

More revenue and earnings growth

DT reports Q4 on Feb 1. MBU may not grow much this year, yet organic SBU-driven recovery and recent measures are to underpin earnings growth this year as well as next.

SBU growth and cost measures continue to lift earnings

DT's Q3 top line declined 10% y/y as MBU faced headwinds due to a high comparison period and Chinese anticorruption campaign, yet profitability already improved thanks to the cost reduction measures. Meanwhile SBU volumes continued to recover, driven by the aviation market, and we estimate the segment's growth to extend at similar double-digit rates (excluding China, where volumes should remain quite flat) going forward as CT systems are delivered to airports in many countries. We make no changes to our Q4 estimates; we estimate 8% y/y growth, mostly driven by SBU. We expect adj. EBITA to have further improved to EUR 4.2m.

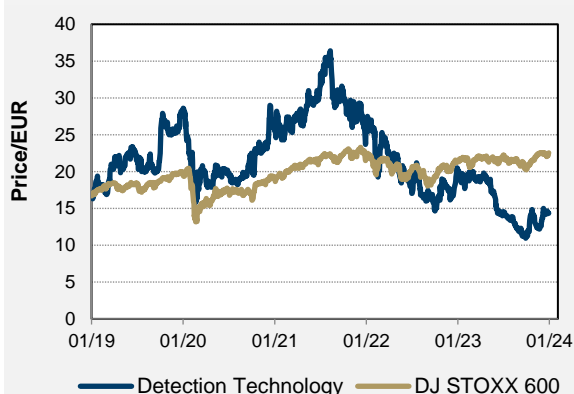
Performance improves despite challenging Chinese markets

SBU should drive growth also this year (there's growth, besides aviation, in urban applications) whereas MBU and IBU volumes can be expected to stabilize in organic terms after recent softness, although the Chinese MBU market remains challenging in the short-term as prices are likely to decline by around 10%. IBU's organic growth may also still be quite soft due to e.g. the food industry, but industrial outlook should soften no more and the Haobo acquisition could help to drive rather strong revenue growth for the segment. We therefore expect SBU and IBU to show significant relative growth figures this year, while MBU may stay roughly flat. We estimate DT to grow around 10% this year, and the improved cost efficiency and gross margins should help the company to about 13-15% relative profitability (the Haobo acquisition dilutes earnings a bit as it still makes a loss).

Valuation not demanding as growth translates to earnings

DT is likely to guide at least some growth for Q1. In our view the FY '23 comparison figures suggest growth could materialize at a relatively steady pace over the course of the year, but earnings are in any case improving (we estimate the FY '24 gain at some EUR 6m). Valuation has also gained to above 13x EV/EBIT on our FY '24 estimates, however the level remains quite modest relative to peers especially considering the longer term potential DT still has. Our new TP is EUR 16.0 (13.5) as we retain our BUY rating.

Rating + BUY



Share price, EUR (Last trading day's closing price) 14.35
Target price, EUR 16.0

Latest change in recommendation 31-Jul-23
Latest report on company 29-Oct-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 210
Free float, % -
Exchange rate -
Reuters code DETEC.HE
Bloomberg code DETEC FH
Average daily volume, EURm 0.1
Next interim report 01-Feb-24
Web site deete.com/investors/

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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	102.9	7.9	7.7%	-8.1	0.34	33.0	2.0	25.5	-3.9	0.19
2024E	113.8	14.4	12.7%	9.5	0.74	19.3	1.7	13.5	4.5	0.37
2025E	123.9	19.0	15.3%	18.9	1.01	14.2	1.5	9.5	9.0	0.50
Market cap, EURm	210		Gearing 2023E, %	-12.8		CAGR EPS 2022-25, %		40.0		
Net debt 2023E, EURm	-10		Price/book 2023E	2.8		CAGR sales 2022-25, %		7.9		
Enterprise value, EURm	201		Dividend yield 2023E, %	1.3		ROE 2023E, %		6.8		
Total assets 2023E, EURm	106		Tax rate 2023E, %	22.4		ROCE 2023E, %		9.6		
Goodwill 2023E, EURm	11		Equity ratio 2023E, %	71.2		PEG, P/E 23/CAGR		0.9		

