

Performance is improving

Despite the issues in the supply chain, Detection Technology grew in all of its BUs and achieved double-digit growth rates in Q3. Net sales grew by 12.5% driven by strong demand in medical and industrial applications, while security took the first steps towards growth. We retain our HOLD-rating and adjust the target price to EUR 30.5 (32.5).

Q3 fell short of our expectations

DT's Q3 net sales grew by 12.5% y/y to EUR 23.2m (Evli: 21.7% y/y, 25.1m). Healthcare investments continued globally and demand for high-end CT equipment drove the MBU's growth of 18.8% y/y. IBU scored record sales in Q3 by growing 21.5% y/y and managed to win new strategic customers and projects. Despite challenges in the availability of materials, SBU sales were ultimately positive and the market has taken an upward turn towards growth. SBU grew by 0.2% y/y from a weak comparison period. Adj. EBIT improved by 26.5% to EUR 3.3m (14.1% margin) and was below our estimates (Evli: 3.7m).

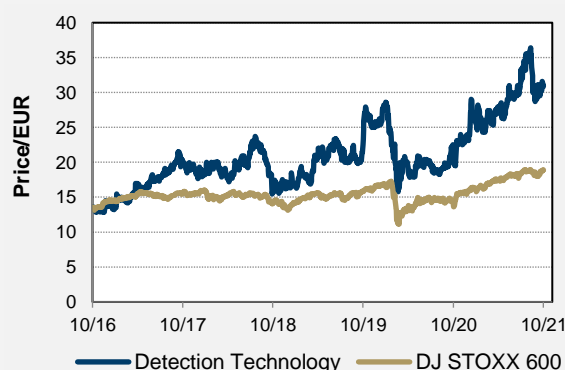
We made some adjustments

Despite the weaker Q3 result than expected, the growth outlook has brightened up and the company expects double-digit growth from all of its BUs in Q4. However, the component shortage is postponing revenue through prolonged delivery times and increasing cost pressures that eventually might narrow the margins. After considering such issues, we have decided to adjust our FY'21 and long-term estimates, now expecting FY'21 net sales of EUR 90.9m and an EBIT margin of 12.7%. During 2022-23, we expect DT to grow by 16.3% and 12.9% respectively as well as reach an EBIT margin of 16.3% and 17% respectively.

HOLD with a target price of EUR 30.5 (32.5)

Given the estimate revision, the current target price (EUR 32.5) doesn't reflect the fair value of DT. On our new target price, the company is still traded with a premium (22E EV/EBIT 11% premium to peer median), but on our view, it's justified given the brightened outlook and growth potential. We retain our HOLD-rating and adjust TP to EUR 30.5 (32.5).

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 31.00

Target price, EUR 30.5

Latest change in recommendation 20-Apr-21

Latest report on company 04-Aug-21

Research paid by issuer: YES

No. of shares outstanding, '000's 14,578

No. of shares fully diluted, '000's 15,078

Market cap, EURm 452

Free float, % -

Exchange rate 0.000

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm 0.0

Next interim report 02-Feb-22

Web site deetee.com/investors/

Analyst Jerker Salokivi

E-mail jerker.salokivi@evli.com

Telephone +358 9 4766 9149

■ 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
2019	102.5	17.0	16.6%	7.6	0.87	29.5	3.4	20.4	2.1	0.38
2020	81.6	8.7	10.7%	4.4	0.47	51.0	4.0	37.1	1.3	0.28
2021E	90.9	11.5	12.7%	7.1	0.65	47.5	4.7	37.3	1.6	0.38
2022E	105.7	17.2	16.3%	7.6	0.92	33.7	4.0	24.9	1.7	0.41
2023E	119.3	20.3	17.0%	9.7	1.08	28.6	3.6	20.9	2.1	0.49
Market cap, EURm			452	Gearing 2021E, %		-35.0	CAGR EPS 2020-23, %			32.3
Net debt 2021E, EURm			-22	Price/book 2021E		7.1	CAGR sales 2020-23, %			13.5
Enterprise value, EURm			430	Dividend yield 2021E, %		1.2	ROE 2021E, %			15.6
Total assets 2021E, EURm			82	Tax rate 2021E, %		20.2	ROCE 2021E, %			17.2
Goodwill 2021E, EURm			0	Equity ratio 2021E, %		78.3	PEG, P/E 21/CAGR			1.7

