

## Gap quarter

DT issued a profit warning and lowered its Q2 guidance due to a product quality issue in the supply chain and component shortage. With our near-term estimates lowered, we retain our HOLD-rating and lower TP to EUR 20.0 (22.5).

### Soft quarter underway

DT lowered its Q2 guidance and expects group revenue to decline y/y. The weaker-than-expected development of net sales is attributed to a product quality issue in the supply chain and the challenges for the company and its customers to purchase other critical components. Even though the product quality issue has been resolved, some MBU sales will be postponed to Q3 due to delays in the supply chain.

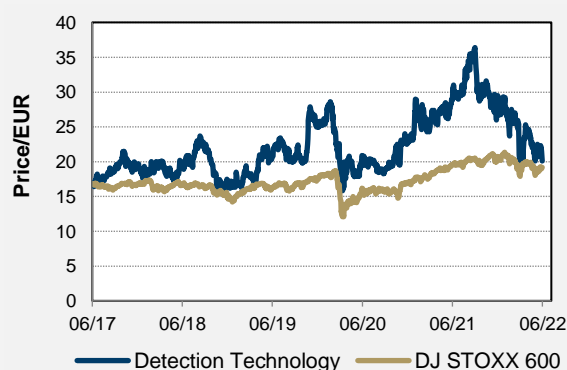
### We lowered our estimates

Due to the issues mentioned above, we downgraded our 2022 estimates (especially MBU's) and took a more cautious stand on our near-future expectations, despite the fact that the company is expecting to see double-digit growth in H2'22. DT noted also that the underlying demand remains strong, and, to our understanding, upcoming product updates are expected to reduce DT's exposure to the component shortage starting from Q3. Driven by DT's strong leverage of earnings and with net sales decreasing, our Q2'22E EBIT estimate faced quite hefty downgrade, declining ~20% from what we earlier expected. More on page 2.

### HOLD with a target price of EUR 20.0 (22.5)

Driven by the decline of our 22E EBIT estimate and increased uncertainty, we have adjusted our TP to EUR 20.0 (22.5). Both peer group's and DT's valuations have been quite stable since our last update (28<sup>th</sup> April). DT is now trading with 22-23E EV/EBITDA multiples of ~16-13x and EV/EBIT multiples of ~20-15x. At this stage, we will accept a 22E EV/EBIT multiple of 20x as in 2023 DT's valuation drops near its peer valuation with our new target price. We retain our HOLD-rating.

## Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 20.10

Target price, EUR 20.0

Latest change in recommendation	21-Apr-21
Latest report on company	28-Apr-22
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	295
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-22
Web site	deetee.com/investors/

Analyst Arttu Heikura  
 E-mail arttu.heikura@evli.com  
 Telephone

■ 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
2020	81.6	8.7	10.7%	4.4	0.47	51.0	4.0	37.1	1.3	0.28
2021	89.8	10.6	11.8%	5.8	0.63	46.4	4.5	38.0	1.3	0.35
2022E	100.4	13.0	13.0%	5.5	0.70	28.7	2.7	20.4	1.9	0.39
2023E	112.1	17.9	16.0%	8.0	0.97	20.8	2.4	14.8	2.7	0.48
2024E	122.8	19.8	16.1%	10.1	1.07	18.8	2.1	13.2	3.4	0.53
Market cap, EURm	295		Gearing 2022E, %	-35.6		CAGR EPS 2021-24, %		19.1		
Net debt 2022E, EURm	-28		Price/book 2022E	3.7		CAGR sales 2021-24, %		11.0		
Enterprise value, EURm	267		Dividend yield 2022E, %	1.9		ROE 2022E, %		13.5		
Total assets 2022E, EURm	99		Tax rate 2022E, %	20.0		ROCE 2022E, %		16.7		
Goodwill 2022E, EURm	0		Equity ratio 2022E, %	80.1		PEG, P/E 22/CAGR		1.4		

All the important disclosures can be found on the last pages of this report.

