

Slight dent in growth story

DT reported a Q4 that clearly missed ours and market expectations. DT's lowered medium-term financial target regarding sales growth also put a slight dent in our growth story investment case. Due to the miss and lowered medium-term growth target, we have clearly cut our estimates for the coming years. Despite our estimates cut, we remain, as noted in our preview comment, positive towards the longer-term investment case as we continue to see DT executing well on a growth market with strong drivers. Our target price remains EUR 24, recommendation is now HOLD (prev. BUY).

Q4 result missed clearly expectations, FY'19 growth decent

DT's Q4 net sales amounted to EUR 25m (-2.5% y/y) vs. EUR 27.7m/27.4m Evli/consensus estimates. Q4 EBIT was EUR 3.2m (12.8% margin) vs. EUR 5.1m/4.7m Evli/cons. R&D costs amounted to EUR 2.66m or 10.6% of net sales. Dividend proposal is 0.38 (0.38 Evli / 0.39 cons.). SBU had net sales of EUR 16.4m vs. EUR 19m Evli estimate. SBU sales grew 6% y/y, but growth was affected by temporarily lower sales in CT products and delayed deliveries to one key customer. MBU delivered net sales of EUR 8.6m which was in line with our estimate of EUR 8.7m. Net sales of MBU decreased by -15.4% y/y due to continued softness in the medical imaging market. In FY'19, DT posted +9.2% growth (+5.5% in FY'18), with 16.6% EBIT-margin (19.7% in FY'18) hampered by increased costs and slowdown in MBU.

Growth to continue in 2020, but circumstances lower visibility

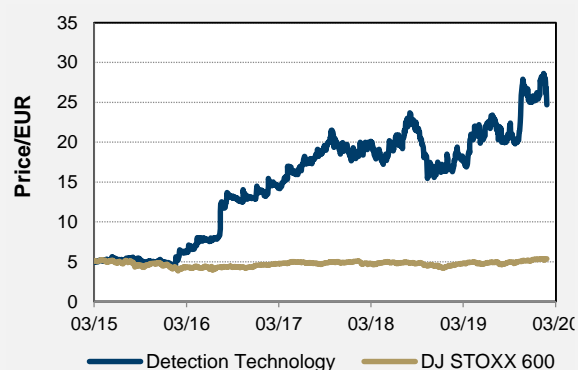
As usual, the visibility in DT's case is quite low. DT estimates annual growth to remain at previous 5-6% level in all market segments in 2020, but coronavirus may have a temporary adverse impact on growth in H1. DT also estimates the temporary slowdown in the global medical CT market to continue in Q1, and the situation to normalize at the end of 2020. DT still sees H1 growth despite headwinds. DT expects significant sales contribution in 2020E from recently launched Aurora product family for SBU as well as roughly 1 MEUR contribution from X-Panel on MBU side.

Estimates cut, we maintain target price of EUR 24

Based on the Q4 report and lowered longer-term sales growth targets, we have cut our sales estimates 7-9% and our EBIT estimates 17-20% for 2020-21E. We now estimate DT to grow 10% and 12.5% in 2020-21E (prev.14-15%). We estimate 2020E EBIT to grow 12% to 19 MEUR (17% EBIT margin) as SBU's Aurora volumes ramp-up in H2 and MBU returns to growth mode after temporary slowdown. On our new estimates, DT is trading at '20E 17.2x EV/EBIT and 23.6x P/E, which is broadly in line with our peer group. Despite our estimates cut, we remain, as noted in our preview comment, positive towards the longer-term investment case as we continue to see DT executing well on a growth market with strong drivers. We do not however currently have enough conviction in our estimates; therefore, we maintain our target price at EUR 24, recommendation is now HOLD (prev. BUY).