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

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	EBIT % 21E	EBIT % 22E	EBITDA % 21E	EBITDA % 22E	ROCE % 21E	ROCE % 22E
First Sensor AG	SIS-DE	446						
Hamamatsu Photonics K.K.	6965-JP	8583	15.5	19.9	27.5	28.0	12.5	12.5
OSI Systems, Inc.	OSIS-US	1521	9.9	12.1	17.3	17.7	12.3	14.1
Varex Imaging Corporation	VREX-US	935	3.3	11.6	16.7	17.8		
ams AG	AMS-CH	4161	13.1	9.5	20.9	20.9	5.9	7.4
Analog Devices, Inc.	ADI-US	87054	39.9	44.9	49.6	48.7	11.1	16.4
Keysight Technologies Inc	KEYS-US	29489	24.9	27.7	29.2	30.2	19.3	18.6
Spectris plc	SXS-GB	4821	13.0	17.2	20.1	21.1	15.4	15.9
Oxford Instruments plc	OXIG-GB	1569	17.8	17.7	21.1	20.5	22.0	21.3
Trimble Inc.	TRMB-US	19580	22.9	23.9	24.4	24.9	13.8	14.3
Hexagon AB Class B	HEXA.B-SE	35586	24.8	28.6	37.4	38.0	11.6	12.3
Vaisala Oyj Class A	VAIAS-FI	1679	11.8	13.1	17.4	18.1	19.6	20.7
Peer Group Average		15407	17.7	20.4	25.3	25.8	14.5	15.5
Peer Group Median		4821	15.6	18.0	21.3	22.2	13.8	15.9
Detection Technology (Evli est.)		448	12.7	16.3	16.3	18.9	17.2	23.0

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	ROE % 21E	ROE % 22E	DIV % 21E	DIV % 22E	P/E 21E	P/E 22E
First Sensor AG	SIS-DE	446						
Hamamatsu Photonics K.K.	6965-JP	8583	10.7	10.6	0.6	0.7	43.6x	40.4x
OSI Systems, Inc.	OSIS-US	1521	16.2	16.0	0.0		17.7x	16.2x
Varex Imaging Corporation	VREX-US	935					25.9x	21.2x
ams AG	AMS-CH	4161	7.8	12.3	0.0	0.0	17.9x	11.9x
Analog Devices, Inc.	ADI-US	87054	19.8	23.7	1.3	1.6	27.9x	24.6x
Keysight Technologies Inc	KEYS-US	29489	31.1	27.9	0.0	0.0	29.3x	26.7x
National Instruments Corporation	NATI-US	4866	7.2	11.8	2.5	2.7	59.5x	34.9x
Spectris plc	SXS-GB	4821	13.8	15.1	1.8	2.0	25.6x	22.8x
Oxford Instruments plc	OXIG-GB	1569	35.1	1741.2	0.6	0.8	28.0x	27.6x
Trimble Inc.	TRMB-US	19580	17.2	13.3	0.0	0.0	33.2x	29.3x
Hexagon AB Class B	HEXA.B-SE	35586	15.1	14.5	0.7	0.8	37.0x	34.6x
Vaisala Oyj Class A	VAIAS-FI	1679	22.2	21.3	1.3	1.4	34.9x	32.5x
Peer Group Average		15407	17.8	173.4	0.8	1.0	31.7x	26.9x
Peer Group Median		4821	16.2	15.1	0.6	0.8	28.7x	27.2x
Detection Technology (Evli est.)		448	15.6	19.8	1.2	1.3	47.1x	33.4x

