

## Security business drives growth

DT reports Q3 results on Oct 27. Q3 results will remain modest, but aviation rebound helps SBU to drive growth over the next year or so while cost savings also help.

**Q3 not yet great, but SBU investment continues to rebound**  
DT's Q2 saw 11% y/y growth, driven by medical and security and in part because of a soft comparison period. There was already uncertainty around the Chinese markets and customer inventory corrections, and such concerns seem to have persisted over the course of Q3. The MBU unit in particular faces high comparison figures and we estimate its Q3 top line to have declined by 21% y/y. Meanwhile SBU has been growing since last year as the aviation sector has recovered since the pandemic shut its investments. Growth there derives from both the US and China; we estimate SBU's Q3 growth at 7% and note the rate should improve in Q4 (despite a relatively strong comparison period), and we expect SBU to drive growth also next year. We estimate DT Q3 revenue to have declined 9% y/y to EUR 24.8m. We see Q3 adj. EBIT at EUR 1.3m, a meaningful improvement over the comparison period although still quite shy relative to potential.

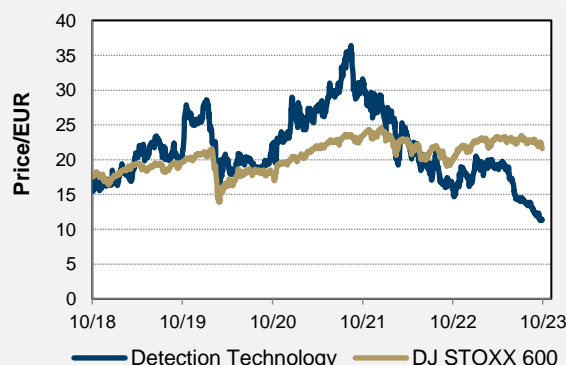
### Focus has already shifted to Q4'23 and FY '24 figures

MBU volumes should show signs of stabilization in Q4, while the unit has potential to grow a bit next year (despite pressure on pricing and challenges in China). We expect SBU to be by far the most important growth driver over the next year or two as aviation recovery has found solid ground, while the prospects shouldn't be too bad either for other relevant security applications. IBU has a lot of potential, but its organic growth is likely to remain soft in the short term as many sectors' industrial outlook is still uncertain. Cost savings (EUR 2m on an annual basis) are to help bottom-line already in Q4, which we estimate to lead to EUR 3.6m EBIT together with 8% y/y growth.

**Double-digit growth drives FY '24 EBITA margin above 13%**  
FY '23 adj. EBITA margin is to remain modest at around 8%, however we estimate profitability to recover above 13% next year thanks to both volume growth and cost savings. DT's multiples remain elevated relative to peers on modest FY '23 earnings, but the valuation is only around 10.5x EV/EBIT on our FY '24 estimates, which represents a significant discount to peer multiples. Our new TP is EUR 13.0 (15.5); we retain BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 11.30

Target price, EUR 13.0

Latest change in recommendation 31-Jul-23

Latest report on company 04-Aug-23

Research paid by issuer: YES

No. of shares outstanding, '000's 14,656

No. of shares fully diluted, '000's 14,656

Market cap, EURm 166

Free float, % -

Exchange rate -

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm 0.1

Next interim report 27-Oct-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	103.4	6.8	6.5%	-9.4	0.31	30.1	1.5	23.3	-5.7	0.17
2024E	116.6	14.5	12.4%	8.7	0.73	15.5	1.3	10.5	5.3	0.40
2025E	127.6	19.5	15.3%	19.5	1.03	11.0	1.1	7.0	11.8	0.56
Market cap, EURm	166		Gearing 2023E, %			-11.1	CAGR EPS 2022-25, %			40.8
Net debt 2023E, EURm	-8		Price/book 2023E			2.2	CAGR sales 2022-25, %			9.0
Enterprise value, EURm	157		Dividend yield 2023E, %			1.5	ROE 2023E, %			6.1
Total assets 2023E, EURm	107		Tax rate 2023E, %			22.6	ROCE 2023E, %			8.2
Goodwill 2023E, EURm	11		Equity ratio 2023E, %			70.0	PEG, P/E 23/CAGR			0.7

