

Profitability higher than estimated

DT's Q3 revenue declined y/y much as expected, however profitability figures came in a bit above our estimates as cost measures have already had an effect.

- DT Q3 revenue decreased by 10.2% y/y to EUR 24.5m, compared to the EUR 24.8m/24.6m Evli/consensus estimates. Adjusted EBITA landed at EUR 2.2m vs our EUR 1.6m estimate. Profitability measures helped already more than we estimated.
- Medical (MBU) top line declined by 27.0% y/y to EUR 10.8m vs our EUR 11.7m estimate. Decrease in sales was attributable to both a new anticorruption campaign in China and a high comparison period.
- Security (SBU) revenue increased by 13.7% y/y to EUR 9.7m, compared to our EUR 9.1m estimate. Activity and demand continued to recover in all security applications and especially in aviation.
- Industrial (IBU) grew by 1.6% to EUR 4.0m vs our EUR 4.0m estimate. Sales were negatively impacted by low food industry demand.
- DT expects its revenue to grow in Q4'23 (all segments grow, high single-digit growth in group revenue) as well as in Q1'24. China should grow too in Q4.

Rating				BUY
Q3'23	Actual	Evli	Year ago	Q2'23
Revenue	24.5	24.8	27.3	25.2
MBU	10.8	11.7	14.8	12.4
SBU	9.7	9.1	8.5	9.1
IBU	4.0	4.0	3.9	3.7
Adj. EBITA	2.2	1.6	0.6	1.4
Adj. EBITA-margin	9.0 %	6.4 %	2.3 %	5.4 %
Share price, EUR (Last trading day's closing price)				11.00
Target price, EUR				13.0
Latest change in recommendation				28-Jul-23
Latest report on company				23-Oct-23
Research paid by issuer:				YES
No. of shares outstanding, '000's				14,656
No. of shares fully diluted, '000's				14,656
Market cap, EURm				161
Free float, %				-
Exchange rate				-
Reuters code				DETEC.HE
Bloomberg code				DETEC FH
Average daily volume, EURm				0.1
Next interim report				27-Oct-23
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BUY HOLD SELL

PRE-REPORT 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	103.4	6.8	6.5%	-9.4	0.31	29.3	1.5	22.6	-5.9	0.17
2024E	116.6	14.5	12.4%	8.7	0.73	15.0	1.3	10.1	5.4	0.40
2025E	127.6	19.5	15.3%	19.5	1.03	10.7	1.0	6.8	12.1	0.56
Market cap, EURm	161		BV per share 2023E, EUR		-11.1	CAGR EPS 2022-25, %		40.8		
Net debt 2023E, EURm	-8		Price/book 2023E		2.2	CAGR sales 2022-25, %		9.0		
Enterprise value, EURm	153		Dividend yield 2023E, %		1.5	ROE 2023E, %		6.1		
Total assets 2023E, EURm	107		Tax rate 2023E, %		22.6	ROCE 2023E, %		8.2		
Goodwill 2023E, EURm	11		Equity ratio 2023E, %		70.0	PEG, P/E 23/CAGR		0.6		

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

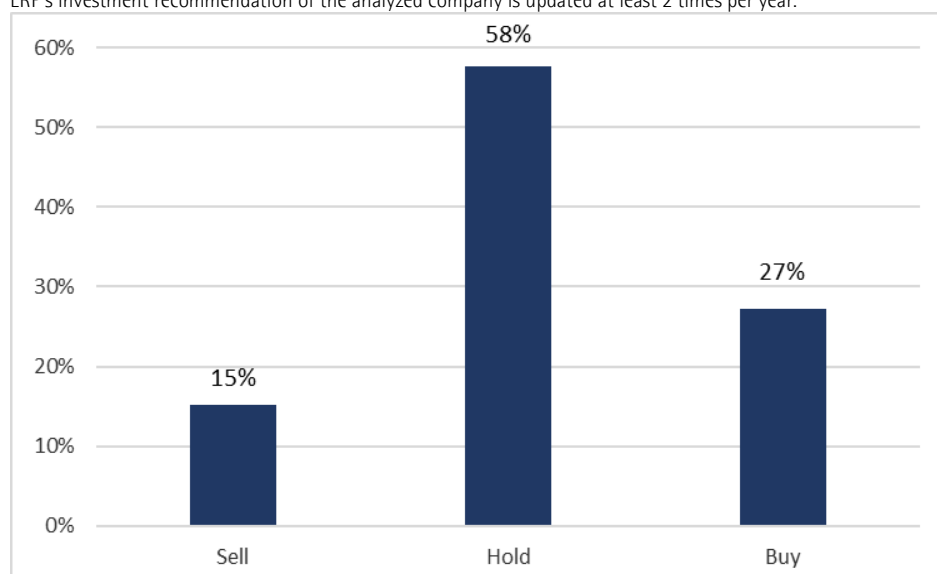
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Investment recommendations are defined as follows:

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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