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Detection Technology Plc Financial Statements Review 2015

President and CEO Hannu Martola | February 2, 2016

# Q4 2015 Highlights



- Net sales increased by 56.4% to EUR 15.21 million (Q4/2014: 9.73)
- Operating profit (EBIT) excluding NRI was EUR 2.43 million (1.08)
- Operating profit margin (EBIT-%) excluding NRI was 16.0% of net sales (11.2%)
- NRI related to DT's new factory was EUR -0.69 million
- R&D costs totaled EUR 1.36 million (1.18), 8.9% of net sales (12.1%)
- Strong demand from the security imaging market
- Fast ramp up of the new factory enabled high sales throughput

NET SALES GROWTH

**56.4%**

EBIT% excluding NRI

**16%**

# Full-year 2015 Highlights



- Net sales increased by 29.2% to EUR 42.78 million (2014: 33.11)
- Operating profit (EBIT) excluding NRI amounted to EUR 4.54 million (4.13)
- Operating profit margin (EBIT-%) excluding NRI was 10.6% of net sales (12.5%)
- NRI relating to DT's new factory amounted to EUR 1.10 million
- R&D costs totaled EUR 5.70 million (4.12), 13.3% of net sales (12.4%)
- Capital expenditure was EUR 4.77 million (1.28)
- DT was listed on the Nasdaq First North Finland market place on March 16<sup>th</sup>