Premium/discount relative to peer group median

64%

23%

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	EV/S 21E	EV/S 22E	EV/EBITDA 21E	EV/EBITDA 22E	EV/EBIT 21E	EV/EBIT 22E
First Sensor AG	SIS-DE	446						
Hamamatsu Photonics K.K.	6965-JP	8583	6.2x	6.0x	22.7x	21.2x	32.7x	29.9x
OSI Systems, Inc.	OSIS-US	1521	1.6x	1.5x	9.5x	8.4x	14.8x	12.3x
Varex Imaging Corporation	VREX-US	935						
ams AG	AMS-CH	4161	1.2x	1.2x	5.9x	5.6x	16.0x	12.4x
Analog Devices, Inc.	ADI-US	87054	14.1x	10.4x	28.4x	21.3x	33.2x	23.2x
Keysight Technologies Inc	KEYS-US	29489	6.6x	6.1x	22.5x	20.2x	24.4x	22.0x
Spectris plc	SXS-GB	4821	3.0x	2.9x	15.1x	13.8x	19.0x	16.8x
Oxford Instruments plc	OXIG-GB	1569	3.8x	3.7x	18.2x	18.0x	21.0x	20.8x
Trimble Inc.	TRMB-US	19580	6.2x	5.6x	25.5x	22.5x	27.1x	23.4x
Hexagon AB Class B	HEXA.B-SE	35586	9.3x	8.4x	25.0x	22.1x	33.4x	29.3x
Vaisala Oyj Class A	VAIAS-FI	1679	3.9x	3.6x	22.2x	19.8x	30.9x	27.3x
Peer Group Average		15407	5.4x	4.8x	19.2x	17.0x	24.9x	21.4x
Peer Group Median		4821	3.9x	3.7x	22.2x	19.8x	24.4x	22.0x
Detection Technology (Evli est.)		448	4.7x	4.0x	28.7x	21.2x	36.9x	24.6x

Premium/discount relative to peer group median

21%

9%

30%

7%

51%

12%

Source: Factset, Evli Research

DETECTION TECHNOLOGY PEER GROUP	Security identifier	MCAP MEUR	Sales growth % 21E	Sales growth % 22E	Net debt / EBITDA 21E	Net debt / EBITDA 22E	Equity ratio % 21E	Equity ratio % 22E
First Sensor AG	SIS-DE	446						
Hamamatsu Photonics K.K.	6965-JP	8583	17.1	3.7	-1.7x	-1.9x	80.6	81.8
OSI Systems, Inc.	OSIS-US	1521	-1.6	0.0	1.0x	0.6x	46.2	50.9
Varex Imaging Corporation	VREX-US	935	9.3	4.9				
ams AG	AMS-CH	4161	52.0	0.6	1.8x	1.5x	31.0	32.4
Analog Devices, Inc.	ADI-US	87054	27.6	35.0	1.1x	0.8x	42.4	41.6
Keysight Technologies Inc	KEYS-US	29489	16.5	5.6	-0.3x	-0.7x	48.8	52.6
National Instruments Corporation	NATI-US	4866	13.7	0.0	-0.6x	-0.5x	66.5	69.9
Spectris plc	SXS-GB	4821	-0.8	2.9	-0.5x	-0.7x	69.8	72.7
Oxford Instruments plc	OXIG-GB	1569	7.6	5.3	-0.5x	-0.4x	65.3	68.7
Trimble Inc.	TRMB-US	19580	14.9	8.3	0.9x	0.2x	56.5	59.2
Hexagon AB Class B	HEXA.B-SE	35586	14.5	9.7	1.2x	0.8x	58.5	61.0
Vaisala Oyj Class A	VAIAS-FI	1679	14.6	6.6	-0.2x	-0.4x	59.6	63.4
Peer Group Average		15407	15.4	8.3	0.2x	-0.1x	56.8	59.5
Peer Group Median		4821	14.6	5.5	-0.2x	-0.4x	58.5	61.0
Detection Technology (Evli est.)		448	11.4	16.3	-1.5x	-1.2x	78.3	76.4

