

Growth to drive margin expansion

DT's Q4 results topped estimates as costs remained under control while SBU continued to drive growth. MBU outlook is still challenging in the short-term, but valuation isn't too demanding assuming MBU returns to growth later in FY '24.

Earnings beat estimates, Chinese MBU market remains soft
DT's Q4 revenue was up 11% y/y to EUR 31.3m vs the EUR 30.4m/30.6m Evli/cons. estimates, driven by SBU while the Americas and APAC regions both grew. Americas grew 57% y/y as aviation demand continued to recover, and India was able to offset the softness in China. All three units gained and sales mix was more favorable y/y. The EUR 4.6m EBITA topped our EUR 4.2m estimate as staff costs were lower than estimated. DT expects only stable H1 revenue as Chinese markets remain challenging; MBU is to decline whereas SBU and IBU should grow at double-digits.

MBU shouldn't find it too hard to return to some 5% CAGR
Destocking still impacted IBU, but the unit's organic outlook has stabilized whereas the Haobo (DTS) acquisition supports growth within TFT flat panel detectors. DTS will also require capex, which should increase to around EUR 4–5m this year. Fixed costs are to remain roughly flat in FY '24 while gross margin improves. DT has also been able to get its net working capital position under control and hence growth from here on supports cash flow. H1 growth is likely to remain quite modest at low single-digits as the MBU market in China continues to drag, but SBU and IBU are positioned to post double-digit growth in H1 as well as H2. Aviation demand will still be the major growth driver throughout this year, whereas H2 should again see double-digit growth as the Chinese MBU market stabilizes. This would already lift DT to perform in line with its 15% profitability target. Valuation isn't therefore very challenging so long as MBU returns to around 5% annual growth.

14x EV/EBIT not too demanding as 5–10% CAGR resumes
We trim our growth estimate for the year, while our relative profitability estimates increase a bit. We still estimate EUR 6m EBITA improvement for FY '24; valuation has gained to 14x EV/EBIT on our FY '24 estimates, which we don't yet view too demanding as it continues to represent a discount to peers while there's additional upside potential to DT's FY '25 earnings due to the MBU business. Our new TP is EUR 17 (16) as we retain our BUY rating.



+ 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
2022	98.6	5.8	5.9%	-1.9	0.35	45.3	2.3	39.2	-0.8	0.20
2023	103.8	8.2	7.9%	21.1	0.38	29.3	1.8	23.1	10.5	0.23
2024E	112.2	14.5	13.0%	10.6	0.75	20.4	1.8	14.1	4.7	0.38
2025E	122.3	19.0	15.5%	18.1	1.02	15.1	1.6	10.1	8.0	0.51
2026E	132.7	20.7	15.6%	11.8	1.11	13.8	1.4	9.1	5.2	0.56
Market cap, EURm		225	Gearing 2024E, %			-25.0	CAGR EPS 2023-26, %			33.3
Net debt 2024E, EURm		-20	Price/book 2024E			2.8	CAGR sales 2023-26, %			8.5
Enterprise value, EURm		205	Dividend yield 2024E, %			2.5	ROE 2024E, %			14.4
Total assets 2024E, EURm		102	Tax rate 2024E, %			20.0	ROCE 2024E, %			17.7
Goodwill 2024E, EURm		-1	Equity ratio 2024E, %			79.8	PEG, P/E 24/CAGR			1.4

Estimates and valuation

Estimates	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24E	Q2'24E	Q3'24E	Q4'24E	2024E	2025E
Net sales	98.6	22.8	25.2	24.5	31.3	103.8	23.4	26.5	27.5	34.7	112.2	122.3
Medical	48.1	12.0	12.4	10.8	13.1	48.4	11.2	11.8	11.7	13.8	48.4	51.3
Security	34.4	7.3	9.1	9.7	13.2	39.3	8.4	10.7	11.3	14.9	45.3	51.2
Industrial	16.1	3.4	3.7	4.0	5.0	16.2	3.8	4.0	4.5	6.1	18.4	19.7
Adj. EBITA	6.1	1.5	1.4	2.2	4.6	9.6	2.4	2.9	4.2	5.9	15.3	19.0
Net sales growth-%	9.8%	12.0%	10.8%	-10.2%	10.9%	5.3%	2.9%	5.0%	12.4%	10.9%	8.1%	9.0%
Medical	-2.0%	14.6%	22.3%	-27.1%	3.5%	0.5%	-7.0%	-5.0%	8.0%	5.0%	0.1%	6.0%
Security	23.1%	16.2%	5.0%	13.5%	20.8%	14.2%	15.0%	18.0%	17.0%	13.0%	15.5%	13.0%
Industrial	25.8%	-3.0%	-6.2%	2.1%	7.9%	0.6%	12.0%	7.0%	13.0%	21.0%	13.9%	7.0%
Adj. EBITA margin	6.2%	6.5%	5.4%	8.9%	14.7%	9.3%	10.3%	10.8%	15.2%	16.9%	13.7%	15.5%

