

Q2

January–June 2022

Half-yearly report

President and CEO Hannu Martola | 3 August 2022





Q2 2022

22.8

net sales, €m
(23.5)

-3.3

net sales change-%
(11.5)

1.2

EBIT excluding NRI, €m
(3.0)

5.2

EBIT-% excluding NRI
(12.6)

Demand increased, sales postponed due to an unexpected setback

Industrial sales +29%

- Strong demand in all main applications, especially in the food industry
- Some sales were postponed due to the component shortage

Medical sales -25%

- Strong CT demand remained unchanged
- Sales hit by unexpected technical problems in the medical supply chain and the component shortage
- The technical problems were solved, but delays in the supply chain postponed sales

Security sales +25%

- Demand grew in all segments and higher-end products
- The component shortage eroded some sales
- Chinese CT standard for aviation was published

Sales drop, spot purchases, and increased logistics and R&D costs eroded profitability

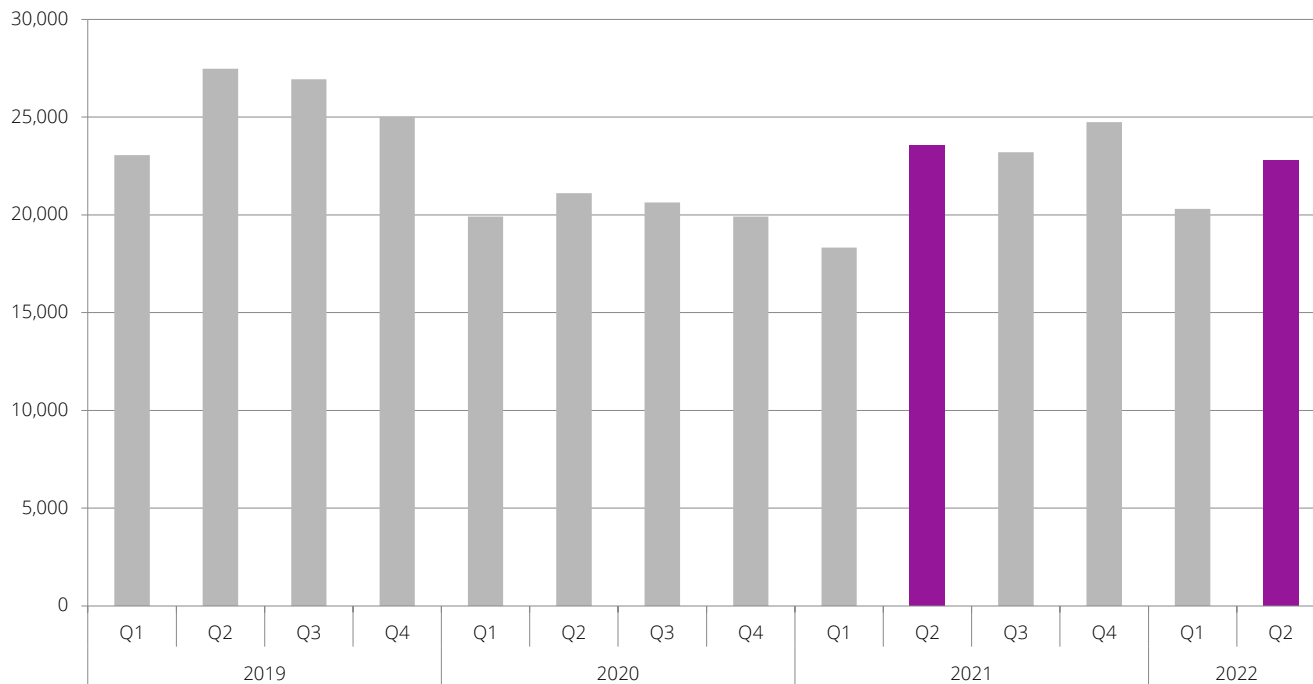
Strong growth in IBU and SBU did not sufficiently compensate for the postponed medical sales, and the result was lower than expected.