## Estimates and valuation

Estimates	2017	2018	2019	2020	2021	Q3'22	Q4'22	2022	Q3'23E	Q4'23E	2023E	2024E	2025E
<b>Net sales</b>	<b>89.0</b>	<b>93.9</b>	<b>102.4</b>	<b>81.6</b>	<b>89.8</b>	<b>27.3</b>	<b>28.2</b>	<b>98.6</b>	<b>24.8</b>	<b>30.6</b>	<b>103.4</b>	<b>116.6</b>	<b>127.6</b>
Medical	31.1	38.3	33.6	39.3	49.1	14.8	12.7	48.1	11.7	12.8	48.9	51.6	54.7
Security	57.9	55.6	68.9	30.7	27.9	8.5	10.9	34.4	9.1	13.0	38.5	47.0	53.5
Industrial	-	-	-	11.6	12.8	3.9	4.6	16.1	4.0	4.8	15.9	18.1	19.3
<b>EBIT</b>	<b>19.9</b>	<b>18.5</b>	<b>17.0</b>	<b>8.7</b>	<b>10.6</b>	<b>0.6</b>	<b>2.8</b>	<b>5.8</b>	<b>0.3</b>	<b>3.6</b>	<b>6.8</b>	<b>14.5</b>	<b>19.5</b>
Adj. EBIT	19.9	18.5	17.7	8.9	10.6	0.6	2.8	6.1	1.3	3.6	7.8	14.5	19.5
Adj. EPS	1.09	1.03	0.87	0.47	0.63	0.05	0.16	0.37	0.09	0.19	0.38	0.73	1.03
<i>Net sales growth-%</i>	<i>17.9%</i>	<i>5.5%</i>	<i>9.1%</i>	<i>-20.4%</i>	<i>10.1%</i>	<i>17.5%</i>	<i>14.1%</i>	<i>9.8%</i>	<i>-8.9%</i>	<i>8.3%</i>	<i>4.9%</i>	<i>12.8%</i>	<i>9.4%</i>
Medical	57.5%	23.1%	-12.4%	17.0%	25.1%	24.0%	-6.6%	-2.0%	-21.0%	1.0%	1.7%	5.4%	6.0%
Security	3.8%	-4.0%	23.9%	-55.4%	-9.1%	14.6%	41.0%	23.1%	7.0%	19.0%	12.0%	22.0%	14.0%
Industrial	-	-	-	-	10.1%	2.8%	34.5%	25.8%	2.0%	3.0%	-0.8%	13.3%	7.0%
<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>2.3%</i>	<i>9.9%</i>	<i>5.9%</i>	<i>1.3%</i>	<i>11.8%</i>	<i>6.5%</i>	<i>12.4%</i>	<i>15.3%</i>
Adj. EBIT margin	22.4%	19.7%	17.3%	10.9%	11.8%	2.3%	9.9%	6.2%	5.3%	11.8%	7.5%	12.4%	15.3%

