

Good growth, some sales were postponed

DT's Q1 result fell short of our expectations. All BUs grew, and total net sales experienced double-digit growth. The component shortage increasingly limited the growth, and part of the sales were postponed in all DT's BUs.

- Group results:** Q1 net sales grew by 10.9% y/y to EUR 20.3m (EUR 21.1m/21.7m Evli/cons.) driven by all DT's business units. Operating profit improved and grew by 9% y/y to EUR 1.5m (EUR 1.9m/2.1m Evli/cons.), indicating an EBIT margin of 7.4%. Soft scalability was driven by increased material costs and stronger investments into R&D to tackle the component shortage. Operative cashflow was down 39% y/y, totaling EUR 0.7m. R&D costs were 14.5% of net sales (Q1'21: 13.1%).
- Medical (MBU):** medical segment grew by 4.5% y/y to EUR 10.5m (Evli: EUR 10.9m). Growth was strong in CT applications both in developing and developed countries.
- Security (SBU):** security experienced an increase of 7.5% y/y, net sales totaling EUR 6.3m (Evli: EUR 7.3m). Despite the demand for aviation solutions has increased significantly, Q1 growth was still driven by applications other than those used in the aviation sector.
- Industrial (IBU):** net sales came in strong and grew by 45.2% y/y to 3.5m (Evli: EUR 2.9m). The demand was strong in all IBU's main segments: imaging solutions for the food, pharmaceutical, and mining industries.
- The company had ongoing project to design product modifications to its entire product portfolio to mitigate the challenges in the availability of special materials and electronic components.
- FY'22 outlook:** IBU and SBU to show double-digit growth in Q2 and MBU to decrease in Q2. Group net sales to grow by double-digit figures in Q2, H1 and H2.

Rating 🟡 HOLD

Q1'22	Actual	Evli	Consensus*	Q1'21
Net sales	20.3	21.1	21.7	18.3
MBU	10.5	10.9	-	10.1
SBU	6.3	7.3	-	5.8
IBU	3.5	2.9	-	2.4
Adj. EBIT	1.5	1.9	2.1	1.4
Adj. EBIT-margin	7.4%	9.2%	9.4%	7.6%
Adj. EPS	0.09	0.08	0.12	0.09

*Consensus estimate from FactSet

Share price, EUR (Last trading day's closing price) 22.80

Target price, EUR 22.5

Latest change in recommendation 21-Apr-21

Latest report on company 20-Apr-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 334

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

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
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	28.0	3.0	20.3	1.9	0.41
2023E	114.1	17.8	15.6%	7.6	0.96	23.7	2.7	17.0	2.3	0.48
2024E	125.0	20.5	16.4%	10.5	1.11	20.6	2.4	14.6	3.2	0.55

Market cap, EURm 334 BV per share 2022E, EUR -36.0 CAGR EPS 2021-24, % 20.6

Net debt 2022E, EURm -29 Price/book 2022E 4.2 CAGR sales 2021-24, % 11.7

Enterprise value, EURm 305 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 1.8

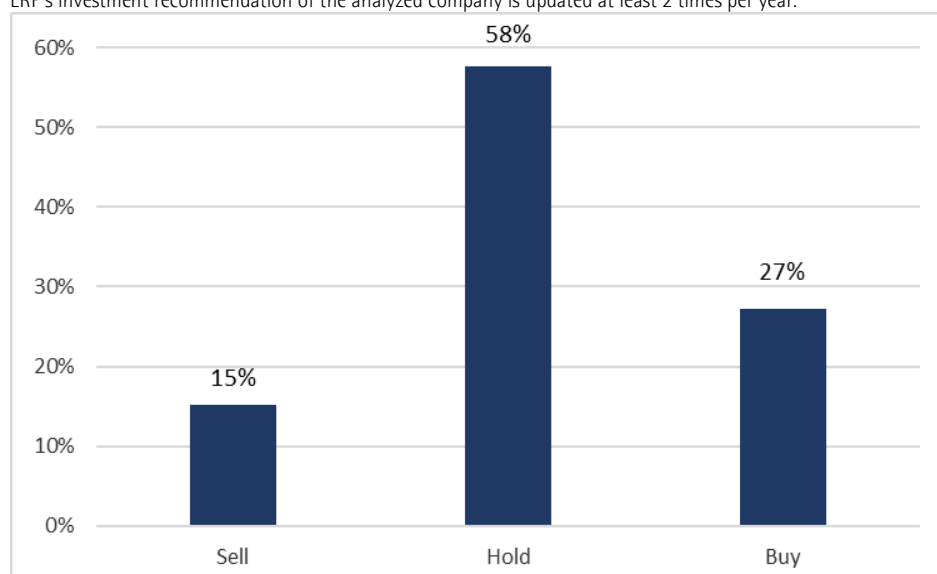
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Investment recommendations are defined as follows:

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

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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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