

Q2

January–June 2023

Half-yearly report

President and CEO Hannu Martola | 3 August 2023





Q2 2023

25.2

net sales, €m
(22.8)

10.8

net sales change-%
(-3.3)

1.4

EBIT excluding NRI, €m
(1.2)

5.4

EBIT-% excluding NRI
(5.2)

Double-digit growth, measures in place to improve profitability

Industrial sales -6%

- Sales were lower than expected as some key customers continued to reduce their stocks and demand in China was low
- Demand normalized at the end of Q2


Medical sales +22%

- Demand drivers remained unchanged, but demand softened on all continents
- Despite this sales grew, driven by CT applications
- Growth mainly attributed to the weak comparison period

Security sales +5%

- Sales grew but less than expected as demand was low in China and certain key customers cleared stocks
- Demand will strengthen in China, and investments in aviation CT equipment are starting in China and will continue in the US in H2

Lower-than-expected quarterly sales, sales mix, credit loss provision, and the last spot purchases impacted profitability

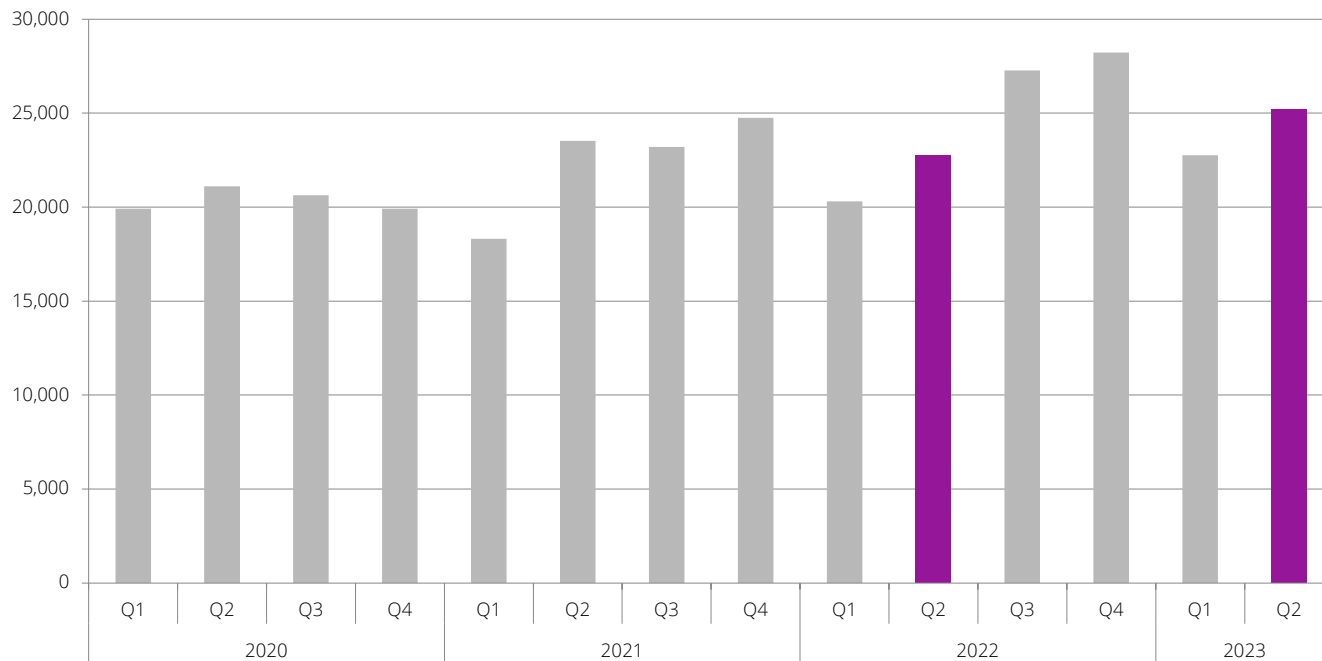
 Measures taken to improve profitability



