

Expecting a clear EBIT improvement

Detection Technology publishes its Q1 business review on April 27th. We expect the underlying demand to remain strong, but component shortage to postpone some deliveries also in Q1. We retain our HOLD-rating and adjust TP to EUR 22.5 (26.0).

Clear double-digit growth in expectations

After great Q4'21, we expect DT to continue strong development in all its business segments: in our estimates, MBU's Q1 growth pace smoothens (7.8%) due to low availability of components while we expect IBU (19.3%) and SBU (25.2%) to grow significantly from the comparison period. We expect IBU's freshly won customers to generate new topline growth in Q1. SBU growth is mainly driven by the recovery of the aviation segment. Q1 group topline increases by 15% y/y to EUR 21.1m while EBIT also improves by 39% y/y, driven by increased net sales, amounting to EUR 1.9m (9.2% margin).

MBU to suffer the most from the component shortage

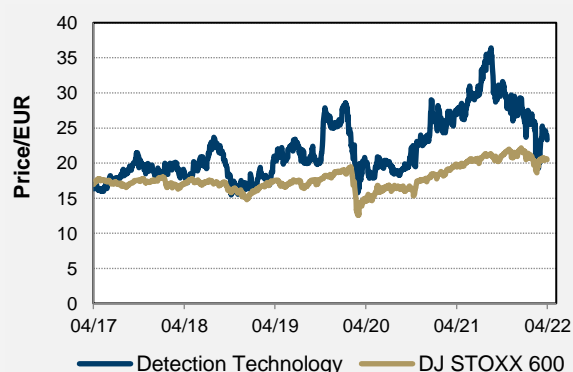
In its Q4 review, DT noted that underlying demand remains strong, but low component availability restricts growth, especially in the medical segment. In our understanding, the availability of components used in industrial and partly in security detectors isn't as limited as in medical applications. In addition, the war in Ukraine and the sanctions set for Russia have affected to semiconductor sector through increased material and production costs. We, however, remain to wait for the company's comments on its supply chain development before adjusting our estimates.

HOLD with a target price of EUR 22.5 (26.0)

DT's current valuation (22E EV/EBIT of 21x) appears quite elevated compared to its peers (22E EV/EBIT of 17x) due to DT's yet soft profitability. We now focus on emphasizing DT's 2023 potential as the current year's development is restricted by bottlenecks of the global supply chain, which we expect to ease during 2023-24. With our new target price, 23E valuation drops near peer median with DT's earnings improvement. With the current valuation stretched compared to peers, we retain our HOLD-rating and adjust our target price to EUR 22.5 (26.0).

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) **23.30**

Target price, EUR **22.5**

Latest change in recommendation **20-Apr-21**

Latest report on company **3-Feb-22**

Research paid by issuer: **YES**

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

No. of shares fully diluted, '000's **15,156**

Market cap, EURm **341**

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 **27-Apr-22**

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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
2020	81.6	8.7	10.7%	4.4	0.47	51.0	4.0	37.1	1.3	0.28
2021	89.8	10.6	11.8%	5.8	0.63	46.4	4.5	38.0	1.3	0.35
2022E	101.8	15.0	14.8%	6.4	0.81	28.6	3.1	20.8	1.9	0.41
2023E	114.1	17.8	15.6%	7.6	0.96	24.2	2.7	17.5	2.2	0.48
2024E	125.0	20.5	16.4%	10.5	1.11	21.0	2.5	15.0	3.1	0.55
Market cap, EURm		341	Gearing 2022E, %			-36.0	CAGR EPS 2021-24, %			20.6
Net debt 2022E, EURm		-29	Price/book 2022E			4.3	CAGR sales 2021-24, %			11.7
Enterprise value, EURm		313	Dividend yield 2022E, %			1.8	ROE 2022E, %			15.5
Total assets 2022E, EURm		100	Tax rate 2022E, %			16.2	ROCE 2022E, %			19.1
Goodwill 2022E, EURm		0	Equity ratio 2022E, %			80.6	PEG, P/E 22/CAGR			1.9