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 24.70

Target price, EUR 24.0

Latest change in recommendation 01-Feb-19

Latest report on company 06-Feb-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 355

Free float, % -

Exchange rate -

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm -

Next interim report 27-Apr-20

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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
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	31.7	3.7	22.0	1.9	0.38
2020E	112.3	19.0	16.9%	12.5	1.05	23.6	2.9	17.2	3.5	0.42
2021E	126.3	22.1	17.5%	12.5	1.23	20.1	2.5	14.5	3.5	0.49
2022E	141.8	25.5	18.0%	14.8	1.42	17.4	2.2	12.3	4.2	0.57
Market cap, EURm	355			Gearing 2020E, %	-40.4		CAGR EPS 2019-22, %		17.9	
Net debt 2020E, EURm	-27			Price/book 2020E	5.2		CAGR sales 2019-22, %		11.4	
Enterprise value, EURm	328			Dividend yield 2020E, %	1.7		ROE 2020E, %		23.8	
Total assets 2020E, EURm	83			Tax rate 2020E, %	20.0		ROCE 2020E, %		28.6	
Goodwill 2020E, EURm	0			Equity ratio 2020E, %	82.4		PEG, P/E 20/CAGR		3.1	

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

Updated medium term financial targets: At least 10% annual sales growth and EBIT margin at or above 15% in the medium term

Updated financial targets puts slight dent in growth story

DT updated its medium-term financial targets; DT now aims to grow at least 10% (prev. 15%) and achieve EBIT-margin at or above 15% (no change) in medium term. DT announced in Q2'19 its updated strategy until 2025; the new strategic target is to be the growth leader in digital x-ray imaging detector solutions and a significant player in other technologies and applications where the company sees good business opportunities. DT estimates that the market for digital x-ray imaging detector solutions will be around EUR 3 billion in 2025. DT's previous strategy until 2020 was based on being the leader in computed tomography and line-scan x-ray detectors and solutions. The total market, as per the company's previous strategy, is estimated to be around EUR 700 million in 2020, of which DT has roughly 20% share. Despite a larger market scope, DT sees moderating the sales growth targets as prudent as growth becomes more difficult as a +100 MEUR revenue company. We've emphasized the growth story in our investment case based on the strong growth drivers, especially in China, where Beijing's "Made in China 2025" initiative has led to double digit growth rates for many local Chinese OEM's that are DT's clients. Although market drivers remain intact, we lower our sales growth estimates for 2020-21E from 14-15% to 10-12.5% based on the updated financial targets.

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	23.1	27.5	26.9	25.0	102.5	23.6	28.9	29.9	29.9	112.3	126.3	141.8
EBITDA	4.4	5.5	5.7	4.3	19.9	4.2	5.7	5.9	6.1	21.9	25.1	28.7
<i>EBITDA margin (%)</i>	<i>19.2</i>	<i>20.0</i>	<i>21.3</i>	<i>17.1</i>	<i>19.5</i>	<i>17.8</i>	<i>19.7</i>	<i>19.7</i>	<i>20.4</i>	<i>19.5</i>	<i>19.9</i>	<i>20.2</i>
EBIT	3.9	4.8	5.1	3.2	17.0	3.6	5.1	5.3	5.0	19.0	22.1	25.5
<i>EBIT margin (%)</i>	<i>16.7</i>	<i>17.5</i>	<i>19.1</i>	<i>12.8</i>	<i>16.6</i>	<i>15.3</i>	<i>17.6</i>	<i>17.7</i>	<i>16.7</i>	<i>16.9</i>	<i>17.5</i>	<i>18.0</i>
Net financial items	0.0	-0.7	-0.1	-0.2	-1.0	0.0	0.0	0.0	0.0	-0.2	0.0	0.0
Pre-tax profit	3.9	4.2	5.0	3.0	16.0	3.6	5.1	5.3	5.0	18.8	22.1	25.5
Tax	-0.3	-0.9	-1.0	-1.3	-3.6	-0.7	-1.0	-1.0	-1.0	-3.8	-4.4	-5.1
<i>Tax rate (%)</i>	<i>9.1</i>	<i>22.9</i>	<i>20.0</i>	<i>41.6</i>	<i>22.2</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	3.5	3.2	4.0	1.8	12.5	2.8	4.0	4.2	4.0	15.0	17.7	20.4
EPS	0.24	0.22	0.28	0.12	0.87	0.20	0.28	0.29	0.28	1.05	1.23	1.42
EPS adjusted (diluted no. of shares)	0.24	0.22	0.27	0.12	0.84	0.19	0.27	0.28	0.27	1.01	1.19	1.37
Dividend per share	0.00	0.00	0.00	0.00	0.38	0.00	0.00	0.00	0.00	0.42	0.49	0.57
SALES, EURm												
MBU	8.6	8.1	8.4	8.6	33.7	8.0	8.5	9.4	9.7	35.6	40.0	44.8
SBU	14.5	19.4	18.6	16.4	68.9	15.6	20.4	20.5	20.2	76.7	86.4	97.0
Total	23.1	27.5	26.9	25.0	102.5	23.6	28.9	29.9	29.9	112.3	126.3	141.8
SALES GROWTH, Y/Y %												
<i>MBU</i>	<i>15.0</i>	<i>-12.1</i>	<i>-27.4</i>	<i>-14.9</i>	<i>-12.1</i>	<i>-7.0</i>	<i>4.9</i>	<i>12.6</i>	<i>12.8</i>	<i>5.8</i>	<i>12.3</i>	<i>12.0</i>
<i>SBU</i>	<i>22.9</i>	<i>27.6</i>	<i>41.6</i>	<i>5.8</i>	<i>23.8</i>	<i>7.6</i>	<i>5.2</i>	<i>10.5</i>	<i>23.2</i>	<i>11.4</i>	<i>12.6</i>	<i>12.3</i>
<i>Total</i>	<i>19.8</i>	<i>12.6</i>	<i>9.3</i>	<i>-2.3</i>	<i>9.2</i>	<i>2.2</i>	<i>5.1</i>	<i>11.2</i>	<i>19.6</i>	<i>9.6</i>	<i>12.5</i>	<i>12.2</i>
EBIT, EURm												
Total	3.9	4.8	5.1	3.2	17.0	3.6	5.1	5.3	5.0	19.0	22.1	25.5
EBIT margin, %												
<i>Total</i>	<i>16.7</i>	<i>17.5</i>	<i>19.1</i>	<i>12.8</i>	<i>16.6</i>	<i>15.3</i>	<i>17.6</i>	<i>17.7</i>	<i>16.7</i>	<i>16.9</i>	<i>17.5</i>	<i>18.0</i>