NET SALES GROWTH

**29.2%**

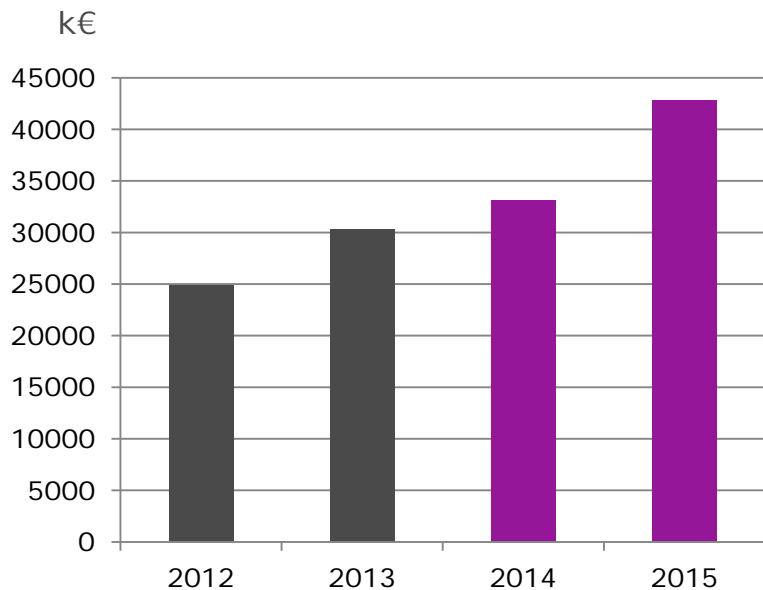
EBIT excluding NRI

**4.54 M€**

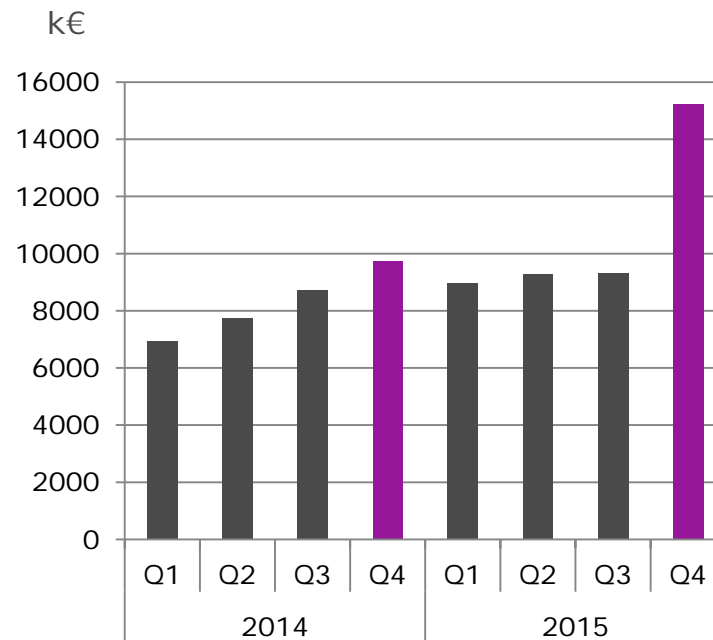
# Strong Net Sales Growth



Yearly **+29.2%**

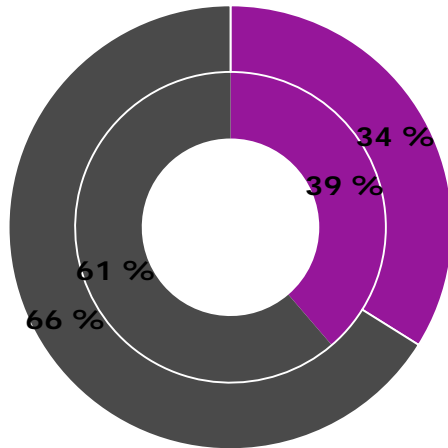


Quarterly **+56.4%**



# Net Sales by Business Units

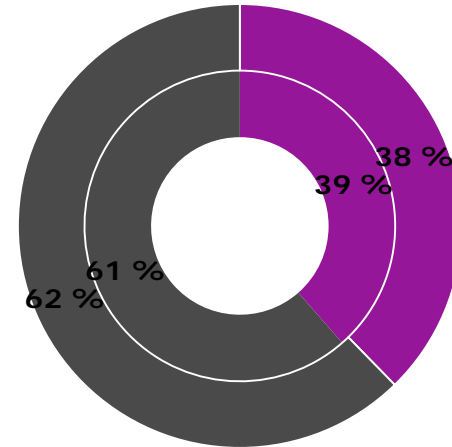
Q4



2014 Inner circle

2015 Outer circle

Full-year

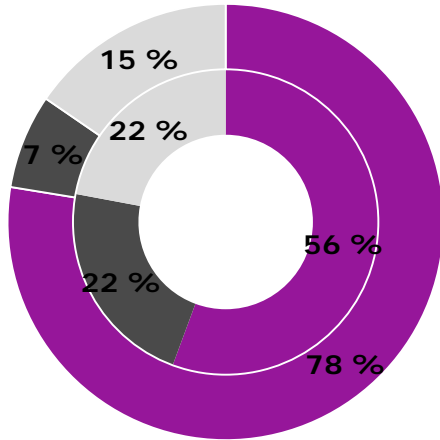


 Medical Business Unit (MBU)

 Security and Industrial Business Unit (SBU)