## Estimates

We expect the transitory product quality in the supply chain and product delivery delays to have a multimillion impact on MBU's net sales. We estimate Q2 group net sales to decrease 4.8% y/y to EUR 22.4m. We also downgraded SBU's and IBU's Q2 topline estimates slightly due to increased uncertainty. We are expecting a 22% y/y decline in the MBU's Q2 net sales. We, however, slightly upgraded our Q3 estimates driven by some Q2 product deliveries postponing to Q3. Our 2022E group net sales estimate lands at EUR 100.4m, which represents an 11.7% y/y growth. With spot-priced component purchases continuing, R&D costs still above the normal level, and decreased net sales, we expect EBIT to decline y/y and amount to EUR 1.8m (8.1% margin). DT has high leverage on earnings and with the decline in net sales, also relative profitability takes a notable hit. Our 22E EBIT estimate amounts to EUR 13.0, which is 13% of total net sales, implying an improvement from the comparison period.

Figure 1: Estimate revisions

Estimate revisions EURm	Q2'22E		2022E	
	Earlier	Now	Earlier	Now
<b>Net sales</b>	<b>26.1</b>	<b>22.4</b>	<b>103.0</b>	<b>100.4</b>
<i>MBU</i>	<i>13.2</i>	<i>10.6</i>	<i>53.2</i>	<i>51.7</i>
<i>SBU</i>	<i>8.8</i>	<i>8.1</i>	<i>33.8</i>	<i>33.1</i>
<i>IBU</i>	<i>4.1</i>	<i>3.7</i>	<i>16.0</i>	<i>15.6</i>
<b>EBIT</b>	<b>3.4</b>	<b>1.8</b>	<b>14.8</b>	<b>13.0</b>

Source: Evli Research

Figure 2: Peer group valuation

	Security identifier	MCAP MEUR	EBIT %		EBITDA %		ROCE %		ROE %		DIV %		Equity ratio %	
			22E	23E	22E	23E	22E	23E	22E	23E	22E	23E	22E	23E
First Sensor AG	SIS-DE	544												
Hamamatsu Photonics K.K.	6965-JP	7992	23.6	23.9	31.6	32.4	16.5	15.5	13.8	12.8	1.0	1.0	80.2	81.6
OSI Systems, Inc.	OSIS-US	1296	11.3	12.4	16.8	17.3	12.0	14.0	16.4	16.5			47.2	52.7
Varex Imaging Corporation	VREX-US	786	11.4	13.0	16.5	17.6								
ams-OSRAM AG	AMS-CH	2631	9.8	12.0	19.1	21.6	7.3	8.6	9.1	10.5	0.0	0.1	35.9	36.7
Analog Devices, Inc.	ADI-US	75971	48.8	48.5	49.9	50.5	11.8	12.4	12.4	14.1	1.8	2.0	72.7	72.0
Keysight Technologies Inc	KEYS-US	23333	28.0	28.5	30.6	30.8	22.6	22.5	33.0	30.7	0.0	0.0	50.4	53.7
National Instruments Corporation	NATI-US	4075	17.0	18.3	19.8	21.5	16.2	18.0	22.0	24.9	3.2	3.2	57.7	60.6
Spectris plc	SXS-GB	3812	16.8	17.3	20.2	20.6	18.1	18.6	14.0	14.6	2.5	2.6	78.4	80.4
Oxford Instruments plc	OXIG-GB	1556	17.9	18.3	20.7	21.1	19.5	17.0	15.8	14.3	0.8	0.9	64.2	61.6
Trimble Inc.	TRMB-US	15120	23.5	24.6	25.1	26.1	14.3	14.7	17.2	17.3	0.0	0.0	56.8	60.2
Hexagon AB Class B	HEXA.B-SE	30292	28.6	29.4	37.1	38.6	11.4	12.1	13.2	13.6	1.1	1.2	61.8	63.4
Thales SA	HO-FR	24486	11.0	11.8	15.4	16.0	13.3	14.2	21.8	21.9	2.4	2.6	21.7	23.6
Agfa-Gevaert NV	AGFB-BE	633	2.2	4.6	6.5	8.7			-0.8	4.4	0.0	0.0	36.3	38.3
Konica Minolta, Inc.	4902-JP	1926	2.9	4.0	9.2	10.3	3.1	4.4	3.0	4.7	5.3	5.2	40.9	41.6
Iray Technology Co., Ltd Class A	688301-CN	4041	41.0	41.3	42.1	43.3	18.1	20.5	18.4	20.7	0.1	0.1	87.4	86.6
Vieworks Co., Ltd	100120-KR	264	18.9	19.0	21.7	21.7	18.2	17.6	16.2	15.8	2.0	2.0	84.6	85.8
Vaisala Oyj Class A	VAIAS-FI	1543	13.8	14.2	18.3	18.6	21.7	23.1	22.5	22.1	1.7	1.9	55.7	60.9
Peer Group Average		11128	19.2	20.1	23.6	24.5	14.9	15.5	15.5	16.2	1.5	1.5	58.3	60.0
Peer Group Median		3221	17.0	18.3	20.2	21.5	16.2	15.5	16.0	15.2	1.1	1.2	57.3	60.8
Detection Technology (Evli est.)		295	13.0	10.6	16.2	13.9	16.7	20.9	13.5	17.1	1.9	2.4	80.1	79.4

