

Q1

January–March 2023

Business review

President and CEO Hannu Martola | 27 April 2023





Q1 2023

22.8

net sales, €m
(20.3)

12.0

net sales change-%
(10.9)

1.5

EBIT, €m
(1.5)

6.5

EBIT-%
(7.4)

Medical and security sales in line with expectations, temporary softening in industrial

Industrial sales -3%

- The market continued to grow, but sales were lower than expected as some key customers reduced inventories
- Demand disturbances are expected to disappear in H2 of 2023

Medical sales +15%

- Growth and demand drivers remained unchanged
- Sales driven by CT applications both in emerging and developed markets

Security sales +16%

- Recovery in the market continued more slowly than expected in aviation, and demand was particularly low in China
- Sales still outperformed the average market growth rate, growth boosted by urban security applications

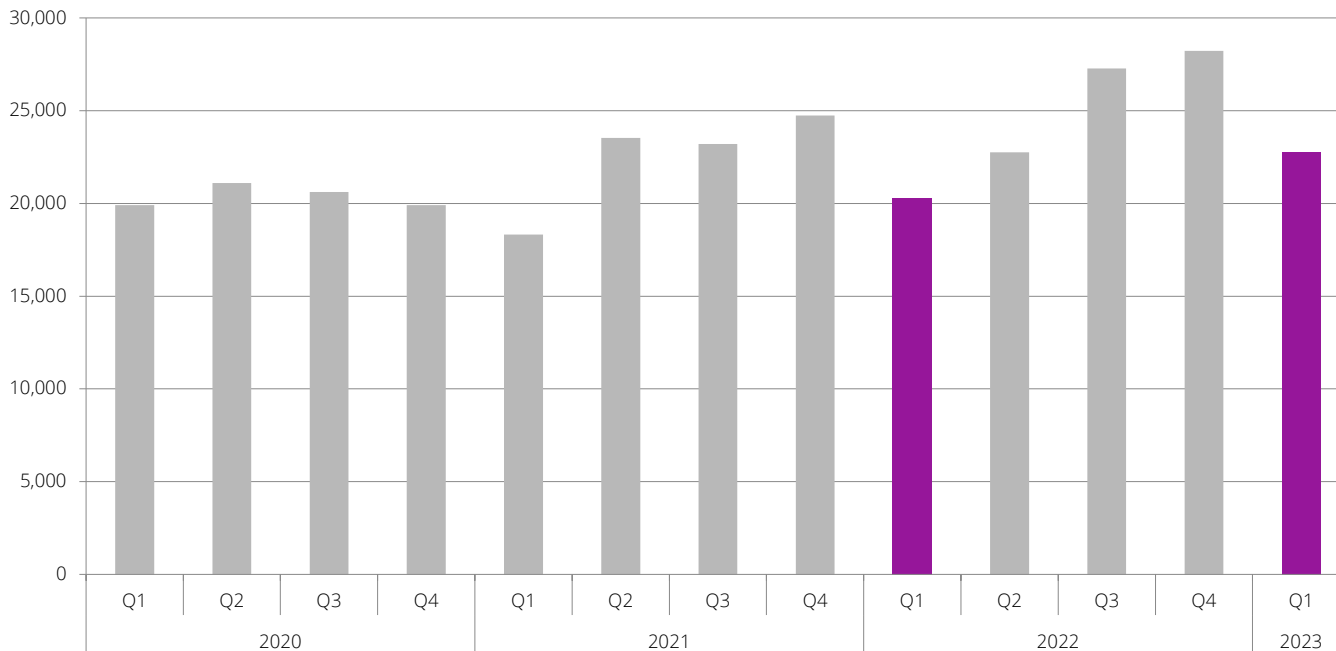
Lower-than-expected sales, sales mix and spot purchases impaired profitability. to improve toward the end of the year but remain slightly below the target level of 15% for 2023



