



Review by the CEO

Successful financial year behind, DT-2025 in sight

Our net sales exceeded the EUR 100 million milestone, we became the leader in the CT and line-scan segments, the number of our active customers increased by 17%, and the cumulative number of our solutions shipped surpassed 4 million. Our sales outperformed market growth and profitability was good. We have a successful financial year behind us, and now we are determinedly heading for 2025.

Security will be increasingly important, the need for healthcare services will increase, requirements set for quality and efficiency will become more stringent, and digitalization is accelerating – these megatrends set the pace for market growth. X-rays were used and will be used for imaging a higher number of objects with more accurate imaging solutions. Artificial intelligence will also be exploited in imaging. According to the industry estimates, our target markets will grow by some 5–6% per year.

We have positioned DT as a trusted partner to fore-know and foresee. Our net sales for the financial year outperformed market growth, being 9% and EUR 102 million. Thanks to our about 20% market share, we reached the main goal of our DT-2020

strategy, which was to become a leader in the computed tomography (CT) and line-scan X-ray detector markets by the end of 2020, ahead of time. The number of our active customers increased by about 40 compared to the previous year, which also shows our strong market position in the said segments. Another important milestone for us was the total number of solutions we have delivered exceeding four million.

The sales of our Security and Industrial Business Unit (SBU) skyrocketed in the first three quarters of the year, and growth continued in line with the market in Q4. More stringent security requirements, together with the requirements set for smooth logistics and the increasing number of passengers and cargo,

boosted X-ray equipment investments in traffic hubs and critical infrastructure, which resulted into a total of 24% growth in SBU sales in FY2019. Although demand in the market was good, price competition became fiercer, which reflected the line-scan segment in China, in particular. However, we feel we are in a good position to meet the challenges with our Aurora product family. Aurora deliveries started at end of the year, and the number of customers exceeded our expectations.

Apart from Q1, the sales of our Medical Business Unit (MBU) were slow in 2019. This negative development in MBU sales was attributed to the softening of the global medical CT market, the ramp-down in production of a product family by our key customer, and record-high year-on-year figures. The highlights of the MBU business in FY2019 were high levels of interest in our X-Panel product family for dental and other medical applications, as well as positive customer feedback on small-series production. We expect the sales of the product family to start during spring 2020. We have also increased expectations regarding X-Tile sales due to the increasing demand in our standard CT module, particularly in the developing markets.

Due to the challenges in MBU sales, the SBU's share in our total sales increased significantly. SBU generated a total of 67% and MBU 33% of the company's net sales. There were no significant changes in the geographical distribution of our sales. Our largest target market is still Asia, which will also show the strongest growth figures in the future.

Our 17% operating margin was in line with our financial targets. Thanks to better profitability and mod-

erate development in fixed costs, overall profitability remained good. DT's good financial position creates a solid foundation for the further development of our business.

Growth leader in digital detectors in 2025

In 2025, we aim to be the growth leader in digital X-ray imaging detector solutions and a significant player in other technologies and applications where we see good business opportunities. This is how we summarized our DT-2025 strategic target and launched the updating of our strategy in FY2019. We estimate our new target market to be worth some EUR 3 billion in 2025.

Our focus thus expanded significantly, as our DT-2020 strategy focussed first and foremost on securing our position in the CT and line-scan segments, in which we succeeded very well. A market leader will obviously have a number of challengers, but we believe that the trust we have already gained will help us open doors to new growth opportunities.

The cornerstones of our strategy and our business model have remained unchanged. We feel that they support our new growth targets well and allow flexibility in the production and delivery of the products.

We already developed our business on several fronts in line with the 2025 targets in FY2019. In addition to the higher-than-expected market interest in our Aurora and X-Panel product families, the key projects

of the multi-energy (ME) product line progressed as planned. The first commercial products are available, and the goal is to start production by the end of 2020. Thanks to positive feedback from customers, we believe in the potential of the ME product line and we expect positive results from the new business in the coming years.

Other significant events during FY2019 included the launching of the TDI-based (Time Delay Integration) X-Scan T product family. It expanded our technology base and strengthened our industrial portfolio. X-Scan T, optimized in particular for food industry applications, received an enthusiastic welcome in the markets. We expect R&D costs to remain at the approximately 11% level in 2020.

The new production and service site in Wuxi, Greater Shanghai area, was completed on schedule. We are now creating services related to testing and training, for example, to enhance the customer experience at the new site. The service concept elevates face-to-face customer encounters to a new level and supports virtual customer experience that is independent of time and place.

Sustainable growth

At the beginning of the year, we strengthened our commitment to responsible growth and published our Code of Conduct. We have started to roll out the Code of Conduct amongst our personnel and partners and to build processes supporting the Code of Conduct during FY2019.

Our Code of Conduct consists of our quality, environmental, business ethics, labor and health, and safety policies. We have set metrics to measure continuous improvement in every area, and we monitor development in our quarterly reviews.

We have a highly competent and efficient organization of 500 professionals, and we are committed to the wellbeing and development of each individual. In FY2019, we invested in developing leadership and sales at the Group level, in particular, and we have also developed our expertise in various ways both at a local and individual level. It may sound like a cliché, but a company's most important resource truly is its personnel. Innovations, products, results, and positive customer and owner experience cannot be created without skilled, driven, and motivated personnel.

Warm thanks to our clients! Thanks to our partners! Thanks to our DT team! Thanks to our owners! We have a successful financial year behind us, and we have an amazing ecosystem to foresave the future. We will continue our work with a big heart.

Hannu Martola
President and CEO

