

January–September 2021

BUSINESS REVIEW

Q3



President and CEO Hannu Martola | 27 October 2021

A photograph of three people in a kitchen. On the left, a man with short dark hair and a beard, wearing a red and blue plaid shirt, is smiling. In the center, a woman with curly dark hair, wearing a grey t-shirt, is holding a purple can and smiling. On the right, a man with dark hair and a mustache, wearing a blue shirt, is smiling. The background is a bright, out-of-focus kitchen.

Q3 2021

23.2
net sales, €m
(20.6)

12.5
net sales change-%
(-23.4)

3.3
EBIT excluding NRI, €m
(2.8)

14.1
EBIT-% excluding NRI
(13.4)

Q3 2021

Back to growth in all businesses

Medical sales experienced double-digit growth, however some deliveries were postponed due to indirect impacts of the global component shortage

Industrial solutions saw record sales and grew double-digit, won new strategic customers and projects

Security sales grew slightly as demand has taken an upward turn also in aviation, some sales were postponed due to the lack of special materials

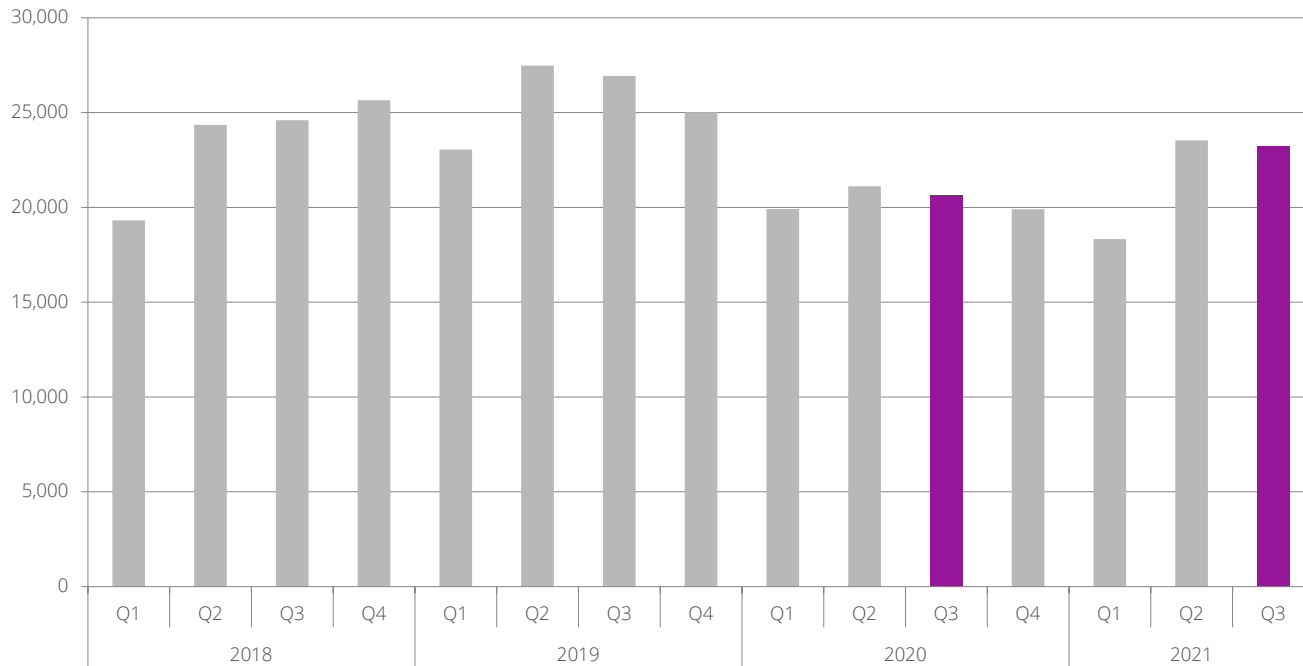
Profitability improved from H1

The risks related to the availability of special materials and electronic components have increased