Net sales by quarter

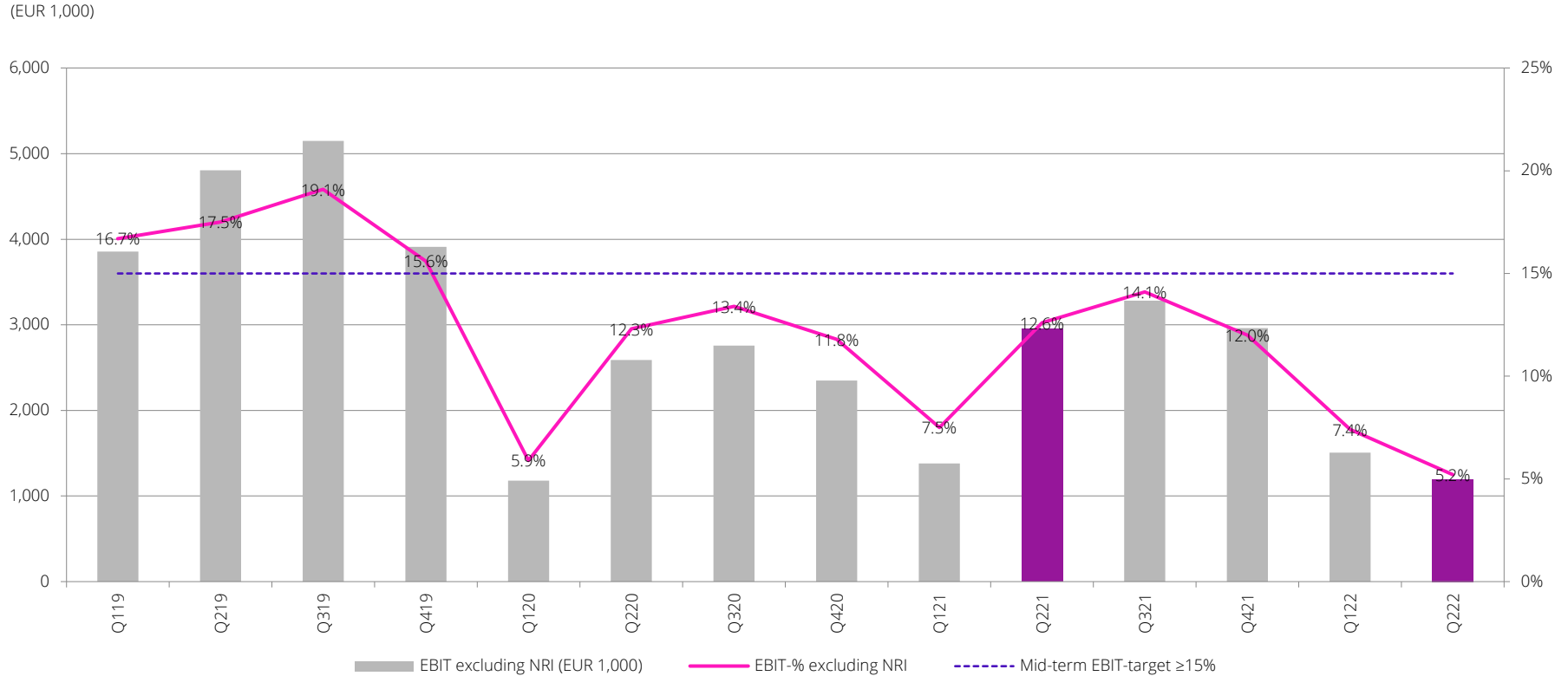


(EUR 1,000)

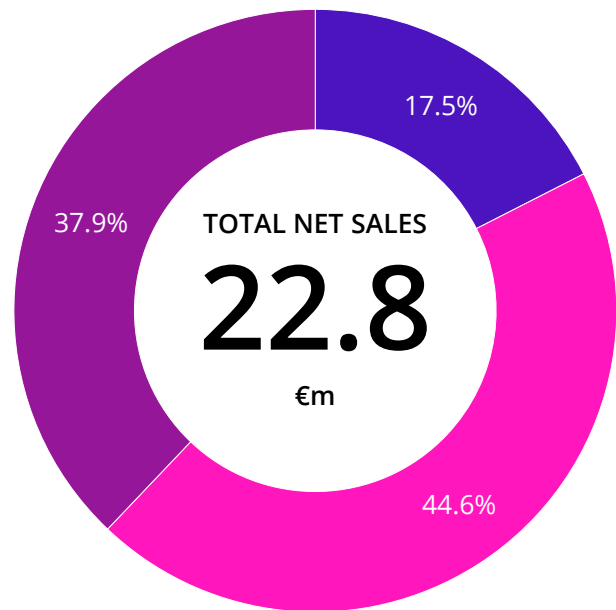


-3.3%
(YOY change-%)