	Security identifier	MCAP MEUR	EV/S		EV/EBITDA		EV/EBIT		P/E		Sales growth %		Net debt / EBITDA	
			22E	23E	22E	23E	22E	23E	22E	23E	22E	23E	22E	23E
First Sensor AG	SIS-DE	544												
Hamamatsu Photonics K.K.	6965-JP	7992	4.8x	4.6x	15.2x	14.2x	20.3x	19.3x	28.1x	27.3x	14.9	2.3	-1.5	-1.7
OSI Systems, Inc.	OSIS-US	1296	1.4x	1.3x	8.5x	7.3x	12.5x	10.2x	14.8x	13.5x	3.1	0.0	1.1	0.6
Varex Imaging Corporation	VREX-US	786							20.8x	15.2x	3.2	6.2		
ams-OSRAM AG	AMS-CH	2631	0.9x	1.0x	4.9x	4.5x	9.7x	8.2x	9.6x	7.8x	-3.6	-2.1	1.8	1.7
Analog Devices, Inc.	ADI-US	75971	7.7x	7.2x	15.4x	14.2x	15.7x	14.7x	17.8x	16.3x	60.8	6.4	0.8	0.6
Keysight Technologies Inc	KEYS-US	23333	4.9x	4.5x	15.9x	14.7x	17.4x	15.9x	20.6x	19.0x	7.7	5.4	-0.3	-0.6
National Instruments Corporation	NATI-US	4075	2.8x	2.6x	14.4x	12.3x	16.7x	14.4x	17.4x	15.2x	13.4	0.0	0.4	0.3
Spectris plc	SXS-GB	3812	2.4x	2.3x	12.0x	11.0x	14.4x	13.1x	19.3x	17.6x	-2.0	4.5	-0.6	-0.8
Oxford Instruments plc	OXIG-GB	1556	3.4x	3.3x	16.6x	15.4x	19.2x	17.7x	26.3x	24.9x	6.1	4.3	-0.6	-0.8
Trimble Inc.	TRMB-US	15120	4.5x	4.0x	18.0x	15.5x	19.3x	16.4x	24.2x	21.1x	5.9	8.0	0.5	-0.2
Hexagon AB Class B	HEXA.B-SE	30292	6.6x	5.9x	17.7x	15.3x	23.0x	20.1x	26.0x	23.4x	17.6	8.8	1.3	0.8
Thales SA	HO-FR	24486	1.4x	1.3x	9.2x	7.9x	12.9x	10.7x	16.6x	15.0x	6.1	7.2	0.0	-0.5
Agfa-Gevaert NV	AGFB-BE	633	0.3x	0.3x	4.5x	3.2x	13.3x	6.0x	18.2x	13.3x	3.3	2.3	-0.9	-0.7
Konica Minolta, Inc.	4902-JP	1926	0.5x	0.5x	5.6x	4.9x	17.9x	12.5x	14.3x	9.3x	6.8	2.1	3.0	2.5
Iray Technology Co., Ltd Class A	688301-CN	4041							47.5x	35.0x	39.6	36.8		
Vieworks Co., Ltd	100120-KR	264	1.5x	1.4x	7.1x	6.4x	8.2x	7.3x	10.7x	9.7x	12.3	9.7	-1.1	-1.1
Vaisala Oyj Class A	VAIAS-FI	1543	3.1x	2.8x	16.7x	15.1x	22.2x	19.7x	27.9x	25.3x	12.3	6.5	-0.6	-0.9
Peer Group Average		11128	3.1x	2.9x	12.1x	10.8x	16.2x	13.7x	21.4x	18.5x	12.2	7.2	0.2	0.0
Peer Group Median		3221	2.8x	2.6x	14.4x	12.3x	16.7x	14.4x	19.9x	17.6x	6.8	6.2	0.0	-0.5
Detection Technology (Evli est.)		295	2.7x	2.4x	16.4x	13.0x	20.4x	14.8x	28.7x	20.8x	10.1	10.4	-1.7	-1.5

