

Growth accelerates towards H2

We lowered our Q1 estimates, but with promising growth prospects from Q2 onwards, our 23-24E EBIT estimates saw a decent improvement.

Estimating a slower start to the year

Ahead of the Q1 result, our Q1 estimates saw a reasonable decrease due to a slower than expected start to the year. In our view, IBU is facing softer than previously expected demand due to OEMs' overstocking which has temporarily decelerated growth. Additionally, the security market has been slower than expected. In our view, the state of medical markets continues as steady. Overall, we estimate Q1 group net sales to reach EUR 22.5m with 10.6% y/y growth. With decreased volumes, our Q1 EBIT estimate also saw a moderate decline. We expect Q1 EBIT to land at EUR 1.9m, reflecting an 8.6% margin.

Demand set to improve during Q2 and H2

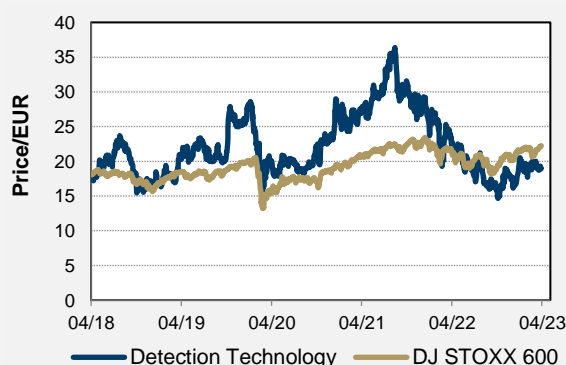
We foresee the growth prospects for DT as strong. Considering China's increased aviation passenger volumes and low investments in aviation security due to the pandemic lockdowns, the demand for SBU has significant potential to improve. In addition, TSA's new orders should start to generate revenue in the coming year(s). OEMs have also reported on new security CT renewals in Europe. Despite soft Q1, we expect IBU to score solid growth figures in 2023. In our view, the medical market continues to deliver steady growth and with DT's technology expansion, we foresee MBU expanding its market share during the next few years. In total, we expect revenue growth of 14.1% in 2023. In our view, DT's scalable business model begins to lever with volumes clearly above EUR 100m. With that, we expect the 23E EBIT margin to double from that of the previous year to 12.5%

Valuation for 2024 not demanding

With our revised estimates, DT trades with 23-24E EV/EBIT multiples of 18-13x. With expected EBIT growth, 24E valuation seems not challenging. With a decent increase in our EBIT estimates and a minor decline in share price since our last update, we upgrade our rating to HOLD (SELL) and adjust TP to EUR 17.5 (16.5) ahead of the Q1 result.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 19.00

Target price, EUR 17.5

Latest change in recommendation 24-Apr-23

Latest report on company 3-Feb-23

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 278

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 27-Apr-23

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	
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	112.5	14.1	12.5%	4.8	0.77	25.2	2.3	18.2	1.7	0.43	
2024E	125.0	19.4	15.5%	14.0	1.03	18.4	2.0	12.8	5.0	0.57	
2025E	134.1	20.9	15.6%	22.8	1.13	16.8	1.7	11.2	8.2	0.62	
Market cap, EURm			278	Gearing 2023E, %			-27.6	CAGR EPS 2022-25, %			45.4
Net debt 2023E, EURm			-22	Price/book 2023E			3.4	CAGR sales 2022-25, %			10.8
Enterprise value, EURm			256	Dividend yield 2023E, %			2.2	ROE 2023E, %			14.8
Total assets 2023E, EURm			109	Tax rate 2023E, %			20.0	ROCE 2023E, %			17.1
Goodwill 2023E, EURm			0	Equity ratio 2023E, %			75.3	PEG, P/E 23/CAGR			1.4