Peer group table

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	EBIT %	EBIT %	EBIT %	EBITDA %	EBITDA %	EBITDA %	ROCE %	ROCE %	ROCE %
			19E	20E	21E	19E	20E	21E	19E	20E	21E
First Sensor AG	SIS-DE	392	4	9	9	10	15	15			
Hamamatsu Photonics K.K.	6965-JP	6244	17	18	19	26	27	28	12	12	12
OSI Systems, Inc.	OSIS-US	1503	10	10	11	16	17	17			
Varex Imaging Corporation	VREX-US	945	9	9	11	15	15	18	9	8	9
ams AG	AMS-CH	3329	18	21	21	30	32	33	10	12	12
Analog Devices, Inc.	ADI-US	37302	41	40	42	46	46	47	12	12	13
Keysight Technologies Inc	KEYS-US	16010	24	25	26	27	28	28	18	17	16
Spectris plc	SXS-GB	3682	15	15	16	20	19	19	16	15	14
Oxford Instruments plc	OXIG-GB	1073	16	16	16	18	19	19	21	21	20
Trimble Inc.	TRMB-US	9735	20	21	22	22	23	24	14	14	14
Hexagon AB Class B	HEXA.B-SE	19016	25	26	27	34	35	35	11	11	12
Vaisala Oyj Class A	VAIAS-FI	1308	10	11	12	15	16	16	21	24	26
Peer Group Average		8143	17	18	19	23	24	25	15	15	15
Peer Group Median		3682	17	18	19	21	22	23	14	14	14
Detection Technology (Evli est.)		359	17	17	18	19,5	19,5	19,9	28	29	30