Premium/discount relative to peer group median  
Source: Factset, Evli Research

Updated on June 7th 2022

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	20.10 PV of Free Cash Flow	90 Long-term growth, %	5.0 Risk-free interest rate, %	2.25
DCF share value	26.63 PV of Horizon value	278 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	32.5 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	26.6 Marketable securities	30 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	26.6 Debt - dividend	-7 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	75.6 Value of stock	390 Nr of shares, Mn	14.7 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	90	100	112	123	133	141	148	155	163	171	179	188
<i>Sales growth, %</i>	<i>10.1</i>	<i>11.8</i>	<i>11.7</i>	<i>9.5</i>	<i>8.0</i>	<i>6.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
Operating income (EBIT)	11	13	18	20	23	24	25	26	28	29	30	32
<i>Operating income margin, %</i>	<i>11.8</i>	<i>13.0</i>	<i>16.0</i>	<i>16.1</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>
+ Depreciation+amort.	3	3	3	3	3	3	4	4	4	4	4	4
EBITDA	14	16	20	23	26	27	29	30	32	33	35	
- Paid taxes	-1	-3	-4	-4	-5	-5	-5	-5	-6	-6	-6	
- Change in NWC	-6	-5	-5	-5	-4	-3	-3	-3	-3	-4	-4	
<i>NWC / Sales, %</i>	<i>41.3</i>	<i>41.5</i>	<i>41.7</i>	<i>41.8</i>	<i>41.9</i>	<i>42.0</i>	<i>42.1</i>	<i>42.1</i>	<i>42.2</i>	<i>42.2</i>	<i>42.3</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-3	-4	-4	-4	-4	-4	-4	-5	-5	-5	
<i>opCAPEX / Sales, %</i>	<i>1.5</i>	<i>3.4</i>	<i>3.2</i>	<i>3.1</i>	<i>3.0</i>	<i>2.9</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	
- Acquisitions	0	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	5	6	8	10	13	15	16	17	18	19	20	605
= Discounted FCFF		5	7	8	10	10	10	10	10	9	9	278
= DFCF min WACC		5	7	8	10	10	10	10	10	9	9	278
= DFCF max WACC		5	7	8	10	10	10	10	10	9	9	278