DETECTION TECHNOLOGY PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	7579	13.4x	12.7x	11.9x	16.9x	16.6x	15.9x	25.9x	25.4x	24.3x
OSI Systems	1535	9.5x	8.2x		13.4x	11.0x		15.3x	13.0x	
Varex Imaging	659	8.5x	7.6x		12.5x	10.6x		18.3x	14.4x	
ams-OSRAM	1601	4.2x	3.2x	2.7x	10.2x	7.0x	6.2x	20.4x	7.1x	4.7x
Analog Devices	85898	15.8x	15.5x		15.9x	15.6x		17.3x	16.7x	
Keysight Tech	24086	15.3x	14.3x		16.6x	15.8x	14.4x	18.5x	17.2x	15.3x
National Instruments	6957	19.3x	17.5x	16.2x	21.7x	19.1x	19.0x	23.5x	20.3x	18.3x
Spectris	4467	13.7x	12.6x	11.7x	16.9x	16.3x	14.3x	21.0x	19.4x	17.5x
Oxford Instruments	1770	16.1x	15.2x	14.0x	18.8x	17.7x	16.5x	24.7x	23.6x	22.6x
Trimble	10681	13.9x	12.9x	11.0x	15.0x	13.4x	11.7x	17.3x	15.6x	13.2x
Hexagon	27673	15.8x	14.6x	13.5x	21.0x	19.3x	17.7x	23.4x	21.3x	19.5x
Thales	29395	10.5x	9.6x	9.1x	14.2x	12.8x	11.8x	17.9x	16.2x	14.9x
Agfa-Gevaert	447	3.1x	2.2x	2.8x	7.7x	4.7x		38.5x	9.3x	10.3x
Konica Minolta	1835	7.2x	6.8x	6.6x	22.1x	17.8x	16.8x	15.3x	11.4x	10.0x
Iray Technology	2381	26.3x	20.2x	15.6x	26.6x	20.6x	16.0x	30.6x	23.6x	18.0x
Vieworks	210	5.7x	5.0x	4.8x	6.5x	5.7x	5.5x	8.8x	7.6x	7.5x
Peer Group Average	12948	12.4x	11.1x	10.0x	16.0x	14.0x	13.8x	21.0x	16.4x	15.1x
Peer Group Median	3424	13.5x	12.7x	11.4x	16.3x	15.7x	15.1x	19.5x	16.5x	15.3x
Detection Technology (Evli est.)	278	14.6x	10.8x	9.5x	18.2x	12.8x	11.2x	25.2x	18.4x	16.8x
<i>Detection Technology prem./disc. to peer median</i>		<i>8%</i>	<i>-15%</i>	<i>-16%</i>	<i>12%</i>	<i>-18%</i>	<i>-26%</i>	<i>29%</i>	<i>12%</i>	<i>10%</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	19.00 PV of Free Cash Flow	112 Long-term growth, %	5.0 Risk-free interest rate, %	2.25
DCF share value	29.99 PV of Horizon value	307 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	57.9 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	30.0 Marketable securities	24 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	30.0 Debt - dividend	-3 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	73.2 Value of stock	440 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	112	125	134	142	149	157	165	173	181	191	200
<i>Sales growth, %</i>	<i>9.8</i>	<i>14.1</i>	<i>11.1</i>	<i>7.3</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>	<i>5.0</i>
Operating income (EBIT)	6	14	19	21	23	25	27	28	29	31	32	34
<i>Operating income margin, %</i>	<i>5.9</i>	<i>12.5</i>	<i>15.5</i>	<i>15.6</i>	<i>16.0</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	4	4	3	3	4	4	4	4	4	4
EBITDA	9	18	23	25	26	29	30	32	33	35	37	
- Paid taxes	-2	-3	-4	-4	-5	-5	-5	-6	-6	-6	-6	
- Change in NWC	-9	-4	0	6	-3	-2	-2	-3	-3	-3	-3	
<i>NWC / Sales, %</i>	<i>45.6</i>	<i>43.2</i>	<i>38.8</i>	<i>31.9</i>	<i>32.0</i>	<i>32.0</i>	<i>32.1</i>	<i>32.1</i>	<i>32.2</i>	<i>32.2</i>	<i>32.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-6	-5	-3	-4	-4	-4	-4	-5	-5	-5	
<i>opCAPEX / Sales, %</i>	<i>1.7</i>	<i>5.7</i>	<i>3.8</i>	<i>2.3</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</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	2	0	0	0	0	0	0	0	0	0	0	
= FCFF	-2	5	14	23	15	17	18	19	20	21	22	674
= Discounted FCFF		4	13	18	11	12	12	11	11	10	10	307
= DFCF min WACC		4	13	18	11	12	12	11	11	10	10	307
= DFCF max WACC		4	13	18	11	12	12	11	11	10	10	307