DETECTION TECHNOLOGY PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	5667	11.3x	11.5x	10.4x	14.4x	15.4x	14.0x	21.7x	23.7x	21.6x
OSI Systems	2021	10.8x	9.2x		14.7x	11.9x		18.0x	15.4x	
Varex Imaging	723	10.1x	9.8x		14.6x	13.9x	11.8x	16.1x	18.7x	14.7x
ams-OSRAM	2198	10.8x	5.2x	4.3x	14.5x	12.5x	8.6x	13.2x	14.5x	6.3x
Analog Devices	88327	17.8x	21.5x	16.5x	18.6x	23.7x	19.9x	20.1x	26.2x	21.5x
Keysight Tech	25939	16.1x	16.8x	15.2x	17.5x	18.1x	16.3x	18.9x	21.5x	18.7x
Emerson Electric	48428	15.5x	13.0x	12.1x	17.5x	15.5x	14.2x	19.8x	17.0x	15.7x
Texas Instruments	134786	18.5x	20.4x	15.9x	21.7x	27.2x	21.6x	22.6x	31.5x	24.8x
Oxford Instruments	1482	14.2x	12.8x	12.1x	16.5x	14.9x	14.1x	20.4x	19.7x	18.7x
Trimble	11717	16.2x	15.2x	14.2x	17.4x	16.3x	15.2x	19.3x	18.7x	16.9x
Hexagon	28148	17.3x	15.0x	13.7x	22.7x	19.8x	18.0x	33.2x	23.1x	20.7x
Konica Minolta	1261	10.0x	6.4x	6.0x		20.7x	17.3x		14.7x	10.7x
Iray Technology	2827	45.1x	21.4x	17.0x	44.4x	21.5x	16.4x	33.0x	23.5x	18.6x
Vieworks	176	9.7x	6.2x	5.5x	13.2x	7.4x	6.4x	17.5x	9.6x	8.3x
Peer Group Average	25264	16.0x	13.2x	11.9x	19.1x	17.1x	14.9x	21.1x	19.8x	16.7x
Peer Group Median	4247	14.9x	12.9x	12.9x	17.4x	15.9x	15.2x	19.8x	19.2x	18.6x
Detection Technology (Evli est.)	225	16.1x	10.8x	8.4x	23.1x	14.1x	10.1x	29.3x	20.4x	15.1x
<i>Detection Technology prem./disc. to peer median</i>		8%	-17%	-35%	33%	-11%	-33%	49%	6%	-19%

