

Towards improved margins

DT recorded strong Q1 growth while its profitability fell short of expectations. We foresee the growth drivers for the next few years as strong and expect EBIT to eventually improve.

Strong growth but margin improvement yet limited

In Q1, DT delivered strong topline growth, roughly in line with our estimates. Group net sales amounted to EUR 22.8m. The 12% y/y growth was driven by medical and security segments while IBU's net sales declined due to its customers' inventory reductions. Q1 EBIT improvement was limited by low volumes, unfavorable sales mix, and usage of spot components. Eventually, adj. EBIT amounted to EUR 1.5m (6.5% margin), which fell short of our expectations. DT reiterated its guidance for H1 by expecting group net sales growth at or above 10%. In Q2, DT expects SBU and MBU to record double-digit growth while it expects IBU to grow.

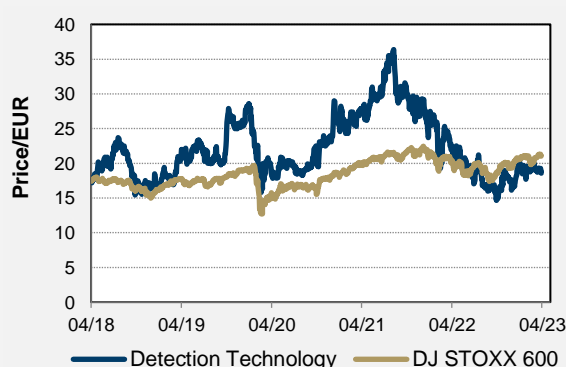
Drivers for net sales growth have increased

We expect the growth to continue as strong. In the short-term, demand disruptions might have an impact on growth rates, meanwhile, in the longer term, the recovery of China and aviation as well as general investments in security and health care will likely keep DT's growth above market growth rates. For example, TSA has announced new CT equipment orders, which promote growth opportunities for DT for the next few years. We also foresee China's opening to have a positive impact on SBU's net sales development over time. In addition, with DT expanding into TFT flat panel markets, new opportunities within medical and industrial segments will arise. The expansion allows DT to expand its offering for its current medical clients and therefore has further potential to gain market share. In our view, the outlook for the coming years remains bright, which supports our estimated double-digit growth for 2023-24. However, relative EBIT might not actualize to the extent we previously estimated (see page 2).

HOLD with a target price of EUR 17.5

With our revised estimates, DT is valued with 23-24E EV/EBIT and P/E multiples of 19-13x and 27-18x respectively. While DT's valuation for 2023 is still relatively high, we find that the premium is justified given the expected growth in profitability in 2024. We reiterate TP of EUR 17.5, due to only minor changes made to our 24E EBIT estimate. Rating intact at HOLD.

Rating HOLD



Share price, EUR (Last trading day's closing price) 18.60

Target price, EUR 17.5

Latest change in recommendation 24-Apr-23

Latest report on company 24-Apr-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 273

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-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	39.2	-0.8	0.20
2023E	113.4	13.3	11.8%	3.4	0.71	27.0	2.2	18.9	1.2	0.39
2024E	126.8	19.2	15.2%	13.6	1.03	18.1	1.9	12.7	5.0	0.57
2025E	138.5	21.2	15.3%	22.1	1.14	16.3	1.7	10.8	8.1	0.63
Market cap, EURm			273	Gearing 2023E, %		-26.2	CAGR EPS 2022-25, %			46.0
Net debt 2023E, EURm			-21	Price/book 2023E		3.4	CAGR sales 2022-25, %			12.0
Enterprise value, EURm			252	Dividend yield 2023E, %		2.1	ROE 2023E, %			13.6
Total assets 2023E, EURm			109	Tax rate 2023E, %		20.0	ROCE 2023E, %			16.1
Goodwill 2023E, EURm			0	Equity ratio 2023E, %		74.2	PEG, P/E 23/CAGR			1.3

Q1 result

Strong growth in line with estimates

DT delivered strong topline growth, roughly in line with our estimates. Group net sales amounted to EUR 22.8m (22.5/22.8m Evli/cons.). The 12% y/y growth was driven by medical and security segments, while IBU's net sales declined due to inventory reductions by a few of its key customers.