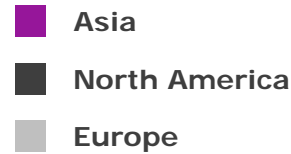
# Net Sales by Geography

## Q4

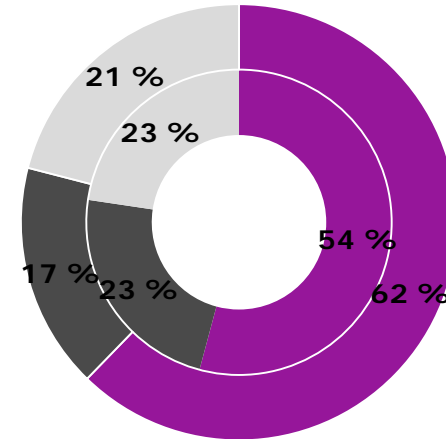


2014 Inner circle

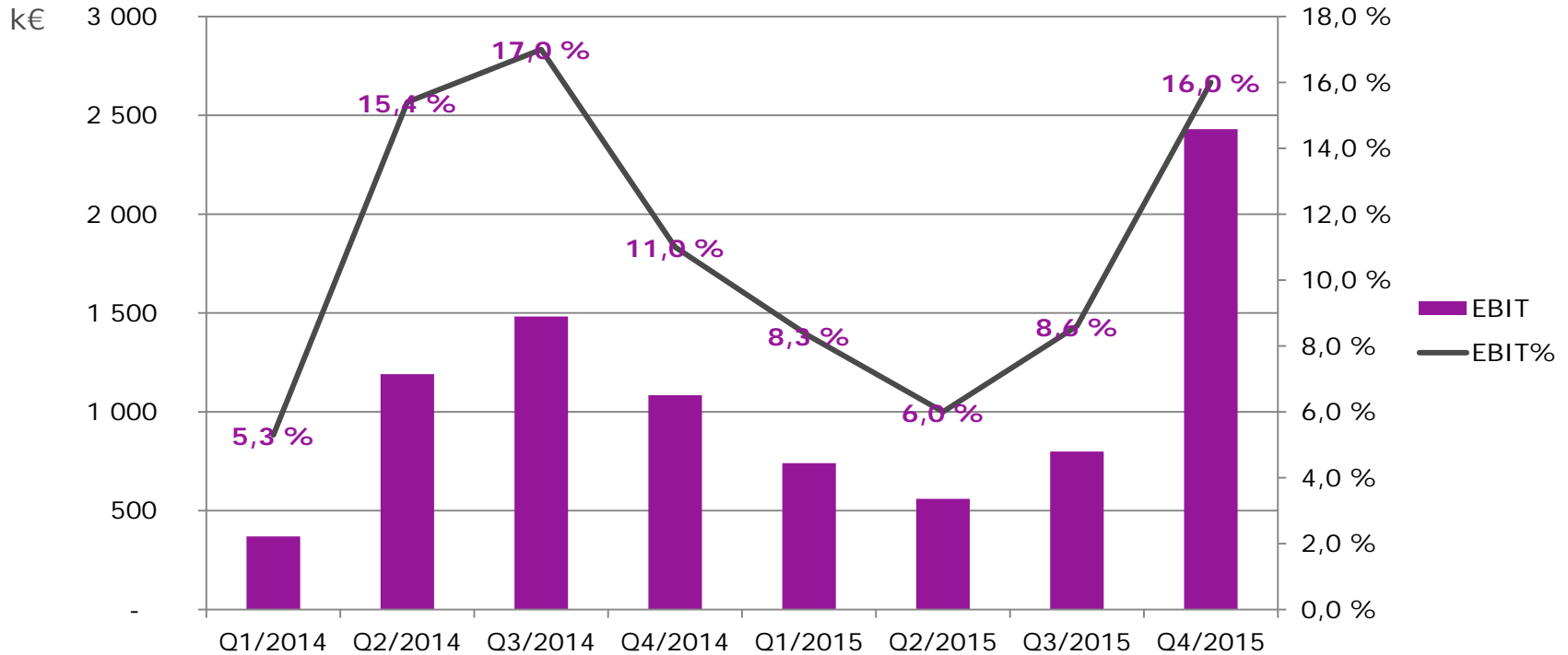
2015 Outer circle



## Full-year



# EBIT Excluding NRI



# Q4 2015 Key Figures



| (EUR 1 000)                                | Q4 2015 | Q4 2014 | Change % |
|--|---------|---------|----------|
| Net sales                                  | 15 212  | 9 725   | 56.42%   |
| Net sales growth %                         | 56.4%   | 10.7%   |          |
| Operating profit (EBIT) excl. NRI          | 2 433   | 1 084   | 124.3%   |
| Operating profit (EBIT) % excl. NRI        | 16.0%   | 11.2%   |          |
| Non-recurring items (NRI)                  | 688     | 398     |          |
| Operating profit                           | 1 741   | 686     | 153.6%   |
| Operating profit margin %                  | 11.44%  | 7.1%    |          |
| R&D costs                                  | 1 357   | 1 178   | 15.2%    |
| R&D costs, % of net sales                  | 8.9%    | 12.1%   |          |
| Cash flow from operating activities        | 5 355   | 2 090   | 156.2%   |
| Net interest bearing debt at end of period | -5 444  | 8 678   | -162.7%  |
| Capital expenditure                        | 3 450   | 1 133   | 204.5%   |
| Gearing, %                                 | -25.8%  | 654.0%  |          |