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	18.3	23.5	23.2	24.7	89.8	20.3	22.4	29.6	28.1	100.4	112.1	122.8
EBITDA	1.4	4.6	4.1	3.8	13.9	2.3	2.6	6.3	5.0	16.2	20.4	22.6
<i>EBITDA margin (%)</i>	<i>7.6</i>	<i>19.7</i>	<i>17.6</i>	<i>15.2</i>	<i>15.4</i>	<i>11.4</i>	<i>11.7</i>	<i>21.4</i>	<i>17.7</i>	<i>16.2</i>	<i>18.2</i>	<i>18.4</i>
EBIT	1.4	3.0	3.3	3.0	10.6	1.5	1.8	5.5	4.2	13.0	17.9	19.8
<i>EBIT margin (%)</i>	<i>7.6</i>	<i>12.6</i>	<i>14.1</i>	<i>12.0</i>	<i>11.8</i>	<i>7.4</i>	<i>8.1</i>	<i>18.7</i>	<i>14.9</i>	<i>13.0</i>	<i>16.0</i>	<i>16.1</i>
Net financial items	0.3	-0.1	0.2	0.3	0.8	0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
Pre-tax profit	1.7	2.9	3.5	3.3	11.4	1.6	1.7	5.4	4.1	12.8	17.7	19.6
Tax	-0.5	-0.6	-0.6	-0.5	-2.1	-0.3	-0.3	-1.1	-0.8	-2.6	-3.5	-3.9
<i>Tax rate (%)</i>	<i>26.6</i>	<i>19.4</i>	<i>18.0</i>	<i>14.3</i>	<i>18.6</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	1.2	2.3	2.8	2.8	9.3	1.3	1.4	4.3	3.3	10.3	14.2	15.6
EPS	0.09	0.16	0.19	0.19	0.63	0.09	0.09	0.30	0.22	0.70	0.97	1.07
EPS adjusted (diluted no. of shares)	0.08	0.15	0.19	0.19	0.61	0.08	0.09	0.29	0.22	0.68	0.94	1.03
Dividend per share	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.00	0.00	0.39	0.48	0.53
<b>SALES, EURm</b>												
MBU	10.1	13.6	11.9	13.6	49.2	10.5	10.6	15.8	14.8	51.7	56.1	60.6
SBU	5.8	6.9	7.5	7.8	27.9	6.3	8.1	9.3	9.4	33.1	38.4	43.0
IBU	2.4	3.1	3.8	3.4	12.7	3.5	3.7	4.5	3.9	15.6	17.6	19.2
Total	18.3	23.5	23.2	24.7	89.8	20.3	22.4	29.6	28.1	100.4	112.1	122.8
<b>SALES GROWTH, Y/Y %</b>												
<i>MBU</i>	<i>20.2</i>	<i>37.0</i>	<i>18.8</i>	<i>24.3</i>	<i>25.2</i>	<i>4.1</i>	<i>-21.9</i>	<i>32.3</i>	<i>9.2</i>	<i>5.2</i>	<i>8.5</i>	<i>8.0</i>
<i>SBU</i>	<i>-38.0</i>	<i>-11.7</i>	<i>0.2</i>	<i>26.5</i>	<i>-9.2</i>	<i>8.1</i>	<i>17.7</i>	<i>24.8</i>	<i>21.3</i>	<i>18.6</i>	<i>16.1</i>	<i>12.0</i>
<i>IBU</i>	<i>9.9</i>	<i>-10.4</i>	<i>21.5</i>	<i>21.7</i>	<i>9.9</i>	<i>47.0</i>	<i>19.9</i>	<i>16.8</i>	<i>13.2</i>	<i>22.3</i>	<i>12.8</i>	<i>9.0</i>
<i>Total</i>	<i>-8.2</i>	<i>11.4</i>	<i>12.5</i>	<i>24.6</i>	<i>10.1</i>	<i>11.0</i>	<i>-4.8</i>	<i>27.3</i>	<i>13.6</i>	<i>11.8</i>	<i>11.7</i>	<i>9.5</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	9.8
SBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9
IBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
Group	1.4	3.0	3.3	3.0	10.6	1.5	1.8	5.5	4.2	13.0	17.9	19.8
Total	1.4	3.0	3.3	3.0	10.6	1.5	1.8	5.5	4.2	13.0	17.9	19.8