Peer group

	Security identifier	MCAP MEUR	EBIT %		EBITDA %		ROCE %		ROE %		DIV %		Equity ratio %	
			22E	23E	22E	23E	22E	23E	22E	23E	22E	23E	22E	23E
First Sensor AG	SIS-DE	508												
Hamamatsu Photonics K.K.	6965-JP	7530	22.9	22.8	31.0	31.1	15.7	14.8	13.2	12.2	1.0	1.0	80.1	81.4
OSI Systems, Inc.	OSIS-US	1263	11.8	12.7	17.4	17.9	12.5	14.3	16.3	16.5			47.7	52.9
Varex Imaging Corporation	VREX-US	729	11.0	13.2	16.2	17.9								
ams-OSRAM AG	AMS-CH	2920	10.5	11.8	19.5	21.7	7.8	8.6	9.8	11.6	0.0	0.0	33.5	35.0
Analog Devices, Inc.	ADI-US	75119	46.4	46.9	55.6	53.5	10.8	11.5	11.3	12.7	1.8	2.0	72.6	71.9
Keysight Technologies Inc	KEYS-US	23875	27.7	28.3	30.3	30.7	21.1	21.1	32.0	29.5	0.2	0.3	50.9	54.5
National Instruments Corporation	NATI-US	4625	18.1	18.7	22.2	23.2	17.6	18.3	23.5	25.5	2.8	2.8	58.6	61.1
Spectris plc	SXS-GB	3392	16.8	17.4	20.4	20.9	17.1	17.0	13.9	14.2	2.9	3.0	77.4	77.9
Oxford Instruments plc	OXIG-GB	1463	17.4	17.7	20.6	21.0	18.9	16.5	15.8	14.3	0.9	0.9	64.7	62.5
Trimble Inc.	TRMB-US	15346	23.2	24.2	24.4	25.4	14.2	14.5	17.3	17.1	0.0	0.0	58.7	61.8
Hexagon AB Class B	HEXA.B-SE	33299	29.2	29.9	38.6	39.3	11.7	12.2	13.0	13.6	1.0	1.1	62.4	63.7
Thales SA	HO-FR	26945	11.2	11.9	15.4	16.0	13.8	14.5	21.1	21.5	2.1	2.4	21.7	23.7
Agfa-Gevaert NV	AGFB-BE	635	1.4		5.2	8.3			-0.2					
Konica Minolta, Inc.	4902-JP	2069	3.7	4.4	10.4	10.8	3.9	4.7	4.1	5.0	5.7	5.8	41.3	42.0
Iray Technology Co., Ltd Class A	688301-CN	3398	41.1	41.3	42.1	43.3	18.2	20.7	18.4	20.7	0.1	0.1	87.9	87.0
Vieworks Co., Ltd	100120-KR	291	18.8	19.0	21.7	21.6	17.6	17.1	16.0	15.5	1.8	1.8	85.1	86.2
Vaisala Oyj Class A	VAIAS-FI	1504	12.8	14.0	17.0	18.2	19.1	21.0	21.0	21.8	1.7	2.0	57.5	61.6
Peer Group Average		11384	19.1	20.9	24.0	24.8	14.7	15.1	15.4	16.8	1.5	1.7	60.0	61.5
Peer Group Median		3156	17.4	18.2	20.6	21.6	15.7	14.8	15.9	15.5	1.0	1.4	58.7	61.8
Detection Technology (Evli est.)		341	14.8	15.6	17.9	17.8	19.1	20.5	15.5	16.7	1.7	2.0	80.6	79.1

