

Security strength adds to earnings

DT's Q1 didn't contain many surprises other than MBU being weaker and SBU stronger than expected. We estimate EBITA margin to be headed above 15% as growth continues.

Favorable mix and cost control lifted EBITA margin to 10%

DT's Q1 revenue came in at EUR 22.7m, in line with the EUR 22.6m/22.5m Evli/cons. estimates. MBU landed some EUR 1m below our estimate while SBU topped our expectations by a similar amount, which led to a more favorable mix and so DT's EUR 2.3m EBITA exceeded our EUR 1.6m estimate as fixed costs also remained under control. SBU is in our view poised to become the largest segment already this year, which should help DT to above 13% EBITA margin quite soon. The report didn't contain many surprises other than the fact that MBU was weaker than expected while SBU was stronger. The differences between the growth outlooks of the two are to narrow a lot towards the end of the year as MBU is seen to resume growth in Q3, however Q2 will still be soft for the segment.

MBU still challenging, SBU has strong tailwinds

We expect MBU to resume mid-single-digit growth in H2, whereas SBU and IBU should be positioned to reach roughly twice that rate. The aviation security market in Europe and India (where DT has initiatives to scale up) continues to enjoy tailwinds as high travel demand persists even after the pent-up phase post pandemic. We estimate DT to grow around 7% this year despite the fact that we see MBU down by 6%; MBU's return to mid-single-digit growth should accelerate DT to some 9% growth next year even though SBU and IBU are likely to see slightly lower rates then. We estimate DT to achieve 13.5% EBITA margin in FY '24, which could improve by another 200bps or so in FY '25 thanks to higher revenue and even more favorable mix. There's still uncertainty around the Chinese MBU market's recovery, but SBU's strength means DT should see at least above 5% growth in the medium term.

Multiples are low assuming growth and margin expansion

DT is still valued at 14x EV/EBIT on our FY '24 estimates, some 30% discount relative to peers, and continued growth would help earnings gain by another EUR 4m in FY '25; the corresponding 10x EV/EBIT multiple represents an even larger 40% peer discount. We retain our EUR 17.0 TP and BUY rating.



+ 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	110.7	14.3	12.9%	10.9	0.74	20.0	1.8	13.8	5.0	0.37
2025E	121.1	18.7	15.4%	15.4	1.00	14.8	1.5	10.0	7.1	0.50
2026E	131.6	20.7	15.7%	11.5	1.11	13.4	1.4	8.9	5.3	0.56

Market cap, EURm	218	Gearing 2024E, %	-25.4	CAGR EPS 2023-26, %	33.3
Net debt 2024E, EURm	-20	Price/book 2024E	2.7	CAGR sales 2023-26, %	8.2
Enterprise value, EURm	198	Dividend yield 2024E, %	2.5	ROE 2024E, %	14.2
Total assets 2024E, EURm	101	Tax rate 2024E, %	19.9	ROCE 2024E, %	17.5
Goodwill 2024E, EURm	0	Equity ratio 2024E, %	79.9	PEG, P/E 24/CAGR	1.4

Estimates and valuation

Estimates	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24E	Q3'24E	Q4'24E	2024E	2025E
Net sales	98.6	22.8	25.2	24.5	31.3	103.8	22.7	25.7	27.5	34.8	110.7	121.1
Medical	48.1	12.0	12.4	10.8	13.1	48.4	9.5	10.8	11.6	13.8	45.7	48.4
Security	34.4	7.3	9.1	9.7	13.2	39.3	9.6	10.7	11.4	15.0	46.7	53.0
Industrial	16.1	3.4	3.7	4.0	5.0	16.2	3.6	4.2	4.5	6.1	18.4	19.7
Adj. EBITA	6.1	1.5	1.4	2.2	4.6	9.7	2.3	2.8	4.1	5.8	14.9	18.7
Net sales growth-%	10%	12%	11%	-10%	11%	5%	0%	2%	12%	11%	7%	9%
Medical	-2%	15%	22%	-27%	3%	0%	-21%	-13%	8%	5%	-6%	6%
Security	23%	16%	5%	14%	21%	14%	32%	18%	18%	14%	19%	14%
Industrial	26%	-3%	-6%	2%	8%	1%	5%	12%	13%	21%	14%	8%
Adj. EBITA margin	6.2%	7%	5%	9%	15%	9.3%	10%	11%	15%	17%	13.5%	15.4%