Estimates and valuation

Estimates	2017	2018	2019	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23E	2023E	2024E	2025E
Net sales	89.0	93.9	102.4	81.6	89.8	20.3	22.8	27.3	28.2	98.6	22.8	25.2	24.5	30.4	102.9	113.8	123.9
Medical	31.1	38.3	33.6	39.3	49.1	10.5	10.1	14.8	12.7	48.1	12.0	12.4	10.8	13.3	48.6	50.3	53.3
Security	57.9	55.6	68.9	30.7	27.9	6.3	8.6	8.5	10.9	34.4	7.3	9.1	9.7	12.4	38.4	44.5	50.3
Industrial	-	-	-	11.6	12.8	3.5	4.0	3.9	4.6	16.1	3.4	3.7	4.0	4.8	15.9	19.0	20.3
Adj. EBITA	19.9	18.5	17.7	8.9	10.6	1.5	1.2	0.6	2.8	6.1	1.5	1.4	2.2	4.2	9.2	14.7	19.0
Net sales growth-%	17.9%	5.5%	9.1%	-20.4%	10.1%	10.9%	-3.3%	17.5%	14.1%	9.8%	12.0%	10.8%	-10.2%	7.8%	4.4%	10.6%	8.9%
Medical	57.5%	23.1%	-12.4%	17.0%	25.1%	4.5%	-25.2%	24.0%	-6.6%	-2.0%	14.6%	22.3%	-27.1%	5.0%	0.9%	3.5%	6.0%
Security	3.8%	-4.0%	23.9%	-55.4%	-9.1%	7.5%	25.4%	14.6%	41.0%	23.1%	16.2%	5.0%	13.5%	13.0%	11.7%	16.0%	13.0%
Industrial	-	-	-	-	10.1%	45.2%	29.3%	2.8%	34.5%	25.8%	-3.0%	-6.2%	2.1%	3.0%	-0.8%	19.0%	7.0%
Adj. EBITA margin	22.4%	19.7%	17.3%	10.9%	11.8%	7.4%	5.2%	2.3%	9.9%	6.2%	6.5%	5.4%	8.9%	13.9%	9.0%	12.9%	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	5816	11.3x	12.0x	10.9x	14.4x	16.1x	14.5x	22.5x	24.5x	22.4x
OSI Systems	2005	10.7x	9.1x		14.6x	11.9x		18.3x	15.6x	
Varex Imaging	732	10.1x	9.9x		14.6x	14.1x	12.0x	16.5x	19.1x	15.0x
ams-OSRAM	2312	10.7x	5.2x	4.3x	14.4x	12.6x	8.7x	17.0x	15.9x	6.8x
Analog Devices	90194	17.8x	22.1x	17.0x	18.6x	24.4x	20.4x	20.7x	27.0x	22.2x
Keysight Tech	26023	16.2x	17.0x	15.4x	17.5x	18.3x	16.5x	19.2x	21.7x	18.9x
Emerson Electric	49362	15.5x	13.4x	12.5x	17.5x	15.9x	14.5x	20.4x	17.6x	16.2x
Texas Instruments	141685	18.5x	21.6x	16.9x	21.7x	28.9x	23.1x	24.1x	33.5x	26.4x
Oxford Instruments	1456	14.2x	12.6x	11.9x	16.3x	14.6x	13.8x	20.1x	19.4x	18.4x
Trimble	11579	16.2x	15.2x	14.2x	17.4x	16.2x	15.3x	19.3x	18.7x	17.3x
Hexagon	27113	17.3x	14.6x	13.4x	22.5x	19.3x	17.5x	24.2x	22.0x	19.7x
Konica Minolta	1270	10.0x	6.4x	6.1x		20.9x	17.4x		15.0x	10.9x
Iray Technology	3339	45.1x	25.0x	19.8x	47.2x	25.8x	20.2x	40.5x	28.2x	22.5x
Vieworks	177	9.7x	6.3x	5.6x	13.2x	7.5x	6.5x	17.9x	9.8x	8.5x
Peer Group Average	25933	16.0x	13.6x	12.3x	19.2x	17.6x	15.4x	21.6x	20.6x	17.3x
Peer Group Median	4578	14.9x	13.0x	12.9x	17.4x	16.1x	15.3x	20.1x	19.2x	18.4x
Detection Technology (Evli est.)	210	15.8x	10.3x	7.5x	25.5x	13.5x	9.5x	33.0x	19.3x	14.2x
<i>Detection Technology prem./disc. to peer median</i>		6 %	-21 %	-42 %	47 %	-17 %	-38 %	64 %	0 %	-23 %