DETECTION TECHNOLOGY PEER GROUP	Sales 22	Sales gr.			EBIT-%			Div. yield		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	1439	-4.2%	4.7%	6.2%	24.7%	22.5%	23.3%	1.3%	1.3%	1.4%
OSI Systems	1178	9.4%	11.8%		12.6%	13.8%				
Varex Imaging	826	-1.6%	-2.0%	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%	0.4%
Analog Devices	11682	-6.6%	-13.9%	11.1%	48.1%	42.9%	46.1%	1.8%	2.0%	2.2%
Keysight Tech	5332	-6.9%	-2.0%	7.7%	29.6%	28.2%	29.2%	0.0%	0.0%	0.0%
Emerson Electric	19860	-26.3%	11.0%	5.0%	22.6%	21.6%	22.6%	2.3%	2.4%	2.4%
Texas Instruments	18370	-12.5%	-9.5%	13.9%	41.8%	34.8%	38.5%	3.1%	3.3%	3.4%
Oxford Instruments	519	2.3%	4.6%	4.1%	17.3%	17.4%	17.8%	0.9%	1.0%	1.0%
Trimble	3428	1.5%	1.7%	5.2%	24.7%	24.9%	25.4%	0.0%	0.0%	0.0%
Hexagon	5161	5.3%	6.1%	6.9%	26.5%	28.1%	28.9%	1.1%	1.3%	1.4%
Konica Minolta	7621	-3.8%	0.1%	0.4%	-0.7%	2.5%	3.0%	1.7%	2.2%	2.6%
Iray Technology	212	15.6%	30.0%	24.9%	39.9%	41.5%	43.5%	0.0%	0.0%	0.0%
Vieworks	169	-10.3%	9.9%	9.5%	9.0%	15.0%	15.8%	2.4%	2.5%	2.6%
Peer Group Average	6601	-4.5%	3.7%	8.3%	22.4%	22.2%	24.3%	1.2%	1.3%	1.5%
Peer Group Median	4819	-4.0%	3.1%	6.9%	23.7%	22.0%	23.3%	1.2%	1.3%	1.4%
Detection Technology (Evli est.)	99	5.3%	8.1%	9.0%	7.9%	13.0%	15.5%	1.7%	2.5%	3.3%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	15.35 PV of Free Cash Flow	102 Long-term growth, %	2.6 Risk-free interest rate, %	2.25
DCF share value	18.15 PV of Horizon value	151 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	18.2 Unconsolidated equity	-1 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	18.1 Marketable securities	19 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	18.1 Debt - dividend	-6 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	59.7 Value of stock	266 Nr of shares, Mn	14.7 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	104	112	122	133	139	146	154	161	166	171	176	180
<i>Sales growth, %</i>	<i>5.3</i>	<i>8.1</i>	<i>9.0</i>	<i>8.5</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.6</i>	<i>2.6</i>
Operating income (EBIT)	8	15	19	21	21	23	24	25	25	26	26	27
<i>Operating income margin, %</i>	<i>7.9</i>	<i>13.0</i>	<i>15.5</i>	<i>15.6</i>	<i>15.0</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>
+ Depreciation+amort.	4	5	4	4	5	5	5	5	6	6	6	
EBITDA	12	19	23	25	26	28	29	30	31	32	32	
- Paid taxes	-2	-3	-4	-4	-4	-5	-5	-5	-5	-5	-5	
- Change in NWC	2	0	5	-3	-2	-2	-2	-3	-2	-2	-1	
<i>NWC / Sales, %</i>	<i>41.8</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>32.1</i>	<i>32.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-5	-5	-6	-5	-6	-6	-6	-6	-6	-6	
<i>opCAPEX / Sales, %</i>	<i>1.9</i>	<i>4.3</i>	<i>4.4</i>	<i>4.2</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	<i>3.6</i>	<i>3.6</i>	<i>3.5</i>	
- Acquisitions	12	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	22	11	18	12	14	15	16	17	18	19	19	339
= Discounted FCFF		10	16	9	10	10	10	10	9	9	9	151
= DFCF min WACC		10	16	9	10	10	10	10	9	9	9	151
= DFCF max WACC		10	16	9	10	10	10	10	9	9	9	151