<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>16.1</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>16.1</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>16.1</i>
<i>Total</i>	<i>7.6</i>	<i>12.6</i>	<i>14.1</i>	<i>12.0</i>	<i>11.8</i>	<i>7.4</i>	<i>8.1</i>	<i>18.7</i>	<i>14.9</i>	<i>13.0</i>	<i>16.0</i>	<i>16.1</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	89.0	93.9	102.5	81.6	89.8	100.4	112.1	122.8
<i>Sales growth (%)</i>	<i>17.9</i>	<i>5.5</i>	<i>9.2</i>	<i>-20.4</i>	<i>10.1</i>	<i>11.8</i>	<i>11.7</i>	<i>9.5</i>
EBITDA	22.1	20.9	19.9	11.9	13.9	16.2	20.4	22.6
<i>EBITDA margin (%)</i>	<i>24.9</i>	<i>22.3</i>	<i>19.5</i>	<i>14.6</i>	<i>15.4</i>	<i>16.2</i>	<i>18.2</i>	<i>18.4</i>
Depreciation	-2.2	-2.4	-2.9	-3.2	-3.3	-3.2	-2.5	-2.8
EBITA	19.9	18.5	17.0	8.7	10.6	13.0	17.9	19.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	19.9	18.5	17.0	8.7	10.6	13.0	17.9	19.8
<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>13.0</i>	<i>16.0</i>	<i>16.1</i>
Reported EBIT	19.9	18.5	17.0	8.7	10.6	13.0	17.9	19.8
<i>EBIT margin (reported) (%)</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>10.7</i>	<i>11.8</i>	<i>13.0</i>	<i>16.0</i>	<i>16.1</i>
Net financials	-0.5	-0.1	-1.0	-0.6	0.8	-0.2	-0.2	-0.2
Pre-tax profit	19.4	18.4	16.0	8.1	11.4	12.8	17.7	19.6
Taxes	-4.2	-3.6	-3.6	-1.4	-2.1	-2.6	-3.5	-3.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	15.2	14.9	12.5	6.7	9.3	10.3	14.2	15.6
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>								
<b>Assets</b>								
Fixed assets	6	9	10	10	9	9	10	11
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	9	13	14	16	22	25	28	30
Receivables	21	27	27	25	31	35	39	43
Liquid funds	27	22	26	25	30	30	34	37
Total assets	62	71	77	76	92	99	111	121
<b>Liabilities</b>								
Shareholder's equity	42	51	58	58	74	79	87	96
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	5	4	6	6	2	2	3	3
Non-interest bearing current liabilities	15	15	12	11	15	16	18	20
Other interest-free debt	1	0	1	1	2	2	2	2
Total liabilities	62	71	77	76	92	99	111	121
<b>CASH FLOW, EURm</b>								
+ EBITDA	22	21	20	12	14	16	20	23
- Net financial items	11	0	-1	-1	1	0	0	0
- Taxes	-3	-5	-5	-3	-1	-3	-4	-4
- Increase in Net Working Capital	1	-10	-2	0	-6	-5	-5	-5
+/- Other	-12	0	0	-1	0	0	0	0
= Cash flow from operations	19	6	12	8	7	9	12	14
- Capex	-2	-5	-4	-3	-1	-3	-4	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	17	1	8	4	6	5	8	10
+/- New issues/buybacks	-1	0	0	-1	10	0	0	0
- Paid dividend	-3	-5	-5	-5	-4	-5	-6	-7
+/- Other	-2	0	2	1	-7	0	1	0
Change in cash	11	-4	4	-1	5	0	4	3