SBU and MBU as main drivers of growth

Medical sales grew by 14.6% y/y to EUR 12.0m, backed by high-tier CT device sales in both developing and developed economies. The medical market has developed steadily, and DT has strengthened its position with new product launches and gained market share over the past few years. SBU's net sales landed at EUR 7.3m, with y/y growth of 16.2%. The growth was mostly driven by urban security and logistics, while the recovery of aviation was slower than expected. However, TSA's newly announced large order will provide significant growth opportunities for SBU for the next few years. Eventually, we also expect China's security markets to awaken, with postponed security investments picking up. As expected, IBU's Q1 revenue came in soft, with net sales declining by 3% y/y. Q1 topline amounted to EUR 3.4m, which was slightly below our estimates. Net sales development was hindered by a few key customers reducing their surged inventories. DT expects such demand disruptions to fade away in H2.

Q1 profitability was soft

Profitability arrived below our expectations. EBIT was pushed down by low volumes, an unfavorable sales mix, and the usage of spot components. Eventually, adj. EBIT amounted to EUR 1.5 (6.5% margin), which fell short of our expectations (1.9/1.7m Evli/cons.). To our understanding, Q1 EPS, which amounted to EUR 0.06 (0.11/0.1 Evli/cons.), was further impacted by non-regularly items in net financials.

Guiding double-digit growth and quarterly improving EBIT

DT reiterated its guidance for H1 by expecting group net sales growth at or above 10%. In Q2, DT expects SBU and MBU to record double-digit growth while it anticipates IBU to grow. In our view, such uncertainty in IBU's outlook might indicate that demand disruptions still exist. The acquisition of Haobo Imaging is expected to have a positive impact on revenue development in H2. The deal is expected to close by the end of June 2023. In our view, the revenue impact concerns mainly IBU, and the impact on the group level is quite minor due to Haobo's low volumes and topline synergies not materializing yet. For FY'23, DT expects its EBIT to improve quarterly but not reach its target level of EBIT margin of 15%.

Estimates

24E EBIT intact

We made only minor revisions to our estimates. Our topline estimates for 23-24E saw a slight increase while the 24E EBIT estimate remained relatively intact. With soft Q1 EBIT and some extra cost pressure expected to arise in 2023, our 23E EBIT estimate declined by some 5%. In our view, the scalability potential for this year is limited. However, with increased volumes, we foresee the 24E EBIT margin nearing the company's target level of 15%.

Estimating double-digit growth to continue in 2024

Our net sales estimate for 23E amounts to EUR 113.4m, representing a y/y growth of 15%. The net sales increase is driven by all business units, however, IBU not reaching double-digit growth. We raised MBU's 23E sales estimate considering the strong demand faced in Q1, especially in China. We foresee such a trend continuing also in the following quarters. We anticipate DT maintaining double-digit growth in 2024, with security recording growth near 20%. Our net sales estimate for 2024 amounts to EUR 126.8m, reflecting y/y growth of 11.8%. While we expect IBU to get back on the double-digit growth path, MBU's 24E growth will likely fall below 10% in our view.

Leverage stronger in 2024

In 2023, we expect DT not to reach its target of 15% EBIT margin according to the company's unofficial outlook. Our estimate for 23 EBIT margin is 11.8%. Spot components will have some downgrading impact on the gross margin but to a lesser extent than seen in 2022. Moreover, pressure on salaries is visible. However, in 2024, with higher volumes, we expect scalability to start having a more significant impact. Our 24E EBIT margin estimate amounts to 15.2%. While scalability potential could be more substantial, the company will be directing OPEX (and also CAPEX) toward developing the business acquired from Haobo.