# Full-year 2015 Key Figures



| (EUR 1 000)                                | 2015   | 2014   | Change % |
|--|--------|--------|----------|
| Net sales                                  | 42 782 | 33 112 | 29.2%    |
| Net sales growth %                         | 29.2%  | 9.2%   |          |
| Operating profit (EBIT) excl. NRI          | 4 534  | 4 127  | 9.9%     |
| Operating profit (EBIT) % excl. NRI        | 10.6%  | 12.5%  |          |
| Non-recurring items (NRI)                  | 1 098  | 1 048  |          |
| Operating profit                           | 3 437  | 3 079  | 11.6%    |
| Operating profit margin %                  | 8.0%   | 9.3%   |          |
| R&D costs                                  | 5 696  | 4 121  | 38.2%    |
| R&D costs, % of net sales                  | 13.3%  | 12.4%  |          |
| Cash flow from operating activities        | 2 622  | 3 085  | -15.0%   |
| Net interest bearing debt at end of period | -5 444 | 8 678  | -162.7%  |
| Capital expenditure                        | 4 770  | 1 280  | 272.7%   |
| Gearing, %                                 | -25.8% | 654.0% |          |

# Security and Industrial Business Unit (SBU)



- Q4 net sales up 68.7% to EUR 10.06 million (Q4/2014: 5.96)
- 2015 net sales up 31.0% to EUR 26.7 million (20.3)
- Strong market demand driven by increasing security concerns
- SBU grew faster than the global security imaging market
  - Wide product portfolio, presence in Asia and fast ramp up of the new Beijing factory enabled high sales throughput
- Won a number of new long-term customer projects, some within security CT
  - Tightening EU aviation security regulation related to Explosives Detection Systems (EDS) has opened new opportunities

NET SALES GROWTH

**68.7%**

in Q4

**31.0%**

in 2015

# Medical Business Unit (MBU)



- Q4 net sales up 37.0% to EUR 5.16 million (Q4/2014: 3.76)
- 2015 net sales up 26.4% to EUR 16.1 million (12.8)
- MBU grew faster than the global medical imaging market
  - Rising volumes in newer product projects
  - DT's shipments grew in line with its customers well-received product launches
- Secured new projects within its current customers leading to volume production in a mid-term period
- The growth is driven by customer projects already under development