NET SALES BY QUARTER

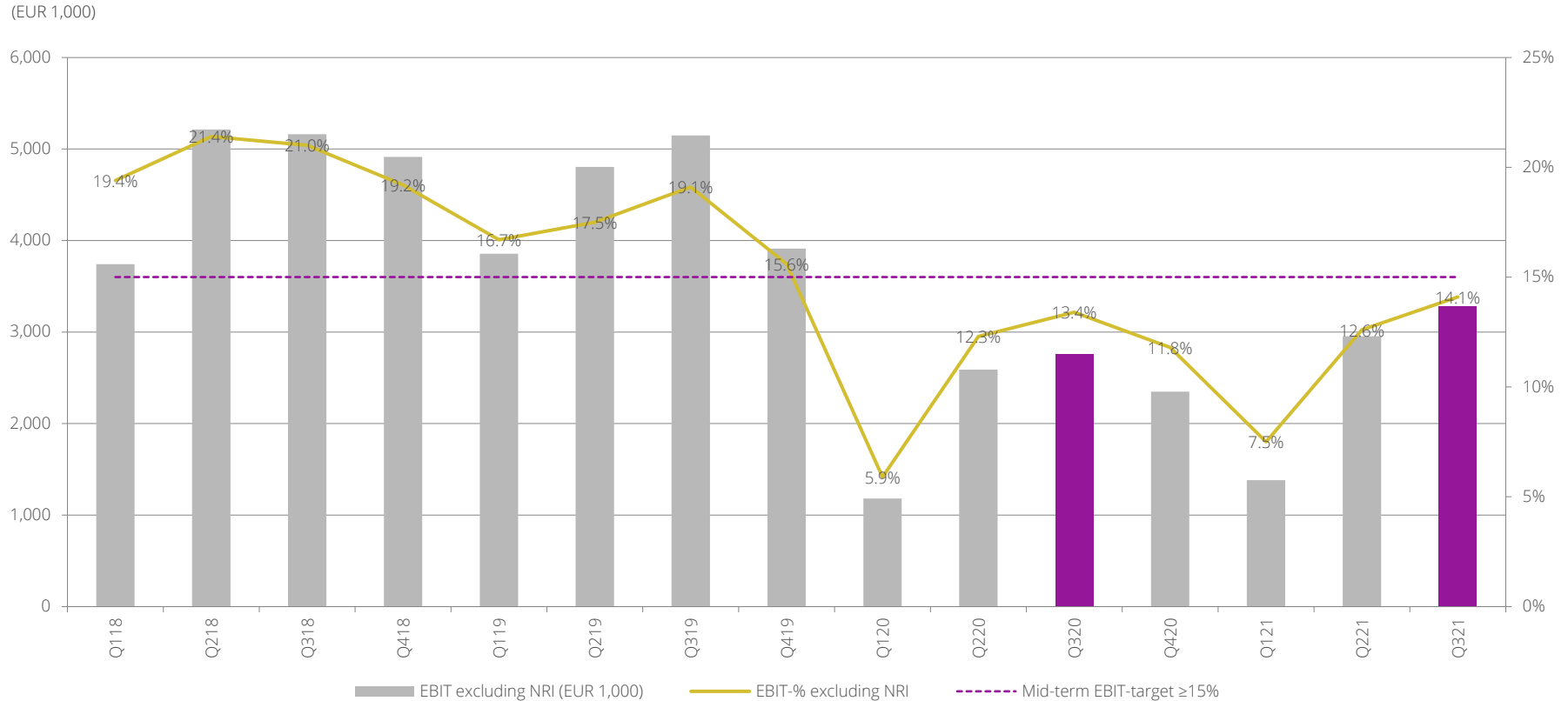


(EUR 1,000)

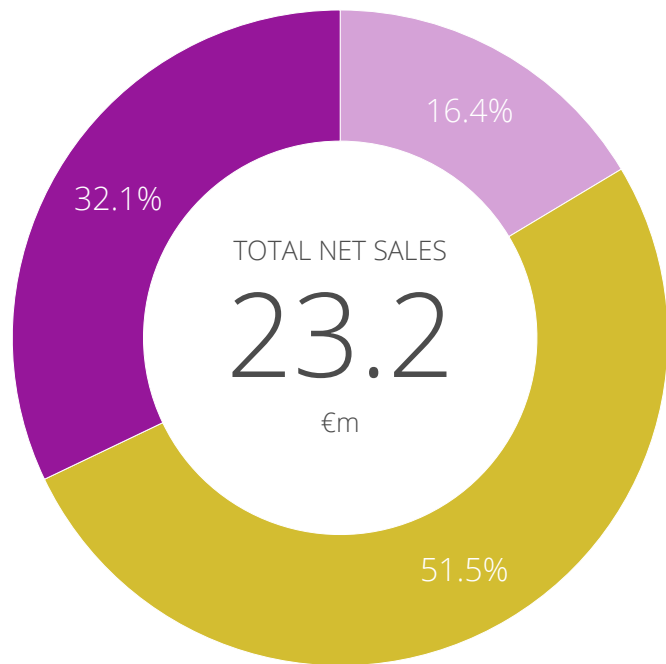


12.5%
(YOY change-%)