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	22.8	25.2	24.5	31.3	103.8	23.4	26.5	27.5	34.7	112.2	122.3	132.7
EBITDA	2.3	2.1	3.1	4.3	11.8	3.3	3.8	5.1	6.8	19.1	23.0	25.2
<i>EBITDA margin (%)</i>	<i>9.9</i>	<i>8.4</i>	<i>12.6</i>	<i>13.7</i>	<i>11.3</i>	<i>14.2</i>	<i>14.3</i>	<i>18.6</i>	<i>19.6</i>	<i>17.0</i>	<i>18.8</i>	<i>19.0</i>
EBIT	1.5	1.4	1.3	4.0	8.2	2.2	2.7	4.0	5.7	14.5	19.0	20.7
<i>EBIT margin (%)</i>	<i>6.5</i>	<i>5.4</i>	<i>5.4</i>	<i>12.9</i>	<i>7.9</i>	<i>9.4</i>	<i>10.1</i>	<i>14.5</i>	<i>16.3</i>	<i>13.0</i>	<i>15.5</i>	<i>15.6</i>
Net financial items	-0.3	-0.6	0.0	0.0	-0.9	-0.1	-0.1	-0.1	-0.1	-0.6	-0.2	-0.2
Pre-tax profit	1.2	0.8	1.3	4.0	7.3	2.1	2.5	3.8	5.5	13.9	18.8	20.5
Tax	-0.2	-0.3	-0.4	-0.8	-1.8	-0.4	-0.5	-0.8	-1.1	-2.9	-3.9	-4.2
<i>Tax rate (%)</i>	<i>20.0</i>	<i>42.0</i>	<i>20.1</i>	<i>24.9</i>	<i>24.5</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	0.9	0.5	0.9	3.2	5.5	1.6	2.0	3.0	4.4	11.0	14.9	16.3
EPS	0.06	0.03	0.06	0.22	0.38	0.11	0.14	0.21	0.30	0.75	1.02	1.11
EPS adjusted (diluted no. of shares)	0.06	0.03	0.12	0.25	0.47	0.11	0.14	0.21	0.30	0.75	1.02	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.38	0.51	0.56
SALES, EURm												
MBU	12.0	12.4	10.8	13.1	48.4	11.2	11.8	11.7	13.8	48.4	51.3	54.4
SBU	7.3	9.1	9.7	13.2	39.3	8.4	10.7	11.3	14.9	45.3	51.2	57.4
IBU	3.4	3.7	3.9	5.0	16.1	3.8	4.0	4.5	6.1	18.4	19.7	20.9
Total	22.8	25.2	24.5	31.3	103.8	23.4	26.5	27.5	34.7	112.2	122.3	132.7
SALES GROWTH, Y/Y %												
<i>MBU</i>	<i>14.6</i>	<i>22.3</i>	<i>-26.8</i>	<i>3.5</i>	<i>0.6</i>	<i>-7.0</i>	<i>-5.0</i>	<i>7.6</i>	<i>5.0</i>	<i>0.0</i>	<i>6.0</i>	<i>6.0</i>
<i>SBU</i>	<i>16.2</i>	<i>5.0</i>	<i>14.1</i>	<i>20.8</i>	<i>14.3</i>	<i>15.0</i>	<i>18.0</i>	<i>16.4</i>	<i>13.0</i>	<i>15.4</i>	<i>13.0</i>	<i>12.0</i>
<i>IBU</i>	<i>-3.0</i>	<i>-6.2</i>	<i>0.4</i>	<i>7.9</i>	<i>0.2</i>	<i>12.0</i>	<i>7.0</i>	<i>14.9</i>	<i>21.0</i>	<i>14.4</i>	<i>7.0</i>	<i>6.0</i>
<i>Total</i>	<i>12.0</i>	<i>10.8</i>	<i>-10.1</i>	<i>10.9</i>	<i>5.3</i>	<i>2.9</i>	<i>5.0</i>	<i>12.3</i>	<i>10.9</i>	<i>8.1</i>	<i>9.0</i>	<i>8.5</i>
EBIT, EURm												
Group	1.5	1.4	1.3	4.0	8.2	2.2	2.7	4.0	5.7	14.5	19.0	20.7
Total	1.5	1.4	1.3	4.0	8.2	2.2	2.7	4.0	5.7	14.5	19.0	20.7
EBIT margin, %												
<i>Total</i>	<i>6.5</i>	<i>5.4</i>	<i>5.4</i>	<i>12.9</i>	<i>7.9</i>	<i>9.4</i>	<i>10.1</i>	<i>14.5</i>	<i>16.3</i>	<i>13.0</i>	<i>15.5</i>	<i>15.6</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	102.5	81.6	89.8	98.6	103.8	112.2	122.3	132.7
<i>Sales growth (%)</i>	<i>9.2</i>	<i>-20.4</i>	<i>10.1</i>	<i>9.8</i>	<i>5.3</i>	<i>8.1</i>	<i>9.0</i>	<i>8.5</i>
EBITDA	19.9	11.9	13.9	9.1	11.8	19.1	23.0	25.2
<i>EBITDA margin (%)</i>	<i>19.5</i>	<i>14.6</i>	<i>15.4</i>	<i>9.2</i>	<i>11.3</i>	<i>17.0</i>	<i>18.8</i>	<i>19.0</i>
Depreciation	-2.9	-3.2	-3.3	-3.3	-3.6	-3.9	-3.4	-3.9
EBITA	17.0	8.7	10.6	5.8	8.2	15.1	19.6	21.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	-0.6	-0.6	-0.6
EBIT	17.0	8.7	10.6	5.8	8.2	14.5	19.0	20.7
<i>EBIT margin (%)</i>	<i>16.6</i>	<i>10.7</i>	<i>11.8</i>	<i>5.9</i>	<i>7.9</i>	<i>13.0</i>	<i>15.5</i>	<i>15.6</i>
Reported EBIT	17.0	8.7	10.6	5.8	8.2	14.5	19.0	20.7
<i>EBIT margin (reported) (%)</i>	<i>16.6</i>	<i>10.7</i>	<i>11.8</i>	<i>5.9</i>	<i>7.9</i>	<i>13.0</i>	<i>15.5</i>	<i>15.6</i>
Net financials	-1.0	-0.6	0.8	-0.2	-0.9	-0.6	-0.2	-0.2
Pre-tax profit	16.0	8.1	11.4	5.6	7.3	13.9	18.8	20.5
Taxes	-3.6	-1.4	-2.1	-0.4	-1.8	-2.9	-3.9	-4.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	12.5	6.7	9.3	5.1	5.5	11.0	14.9	16.3
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	10	10	9	7	17	18	20	21
Goodwill	0	0	0	0	0	-1	-1	-2
Right of use assets	0	0	0	0	0	0	0	0
Inventory	14	16	22	25	24	27	21	23
Receivables	27	25	31	36	35	34	37	40
Liquid funds	26	25	30	24	19	24	36	40
Total assets	77	76	92	91	95	102	112	122
Liabilities								
Shareholder's equity	58	58	74	73	73	80	90	99
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	6	6	2	3	6	4	4	3
Non-interest bearing current liabilities	12	11	15	14	14	16	17	19
Other interest-free debt	1	1	1	1	1	1	1	1
Total liabilities	77	76	92	91	95	102	112	122
CASH FLOW, EURm								
+ EBITDA	20	12	14	9	12	19	23	25
- Net financial items	4	-1	3	-6	-1	-1	0	0
- Taxes	-5	-3	-1	-2	-2	-3	-4	-4
- Increase in Net Working Capital	-2	0	-6	-9	2	0	5	-3
+/- Other	-5	-1	-3	7	0	0	0	0
= Cash flow from operations	12	8	7	0	11	16	23	17
- Capex	-4	-3	-1	-2	-2	-5	-5	-6
- Acquisitions	0	0	0	0	12	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	8	4	6	-2	21	11	18	12
+/- New issues/buybacks	0	-1	10	-1	-2	0	0	0
- Paid dividend	-5	-5	-4	-5	-3	-3	-6	-7
+/- Other	2	1	-7	2	-20	-2	0	-1
Change in cash	4	-1	5	-6	-5	5	12	4