Valuation

24E valuation not challenging

After our minor estimate revisions, DT is valued at 23-24E EV/EBIT and P/E multiples of 19-13x and 27-18x respectively. While DT's valuation for 2023 is still relatively high, we find that the premium is justified given the expected growth in net sales and potential improvement in profitability in 2024. However, we continue to value DT slightly below the market due to the uncertainty surrounding its EBIT development and its ability to sustain margins. Our TP reflects our cautious stance and implies 23-24E EV/EBIT and P/E multiples of 18-12x and 27-18x, respectively.

DETECTION TECHNOLOGY PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	7518	13.3x	12.7x	11.8x	16.8x	16.5x	15.8x	25.7x	25.2x	24.1x
OSI Systems	1650	9.7x	8.4x		13.7x	11.2x		16.5x	14.0x	
Varex Imaging	646	8.4x	7.5x		12.4x	10.5x		18.0x	14.2x	
ams-OSRAM	1583	4.2x	3.2x	2.7x	10.1x	6.9x	6.1x	20.2x	7.0x	4.7x
Analog Devices	81604	15.1x	14.9x		15.2x	14.9x		16.5x	15.9x	
Keysight Tech	22956	14.6x	13.7x		15.9x	15.1x	13.7x	17.7x	16.4x	14.6x
National Instruments	6939	19.4x	17.5x	16.2x	21.7x	19.1x	19.0x	23.5x	20.3x	18.3x
Spectris	4433	13.3x	12.3x	11.4x	16.3x	15.6x	13.7x	20.5x	18.9x	17.1x
Oxford Instruments	1807	16.4x	15.5x	14.3x	19.1x	18.0x	16.8x	25.1x	24.1x	23.0x
Trimble	10465	13.6x	12.7x	10.9x	14.8x	13.2x	11.5x	17.0x	15.4x	13.0x
Hexagon	28240	16.1x	14.8x	13.8x	21.4x	19.6x	18.0x	23.8x	21.8x	19.9x
Thales	28650	10.3x	9.4x	8.9x	13.8x	12.5x	11.5x	17.5x	15.8x	14.5x
Agfa-Gevaert	400	3.3x	2.4x	3.0x	8.5x	5.1x	7.3x		13.1x	17.2x
Konica Minolta	1880	7.3x	6.8x	6.6x	22.4x	18.0x	16.9x	15.7x	11.7x	10.2x
Iray Technology	3683	30.9x	23.7x	18.5x	31.7x	24.5x	19.1x	34.2x	26.4x	20.7x
Vieworks	212	5.8x	5.1x	4.9x	6.6x	5.8x	5.6x	9.0x	7.8x	7.7x
Peer Group Average	12667	12.6x	11.3x	10.2x	16.3x	14.2x	13.5x	20.1x	16.8x	15.8x
Peer Group Median	4058	13.3x	12.5x	11.1x	15.6x	15.0x	13.7x	18.0x	15.9x	17.1x
Detection Technology (Evli est.)	273	15.0x	10.6x	9.2x	18.9x	12.7x	10.8x	27.0x	18.1x	16.3x
<i>Detection Technology prem./disc. to peer median</i>		<i>12%</i>	<i>-15%</i>	<i>-17%</i>	<i>21%</i>	<i>-15%</i>	<i>-21%</i>	<i>50%</i>	<i>14%</i>	<i>-5%</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	18.60 PV of Free Cash Flow	106 Long-term growth, %	5.0 Risk-free interest rate, %	2.25
DCF share value	27.80 PV of Horizon value	284 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	49.5 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	27.8 Marketable securities	24 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	27.8 Debt - dividend	-6 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	72.9 Value of stock	407 Nr of shares, Mn	14.7 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	99	113	127	139	147	154	162	170	178	187	197	207
<i>Sales growth, %</i>	<i>9.8</i>	<i>15.0</i>	<i>11.8</i>	<i>9.3</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>	<i>5.0</i>
Operating income (EBIT)	6	13	19	21	23	24	25	26	28	29	30	32
<i>Operating income margin, %</i>	<i>5.9</i>	<i>11.8</i>	<i>15.2</i>	<i>15.3</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>
+ Depreciation+amort.	3	4	4	4	3	4	4	4	4	4	4	4
EBITDA	9	17	23	25	26	27	29	30	32	33	35	
- Paid taxes	-2	-3	-4	-4	-5	-5	-5	-5	-6	-6	-6	
- Change in NWC	-9	-4	0	5	-3	-2	-3	-3	-3	-3	-3	
<i>NWC / Sales, %</i>	<i>45.6</i>	<i>43.2</i>	<i>38.9</i>	<i>31.9</i>	<i>32.0</i>	<i>32.1</i>	<i>32.1</i>	<i>32.1</i>	<i>32.2</i>	<i>32.2</i>	<i>32.3</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-7	-5	-3	-4	-4	-4	-5	-5	-5	-5	
<i>opCAPEX / Sales, %</i>	<i>1.7</i>	<i>5.8</i>	<i>3.8</i>	<i>2.4</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</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	2	0	0	0	0	0	0	0	0	0	0	
= FCFF	-2	4	14	22	15	16	17	18	19	20	21	624
= Discounted FCFF		3	12	18	11	11	11	10	10	10	9	284
= DFCF min WACC		3	12	18	11	11	11	10	10	10	9	284
= DFCF max WACC		3	12	18	11	11	11	10	10	10	9	284