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	ROE %	ROE %	ROE %	DIV %	DIV %	DIV %	P/E	P/E	P/E
			19E	20E	21E	19E	20E	21E	19E	20E	21E
First Sensor AG	SIS-DE	392	9	11	11	0,5	0,5	0,5	46,9x	40,0x	34,1x
Hamamatsu Photonics K.K.	6965-JP	6244	10	10	10	0,8	0,8	0,9	37,8x	36,0x	32,5x
OSI Systems, Inc.	OSIS-US	1503	16	15	16				21,1x	19,4x	17,5x
Varex Imaging Corporation	VREX-US	945	12	12	14				21,0x	19,5x	15,2x
ams AG	AMS-CH	3329	21	20	20	0,3	0,7	1,5	11,3x	9,6x	8,2x
Analog Devices, Inc.	ADI-US	37302	17	15	17	1,9	2,0	2,1	21,8x	23,5x	20,1x
Keysight Technologies Inc	KEYS-US	16010	33	29	26	0,0	0,0	0,0	20,0x	18,3x	16,5x
National Instruments Corporation	NATI-US	5319							36,9x	26,5x	33,6x
Spectris plc	SXS-GB	3682	15	14	14	2,3	2,4	2,5	16,7x	17,2x	16,2x
Oxford Instruments plc	OXIG-GB	1073	20	19	17	0,9	1,0	1,0	22,2x	21,2x	20,2x
Trimble Inc.	TRMB-US	9735	16	16	16	0,0	0,0	0,0	22,5x	20,8x	18,0x
Hexagon AB Class B	HEXA.B-SE	19016	14	14	14	1,2	1,3	1,4	24,9x	22,5x	20,7x
Vaisala Oyj Class A	VAIAS-FI	1308	18	19	19	1,7	1,8	1,9	39,1x	34,9x	32,0x
Peer Group Average		8143	17	16	16	1,0	1,1	1,2	26,3x	23,8x	21,9x
Peer Group Median		3682	16	15	16	0,9	0,9	1,2	22,2x	21,2x	20,1x
Detection Technology (Evli est.)		359	23	24	24	1,4	1,7	2,0	31,7x	23,6x	20,1x
									43 %	11 %	0 %

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	EV/S	EV/S	EV/S	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT
			19E	20E	21E	19E	20E	21E	19E	20E	21E
First Sensor AG	SIS-DE	392	2,5x	2,3x	2,0x	24,2x	15,5x	13,4x	70,4x	25,6x	21,8x
Hamamatsu Photonics K.K.	6965-JP	6244	5,0x	4,8x	4,5x	17,9x	17,9x	15,8x	26,4x	26,3x	23,6x
OSI Systems, Inc.	OSIS-US	1503	1,6x	1,6x	1,4x	10,9x	9,4x	8,3x	18,5x	15,1x	12,8x
Varex Imaging Corporation	VREX-US	945	1,8x	1,7x	1,6x	13,0x	11,5x	8,8x	20,4x	18,5x	14,8x
ams AG	AMS-CH	3329	2,4x	2,0x	1,7x	7,0x	6,2x	5,2x	11,9x	9,6x	8,1x
Analog Devices, Inc.	ADI-US	37302	7,7x	8,1x	7,3x	17,5x	17,5x	15,7x	20,0x	20,4x	17,5x
Keysight Technologies Inc	KEYS-US	16010	4,4x	4,0x	3,7x	17,6x	14,4x	12,9x	20,0x	16,3x	14,4x
Spectris plc	SXS-GB	3682	2,0x	2,0x	1,9x	10,3x	10,4x	9,8x	13,8x	13,2x	12,2x
Oxford Instruments plc	OXIG-GB	1073	2,6x	2,5x	2,4x	13,5x	13,2x	12,6x	15,7x	15,8x	15,0x
Trimble Inc.	TRMB-US	9735	3,8x	3,5x	3,1x	16,7x	15,4x	13,2x	18,2x	16,9x	14,3x
Hexagon AB Class B	HEXA.B-SE	19016	5,4x	5,0x	4,7x	15,6x	14,6x	13,2x	21,3x	19,5x	17,5x
Vaisala Oyj Class A	VAIAS-FI	1308	3,3x	3,1x	2,9x	18,4x	19,1x	17,7x	27,1x	26,9x	24,6x
Peer Group Average		8143	3,5x	3,4x	3,1x	15,2x	13,8x	12,2x	23,6x	18,7x	16,4x
Peer Group Median		3682	2,9x	2,8x	2,7x	16,1x	14,5x	13,0x	20,0x	17,7x	14,9x
Detection Technology (Evli est.)		359	3,7x	2,9x	2,5x	18,8x	15,0x	12,8x	22,0x	17,2x	14,5x
			25 %	5 %	-4 %	17 %	3 %	-2 %	10 %	-3 %	-3 %