Source: Factset, Evli Research

Updated on October 28th, 2021

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	31.00 PV of Free Cash Flow	106 Long-term growth, %	5.0 Risk-free interest rate, %	2.25
DCF share value	31.82 PV of Horizon value	343 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	2.7 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	31.8 Marketable securities	25 Minimum WACC, %	8.5 Equity beta coefficient	1.10
Minimum value	31.8 Debt - dividend	-10 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	76.4 Value of stock	464 Nr of shares, Mn	14.6 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	82	91	106	119	132	143	150	158	166	174	183	192
<i>Sales growth, %</i>	-20.4	11.4	16.3	12.9	11.0	8.0	5.0	5.0	5.0	5.0	5.0	5.0
Operating income (EBIT)	9	12	17	20	25	27	29	30	31	33	35	36
<i>Operating income margin, %</i>	10.7	12.7	16.3	17.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
+ Depreciation+amort.	3	3	3	2	3	3	4	4	4	4	4	4
EBITDA	12	15	20	23	28	30	32	34	35	37	39	
- Paid taxes	-3	-2	-3	-4	-5	-5	-6	-6	-6	-7	-7	
- Change in NWC	0	-3	-5	-5	-5	-4	-3	-3	-3	-3	-3	
<i>NWC / Sales, %</i>	35.6	35.6	35.7	35.8	35.8	35.9	35.9	35.9	35.9	35.9	36.0	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-3	-2	-3	-4	-4	-4	-4	-4	-5	-5	-5	
<i>opCAPEX / Sales, %</i>	3.8	2.5	3.1	3.1	3.1	3.0	2.8	2.8	2.8	2.8	2.8	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= FCFF	5	7	8	10	14	17	20	21	22	23	24	723
= Discounted FCFF		7	7	8	11	12	13	12	12	12	11	343
= DFCF min WACC		7	7	8	11	12	13	12	12	12	11	343
= DFCF max WACC		7	7	8	11	12	13	12	12	12	11	343