	Security identifier	MCAP MEUR	EV/S		EV/EBITDA		EV/EBIT		P/E		Sales growth %		Net debt / EBITDA	
			22E	23E	22E	23E	22E	23E	22E	23E	22E	23E	22E	23E
First Sensor AG	SIS-DE	508												
Hamamatsu Photonics K.K.	6965-JP	7530	4.6x	4.4x	14.8x	14.1x	20.1x	19.2x	27.8x	27.3x	11.9	3.4	-1.7	-1.8
OSI Systems, Inc.	OSIS-US	1263	1.4x	1.2x	8.0x	6.9x	11.8x	9.8x	13.9x	12.6x	2.8	0.0	1.0	0.6
Varex Imaging Corporation	VREX-US	729							20.0x	14.3x	2.2	7.4		
ams-OSRAM AG	AMS-CH	2920	1.0x	0.9x	4.9x	4.2x	9.1x	7.8x	9.8x	7.8x	1.6	-1.0	1.6	1.2
Analog Devices, Inc.	ADI-US	75119	7.9x	7.4x	14.2x	13.8x	17.0x	15.7x	19.3x	17.7x	54.7	5.8	0.7	0.5
Keysight Technologies Inc	KEYS-US	23875	5.0x	4.6x	16.5x	15.0x	18.0x	16.4x	21.1x	19.6x	7.0	5.6	-0.4	-0.7
National Instruments Corporation	NATI-US	4625	3.0x	2.9x	13.7x	12.6x	16.8x	15.7x	18.4x	17.0x	17.2	0.0	0.1	0.1
Spectris plc	SXS-GB	3392	2.1x	1.9x	10.1x	9.1x	12.2x	11.0x	16.6x	15.4x	0.2	4.4	-0.8	-1.0
Oxford Instruments plc	OXIG-GB	1463	3.2x	3.0x	15.6x	14.5x	18.6x	17.3x	24.9x	23.7x	5.8	4.2	-0.7	-0.9
Trimble Inc.	TRMB-US	15346	4.4x	3.9x	18.1x	15.5x	19.1x	16.2x	23.9x	21.1x	9.9	8.0	0.4	-0.3
Hexagon AB Class B	HEXA.B-SE	33299	7.4x	6.7x	19.2x	17.1x	25.4x	22.4x	29.3x	26.5x	15.0	8.3	1.2	0.7
Thales SA	HO-FR	26945	1.5x	1.4x	10.0x	8.5x	13.7x	11.4x	18.8x	16.8x	7.2	7.2	-0.1	-0.6
Agfa-Gevaert NV	AGFB-BE	635	0.4x		8.0x		29.7x			14.3x	0.0	-1.4	0.9	
Konica Minolta, Inc.	4902-JP	2069	0.5x	0.5x	4.9x	4.4x	13.8x	10.9x	11.7x	9.3x	7.5	1.4	2.4	2.1
Iray Technology Co., Ltd Class A	688301-CN	3398							40.0x	29.5x	39.6	36.8		
Vieworks Co., Ltd	100120-KR	291	1.8x	1.6x	8.1x	7.3x	9.3x	8.3x	11.9x	10.9x	10.0	9.4	-1.1	-1.1
Vaisala Oyj Class A	VAIAS-FI	1504	3.1x	2.9x	18.2x	15.7x	24.1x	20.4x	29.5x	25.5x	9.1	6.0	-0.5	-0.8
Peer Group Average		11384	3.2x	3.1x	12.3x	11.3x	17.2x	14.5x	21.1x	18.2x	11.9	7.0	0.2	-0.1
Peer Group Median		3156	3.0x	2.9x	13.7x	13.2x	17.0x	15.7x	19.6x	17.0x	7.5	5.8	0.1	-0.5
Detection Technology (Evli est.)		341	3.1x	2.8x	17.4x	15.5x	21.1x	17.7x	29.0x	24.5x	10.1	13.3	-1.6	-1.5