Net sales by quarter

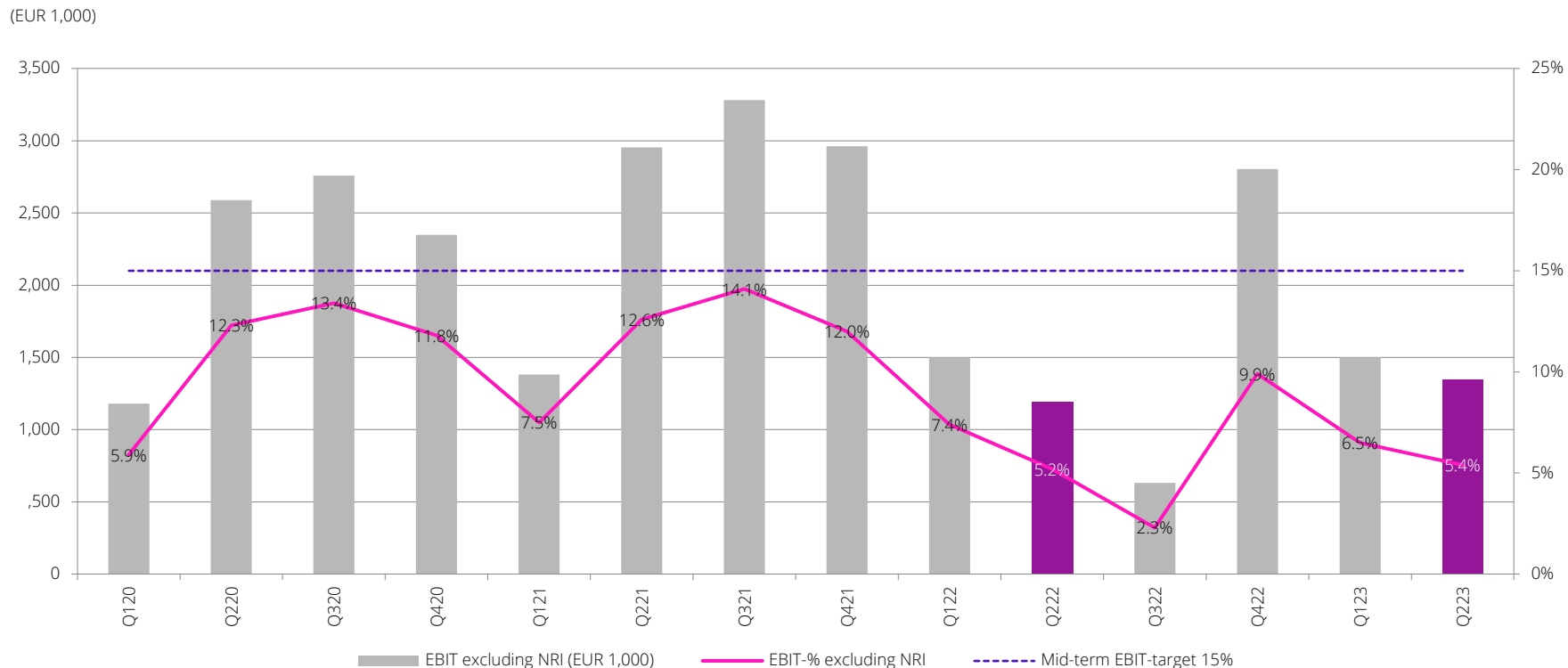


(EUR 1,000)

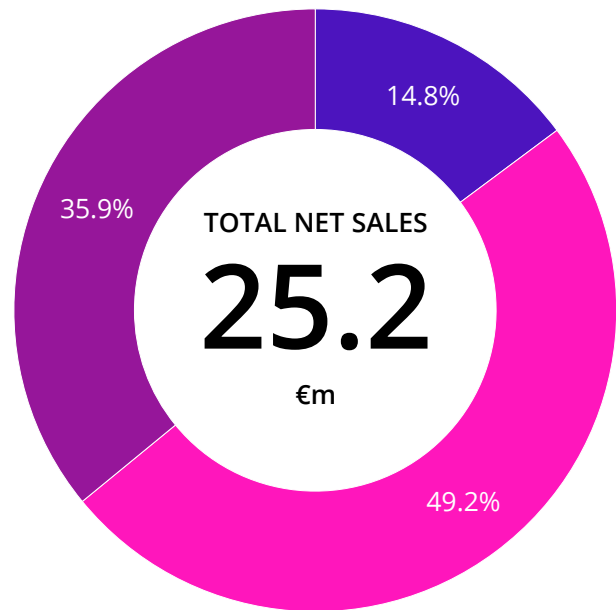


10.8%
(YOY change-%)