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	20.3	22.8	27.3	28.2	98.6	22.8	26.3	31.9	32.4	113.4	126.8	138.5
EBITDA	2.3	1.7	1.5	3.6	9.1	2.3	3.5	4.7	6.3	16.8	22.9	24.9
<i>EBITDA margin (%)</i>	<i>11.3</i>	<i>7.3</i>	<i>5.5</i>	<i>12.7</i>	<i>9.2</i>	<i>10.2</i>	<i>13.2</i>	<i>14.8</i>	<i>19.4</i>	<i>14.8</i>	<i>18.0</i>	<i>18.0</i>
EBIT	1.5	0.9	0.6	2.8	5.8	1.5	2.6	3.8	5.4	13.3	19.2	21.2
<i>EBIT margin (%)</i>	<i>7.4</i>	<i>3.8</i>	<i>2.3</i>	<i>9.9</i>	<i>5.9</i>	<i>6.5</i>	<i>10.0</i>	<i>12.0</i>	<i>16.6</i>	<i>11.8</i>	<i>15.2</i>	<i>15.3</i>
Net financial items	0.1	0.2	0.2	-0.8	-0.3	-0.3	-0.1	0.2	-0.1	-0.3	-0.4	-0.2
Pre-tax profit	1.6	1.0	0.8	2.0	5.5	1.2	2.5	4.0	5.3	13.0	18.8	21.0
Tax	-0.3	-0.3	-0.2	0.4	-0.4	-0.2	-0.5	-0.8	-1.1	-2.6	-3.8	-4.2
<i>Tax rate (%)</i>	<i>20.0</i>	<i>30.3</i>	<i>20.0</i>	<i>-17.9</i>	<i>7.9</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	1.3	0.7	0.7	2.4	5.1	0.9	2.0	3.2	4.2	10.4	15.1	16.8
EPS	0.09	0.05	0.05	0.16	0.34	0.06	0.13	0.22	0.29	0.71	1.03	1.14
EPS adjusted (diluted no. of shares)	0.08	0.07	0.04	0.16	0.36	0.06	0.11	0.21	0.28	0.67	0.99	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.39	0.57	0.63
SALES, EURm												
MBU	10.5	10.1	14.8	12.7	48.1	12.0	11.8	16.0	14.3	54.1	58.3	61.8
SBU	6.3	8.6	8.5	10.9	34.4	7.3	10.3	11.3	13.1	41.9	49.5	56.4
IBU	3.5	4.0	3.9	4.6	16.1	3.4	4.2	4.6	5.1	17.3	19.0	20.3
Total	20.3	22.8	27.3	28.2	98.6	22.8	26.3	31.9	32.4	113.4	126.8	138.5
SALES GROWTH, Y/Y %												
<i>MBU</i>	<i>4.1</i>	<i>-25.2</i>	<i>24.1</i>	<i>-6.6</i>	<i>-2.1</i>	<i>14.6</i>	<i>16.6</i>	<i>8.0</i>	<i>12.7</i>	<i>12.5</i>	<i>7.6</i>	<i>6.0</i>
<i>SBU</i>	<i>8.1</i>	<i>25.4</i>	<i>14.6</i>	<i>41.0</i>	<i>23.3</i>	<i>16.2</i>	<i>19.2</i>	<i>32.4</i>	<i>19.4</i>	<i>22.0</i>	<i>18.0</i>	<i>14.0</i>
<i>IBU</i>	<i>47.0</i>	<i>29.3</i>	<i>2.8</i>	<i>34.5</i>	<i>26.1</i>	<i>-3.0</i>	<i>4.0</i>	<i>16.9</i>	<i>10.5</i>	<i>7.5</i>	<i>10.1</i>	<i>7.0</i>
<i>Total</i>	<i>11.0</i>	<i>-3.3</i>	<i>17.5</i>	<i>14.1</i>	<i>9.8</i>	<i>12.0</i>	<i>15.4</i>	<i>16.9</i>	<i>14.9</i>	<i>15.0</i>	<i>11.8</i>	<i>9.3</i>
EBIT, EURm												
MBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.4
SBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6
IBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
Group	1.5	0.9	0.6	2.8	5.8	1.5	2.6	3.8	5.4	13.3	19.2	21.2
Total	1.5	0.9	0.6	2.8	5.8	1.5	2.6	3.8	5.4	13.3	19.2	21.2
EBIT margin, %												
<i>MBU</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>15.3</i>
