

Self-help story continues in tough market

Duell's Q2 net sales came in at EUR 28.2m, above our estimate of EUR 25.9m, driven by the TranAm acquisition. With the higher-than-expected sales and further self-help, adj. EBITA was also higher than estimated at EUR 1.4 (Evli est. EUR 0.8m).

- Duell's Q2 net sales grew 10.2% y/y to EUR 28.2m (EUR 25.5m in Q2/23, EUR 25.9m Evli).
- Net sales in the Nordics amounted to EUR 15.7m (EUR 16.3m in Q2/23, EUR 15.3m Evli), in Rest of Europe net sales stood at EUR 12.5m (EUR 9.2m in Q2/23, EUR 10.6m Evli).
- While we expected TranAm to support sales development and increased our estimates in connection with our result preview report, the growth in Rest of Europe was still more rapid than expected.
- Adj. EBITA in Q2 amounted to EUR 1.4m (EUR 1.0m in Q2/23, EUR 0.8m Evli).
- Additional transport costs due to Red Sea shipping challenges had a negative effect on the gross margin as expected. Duell's gross margin decreased from 26.5% in Q2/23 to 25.2% in Q2/24. Despite the decrease in gross margin, the margins improved driven by the company's profitability improvement project.
- Net debt at the end of Q2 stood at EUR 29.9m, down y/y from EUR 62.8m at the end of Q2/23. The lower net debt was the result of the completed rights issue and lower net working capital.
- **Outlook for FY 2024 (unchanged):** Net sales guidance not given due to weakened market predictability. Duell will continue its profitability improvement programme and enhance the net working capital position in financial year 2024. Duell estimates adjusted EBITA to improve from previous year's level.

Rating + BUY

	Q2/24	Actual	Evli	Q2/23
Revenue		28.2	25.9	25.5
<i>Nordics</i>		15.7	15.3	16.3
<i>Europe</i>		12.5	10.6	9.2
Adj. EBITA		1.4	0.8	1.0
<i>Adj. EBITA margin</i>		5.0 %	3.2 %	3.8 %

Source: Duell, Evli Research

Share price, EUR (Last trading day's closing price)	0.03
Target price, EUR	0.04
Latest change in recommendation	02-Apr-24
Latest report on company	02-Apr-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	1,038,546
No. of shares fully diluted, '000's	1,038,546
Market cap, EURm	33
Free float, %	
Exchange rate EUR	1.000
Reuters code	DUELL.HE
Bloomberg code	DUELL.FH
Average daily volume, EURm	0.1
Next interim report	18-Jan-24
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+ BUY ◻ HOLD ◻ SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	124.0	4.9	4.0%	-25.2	0.01	0.0	0.4	9.1	0.0	0.00
2023	118.8	1.0	0.9%	-1.1	-0.01	-12.7	0.5	62.3	-4.3	0.00
2024E	120.9	0.6	0.5%	-0.8	0.00	577.1	0.4	88.6	-2.6	0.00
2025E	124.4	5.6	4.5%	2.2	0.00	14.8	0.4	8.9	6.6	0.00
2026E	128.3	7.4	5.8%	4.0	0.00	8.1	0.4	6.2	12.0	0.00
Market cap, EURm		33	BV per share 2024E, EUR		33.8	CAGR EPS 2023-26, %				0.0
Net debt 2024E, EURm		18	Price/book 2024E		0.6	CAGR sales 2023-26, %				2.6
Enterprise value, EURm		51	Dividend yield 2024E, %		0.0	ROE 2024E, %				-5.4
Total assets 2024E, EURm		109	Tax rate 2024E, %		58.4	ROCE 2024E, %				0.7
Goodwill 2024E, EURm		24	Equity ratio 2024E, %		49.9	PEG, P/E 24/CAGR				1.7

All the important disclosures can be found on the last pages of this report.

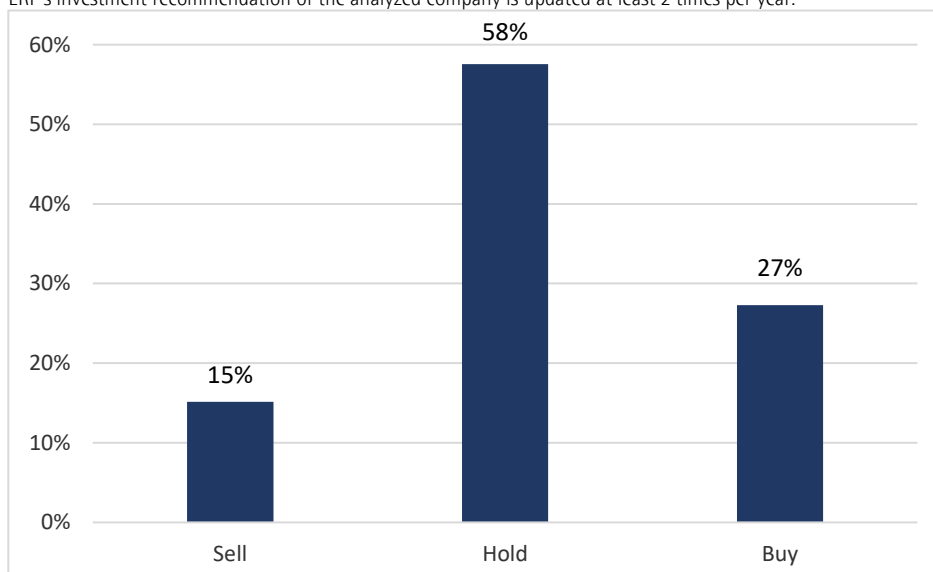
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Jortikka

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