Operating profit

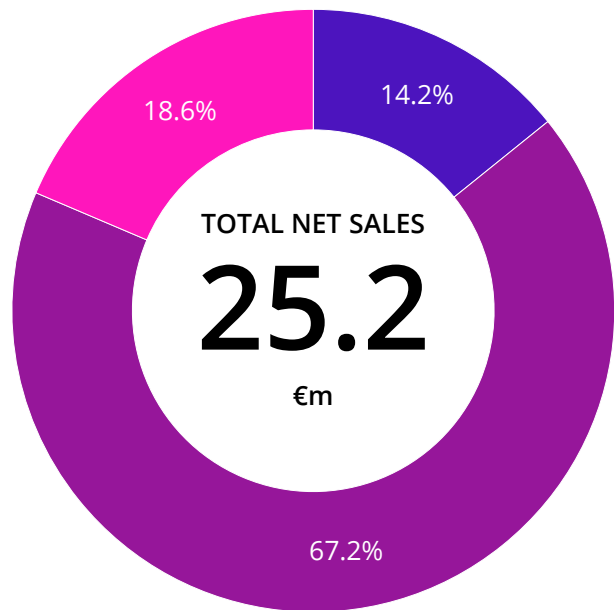


Q2 2023 sales split by business units



	NET SALES €m	YOY CHANGE-%
IBU	3.7	-6.2
MBU	12.4	22.3
SBU	9.1	5.0

Q2 2023 sales split by region



	NET SALES €m	YOY CHANGE-%
AMERICAS	3.6	57.7
APAC	16.9	6.9
EMEA	4.7	0.9



H1 2023

48.0

net sales, €m
(43.1)

11.4

net sales change-%
(2.9)

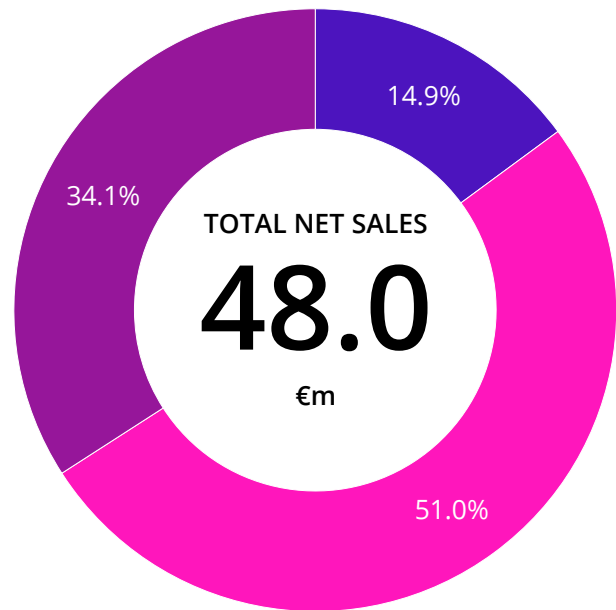
2.8

EBIT excluding NRI, €m
(2.7)

5.9

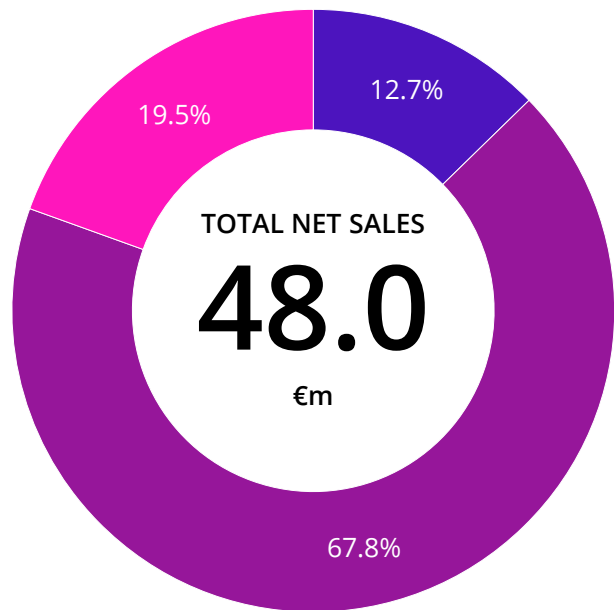
EBIT-% excluding NRI
(6.3)