DETECTION TECHNOLOGY PEER GROUP	Sales 22	Sales gr.			EBIT-%			Div. yield		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	1439	-4.5%	4.0%	6.2%	24.7 %	22.5 %	23.3 %	1.3 %	1.3 %	1.4 %
OSI Systems	1178	8.6%	11.4%		12.5 %	13.7 %				
Varex Imaging	826	-1.7%	-2.3%	4.4%	10.3 %	10.5 %	11.8 %			
ams-OSRAM	4819	-25.2%	-1.1%	8.8%	6.6 %	7.7 %	10.3 %	0.0 %	0.1 %	0.3 %
Analog Devices	11682	-6.7%	-14.2%	11.1%	48.1 %	42.9 %	46.1 %	1.7 %	1.9 %	2.1 %
Keysight Tech	5332	-7.0%	-2.3%	7.6%	29.6 %	28.3 %	29.2 %	0.0 %	0.0 %	0.0 %
Emerson Electric	19860	-26.4%	10.3%	5.1%	22.7 %	21.7 %	22.6 %	2.2 %	2.3 %	2.4 %
Texas Instruments	18370	-12.5%	-9.8%	13.6%	41.8 %	34.7 %	38.2 %	2.9 %	3.1 %	3.2 %
Oxford Instruments	519	2.1%	4.2%	4.0%	17.6 %	17.6 %	17.9 %	0.9 %	1.0 %	1.0 %
Trimble	3428	1.1%	1.7%	4.8%	24.6 %	25.0 %	25.3 %	0.0 %	0.0 %	0.0 %
Hexagon	5161	5.8%	5.7%	6.9%	26.6 %	28.1 %	29.0 %	1.2 %	1.4 %	1.5 %
Konica Minolta	7621	-4.3%	0.0%	0.2%	-0.7 %	2.5 %	3.0 %	1.6 %	2.2 %	2.6 %
Iray Technology	212	16.3%	27.4%	23.9%	37.3 %	41.8 %	43.1 %	0.4 %	0.6 %	0.7 %
Vieworks	169	-10.8%	9.9%	9.5%	9.0 %	15.0 %	15.8 %	2.4 %	2.4 %	2.5 %
Peer Group Average	6601	-4.7%	3.2%	8.1%	22.2 %	22.3 %	24.3 %	1.2 %	1.4 %	1.5 %
Peer Group Median	4819	-4.4%	2.9%	6.9%	23.7 %	22.1 %	23.3 %	1.2 %	1.3 %	1.4 %
Detection Technology (Evli est.)	99	4.4%	10.5%	8.9%	7.7 %	12.7 %	15.3 %	1.3 %	2.6 %	3.5 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	14.35 PV of Free Cash Flow	87 Long-term growth, %	2.6 Risk-free interest rate, %	2.25
DCF share value	17.42 PV of Horizon value	151 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	21.4 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	17.4 Marketable securities	23 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	17.4 Debt - dividend	-13 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	63.5 Value of stock	256 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	114	124	134	141	148	156	163	168	173	177
<i>Sales growth, %</i>	<i>9.8</i>	<i>4.4</i>	<i>10.5</i>	<i>8.9</i>	<i>8.4</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	8	14	19	21	21	23	24	25	24	24	25
<i>Operating income margin, %</i>	<i>5.9</i>	<i>7.7</i>	<i>12.7</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	5	4	5	5	6	6	6	7	7	7	
EBITDA	9	13	19	24	26	27	29	30	32	30	31	
- Paid taxes	-2	-2	-3	-4	-4	-4	-5	-5	-5	-5	-5	
- Change in NWC	-9	1	0	5	-3	-2	-2	-2	-3	-2	-1	
<i>NWC / Sales, %</i>	<i>45.6</i>	<i>43.1</i>	<i>38.7</i>	<i>31.8</i>	<i>31.9</i>	<i>32.0</i>	<i>32.0</i>	<i>32.1</i>	<i>32.1</i>	<i>32.1</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>30.1</i>	<i>5.4</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	-7	10	19	13	14	16	16	17	17	18	313
= Discounted FCFF		-7	9	16	10	10	11	10	10	9	9	151
= DFCF min WACC		-7	9	16	10	10	11	10	10	9	9	151
= DFCF max WACC		-7	9	16	10	10	11	10	10	9	9	151

