

The focus shifts towards H2

DT's supply chain issues continued, and the company's Q1 result fell short of our expectations. IBU delivered strong topline growth while SBU's and MBU's growth was more moderate. We retain our HOLD rating and TP of EUR 22.5.

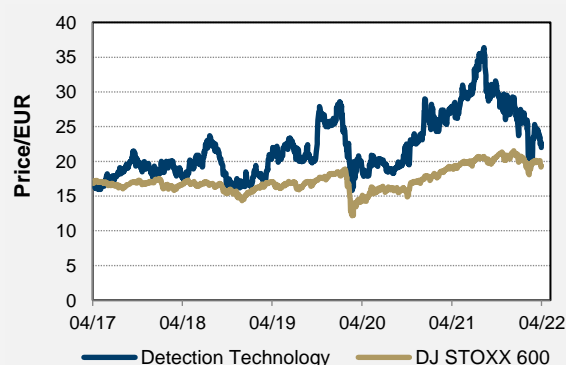
IBU grew very strongly

In Q1, IBU faced a revenue growth of 45.2% y/y, the BU's topline totaling EUR 3.5m (Evli: EUR 2.9m). The growth was driven by all IBU's main segments: imaging solutions for the food, pharmaceutical, and mining industries. The BU was forced to postpone some of its deliveries due to low component availability. MBU's growth drivers remained unchanged: Q1 revenue growth was mainly driven by CT applications in both developing and developed countries. Lockdowns in China and low component availability slowed down the development of MBU's sales. MBU grew by 4.5% y/y to EUR 10.5m (Evli: EUR 10.9m). SBU's Q1 revenue amounted to EUR 6.3m and the growth of 7.5% y/y was mainly driven by non-aviation applications. In total, group net sales grew by 10.9% y/y to EUR 20.3m (Evli: EUR 21.1m).

Increased R&D investments and material costs cut margins

DT invested more heavily into R&D to mitigate the impacts of the component shortage. R&D costs were 14.5% of net sales in Q1 (Q1'21: 13.1%). In addition, component purchases made in spot markets increased DT's material costs somewhat. Q1 EBIT faced a slight improvement from the comparison period and amounted to EUR 1.5m (7.4% margin). Earnings per share amounted to EUR 0.09 (Evli: EUR 0.08). As soon as the component availability improves, either through the product modernization program or increase of market supply, we expect the scalability to kick in. In history, DT has generated EBIT margins around 20%, but we find those levels far fetch nowadays as, at that time, the organization was quite thin compared to today. Our 25E EBIT margin estimate is ~17%.

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 22.00

Target price, EUR 22.5

Latest change in recommendation	21-Apr-21
Latest report on company	27-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	322
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-22
Web site	deetee.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
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	103.0	14.8	14.4%	5.5	0.80	27.6	2.9	19.9	1.7	0.41
2023E	116.8	18.4	15.8%	7.3	0.99	22.2	2.5	15.9	2.3	0.50
2024E	127.9	21.2	16.6%	10.9	1.14	19.3	2.3	13.7	3.4	0.57
Market cap, EURm	322			Gearing 2022E, %	-35.0		CAGR EPS 2021-24, %		21.7	
Net debt 2022E, EURm	-28			Price/book 2022E	4.0		CAGR sales 2021-24, %		12.5	
Enterprise value, EURm	294			Dividend yield 2022E, %	1.9		ROE 2022E, %		15.2	
Total assets 2022E, EURm	102			Tax rate 2022E, %	20.0		ROCE 2022E, %		18.7	
Goodwill 2022E, EURm	0			Equity ratio 2022E, %	79.4		PEG, P/E 22/CAGR		1.7	

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

The demand for detectors will continue strong

The demand DT faces is strong, and all factors indicate the trend to continue. With new order allocations, the TSA's CT upgrade program has seen progression. However, in our understanding, the topline impact in 2022 is more moderate while most of the orders will be delivered in the coming years. The component availability is still low and a significant part of Q1 deliveries was postponed. In Q1, DT focused on the modification of its product portfolio so that the most rarely available components can be replaced by the components with more reliable availability. According to the company, the program starts to impact the figures in early Q3 and increasingly in Q4. With the program, the company achieves better availability and more reliable deliveries as well as the need of purchasing less spot-priced components. With the component availability improving in H2 through the product modification program, we expect the strong demand to actualize in H2.