DETECTION TECHNOLOGY	MCAP	EV/EBITDA			EV/EBIT			P/E			
PEER GROUP	MEUR	23	24	25	23	24	25	23	24	25	
Hamamatsu Photonics	5271	11.4x	11.6x	10.4x	14.6x	15.7x	13.9x	21.5x	24.1x	21.6x	
OSI Systems	2091	10.8x	9.4x		14.7x	12.2x		18.5x	15.8x		
Varex Imaging	639	9.6x	8.9x		14.0x	13.2x		14.4x	17.7x		
ams-OSRAM	1054	6.9x	4.4x	3.3x	14.9x	12.6x	7.4x	9.0x	28.2x	6.0x	
Analog Devices	90766	18.2x	24.9x	20.4x	19.0x	27.7x	23.0x	20.9x	31.3x	24.7x	
Keysight Tech	23681	16.4x	18.3x	16.1x	17.8x	20.1x	17.1x	18.3x	23.1x	19.3x	
Emerson Electric	57928	17.7x	16.9x	15.6x	20.4x	21.2x	19.1x	23.2x	19.7x	18.0x	
Texas Instruments	147709	18.6x	23.1x	17.9x	21.7x	30.0x	23.9x	24.6x	34.3x	27.5x	
Oxford Instruments	1496	14.2x	13.0x	12.2x	16.3x	15.0x	14.3x	20.7x	20.2x	19.1x	
Trimble	13335	16.6x	18.6x	17.7x	17.4x	19.8x	19.3x	22.0x	21.4x	19.3x	
Hexagon	27862	17.3x	14.8x	13.6x	22.3x	19.3x	17.5x	24.7x	22.7x	20.1x	
Konica Minolta	1526	10.6x	7.3x	6.6x		21.2x	16.6x		18.0x	11.9x	
Iray Technology	2596	49.0x	21.1x	16.9x	50.3x			33.2x	24.2x	19.3x	
Vieworks	170	10.5x	6.1x	5.2x	13.9x	7.7x	5.9x	18.5x	10.0x	8.0x	
Peer Group Average	26866	16.3x	14.2x	13.0x	19.8x	18.1x	16.2x	20.7x	22.2x	17.9x	
Peer Group Median	3934	15.3x	13.9x	14.6x	17.4x	19.3x	17.1x	20.9x	22.1x	19.3x	
Detection Technology (Evli est.)	218	16.1x	10.7x	8.2x	23.1x	13.8x	10.0x	29.3x	20.0x	14.8x	
<i>Detection Technology prem./disc. to peer median</i>			5%	-23%	-44%	33%	-29%	-41%	41%	-9%	-23%

