

Earnings about to pick up more

DT's cost measures were visible in Q3 figures, and SBU-driven growth is to show more earnings gains next year.

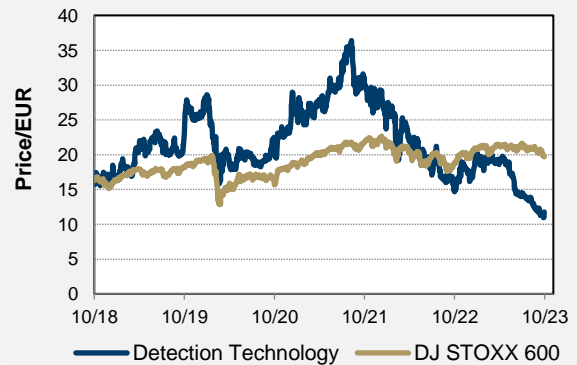
Revenue in line with estimates, earnings continue to gain
DT's Q3 revenue declined 10% y/y to EUR 24.5m vs the EUR 24.8m/24.6m Evli/cons estimates. MBU was soft relative to our estimate, due to a Chinese anticorruption campaign (a short-term issue but not a long-term problem) and a high comparison period, while SBU came in above our estimate. There was nothing special to note about the sales mix, however DT's EUR 2.2m adj. EBITA was above our EUR 1.6m estimate as personnel cost reductions helped profitability a bit more than we estimated. DT's comments about Q4 growth didn't come as a surprise, and we estimate SBU to contribute the most growth in Q4 and next year as well. We make only small estimate revision following the report.

MBU and IBU have short-term challenges, but SBU drives
IBU still missed organic growth, but we continue to estimate its FY '24 growth in the double-digits. MBU should also show signs of improvement, but we don't expect it to be such a major driver in the short-term as the Chinese medical markets are going through a period of reform (Chinese pricing pressure also remains intense). We estimate DT to grow some 13% next year and its majority should be driven by SBU; the security solutions market is underpinned by favorable long-term demand trends, whereas the aviation market's rebound has been due for some time and is set to continue at least over the course of next year. CT investments are materializing and SBU grows even if the Chinese market remains challenging in the short-term (some of the latest relevant projects include airports in e.g. Munich and Mumbai). We estimate the high single-digit growth seen for Q4 to add some further EUR 1m y/y in earnings even though its comparison period wasn't too bad either.

Valuation not demanding as earnings improve further
We estimate DT's FY '24 operating margins comfortably in the double digits, which would be roughly a 500bps increase. Such an improvement implies a multiple of only around 10x in terms of EV/EBIT and represents a meaningful discount relative to peers. We update our TP to EUR 13.5 (13) and retain BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 11.75

Target price, EUR 13.5

Latest change in recommendation	31-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	172
Free float, %	-
Exchange rate	-
Reuters code	DETEC.HE
Bloomberg code	DETEC FH
Average daily volume, EURm	0.1
Next interim report	
Web site	deetee.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
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	102.9	7.9	7.7%	-8.1	0.34	29.3	1.6	20.6	-4.7	0.19
2024E	116.1	15.3	13.2%	9.5	0.78	15.0	1.3	10.2	5.5	0.43
2025E	127.0	19.4	15.3%	19.5	1.02	11.5	1.1	7.3	11.3	0.56
Market cap, EURm			172	Gearing 2023E, %		-12.8	CAGR EPS 2022-25, %			40.7
Net debt 2023E, EURm			-10	Price/book 2023E		2.3	CAGR sales 2022-25, %			8.8
Enterprise value, EURm			163	Dividend yield 2023E, %		1.6	ROE 2023E, %			6.8
Total assets 2023E, EURm			106	Tax rate 2023E, %		22.4	ROCE 2023E, %			9.6
Goodwill 2023E, EURm			11	Equity ratio 2023E, %		71.2	PEG, P/E 23/CAGR			0.7