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	224	368	344	429	295	295	295
Net debt (excl. convertibles)	-18	-20	-19	-28	-28	-30	-33
Enterprise value	206	348	324	402	267	264	261
Sales	94	103	82	90	100	112	123
EBITDA	21	20	12	14	16	20	23
EBIT	19	17	9	11	13	18	20
Pre-tax	18	16	8	11	13	18	20
Earnings	15	12	7	9	10	14	16
Equity book value (excl. minorities)	51	58	58	74	79	87	96
<b>Valuation multiples</b>							
EV/sales	2.2	3.4	4.0	4.5	2.7	2.4	2.1
EV/EBITDA	9.8	17.4	27.3	29.0	16.4	13.0	11.6
EV/EBITA	11.1	20.4	37.1	38.0	20.4	14.8	13.2
EV/EBIT	11.1	20.4	37.1	38.0	20.4	14.8	13.2
EV/OCF	33.6	30.0	43.1	56.4	30.0	22.8	18.9
EV/FCFF	142.7	41.7	65.2	78.5	47.2	32.3	25.5
P/FCFE	162.4	48.7	77.4	74.5	53.7	36.6	29.3
P/E	15.1	29.5	51.0	46.4	28.7	20.8	18.8
P/B	4.4	6.3	5.9	5.8	3.7	3.4	3.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	16.3	12.9	11.5
Target EV/EBIT	0.0	0.0	0.0	0.0	20.3	14.7	13.1
Target EV/FCF	0.0	0.0	0.0	0.0	48.3	32.6	25.8
Target P/B	0.0	0.0	0.0	0.0	3.7	3.4	3.1
Target P/E	0.0	0.0	0.0	0.0	29.5	21.4	19.4
<b>Per share measures</b>							
Number of shares	14,375	14,375	14,375	14,656	14,656	14,656	14,656
Number of shares (diluted)	14,849	14,875	14,875	15,156	15,156	15,156	15,156
EPS	1.03	0.87	0.47	0.63	0.70	0.97	1.07
Operating cash flow per share	0.43	0.81	0.52	0.49	0.61	0.79	0.94
Free cash flow per share	0.10	0.53	0.31	0.39	0.37	0.55	0.69
Book value per share	3.57	4.06	4.06	5.02	5.37	5.95	6.53
Dividend per share	0.38	0.38	0.28	0.35	0.39	0.48	0.53
Dividend payout ratio, %	36.7	43.9	59.7	55.4	55.0	50.0	50.0
Dividend yield, %	2.4	1.5	1.2	1.2	1.9	2.4	2.7
FCF yield, %	0.6	2.1	1.3	1.3	1.9	2.7	3.4
<b>Efficiency measures</b>							
ROE	32.0	22.7	11.5	14.0	13.5	17.1	17.1
ROCE	36.4	28.5	13.6	15.1	16.7	20.9	20.8
<b>Financial ratios</b>							
Inventories as % of sales	14.2	13.8	19.5	24.8	24.8	24.8	24.8
Receivables as % of sales	28.4	25.9	30.1	34.8	34.8	34.8	34.8
Non-interest bearing liabilities as % of sales	16.4	12.1	13.4	16.3	16.3	16.3	16.3
NWC/sales, %	25.9	27.0	35.6	41.3	41.5	41.7	41.8
Operative CAPEX/sales, %	5.0	3.9	3.8	1.5	3.4	3.2	3.1
CAPEX/sales (incl. acquisitions), %	5.0	3.9	3.8	1.5	3.4	3.2	3.1
FCFF/EBITDA	0.1	0.4	0.4	0.4	0.3	0.4	0.5
Net debt/EBITDA, book-weighted	-0.9	-1.0	-1.6	-2.0	-1.7	-1.5	-1.5
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	73.0	76.6	77.9	80.4	80.1	79.4	79.6
Gearing, %	-35.6	-34.9	-33.2	-37.6	-35.6	-34.8	-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 over 500 employees in Finland, China, France and USA, serving 260 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. Due to its proximity to the fastest growing market China and inexpensive valuation, DT could be also become an acquisition target.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ahlstrom Capital Bv	5,280,167	106.131	36.0%
Skandinaviska Enskilda Banken AB	1,607,818	32.317	11.0%
OP-Finland Fund	617,376	12.409	4.2%
Sijoitusrahasto Aktia Capital	548,762	11.030	3.7%
Varma Mutual Pension Insurance Company	515,000	10.352	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	8.758	3.0%
Martola Hannu Veikko	431,690	8.677	2.9%
Evli Finnish Small Cap Fund	387,925	7.797	2.6%
SEB Finland Small Cap Investment Fund	315,604	6.344	2.2%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	248,769	5.000	1.7%
Ten largest	10,388,848	208.816	71%
Residual	4,267,082	85.768	29%
Total	14,655,930	294.584	100%