Operating profit

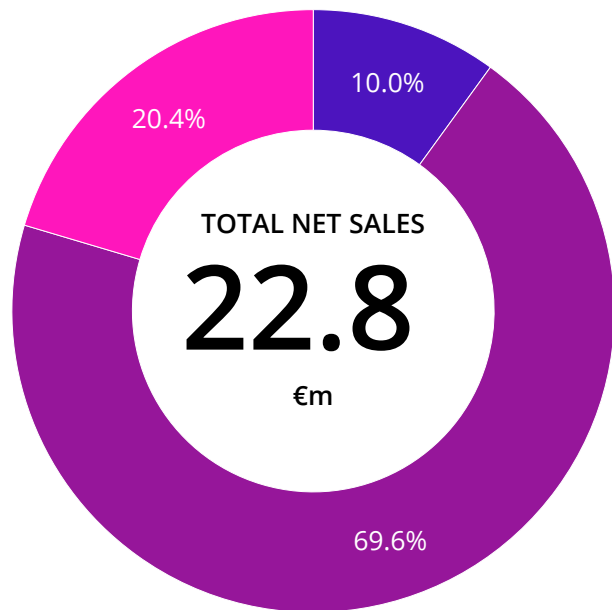


Q2 sales split by business units



	NET SALES €m	YOY CHANGE-%
IBU	4.0	29.4
MBU	10.1	-25.2
SBU	8.6	25.4

Q2 sales split by region



	NET SALES €m	YOY CHANGE-%
AMERICAS	2.3	-28.1
APAC	15.8	-1.0
EMEA	4.7	6.4



H1 2022

43.1

net sales, €m
(41.9)

2.9

net sales change-%
(2.0)

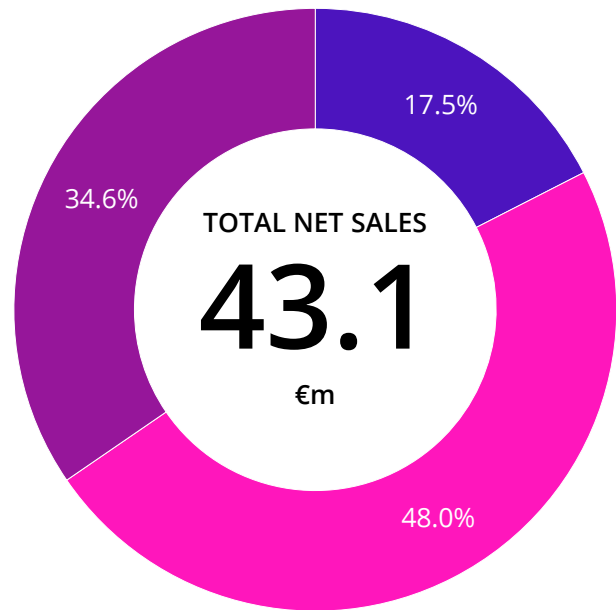
2.7

EBIT excluding NRI, €m
(4.3)

6.3

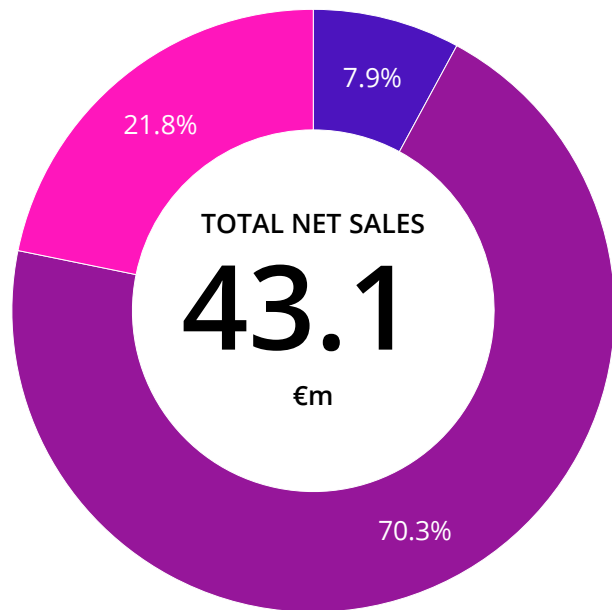
EBIT-% excluding NRI
(10.4)