Estimates and valuation

Estimates	2017	2018	2019	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23E	2023E	2024E	2025E
Net sales	89.0	93.9	102.4	81.6	89.8	20.3	22.8	27.3	28.2	98.6	22.8	25.2	24.5	30.4	102.9	116.1	127.0
Medical	31.1	38.3	33.6	39.3	49.1	10.5	10.1	14.8	12.7	48.1	12.0	12.4	10.8	13.3	48.6	51.2	54.2
Security	57.9	55.6	68.9	30.7	27.9	6.3	8.6	8.5	10.9	34.4	7.3	9.1	9.7	12.4	38.4	46.9	53.4
Industrial	-	-	-	11.6	12.8	3.5	4.0	3.9	4.6	16.1	3.4	3.7	4.0	4.8	15.9	18.1	19.3
<i>Net sales growth-%</i>	<i>17.9%</i>	<i>5.5%</i>	<i>9.1%</i>	<i>-20.4%</i>	<i>10.1%</i>	<i>10.9%</i>	<i>-3.3%</i>	<i>17.5%</i>	<i>14.1%</i>	<i>9.8%</i>	<i>12.0%</i>	<i>10.8%</i>	<i>-10.2%</i>	<i>7.8%</i>	<i>4.4%</i>	<i>12.8%</i>	<i>9.4%</i>
<i>Medical</i>	<i>57.5%</i>	<i>23.1%</i>	<i>-12.4%</i>	<i>17.0%</i>	<i>25.1%</i>	<i>4.5%</i>	<i>-25.2%</i>	<i>24.0%</i>	<i>-6.6%</i>	<i>-2.0%</i>	<i>14.6%</i>	<i>22.3%</i>	<i>-27.1%</i>	<i>5.0%</i>	<i>0.9%</i>	<i>5.4%</i>	<i>6.0%</i>
<i>Security</i>	<i>3.8%</i>	<i>-4.0%</i>	<i>23.9%</i>	<i>-55.4%</i>	<i>-9.1%</i>	<i>7.5%</i>	<i>25.4%</i>	<i>14.6%</i>	<i>41.0%</i>	<i>23.1%</i>	<i>16.2%</i>	<i>5.0%</i>	<i>13.5%</i>	<i>13.0%</i>	<i>11.7%</i>	<i>22.0%</i>	<i>14.0%</i>
<i>Industrial</i>	-	-	-	-	<i>10.1%</i>	<i>45.2%</i>	<i>29.3%</i>	<i>2.8%</i>	<i>34.5%</i>	<i>25.8%</i>	<i>-3.0%</i>	<i>-6.2%</i>	<i>2.1%</i>	<i>3.0%</i>	<i>-0.8%</i>	<i>13.3%</i>	<i>7.0%</i>