NET SALES GROWTH

**37%**

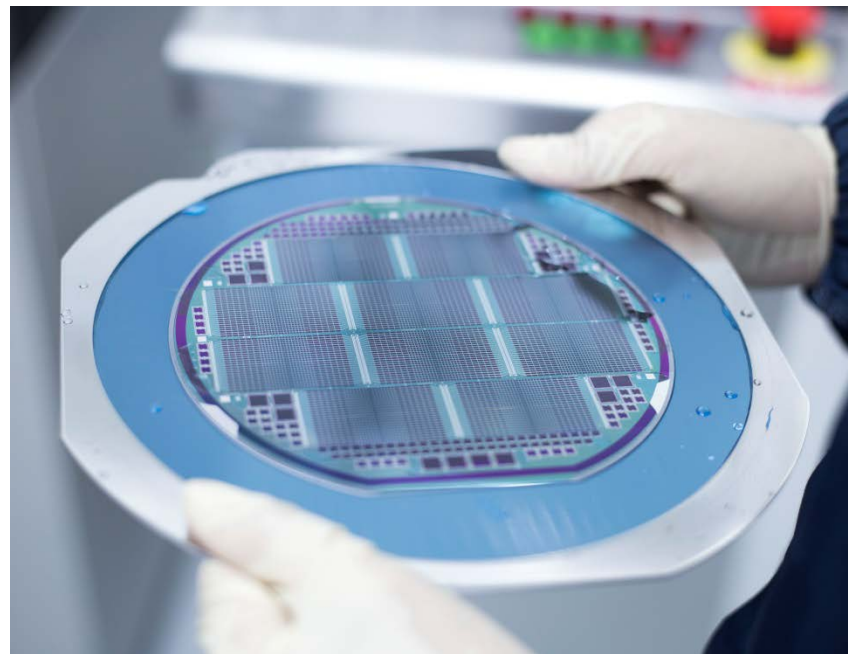
in Q4

**26.4%**

in 2015

# Capital Expenditure

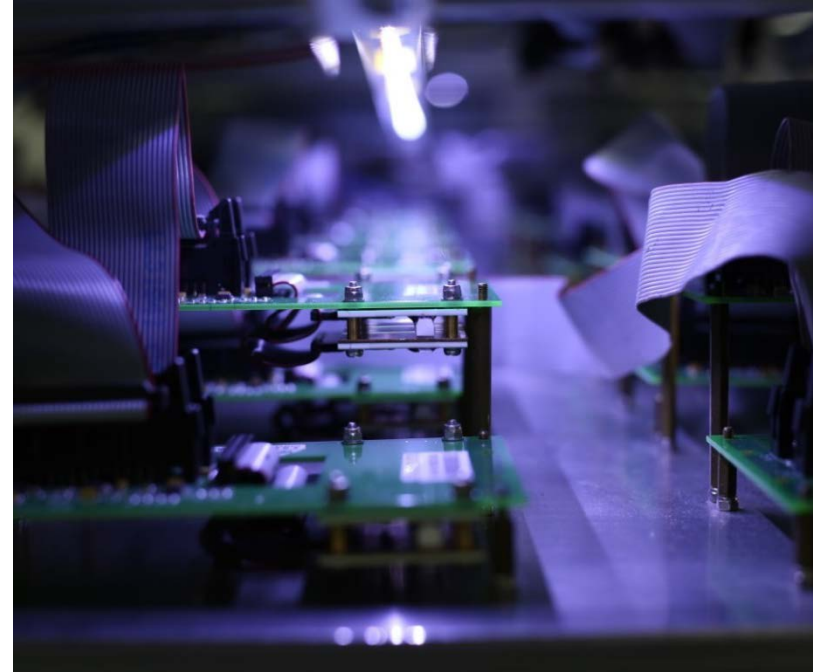
- Q4 2015 EUR 3.34 million (Q4/2014: 1.13)
- Full-year 2015 EUR 4.77 million (1.28)
- DT continued to invest in its production infrastructure
- The new factory in Beijing, China was ramped up faster than expected during the second half of 2015
- Total amount of the factory investment in line with DT's earlier estimation of EUR 4.5-5.0 million in 2015



# Strategy Update



- Ramp up of Beijing factory was completed successfully
  - Supported DT's growth, efficiency, quality and cost targets already in Q4 2015
- Customer and technology bases broadened
  - 164 active customers at the end of 2015
- Position strengthened in the US
- Listed on the NASDAQ First North Finland market place on March 16<sup>th</sup>
  - With the proceeds from the IPO the company has a strong balance sheet and more financial flexibility to proceed in the growth strategy path



# Outlook for 2016



- Sales outlook and development of profitability in accordance with the medium term targets
- Market growth estimate unchanged
  - Security screening market +7% per annum
  - Medical imaging markets +5% per annum
- Asia-Pacific is the fastest growing market
- DT well-positioned to grow faster than the market
  - SBU due to increased spending on security CT
  - MBU driven by customer projects already under development

Annual sales growth

**> 15%**

Operating margin

**≥ 15%**