Premium/discount relative to peer group median
Source: Factset, Evli Research

Updated on April 20th 2022

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	23.30 PV of Free Cash Flow	91 Long-term growth, %	5.0 Risk-free interest rate, %	2.25
DCF share value	27.24 PV of Horizon value	280 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	16.9 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	27.2 Marketable securities	30 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	27.2 Debt - dividend	-2 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	75.4 Value of stock	399 Nr of shares, Mn	14.7 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	90	102	114	125	135	143	150	158	166	174	183	192
<i>Sales growth, %</i>	<i>10.1</i>	<i>13.3</i>	<i>12.2</i>	<i>9.5</i>	<i>8.0</i>	<i>6.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
Operating income (EBIT)	11	15	18	21	23	24	26	27	28	30	31	33
<i>Operating income margin, %</i>	<i>11.8</i>	<i>14.8</i>	<i>15.6</i>	<i>16.4</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>
+ Depreciation+amort.	3	3	3	3	3	3	4	4	4	4	4	
EBITDA	14	18	20	23	26	28	29	31	32	34	35	
- Paid taxes	-1	-2	-4	-4	-5	-5	-5	-5	-6	-6	-6	
- Change in NWC	-6	-5	-5	-5	-4	-4	-3	-3	-3	-4	-4	
<i>NWC / Sales, %</i>	<i>41.3</i>	<i>41.5</i>	<i>41.7</i>	<i>41.9</i>	<i>42.0</i>	<i>42.0</i>	<i>42.1</i>	<i>42.1</i>	<i>42.2</i>	<i>42.3</i>	<i>42.3</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-4	-4	-4	-4	-4	-4	-4	-5	-5	-5	
<i>opCAPEX / Sales, %</i>	<i>1.5</i>	<i>3.5</i>	<i>3.2</i>	<i>3.1</i>	<i>3.0</i>	<i>2.9</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	
- Acquisitions	0	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	5	7	8	11	13	15	17	18	18	19	20	616
= Discounted FCFF		7	7	9	10	10	11	10	10	10	9	280
= DFCF min WACC		7	7	9	10	10	11	10	10	10	9	280
= DFCF max WACC		7	7	9	10	10	11	10	10	10	9	280