DETECTION TECHNOLOGY PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	5537	11.1x	10.8x	10.1x	13.7x	13.6x	13.2x	21.5x	21.3x	20.1x
OSI Systems	1729	9.1x	7.8x		12.4x	10.2x		15.5x	13.2x	
Varex Imaging	654	7.7x	6.7x		11.0x	9.1x		15.7x	12.3x	
ams-OSRAM	873	4.8x	3.8x	3.1x	12.2x	8.0x	5.1x	11.3x	5.5x	3.2x
Analog Devices	76068	14.8x	16.4x		15.1x	17.7x		16.5x	18.6x	
Keysight Tech	20074	12.0x	12.4x		13.0x	13.3x	11.6x	14.8x	15.3x	13.1x
National Instruments	7529									
Texas Instruments	123812	15.6x	15.5x	12.7x	18.2x	19.3x	16.2x	20.4x	22.2x	18.8x
Oxford Instruments	1143	10.2x	9.8x	9.3x	12.0x	11.6x	11.0x	16.1x	15.7x	14.9x
Trimble	10833	14.6x	13.5x	12.1x	15.8x	14.4x	12.9x	17.4x	15.8x	14.0x
Hexagon	20335	12.8x	11.3x	10.4x	15.9x	14.7x	13.4x	18.2x	16.4x	14.8x
Konica Minolta	1385	10.4x	6.6x	6.3x		21.1x	17.7x		14.1x	10.8x
Iray Technology	2843	27.3x	19.9x	16.2x	29.7x	21.4x	16.9x	32.0x	22.6x	18.1x
Vieworks	187	9.0x	5.9x	5.4x	11.4x	6.9x	6.2x	14.7x	8.7x	7.8x
Peer Group Average	19500	12.3x	10.8x	9.5x	15.0x	13.9x	12.4x	17.8x	15.5x	13.6x
Peer Group Median	4190	11.1x	10.8x	10.1x	13.4x	13.6x	13.0x	16.3x	15.7x	14.4x
Detection Technology (Evli est.)	172	12.6x	7.7x	5.7x	20.6x	10.2x	7.3x	29.3x	15.0x	11.5x
<i>Detection Technology prem./disc. to peer median</i>		<i>13%</i>	<i>-29%</i>	<i>-44%</i>	<i>54%</i>	<i>-25%</i>	<i>-44%</i>	<i>80%</i>	<i>-4%</i>	<i>-20%</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.75 PV of Free Cash Flow	90 Long-term growth, %	2.6 Risk-free interest rate, %	2.25
DCF share value	17.93 PV of Horizon value	157 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	52.6 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	17.9 Marketable securities	24 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	17.9 Debt - dividend	-6 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	63.6 Value of stock	264 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	103	116	127	138	145	153	160	168	173	178	182
<i>Sales growth, %</i>	<i>9.8</i>	<i>4.4</i>	<i>12.8</i>	<i>9.4</i>	<i>8.9</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>3.0</i>	<i>2.6</i>	<i>2.6</i>
Operating income (EBIT)	6	8	15	19	21	22	24	25	26	24	25	26
<i>Operating income margin, %</i>	<i>5.9</i>	<i>7.7</i>	<i>13.2</i>	<i>15.3</i>	<i>15.5</i>	<i>15.0</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>
+ Depreciation+amort.	3	5	5	6	6	7	7	7	7	8	8	
EBITDA	9	13	20	25	28	28	30	32	33	32	33	
- Paid taxes	-2	-2	-3	-4	-5	-5	-5	-5	-5	-5	-5	
- Change in NWC	-9	1	-1	5	-4	-2	-2	-3	-3	-2	-1	
<i>NWC / Sales, %</i>	<i>45.6</i>	<i>43.1</i>	<i>38.7</i>	<i>31.9</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>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-31	-6	-6	-6	-6	-6	-7	-7	-7	-7	
<i>opCAPEX / Sales, %</i>	<i>1.7</i>	<i>30.3</i>	<i>5.5</i>	<i>4.5</i>	<i>4.5</i>	<i>4.2</i>	<i>4.2</i>	<i>4.2</i>	<i>4.2</i>	<i>4.1</i>	<i>4.1</i>	
- Acquisitions	0	12	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	-7	10	20	13	15	17	17	18	18	19	330
= Discounted FCFF		-7	9	17	10	11	11	11	10	9	9	157
= DFCF min WACC		-7	9	17	10	11	11	11	10	9	9	157
= DFCF max WACC		-7	9	17	10	11	11	11	10	9	9	157