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	20.3	22.8	27.3	28.2	98.6	22.5	26.0	31.7	32.3	112.5	125.0	134.1
EBITDA	2.3	1.7	1.5	3.6	9.1	2.7	3.7	4.7	6.4	17.6	23.0	24.6
<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>12.2</i>	<i>14.1</i>	<i>14.9</i>	<i>19.8</i>	<i>15.6</i>	<i>18.4</i>	<i>18.3</i>
EBIT	1.5	0.9	0.6	2.8	5.8	1.9	2.8	3.8	5.5	14.1	19.4	20.9
<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>8.6</i>	<i>10.8</i>	<i>12.1</i>	<i>17.1</i>	<i>12.5</i>	<i>15.5</i>	<i>15.6</i>
Net financial items	0.1	0.2	0.2	-0.8	-0.3	0.1	-0.1	0.2	-0.1	0.1	-0.5	-0.2
Pre-tax profit	1.6	1.0	0.8	2.0	5.5	2.0	2.7	4.0	5.4	14.2	18.9	20.7
Tax	-0.3	-0.3	-0.2	0.4	-0.4	-0.4	-0.5	-0.8	-1.1	-2.8	-3.8	-4.1
<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>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	1.3	0.7	0.7	2.4	5.1	1.6	2.2	3.2	4.3	11.4	15.1	16.6
EPS	0.09	0.05	0.05	0.16	0.34	0.11	0.15	0.22	0.30	0.77	1.03	1.13
EPS adjusted (diluted no. of shares)	0.08	0.07	0.04	0.16	0.36	0.11	0.12	0.21	0.29	0.73	1.00	1.09
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.43	0.57	0.62
SALES, EURm												
MBU	10.5	10.1	14.8	12.7	48.1	11.7	11.3	15.8	14.3	53.1	56.6	59.5
SBU	6.3	8.6	8.5	10.9	34.4	7.2	10.3	11.3	13.1	41.8	49.3	54.3
IBU	3.5	4.0	3.9	4.6	16.1	3.6	4.4	4.6	5.0	17.5	19.0	20.4
Total	20.3	22.8	27.3	28.2	98.6	22.5	26.0	31.7	32.3	112.5	125.0	134.1
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>11.2</i>	<i>11.7</i>	<i>7.0</i>	<i>12.7</i>	<i>10.4</i>	<i>6.6</i>	<i>5.0</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>14.3</i>	<i>19.2</i>	<i>32.4</i>	<i>19.4</i>	<i>21.7</i>	<i>18.0</i>	<i>10.0</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>2.0</i>	<i>10.3</i>	<i>16.9</i>	<i>7.0</i>	<i>9.1</i>	<i>8.6</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>10.6</i>	<i>14.3</i>	<i>16.4</i>	<i>14.4</i>	<i>14.1</i>	<i>11.1</i>	<i>7.3</i>
EBIT, EURm												
MBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.3
SBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5
IBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2
Group	1.5	0.9	0.6	2.8	5.8	1.9	2.8	3.8	5.5	14.1	19.4	20.9
Total	1.5	0.9	0.6	2.8	5.8	1.9	2.8	3.8	5.5	14.1	19.4	20.9
EBIT margin, %												
<i>MBU</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>15.6</i>
<i>SBU</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>15.6</i>
<i>IBU</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>15.6</i>
<i>Total</i>	<i>7.4</i>	<i>3.8</i>	<i>2.3</i>	<i>9.9</i>	<i>5.9</i>	<i>8.6</i>	<i>10.8</i>	<i>12.1</i>	<i>17.1</i>	<i>12.5</i>	<i>15.5</i>	<i>15.6</i>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	93.9	102.5	81.6	89.8	98.6	112.5	125.0	134.1
<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>14.1</i>	<i>11.1</i>	<i>7.3</i>
EBITDA	20.9	19.9	11.9	13.9	9.1	17.6	23.0	24.6
<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>15.6</i>	<i>18.4</i>	<i>18.3</i>
Depreciation	-2.4	-2.9	-3.2	-3.3	-3.3	-3.5	-3.6	-3.6
EBITA	18.5	17.0	8.7	10.6	5.8	14.1	19.4	20.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	18.5	17.0	8.7	10.6	5.8	14.1	19.4	20.9
<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>12.5</i>	<i>15.5</i>	<i>15.6</i>
Reported EBIT	18.5	17.0	8.7	10.6	5.8	14.1	19.4	20.9
<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>12.5</i>	<i>15.5</i>	<i>15.6</i>
Net financials	-0.1	-1.0	-0.6	0.8	-0.3	0.1	-0.5	-0.2
Pre-tax profit	18.4	16.0	8.1	11.4	5.5	14.2	18.9	20.7
Taxes	-3.6	-3.6	-1.4	-2.1	-0.4	-2.8	-3.8	-4.1
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	11.4	15.1	16.6
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	9	10	10	9	7	10	11	11
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	13	14	16	22	25	28	30	23
Receivables	27	27	25	31	36	40	38	40
Liquid funds	22	26	25	30	24	30	38	45
Total assets	71	77	76	92	91	109	116	119
Liabilities								
Shareholder's equity	51	58	58	74	73	81	90	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	4	6	6	2	3	8	7	0
Non-interest bearing current liabilities	15	12	11	15	14	18	18	19
Other interest-free debt	0	1	1	1	1	1	1	1
Total liabilities	71	77	76	92	91	109	116	119
CASH FLOW, EURm								
+ EBITDA	21	20	12	14	9	18	23	25
- Net financial items	-4	4	-1	3	-6	0	0	0
- Taxes	-5	-5	-3	-1	-2	-3	-4	-4
- Increase in Net Working Capital	-10	-2	0	-6	-9	-4	0	6
+/- Other	4	-5	-1	-3	7	0	0	0
= Cash flow from operations	6	12	8	7	0	11	19	26
- Capex	-5	-4	-3	-1	-2	-6	-5	-3
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	8	4	6	-2	5	14	23
+/- New issues/buybacks	0	0	-1	10	-1	0	0	0
- Paid dividend	-5	-5	-5	-4	-5	-3	-6	-8
+/- Other	0	2	1	-7	2	5	-1	-7
Change in cash	-4	4	-1	5	-6	7	7	7