H1 2023 sales split by business units



	NET SALES €m	YOY CHANGE-%
IBU	7.2	-4.7
MBU	24.5	18.4
SBU	16.3	9.7

H1 2023 sales split by region



	NET SALES €m	YOY CHANGE-%
AMERICAS	6.1	78.5
APAC	32.5	7.4
EMEA	9.4	-0.2

Key figures

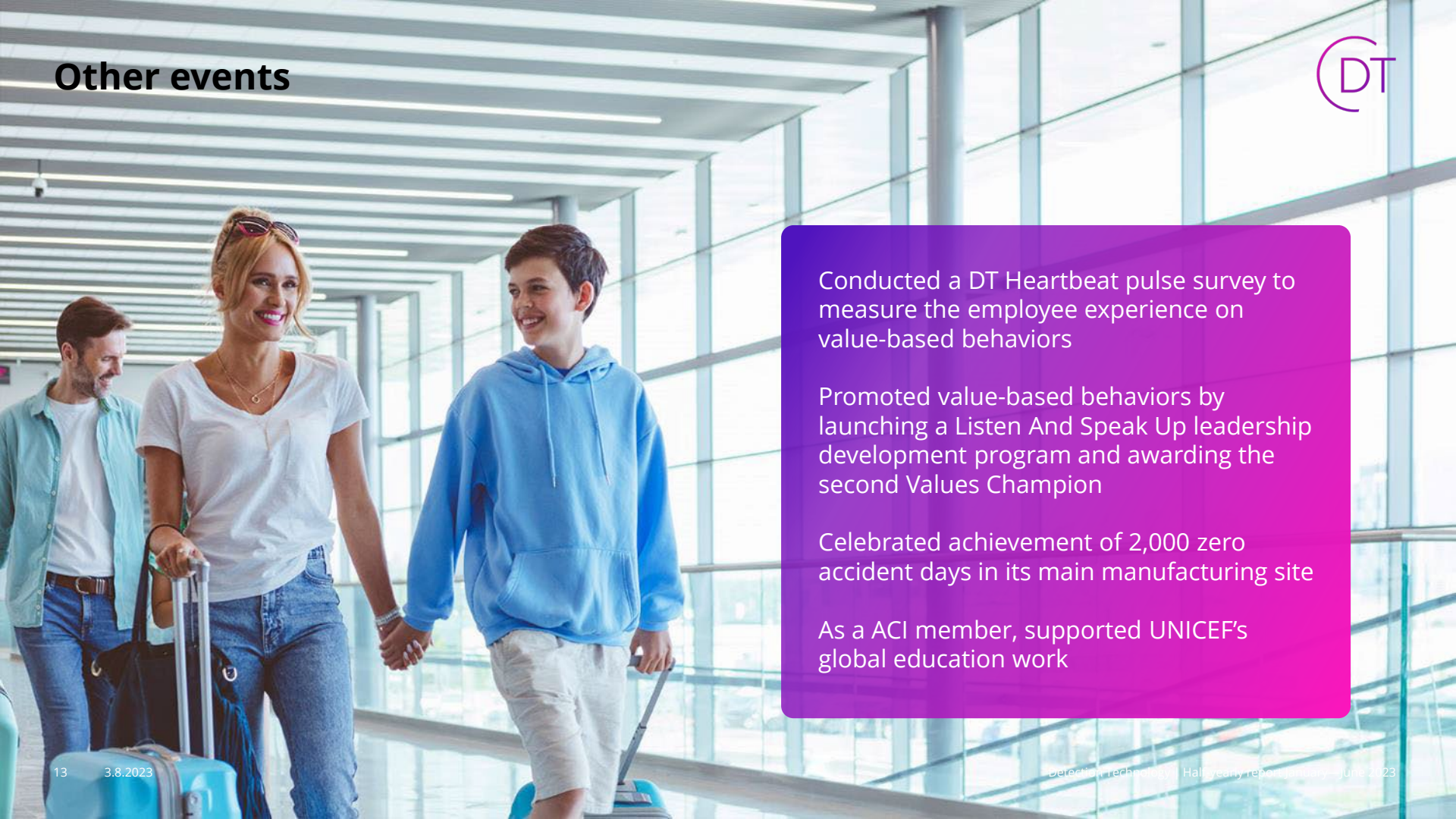


	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Net sales, EUR 1,000	25,219	22,765	47,972	43,078	98,580
Change in net sales, %	10.8%	-3.3%	11.4%	2.9%	9.8%
Operating profit excluding NRI, EUR 1,000	1,351	1,195	2,827	2,701	6,135
Operating margin excluding NRI, %	5.4%	5.2%	5.9%	6.3%	6.2%
Non-recurring items (NRI), EUR 1,000	0	-335	0	-335	-335
Operating profit, EUR 1,000	1,351	860	2,827	2,366	5,801
Operating margin, %	5.4%	3.8%	5.9%	5.5%	5.9%
R&D costs, EUR 1,000	3,079	3,208	6,041	6,277	12,549
R&D costs, % of net sales	12.2%	14.1%	12.6%	14.6%	12.7%
Cash flow from operating activities, EUR 1,000	2,426	-4,194	1,941	-3,528	-294
Investments, EUR 1,000	376	606	828	807	1,628
Return on investment (ROI), %	6.5%	13.4%	6.5%	13.4%	7.5%
Earnings per share, EUR	0.03	0.05	0.09	0.14	0.35

Strategy highlights

- Completed the acquisition of Haobo Imaging to double its total addressable market
 - Acquired 89.75% of the shares for EUR 12.4 million
 - Estimated H2 net sales of the acquired business to be around EUR 2 million and result negative
 - Goodwill of EUR 11.8 million to be generated