<i>SBU</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>15.3</i>
<i>IBU</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>15.3</i>
<i>Total</i>	<i>7.4</i>	<i>3.8</i>	<i>2.3</i>	<i>9.9</i>	<i>5.9</i>	<i>6.5</i>	<i>10.0</i>	<i>12.0</i>	<i>16.6</i>	<i>11.8</i>	<i>15.2</i>	<i>15.3</i>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	93.9	102.5	81.6	89.8	98.6	113.4	126.8	138.5
<i>Sales growth (%)</i>	<i>5.5</i>	<i>9.2</i>	<i>-20.4</i>	<i>10.1</i>	<i>9.8</i>	<i>15.0</i>	<i>11.8</i>	<i>9.3</i>
EBITDA	20.9	19.9	11.9	13.9	9.1	16.8	22.9	24.9
<i>EBITDA margin (%)</i>	<i>22.3</i>	<i>19.5</i>	<i>14.6</i>	<i>15.4</i>	<i>9.2</i>	<i>14.8</i>	<i>18.0</i>	<i>18.0</i>
Depreciation	-2.4	-2.9	-3.2	-3.3	-3.3	-3.5	-3.6	-3.7
EBITA	18.5	17.0	8.7	10.6	5.8	13.3	19.2	21.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	18.5	17.0	8.7	10.6	5.8	13.3	19.2	21.2
<i>EBIT margin (%)</i>	<i>19.7</i>	<i>16.6</i>	<i>10.7</i>	<i>11.8</i>	<i>5.9</i>	<i>11.8</i>	<i>15.2</i>	<i>15.3</i>
Reported EBIT	18.5	17.0	8.7	10.6	5.8	13.3	19.2	21.2
<i>EBIT margin (reported) (%)</i>	<i>19.7</i>	<i>16.6</i>	<i>10.7</i>	<i>11.8</i>	<i>5.9</i>	<i>11.8</i>	<i>15.2</i>	<i>15.3</i>
Net financials	-0.1	-1.0	-0.6	0.8	-0.3	-0.3	-0.4	-0.2
Pre-tax profit	18.4	16.0	8.1	11.4	5.5	13.0	18.8	21.0
Taxes	-3.6	-3.6	-1.4	-2.1	-0.4	-2.6	-3.8	-4.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	14.9	12.5	6.7	9.3	5.1	10.4	15.1	16.8
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	9	10	10	9	7	10	11	11
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	13	14	16	22	25	28	30	24
Receivables	27	27	25	31	36	40	38	42
Liquid funds	22	26	25	30	24	30	33	46
Total assets	71	77	76	92	91	109	113	122
Liabilities								
Shareholder's equity	51	58	58	74	73	80	90	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	4	6	6	2	3	9	4	4
Non-interest bearing current liabilities	15	12	11	15	14	18	18	19
Other interest-free debt	0	1	1	1	1	1	1	1
Total liabilities	71	77	76	92	91	109	113	122
CASH FLOW, EURm								
+ EBITDA	21	20	12	14	9	17	23	25
- Net financial items	-4	4	-1	3	-6	0	0	0
- Taxes	-5	-5	-3	-1	-2	-3	-4	-4
- Increase in Net Working Capital	-10	-2	0	-6	-9	-4	0	5
+/- Other	4	-5	-1	-3	7	0	0	0
= Cash flow from operations	6	12	8	7	0	10	18	25
- Capex	-5	-4	-3	-1	-2	-7	-5	-3
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	8	4	6	-2	3	14	22
+/- New issues/buybacks	0	0	-1	10	-1	0	0	0
- Paid dividend	-5	-5	-5	-4	-5	-3	-6	-8
+/- Other	0	2	1	-7	2	6	-5	0
Change in cash	-4	4	-1	5	-6	6	3	13