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	368	344	429	248	278	278	278
Net debt (excl. convertibles)	-20	-19	-28	-21	-22	-30	-45
Enterprise value	348	324	402	227	256	248	234
Sales	103	82	90	99	112	125	134
EBITDA	20	12	14	9	18	23	25
EBIT	17	9	11	6	14	19	21
Pre-tax	16	8	11	5	14	19	21
Earnings	12	7	9	5	11	15	17
Equity book value (excl. minorities)	58	58	74	73	81	90	98
Valuation multiples							
EV/sales	3.4	4.0	4.5	2.3	2.3	2.0	1.7
EV/EBITDA	17.4	27.3	29.0	25.0	14.6	10.8	9.5
EV/EBITA	20.4	37.1	38.0	39.2	18.2	12.8	11.2
EV/EBIT	20.4	37.1	38.0	39.2	18.2	12.8	11.2
EV/OCF	30.0	43.1	56.4	-772.5	22.9	13.2	9.0
EV/FCFF	41.7	65.2	78.5	-139.0	54.4	17.2	10.2
P/FCFE	48.7	77.4	74.5	-128.9	58.1	19.8	12.2
P/E	29.5	51.0	46.4	46.0	25.2	18.4	16.8
P/B	6.3	5.9	5.8	3.4	3.4	3.1	2.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	13.3	9.9	8.6
Target EV/EBIT	0.0	0.0	0.0	0.0	16.6	11.7	10.1
Target EV/FCF	0.0	0.0	0.0	0.0	48.9	16.1	9.3
Target P/B	0.0	0.0	0.0	0.0	3.2	2.8	2.6
Target P/E	0.0	0.0	0.0	0.0	24.0	17.5	16.0
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	15,156	15,156	15,156
EPS	0.87	0.47	0.63	0.34	0.77	1.03	1.13
Operating cash flow per share	0.81	0.52	0.49	-0.02	0.76	1.28	1.77
Free cash flow per share	0.53	0.31	0.39	-0.13	0.33	0.96	1.56
Book value per share	4.06	4.06	5.02	4.96	5.54	6.14	6.71
Dividend per share	0.38	0.28	0.35	0.20	0.43	0.57	0.62
Dividend payout ratio, %	43.9	59.7	55.4	58.0	55.0	55.0	55.0
Dividend yield, %	1.5	1.2	1.2	1.1	2.2	3.0	3.3
FCF yield, %	2.1	1.3	1.3	-0.8	1.7	5.0	8.2
Efficiency measures							
ROE	22.7	11.5	14.0	6.9	14.8	17.7	17.6
ROCE	28.5	13.6	15.1	7.7	17.1	20.8	21.4
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	43.2	38.8	31.9
Operative CAPEX/sales, %	3.9	3.8	1.5	1.7	5.7	3.8	2.3
CAPEX/sales (incl. acquisitions), %	3.9	3.8	1.5	1.7	5.7	3.8	2.3
FCFF/EBITDA	0.4	0.4	0.4	-0.2	0.3	0.6	0.9
Net debt/EBITDA, book-weighted	-1.0	-1.6	-2.0	-2.3	-1.3	-1.3	-1.8
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	76.6	77.9	80.4	80.2	75.3	77.9	83.4
Gearing, %	-34.9	-33.2	-37.6	-28.3	-27.6	-33.6	-45.5