HOLD with a target price of EUR 22.5

We slightly upgraded our topline estimates reflecting strong outlook in H2'22 while our 22E EBIT estimate saw only a minor negative revision due to increased cost pressures. In 2022, we expect group revenue to grow by 14.7% y/y to EUR 103m and EBIT to amount to EUR 14.8m (14.4% margin). In Q2, we expect, in line with DT's outlook, MBU to face a slight decline of 2.7% y/y, net sales totaling EUR 13.2m. In our estimates, SBU and IBU will grow more strongly. SBU's Q2 revenue amounts to EUR 8.8m, representing a growth of 27.9% y/y while IBU also sees strong growth of 33.8% y/y, net sales totaling EUR 4.1m. Group level Q2 topline amounts to EUR 26.1m (+11% y/y). Driven by increased material costs and R&D investments, we expect OPEX to grow and EBIT to amount to EUR 3.4m (13% margin) in Q2. DT's valuation appears again quite elevated. With our 2022 estimates, the company trades with a premium to its peers, but in 2023 DT's valuation drops near the peer group. In our view, DT's business still faces short-term uncertainty given low component availability and lockdowns in China, country that is crucial to DT in terms of supply chain, production, and sales. We retain our HOLD rating and TP of EUR 22.5.

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	513												
Hamamatsu Photonics K.K.	6965-JP	7504	23.1	22.9	31.4	31.4	16.0	14.9	13.3	12.3	1.0	1.0	80.1	81.4
OSI Systems, Inc.	OSIS-US	1210	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	695	11.0	13.2	16.2	17.9								
ams-OSRAM AG	AMS-CH	2778	10.5	11.8	19.5	21.7	7.8	8.6	9.9	11.6	0.0	0.0	33.5	35.0
Analog Devices, Inc.	ADI-US	70213	46.5	46.5	56.5	54.5	10.8	11.4	11.3	12.9	2.0	2.2	72.6	71.9
Keysight Technologies Inc	KEYS-US	22740	27.9	28.4	30.4	30.8	21.2	21.2	32.0	29.5	0.0	0.0	50.9	54.5
National Instruments Corporation	NATI-US	4483	18.1	18.7	22.2	23.2	17.6	18.3	23.5	25.5	2.9	2.9	58.6	61.1
Spectris plc	SXS-GB	3421	16.7	17.2	20.1	20.6	18.2	18.8	13.9	14.4	2.8	3.0	80.1	80.6
Oxford Instruments plc	OXIG-GB	1493	17.4	17.7	20.6	21.0	18.9	16.4	15.8	14.2	0.9	0.9	64.2	61.6
Trimble Inc.	TRMB-US	14626	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	30919	28.9	29.6	38.5	39.4	11.5	12.1	13.0	13.6	1.1	1.2	62.1	63.5
Thales SA	HO-FR	26168	11.2	11.9	15.4	16.0	13.8	14.5	21.5	21.9	2.2	2.5	21.7	23.7
Agfa-Gevaert NV	AGFB-BE	606	1.4	4.7	4.9	7.5					0.0	0.0	35.0	36.2
Konica Minolta, Inc.	4902-JP	1839	3.6	4.3	10.2	10.7	3.8	4.6	3.9	4.9	6.0	6.0	40.9	41.6
Iray Technology Co., Ltd Class A	688301-CN	3240	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	270	18.8	19.0	21.7	21.6	17.6	17.1	16.0	15.5	1.9	1.9	85.1	86.2
Vaisala Oyj Class A	VAIAS-FI	1486	13.0	14.0	17.7	18.5	20.4	22.0	20.2	21.6	1.7	1.9	59.4	63.3
Peer Group Average		10789	19.1	19.9	24.1	24.8	14.8	15.3	16.4	16.8	1.5	1.6	58.7	60.1
Peer Group Median		3009	17.4	17.7	20.6	21.6	16.0	14.9	16.0	15.5	1.1	1.2	59.1	61.7
Detection Technology (Evli est.)		322	14.4	15.8	17.5	18.0	18.7	20.8	15.2	17.2	1.9	2.3	79.4	77.4

