

Growth translates to earnings gains

DT reports Q1 results on Apr 25. Q1 may have been a bit muted, but growth is likely to pick up pace over the year. We see significant earnings upside for this year and next.

SBU's growth trend should extend for another two years

DT saw FY '23 profitability gain by more than EUR 3m as the double-digit growth of SBU drove higher top line while costs remained under control. We expect FY '24 to look not that different relative to previous year as SBU will still be lifted especially by airport CT investments (the trend should last until 2026). MBU, however, only remained flat last year and we expect H1'24 to be challenging for the segment as the Chinese anti-corruption campaign continues and price competition stays stiff. We believe the MBU headwind will not allow DT's top line to grow much in H1'24 even when SBU still grows at a double-digit rate while the outlook for IBU starts to look better as destocking should soon be over (although the food industry's relatively quiet activity levels mean Q1 will remain rather muted on an organic basis).

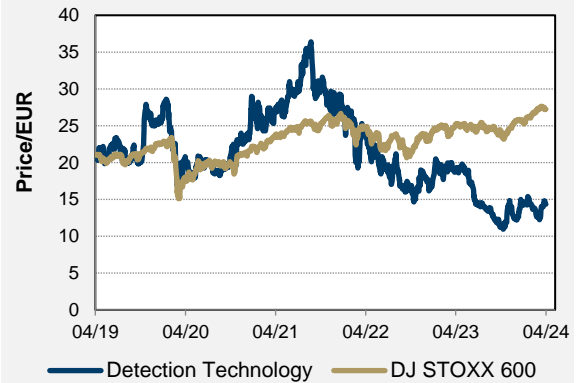
Q1 may be rather flat, but growth should continue from Q2

We estimate Q1 adj. EBITA to have improved only slightly y/y to EUR 1.6m, however we expect earnings growth to steepen over the course of the year assuming SBU's double-digit rate persists while both MBU and IBU start to pick up. We estimate FY '24 MBU revenue to decline 2%, but the 15% growth we see for both SBU and IBU should help DT to a high single-digit growth this year. We thus expect adj. EBITA to gain by EUR 5m, which implies a margin of 13%. SBU may have grown to be the largest segment by the end of next year, which should also improve product mix and margins. DT would hence have further earnings upside next year when all three segments may show meaningful growth.

Attractive upside as EBITA margin can gain some 500bps

We estimate DT's growth to accelerate towards FY '25 since the drivers of SBU remain solid whereas MBU and IBU have room to improve as demand normalizes. The 9% growth we estimate for next year could lift EBITA margin above 15%, which would mean another EUR 4m earnings gain. DT is valued no more than 14x EV/EBIT on our FY '24 estimates, a discount of 30% relative to peers. The multiple is only some 10x for FY '25; we see significant long-term upside as we retain our EUR 17.0 TP and BUY rating.

Rating + BUY



Share price, EUR (Last trading day's closing price) 14.35
Target price, EUR 17.0

Latest change in recommendation 31-Jul-23
Latest report on company 02-Feb-24
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 25-Apr-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
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	111.4	13.8	12.4%	10.4	0.71	20.2	1.7	13.9	5.0	0.36
2025E	121.8	18.7	15.4%	15.2	1.00	14.3	1.5	9.7	7.2	0.50
2026E	132.2	20.7	15.7%	11.6	1.11	12.9	1.3	8.5	5.5	0.56
Market cap, EURm	210		Gearing 2024E, %	-24.9		CAGR EPS 2023-26, %	33.3			
Net debt 2024E, EURm	-20		Price/book 2024E	2.6		CAGR sales 2023-26, %	8.4			
Enterprise value, EURm	191		Dividend yield 2024E, %	2.5		ROE 2024E, %	13.7			
Total assets 2024E, EURm	101		Tax rate 2024E, %	20.0		ROCE 2024E, %	16.9			
Goodwill 2024E, EURm	-1		Equity ratio 2024E, %	79.7		PEG, P/E 24/CAGR	1.2			

