

A transparent suitcase is shown, filled with various items including a water bottle, a camera, a pair of sunglasses, a belt, and a pair of shoes. The items are rendered in a semi-transparent style, allowing the contents to be clearly visible.

FOREKNOW. FORESAVE.®

Detection Technology Plc
Interim report January-September 2015

October 29th 2015
PRESIDENT AND CEO, HANNU MARTOLA

Q3 highlights



- New important customer projects won in US and Europe
- New Security CT projects
- Factory ramp up faster than planned
- Net sales +7%, temporary shift in deliveries
- Profitability developed well, EBIT% excl. NRC 8.6%
- Warranty provision EUR 0.13 million
- NRC EUR -0.41 million
- R&D costs EUR 1.68 million, 18.1% of net sales



Financial Highlights



(EUR 1 000)	7-9/2015	7-9/2014	Change	1-9/2015	1-9/2014	Change	1-12/2014
Net sales	9 305	8 710	7%	27 570	23 387	18%	33 112
Net sales growth	7%	1%		18%	9%		9%
Operating profit excl. NRC	799*	1 482	-46%	2 101*	3 043	-12%	4 127
Operating margin excl. NRC	8.6%	17.0%		7.6%	13.0 %		12.5%
Non-Recurring Costs**	410	350		410	650		1 048
Operating profit (EBIT)	394	1 132	-65%	1 696	2 393	-29%	3 079
Operating margin (EBIT)	4.2%	13.0%		6.2%	10.2%		9.3%
R&D costs	1 681	1 178	43%	4 339	2 943	47%	4 121
R&D costs of net sales, %	18.1%	13,5%		15.7	12.6		12.4
Cash flow from operating activities	-663	861	-177%	-2 722	995	-374%	3 085
Net interest bearing debt at end of period	-5 187	10 156	-151%	-5 187	9 542	-154%	8 678
Capital expenditure	463	199	133%	1 302	346	148%	1 280
Gearing, %	-27%	-1 194%		-27%	1 194 %		654%
Earnings per share, EUR	-0.02	0.66	-103%	-0.03	1.14	-103%	1.45
Earnings per share diluted, EUR	-0.02	0.10		-0.03	0.17	-100%	0.21
Number of shares at the end of the period	12 950 975	1 900 195		12 950 975	1 900 195		1 900 195

*As of 2015 DT has made a change in the treatment of potential future warranty costs and makes a provision of 1.5% of net sales.

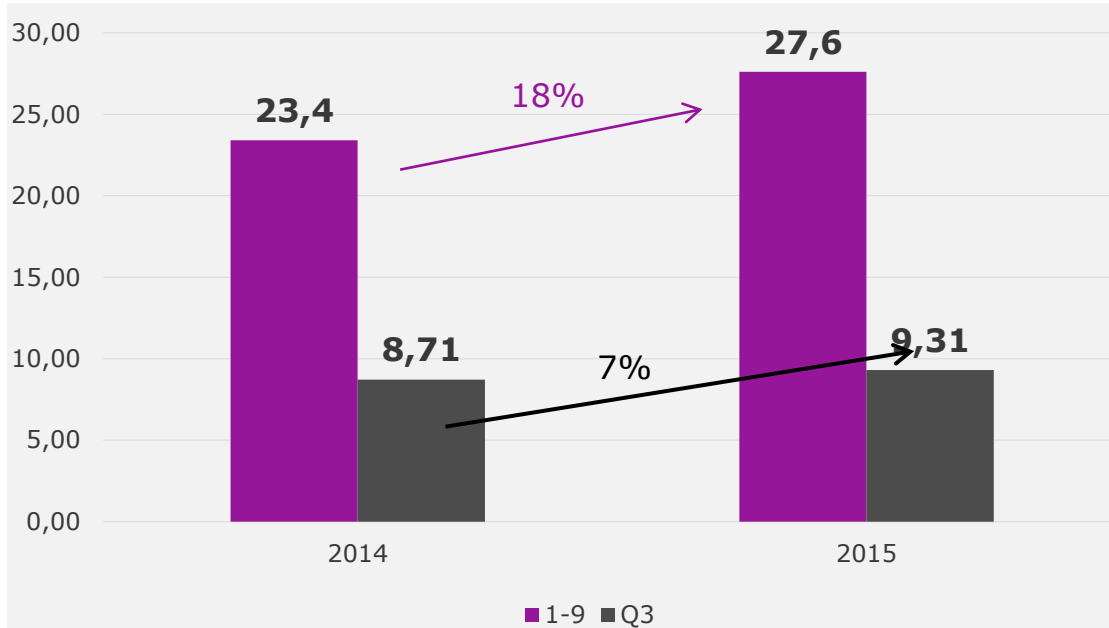
The warranty provision affects the July-September 2015 operating profit by EUR 0.13 million and January-September 2015 operating profit by EUR 0.37 million.