DETECTION TECHNOLOGY	Sales	Sales gr.			EBIT-%			Div. yield		
PEER GROUP	22	23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	1439	-5.8%	0.0%	6.6%	24.6%	21.9%	23.1%	1.3%	1.4%	1.4%
OSI Systems	1178	10.4%	12.7%		12.6%	13.8%				
Varex Imaging	826	-1.2%	-1.1%		9.9%	9.3%				
ams-OSRAM	4819	-25.5%	-3.4%	5.0%	6.4%	6.4%	10.2%	0.0%	0.0%	0.2%
Analog Devices	11682	-7.5%	-18.6%	12.9%	47.8%	40.0%	42.7%	1.7%	1.9%	2.1%
Keysight Tech	5231	-5.7%	-5.1%	7.9%	29.3%	26.0%	28.3%	0.0%	0.0%	0.0%
Emerson Electric	19860	-25.7%	13.2%	5.2%	22.1%	20.4%	21.6%	1.9%	2.0%	2.0%
Texas Instruments	18370	-12.5%	-8.5%	14.1%	41.8%	34.6%	38.0%	2.9%	3.0%	3.1%
Oxford Instruments	519	6.3%	2.4%	2.9%	16.8%	17.1%	17.5%	0.9%	1.0%	1.0%
Trimble	3428	2.9%	-4.2%	4.0%	24.6%	24.6%	24.2%	0.0%	0.0%	0.0%
Hexagon	5161	5.3%	5.4%	7.0%	26.8%	28.6%	29.4%	1.1%	1.3%	1.5%
Konica Minolta	7621	-6.7%	-1.6%	-0.6%	-0.6%	2.7%	3.4%	1.3%	1.7%	1.9%
Iray Technology	212	14.0%	25.7%	23.4%	36.7%			1.1%	0.9%	1.2%
Vieworks	169	-10.1%	10.2%	15.5%	8.6%	13.8%	15.6%	1.3%	1.3%	1.3%
Peer Group Average	6592	-4.4%	1.9%	8.7%	21.9%	19.9%	23.1%	1.1%	1.2%	1.3%
Peer Group Median	4819	-5.7%	-0.5%	6.8%	23.3%	20.4%	23.1%	1.2%	1.3%	1.4%
Detection Technology (Evli est.)	99	5.3%	6.6%	9.4%	7.9%	12.9%	15.4%	1.7%	2.5%	3.4%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	14.85 PV of Free Cash Flow	101 Long-term growth, %	2.6 Risk-free interest rate, %
DCF share value	17.89 PV of Horizon value	152 WACC, %	8.5 Market risk premium, %
Share price potential, %	20.5 Unconsolidated equity	-1 Spread, %	0.0 Debt risk premium, %
Maximum value	17.9 Marketable securities	19 Minimum WACC, %	8.5 Equity beta coefficient
Minimum value	17.9 Debt - dividend	-10 Maximum WACC, %	8.5 Target debt ratio, %
Horizon value, %	60.2 Value of stock	262 Nr of shares, Mn	14.7 Effective tax rate, %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	104	111	121	132	138	145	152	160	165	170	174	179
<i>Sales growth, %</i>	<i>5.3</i>	<i>6.6</i>	<i>9.4</i>	<i>8.6</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	22	24	25	25	25	26	27
<i>Operating income margin, %</i>	<i>7.9</i>	<i>12.9</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	4	4	4	5	5	5	5	6	6	6	
EBITDA	12	19	23	25	26	27	29	30	30	31	32	
- Paid taxes	-2	-3	-4	-4	-4	-5	-5	-5	-5	-5	-5	
- Change in NWC	2	1	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>33.9</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>4.3</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	16	12	14	15	16	16	18	18	19	334
= Discounted FCFF		11	14	9	10	10	10	10	10	9	9	152
= DFCF min WACC		11	14	9	10	10	10	10	10	9	9	152
= DFCF max WACC		11	14	9	10	10	10	10	10	9	9	152