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. However, DT is currently valued with quite hefty price tag and thus we don't see much return opportunities in short-term despite bright long-term outlook.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ahlstrom Capital Bv	5,280,167	100.323	36.0%
OP-Finland Fund	617,376	11.730	4.2%
Sijoitusrahasto Aktia Capital	548,762	10.426	3.7%
Varma Mutual Pension Insurance Company	515,000	9.785	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	8.279	3.0%
Martola Hannu Veikko	431,690	8.202	2.9%
OP-Finland Small Firms Fund	360,317	6.846	2.5%
Säästöpankki Kotimaa	260,000	4.940	1.8%
Evli Finnish Small Cap Fund	244,920	4.653	1.7%
Veritas Pension Insurance Company Ltd.	243,000	4.617	1.7%
Ten largest	8,936,969	169.802	61%
Residual	5,718,961	108.660	39%
Total	14,655,930	278.463	100%

EARNINGS CALENDAR

April 27, 2023	Q1 report
August 03, 2023	Q2 report
October 27, 2023	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Hannu Martola	Elektroniikkatie 10, 90590 Oulu
CFO: Petri Hiljanen	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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

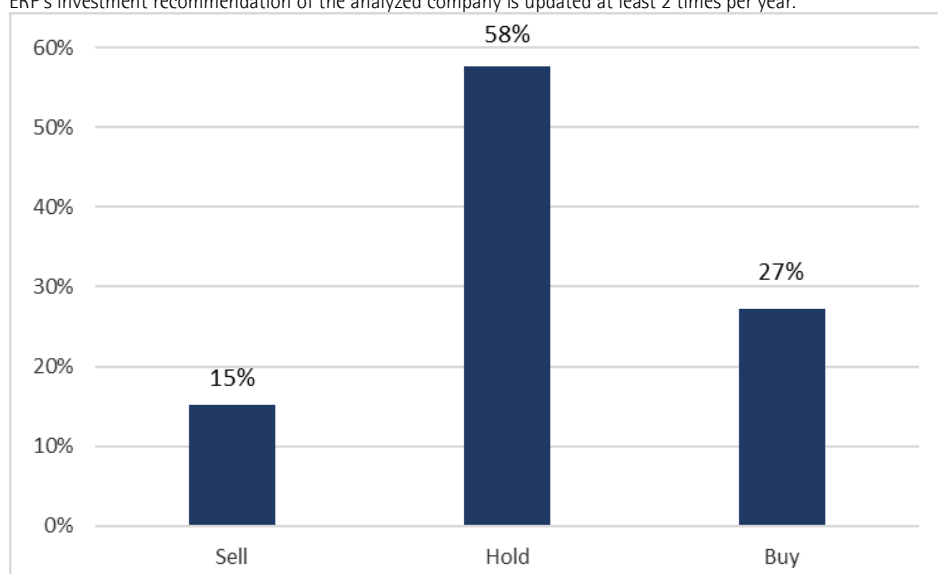
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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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
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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