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3	2021Q4E	2021E	2022E	2023E
Net sales	19.9	21.1	20.6	19.9	81.6	18.3	23.5	23.2	25.8	90.9	105.7	119.3
EBITDA	2.0	3.4	3.4	3.1	11.9	1.4	4.6	4.1	4.7	14.8	20.0	22.8
<i>EBITDA margin (%)</i>	<i>9.9</i>	<i>15.9</i>	<i>16.5</i>	<i>15.9</i>	<i>14.6</i>	<i>7.6</i>	<i>19.7</i>	<i>17.6</i>	<i>18.2</i>	<i>16.3</i>	<i>18.9</i>	<i>19.1</i>
EBIT	1.2	2.6	2.6	2.3	8.7	1.4	3.0	3.3	3.9	11.5	17.2	20.3
<i>EBIT margin (%)</i>	<i>6.0</i>	<i>12.3</i>	<i>12.6</i>	<i>11.8</i>	<i>10.7</i>	<i>7.6</i>	<i>12.6</i>	<i>14.1</i>	<i>15.1</i>	<i>12.7</i>	<i>16.3</i>	<i>17.0</i>
Net financial items	0.0	-0.3	-0.1	-0.1	-0.6	0.3	-0.1	0.2	0.0	0.4	-0.4	-0.5
Pre-tax profit	1.2	2.3	2.5	2.2	8.1	1.7	2.9	3.5	3.9	11.9	16.8	19.8
Tax	-0.2	-0.5	-0.8	0.1	-1.4	-0.5	-0.6	-0.6	-0.8	-2.4	-3.4	-4.0
<i>Tax rate (%)</i>	<i>20.0</i>	<i>21.6</i>	<i>31.5</i>	<i>-6.6</i>	<i>16.7</i>	<i>26.6</i>	<i>19.4</i>	<i>18.0</i>	<i>20.0</i>	<i>20.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.9	1.8	1.7	2.4	6.7	1.2	2.3	2.8	3.1	9.5	13.4	15.8
EPS	0.06	0.12	0.12	0.16	0.47	0.09	0.16	0.20	0.21	0.65	0.92	1.08
EPS adjusted (diluted no. of shares)	0.06	0.12	0.11	0.16	0.45	0.08	0.15	0.19	0.20	0.63	0.89	1.05
Dividend per share	0.00	0.00	0.00	0.00	0.28	0.00	0.00	0.00	0.00	0.38	0.41	0.49
SALES, EURm												
MBU	8.4	9.9	10.1	10.9	39.3	10.1	13.6	11.9	14.2	49.8	58.0	65.0
SBU	9.4	7.8	7.4	6.1	30.7	5.8	6.9	7.5	8.0	28.1	32.6	37.0
IBU	2.2	3.4	3.1	2.8	11.6	2.4	3.1	3.8	3.6	12.9	15.0	17.3
Total	19.9	21.1	20.6	19.9	81.6	18.3	23.5	23.2	25.8	90.9	105.7	119.3
SALES GROWTH, Y/Y %												
<i>MBU</i>	<i>-2.3</i>	<i>22.2</i>	<i>20.4</i>	<i>26.7</i>	<i>16.6</i>	<i>20.2</i>	<i>37.0</i>	<i>18.8</i>	<i>30.3</i>	<i>26.9</i>	<i>16.5</i>	<i>12.0</i>
<i>SBU</i>	<i>-35.5</i>	<i>-59.8</i>	<i>-59.9</i>	<i>-62.6</i>	<i>-55.4</i>	<i>-38.0</i>	<i>-11.7</i>	<i>0.2</i>	<i>30.5</i>	<i>-8.4</i>	<i>15.9</i>	<i>13.5</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>9.9</i>	<i>-10.4</i>	<i>21.5</i>	<i>28.5</i>	<i>11.5</i>	<i>16.3</i>	<i>15.0</i>
<i>Total</i>	<i>-13.7</i>	<i>-23.1</i>	<i>-23.3</i>	<i>-20.6</i>	<i>-20.4</i>	<i>-8.2</i>	<i>11.4</i>	<i>12.5</i>	<i>30.1</i>	<i>11.4</i>	<i>16.3</i>	<i>12.9</i>
EBIT, EURm												
Group	1.2	2.6	2.6	2.3	8.7	1.4	3.0	3.3	3.9	11.5	17.2	20.3
Total	1.2	2.6	2.6	2.3	8.7	1.4	3.0	3.3	3.9	11.5	17.2	20.3
EBIT margin, %												
<i>Total</i>	<i>6.0</i>	<i>12.3</i>	<i>12.6</i>	<i>11.8</i>	<i>10.7</i>	<i>7.6</i>	<i>12.6</i>	<i>14.1</i>	<i>15.1</i>	<i>12.7</i>	<i>16.3</i>	<i>17.0</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	75.5	89.0	93.9	102.5	81.6	90.9	105.7	119.3
<i>Sales growth (%)</i>	<i>76.5</i>	<i>17.9</i>	<i>5.5</i>	<i>9.2</i>	<i>-20.4</i>	<i>11.4</i>	<i>16.3</i>	<i>12.9</i>
EBITDA	17.3	22.1	20.9	19.9	11.9	14.8	20.0	22.8
<i>EBITDA margin (%)</i>	<i>22.9</i>	<i>24.9</i>	<i>22.3</i>	<i>19.5</i>	<i>14.6</i>	<i>16.3</i>	<i>18.9</i>	<i>19.1</i>
Depreciation	-2.5	-2.2	-2.4	-2.9	-3.2	-3.3	-2.8	-2.5
EBITA	14.8	19.9	18.5	17.0	8.7	11.5	17.2	20.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	14.8	19.9	18.5	17.0	8.7	11.5	17.2	20.3
<i>EBIT margin (%)</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>10.7</i>	<i>12.7</i>	<i>16.3</i>	<i>17.0</i>
Reported EBIT	14.8	19.9	18.5	17.0	8.7	11.5	17.2	20.3
<i>EBIT margin (reported) (%)</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>10.7</i>	<i>12.7</i>	<i>16.3</i>	<i>17.0</i>
Net financials	-0.7	-0.5	-0.1	-1.0	-0.6	0.4	-0.4	-0.5
Pre-tax profit	14.1	19.4	18.4	16.0	8.1	11.9	16.8	19.8
Taxes	-3.2	-4.2	-3.6	-3.6	-1.4	-2.4	-3.4	-4.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	10.9	15.2	14.9	12.5	6.7	9.5	13.4	15.8
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	6	6	9	10	10	9	10	11
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	11	9	13	14	16	18	21	23
Receivables	22	21	27	27	25	27	32	36
Liquid funds	16	27	22	26	25	28	33	37
Total assets	54	62	71	77	76	82	95	107
Liabilities								
Shareholder's equity	31	42	51	58	58	64	72	82
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	7	5	4	6	6	6	8	9
Non-interest bearing current liabilities	14	15	15	12	11	12	14	16
Other interest-free debt	3	1	0	1	1	1	1	1
Total liabilities	54	62	71	77	76	82	95	107
CASH FLOW, EURm								
+ EBITDA	17	22	21	20	12	15	20	23
- Net financial items	8	11	0	-1	-1	0	0	-1
- Taxes	-1	-3	-5	-5	-3	-2	-3	-4
- Increase in Net Working Capital	-11	1	-10	-2	0	-3	-5	-5
+/- Other	-9	-12	0	0	-1	0	0	0
= Cash flow from operations	5	19	6	12	8	9	11	13
- Capex	-2	-2	-5	-4	-3	-2	-3	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	3	17	1	8	4	7	8	10
+/- New issues/buybacks	0	-1	0	0	-1	0	0	0
- Paid dividend	-1	-3	-5	-5	-5	-4	-6	-6
+/- Other	6	-2	0	2	1	0	2	1
Change in cash	8	11	-4	4	-1	3	5	4