DETECTION TECHNOLOGY PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	5774	11.7x	11.3x	10.6x	14.5x	14.3x	13.9x	22.5x	22.3x	21.0x
OSI Systems	1853	9.8x	8.4x		13.4x	10.9x		16.7x	14.3x	
Varex Imaging	683	8.0x	6.9x		11.3x	9.4x		16.4x	12.9x	
ams-OSRAM	994	5.0x	3.9x	3.3x	12.7x	8.3x	5.3x	12.7x	6.2x	3.6x
Analog Devices	79385	15.4x	17.1x		15.8x	18.4x		17.2x	19.5x	
Keysight Tech	20789	12.4x	12.9x		13.5x	13.8x	12.0x	15.3x	15.9x	13.6x
National Instruments	7521				23.3x	17.5x		27.5x	19.8x	
Texas Instruments	129402	15.6x	14.1x	12.3x	18.1x	16.9x	15.2x	20.7x	19.8x	18.0x
Oxford Instruments	1217	11.0x	10.5x	10.0x	12.9x	12.4x	11.8x	17.2x	16.7x	15.9x
Trimble	11613	15.4x	14.3x	12.8x	16.7x	15.2x	13.6x	18.7x	16.9x	15.1x
Hexagon	21741	13.4x	12.0x	11.0x	16.9x	15.6x	14.2x	19.4x	17.4x	15.7x
Konica Minolta	1401	10.5x	6.7x	6.3x		21.2x	17.8x		14.4x	10.9x
Iray Technology	2714	26.1x	19.0x	15.4x	28.4x	20.5x	16.2x	30.6x	21.6x	17.3x
Vieworks	183	8.8x	5.8x	5.3x	11.1x	6.8x	6.1x	14.4x	8.5x	7.6x
Peer Group Average	20376	12.5x	11.0x	9.7x	16.0x	14.4x	12.6x	19.2x	16.2x	13.9x
Peer Group Median	4244	11.7x	11.3x	10.6x	14.5x	14.7x	13.7x	17.2x	16.8x	15.4x
Detection Technology (Evli est.)	166	14.0x	7.7x	5.5x	23.3x	10.5x	7.0x	30.1x	15.5x	11.0x

Detection Technology prem./disc. to peer median

19 % -32 % -48 % 61 % -29 % -49 % 75 % -8 % -28 %

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.30 PV of Free Cash Flow	88 Long-term growth, %	2.6 Risk-free interest rate, %	2.25
DCF share value	17.84 PV of Horizon value	157 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	57.9 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	17.8 Marketable securities	24 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	17.8 Debt - dividend	-6 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	64.2 Value of stock	262 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	103	117	128	139	146	153	161	169	174	178	183
<i>Sales growth, %</i>	<i>9.8</i>	<i>4.9</i>	<i>12.8</i>	<i>9.4</i>	<i>8.9</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>3.0</i>	<i>2.6</i>	<i>2.6</i>
Operating income (EBIT)	6	7	14	20	22	22	24	25	26	24	25	26
<i>Operating income margin, %</i>	<i>5.9</i>	<i>6.5</i>	<i>12.4</i>	<i>15.3</i>	<i>15.5</i>	<i>15.0</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>
+ Depreciation+amort.	3	4	5	6	6	7	7	7	7	8	8	
EBITDA	9	11	20	25	28	28	31	32	34	32	33	
- Paid taxes	-2	-2	-3	-4	-5	-5	-5	-5	-5	-5	-5	
- Change in NWC	-9	0	-1	5	-4	-2	-2	-3	-3	-2	-1	
<i>NWC / Sales, %</i>	<i>45.6</i>	<i>43.1</i>	<i>38.8</i>	<i>31.9</i>	<i>32.0</i>	<i>32.0</i>	<i>32.0</i>	<i>32.1</i>	<i>32.1</i>	<i>32.2</i>	<i>32.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-31	-6	-6	-6	-6	-6	-7	-7	-7	-7	
<i>opCAPEX / Sales, %</i>	<i>1.7</i>	<i>30.3</i>	<i>5.5</i>	<i>4.5</i>	<i>4.5</i>	<i>4.2</i>	<i>4.2</i>	<i>4.2</i>	<i>4.2</i>	<i>4.1</i>	<i>4.1</i>	
- Acquisitions	0	12	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	-9	9	20	13	15	17	18	18	18	19	331
= Discounted FCFF		-9	8	17	10	11	11	11	10	9	9	157
= DFCF min WACC		-9	8	17	10	11	11	11	10	9	9	157
= DFCF max WACC		-9	8	17	10	11	11	11	10	9	9	157

