

## Decent result despite COVID hammering net sales lower than expected

DT's Q2 net sales were EUR 21.1m (-23.2% y/y) vs. EUR 25m/25.3m Evli/consensus estimates. SBU sales declined -42.1% to EUR 11.2m (EUR 15.2m our expectation) and MBU sales increased +22.5% to EUR 9.9m (EUR 9.8m our expectation). DT's Q2 EBIT came in at EUR 2.6m vs. our estimates of EUR 1.9m (EUR 3.0m cons). DT continues to expect SBU sales to decrease and MBU sales to increase in 2020.

- **Group level results:** Q2 net sales amounted to EUR 21.1m (-23.2% y/y) vs. EUR 25m/25.3m Evli/consensus estimates. Q2 EBIT was EUR 2.6m (12.3% margin) vs. EUR 1.9m/3.0m Evli/cons. R&D costs amounted to EUR 2.7m or 12.7% of net sales (Q2'19: 2.9m, 10.7%).
- **Security and Industrial Business Unit (SBU)** had net sales of EUR 11.2m vs. EUR 15.2m Evli estimate. SBU sales declined -42.1% y/y, mainly due the COVID-19 pandemic. DT continues to expect that security market will not return to growth path this year (same guidance in Q1'20).
- **Medical Business Unit (MBU)** delivered net sales of EUR 9.9m which was in line with our estimate of EUR 9.8m. Net sales of MBU increased by +22.5% y/y due continued strong demand in medical CT imaging. DT expects MBU sales growth to continue in the second half driven by the demand in CT applications.
- **No change in medium-term targets;** at least 10% net sales growth, EBIT margin at or above 15%.

Rating	 BUY
Share price, EUR (Last trading day's closing price)	19.50
Target price, EUR	22.0
Latest change in recommendation	21-Apr-20
Latest report on company	30-Jul-20
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	280
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	99.2	13.0	13.1%	10.5	0.71	27.4	2.6	19.6	3.7	0.38
2021E	111.6	18.4	16.5%	11.1	1.02	19.0	2.2	13.5	3.9	0.41
2022E	125.2	21.9	17.5%	13.7	1.22	16.0	1.9	11.0	4.9	0.49

Market cap, EURm	280	BV per share 2020E, EUR	-40.3	CAGR EPS 2019-22, %	12.1
Net debt 2020E, EURm	-25	Price/book 2020E	4.4	CAGR sales 2019-22, %	6.9
Enterprise value, EURm	255	Dividend yield 2020E, %	1.9	ROE 2020E, %	16.9
Total assets 2020E, EURm	76	Tax rate 2020E, %	20.0	ROCE 2020E, %	20.4
Goodwill 2020E, EURm	0	Equity ratio 2020E, %	84.2	PEG, P/E 20/CAGR	1.6

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

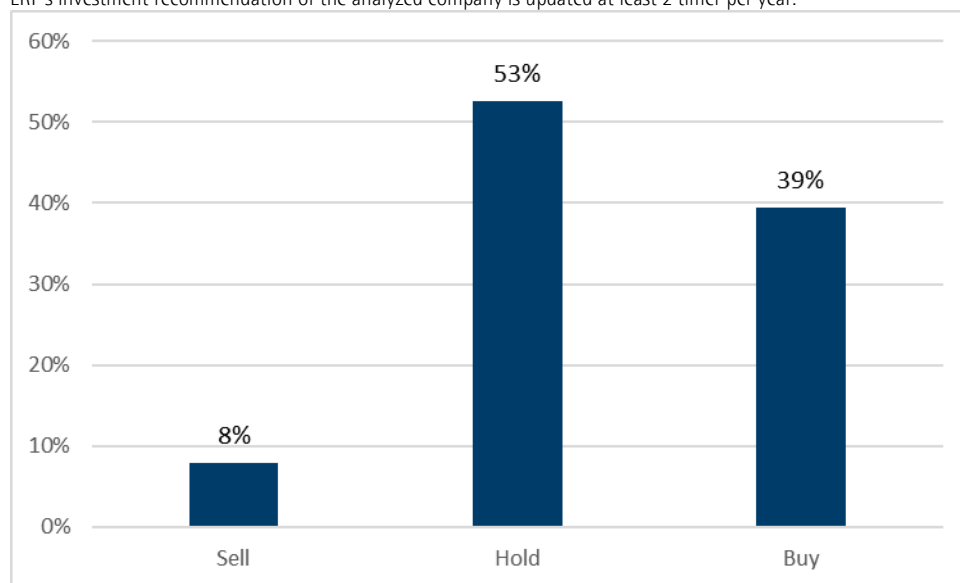
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Investment recommendations are defined as follows:

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

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 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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