- Decided to move Oulu operations to new premises for a greater EU Origin product offering and risk mitigation
 - Production commencing in Q1 2024
- Expanded its TDI offering with X-Scan T02 optimized for quality control of electric car batteries

Other events



Conducted a DT Heartbeat pulse survey to measure the employee experience on value-based behaviors

Promoted value-based behaviors by launching a Listen And Speak Up leadership development program and awarding the second Values Champion

Celebrated achievement of 2,000 zero accident days in its main manufacturing site

As a ACI member, supported UNICEF's global education work

Sales expectation Q3 and H2 2023



Industrial

to grow
in Q3 and H2



Medical

to decline
in Q3 and H2



Security

to grow double-digit
in Q3 and H2



Total net sales to decline in Q3 and to grow in H2 of 2023.

Business outlook

- According to Detection Technology's view, demand will be strong in security and good in industrial applications. Demand in medical applications has, however, temporarily softened.
- The company expects **its total net sales to decline in Q3 and to grow in H2 of 2023.**

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

SECURITY MARKET
annual growth rate

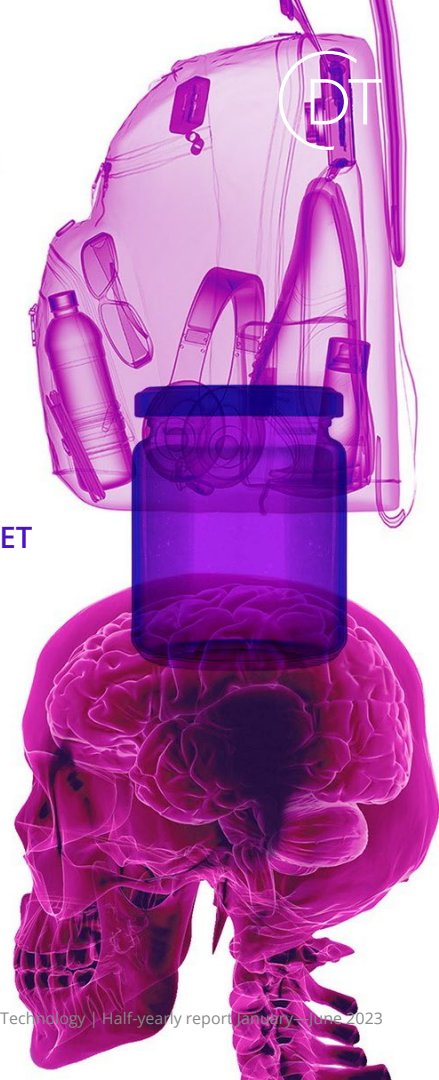
5%

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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