

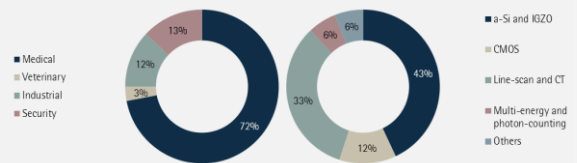
Acquires Chinese flat panel provider

DT has signed an agreement to acquire Shanghai Haobo Imaging Technology, an X-ray flat panel detector provider to broaden its technology base.

- Haobo focuses on X-ray flat panel detectors, offering a-Si, IGZO, and CMOS technologies. With the acquisition, DT taps into TFT flat panel (a-Si & IGZO) markets which almost doubles DT's addressable market size to EUR 3.1bn (2025). The main application for TFT flat panels is in medical X-ray imaging, and there is also growing demand in industrial and veterinary.
- While DT already has offering in high-end flat panel imaging with CMOS technology, with the acquisition of Haobo the company broadens its flat panel offering into lower price point detectors.
- Haobo's customer base centralizes in the industrial segment while DT has the muscles to monetize the technology for its existing medical customer base. However, positive EBIT is expected not until 2025 due to the conservativity of medical customers.
- Haobo enterprise value amounts to EUR 14m and net sales were EUR 3.0m in 2022. EV/Sales 4.7x valuation implies the strategic value of the acquisition with DT mainly acquiring technology and capabilities. The acquisition will be financed with existing cash and a new term loan. In addition, DT has agreed on an increase in the existing revolving credit line to finance growth-enabling investments.
- DT will acquire 90% of the shares in Haobo from its founders and main owner. The founders and management will continue to hold 10% of the shares. DT has agreed on an option to acquire the shares of the Haobo management when certain performance targets are met. Closing is expected by the end of June 2023.
- In our view, the acquisition offers DT new opportunities in medical markets while we also expect the growth in industrial markets to further accelerate. We however foresee the impact materializing during 2024-26.
- For now, we see the acquisition having no significant impact on our near-term estimates. We retain our SELL rating with elevated valuation, and TP of EUR 16.5 with estimates intact.

Rating

SELL



Digital X-ray detector markets in 2025

Share price, EUR (Last trading day's closing price) **19.95**

Target price, EUR **16.5**

Latest change in recommendation **31-Jan-23**

Latest report on company **3-Feb-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 **292**

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-23**

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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
2021	89.8	10.6	11.8%	5.8	0.63	46.4	4.5	38.0	1.3	0.35
2022	98.6	5.8	5.9%	-1.9	0.34	46.0	2.3	39.0	-0.8	0.20
2023E	111.5	14.0	12.6%	3.2	0.77	25.9	2.4	19.3	1.1	0.42
2024E	121.9	18.5	15.2%	14.4	0.99	20.2	2.2	14.1	4.9	0.54
2025E	130.7	20.2	15.5%	22.2	1.09	18.2	1.9	12.2	7.6	0.60
Market cap, EURm			292	BV per share 2023E, EUR		-27.0	CAGR EPS 2022-25, %			43.9
Net debt 2023E, EURm			-22	Price/book 2023E		3.6	CAGR sales 2022-25, %			9.9
Enterprise value, EURm			270	Dividend yield 2023E, %		2.1	ROE 2023E, %			14.7
Total assets 2023E, EURm			108	Tax rate 2023E, %		20.0	ROCE 2023E, %			17.1
Goodwill 2023E, EURm			0	Equity ratio 2023E, %		75.9	PEG, P/E 23/CAGR			1.6

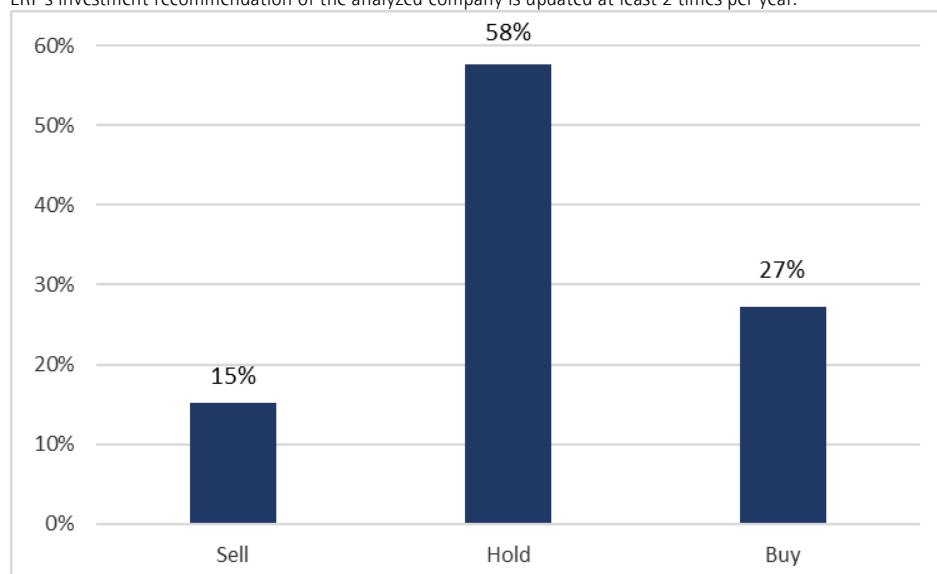
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Investment recommendations are defined as follows:

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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