Premium/discount relative to peer group median

Source: Factset, Evli Research

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	Sales growth %	Sales growth %	Sales growth %	Net debt / EBITDA	Net debt / EBITDA	Net debt / EBITDA	Equity ratio %	Equity ratio %	Equity ratio %
			19E	20E	21E	19E	20E	21E	19E	20E	21E
First Sensor AG	SIS-DE	392	9,1	9,5	10,6	1,0x	0,4x	0,1x	53,3	54,2	56,3
Hamamatsu Photonics K.K.	6965-JP	6244	11,8	3,6	5,2	-1,9x	-2,0x	-2,1x	78,3	79,6	80,7
OSI Systems, Inc.	OSIS-US	1503	23,0	3,6	0,0	1,3x	1,2x	0,7x			
Varex Imaging Corporation	VREX-US	945	11,8	2,3	2,9	3,1x	2,7x	1,7x	42,6	44,2	47,5
ams AG	AMS-CH	3329	81,4	13,9	8,1	1,7x	1,0x	0,5x	40,6	45,2	50,9
Analog Devices, Inc.	ADI-US	37302	15,4	-5,5	8,6	1,7x	1,7x	1,3x	54,6	55,8	57,5
Keysight Technologies Inc	KEYS-US	16010	32,7	6,1	6,7	0,9x	0,4x	0,1x	45,4	49,7	54,5
National Instruments Corporation	NATI-US	5319	5,0	4,9	0,0				71,2	73,9	75,3
Spectris plc	SXS-GB	3682	7,3	-6,5	2,9	0,1x	-0,3x	-0,6x	62,6	66,1	67,8
Oxford Instruments plc	OXIG-GB	1073	19,8	2,7	2,9	-0,2x	-0,3x	-0,3x	57,4	62,7	65,4
Trimble Inc.	TRMB-US	9735	21,6	4,1	7,1	2,2x	1,4x	0,6x	48,7	52,0	55,3
Hexagon AB Class B	HEXA.B-SE	19016	13,3	5,5	5,5	1,5x	1,1x	0,6x	57,3	59,1	60,3
Vaisala Oyj Class A	VAIAS-FI	1308	20,7	5,3	4,9	-0,3x	-0,5x	-0,6x	52,9	54,3	56,2
Peer Group Average		8143	21,0	3,8	6,0	0,9x	0,6x	0,2x	55,4	58,1	60,6
Peer Group Median		3682	15,4	4,1	5,5	1,2x	0,7x	0,3x	53,9	55,0	56,9
Detection Technology (Evli est.)		359	9,2	9,6	12,5	-1,0x	-1,3x	-1,4x	76,6	82,4	84,0