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1E	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	18.3	23.5	23.2	24.7	89.8	21.1	26.8	26.0	28.0	101.8	114.1	125.0
EBITDA	1.4	4.6	4.1	3.8	13.9	2.7	5.0	5.2	5.3	18.2	20.4	23.4
<i>EBITDA margin (%)</i>	<i>7.6</i>	<i>19.7</i>	<i>17.6</i>	<i>15.2</i>	<i>15.4</i>	<i>13.0</i>	<i>18.8</i>	<i>20.0</i>	<i>18.8</i>	<i>17.9</i>	<i>17.8</i>	<i>18.7</i>
EBIT	1.4	3.0	3.3	3.0	10.6	1.9	4.2	4.4	4.5	15.0	17.8	20.5
<i>EBIT margin (%)</i>	<i>7.6</i>	<i>12.6</i>	<i>14.1</i>	<i>12.0</i>	<i>11.8</i>	<i>9.2</i>	<i>15.9</i>	<i>17.0</i>	<i>15.9</i>	<i>14.8</i>	<i>15.6</i>	<i>16.4</i>
Net financial items	0.3	-0.1	0.2	0.3	0.8	-0.2	-0.2	-0.2	-0.2	-0.8	-0.2	-0.2
Pre-tax profit	1.7	2.9	3.5	3.3	11.4	1.7	4.0	4.2	4.3	14.2	17.6	20.3
Tax	-0.5	-0.6	-0.6	-0.5	-2.1	-0.5	-0.6	-0.6	-0.6	-2.3	-3.5	-4.1
<i>Tax rate (%)</i>	<i>26.6</i>	<i>19.4</i>	<i>18.0</i>	<i>14.3</i>	<i>18.6</i>	<i>28.9</i>	<i>14.8</i>	<i>14.3</i>	<i>14.1</i>	<i>16.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	1.2	2.3	2.8	2.8	9.3	1.2	3.4	3.6	3.7	11.9	14.1	16.2
EPS	0.09	0.16	0.19	0.19	0.63	0.08	0.23	0.25	0.25	0.81	0.96	1.11
EPS adjusted (diluted no. of shares)	0.08	0.15	0.19	0.19	0.61	0.08	0.23	0.24	0.24	0.79	0.93	1.07
Dividend per share	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.00	0.00	0.41	0.48	0.55
SALES, EURm												
MBU	10.1	13.6	11.9	13.6	49.2	10.9	14.5	12.9	14.7	52.9	57.9	62.6
SBU	5.8	6.9	7.5	7.8	27.9	7.3	8.5	8.9	9.4	34.1	39.5	44.2
IBU	2.4	3.1	3.8	3.4	12.7	2.9	3.8	4.2	3.9	14.8	16.7	18.2
Total	18.3	23.5	23.2	24.7	89.8	21.1	26.8	26.0	28.0	101.8	114.1	125.0
SALES GROWTH, Y/Y %												
<i>MBU</i>	<i>20.2</i>	<i>37.0</i>	<i>18.8</i>	<i>24.3</i>	<i>25.2</i>	<i>7.4</i>	<i>6.9</i>	<i>8.0</i>	<i>8.1</i>	<i>7.6</i>	<i>9.5</i>	<i>8.0</i>
<i>SBU</i>	<i>-38.0</i>	<i>-11.7</i>	<i>0.2</i>	<i>26.5</i>	<i>-9.2</i>	<i>25.9</i>	<i>22.8</i>	<i>19.4</i>	<i>21.3</i>	<i>22.1</i>	<i>16.0</i>	<i>12.0</i>
<i>IBU</i>	<i>9.9</i>	<i>-10.4</i>	<i>21.5</i>	<i>21.7</i>	<i>9.9</i>	<i>20.8</i>	<i>23.1</i>	<i>10.2</i>	<i>13.2</i>	<i>16.2</i>	<i>13.0</i>	<i>9.0</i>
<i>Total</i>	<i>-8.2</i>	<i>11.4</i>	<i>12.5</i>	<i>24.6</i>	<i>10.1</i>	<i>15.0</i>	<i>13.7</i>	<i>12.0</i>	<i>12.9</i>	<i>13.3</i>	<i>12.2</i>	<i>9.5</i>
EBIT, EURm												
Group	1.4	3.0	3.3	3.0	10.6	1.9	4.2	4.4	4.5	15.0	17.8	20.5
Total	1.4	3.0	3.3	3.0	10.6	1.9	4.2	4.4	4.5	15.0	17.8	20.5
EBIT margin, %												
<i>Total</i>	<i>7.6</i>	<i>12.6</i>	<i>14.1</i>	<i>12.0</i>	<i>11.8</i>	<i>9.2</i>	<i>15.9</i>	<i>17.0</i>	<i>15.9</i>	<i>14.8</i>	<i>15.6</i>	<i>16.4</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	89.0	93.9	102.5	81.6	89.8	101.8	114.1	125.0
<i>Sales growth (%)</i>	<i>17.9</i>	<i>5.5</i>	<i>9.2</i>	<i>-20.4</i>	<i>10.1</i>	<i>13.3</i>	<i>12.2</i>	<i>9.5</i>
EBITDA	22.1	20.9	19.9	11.9	13.9	18.2	20.4	23.4
<i>EBITDA margin (%)</i>	<i>24.9</i>	<i>22.3</i>	<i>19.5</i>	<i>14.6</i>	<i>15.4</i>	<i>17.9</i>	<i>17.8</i>	<i>18.7</i>
Depreciation	-2.2	-2.4	-2.9	-3.2	-3.3	-3.2	-2.5	-2.9
EBITA	19.9	18.5	17.0	8.7	10.6	15.0	17.8	20.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	19.9	18.5	17.0	8.7	10.6	15.0	17.8	20.5
<i>EBIT margin (%)</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>10.7</i>	<i>11.8</i>	<i>14.8</i>	<i>15.6</i>	<i>16.4</i>
Reported EBIT	19.9	18.5	17.0	8.7	10.6	15.0	17.8	20.5
<i>EBIT margin (reported) (%)</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>10.7</i>	<i>11.8</i>	<i>14.8</i>	<i>15.6</i>	<i>16.4</i>
Net financials	-0.5	-0.1	-1.0	-0.6	0.8	-0.8	-0.2	-0.2
Pre-tax profit	19.4	18.4	16.0	8.1	11.4	14.2	17.6	20.3
Taxes	-4.2	-3.6	-3.6	-1.4	-2.1	-2.3	-3.5	-4.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	15.2	14.9	12.5	6.7	9.3	11.9	14.1	16.2
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	9	10	10	9	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	9	13	14	16	22	25	28	31
Receivables	21	27	27	25	31	35	40	44
Liquid funds	27	22	26	25	30	31	34	38
Total assets	62	71	77	76	92	100	113	123
Liabilities								
Shareholder's equity	42	51	58	58	74	80	88	98
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	5	4	6	6	2	2	4	3
Non-interest bearing current liabilities	15	15	12	11	15	17	19	20
Other interest-free debt	1	0	1	1	2	2	2	2
Total liabilities	62	71	77	76	92	100	113	123
CASH FLOW, EURm								
+ EBITDA	22	21	20	12	14	18	20	23
- Net financial items	11	0	-1	-1	1	-1	0	0
- Taxes	-3	-5	-5	-3	-1	-2	-4	-4
- Increase in Net Working Capital	1	-10	-2	0	-6	-5	-5	-5
+/- Other	-12	0	0	-1	0	0	0	0
= Cash flow from operations	19	6	12	8	7	10	11	14
- Capex	-2	-5	-4	-3	-1	-4	-4	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	17	1	8	4	6	6	8	11
+/- New issues/buybacks	-1	0	0	-1	10	0	0	0
- Paid dividend	-3	-5	-5	-5	-4	-5	-6	-7
+/- Other	-2	0	2	1	-7	-1	2	0
Change in cash	11	-4	4	-1	5	1	4	3