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	22.8	25.2	24.5	31.3	103.8	22.7	25.7	27.5	34.8	110.7	121.1	131.6
EBITDA	2.2	2.1	3.1	4.3	11.8	3.1	3.7	5.1	6.7	18.5	22.8	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>13.5</i>	<i>14.4</i>	<i>18.4</i>	<i>19.3</i>	<i>16.7</i>	<i>18.8</i>	<i>19.1</i>
EBIT	1.5	1.4	1.3	4.0	8.2	2.3	2.6	3.9	5.6	14.3	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>10.0</i>	<i>9.9</i>	<i>14.3</i>	<i>16.0</i>	<i>12.9</i>	<i>15.4</i>	<i>15.7</i>
Net financial items	-0.3	-0.6	0.0	0.0	-0.9	-0.2	-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	2.1	2.4	3.8	5.4	13.7	18.5	20.5
Tax	-0.2	-0.3	-0.4	-0.8	-1.8	-0.4	-0.5	-0.8	-1.1	-2.8	-3.8	-4.2
<i>Tax rate (%)</i>	<i>20.1</i>	<i>41.7</i>	<i>20.1</i>	<i>24.9</i>	<i>24.5</i>	<i>19.4</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>19.9</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.9	0.5	0.9	3.2	5.5	1.7	1.9	3.0	4.3	10.9	14.7	16.3
EPS	0.06	0.03	0.06	0.22	0.38	0.11	0.13	0.20	0.29	0.74	1.00	1.11
EPS adjusted (diluted no. of shares)	0.06	0.03	0.12	0.25	0.47	0.11	0.13	0.20	0.29	0.74	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	0.37	0.50	0.56
SALES, EURm												
MBU	12.0	12.4	10.8	13.1	48.4	9.5	10.8	11.6	13.8	45.7	48.4	51.3
SBU	7.3	9.1	9.7	13.2	39.3	9.6	10.7	11.4	15.0	46.7	53.0	59.3
IBU	3.4	3.7	3.9	5.0	16.1	3.6	4.2	4.5	6.1	18.4	19.7	20.9
Total	22.8	25.2	24.5	31.3	103.8	22.7	25.7	27.5	34.8	110.7	121.1	131.6
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>-21.2</i>	<i>-13.0</i>	<i>7.1</i>	<i>5.0</i>	<i>-5.7</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>31.8</i>	<i>18.0</i>	<i>16.9</i>	<i>13.5</i>	<i>18.8</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>5.2</i>	<i>12.0</i>	<i>14.9</i>	<i>21.0</i>	<i>14.1</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>-0.3</i>	<i>1.9</i>	<i>12.2</i>	<i>11.1</i>	<i>6.6</i>	<i>9.4</i>	<i>8.6</i>
EBIT, EURm												
Group	1.5	1.4	1.3	4.0	8.2	2.3	2.6	3.9	5.6	14.3	18.7	20.7
Total	1.5	1.4	1.3	4.0	8.2	2.3	2.6	3.9	5.6	14.3	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>10.0</i>	<i>9.9</i>	<i>14.3</i>	<i>16.0</i>	<i>12.9</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	110.7	121.1	131.6
<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>6.6</i>	<i>9.4</i>	<i>8.6</i>
EBITDA	19.9	11.9	13.9	9.1	11.8	18.5	22.8	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>16.7</i>	<i>18.8</i>	<i>19.1</i>
Depreciation	-2.9	-3.2	-3.3	-3.3	-3.6	-3.8	-3.5	-3.9
EBITA	17.0	8.7	10.6	5.8	8.2	14.8	19.3	21.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	-0.4	-0.6	-0.6
EBIT	17.0	8.7	10.6	5.8	8.2	14.3	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>12.9</i>	<i>15.4</i>	<i>15.7</i>
Reported EBIT	17.0	8.7	10.6	5.8	8.2	14.3	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>12.9</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	13.7	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	10.9	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	0	-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	36	39
Liquid funds	26	25	30	24	19	24	34	38
Total assets	77	76	92	91	95	101	112	122
Liabilities								
Shareholder's equity	58	58	74	73	73	80	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	6	6	2	3	6	4	4	3
Non-interest bearing current liabilities	12	11	15	14	14	15	17	18
Other interest-free debt	1	1	1	1	1	1	1	1
Total liabilities	77	76	92	91	95	101	112	122
CASH FLOW, EURm								
+ EBITDA	20	12	14	9	12	19	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	1	2	-4
+/- Other	-5	-1	-3	7	0	0	0	0
= Cash flow from operations	12	8	7	0	11	16	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	11	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	9	4

