.8	0.1	-1.4	0.0	-0.6	-0.6	-0.7	-2.0	-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>17.6</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	9.2	13.3	15.5
EPS	0.06	0.12	0.12	0.16	0.47	0.09	0.16	0.18	0.20	0.64	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	0.62	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 %												
<i>MBU</i>	<i>-2.3</i>	<i>22.2</i>	<i>20.4</i>	<i>26.7</i>	<i>16.6</i>	<i>20.2</i>	<i>35.4</i>	<i>31.3</i>	<i>24.8</i>	<i>28.2</i>	<i>15.5</i>	<i>12.0</i>
<i>SBU</i>	<i>-35.5</i>	<i>-59.8</i>	<i>-59.9</i>	<i>-62.6</i>	<i>-55.4</i>	<i>-38.0</i>	<i>-10.1</i>	<i>7.5</i>	<i>46.8</i>	<i>-3.0</i>	<i>15.3</i>	<i>13.0</i>
<i>IBU</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>9.9</i>	<i>-0.1</i>	<i>5.2</i>	<i>16.6</i>	<i>7.3</i>	<i>15.4</i>	<i>15.0</i>
<i>Total</i>	<i>-13.7</i>	<i>-23.1</i>	<i>-23.3</i>	<i>-20.6</i>	<i>-20.4</i>	<i>-8.2</i>	<i>12.8</i>	<i>18.8</i>	<i>30.4</i>	<i>13.5</i>	<i>15.4</i>	<i>12.7</i>
EBIT, EURm												
MBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.3	11.1
SBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5	6.4
IBU	1.2	2.6	2.6	2.3	8.7	1.4	3.0	3.3	3.7	11.4	2.4	2.5
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, %												
<i>MBU</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>16.0</i>	<i>17.0</i>
<i>SBU</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>16.0</i>	<i>16.5</i>
<i>IBU</i>	<i>54.9</i>	<i>75.2</i>	<i>82.7</i>	<i>83.0</i>	<i>75.3</i>	<i>57.6</i>	<i>87.2</i>	<i>100.0</i>	<i>112.1</i>	<i>91.5</i>	<i>16.5</i>	<i>15.0</i>
<i>Total</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>

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	16.7	19.4
Taxes	-3.2	-4.2	-3.6	-3.6	-1.4	-2.0	-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	9.2	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	64	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	7	9	10
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	0	-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	1	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	479	479	479
Net debt (excl. convertibles)	-22	-18	-20	-19	-21	-24	-27
Enterprise value	228	206	348	324	457	455	452
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	64	71	81
Valuation multiples							
EV/sales	2.6	2.2	3.4	4.0	4.9	4.3	3.8
EV/EBITDA	10.3	9.8	17.4	27.3	31.3	22.7	20.1
EV/EBITA	11.5	11.1	20.4	37.1	40.2	26.5	22.6
EV/EBIT	11.5	11.1	20.4	37.1	40.2	26.5	22.6
EV/OCF	12.3	33.6	28.9	37.7	53.9	41.3	34.6
EV/FCFF	13.3	142.7	41.6	52.7	73.7	55.6	46.1
P/FCFE	14.9	162.4	48.5	61.1	79.2	61.4	51.3
P/E	16.5	15.1	29.5	51.0	52.0	35.9	30.9
P/B	6.0	4.4	6.3	5.9	7.5	6.7	5.9
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	67.8	52.3	43.3
Target P/B	0.0	0.0	0.0	0.0	6.8	6.0	5.3
Target P/E	0.0	0.0	0.0	0.0	48.4	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	0.64	0.93	1.08
Operating cash flow per share	1.34	0.43	0.84	0.60	0.59	0.77	0.91
Free cash flow per share	1.21	0.10	0.53	0.39	0.42	0.54	0.65
Book value per share	3.00	3.57	4.06	4.06	4.42	4.97	5.63
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	59.3	45.0	50.0
Dividend yield, %	1.9	2.4	1.5	1.2	1.1	1.3	1.6
FCF yield, %	6.7	0.6	2.1	1.6	1.3	1.6	1.9
Efficiency measures							
ROE	41.8	32.0	22.7	11.5	15.1	19.8	20.3
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	-1.5	-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	76.5	75.3	75.6
Gearing, %	-52.3	-35.6	-34.9	-33.2	-33.5	-33.1	-33.3

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	%
Ahlstrom Capital Bv	5,280,167	175.830	36.7%
OP-Finland Fund	617,376	20.559	4.3%
Varma Mutual Pension Insurance Company	515,000	17.149	3.6%
Sijoitusrahasto Aktia Capital	435,737	14.510	3.0%
Ilmarinen Mutual Pension Insurance Company	435,737	14.510	3.0%
Martola Hannu Veikko	431,690	14.375	3.0%
SEB Finland Small Cap Investment Fund	276,716	9.215	1.9%
Saastopankki Kotimaa	240,000	7.992	1.7%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	232,932	7.757	1.6%
Fondita Nordic Micro Cap	220,000	7.326	1.5%
Ten largest	8,685,355	289.222	60%
Residual	5,690,075	189.479	40%
Total	14,375,430	478.702	100%

EARNINGS CALENDAR	
August 03, 2021	Q2 report
August 27, 2021	Q3 report
OTHER EVENTS	

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

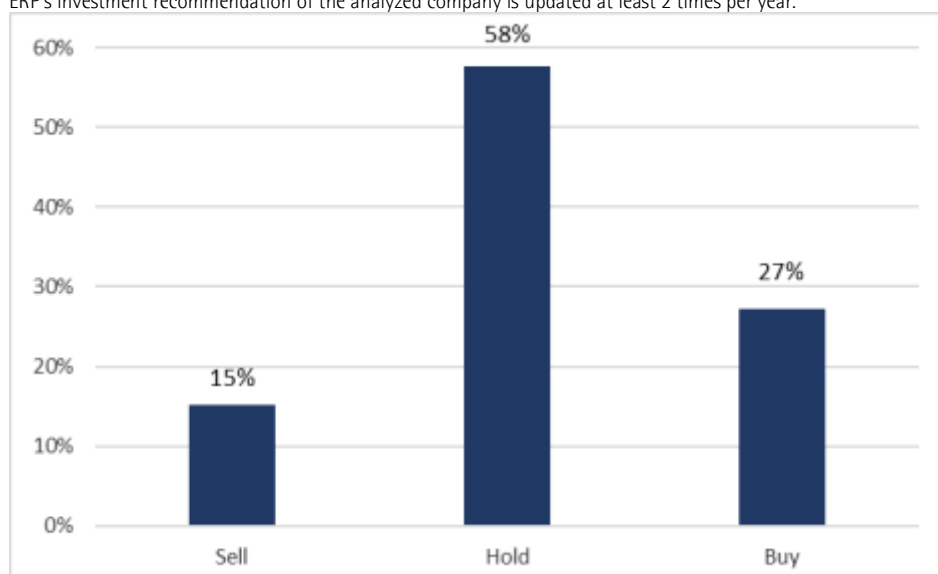
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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