

Component shortage reduced the growth pace

DT's Q4 result fell slightly short of our estimates. Growth accelerated in all BUs, but the component shortage had an impact on sales. Demand was strong in the medical and industrial applications, while the security segment also grew and saw the demand picking up.

- **Group results:** Q4 net sales grew by 24% y/y to EUR 24.7m vs. 25.8m/25.6m Evli/cons. Profitability improved and adj. EBIT grew by 28% y/y, totaling EUR 3m (12% margin) vs. 3.9m/3.9m Evli/cons. R&D costs amounted to EUR 2.9m and were 11.8% of net sales (Q4'20: EUR 2.2m, 11.3%).
- **Medical (MBU):** net sales came in strong and grew by 24% y/y to EUR 13.6m vs. 14.2m (Evli). The growth was driven by investments in healthcare and strong demand for high-end CT devices.
- **Security (SBU):** the demand picked up and the topline grew by 26.5% y/y to EUR 7.8m vs. 8m (Evli). The growth was seen in all segments except aviation, but the demand for aviation solutions has evolved positively.
- **Industrial (IBU):** net sales increased by 22% y/y, totaling EUR 3.4m vs. 3.6m (Evli). The demand was strong in DT's all main IBU segments.
- **Dividend proposal:** EUR 0.35 (0.38/0.35 Evli/cons.)
- DT reported that the risks of component shortage have increased and the company has started actions to enhance operative efficiency and find other components suppliers.
- **FY'22 outlook:** demand will continue to be strong in all of the company's main markets. The company expects double-digit growth in total net sales both in Q1 and Q2'22.
- **No changes in medium-term targets:** at least 10% net sales growth and an EBIT-margin at or above 15%.

Rating

■ HOLD

Q4'21	Actual	Evli	Consensus*	Q4'20
Net sales	24.7	25.8	25.6	19.9
MBU	13.6	14.2	-	10.9
SBU	7.8	8.0	-	6.1
IBU	3.4	3.6	-	2.8
Adj. EBIT	3	3.9	3.9	2.3
Adj. EBIT-margin	12.0%	15.1%	15.1%	11.8%
Adj. EPS	0.19	0.21	0.21	0.16

*Consensus estimate from FactSet

Share price, EUR (Last trading day's closing price)	27.50
Target price, EUR	28.0
Latest change in recommendation	21-Apr-21
Latest report on company	27-Jan-22
Research paid by issuer:	YES
No. of shares outstanding, '000's	14,578
No. of shares fully diluted, '000's	15,078
Market cap, EURm	401
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	02-Feb-22
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■ BUY ■ HOLD ■ SELL

PRE-REPORT 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%	4.4	0.47	51.0	4.0	37.1	1.3	0.28
2021E	90.9	11.5	12.7%	7.1	0.65	42.2	4.2	32.9	1.8	0.38
2022E	105.7	17.2	16.3%	7.6	0.92	29.9	3.6	21.9	1.9	0.41
2023E	119.3	20.3	17.0%	9.7	1.08	25.3	3.1	18.4	2.4	0.49
Market cap, EURm		401		BV per share 2021E, EUR		-35.0		CAGR EPS 2020-23, %		32.3
Net debt 2021E, EURm		-22		Price/book 2021E		6.3		CAGR sales 2020-23, %		13.5
Enterprise value, EURm		379		Dividend yield 2021E, %		1.4		ROE 2021E, %		15.6
Total assets 2021E, EURm		82		Tax rate 2021E, %		20.2		ROCE 2021E, %		17.2
Goodwill 2021E, EURm		0		Equity ratio 2021E, %		78.3		PEG, P/E 21/CAGR		1.5

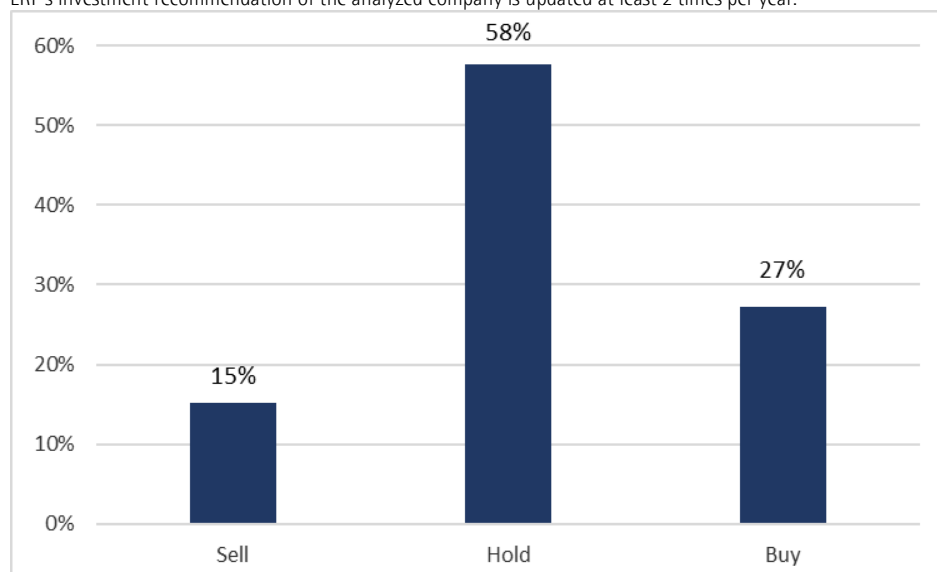
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Investment recommendations are defined as follows:

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

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

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