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	20.3	22.8	27.3	28.2	98.6	22.8	25.2	24.8	30.6	103.4	116.6	127.6
EBITDA	2.3	1.7	1.5	3.6	9.1	2.3	2.1	1.8	5.1	11.3	19.5	25.2
<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>9.9</i>	<i>8.4</i>	<i>7.2</i>	<i>16.7</i>	<i>10.9</i>	<i>16.8</i>	<i>19.8</i>
EBIT	1.5	0.9	0.6	2.8	5.8	1.5	1.4	0.3	3.6	6.8	14.5	19.5
<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>5.4</i>	<i>1.3</i>	<i>11.8</i>	<i>6.5</i>	<i>12.4</i>	<i>15.3</i>
Net financial items	0.1	0.2	0.2	-0.8	-0.3	-0.3	-0.6	0.2	-0.1	-0.8	-0.8	-0.4
Pre-tax profit	1.6	1.0	0.8	2.0	5.5	1.2	0.8	0.5	3.5	6.0	13.7	19.1
Tax	-0.3	-0.3	-0.2	0.4	-0.4	-0.2	-0.3	-0.2	-0.8	-1.5	-3.0	-4.0
<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>42.0</i>	<i>20.0</i>	<i>20.0</i>	<i>22.6</i>	<i>20.0</i>	<i>20.0</i>
Net profit	1.3	0.7	0.7	2.4	5.1	0.9	0.5	0.4	2.8	4.5	10.7	15.0
EPS	0.09	0.05	0.05	0.16	0.34	0.06	0.03	0.02	0.19	0.31	0.73	1.03
EPS adjusted (diluted no. of shares)	0.08	0.07	0.04	0.16	0.36	0.06	0.03	0.09	0.19	0.38	0.73	1.03
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.17	0.40	0.56
<b>SALES, EURm</b>												
MBU	10.5	10.1	14.8	12.7	48.1	12.0	12.4	11.7	12.8	48.9	51.6	54.7
SBU	6.3	8.6	8.5	10.9	34.4	7.3	9.1	9.1	13.0	38.5	47.0	53.5
IBU	3.5	4.0	3.9	4.6	16.1	3.4	3.7	4.0	4.8	15.9	18.1	19.3
Total	20.3	22.8	27.3	28.2	98.6	22.8	25.2	24.8	30.6	103.4	116.6	127.6
<b>SALES GROWTH, Y/Y %</b>												
<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>22.3</i>	<i>-21.0</i>	<i>1.0</i>	<i>1.7</i>	<i>5.4</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>5.0</i>	<i>7.0</i>	<i>19.0</i>	<i>12.0</i>	<i>22.0</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>-6.2</i>	<i>2.0</i>	<i>3.0</i>	<i>-0.8</i>	<i>13.3</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>10.8</i>	<i>-8.9</i>	<i>8.3</i>	<i>4.9</i>	<i>12.8</i>	<i>9.4</i>
<b>EBIT, EURm</b>												
MBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.4
SBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.2
IBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0
Group	1.5	0.9	0.6	2.8	5.8	1.5	1.4	0.3	3.6	6.8	14.5	0.0
Total	1.5	0.9	0.6	2.8	5.8	1.5	1.4	0.3	3.6	6.8	14.5	19.5
<b>EBIT margin, %</b>												
<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>5.4</i>	<i>1.3</i>	<i>11.8</i>	<i>6.5</i>	<i>12.4</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	103.4	116.6	127.6
<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>4.9</i>	<i>12.8</i>	<i>9.4</i>
EBITDA	20.9	19.9	11.9	13.9	9.1	11.3	19.5	25.2
<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>10.9</i>	<i>16.8</i>	<i>19.8</i>
Depreciation	-2.4	-2.9	-3.2	-3.3	-3.3	-3.9	-3.9	-4.5
EBITA	18.5	17.0	8.7	10.6	5.8	7.3	15.6	20.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	-0.6	-1.2	-1.2
EBIT	18.5	17.0	8.7	10.6	5.8	6.8	14.5	19.5
<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>6.5</i>	<i>12.4</i>	<i>15.3</i>
Reported EBIT	18.5	17.0	8.7	10.6	5.8	6.8	14.5	19.5
<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>6.5</i>	<i>12.4</i>	<i>15.3</i>
Net financials	-0.1	-1.0	-0.6	0.8	-0.3	-0.8	-0.8	-0.4
Pre-tax profit	18.4	16.0	8.1	11.4	5.5	6.0	13.7	19.1
Taxes	-3.6	-3.6	-1.4	-2.1	-0.4	-1.5	-3.0	-4.0
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	4.5	10.7	15.0
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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	9	10	10	9	7	10	13	14
Goodwill	0	0	0	0	0	11	10	9
Right of use assets	0	0	0	0	0	0	0	0
Inventory	13	14	16	22	25	26	28	22
Receivables	27	27	25	31	36	37	35	38
Liquid funds	22	26	25	30	24	23	26	32
Total assets	71	77	76	92	91	107	112	115
Liabilities								
Shareholder's equity	51	58	58	74	73	74	83	92
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	15	11	4
Non-interest bearing current liabilities	15	12	11	15	14	17	16	18
Other interest-free debt	0	1	1	1	1	1	1	1
Total liabilities	71	77	76	92	91	107	112	115
<b>CASH FLOW, EURm</b>								
+ EBITDA	21	20	12	14	9	11	20	25
- Net financial items	-4	4	-1	3	-6	-1	-1	0
- Taxes	-5	-5	-3	-1	-2	-1	-3	-4
- Increase in Net Working Capital	-10	-2	0	-6	-9	0	-1	5
+/- Other	4	-5	-1	-3	7	0	0	0
= Cash flow from operations	6	12	8	7	0	9	15	25
- Capex	-5	-4	-3	-1	-2	-31	-6	-6
- Acquisitions	0	0	0	0	0	12	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	8	4	6	-2	-9	9	20
+/- New issues/buybacks	0	0	-1	10	-1	0	0	0
- Paid dividend	-5	-5	-5	-4	-5	-3	-2	-6
+/- Other	0	2	1	-7	2	11	-3	-8
Change in cash	-4	4	-1	5	-6	-1	3	6