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	20.3	22.8	27.3	28.2	98.6	22.8	25.2	24.5	30.4	102.9	116.1	127.0
EBITDA	2.3	1.7	1.5	3.6	9.1	2.3	2.1	3.4	5.2	13.0	20.4	25.1
<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>9.9</i>	<i>8.4</i>	<i>13.8</i>	<i>17.1</i>	<i>12.6</i>	<i>17.5</i>	<i>19.8</i>
EBIT	1.5	0.9	0.6	2.8	5.8	1.5	1.4	1.3	3.7	7.9	15.3	19.4
<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>6.5</i>	<i>5.4</i>	<i>5.4</i>	<i>12.2</i>	<i>7.7</i>	<i>13.2</i>	<i>15.3</i>
Net financial items	0.1	0.2	0.2	-0.8	-0.3	-0.3	-0.6	-0.1	-0.1	-1.1	-0.7	-0.4
Pre-tax profit	1.6	1.0	0.8	2.0	5.5	1.2	0.8	1.2	3.6	6.8	14.6	19.0
Tax	-0.3	-0.3	-0.2	0.4	-0.4	-0.2	-0.3	-0.4	-0.8	-1.8	-3.2	-4.0
<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>42.0</i>	<i>21.0</i>	<i>20.0</i>	<i>22.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	1.3	0.7	0.7	2.4	5.1	0.9	0.5	0.8	2.8	5.0	11.5	15.0
EPS	0.09	0.05	0.05	0.16	0.34	0.06	0.03	0.05	0.19	0.34	0.78	1.02
EPS adjusted (diluted no. of shares)	0.08	0.07	0.04	0.16	0.36	0.06	0.03	0.11	0.19	0.40	0.78	1.02
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.19	0.43	0.56
SALES, EURm												
MBU	10.5	10.1	14.8	12.7	48.1	12.0	12.4	10.8	13.3	48.6	51.2	54.2
SBU	6.3	8.6	8.5	10.9	34.4	7.3	9.1	9.7	12.4	38.5	46.9	53.4
IBU	3.5	4.0	3.9	4.6	16.1	3.4	3.7	3.9	4.8	15.9	18.1	19.3
Total	20.3	22.8	27.3	28.2	98.6	22.8	25.2	24.5	30.4	102.9	116.1	127.0
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>14.6</i>	<i>22.3</i>	<i>-26.8</i>	<i>5.0</i>	<i>1.0</i>	<i>5.3</i>	<i>6.0</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>16.2</i>	<i>5.0</i>	<i>14.1</i>	<i>13.0</i>	<i>11.9</i>	<i>21.8</i>	<i>14.0</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>-3.0</i>	<i>-6.2</i>	<i>0.4</i>	<i>3.0</i>	<i>-1.2</i>	<i>13.8</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>12.0</i>	<i>10.8</i>	<i>-10.1</i>	<i>7.8</i>	<i>4.4</i>	<i>12.8</i>	<i>9.4</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	8.3
SBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.2
IBU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0
Group	1.5	0.9	0.6	2.8	5.8	1.5	1.4	1.3	3.7	7.9	15.3	0.0
Total	1.5	0.9	0.6	2.8	5.8	1.5	1.4	1.3	3.7	7.9	15.3	19.4
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>15.3</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>15.3</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>15.3</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>6.5</i>	<i>5.4</i>	<i>5.4</i>	<i>12.2</i>	<i>7.7</i>	<i>13.2</i>	<i>15.3</i>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	93.9	102.5	81.6	89.8	98.6	102.9	116.1	127.0
<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>4.4</i>	<i>12.8</i>	<i>9.4</i>
EBITDA	20.9	19.9	11.9	13.9	9.1	13.0	20.4	25.1
<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>12.6</i>	<i>17.5</i>	<i>19.8</i>
Depreciation	-2.4	-2.9	-3.2	-3.3	-3.3	-3.9	-3.9	-4.5
EBITA	18.5	17.0	8.7	10.6	5.8	9.0	16.5	20.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	-1.2	-1.2	-1.2
EBIT	18.5	17.0	8.7	10.6	5.8	7.9	15.3	19.4
<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>7.7</i>	<i>13.2</i>	<i>15.3</i>
Reported EBIT	18.5	17.0	8.7	10.6	5.8	7.9	15.3	19.4
<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>7.7</i>	<i>13.2</i>	<i>15.3</i>
Net financials	-0.1	-1.0	-0.6	0.8	-0.3	-1.1	-0.7	-0.4
Pre-tax profit	18.4	16.0	8.1	11.4	5.5	6.8	14.6	19.0
Taxes	-3.6	-3.6	-1.4	-2.1	-0.4	-1.8	-3.2	-4.0
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	5.0	11.5	15.0
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	13	14
Goodwill	0	0	0	0	0	11	9	8
Right of use assets	0	0	0	0	0	0	0	0
Inventory	13	14	16	22	25	26	28	22
Receivables	27	27	25	31	36	37	35	38
Liquid funds	22	26	25	30	24	23	26	33
Total assets	71	77	76	92	91	106	110	115
Liabilities								
Shareholder's equity	51	58	58	74	73	75	84	92
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	13	9	4
Non-interest bearing current liabilities	15	12	11	15	14	16	16	18
Other interest-free debt	0	1	1	1	1	1	1	1
Total liabilities	71	77	76	92	91	106	110	115
CASH FLOW, EURm								
+ EBITDA	21	20	12	14	9	13	20	25
- Net financial items	-4	4	-1	3	-6	-1	-1	0
- Taxes	-5	-5	-3	-1	-2	-2	-3	-4
- Increase in Net Working Capital	-10	-2	0	-6	-9	1	-1	5
+/- Other	4	-5	-1	-3	7	0	0	0
= Cash flow from operations	6	12	8	7	0	11	16	25
- Capex	-5	-4	-3	-1	-2	-31	-6	-6
- Acquisitions	0	0	0	0	0	12	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	8	4	6	-2	-8	10	19
+/- New issues/buybacks	0	0	-1	10	-1	0	0	0
- Paid dividend	-5	-5	-5	-4	-5	-3	-3	-6
+/- Other	0	2	1	-7	2	10	-4	-6
Change in cash	-4	4	-1	5	-6	-1	3	7