OPERATING PROFIT



Q3 SALES SPLIT BY BUSINESS UNIT



IBU

NET SALES €m

3.8

YOY CHANGE-%

21.5

MBU

11.9

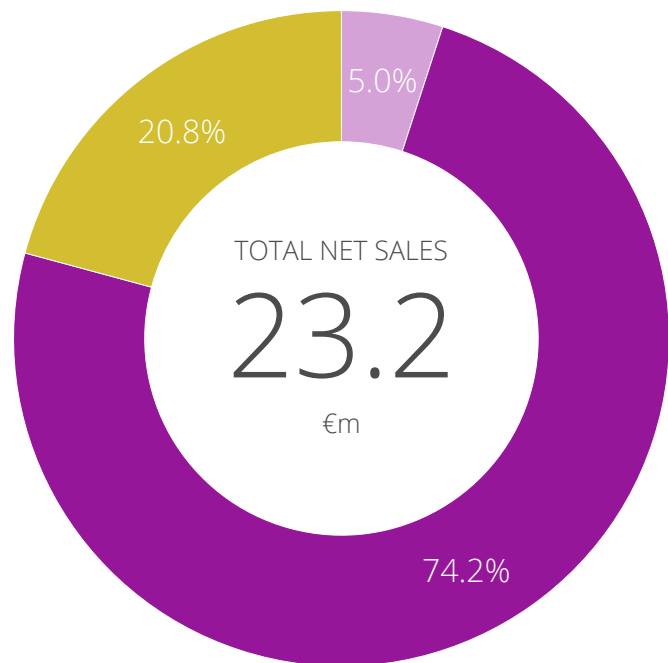
18.8

SBU

7.5

0.2

Q3 SALES SPLIT BY REGION



	NET SALES €m	YOY CHANGE-%
AMERICAS	1.2	-24.6
APAC	17.2	26.0
EMEA	4.8	-10.9



Q1-Q3

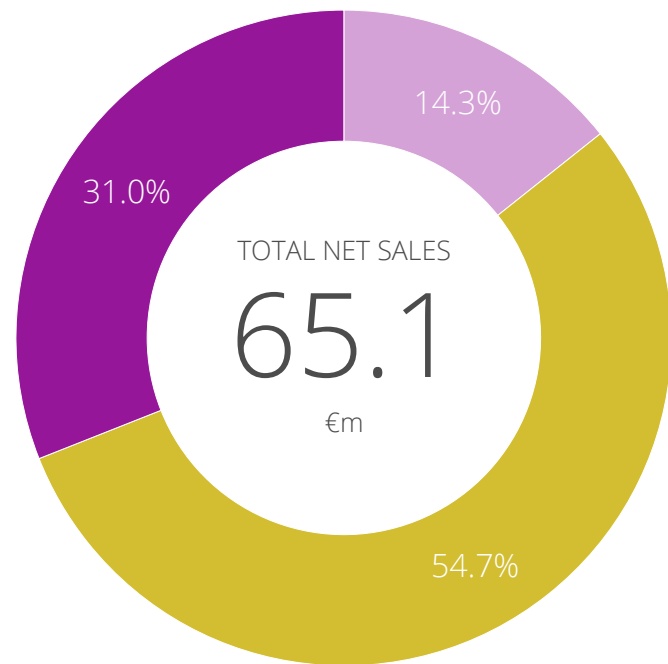
65.1
net sales, €m
(61.7)

5.5
net sales change-%
(-20.4)