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	224	368	344	429	341	341	341
Net debt (excl. convertibles)	-18	-20	-19	-28	-29	-31	-34
Enterprise value	206	348	324	402	313	311	307
Sales	94	103	82	90	102	114	125
EBITDA	21	20	12	14	18	20	23
EBIT	19	17	9	11	15	18	21
Pre-tax	18	16	8	11	14	18	20
Earnings	15	12	7	9	12	14	16
Equity book value (excl. minorities)	51	58	58	74	80	88	98
Valuation multiples							
EV/sales	2.2	3.4	4.0	4.5	3.1	2.7	2.5
EV/EBITDA	9.8	17.4	27.3	29.0	17.1	15.3	13.2
EV/EBITA	11.1	20.4	37.1	38.0	20.8	17.5	15.0
EV/EBIT	11.1	20.4	37.1	38.0	20.8	17.5	15.0
EV/OCF	33.6	30.0	43.1	56.4	31.4	27.5	21.4
EV/FCFF	142.7	41.7	65.2	78.5	44.1	40.0	28.7
P/FCFE	162.4	48.7	77.4	74.5	53.2	44.7	32.4
P/E	15.1	29.5	51.0	46.4	28.6	24.2	21.0
P/B	4.4	6.3	5.9	5.8	4.3	3.9	3.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	16.5	14.7	12.7
Target EV/EBIT	0.0	0.0	0.0	0.0	20.0	16.8	14.4
Target EV/FCF	0.0	0.0	0.0	0.0	46.8	39.2	28.1
Target P/B	0.0	0.0	0.0	0.0	4.1	3.7	3.4
Target P/E	0.0	0.0	0.0	0.0	28.6	24.2	21.0
Per share measures							
Number of shares	14,375	14,375	14,375	14,656	14,656	14,656	14,656
Number of shares (diluted)	14,849	14,875	14,875	15,156	15,156	15,156	15,156
EPS	1.03	0.87	0.47	0.63	0.81	0.96	1.11
Operating cash flow per share	0.43	0.81	0.52	0.49	0.68	0.77	0.98
Free cash flow per share	0.10	0.53	0.31	0.39	0.44	0.52	0.72
Book value per share	3.57	4.06	4.06	5.02	5.48	6.04	6.66
Dividend per share	0.38	0.38	0.28	0.35	0.41	0.48	0.55
Dividend payout ratio, %	36.7	43.9	59.7	55.4	50.3	50.0	50.0
Dividend yield, %	2.4	1.5	1.2	1.5	1.8	2.1	2.4
FCF yield, %	0.6	2.1	1.3	1.3	1.9	2.2	3.1
Efficiency measures							
ROE	32.0	22.7	11.5	14.0	15.5	16.7	17.4
ROCE	36.4	28.5	13.6	15.1	19.1	20.5	21.2
Financial ratios							
Inventories as % of sales	14.2	13.8	19.5	24.8	24.8	24.8	24.8
Receivables as % of sales	28.4	25.9	30.1	34.8	34.8	34.8	34.8
Non-interest bearing liabilities as % of sales	16.4	12.1	13.4	16.3	16.3	16.3	16.3
NWC/sales, %	25.9	27.0	35.6	41.3	41.5	41.7	41.9
Operative CAPEX/sales, %	5.0	3.9	3.8	1.5	3.5	3.2	3.1
CAPEX/sales (incl. acquisitions), %	5.0	3.9	3.8	1.5	3.5	3.2	3.1
FCFF/EBITDA	0.1	0.4	0.4	0.4	0.4	0.4	0.5
Net debt/EBITDA, book-weighted	-0.9	-1.0	-1.6	-2.0	-1.6	-1.5	-1.5
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	73.0	76.6	77.9	80.4	80.6	79.1	79.6
Gearing, %	-35.6	-34.9	-33.2	-37.6	-36.0	-34.5	-34.9