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	368	344	429	248	172	172	172
Net debt (excl. convertibles)	-20	-19	-28	-21	-10	-16	-29
Enterprise value	348	324	402	227	163	156	143
Sales	103	82	90	99	103	116	127
EBITDA	20	12	14	9	13	20	25
EBIT	17	9	11	6	8	15	19
Pre-tax	16	8	11	5	7	15	19
Earnings	12	7	9	5	5	11	15
Equity book value (excl. minorities)	58	58	74	73	75	84	92
Valuation multiples							
EV/sales	3.4	4.0	4.5	2.3	1.6	1.3	1.1
EV/EBITDA	17.4	27.3	29.0	25.0	12.6	7.7	5.7
EV/EBITA	20.4	37.1	38.0	39.2	18.0	9.5	6.9
EV/EBIT	20.4	37.1	38.0	39.2	20.6	10.2	7.3
EV/OCF	30.0	43.1	56.4	-772.5	15.2	9.8	5.7
EV/FCFF	41.7	65.2	78.5	-139.0	-22.4	15.5	7.2
P/FCFE	48.7	77.4	74.5	-128.9	-21.2	18.1	8.8
P/E	29.5	51.0	46.4	46.0	29.3	15.0	11.5
P/B	6.3	5.9	5.8	3.4	2.3	2.1	1.9
Target EV/EBITDA	0.0	0.0	0.0	0.0	14.5	8.9	6.7
Target EV/EBIT	0.0	0.0	0.0	0.0	23.9	11.9	8.7
Target EV/FCF	0.0	0.0	0.0	0.0	-23.2	19.1	8.6
Target P/B	0.0	0.0	0.0	0.0	2.6	2.4	2.1
Target P/E	0.0	0.0	0.0	0.0	33.7	17.3	13.2
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	14,656	14,656	14,656
EPS	0.87	0.47	0.63	0.34	0.34	0.78	1.02
Operating cash flow per share	0.81	0.52	0.49	-0.02	0.73	1.08	1.72
Free cash flow per share	0.53	0.31	0.39	-0.13	-0.55	0.65	1.33
Book value per share	4.06	4.06	5.02	4.96	5.11	5.70	6.29
Dividend per share	0.38	0.28	0.35	0.20	0.19	0.43	0.56
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	1.2	1.6	3.7	4.8
FCF yield, %	2.1	1.3	1.3	-0.8	-4.7	5.5	11.3
Efficiency measures							
ROE	22.7	11.5	14.0	6.9	6.8	14.5	17.1
ROCE	28.5	13.6	15.1	7.7	9.6	16.9	20.6
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	43.1	38.7	31.9
Operative CAPEX/sales, %	3.9	3.8	1.5	1.7	30.3	5.5	4.5
CAPEX/sales (incl. acquisitions), %	3.9	3.8	1.5	1.7	42.4	5.5	4.5
FCFF/EBITDA	0.4	0.4	0.4	-0.2	-0.6	0.5	0.8
Net debt/EBITDA, book-weighted	-1.0	-1.6	-2.0	-2.3	-0.7	-0.8	-1.2
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Equity ratio, book-weighted	76.6	77.9	80.4	80.2	71.2	76.1	80.7
Gearing, %	-34.9	-33.2	-37.6	-28.3	-12.8	-19.5	-32.0