Source: Factset, Evli Research

Updated on February 10th, 2020

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	42.8	75.5	89.0	93.9	102.5	112.3	126.3	141.8
<i>Sales growth (%)</i>	<i>29.2</i>	<i>76.5</i>	<i>17.9</i>	<i>5.5</i>	<i>9.2</i>	<i>9.6</i>	<i>12.5</i>	<i>12.2</i>
EBITDA	5.8	17.3	22.1	20.9	19.9	21.9	25.1	28.7
<i>EBITDA margin (%)</i>	<i>13.4</i>	<i>22.9</i>	<i>24.9</i>	<i>22.3</i>	<i>19.5</i>	<i>19.5</i>	<i>19.9</i>	<i>20.2</i>
Depreciation	-1.3	-2.5	-2.2	-2.4	-2.9	-2.9	-3.0	-3.2
EBITA	4.5	14.8	19.9	18.5	17.0	19.0	22.1	25.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.5	14.8	19.9	18.5	17.0	19.0	22.1	25.5
<i>EBIT margin (%)</i>	<i>10.5</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>16.9</i>	<i>17.5</i>	<i>18.0</i>
Reported EBIT	3.4	14.8	19.9	18.5	17.0	19.0	22.1	25.5
<i>EBIT margin (reported) (%)</i>	<i>8.0</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>16.9</i>	<i>17.5</i>	<i>18.0</i>
Net financials	-2.4	-0.7	-0.5	-0.1	-1.0	-0.2	0.0	0.0
Pre-tax profit	2.1	14.1	19.4	18.4	16.0	18.8	22.1	25.5
Taxes	-0.1	-3.2	-4.2	-3.6	-3.6	-3.8	-4.4	-5.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.9	10.9	15.2	14.9	12.5	15.0	17.7	20.4
Cash NRIs	-1.1	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	7	6	6	9	10	10	11	13
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	7	11	9	13	14	15	17	20
Receivables	14	22	21	27	27	29	33	37
Liquid funds	7	16	27	22	26	28	34	42
Total assets	35	54	62	71	77	83	95	111
Liabilities								
Shareholder's equity	21	31	42	51	58	68	80	93
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	1	7	5	4	6	1	0	0
Non-interest bearing current liabilities	11	14	15	15	12	14	15	17
Other interest-free debt	2	3	1	0	1	1	1	1
Total liabilities	35	54	62	71	77	83	95	111
CASH FLOW, EURm								
+ EBITDA	6	17	22	21	20	22	25	29
- Net financial items	4	8	11	0	-1	0	0	0
- Taxes	0	-1	-3	-5	-4	-4	-4	-5
- Increase in Net Working Capital	-2	-11	1	-10	-3	-3	-4	-4
+/- Other	-8	-9	-12	0	0	0	0	0
= Cash flow from operations	0	5	19	6	12	15	17	19
- Capex	-5	-2	-2	-5	-4	-3	-4	-5
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-4	3	17	1	8	12	13	15
+/- New issues/buybacks	19	0	-1	0	0	0	0	0
- Paid dividend	0	-1	-3	-5	-5	-5	-6	-7
+/- Other	-10	6	-2	0	2	-5	-1	0
Change in cash	4	8	11	-4	4	2	5	8

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	188	250	224	395	355	355	355
Net debt (excl. convertibles)	-9	-22	-18	-20	-27	-34	-42
Enterprise value	179	228	206	375	328	321	313
Sales	76	89	94	103	112	126	142
EBITDA	17	22	21	20	22	25	29
EBIT	15	20	19	17	19	22	26
Pre-tax	14	19	18	16	19	22	26
Earnings	11	15	15	12	15	18	20
Equity book value (excl. minorities)	31	42	51	58	68	80	93
Valuation multiples							
EV/sales	2.4	2.6	2.2	3.7	2.9	2.5	2.2
EV/EBITDA	10.3	10.3	9.8	18.8	15.0	12.8	10.9
EV/EBITA	12.1	11.5	11.1	22.0	17.2	14.5	12.3
EV/EBIT	12.1	11.5	11.1	22.0	17.2	14.5	12.3
EV/OCF	36.6	12.3	33.6	31.1	21.5	19.1	16.2
EV/FCFF	48.3	13.3	142.7	44.9	25.9	25.6	21.2
P/FCFE	57.3	14.9	162.4	52.2	28.4	28.3	24.0
P/E	17.2	16.5	15.1	31.7	23.6	20.1	17.4
P/B	6.1	6.0	4.4	6.8	5.2	4.5	3.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	14.5	12.4	10.6
Target EV/EBIT	0.0	0.0	0.0	0.0	16.7	14.1	11.9
Target EV/FCF	0.0	0.0	0.0	0.0	25.4	24.8	20.5
Target P/B	0.0	0.0	0.0	0.0	5.1	4.3	3.7
Target P/E	0.0	0.0	0.0	0.0	23.7	20.2	17.5
Per share measures							
Number of shares	13,426	13,901	14,375	14,375	14,375	14,375	14,375
Number of shares (diluted)	13,426	13,901	14,849	14,875	14,875	14,875	14,875
EPS	0.81	1.09	1.03	0.87	1.05	1.23	1.42
Operating cash flow per share	0.36	1.34	0.43	0.84	1.06	1.17	1.34
Free cash flow per share	0.24	1.21	0.10	0.53	0.87	0.87	1.03
Book value per share	2.30	3.00	3.57	4.06	4.73	5.54	6.47
Dividend per share	0.25	0.35	0.38	0.38	0.42	0.49	0.57
Dividend payout ratio, %	30.8	32.1	36.7	43.9	40.0	40.0	40.0
Dividend yield, %	1.8	1.9	2.4	1.5	1.7	2.0	2.3
FCF yield, %	1.7	6.7	0.6	1.9	3.5	3.5	4.2
Efficiency measures							
ROE	41.9	41.8	32.0	22.7	23.8	23.9	23.7
ROCE	48.2	47.4	36.4	28.5	28.6	29.8	29.6
Financial ratios							
Inventories as % of sales	14.0	9.6	14.2	13.8	13.8	13.8	13.8
Receivables as % of sales	28.6	24.1	28.4	25.9	25.9	25.9	25.9
Non-interest bearing liabilities as % of sales	18.7	16.8	16.4	12.1	12.1	12.1	12.1
NWC/sales, %	21.5	15.7	25.9	27.0	27.1	27.1	27.2
Operative CAPEX/sales, %	2.1	2.1	5.0	4.4	2.4	3.4	3.2
CAPEX/sales (incl. acquisitions), %	2.1	2.1	5.0	4.4	2.4	3.4	3.2
FCFF/EBITDA	0.2	0.8	0.1	0.4	0.6	0.5	0.5
Net debt/EBITDA, book-weighted	-0.5	-1.0	-0.9	-1.0	-1.3	-1.4	-1.5
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	57.8	67.5	73.0	76.6	82.4	84.0	84.5
Gearing, %	-29.2	-52.3	-35.6	-34.9	-40.4	-42.6	-44.8