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	22.6	26.4	27.5	34.8	111.4	121.8
Medical	48.1	12.0	12.4	10.8	13.1	48.4	10.6	11.5	11.6	13.8	47.5	50.4
Security	34.4	7.3	9.1	9.7	13.2	39.3	8.4	10.7	11.4	15.0	45.5	51.6
Industrial	16.1	3.4	3.7	4.0	5.0	16.2	3.7	4.2	4.5	6.1	18.4	19.8
Adj. EBITA	6.1	1.5	1.4	2.2	4.6	9.7	1.6	2.8	4.2	5.9	14.6	18.7
Net sales growth-%	9.8%	12.0%	10.8%	-10.2%	10.9%	5.3%	-0.5%	4.9%	12.4%	11.1%	7.4%	9.3%
Medical	-2.0%	14.6%	22.3%	-27.1%	3.5%	0.5%	-12.0%	-7.0%	7.5%	5.0%	-1.8%	6.0%
Security	23.1%	16.2%	5.0%	13.5%	20.8%	14.2%	15.0%	18.0%	17.5%	13.5%	15.8%	13.5%
Industrial	25.8%	-3.0%	-6.2%	2.1%	7.9%	0.6%	7.0%	12.5%	13.0%	21.0%	14.1%	7.5%
Adj. EBITA margin	6.2%	6.5%	5.4%	8.9%	14.8%	9.3%	7.2%	10.7%	15.2%	17.1%	13.1%	15.4%

DETECTION TECHNOLOGY PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	5410	11.4x	11.6x	10.4x	14.6x	15.7x	14.0x	21.5x	24.1x	21.6x
OSI Systems	2229	10.8x	9.9x		14.7x	12.8x		19.5x	16.7x	
Varex Imaging	659	9.6x	9.0x		14.0x	13.5x		14.8x	18.2x	
ams-OSRAM	1000	6.9x	4.2x	3.2x		12.1x	7.0x	8.8x	23.8x	5.4x
Analog Devices	89693	18.2x	24.5x	20.0x	19.0x	27.3x	22.8x	20.5x	30.7x	24.4x
Keysight Tech	25468	16.3x	19.2x	17.1x	17.8x	21.3x	18.3x	19.5x	24.5x	20.6x
Emerson Electric	60582	17.6x	17.3x	16.0x	20.3x	21.8x	19.5x	24.1x	20.4x	18.6x
Texas Instruments	142272	18.6x	22.2x	16.9x	21.7x	29.1x	22.8x	23.5x	33.2x	26.0x
Oxford Instruments	1416	14.2x	12.0x	11.2x	16.7x	14.4x	13.6x	19.6x	18.9x	17.8x
Trimble	13992	16.6x	19.1x	18.3x	17.4x	20.3x	19.9x	22.8x	22.3x	20.0x
Hexagon	29219	17.3x	15.4x	14.1x	22.3x	19.8x	18.0x	25.7x	23.9x	21.2x
Konica Minolta	1635	10.6x	7.3x	6.8x		21.0x	17.1x		18.0x	12.8x
Iray Technology	2771	44.9x	22.5x	18.0x	48.7x			31.8x	25.3x	20.1x
Vieworks	175	9.9x	6.2x	5.6x	13.4x	7.6x	6.3x	16.8x	9.5x	8.3x
Peer Group Average	26894	15.9x	14.3x	13.1x	20.0x	18.2x	16.3x	20.7x	22.1x	18.1x
Peer Group Median	4090	15.2x	13.7x	15.0x	17.6x	19.8x	18.0x	20.5x	23.1x	20.1x
Detection Technology (Evli est.)	210	16.1x	10.4x	8.0x	23.1x	13.9x	9.7x	29.3x	20.2x	14.3x
<i>Detection Technology prem./disc. to peer median</i>		6%	-24%	-47%	31%	-30%	-46%	43%	-13%	-29%