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	62.042	36.0%
Skandinaviska Enskilda Banken AB	1,936,153	22.750	13.2%
OP-Finland Fund	617,376	7.254	4.2%
Sijoitusrahasto Aktia Capital	548,762	6.448	3.7%
Varma Mutual Pension Insurance Company	515,000	6.051	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	5.120	3.0%
Martola Hannu Veikko	431,690	5.072	2.9%
OP-Finland Small Firms Fund	320,272	3.763	2.2%
Veritas Pension Insurance Company Ltd.	277,981	3.266	1.9%
Evli Finnish Small Cap Fund	260,920	3.066	1.8%
Ten largest	10,624,058	124.833	72%
Residual	4,031,872	47.374	28%
Total	14,655,930	172.207	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

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

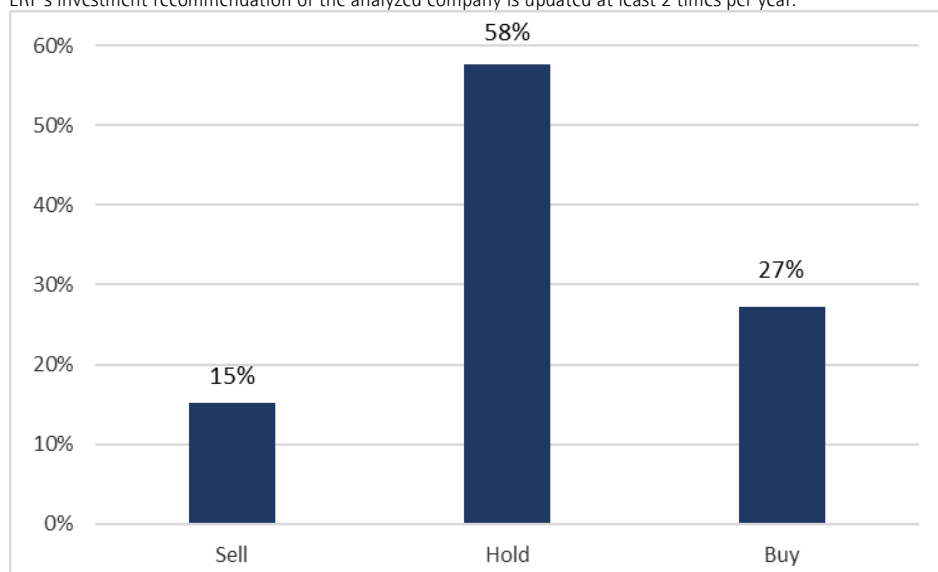
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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