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	344	429	248	202	225	225	225
Net debt (excl. convertibles)	-19	-28	-21	-13	-20	-33	-37
Enterprise value	324	402	227	189	205	193	188
Sales	82	90	99	104	112	122	133
EBITDA	12	14	9	12	19	23	25
EBIT	9	11	6	8	15	19	21
Pre-tax	8	11	6	7	14	19	21
Earnings	7	9	5	5	11	15	16
Equity book value (excl. minorities)	58	74	73	73	80	90	99
Valuation multiples							
EV/sales	4.0	4.5	2.3	1.8	1.8	1.6	1.4
EV/EBITDA	27.3	29.0	25.0	16.1	10.8	8.4	7.5
EV/EBITA	37.1	38.0	39.2	23.1	13.6	9.8	8.9
EV/EBIT	37.1	38.0	39.2	23.1	14.1	10.1	9.1
EV/OCF	43.1	56.4	-772.5	17.7	13.2	8.2	10.9
EV/FCFF	65.2	78.5	-132.7	8.7	18.5	10.6	15.8
P/FCFE	77.4	74.5	-128.9	9.6	21.1	12.5	19.1
P/E	51.0	46.4	45.3	29.3	20.4	15.1	13.8
P/B	5.9	5.8	3.4	2.8	2.8	2.5	2.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.0	9.4	8.4
Target EV/EBIT	0.0	0.0	0.0	0.0	15.8	11.4	10.3
Target EV/FCF	0.0	0.0	0.0	0.0	21.5	12.0	18.0
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	22.6	16.7	15.3
Per share measures							
Number of shares	14,375	14,656	14,656	14,656	14,656	14,656	14,656
Number of shares (diluted)	14,875	15,156	15,156	14,656	14,656	14,656	14,656
EPS	0.47	0.63	0.35	0.38	0.75	1.02	1.11
Operating cash flow per share	0.52	0.49	-0.02	0.73	1.06	1.60	1.18
Free cash flow per share	0.31	0.39	-0.13	1.44	0.73	1.23	0.80
Book value per share	4.06	5.02	4.96	4.97	5.49	6.13	6.73
Dividend per share	0.28	0.35	0.20	0.23	0.38	0.51	0.56
Dividend payout ratio, %	59.7	55.4	57.0	61.3	50.0	50.0	50.0
Dividend yield, %	1.2	1.2	1.2	1.5	2.5	3.3	3.6
FCF yield, %	1.3	1.3	-0.8	10.5	4.7	8.0	5.2
Efficiency measures							
ROE	11.5	14.0	7.0	7.6	14.4	17.5	17.3
ROCE	13.6	15.1	7.7	10.6	17.7	21.3	21.2
Financial ratios							
Inventories as % of sales	19.5	24.8	25.2	22.7	24.0	17.0	17.0
Receivables as % of sales	30.1	34.8	36.2	33.8	30.0	30.0	30.0
Non-interest bearing liabilities as % of sales	13.4	17.1	14.3	13.4	14.0	14.0	14.0
NWC/sales, %	35.6	41.3	45.6	41.8	38.7	31.8	31.9
Operative CAPEX/sales, %	3.8	1.5	1.7	1.9	4.3	4.4	4.2
CAPEX/sales (incl. acquisitions), %	3.8	1.5	1.7	13.9	4.3	4.4	4.2
FCFF/EBITDA	0.4	0.4	-0.2	1.9	0.6	0.8	0.5
Net debt/EBITDA, book-weighted	-1.6	-2.0	-2.3	-1.1	-1.1	-1.4	-1.5
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	77.9	80.4	80.2	77.8	79.8	80.8	81.6
Gearing, %	-33.2	-37.6	-28.3	-17.7	-25.0	-36.3	-37.5