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	123.028	36.0%
OP-Finland Fund	617,376	14.385	4.2%
Sijoitusrahasto Aktia Capital	548,762	12.786	3.7%
Varma Mutual Pension Insurance Company	515,000	12.000	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	10.153	3.0%
Martola Hannu Veikko	431,690	10.058	2.9%
Evli Finnish Small Cap Fund	330,345	7.697	2.3%
SEB Finland Small Cap Investment Fund	315,000	7.340	2.1%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	242,265	5.645	1.7%
Säästöpankki Kotimaa	240,000	5.592	1.6%
Ten largest	8,956,342	208.683	61%
Residual	5,699,588	132.800	39%
Total	14,655,930	341.483	100%

EARNINGS CALENDAR	
April 27, 2022	Q1 report
August 03, 2022	Q2 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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

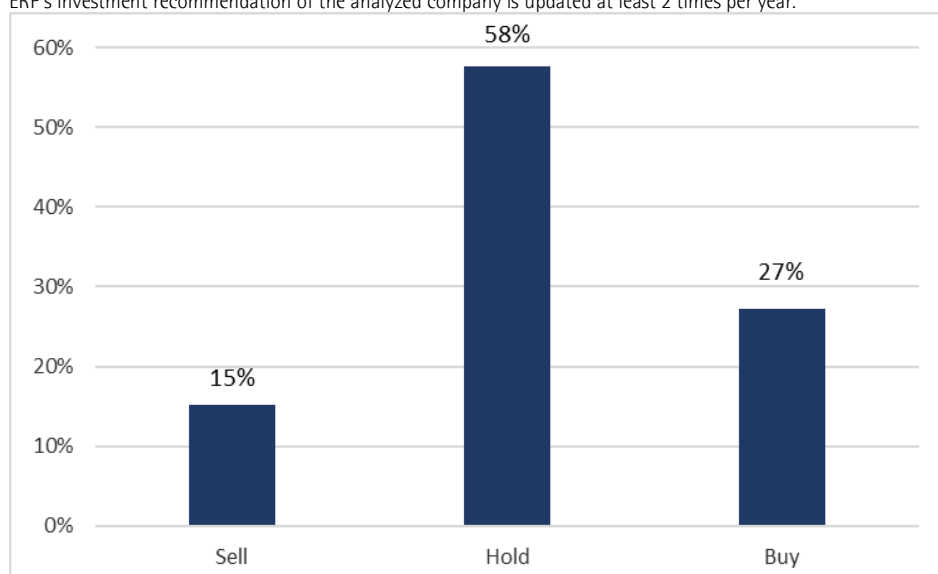
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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