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	368	344	429	248	273	273	273
Net debt (excl. convertibles)	-20	-19	-28	-21	-21	-29	-43
Enterprise value	348	324	402	227	252	244	230
Sales	103	82	90	99	113	127	139
EBITDA	20	12	14	9	17	23	25
EBIT	17	9	11	6	13	19	21
Pre-tax	16	8	11	5	13	19	21
Earnings	12	7	9	5	10	15	17
Equity book value (excl. minorities)	58	58	74	73	80	90	98
Valuation multiples							
EV/sales	3.4	4.0	4.5	2.3	2.2	1.9	1.7
EV/EBITDA	17.4	27.3	29.0	25.0	15.0	10.7	9.2
EV/EBITA	20.4	37.1	38.0	39.2	18.9	12.7	10.8
EV/EBIT	20.4	37.1	38.0	39.2	18.9	12.7	10.8
EV/OCF	30.0	43.1	56.4	-772.5	25.5	13.2	9.0
EV/FCFF	41.7	65.2	78.5	-139.0	69.2	17.5	10.3
P/FCFE	48.7	77.4	74.5	-128.9	81.2	20.0	12.3
P/E	29.5	51.0	46.4	46.0	27.0	18.1	16.3
P/B	6.3	5.9	5.8	3.4	3.4	3.0	2.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	14.0	10.0	8.6
Target EV/EBIT	0.0	0.0	0.0	0.0	17.7	11.8	10.1
Target EV/FCF	0.0	0.0	0.0	0.0	70.2	16.7	9.7
Target P/B	0.0	0.0	0.0	0.0	3.2	2.9	2.6
Target P/E	0.0	0.0	0.0	0.0	26.3	17.6	15.8
Per share measures							
Number of shares	14,375	14,375	14,656	14,656	14,656	14,656	14,656
Number of shares (diluted)	14,875	14,875	15,156	15,156	15,156	15,156	15,156
EPS	0.87	0.47	0.63	0.34	0.71	1.03	1.14
Operating cash flow per share	0.81	0.52	0.49	-0.02	0.67	1.26	1.74
Free cash flow per share	0.53	0.31	0.39	-0.13	0.23	0.93	1.51
Book value per share	4.06	4.06	5.02	4.96	5.47	6.11	6.69
Dividend per share	0.38	0.28	0.35	0.20	0.39	0.57	0.63
Dividend payout ratio, %	43.9	59.7	55.4	58.0	55.0	55.0	55.0
Dividend yield, %	1.5	1.2	1.2	1.2	2.1	3.0	3.4
FCF yield, %	2.1	1.3	1.3	-0.8	1.2	5.0	8.1
Efficiency measures							
ROE	22.7	11.5	14.0	6.9	13.6	17.8	17.9
ROCE	28.5	13.6	15.1	7.7	16.1	21.0	21.7
Financial ratios							
Inventories as % of sales	13.8	19.5	24.8	25.2	25.0	24.0	17.0
Receivables as % of sales	25.9	30.1	34.8	36.2	35.5	30.0	30.0
Non-interest bearing liabilities as % of sales	12.1	13.4	17.1	14.3	16.0	14.0	14.0
NWC/sales, %	27.0	35.6	41.3	45.6	43.2	38.9	31.9
Operative CAPEX/sales, %	3.9	3.8	1.5	1.7	5.8	3.8	2.4
CAPEX/sales (incl. acquisitions), %	3.9	3.8	1.5	1.7	5.8	3.8	2.4
FCFF/EBITDA	0.4	0.4	0.4	-0.2	0.2	0.6	0.9
Net debt/EBITDA, book-weighted	-1.0	-1.6	-2.0	-2.3	-1.2	-1.3	-1.7
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	76.6	77.9	80.4	80.2	74.2	79.9	80.6
Gearing, %	-34.9	-33.2	-37.6	-28.3	-26.2	-32.3	-43.6