	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	513												
Hamamatsu Photonics K.K.	6965-JP	7504	4.6x	4.4x	14.5x	13.9x	19.8x	19.0x	27.2x	27.0x	12.8	3.2	-1.6	-1.7
OSI Systems, Inc.	OSIS-US	1210	1.3x	1.2x	7.7x	6.7x	11.4x	9.4x	13.3x	12.1x	2.8	0.0	1.0	0.6
Varex Imaging Corporation	VREX-US	695							19.0x	13.6x	2.2	7.4		
ams-OSRAM AG	AMS-CH	2778	0.9x	0.9x	4.7x	4.0x	8.7x	7.4x	9.1x	7.2x	4.2	-1.0	1.6	1.2
Analog Devices, Inc.	ADI-US	70213	7.4x	6.9x	13.1x	12.7x	15.9x	14.8x	18.0x	16.5x	54.7	6.0	0.7	0.5
Keysight Technologies Inc	KEYS-US	22740	4.8x	4.4x	15.7x	14.3x	17.1x	15.5x	20.1x	18.6x	7.0	5.7	-0.4	-0.7
National Instruments Corporation	NATI-US	4483	2.9x	2.8x	13.3x	12.2x	16.3x	15.2x	17.8x	16.4x	17.2	0.0	0.1	0.1
Spectris plc	SXS-GB	3421	2.1x	2.0x	10.5x	9.5x	12.6x	11.4x	17.0x	15.6x	-0.7	4.6	-0.7	-0.9
Oxford Instruments plc	OXIG-GB	1493	3.3x	3.1x	15.9x	14.7x	18.8x	17.5x	25.3x	24.0x	6.0	4.3	-0.7	-0.9
Trimble Inc.	TRMB-US	14626	4.2x	3.7x	17.3x	14.7x	18.2x	15.5x	22.8x	20.1x	9.9	8.0	0.4	-0.3
Hexagon AB Class B	HEXA.B-SE	30919	6.9x	6.2x	17.9x	15.8x	23.8x	21.0x	27.3x	24.5x	15.3	8.4	1.3	0.8
Thales SA	HO-FR	26168	1.5x	1.3x	9.7x	8.2x	13.3x	11.0x	17.9x	16.0x	7.2	7.2	-0.1	-0.6
Agfa-Gevaert NV	AGFB-BE	606	0.4x	0.4x	8.1x	5.2x	28.6x	8.2x		17.4x	1.4	1.5	1.0	0.7
Konica Minolta, Inc.	4902-JP	1839	0.5x	0.5x	4.7x	4.2x	13.5x	10.5x	10.7x	8.4x	7.5	1.4	2.5	2.1
Iray Technology Co., Ltd Class A	688301-CN	3240							38.1x	28.1x	39.6	36.8		
Vieworks Co., Ltd	100120-KR	270	1.6x	1.5x	7.5x	6.7x	8.6x	7.7x	11.1x	10.1x	10.0	9.4	-1.1	-1.1
Vaisala Oyj Class A	VAIAS-FI	1486	3.0x	2.8x	17.2x	15.1x	23.4x	20.0x	30.4x	25.5x	9.4	6.2	-0.5	-0.8
Peer Group Average		10789	3.0x	2.8x	11.8x	10.5x	16.7x	13.6x	20.3x	17.7x	12.1	7.3	0.2	-0.1
Peer Group Median		3009	2.9x	2.8x	13.1x	12.2x	16.3x	14.8x	18.5x	16.5x	7.5	6.0	0.1	-0.3
Detection Technology (Evli est.)		322	2.9x	2.5x	16.3x	14.0x	19.9x	15.9x	27.6x	22.2x	10.1	14.7	-1.6	-1.4

