

## Cautious outlook

DT sees growth in IBU sales and double-digit growth in MBU sales in H1 of 2021. Demand in the security market is expected to head for growth in Q2 of 2021 at the earliest. SBU sales will decrease in Q1 year-on-year, but will start to grow in Q2, although demand is still subject to uncertainty. Total net sales are expected to decrease in Q1 and grow in H1 of 2021. DT sees predictability of the company's target markets still lower than usual due to the extraordinary uncertainty caused by the pandemic.

- **Group level results:** Q4 net sales amounted to EUR 19.9m (-20,4% y/y) vs. EUR 22.2m/22.2m Evli/consensus estimates. Q4 EBIT was EUR 2.3m (11,8% margin) vs. EUR 2.7m/2.75m Evli/cons. R&D costs amounted to EUR 2.2m or 11,2% of net sales (Q4'19: 2.6m, 10,6%).
- **Security and Industrial Business Unit (SBU)** had net sales of EUR 9.0m vs. EUR 11.3m Evli estimate. SBU sales declined -45,5% y/y, mainly due the COVID-19 pandemic affecting security investments. DT does not expect demand in the security market to improve before Q2 2021.
- **Medical Business Unit (MBU)** delivered net sales of EUR 10.9m which was in line with our estimate of EUR 10.9m. Net sales of MBU increased by 27,7% y/y due continued strong demand in healthcare. DT expects double-digit growth in MBU sales in Q1 and Q2 2021.
- **Dividend proposal** is 0.28 (0.28/0.25 Evli/cons).
- Number of active customers increased by almost 20% in 2020 to reach 330
- **New segment;** as of Q1/21, DT will report three business segments; MBU, SBU and new Industrial Solutions Business Unit (IBU), which previously was part of SBU. Industrial sales accounted for over EUR 10m (25%) of SBU sales in 2020.
- **No change in medium-term targets;** at least 10% net sales growth, EBIT margin at or above 15%.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	24.60
Target price, EUR	26.5
Latest change in recommendation	23-Oct-20
Latest report on company	27-Jan-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	14,375
No. of shares fully diluted, '000's	14,875
Market cap, EURm	354
Free float, %	-
Exchange rate	-
Reuters code	DETEC.HE
Bloomberg code	DETEC FH
Average daily volume, EURm	-
Next interim report	-
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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
2018	93.9	18.5	19.7%	1.4	1.03	15.1	2.2	11.1	0.6	0.38
2019	102.5	17.0	16.6%	7.6	0.87	29.5	3.4	20.4	2.1	0.38
2020E	83.8	9.1	10.8%	12.8	0.46	53.6	4.0	36.7	3.6	0.28
2021E	96.0	13.5	14.0%	6.9	0.74	33.3	3.4	24.5	2.0	0.38
2022E	110.7	18.8	17.0%	10.6	1.05	23.5	2.9	17.3	3.0	0.42
Market cap, EURm			354	BV per share 2020E, EUR		-39.2	CAGR EPS 2019-22, %			6.5
Net debt 2020E, EURm			-20	Price/book 2020E		6.8	CAGR sales 2019-22, %			2.6
Enterprise value, EURm			333	Dividend yield 2020E, %		1.1	ROE 2020E, %			11.9
Total assets 2020E, EURm			68	Tax rate 2020E, %		20.4	ROCE 2020E, %			15.0
Goodwill 2020E, EURm			0	Equity ratio 2020E, %		77.7	PEG, P/E 20/CAGR			1.8

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

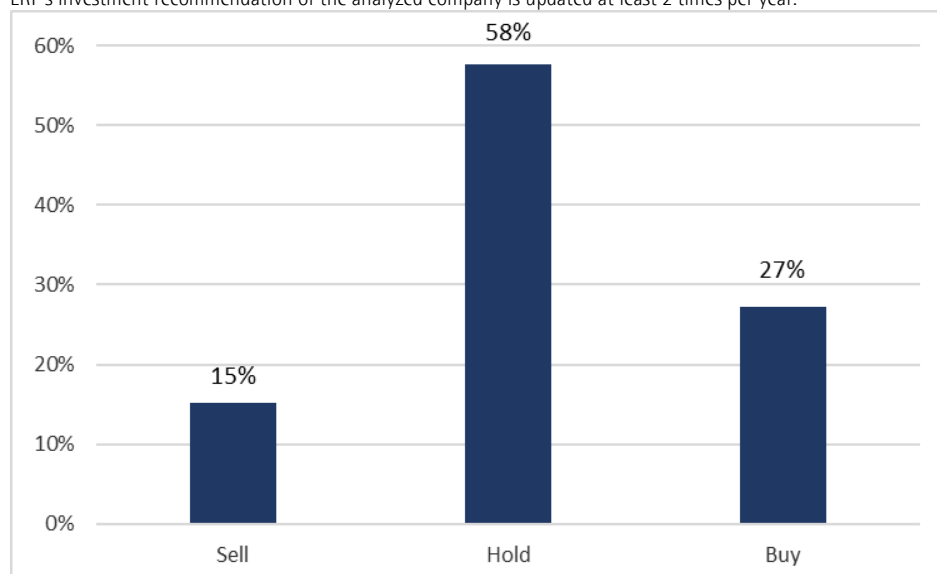
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Investment recommendations are defined as follows:

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

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): Forslund

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