

Q3

January–September 2023

Business review

President and CEO Hannu Martola | 27 October 2023





Q3 2023

24.5

net sales, €m
(27.3)

-10.2

net sales change-%
(17.5)

2.2

EBITA excluding NRI, €m
(0.6)

9.0

EBITA-% excluding NRI
(2.3)



27.10.2023



Prerequisites for profit improvement in place

Industrial sales +2%

- Long-term megatrends unchanged
- Sales grew but fell behind expectations as demand in the food industry was low and some key customers continued to clear their stocks

Medical sales -27%

- The increased uncertainty in the market realized, demand was soft in all geographical areas and particularly in China
- Sales decreased as the comparison period was exceptionally strong and the ongoing Chinese government anticorruption campaign adversely impacted healthcare sector market dynamics

Security sales +14%

- The long-term positive trend in the market continued in particular in the Americas, Europe and India
- Sales grew as demand continued to recover in all security applications, and particularly in aviation

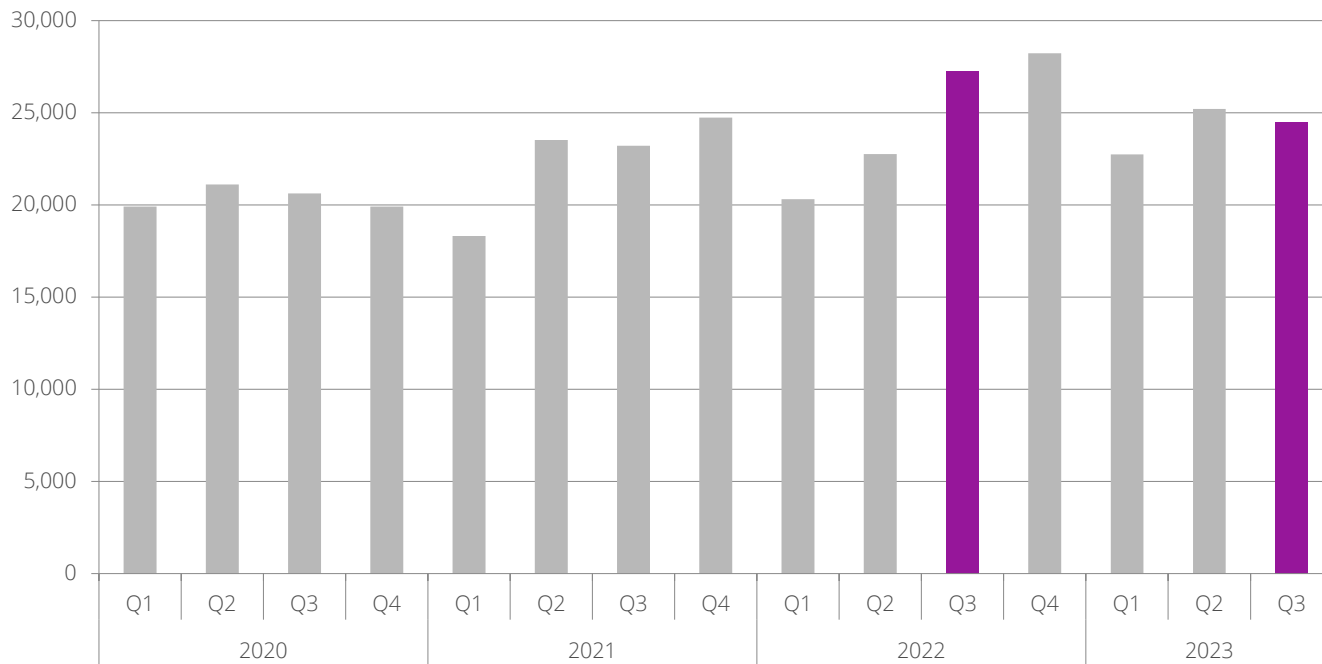


Prioritized business profitability, expects its progressive improvement

Net sales by quarter



(EUR 1,000)