DETECTION TECHNOLOGY PEER GROUP	Sales 22	Sales gr.			EBIT-%			Div. yield		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	1439	-5.3%	1.4%	6.6%	24.6%	21.9%	23.1%	1.3%	1.4%	1.4%
OSI Systems	1178	10.7%	12.9%		12.6%	13.8%				
Varex Imaging	826	-1.1%	-0.7%		9.9%	9.3%				
ams-OSRAM	4819	-25.5%	-3.4%	5.7%	-39.9%	6.6%	10.7%	0.0%	0.0%	0.3%
Analog Devices	11682	-7.4%	-18.3%	12.6%	47.8%	39.9%	42.5%	1.8%	1.9%	2.1%
Keysight Tech	5231	-5.6%	-4.5%	7.8%	29.3%	26.1%	28.2%	0.0%	0.0%	0.0%
Emerson Electric	19860	-25.6%	13.6%	5.2%	22.1%	20.6%	21.7%	1.9%	1.9%	2.0%
Texas Instruments	18370	-12.5%	-8.7%	14.5%	41.8%	34.3%	38.3%	3.0%	3.1%	3.3%
Oxford Instruments	519	2.1%	4.7%	4.2%	17.1%	17.2%	17.5%	1.0%	1.0%	1.1%
Trimble	3428	2.9%	-3.6%	3.8%	24.6%	24.6%	24.2%	0.0%	0.0%	0.0%
Hexagon	5161	5.3%	5.5%	7.1%	26.8%	28.9%	29.8%	1.1%	1.3%	1.4%
Konica Minolta	7621	-5.4%	-0.8%	-0.3%	-0.6%	2.7%	3.4%	1.3%	1.7%	1.9%
Iray Technology	212	18.0%	23.3%	24.7%	36.1%			0.6%	0.7%	0.9%
Vieworks	169	-10.3%	9.2%	11.2%	8.9%	14.3%	15.5%	1.9%	1.9%	1.9%
Peer Group Average	6592	-4.3%	2.2%	8.6%	18.7%	20.0%	23.2%	1.1%	1.2%	1.4%
Peer Group Median	4819	-5.3%	0.4%	6.8%	23.3%	20.6%	23.1%	1.2%	1.3%	1.4%
Detection Technology (Evli est.)	99	5.3%	7.3%	9.3%	7.9%	12.4%	15.4%	1.7%	2.5%	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	100 Long-term growth, %	2.6 Risk-free interest rate, %	2.25
DCF share value	18.11 PV of Horizon value	153 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	26.2 Unconsolidated equity	0 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, %	60.4 Value of stock	265 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	111	122	132	139	146	153	161	165	170	175	179
<i>Sales growth, %</i>	<i>5.3</i>	<i>7.3</i>	<i>9.3</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	14	19	21	21	23	24	25	25	26	26	27
<i>Operating income margin, %</i>	<i>7.9</i>	<i>12.4</i>	<i>15.4</i>	<i>15.7</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	18	23	25	26	28	29	30	31	31	32	
- Paid taxes	-2	-3	-4	-4	-4	-5	-5	-5	-5	-5	-5	
- Change in NWC	2	0	2	-4	-2	-2	-3	-3	-2	-2	-2	
<i>NWC / Sales, %</i>	<i>41.8</i>	<i>38.7</i>	<i>33.8</i>	<i>33.9</i>	<i>34.0</i>	<i>34.0</i>	<i>34.0</i>	<i>34.1</i>	<i>34.1</i>	<i>34.1</i>	<i>34.2</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	15	12	14	15	16	16	18	18	19	336
= Discounted FCFF		10	13	9	10	10	10	10	10	9	9	153
= DFCF min WACC		10	13	9	10	10	10	10	10	9	9	153
= DFCF max WACC		10	13	9	10	10	10	10	10	9	9	153