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	344	429	248	202	218	218	218
Net debt (excl. convertibles)	-19	-28	-21	-13	-20	-30	-35
Enterprise value	324	402	227	189	198	188	183
Sales	82	90	99	104	111	121	132
EBITDA	12	14	9	12	19	23	25
EBIT	9	11	6	8	14	19	21
Pre-tax	8	11	6	7	14	18	21
Earnings	7	9	5	5	11	15	16
Equity book value (excl. minorities)	58	74	73	73	80	90	98
Valuation multiples							
EV/sales	4.0	4.5	2.3	1.8	1.8	1.5	1.4
EV/EBITDA	27.3	29.0	25.0	16.1	10.7	8.2	7.3
EV/EBITA	37.1	38.0	39.2	23.1	13.4	9.7	8.6
EV/EBIT	37.1	38.0	39.2	23.1	13.8	10.0	8.9
EV/OCF	43.1	56.4	-772.5	17.7	12.7	9.1	10.7
EV/FCFF	65.2	78.5	-132.7	8.7	17.4	12.0	15.7
P/FCFE	77.4	74.5	-128.9	9.6	20.0	14.1	18.9
P/E	51.0	46.4	45.3	29.3	20.0	14.8	13.4
P/B	5.9	5.8	3.4	2.8	2.7	2.4	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.4	9.6	8.5
Target EV/EBIT	0.0	0.0	0.0	0.0	16.0	11.7	10.4
Target EV/FCF	0.0	0.0	0.0	0.0	21.0	14.2	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	22.9	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	0.74	1.00	1.11
Operating cash flow per share	0.52	0.49	-0.02	0.73	1.06	1.41	1.17
Free cash flow per share	0.31	0.39	-0.13	1.44	0.74	1.05	0.79
Book value per share	4.06	5.02	4.96	4.97	5.48	6.11	6.72
Dividend per share	0.28	0.35	0.20	0.23	0.37	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	1.7	2.5	3.4	3.7
FCF yield, %	1.3	1.3	-0.8	10.5	5.0	7.1	5.3
Efficiency measures							
ROE	11.5	14.0	7.0	7.6	14.2	17.3	17.3
ROCE	13.6	15.1	7.7	10.6	17.5	21.1	21.2
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	4.3	4.2
CAPEX/sales (incl. acquisitions), %	3.8	1.5	1.7	13.9	4.3	4.3	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	79.9	80.9	81.6
Gearing, %	-33.2	-37.6	-28.3	-17.7	-25.4	-33.9	-35.1

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	78.410	36.0%
OP-Finland Fund	617,376	9.168	4.2%
Sijoitusrahasto Aktia Capital	548,762	8.149	3.7%
Varma Mutual Pension Insurance Company	515,000	7.648	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	6.471	3.0%
Martola Hannu Veikko	431,690	6.411	2.9%
OP-Finland Small Firms Fund	367,019	5.450	2.5%
Veritas Pension Insurance Company Ltd.	351,772	5.224	2.4%
Evli Finnish Small Cap Fund	280,000	4.158	1.9%
Säästöpankki Kotimaa	260,000	3.861	1.8%
Ten largest	9,087,523	134.950	62%
Residual	5,568,407	82.691	38%
Total	14,655,930	217.641	100%

EARNINGS CALENDAR

August 06, 2024	Q2 report
October 29, 2024	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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

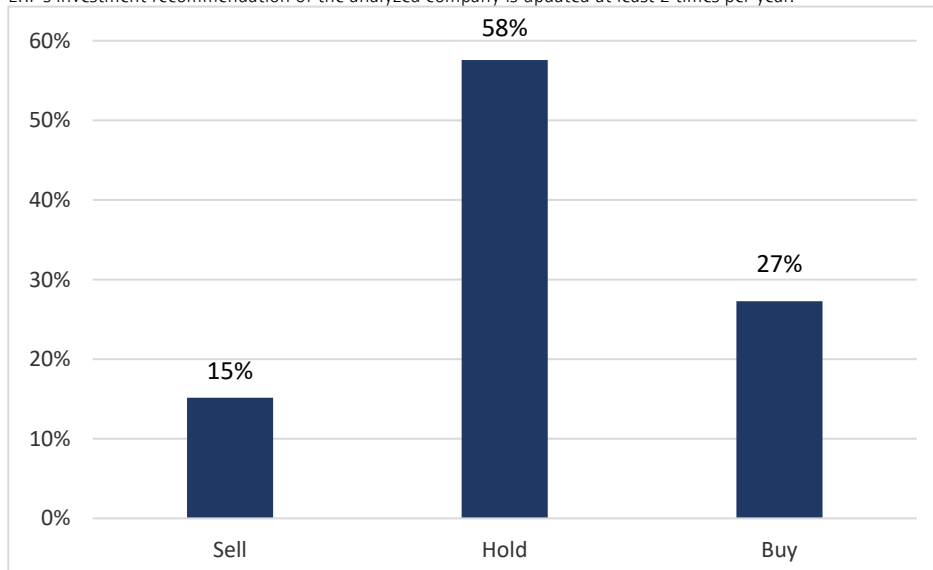
Important Disclosures

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): Ilvonen

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 [26.4.2024, 9:10]. This report has been published on [26.4.2024, 9:30].

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 Lijja +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

Atte Jortikka +358 40 054 3725
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

EVLI

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