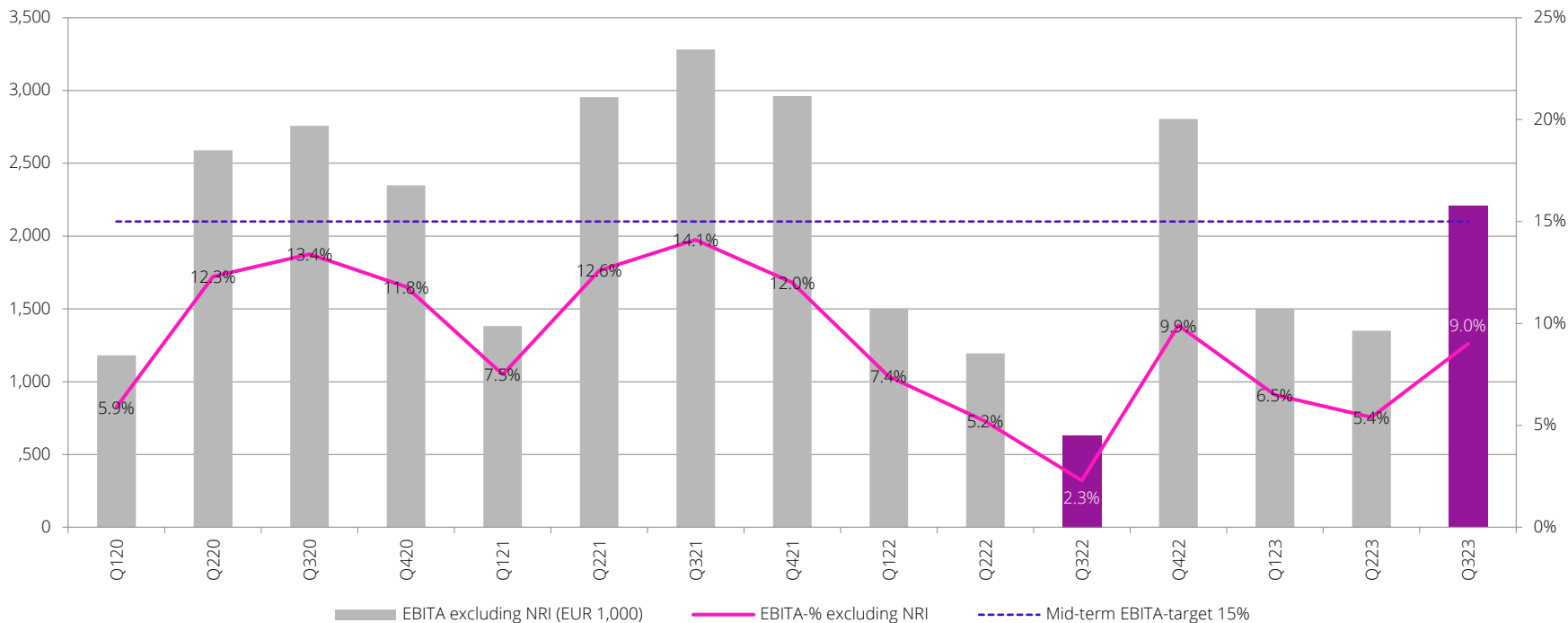


-10.2
(YOY change-%)

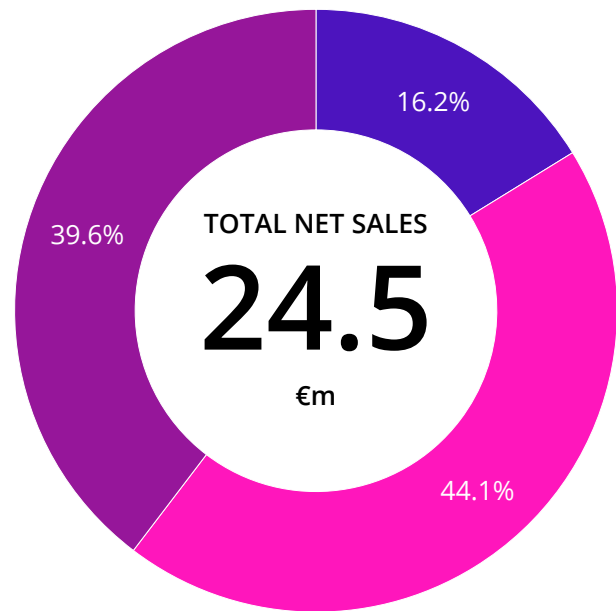
Operating margin (EBITA) excluding NRI



(EUR 1,000)