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	22.6	26.4	27.5	34.8	111.4	121.8	132.2
EBITDA	2.3	2.1	3.1	4.3	11.8	2.6	3.8	5.1	6.9	18.3	22.7	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>11.3</i>	<i>14.2</i>	<i>18.6</i>	<i>19.7</i>	<i>16.4</i>	<i>18.6</i>	<i>19.0</i>
EBIT	1.5	1.4	1.3	4.0	8.2	1.4	2.6	4.0	5.7	13.8	18.7	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>6.3</i>	<i>9.9</i>	<i>14.5</i>	<i>16.5</i>	<i>12.4</i>	<i>15.4</i>	<i>15.7</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	1.3	2.5	3.8	5.6	13.2	18.5	20.5
Tax	-0.2	-0.3	-0.4	-0.8	-1.8	-0.3	-0.5	-0.8	-1.1	-2.8	-3.8	-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	1.0	1.9	3.0	4.4	10.4	14.7	16.3
EPS	0.06	0.03	0.06	0.22	0.38	0.07	0.13	0.21	0.30	0.71	1.00	1.11
EPS adjusted (diluted no. of shares)	0.06	0.03	0.12	0.25	0.47	0.07	0.13	0.21	0.30	0.71	1.00	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.36	0.50	0.56
SALES, EURm												
MBU	12.0	12.4	10.8	13.1	48.4	10.6	11.5	11.6	13.8	47.5	50.4	53.4
SBU	7.3	9.1	9.7	13.2	39.3	8.4	10.7	11.4	15.0	45.5	51.6	57.8
IBU	3.4	3.7	3.9	5.0	16.1	3.7	4.2	4.5	6.1	18.4	19.8	21.0
Total	22.8	25.2	24.5	31.3	103.8	22.6	26.4	27.5	34.8	111.4	121.8	132.2
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>-12.0</i>	<i>-7.0</i>	<i>7.1</i>	<i>5.0</i>	<i>-1.8</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>16.9</i>	<i>13.5</i>	<i>15.7</i>	<i>13.5</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>7.0</i>	<i>12.5</i>	<i>14.9</i>	<i>21.0</i>	<i>14.6</i>	<i>7.5</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>-0.5</i>	<i>4.9</i>	<i>12.2</i>	<i>11.1</i>	<i>7.3</i>	<i>9.3</i>	<i>8.5</i>
EBIT, EURm												
Group	1.5	1.4	1.3	4.0	8.2	1.4	2.6	4.0	5.7	13.8	18.7	20.7
Total	1.5	1.4	1.3	4.0	8.2	1.4	2.6	4.0	5.7	13.8	18.7	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>6.3</i>	<i>9.9</i>	<i>14.5</i>	<i>16.5</i>	<i>12.4</i>	<i>15.4</i>	<i>15.7</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	102.5	81.6	89.8	98.6	103.8	111.4	121.8	132.2
<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>7.3</i>	<i>9.3</i>	<i>8.5</i>
EBITDA	19.9	11.9	13.9	9.1	11.8	18.3	22.7	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>16.4</i>	<i>18.6</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	14.4	19.3	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	13.8	18.7	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>12.4</i>	<i>15.4</i>	<i>15.7</i>
Reported EBIT	17.0	8.7	10.6	5.8	8.2	13.8	18.7	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>12.4</i>	<i>15.4</i>	<i>15.7</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	13.2	18.5	20.5
Taxes	-3.6	-1.4	-2.1	-0.4	-1.8	-2.8	-3.8	-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	10.4	14.7	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	19	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	23	25
Receivables	27	25	31	36	35	33	37	40
Liquid funds	26	25	30	24	19	24	33	37
Total assets	77	76	92	91	95	101	111	121
Liabilities								
Shareholder's equity	58	58	74	73	73	80	89	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	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	101	111	121
CASH FLOW, EURm								
+ EBITDA	20	12	14	9	12	18	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	2	-4
+/- Other	-5	-1	-3	7	0	0	0	0
= Cash flow from operations	12	8	7	0	11	15	21	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	10	15	12
+/- New issues/buybacks	0	-1	10	-1	-2	0	0	0
- Paid dividend	-5	-5	-4	-5	-3	-3	-5	-7
+/- Other	2	1	-7	2	-20	-2	0	0
Change in cash	4	-1	5	-6	-5	5	10	4