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	20.3	22.8	27.3	28.2	98.6	22.8	25.2	24.5	30.4	102.9	113.8	123.9
EBITDA	2.3	1.7	1.5	3.6	9.1	2.3	2.1	3.1	5.2	12.7	18.9	24.0
<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>12.6</i>	<i>17.1</i>	<i>12.3</i>	<i>16.6</i>	<i>19.4</i>
EBIT	1.5	0.9	0.6	2.8	5.8	1.5	1.4	1.3	3.7	7.9	14.4	19.0
<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>5.4</i>	<i>12.2</i>	<i>7.7</i>	<i>12.7</i>	<i>15.3</i>
Net financial items	0.1	0.2	0.2	-0.8	-0.3	-0.3	-0.6	-0.1	-0.1	-1.1	-0.7	-0.4
Pre-tax profit	1.6	1.0	0.8	2.0	5.5	1.2	0.8	1.2	3.6	6.8	13.8	18.6
Tax	-0.3	-0.3	-0.2	0.4	-0.4	-0.2	-0.3	-0.4	-0.8	-1.8	-2.9	-3.8
<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>21.0</i>	<i>20.0</i>	<i>22.4</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	0.8	2.8	5.0	10.9	14.8
EPS	0.09	0.05	0.05	0.16	0.34	0.06	0.03	0.05	0.19	0.34	0.74	1.01
EPS adjusted (diluted no. of shares)	0.08	0.07	0.04	0.16	0.36	0.06	0.03	0.11	0.23	0.43	0.74	1.01
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.19	0.37	0.50
SALES, EURm												
MBU	10.5	10.1	14.8	12.7	48.1	12.0	12.4	10.8	13.3	48.6	50.3	53.3
SBU	6.3	8.6	8.5	10.9	34.4	7.3	9.1	9.7	12.4	38.5	44.5	50.3
IBU	3.5	4.0	3.9	4.6	16.1	3.4	3.7	3.9	4.8	15.9	19.0	20.3
Total	20.3	22.8	27.3	28.2	98.6	22.8	25.2	24.5	30.4	102.9	113.8	123.9
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>22.3</i>	<i>-26.8</i>	<i>5.0</i>	<i>1.0</i>	<i>3.4</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>14.1</i>	<i>13.0</i>	<i>11.9</i>	<i>15.9</i>	<i>13.0</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>0.4</i>	<i>3.0</i>	<i>-1.2</i>	<i>19.5</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>-10.1</i>	<i>7.8</i>	<i>4.4</i>	<i>10.5</i>	<i>8.9</i>
EBIT, EURm												
Group	1.5	0.9	0.6	2.8	5.8	1.5	1.4	1.3	3.7	7.9	14.4	19.0
Total	1.5	0.9	0.6	2.8	5.8	1.5	1.4	1.3	3.7	7.9	14.4	19.0
EBIT margin, %												
<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>5.4</i>	<i>12.2</i>	<i>7.7</i>	<i>12.7</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	102.9	113.8	123.9
<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>4.4</i>	<i>10.5</i>	<i>8.9</i>
EBITDA	20.9	19.9	11.9	13.9	9.1	12.7	18.9	24.0
<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>12.3</i>	<i>16.6</i>	<i>19.4</i>
Depreciation	-2.4	-2.9	-3.2	-3.3	-3.3	-3.6	-3.9	-4.4
EBITA	18.5	17.0	8.7	10.6	5.8	9.0	15.0	19.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	-1.2	-0.6	-0.6
EBIT	18.5	17.0	8.7	10.6	5.8	7.9	14.4	19.0
<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>7.7</i>	<i>12.7</i>	<i>15.3</i>
Reported EBIT	18.5	17.0	8.7	10.6	5.8	7.9	14.4	19.0
<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>7.7</i>	<i>12.7</i>	<i>15.3</i>
Net financials	-0.1	-1.0	-0.6	0.8	-0.3	-1.1	-0.7	-0.4
Pre-tax profit	18.4	16.0	8.1	11.4	5.5	6.8	13.8	18.6
Taxes	-3.6	-3.6	-1.4	-2.1	-0.4	-1.8	-2.9	-3.8
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	5.0	10.9	14.8
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	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	27	21
Receivables	27	27	25	31	36	37	34	37
Liquid funds	22	26	25	30	24	23	25	33
Total assets	71	77	76	92	91	106	109	115
Liabilities								
Shareholder's equity	51	58	58	74	73	75	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	13	9	4
Non-interest bearing current liabilities	15	12	11	15	14	16	16	17
Other interest-free debt	0	1	1	1	1	1	1	1
Total liabilities	71	77	76	92	91	106	109	115
CASH FLOW, EURm								
+ EBITDA	21	20	12	14	9	13	19	24
- Net financial items	-4	4	-1	3	-6	-1	-1	0
- Taxes	-5	-5	-3	-1	-2	-2	-3	-4
- Increase in Net Working Capital	-10	-2	0	-6	-9	1	0	5
+/- Other	4	-5	-1	-3	7	0	0	0
= Cash flow from operations	6	12	8	7	0	10	16	24
- 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	-8	10	19
+/- New issues/buybacks	0	0	-1	10	-1	0	0	0
- Paid dividend	-5	-5	-5	-4	-5	-3	-3	-5
+/- Other	0	2	1	-7	2	10	-4	-5
Change in cash	-4	4	-1	5	-6	-1	2	8