7.6
EBIT excluding NRI, €m
(6.5)

11.7
EBIT-% excluding NRI
(10.6)

Q1-Q3 SALES SPLIT BY BUSINESS UNIT



IBU

MBU

SBU

NET SALES €m

9.3

35.6

20.2

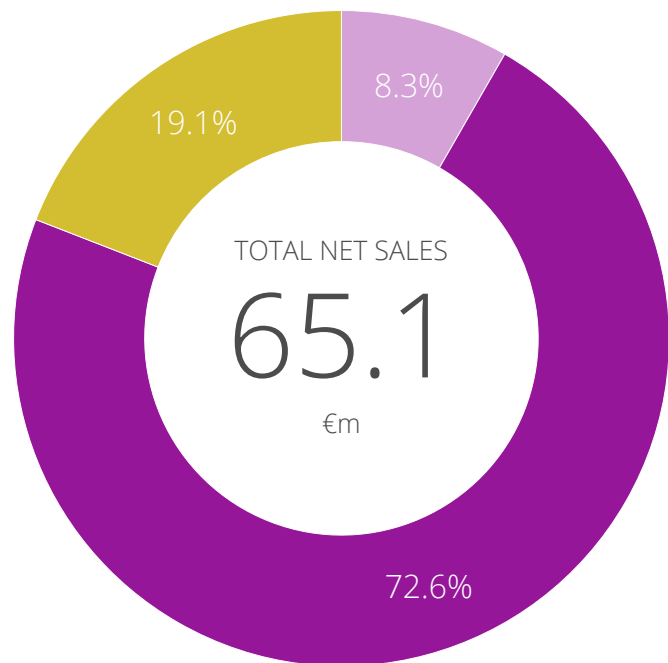
YOY CHANGE-%

6.4

25.7

-18.0

Q1-Q3 SALES SPLIT BY REGION



AMERICAS

APAC

EMEA

NET SALES €m

YOY CHANGE-%

5.4 -22.2

47.2 15.9

12.4 -10.9

KEY FIGURES



	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
Net sales, EUR 1,000	23,210	20,628	65,066	61,653	81,561
Change in net sales, %	12.5%	-23.4%	5.5%	-20.4%	-20.4%
Operating profit excluding NRI, EUR 1,000	3,282	2,758	7,618	6,528	8,877
Operating margin excluding NRI, %	14.1%	13.4%	11.7%	10.6%	10.9%
NRI (Non-recurring items), EUR 1,000	0	163	0	163	163
Operating profit, EUR 1,000	3,282	2,595	7,618	6,365	8,714
Operating margin, %	14.1%	12.6%	11.7%	10.3%	10.7%
R&D costs, EUR 1,000	2,589	2,282	7,557	7,588	9,827
R&D costs, % of net sales	11.2%	11.1%	11.6%	12.3%	12.0%
Cash flow from operating activities, EUR 1,000	783	2,052	4,659	4,221	7,522
Investments, EUR 1,000	457	578	1,110	1,587	3,081
Earnings per share, EUR	0.20	0.12	0.44	0.30	0.47



STRATEGY AND EVENTS

Started sales of Aurora XS

Invested in speeding up the product development cycle

Implemented added value production processes on the Wuxi production and service site

Rolled out global development programs in leadership and corporate culture

Continued working in line with its sustainability agenda



BUSINESS OUTLOOK

According to Detection Technology's view, the medical and industrial markets will grow in line with the pre-pandemic estimates by the experts, on average about 5% per year. The market disturbance caused by the pandemic is passing in the security market, as demand has taken an upward turn also in the aviation segment, but the normalization of growth to the pre-pandemic level of 6% will be slow..

THE COMPANY EXPECTS

- Double-digit growth of MBU and IBU to be greater in Q4 than in Q3 of 2021
- The demand in security applications to improve, and SBU to have double-digit growth in net sales in Q4 of 2021
- Double-digit growth in its total net sales also in H1 2022.

Due to the pandemic, global economy and the company's business have faced exceptional and temporary uncertainty. Predictability of the company's target markets is still lower than usual, and risks related to the availability of materials have increased. The effect of material and component shortage has been acknowledged as a limiting factor in the outlook, however a further degradation in supply chain might affect the business outlook.



5%

Annual growth rate of MEDICAL MARKET



6%

Annual growth rate of SECURITY MARKET



5%

Annual growth rate of INDUSTRIAL MARKET



FINANCIAL TARGETS

MEDIUM TERM
Annual
sales growth
 $>10\%$

MEDIUM TERM
Operating
margin
 $\geq 15\%$

ANNUAL
Dividend or
returned capital
30-60%



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