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 over 500 employees in Finland, China, France and USA, serving 260 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. Due to its proximity to the fastest growing market China and inexpensive valuation, DT could be also become an acquisition target.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ac Invest Seven B.V.	5,205,167	128.568	36.2%
OP-Finland Value Fund	651,065	16.081	4.5%
Ilmarinen Mutual Pension Insurance Company	554,000	13.684	3.9%
Varma Mutual Pension Insurance Company	515,000	12.720	3.6%
Sijoitusrahasto Aktia Capital	484,762	11.974	3.4%
Fondita Nordic Micro Cap	390,000	9.633	2.7%
Evli Finnish Small Cap Fund	327,259	8.083	2.3%
Martola Hannu Veikko	322,875	7.975	2.2%
Saastopankki Kotimaa	200,000	4.940	1.4%
Ten largest	8,650,128	213.658	60%
Residual	5,725,302	141.415	40%
Total	14,375,430	355.073	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

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CFO: Petri Hiljanen

IR: Johanna Tarkiainen

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

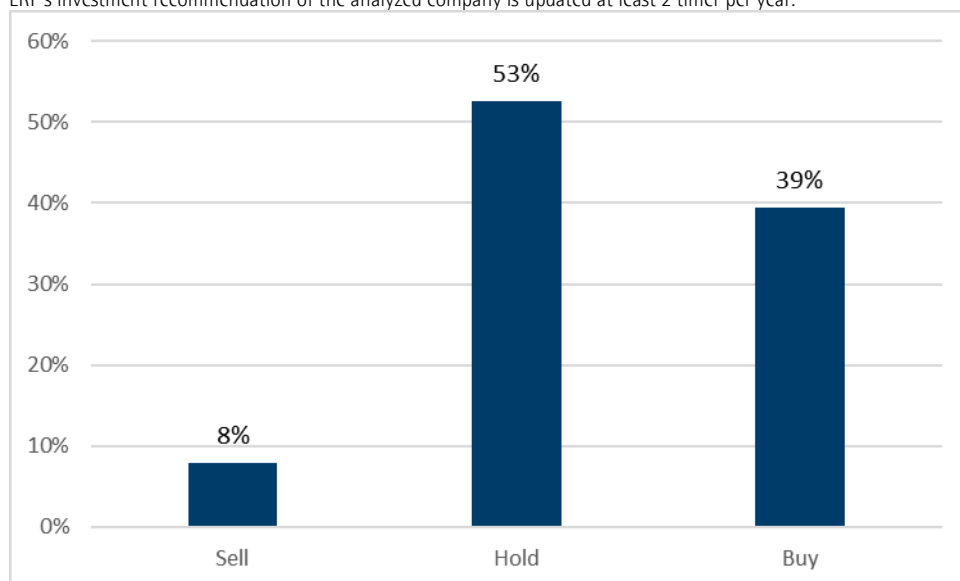
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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