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	81.051	36.0%
OP-Finland Fund	617,376	9.477	4.2%
Sijoitusrahasto Aktia Capital	548,762	8.423	3.7%
Varma Mutual Pension Insurance Company	515,000	7.905	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	6.689	3.0%
Martola Hannu Veikko	431,690	6.626	2.9%
Veritas Pension Insurance Company Ltd.	337,981	5.188	2.3%
OP-Finland Small Firms Fund	311,387	4.780	2.1%
Evli Finnish Small Cap Fund	280,000	4.298	1.9%
Säästöpankki Kotimaa	260,000	3.991	1.8%
Ten largest	9,018,100	138.428	62%
Residual	5,637,830	86.541	38%
Total	14,655,930	224.969	100%

EARNINGS CALENDAR

April 25, 2024	Q1 report
August 06, 2024	Q2 report
October 29, 2024	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Tiina Välkky	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

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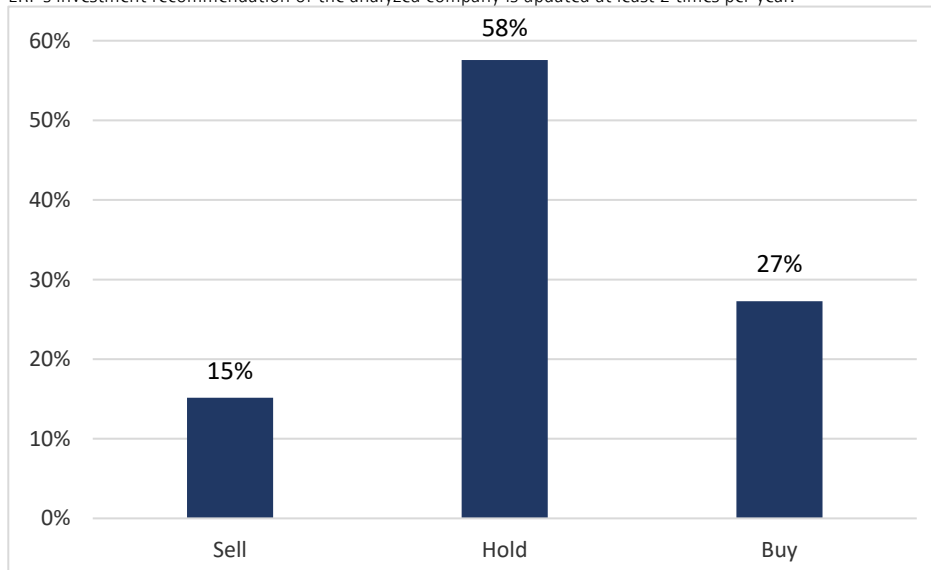
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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