EARNINGS CALENDAR	
August 03, 2022	Q2 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
CEO: Hannu Martola	Elektroniikkatie 10, 90590 Oulu
CFO: Petri Hiljanen	Tel: +358 20 766 9700
IR: Johanna Tarkkiainen	



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

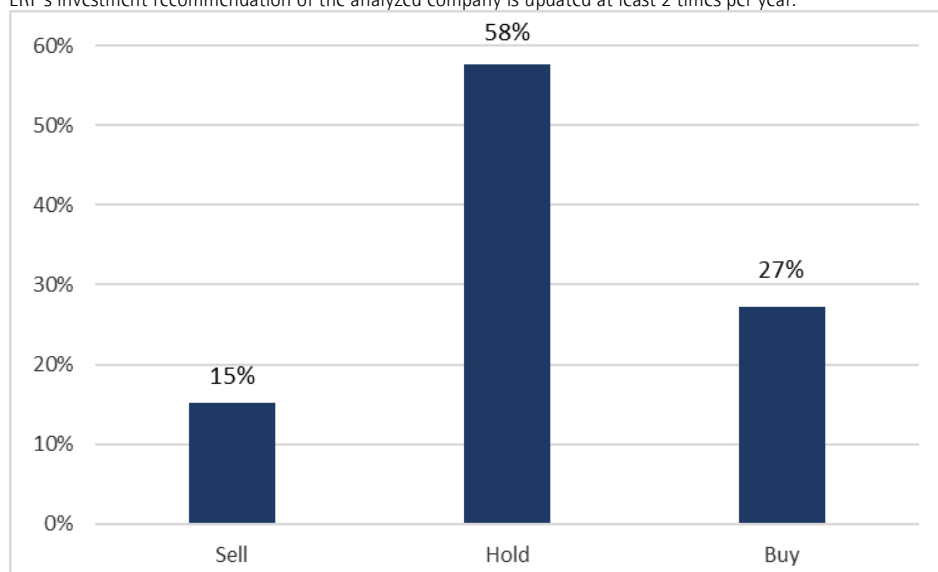
## Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on 7.6.2022, 09:05. This report has been published on 7.6.2022, 09:20.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

**Contact information****SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

**Trading**

Lauri Vehkaluoto (Head)	+358 9 4766 9120
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120
Miika Ronkanen	+358 9 4766 9120

**Structured Investments**

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

**Equity Research**

Arttu Heikura	+358 40 082 8098
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149

**Evli Investment Solutions**

Johannes Asuja	+358 9 4766 9205
----------------	------------------



**EVLI PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Internet www.evli.com  
E-mail firstname.lastname@evli.com

**EVLI PLC,  
STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
stockholm@evli.com  
Tel +46 (0)8 407 8000