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	368	344	429	248	166	166	166
Net debt (excl. convertibles)	-20	-19	-28	-21	-8	-14	-28
Enterprise value	348	324	402	227	157	151	137
Sales	103	82	90	99	103	117	128
EBITDA	20	12	14	9	11	20	25
EBIT	17	9	11	6	7	14	20
Pre-tax	16	8	11	5	6	14	19
Earnings	12	7	9	5	5	11	15
Equity book value (excl. minorities)	58	58	74	73	74	83	92
<b>Valuation multiples</b>							
EV/sales	3.4	4.0	4.5	2.3	1.5	1.3	1.1
EV/EBITDA	17.4	27.3	29.0	25.0	14.0	7.7	5.5
EV/EBITA	20.4	37.1	38.0	39.2	21.4	9.7	6.6
EV/EBIT	20.4	37.1	38.0	39.2	23.3	10.5	7.0
EV/OCF	30.0	43.1	56.4	-772.5	16.7	10.0	5.4
EV/FCFF	41.7	65.2	78.5	-139.0	-17.8	16.1	6.9
P/FCFE	48.7	77.4	74.5	-128.9	-17.5	18.9	8.5
P/E	29.5	51.0	46.4	46.0	30.1	15.5	11.0
P/B	6.3	5.9	5.8	3.4	2.2	2.0	1.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	16.2	9.0	6.4
Target EV/EBIT	0.0	0.0	0.0	0.0	27.0	12.2	8.3
Target EV/FCF	0.0	0.0	0.0	0.0	-19.3	20.1	8.3
Target P/B	0.0	0.0	0.0	0.0	2.6	2.3	2.1
Target P/E	0.0	0.0	0.0	0.0	34.6	17.8	12.7
<b>Per share measures</b>							
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	14,656	14,656	14,656
EPS	0.87	0.47	0.63	0.34	0.31	0.73	1.03
Operating cash flow per share	0.81	0.52	0.49	-0.02	0.64	1.03	1.73
Free cash flow per share	0.53	0.31	0.39	-0.13	-0.64	0.60	1.33
Book value per share	4.06	4.06	5.02	4.96	5.07	5.63	6.26
Dividend per share	0.38	0.28	0.35	0.20	0.17	0.40	0.56
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	1.5	3.6	5.0
FCF yield, %	2.1	1.3	1.3	-0.8	-5.7	5.3	11.8
<b>Efficiency measures</b>							
ROE	22.7	11.5	14.0	6.9	6.1	13.7	17.2
ROCE	28.5	13.6	15.1	7.7	8.2	15.8	20.7
<b>Financial ratios</b>							
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	43.1	38.8	31.9
Operative CAPEX/sales, %	3.9	3.8	1.5	1.7	30.3	5.5	4.5
CAPEX/sales (incl. acquisitions), %	3.9	3.8	1.5	1.7	42.2	5.5	4.5
FCFF/EBITDA	0.4	0.4	0.4	-0.2	-0.8	0.5	0.8
Net debt/EBITDA, book-weighted	-1.0	-1.6	-2.0	-2.3	-0.7	-0.7	-1.1
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Equity ratio, book-weighted	76.6	77.9	80.4	80.2	70.0	74.5	80.6
Gearing, %	-34.9	-33.2	-37.6	-28.3	-11.1	-17.5	-30.7