Net sales by quarter

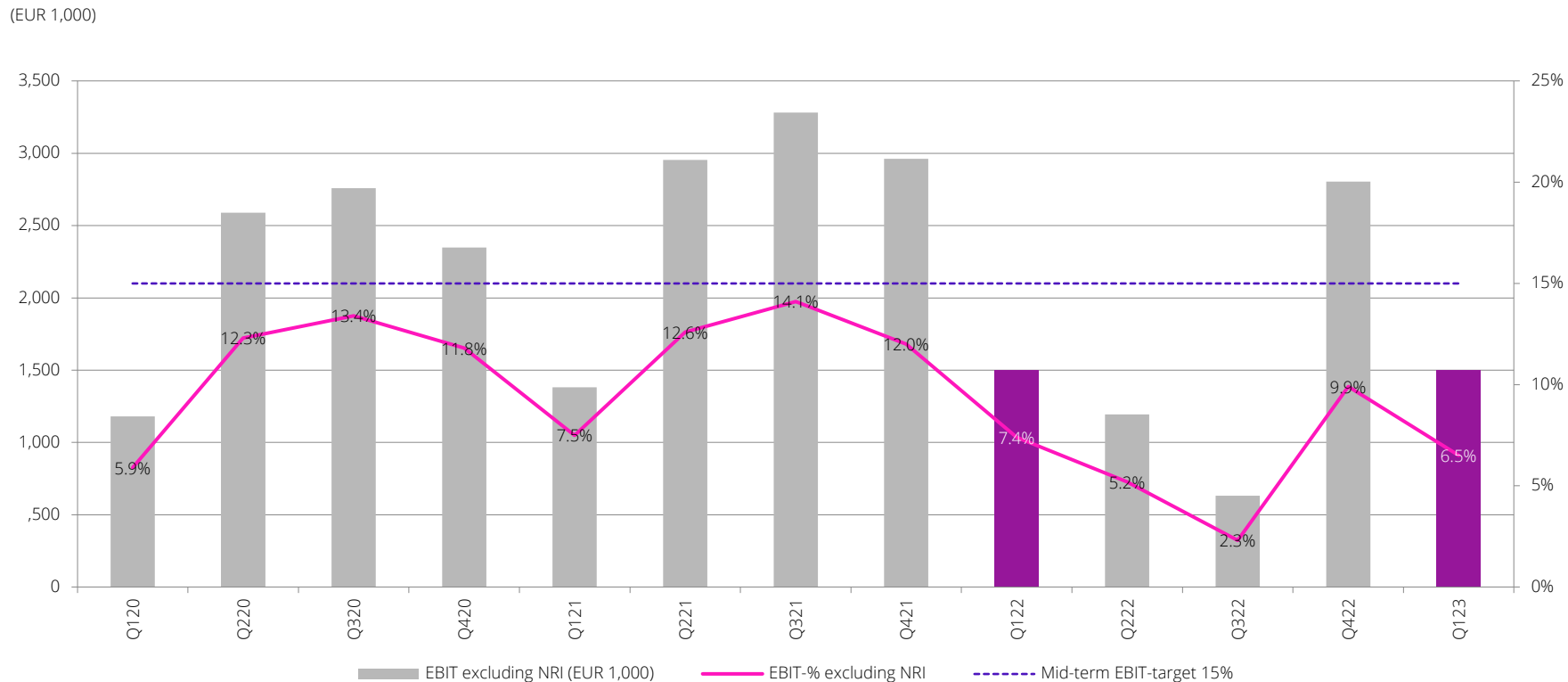


(EUR 1,000)

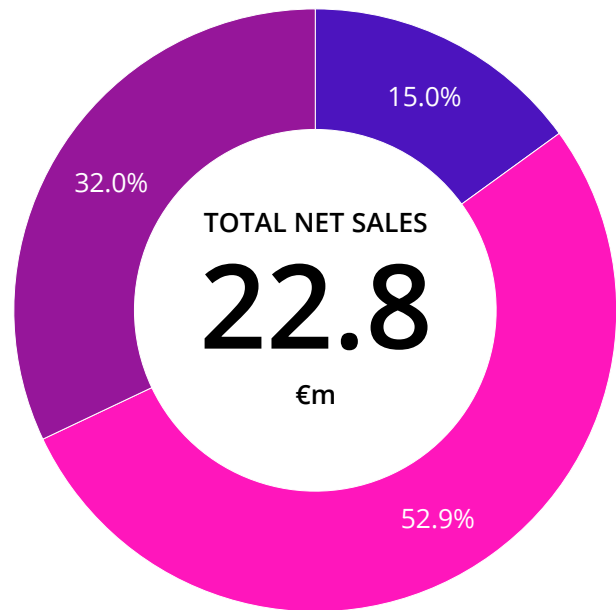


12.0%
(YOY change-%)