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

Updated on April 28th 2022

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	22.00 PV of Free Cash Flow	92 Long-term growth, %	5.0 Risk-free interest rate, %	2.25
DCF share value	27.40 PV of Horizon value	287 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	24.5 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	27.4 Marketable securities	30 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	27.4 Debt - dividend	-7 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	75.7 Value of stock	402 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	103	117	128	138	146	154	161	169	178	187	196
<i>Sales growth, %</i>	<i>10.1</i>	<i>14.7</i>	<i>13.4</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	25	26	27	29	30	32	33
<i>Operating income margin, %</i>	<i>11.8</i>	<i>14.4</i>	<i>15.8</i>	<i>16.6</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	4
EBITDA	14	18	21	24	27	28	30	31	33	34	36	
- Paid taxes	-1	-3	-4	-4	-5	-5	-5	-5	-6	-6	-6	
- Change in NWC	-6	-6	-6	-5	-4	-4	-3	-3	-3	-4	-4	
<i>NWC / Sales, %</i>	<i>41.3</i>	<i>41.5</i>	<i>41.8</i>	<i>41.9</i>	<i>42.0</i>	<i>42.1</i>	<i>42.1</i>	<i>42.2</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	-5	-5	-5	-5	
<i>opCAPEX / Sales, %</i>	<i>1.5</i>	<i>3.5</i>	<i>3.3</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	6	8	11	13	16	17	18	19	20	21	630
= Discounted FCFF		5	7	9	10	11	11	10	10	10	9	287
= DFCF min WACC		5	7	9	10	11	11	10	10	10	9	287
= DFCF max WACC		5	7	9	10	11	11	10	10	10	9	287

