

## EBIT softer than expected

DT posted Q2 net sales in line with our expectations, while adj. EBIT fell short of our estimates. Medical market is showing increased uncertainty while security markets are expected to improve. Group sales anticipated to decline in Q3 and grow in H2'23.

- **Group results:** net sales increased by 10.8% y/y to EUR 25.2m, just in line with our expectations (25.2/25.2m Evli/cons.). The growth was driven by medical and security solutions. Adj. EBIT came in below our expectations and amounted to EUR 1.4m (1.9/2.0m Evli/cons.). The profitability was impacted by lower volumes, sales mix, increased credit loss provisions and spot-components. Necessary measures to normalize the profitability are now being taken. Group EPS accounted for EUR 0.03, which also fell short of our expectations (0.1/0.1 Evli/cons.).
- **Medical (MBU):** MBU's sales grew by 22.3% to EUR 12.4m, quite in line with our expectations (Evli: 12.5m). The demand was however softer than DT expected, and the double-digit growth rate is largely due to soft comparison period. The demand for CT-solutions continued strong.
- **Security (SBU):** SBU's revenue increased by 5% y/y to EUR 9.1m and came in above our expectations (Evli: 8.7m). The growth was backed by the markets of America and India, while China performed poorly. Outlook for security demand is expected to strengthen with bids and orders coming both from China and the US.
- **Industrial (IBU):** IBU's net sales declined by 6.2% to EUR 3.7 (Evli: 4.0m), due to customers' inventory corrections and soft market of China. The demand however recovered towards the end of the quarter.
- **Haobo Imaging:** the acquisition was closed after Q2, and DT's expanded product portfolio has been enthusiastically welcomed by the markets. Haobo sales is expected to amount to a couple of million euros in H2'23.
- **Outlook:** Group revenue expected to decline in Q3, but grow in H2. DT expects MBU to decline, SBU to grow by double-digits, and IBU to grow in Q3.

Rating + BUY

### Q2'23 ESTIMATES

	Actual	Evli	Consensus*	Q2'22
Net sales	25.2	25.2	25.2	22.8
MBU	12.4	12.5	-	10.1
SBU	9.1	8.7	-	8.6
IBU	3.7	4.0	-	4.0
Adj. EBIT	1.4	1.9	2.0	1.2
Adj. EBIT-margin	5.4%	7.6%	7.9%	5.2%
EPS	0.03	0.10	0.10	0.05

\*Consensus estimate from FactSet

Share price, EUR (Last trading day's closing price) 14.45

Target price, EUR 16.0

Latest change in recommendation 31-Jul-23

Latest report on company 31-Jul-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 212

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

### 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
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	109.1	10.3	9.4%	2.1	0.54	25.6	1.8	18.6	1.0	0.30
2024E	124.5	17.1	13.7%	9.3	0.91	15.9	1.5	11.0	4.4	0.50
2025E	135.9	20.8	15.3%	24.2	1.12	12.9	1.3	8.2	11.4	0.62

Market cap, EURm 212   BV per share 2023E, EUR -25.4   CAGR EPS 2022-25, % 45.1

Net debt 2023E, EURm -20   Price/book 2023E 2.7   CAGR sales 2022-25, % 11.3

Enterprise value, EURm 192   Dividend yield 2023E, % 2.1   ROE 2023E, % 10.6

Total assets 2023E, EURm 106   Tax rate 2023E, % 20.0   ROCE 2023E, % 12.7

Goodwill 2023E, EURm 0   Equity ratio 2023E, % 74.1   PEG, P/E 23/CAGR 0.9

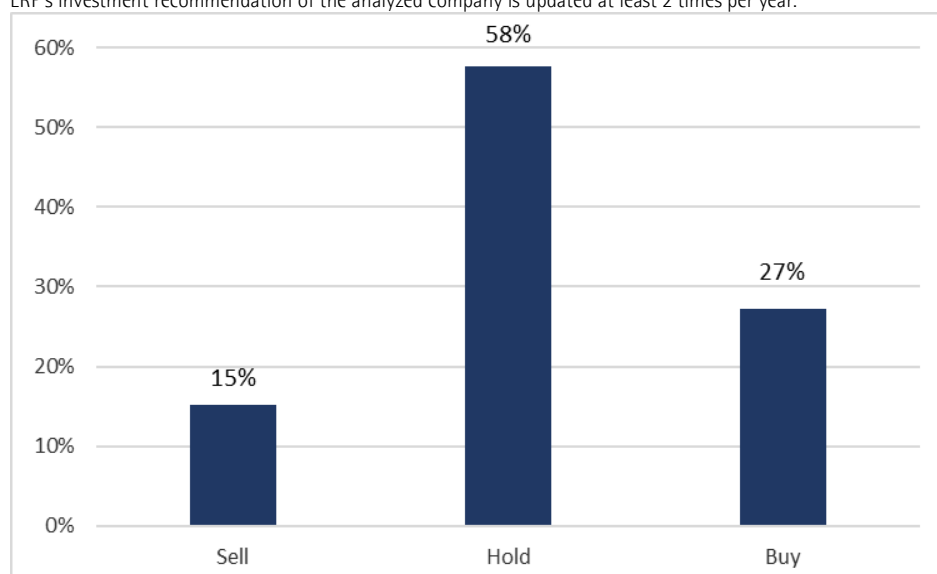
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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