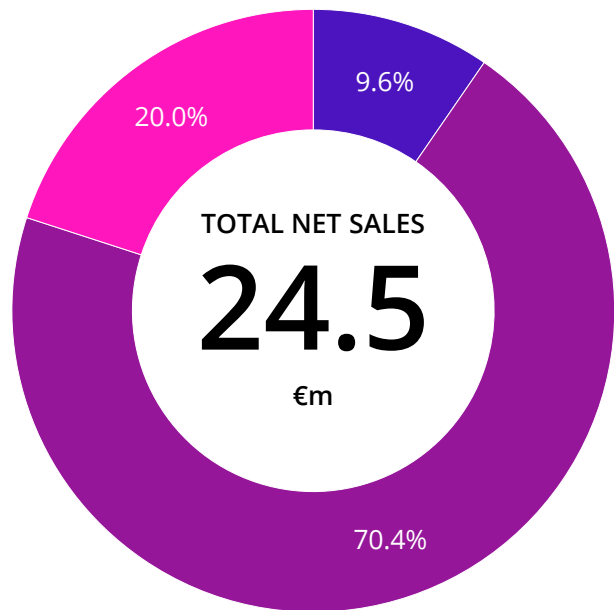


Q3 2023 sales split by business units



	NET SALES €m	YOY CHANGE-%
IBU	4.0	1.6
MBU	10.8	-27.0
SBU	9.7	13.7

Q3 2023 sales split by region



	NET SALES €m	YOY CHANGE-%
AMERICAS	2.3	29.4
APAC	17.3	-21.0
EMEA	4.9	35.9



Q1-Q3

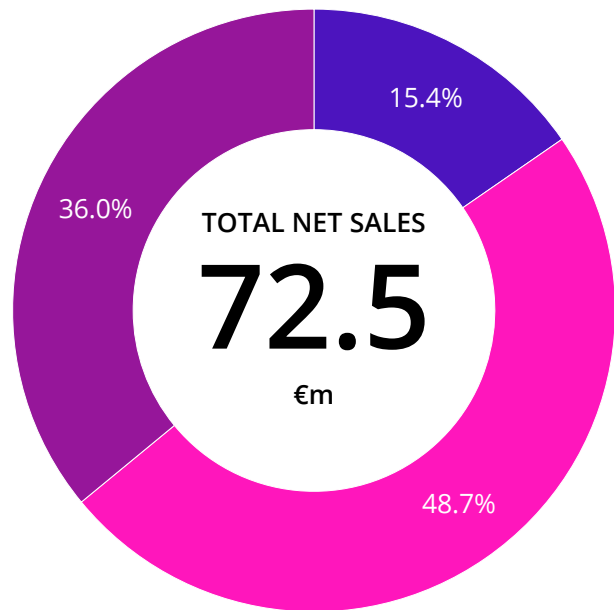
72.5
net sales, €m
(70.4)

3.0
net sales change-%
(8.1)

5.0
EBITA excluding NRI, €m
(3.3)

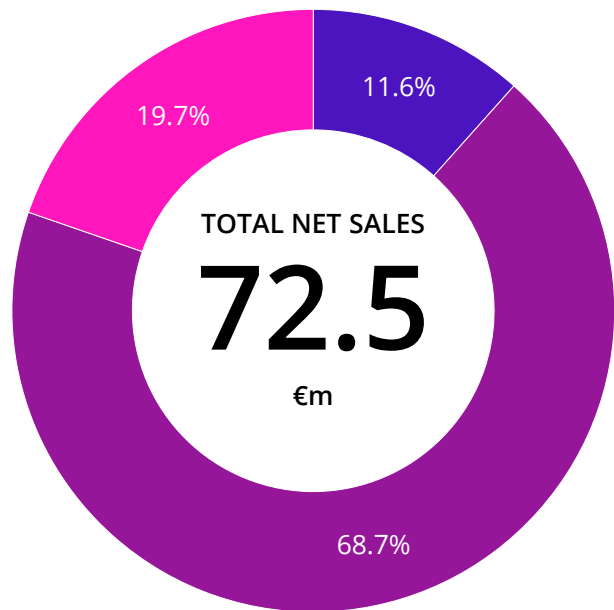
6.9
EBITA-% excluding NRI
(4.7)