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	18.3	23.5	23.2	24.7	89.8	20.3	26.1	27.7	28.9	103.0	116.8	127.9
EBITDA	1.4	4.6	4.1	3.8	13.9	2.3	4.2	5.7	5.8	18.0	21.0	24.1
<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>11.4</i>	<i>16.0</i>	<i>20.7</i>	<i>20.0</i>	<i>17.5</i>	<i>18.0</i>	<i>18.9</i>
EBIT	1.4	3.0	3.3	3.0	10.6	1.5	3.4	4.9	5.0	14.8	18.4	21.2
<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>7.4</i>	<i>13.0</i>	<i>17.8</i>	<i>17.2</i>	<i>14.4</i>	<i>15.8</i>	<i>16.6</i>
Net financial items	0.3	-0.1	0.2	0.3	0.8	0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.3
Pre-tax profit	1.7	2.9	3.5	3.3	11.4	1.6	3.3	4.8	4.9	14.6	18.2	20.9
Tax	-0.5	-0.6	-0.6	-0.5	-2.1	-0.3	-0.7	-1.0	-1.0	-2.9	-3.6	-4.2
<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>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	1.2	2.3	2.8	2.8	9.3	1.3	2.6	3.9	3.9	11.7	14.5	16.7
EPS	0.09	0.16	0.19	0.19	0.63	0.09	0.18	0.26	0.27	0.80	0.99	1.14
EPS adjusted (diluted no. of shares)	0.08	0.15	0.19	0.19	0.61	0.08	0.17	0.26	0.26	0.77	0.96	1.10
Dividend per share	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.00	0.00	0.41	0.50	0.57
SALES, EURm												
MBU	10.1	13.6	11.9	13.6	49.2	10.5	13.2	13.9	15.6	53.2	58.8	63.5
SBU	5.8	6.9	7.5	7.8	27.9	6.3	8.8	9.3	9.4	33.8	39.7	44.5
IBU	2.4	3.1	3.8	3.4	12.7	3.5	4.1	4.5	3.9	16.0	18.2	19.9
Total	18.3	23.5	23.2	24.7	89.8	20.3	26.1	27.7	28.9	103.0	116.8	127.9
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>4.1</i>	<i>-2.7</i>	<i>16.4</i>	<i>15.1</i>	<i>8.3</i>	<i>10.5</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>8.1</i>	<i>27.9</i>	<i>24.8</i>	<i>21.3</i>	<i>21.1</i>	<i>17.6</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>47.0</i>	<i>33.8</i>	<i>16.8</i>	<i>13.2</i>	<i>25.6</i>	<i>14.0</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>11.0</i>	<i>11.0</i>	<i>19.2</i>	<i>16.8</i>	<i>14.7</i>	<i>13.4</i>	<i>9.5</i>
EBIT, EURm												
Group	1.4	3.0	3.3	3.0	10.6	1.5	3.4	4.9	5.0	14.8	18.4	21.2
Total	1.4	3.0	3.3	3.0	10.6	1.5	3.4	4.9	5.0	14.8	18.4	21.2
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>7.4</i>	<i>13.0</i>	<i>17.8</i>	<i>17.2</i>	<i>14.4</i>	<i>15.8</i>	<i>16.6</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	89.0	93.9	102.5	81.6	89.8	103.0	116.8	127.9
<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>14.7</i>	<i>13.4</i>	<i>9.5</i>
EBITDA	22.1	20.9	19.9	11.9	13.9	18.0	21.0	24.1
<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>17.5</i>	<i>18.0</i>	<i>18.9</i>
Depreciation	-2.2	-2.4	-2.9	-3.2	-3.3	-3.2	-2.6	-2.9
EBITA	19.9	18.5	17.0	8.7	10.6	14.8	18.4	21.2
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	14.8	18.4	21.2
<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>14.4</i>	<i>15.8</i>	<i>16.6</i>
Reported EBIT	19.9	18.5	17.0	8.7	10.6	14.8	18.4	21.2
<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>14.4</i>	<i>15.8</i>	<i>16.6</i>
Net financials	-0.5	-0.1	-1.0	-0.6	0.8	-0.2	-0.3	-0.3
Pre-tax profit	19.4	18.4	16.0	8.1	11.4	14.6	18.2	20.9
Taxes	-4.2	-3.6	-3.6	-1.4	-2.1	-2.9	-3.6	-4.2
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	11.7	14.5	16.7
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	11	12
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	29	32
Receivables	21	27	27	25	31	36	41	45
Liquid funds	27	22	26	25	30	31	35	38
Total assets	62	71	77	76	92	102	115	126
Liabilities								
Shareholder's equity	42	51	58	58	74	80	89	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	3	6	5
Non-interest bearing current liabilities	15	15	12	11	15	17	19	21
Other interest-free debt	1	0	1	1	2	2	2	2
Total liabilities	62	71	77	76	92	102	115	126
CASH FLOW, EURm								
+ EBITDA	22	21	20	12	14	18	21	24
- Net financial items	11	0	-1	-1	1	0	0	0
- Taxes	-3	-5	-5	-3	-1	-3	-4	-4
- Increase in Net Working Capital	1	-10	-2	0	-6	-6	-6	-5
+/- Other	-12	0	0	-1	0	0	0	0
= Cash flow from operations	19	6	12	8	7	9	11	15
- 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	7	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	3	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	322	322	322
Net debt (excl. convertibles)	-18	-20	-19	-28	-28	-29	-33
Enterprise value	206	348	324	402	294	293	289
Sales	94	103	82	90	103	117	128
EBITDA	21	20	12	14	18	21	24
EBIT	19	17	9	11	15	18	21
Pre-tax	18	16	8	11	15	18	21
Earnings	15	12	7	9	12	15	17
Equity book value (excl. minorities)	51	58	58	74	80	89	98
Valuation multiples							
EV/sales	2.2	3.4	4.0	4.5	2.9	2.5	2.3
EV/EBITDA	9.8	17.4	27.3	29.0	16.3	14.0	12.0
EV/EBITA	11.1	20.4	37.1	38.0	19.9	15.9	13.7
EV/EBIT	11.1	20.4	37.1	38.0	19.9	15.9	13.7
EV/OCF	33.6	30.0	43.1	56.4	32.1	26.3	19.6
EV/FCFF	142.7	41.7	65.2	78.5	51.8	38.9	26.0
P/FCFE	162.4	48.7	77.4	74.5	58.4	44.0	29.6
P/E	15.1	29.5	51.0	46.4	27.6	22.2	19.3
P/B	4.4	6.3	5.9	5.8	4.0	3.6	3.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	16.8	14.3	12.3
Target EV/EBIT	0.0	0.0	0.0	0.0	20.4	16.3	14.0
Target EV/FCF	0.0	0.0	0.0	0.0	54.6	41.0	27.3
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	29.2	23.5	20.4
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	0.80	0.99	1.14
Operating cash flow per share	0.43	0.81	0.52	0.49	0.63	0.76	1.01
Free cash flow per share	0.10	0.53	0.31	0.39	0.38	0.50	0.74
Book value per share	3.57	4.06	4.06	5.02	5.47	6.05	6.69
Dividend per share	0.38	0.38	0.28	0.35	0.41	0.50	0.57
Dividend payout ratio, %	36.7	43.9	59.7	55.4	51.4	50.0	50.0
Dividend yield, %	2.4	1.5	1.2	1.2	1.9	2.3	2.6
FCF yield, %	0.6	2.1	1.3	1.3	1.7	2.3	3.4
Efficiency measures							
ROE	32.0	22.7	11.5	14.0	15.2	17.2	17.9
ROCE	36.4	28.5	13.6	15.1	18.7	20.8	21.4
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	41.8	41.9
Operative CAPEX/sales, %	5.0	3.9	3.8	1.5	3.5	3.3	3.1
CAPEX/sales (incl. acquisitions), %	5.0	3.9	3.8	1.5	3.5	3.3	3.1
FCFF/EBITDA	0.1	0.4	0.4	0.4	0.3	0.4	0.5
Net debt/EBITDA, book-weighted	-0.9	-1.0	-1.6	-2.0	-1.6	-1.4	-1.4
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	79.4	77.4	78.2
Gearing, %	-35.6	-34.9	-33.2	-37.6	-35.0	-33.1	-33.6