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	250	224	368	344	452	452	452
Net debt (excl. convertibles)	-22	-18	-20	-19	-22	-24	-28
Enterprise value	228	206	348	324	430	427	424
Sales	89	94	103	82	91	106	119
EBITDA	22	21	20	12	15	20	23
EBIT	20	19	17	9	12	17	20
Pre-tax	19	18	16	8	12	17	20
Earnings	15	15	12	7	10	13	16
Equity book value (excl. minorities)	42	51	58	58	64	72	82
Valuation multiples							
EV/sales	2.6	2.2	3.4	4.0	4.7	4.0	3.6
EV/EBITDA	10.3	9.8	17.4	27.3	29.0	21.4	18.6
EV/EBITA	11.5	11.1	20.4	37.1	37.3	24.9	20.9
EV/EBIT	11.5	11.1	20.4	37.1	37.3	24.9	20.9
EV/OCF	12.3	33.6	30.0	43.1	45.6	39.4	31.7
EV/FCFF	13.3	142.7	41.7	65.2	63.2	53.8	42.1
P/FCFE	14.9	162.4	48.7	77.4	63.5	59.3	46.8
P/E	16.5	15.1	29.5	51.0	47.5	33.7	28.6
P/B	6.0	4.4	6.3	5.9	7.1	6.3	5.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	28.5	21.0	18.3
Target EV/EBIT	0.0	0.0	0.0	0.0	36.7	24.5	20.5
Target EV/FCF	0.0	0.0	0.0	0.0	59.4	55.2	43.2
Target P/B	0.0	0.0	0.0	0.0	7.0	6.2	5.5
Target P/E	0.0	0.0	0.0	0.0	48.4	34.3	29.1
Per share measures							
Number of shares	13,901	14,375	14,375	14,375	14,578	14,578	14,578
Number of shares (diluted)	13,901	14,849	14,875	14,875	15,078	15,078	15,078
EPS	1.09	1.03	0.87	0.47	0.65	0.92	1.08
Operating cash flow per share	1.34	0.43	0.81	0.52	0.65	0.74	0.92
Free cash flow per share	1.21	0.10	0.53	0.31	0.49	0.52	0.66
Book value per share	3.00	3.57	4.06	4.06	4.38	4.92	5.59
Dividend per share	0.35	0.38	0.38	0.28	0.38	0.41	0.49
Dividend payout ratio, %	32.1	36.7	43.9	59.7	58.2	45.0	45.0
Dividend yield, %	1.9	2.4	1.5	1.2	1.2	1.3	1.6
FCF yield, %	6.7	0.6	2.1	1.3	1.6	1.7	2.1
Efficiency measures							
ROE	41.8	32.0	22.7	11.5	15.6	19.8	20.6
ROCE	47.4	36.4	28.5	13.6	17.2	23.0	23.8
Financial ratios							
Inventories as % of sales	9.6	14.2	13.8	19.5	19.5	19.5	19.5
Receivables as % of sales	24.1	28.4	25.9	30.1	30.1	30.1	30.1
Non-interest bearing liabilities as % of sales	16.8	16.4	12.1	13.4	13.4	13.4	13.4
NWC/sales, %	15.7	25.9	27.0	35.6	35.6	35.7	35.8
Operative CAPEX/sales, %	2.1	5.0	3.9	3.8	2.5	3.1	3.1
CAPEX/sales (incl. acquisitions), %	2.1	5.0	3.9	3.8	2.5	3.1	3.1
FCFF/EBITDA	0.8	0.1	0.4	0.4	0.5	0.4	0.4
Net debt/EBITDA, book-weighted	-1.0	-0.9	-1.0	-1.6	-1.5	-1.2	-1.2
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	67.5	73.0	76.6	77.9	78.3	76.4	76.8
Gearing, %	-52.3	-35.6	-34.9	-33.2	-35.0	-34.1	-34.4