** In 2015, NRC relates to the new factory setup. In 2014, DT recognized NRC relating to quality and NPI costs.

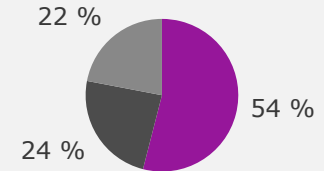
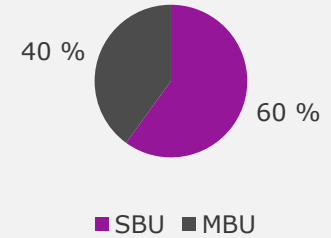
Net sales developed well



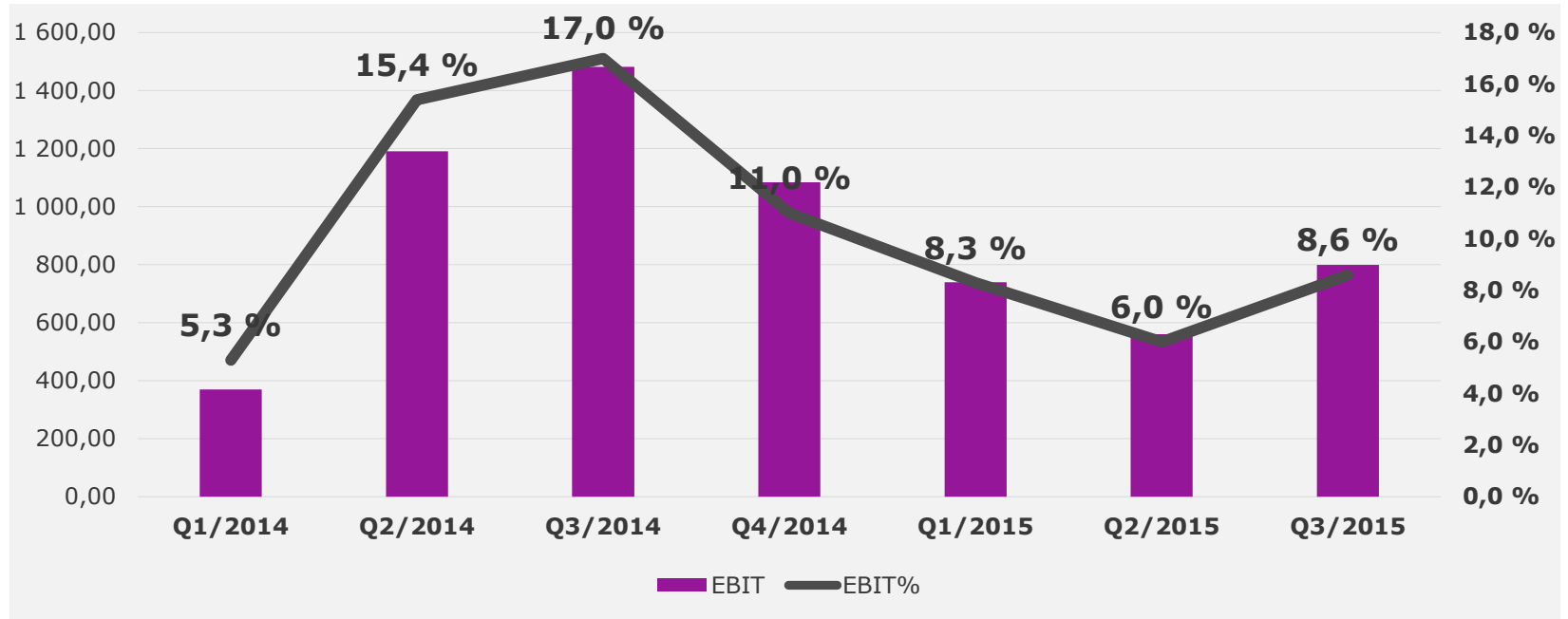
MEUR



1-9/2015

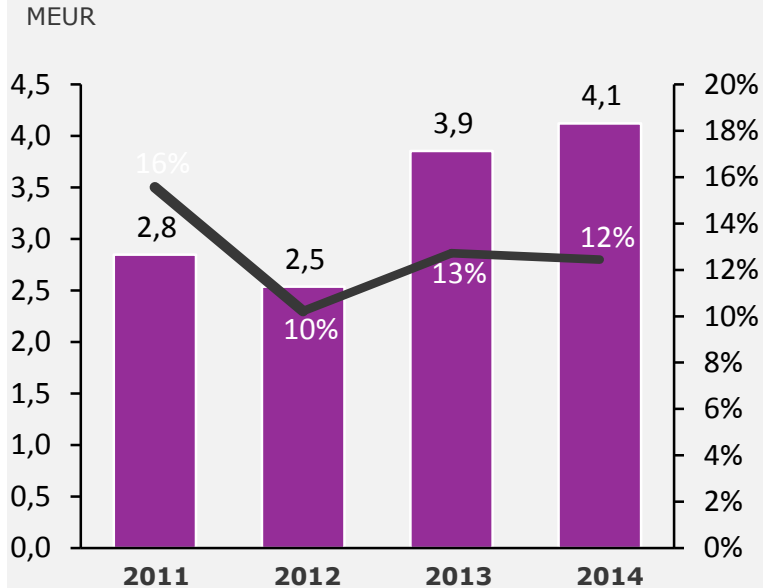


EBIT% excl. NRC

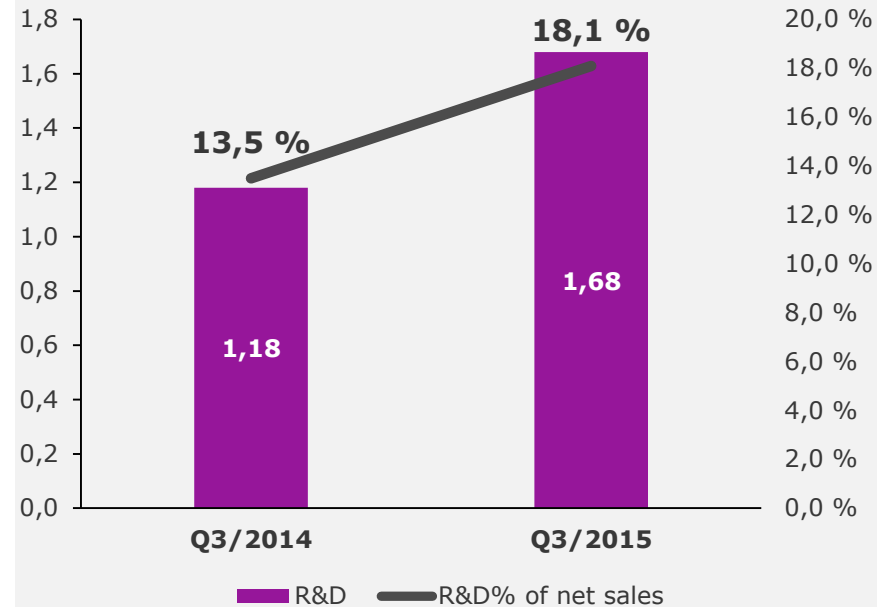


R&D and product development costs

R&D expense development 2011-2014



R&D expenses Q3



Factory move has proceeded above expectations

- Setting up the new factory is proceeding faster than expected
- Ramp up of production is being finalized
- 90% of our employees and manufacturing has been moved to the new site
- We will be able to close the old factory earlier than expected



Capital expenditure

- DT is currently investing in a new factory in Beijing, China and moving all of its production to the new factory during 2015
- The new facility supports DT's growth targets as well as the company's efficiency, quality and cost targets
- DT estimates that the total amount of investments will be EUR 4.5-5.0 million in 2015
- Capital expenditure for the review period January-September 2015 totaled EUR 1.32 million (0.35)
- In addition, DT has made prepayments related to the new factory and its equipment amounting to EUR 2.26 million