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	368	344	429	248	210	210	210
Net debt (excl. convertibles)	-20	-19	-28	-21	-10	-16	-30
Enterprise value	348	324	402	227	201	194	181
Sales	103	82	90	99	103	114	124
EBITDA	20	12	14	9	13	19	24
EBIT	17	9	11	6	8	14	19
Pre-tax	16	8	11	5	7	14	19
Earnings	12	7	9	5	5	11	15
Equity book value (excl. minorities)	58	58	74	73	75	83	92
Valuation multiples							
EV/sales	3.4	4.0	4.5	2.3	2.0	1.7	1.5
EV/EBITDA	17.4	27.3	29.0	25.0	15.8	10.3	7.5
EV/EBITA	20.4	37.1	38.0	39.2	22.2	12.9	9.2
EV/EBIT	20.4	37.1	38.0	39.2	25.5	13.5	9.5
EV/OCF	30.0	43.1	56.4	-772.5	19.2	12.4	7.4
EV/FCFF	41.7	65.2	78.5	-139.0	-27.7	19.3	9.4
P/FCFE	48.7	77.4	74.5	-128.9	-25.9	22.1	11.1
P/E	29.5	51.0	46.4	46.0	33.0	19.3	14.2
P/B	6.3	5.9	5.8	3.4	2.8	2.5	2.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	17.8	11.5	8.5
Target EV/EBIT	0.0	0.0	0.0	0.0	28.5	15.1	10.8
Target EV/FCF	0.0	0.0	0.0	0.0	-27.7	22.9	10.8
Target P/B	0.0	0.0	0.0	0.0	3.1	2.8	2.5
Target P/E	0.0	0.0	0.0	0.0	36.8	21.5	15.9
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	14,656	14,656	14,656
EPS	0.87	0.47	0.63	0.34	0.34	0.74	1.01
Operating cash flow per share	0.81	0.52	0.49	-0.02	0.71	1.07	1.67
Free cash flow per share	0.53	0.31	0.39	-0.13	-0.55	0.65	1.29
Book value per share	4.06	4.06	5.02	4.96	5.11	5.66	6.30
Dividend per share	0.38	0.28	0.35	0.20	0.19	0.37	0.50
Dividend payout ratio, %	43.9	59.7	55.4	58.0	55.0	50.0	50.0
Dividend yield, %	1.5	1.2	1.2	1.2	1.3	2.6	3.5
FCF yield, %	2.1	1.3	1.3	-0.8	-3.9	4.5	9.0
Efficiency measures							
ROE	22.7	11.5	14.0	6.9	6.8	13.8	16.9
ROCE	28.5	13.6	15.1	7.7	9.6	16.0	20.3
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	43.1	38.7	31.8
Operative CAPEX/sales, %	3.9	3.8	1.5	1.7	30.1	5.4	4.5
CAPEX/sales (incl. acquisitions), %	3.9	3.8	1.5	1.7	42.1	5.4	4.5
FCFF/EBITDA	0.4	0.4	0.4	-0.2	-0.6	0.5	0.8
Net debt/EBITDA, book-weighted	-1.0	-1.6	-2.0	-2.3	-0.8	-0.9	-1.2
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Equity ratio, book-weighted	76.6	77.9	80.4	80.2	71.2	76.6	81.0
Gearing, %	-34.9	-33.2	-37.6	-28.3	-12.8	-19.7	-32.2