H1 sales split by business units



	NET SALES €m	YOY CHANGE-%
IBU	7.5	36.3
MBU	20.7	-12.6
SBU	14.9	17.2

H1 sales split by region



	NET SALES €m	YOY CHANGE-%
AMERICAS	3.4	-19.7
APAC	30.3	0.9
EMEA	9.4	23.4

Key figures



	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Net sales, EUR 1,000	22,765	23,533	43,078	41,856	89,813
Change in net sales, %	-3.3%	11.5%	2.9%	2.0%	10.1%
Operating profit excluding NRI, EUR 1,000	1,195	2,954	2,701	4,336	10,580
Operating margin excluding NRI, %	5.2%	12.6%	6.3%	10.4%	11.8%
Non-recurring items (NRI), EUR 1,000	-335	0	-335	0	0
Operating profit, EUR 1,000	860	2,954	2,366	4,336	10,580
Operating margin, %	3.8%	12.6%	5.5%	10.4%	11.8%
R&D costs, EUR 1,000	3,208	2,681	6,277	5,207	10,951
R&D costs, % of net sales	14.1%	11.4%	14.6%	12.4%	12.2%
Cash flow from operating activities, EUR 1,000	-4,194	2,282	-3,528	3,381	7,121
Investments, EUR 1,000	606	248	807	389	1,359
Return on investment (ROI), %	13.4%	14.7%	13.4%	14.7%	16.5%
Earnings per share, EUR	0.05	0.16	0.14	0.25	0.64

Strategy highlights



Product modifications

Completed the first stage of the project in Q2, and the second to be finalized by the end of Q3.

myDT+ service portfolio

- Launched the portfolio to boost its strategic aim to build business beyond hardware
- More service products in the pipeline
- In the first stage targeted at the industrial and security segments
- As part of the portfolio introduced the concept of an online hosted customer experience center (CEC)



Other events



Completed a project to decrease the environmental impacts of its Wuxi production and service unit

Launched an internal DT Heartbeat pulse survey to be run bi-annually

Introduced a whistleblowing channel for its own personnel and third parties

Joined the 21st China Work Safety Month

Became a member of the ACI-UNICEF Finland network



Sales expectation Q3 and H2 2022



Industrial

sales to grow
in Q3



Medical

sales to grow
double-digit in Q3



Security

sales to grow
double-digit in Q3



Demand will accelerate in all main markets and have more orders than ever before.
Expects to see **double-digit growth in total net sales both in Q3 and H2 2022.**

Business outlook

- According to Detection Technology's view, demand will continue to be strong in all of the company's main markets.
- The company expects **double-digit growth in total net sales both in Q3 and H2 of 2022**, although the shortage of materials and components is expected to postpone at least some of the growth in H2.

Whilst the company is confident in the outlook for the remainder of 2022, the company's businesses face uncertainty due to the war in Ukraine, the pandemic, the energy crisis, and inflation. In addition, direct and indirect risks related to the availability of materials remain elevated. The impacts of material and component shortage have been acknowledged as a limiting factor in the outlook, however a further degradation in supply chain might affect business outlook.

SECURITY MARKET
annual growth rate

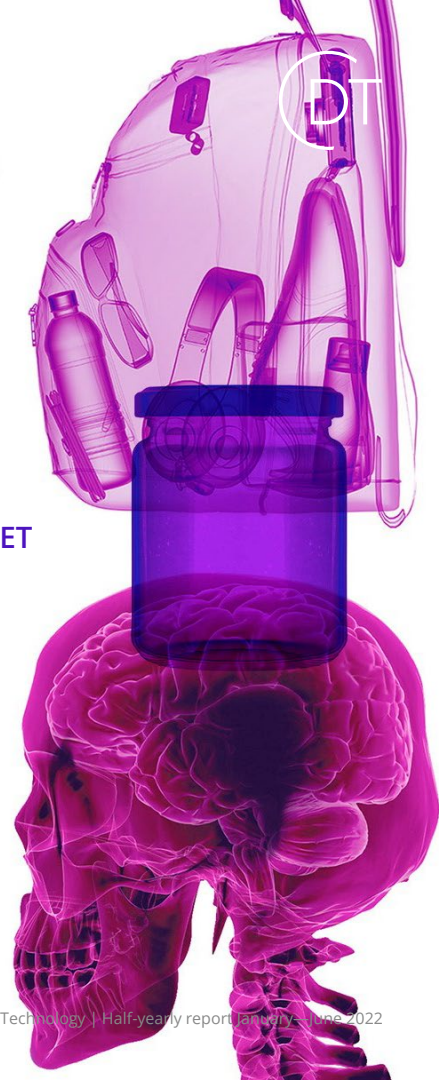
5%

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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