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	116.164	36.0%
Skandinaviska Enskilda Banken AB	1,607,818	35.372	11.0%
OP-Finland Fund	617,376	13.582	4.2%
Sijoitusrahasto Aktia Capital	548,762	12.073	3.7%
Varma Mutual Pension Insurance Company	515,000	11.330	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	9.586	3.0%
Martola Hannu Veikko	431,690	9.497	2.9%
Evli Finnish Small Cap Fund	387,925	8.534	2.6%
SEB Finland Small Cap Investment Fund	315,604	6.943	2.2%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	248,769	5.473	1.7%
Ten largest	10,388,848	228.555	71%
Residual	4,267,082	93.876	29%
Total	14,655,930	322.430	100%

EARNINGS CALENDAR	
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

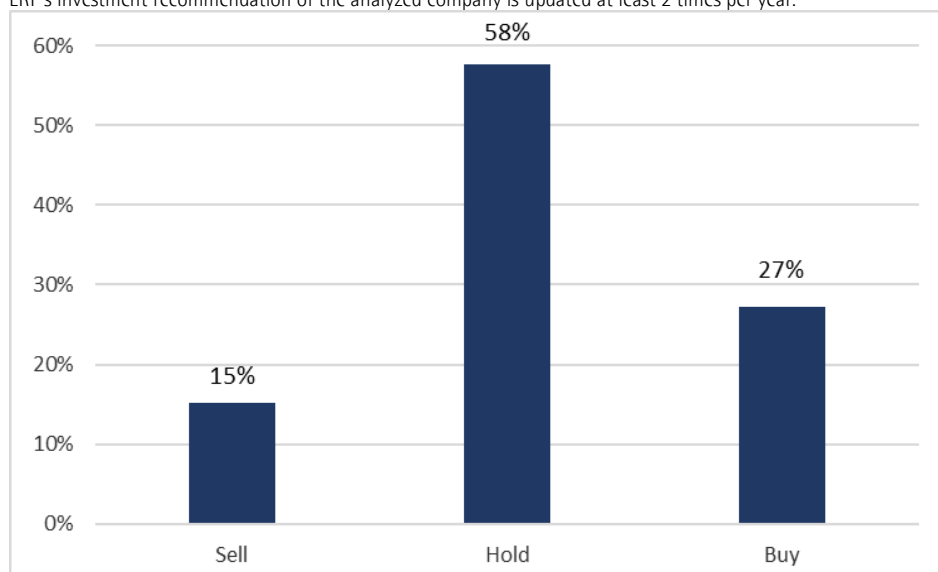
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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