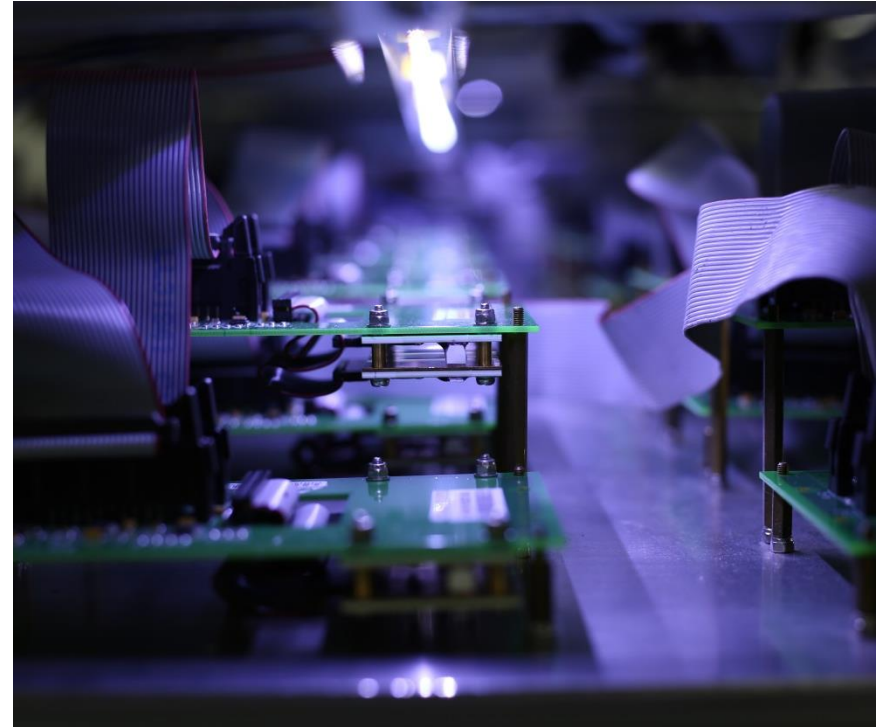
Market outlook unchanged



- **Medical imaging equipment markets**
 - expected to grow at approximately 5% CAGR in 2012-2017
 - growth driven by China, Latin America, Turkey and India and CT equipment sales to drive growth in emerging markets
 - On short term the biggest potential for DT's current and potential medical applications comes from the Chinese market
- **Security and Industrial x-ray equipment markets**
 - the global X-ray security screening market expected to grow 7% CAGR in 2013-2020
 - strongest growth expected from Asia-Pacific and Latin America. Moderate growth is expected in both North America and Europe
 - main drivers for the industrial x-ray equipment market are need for efficiency and cost as well as an increased need for quality control
 - Asia-Pacific is the fastest growing market followed by the United States and Europe

Prospects for 2015 refined

- Detection Technology's sales outlook for 2015 is in accordance with its medium term target to increase sales by at least 15% per annum.
- The total capital expenditure related to the new factory in Beijing, China and other investments are estimated to amount to EUR 4.5- 5.0 million in 2015.
- Non-recurring costs relating to setting up the new factory in Beijing are estimated to be close to EUR 1.0 million in 2015.
- R&D costs for 2015 are expected to be approximately 15% of net sales, thanks to new long-term customer projects won during the second part of 2015.
- DT's profitability is developing in accordance with its medium term target.



Strategy and financial targets



- **Strategy**

- Our goal is to be the leader in Computed Tomography and Line-Scan X-ray detectors and solutions; and a significant player in other technologies where we see good business opportunities.
- The corner stones of our strategy are: focus on X-ray technology, customer and equipment specific tailoring, investments in research and product development and geographical reach. Our business model enables growth as we focus on producing only the core components and purchase other components from its suppliers. This allows flexibility in production and delivery of the products.

- **Financial targets**

DT has set the following targets with a goal of achieving them during the medium term:

- To increase sales by at least 15 per cent per annum
- To achieve an operating margin at or above 15 per cent



Thank you!