Q1-Q3 2023 sales split by business units



	NET SALES €m	YOY CHANGE-%
IBU	11.1	-2.6
MBU	35.3	-0.6
SBU	26.1	11.2

Q1-Q3 2023 sales split by region



	NET SALES €m	YOY CHANGE-%
AMERICAS	8.4	61.5
APAC	49.8	-4.5
EMEA	14.3	9.8

Key figures



	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Net sales, EUR 1,000	24,507	27,276	72,479	70,354	98,580
Change in net sales, %	-10.2%	17.5%	3.0%	8.1%	9.8%
EBITA excluding NRI, EUR 1,000	2,207	631	5,034	3,331	6,135
EBITA excluding NRI, %	9.0%	2.3%	6.9%	4.7%	6.2%
Non-recurring items (NRI), EUR 1,000	-873	0	-873	-335	-335
EBITA, EUR 1,000	1,334	631	4,161	2,997	5,801
EBITA, %	5.4%	2.3%	5.7%	4.3%	5.9%
R&D costs, EUR 1,000	2,938	3,203	8,979	9,480	12,549
R&D costs, % of net sales	12.0%	11.7%	12.4%	13.5%	12.7%
Cash flow from operating activities, EUR 1,000	3,279	-496	5,598	-4,024	7,121
Investments, EUR 1,000	11,389	166	12,217	973	1,359
Return on investment (ROI), %	6.9%	10.9%	6.9%	10.9%	7.5%
Earnings per share, EUR	0.05	0.05	0.13	0.19	0.35

Main events



Completed the acquisition of Haobo Imaging, consolidated its financial information to the Group's financial reporting as of July 2023

- The net sales of the acquired business are around two million euros in H2 2023

Took measures, such as redundancies, small series production transfer from France to Finland and closing of the Nanjing site, to streamline global operations and to improve profitability

- Will generate total cost savings of about EUR 1 million in H2 2023 and EUR 2 million in FY 2024

Strategy highlights



- The integration process of Haobo Imaging has proceeded as planned
- The project to expand production in Oulu, Finland, has progressed as planned
 - Manufacturing capability for photon-counting detector solutions, small series production transferred from France to Finland
 - Production commencing in Q1 2024
- Continues long-term investments in the development of the photon-counting detector portfolio
 - Focus especially on strategically important photon-counting computed tomography (PCCT) solutions, that has the greatest commercial potential



Sales expectation Q4 2023



Industrial

to grow
in Q4



Medical

to grow
in Q4



Security

to grow
in Q4



**Total net sales to grow high single-digit in Q4 2023
and to grow in Q1 2024.**

Business outlook

Detection Technology expects its **total net sales to grow in Q4 of 2023 and in Q1 of 2024.**

Geopolitical situation, U.S.–China relations, global economy, inflation, the high stocks of some of the company's customers, the indirect impacts of the war in Ukraine, and recent events in the Middle East create uncertainty.

SECURITY MARKET
annual growth rate

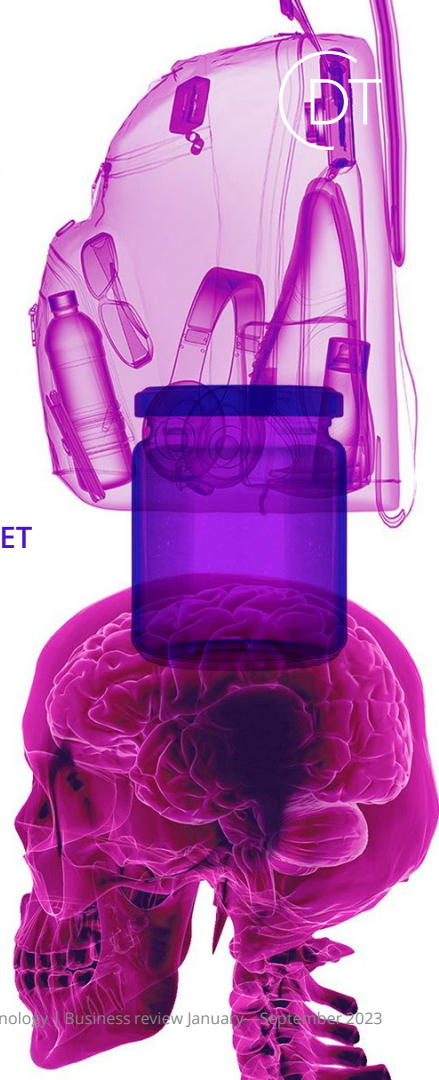
5%

INDUSTRIAL MARKET
annual growth rate

6%

MEDICAL MARKET
annual growth rate

5%





FINANCIAL TARGETS

MEDIUM TERM
Annual
sales growth
>10%

MEDIUM TERM
Operating
margin (EBITA)
15%

ANNUAL
Dividend or
returned capital
30-60%



Detection Technology

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