

## Expected downturn in Q4 EBIT, solid full-year growth despite challenges

DT's Q4 and 22 EBIT saw an expected decrease. Group topline however grew nicely and soft Q4 profitability is explained by cost inflation.

- Q4 group result:** net sales grew by 14.1% y/y to EUR 28.2m, approx. in line with our and cons. estimates (24.7m/28.3m Evli/cons.). The growth was driven by strong demand for industrial and security solutions, while medical BU saw some softness during the period. EBIT of EUR 2.8m came in above our and cons. estimates (2.5m/2.6m Evli/cons.), but clearly below that of the comparison period. EBIT was negatively impacted by cost inflation arising from spot-component purchases, R&D, and logistics as well as personnel expenses. EBIT margin was 9.9%. EPS accounted for EUR 0.16, beating our expectations (0.13/0.15 Evli/cons.).
- Medical (MBU):** mainly driven by softer market and supply chain issues, MBU's net sales decreased by 6.6% y/y to EUR 12.7m (Evli: 13.5m). According to the company's management, the underlying long-term demand outlook for MBU is positive.
- Security (SBU):** with strong underlying demand for CT and line-scan security equipment, SBU's net sales grew by 41% y/y to EUR 10.9m, topping our expectations (Evli: 9.8m). DT gained new customers during the period.
- Industrial (IBU):** IBU's net sales grew by 34.5% to EUR 4.6m, beating our estimates (Evli: 4.1m). The strong performance was supported by improved delivery capabilities and new customers gained during 2022.
- The BoD proposes a DPS of EUR 0.20 (0.19/0.21 Evli/cons.) for the fiscal year 2022.
- Outlook:** DT expects group net sales and all its BUs to grow by double-digits in Q1 and H1'23. Outlook for medical solutions came in above our expectations, forcing some upward pressure on our 2023 estimates. DT anticipates not achieving its profitability target in 2023 yet, but says it's on its way toward an EBIT margin of 15%. Long-term targets intact: at least 10% mid-term growth and 15% EBIT margin.

### Rating

 **SELL**

#### Q4'22 ESTIMATES

	Actual	Evli	Consensus*	Q4'21
Net sales	28.2	27.4	28.3	24.7
MBU	12.7	13.5	-	13.6
SBU	10.9	9.8	-	7.8
IBU	4.6	4.1	-	3.4
Adj. EBIT	2.8	2.5	2.6	3.0
Adj. EBIT-margin	9.9%	9.2%	9.2%	12.0%
EPS	0.16	0.13	0.15	0.19

\*Consensus estimate from FactSet

Share price, EUR (Last trading day's closing price) 20.00

Target price, EUR 16.0

Latest change in recommendation 31-Jan-23

Latest report on company 31-Jan-23

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 293

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 2-Feb-23

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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	97.8	5.5	5.6%	-3.5	0.31	59.4	2.8	49.6	-1.2	0.19
2023E	109.6	13.7	12.5%	3.9	0.72	27.6	2.5	19.9	1.3	0.36
2024E	119.6	17.6	14.7%	9.8	0.93	21.4	2.2	15.2	3.3	0.47
Market cap, EURm	293		BV per share 2022E, EUR		-26.1		CAGR EPS 2021-24, %		13.9	
Net debt 2022E, EURm	-19		Price/book 2022E		4.0		CAGR sales 2021-24, %		10.0	
Enterprise value, EURm	274		Dividend yield 2022E, %		0.9		ROE 2022E, %		6.3	
Total assets 2022E, EURm	95		Tax rate 2022E, %		21.8		ROCE 2022E, %		7.2	
Goodwill 2022E, EURm	0		Equity ratio 2022E, %		77.5		PEG, P/E 22/CAGR		1.3	

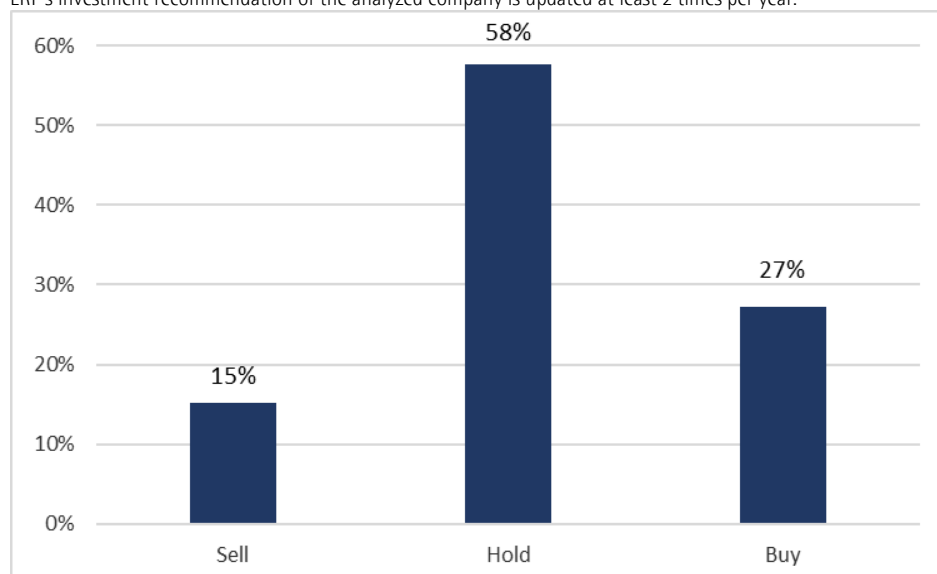
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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