Operating profit

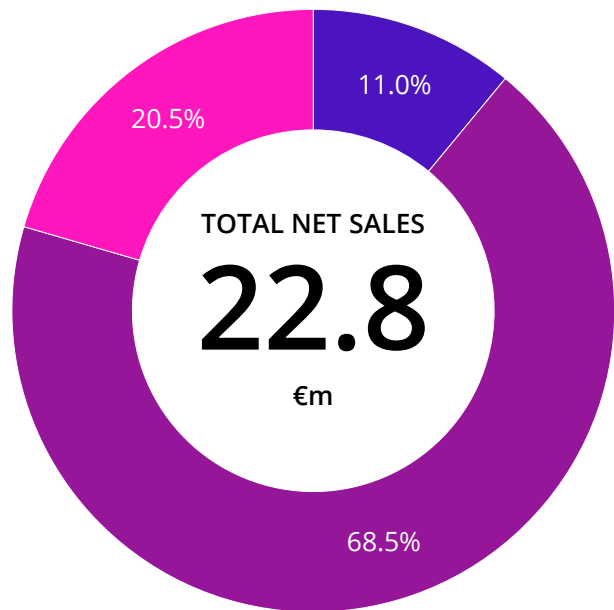


Q1 2023 sales split by business units



	NET SALES €m	YOY CHANGE-%
IBU	3.4	-3.0
MBU	12.0	14.6
SBU	7.3	16.2

Q1 2023 sales split by region



	NET SALES €m	YOY CHANGE-%
AMERICAS	2.5	119.8
APAC	15.6	7.8
EMEA	4.7	-1.2

Key figures



	Q1 2023	Q1 2022	FY 2022
Net sales, EUR 1,000	22,753	20,313	98,580
Change in net sales, %	12.0%	10.9%	9.8%
Operating profit excluding NRI	1,477	1,506	6,135
Operating margin excluding NRI, %	6.5%	7.4%	6.2%
Non-recurring items (NRI)	0	0	-335
Operating profit, EUR 1,000	1,477	1,506	5,801
Operating margin, %	6.5%	7.4%	5.9%
R&D costs, EUR 1,000	2,962	3,069	12,549
R&D costs, % of net sales	13.0%	15.1%	12.7%
Cash flow from operating activities, EUR 1,000	-485	666	-294
Investments, EUR 1,000	452	201	1,628
Return on investment (ROI), %	7.1%	17.0%	7.5%
Earnings per share, EUR	0.06	0.09	0.35

Strategy highlights



- Acquiring Haobo Imaging Technology and investing in the thin-film transistor (TFT) technology will double its total addressable market ~ EUR 3 billion by 2025
- In the first phase, will acquire 90% of the shares for the consideration of around EUR 12.5 million
 - Final purchase price will be determined at the time of closing
 - Will acquire the remaining shares in the future
- Acquisition will be closed by the end of June 2023
- To be earnings positive in 2025



Sales expectation Q2 and H1 2023



Industrial

sales to grow
in Q2
and H1



Medical

sales to grow
double-digit in Q2
and H1



Security

sales to grow
double-digit in Q2
and H1



Expects **double-digit growth in total net sales in H1 of 2023.**

Business outlook

- According to Detection Technology's view, demand will continue to be strong in medical and good in security applications. Demand in industrial applications has, however, temporarily softened.
- The company expects **double-digit growth in its total net sales in Q2 and H1 2023.**

However, indirect impacts of the war in Ukraine, inflation, the energy crisis, U.S.–China relations, the geopolitical situation, and high inventories of certain customers create uncertainty.

SECURITY MARKET
annual growth rate

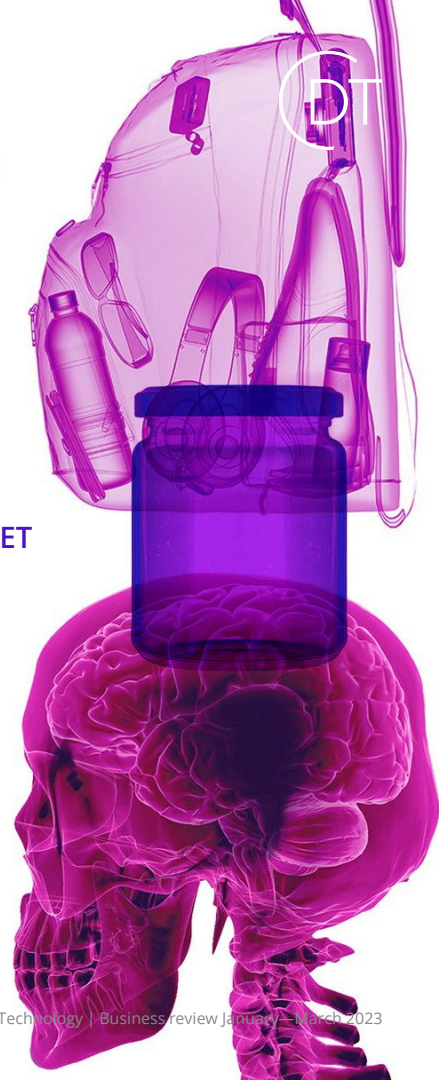
5%

INDUSTRIAL MARKET
annual growth rate

6%

MEDICAL MARKET
annual growth rate

5%



FINANCIAL TARGETS

MEDIUM TERM
Annual
sales growth
>10%

MEDIUM TERM
Operating
margin
15%

ANNUAL
Dividend or
returned capital
30-60%



Detection Technology

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