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 ~450 employees in Finland, China, France and USA, serving 370 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. However, DT is currently valued with quite hefty price tag and thus we don't see much return opportunities in short-term despite bright long-term outlook.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ahlstrom Capital Bv	5,280,167	98.211	36.0%
OP-Finland Fund	617,376	11.483	4.2%
Sijoitusrahasto Aktia Capital	548,762	10.207	3.7%
Varma Mutual Pension Insurance Company	515,000	9.579	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	8.105	3.0%
Martola Hannu Veikko	431,690	8.029	2.9%
OP-Finland Small Firms Fund	360,317	6.702	2.5%
Säästöpankki Kotimaa	260,000	4.836	1.8%
Evli Finnish Small Cap Fund	244,920	4.556	1.7%
Veritas Pension Insurance Company Ltd.	243,000	4.520	1.7%
Ten largest	8,936,969	166.228	61%
Residual	5,718,961	106.373	39%
Total	14,655,930	272.600	100%

EARNINGS CALENDAR	
August 03, 2023	Q2 report
October 27, 2023	Q3 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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

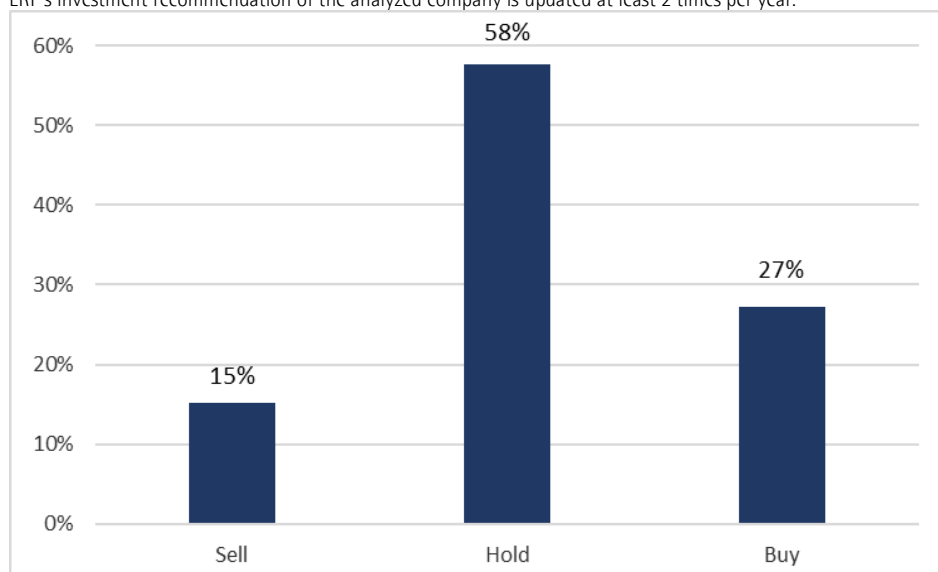
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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