**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. Supported by the underlying megatrends and market expansion in TFT-flat panel markets, DT has lots of long-term potential in our view. Low valuation compared to historical multiples and peers provides a decent yield also on a short-term in our view.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ahlstrom Capital Bv	5,280,167	59.666	36.0%
Skandinaviska Enskilda Banken AB	1,936,153	21.879	13.2%
OP-Finland Fund	617,376	6.976	4.2%
Sijoitusrahasto Aktia Capital	548,762	6.201	3.7%
Varma Mutual Pension Insurance Company	515,000	5.820	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	4.924	3.0%
Martola Hannu Veikko	431,690	4.878	2.9%
OP-Finland Small Firms Fund	320,272	3.619	2.2%
Veritas Pension Insurance Company Ltd.	277,981	3.141	1.9%
Evli Finnish Small Cap Fund	260,920	2.948	1.8%
Ten largest	10,624,058	120.052	72%
Residual	4,031,872	45.560	28%
Total	14,655,930	165.612	100%

**EARNINGS CALENDAR**

October 27, 2023

Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

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



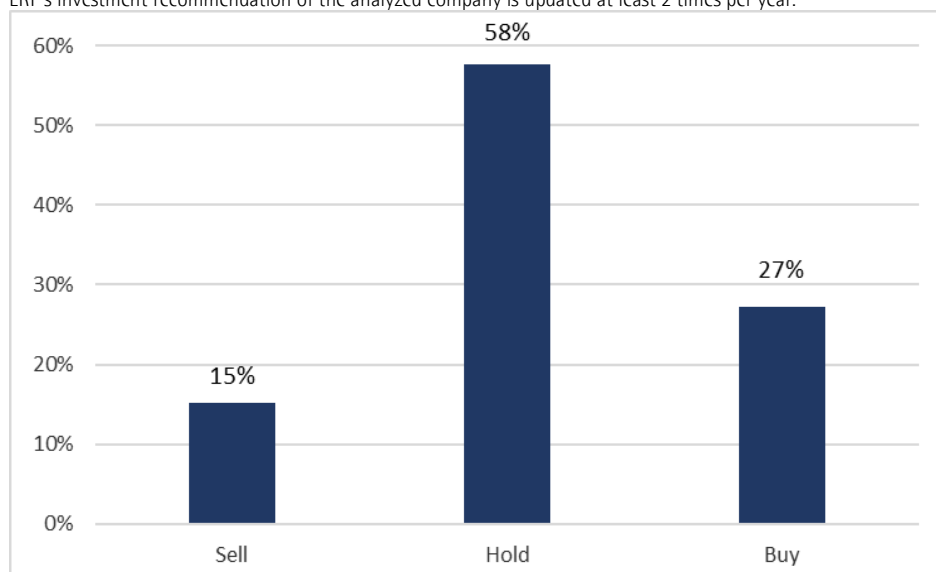
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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## Name(s) of the analyst(s): Ilvonen

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