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	75.770	36.0%
OP-Finland Fund	617,376	8.859	4.2%
Sijoitusrahasto Aktia Capital	548,762	7.875	3.7%
Varma Mutual Pension Insurance Company	515,000	7.390	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	6.253	3.0%
Martola Hannu Veikko	431,690	6.195	2.9%
Veritas Pension Insurance Company Ltd.	337,981	4.850	2.3%
OP-Finland Small Firms Fund	311,387	4.468	2.1%
Evli Finnish Small Cap Fund	280,000	4.018	1.9%
Säästöpankki Kotimaa	260,000	3.731	1.8%
Ten largest	9,018,100	129.410	62%
Residual	5,637,830	80.903	38%
Total	14,655,930	210.313	100%

EARNINGS CALENDAR

February 01, 2024	FY 2023 Results
April 25, 2024	Q1 report
August 06, 2024	Q2 report
October 29, 2024	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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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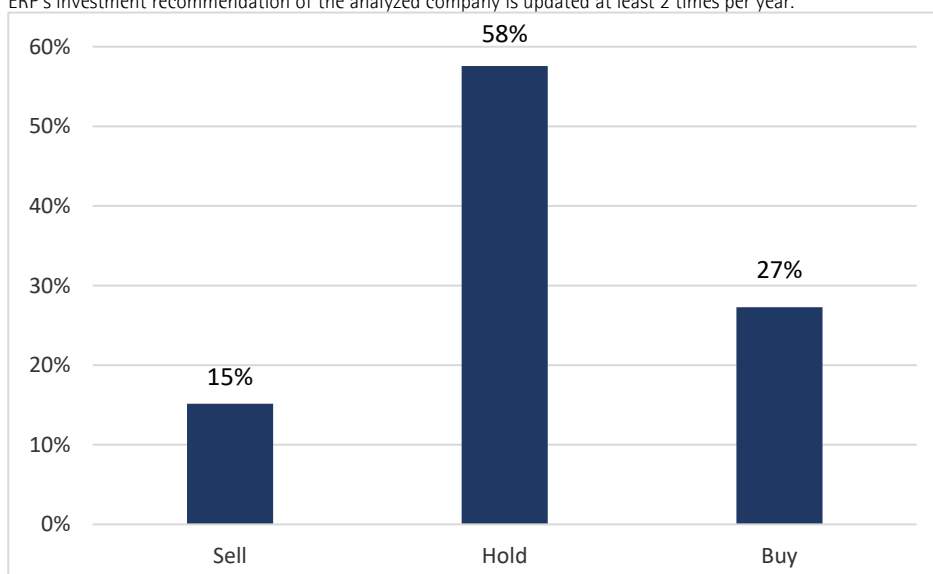
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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