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	%
Ahlstrom Capital Bv	5,280,167	163.685	36.2%
OP-Finland Fund	617,376	19.139	4.2%
Sijoitusrahasto Aktia Capital	548,762	17.012	3.8%
Varma Mutual Pension Insurance Company	515,000	15.965	3.5%
Ilmarinen Mutual Pension Insurance Company	435,737	13.508	3.0%
Martola Hannu Veikko	431,690	13.382	3.0%
SEB Finland Small Cap Investment Fund	257,000	7.967	1.8%
Saastopankki Kotimaa	240,000	7.440	1.6%
Säästöpankki Kotimaa	240,000	7.440	1.6%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	227,335	7.047	1.6%
Ten largest	8,793,067	272.585	60%
Residual	5,785,363	179.346	40%
Total	14,578,430	451.931	100%

EARNINGS CALENDAR

February 02, 2022

FY 2021 Results

April 27, 2022

Q1 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Hannu Martola

Elektroniikkatie 10, 90590 Oulu

CFO: Petri Hiljanen

Tel: +358 20 766 9700

IR: Johanna Tarkkainen

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

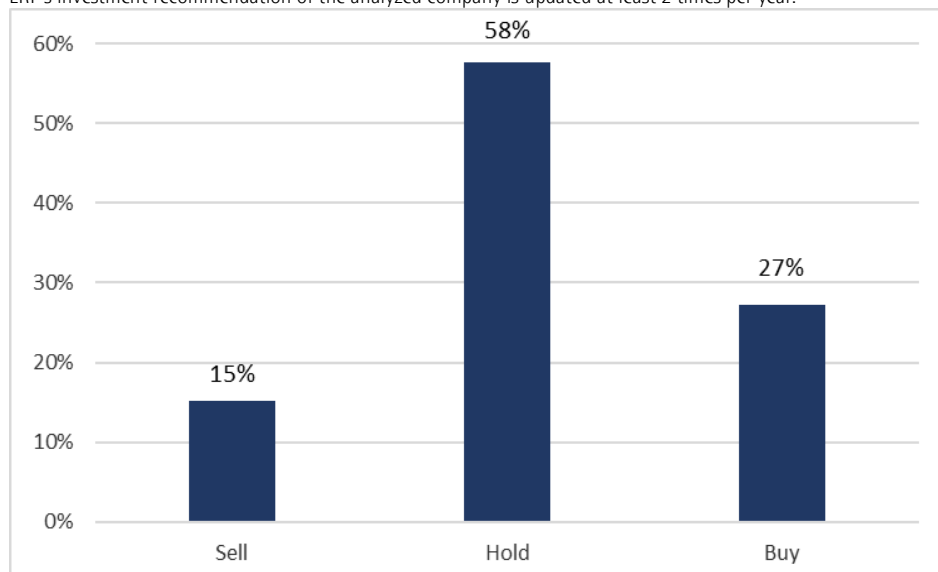
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Salokivi, Heikura

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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+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

Jonas Forslund	+358 9 4766 9314
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149
Teemu Reiman	+358 40 352 6175

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
----------------	------------------



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001