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	344	429	248	202	210	210	210
Net debt (excl. convertibles)	-19	-28	-21	-13	-20	-30	-34
Enterprise value	324	402	227	189	191	181	177
Sales	82	90	99	104	111	122	132
EBITDA	12	14	9	12	18	23	25
EBIT	9	11	6	8	14	19	21
Pre-tax	8	11	6	7	13	18	21
Earnings	7	9	5	5	10	15	16
Equity book value (excl. minorities)	58	74	73	73	80	89	98
Valuation multiples							
EV/sales	4.0	4.5	2.3	1.8	1.7	1.5	1.3
EV/EBITDA	27.3	29.0	25.0	16.1	10.4	8.0	7.0
EV/EBITA	37.1	38.0	39.2	23.1	13.3	9.4	8.3
EV/EBIT	37.1	38.0	39.2	23.1	13.9	9.7	8.5
EV/OCF	43.1	56.4	-772.5	17.7	12.6	8.8	10.3
EV/FCFF	65.2	78.5	-132.7	8.7	17.5	11.7	15.1
P/FCFE	77.4	74.5	-128.9	9.6	20.2	13.8	18.2
P/E	51.0	46.4	45.3	29.3	20.2	14.3	12.9
P/B	5.9	5.8	3.4	2.8	2.6	2.4	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.5	9.7	8.5
Target EV/EBIT	0.0	0.0	0.0	0.0	16.6	11.7	10.4
Target EV/FCF	0.0	0.0	0.0	0.0	22.0	14.4	18.6
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	23.9	17.0	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	0.71	1.00	1.11
Operating cash flow per share	0.52	0.49	-0.02	0.73	1.04	1.41	1.17
Free cash flow per share	0.31	0.39	-0.13	1.44	0.71	1.04	0.79
Book value per share	4.06	5.02	4.96	4.97	5.45	6.09	6.70
Dividend per share	0.28	0.35	0.20	0.23	0.36	0.50	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	1.6	2.5	3.5	3.9
FCF yield, %	1.3	1.3	-0.8	10.5	5.0	7.2	5.5
Efficiency measures							
ROE	11.5	14.0	7.0	7.6	13.7	17.3	17.4
ROCE	13.6	15.1	7.7	10.6	16.9	21.1	21.3
Financial ratios							
Inventories as % of sales	19.5	24.8	25.2	22.7	24.0	19.0	19.0
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	33.8	33.9
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	0.7	0.5
Net debt/EBITDA, book-weighted	-1.6	-2.0	-2.3	-1.1	-1.1	-1.3	-1.4
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	79.7	80.8	81.6
Gearing, %	-33.2	-37.6	-28.3	-17.7	-24.9	-33.5	-34.8

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%
OP-Finland Small Firms Fund	367,019	5.267	2.5%
Veritas Pension Insurance Company Ltd.	351,772	5.048	2.4%
Evli Finnish Small Cap Fund	280,000	4.018	1.9%
Säästöpankki Kotimaa	260,000	3.731	1.8%
Ten largest	9,087,523	130.406	62%
Residual	5,568,407	79.907	38%
Total	14,655,930	210.313	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 Vätkky	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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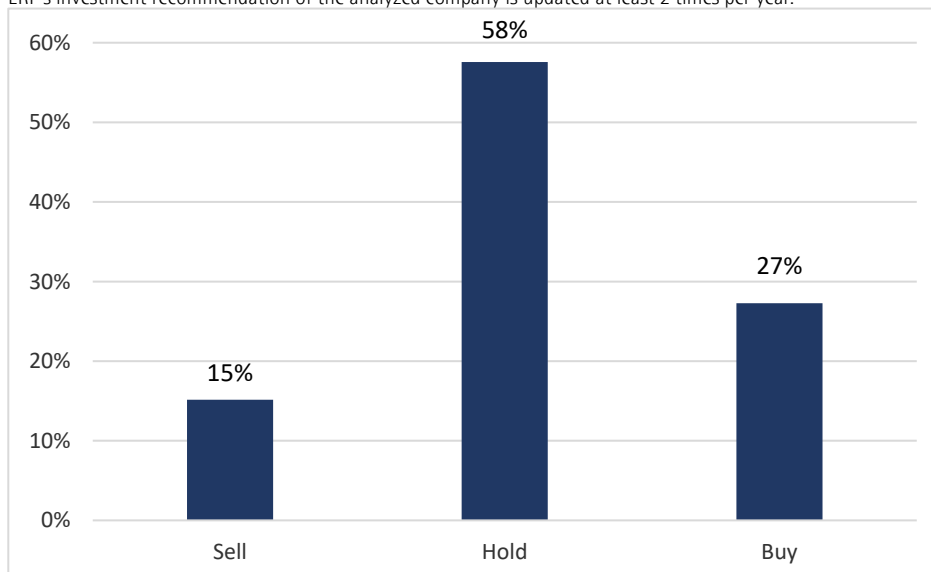
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Investment recommendations are defined as follows:

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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