

Reving up the engine for summer

Duell's H1/24 showed promising signs while uncertainties still remain ahead of the important H2. With positive adjustments to our estimates, the long-term case is intact.

Q2 growth came in stronger than we expected

Duell's Q2 net sales grew 10.2% y/y to EUR 28.2m (EUR 25.5m in Q2/23, EUR 25.9m Evli est.). The better-than-expected growth in Rest of Europe was driven by the TranAm acquisition and organic growth in Central Europe, especially in Germany. While the higher logistics costs had a negative effect on the company's gross margin as we expected, the higher net sales increased adj. EBITA to EUR 1.4m, above our estimate of EUR 0.8m. The non-adjusted figures were weakened by the completed RI, the fees associated were in line with previously communicated which include fee of EUR 0.9m for the subscription guarantor. All in all, Duell's cost base developed largely as estimated during Q2. With the RI completed during the quarter and lower NWC, the company's net debt decreased over 50% y/y to EUR 29.9m.

Cautiously optimistic for the second half of the fiscal year

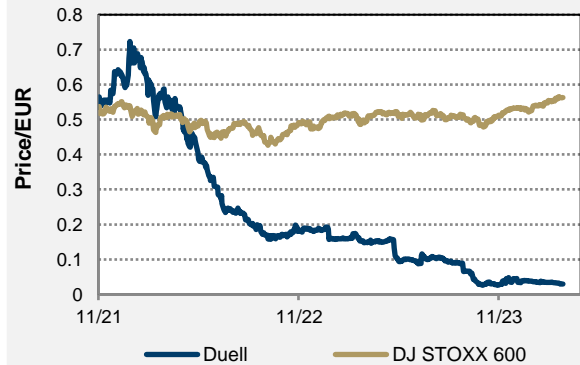
Duell's Q3 (March-May) is typically the company's strongest quarter in terms of volumes and profitability. We have adjusted our estimates for net sales upwards as we expect growth in Central Europe to continue. In the Nordics, we continue to forecast organic sales decline for Q3 while for Q4 we expect slight growth driven mainly by the softer comparison period. In terms of profitability, we estimate higher logistics costs to continue to affect Duell's gross margin. On the other hand, the company's profitability improvement initiatives are expected to bear fruit. As a result of higher net sales growth and further self-help, we have increased our estimates for H2. For FY 2024, we now estimate net sales of EUR 125.7m (prev. EUR 120.9m) and adj. EBITA of EUR 6.8m (EUR 5.9m).

Long-term case remains intact

Based on our updated estimates for FY 2024-2025, the company is still priced at conservative multiples of 7-5x adj. EV/EBITA and 11-6x adj. P/E. While the long-term upside is high, uncertainties regarding the end-market demand remain and Duell's leverage is still relatively elevated. We keep our TP at EUR 0.04 with BUY-rating intact.

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 0.04

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 37

Free float, % 0.0

Exchange rate EUR 1.000

Reuters code DUELL.HE

Bloomberg code DUELL.FH

Average daily volume, EURm 0.1

Next interim report 03-Jul-24

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+ BUY □ HOLD - SELL

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%	4.8	-0.01	-12.7	0.5	56.2	18.8	0.00
2024E	125.7	1.2	1.0%	-0.2	0.00	77.5	0.4	40.5	-0.6	0.00
2025E	129.4	6.4	5.0%	3.7	0.00	10.0	0.3	7.0	10.0	0.00
2026E	133.5	8.4	6.3%	5.6	0.01	6.5	0.3	4.8	15.3	0.00
Market cap, EURm	37		Gearing 2024E, %	22.0		CAGR EPS 2023-26, %		0.0		0.0
Net debt 2024E, EURm	12		Price/book 2024E	0.7		CAGR sales 2023-26, %		4.0		4.0
Enterprise value, EURm	49		Dividend yield 2024E, %	0.0		ROE 2024E, %		-5.2		-5.2
Total assets 2024E, EURm	99		Tax rate 2024E, %	63.5		ROCE 2024E, %		1.6		1.6
Goodwill 2024E, EURm	20		Equity ratio 2024E, %	55.2		PEG, P/E 24/CAGR		0.6		0.6

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

H1 developed better than expected

Duell kept delivering better than expected figures during Q2 as its net sales grew 10.2% y/y to EUR 28.2m while we had estimated net sales growth of less than 2% to EUR 25.9m. The driver behind the better-than-expected net sales development was organic growth from the rest of Europe as Duell grew especially in the Central European market. The company's CEO pointed out Germany as one of the key countries which contributed to organic growth during the Q2. As expected, gross margin was negatively affected by the increased logistics costs. All in all, the company's cost base developed fairly unsurprisingly during Q2 and the adj. EBITA climbed to EUR 1.4m, above our estimate of EUR 0.8m, driven mostly by the higher-than-expected net sales. Duell's net debt decreased by over 50% y/y to EUR 29.9m, the company's leverage is still relatively high, yet notably lower when compared to the end of last FY. With the current net debt, Duell's net debt to LTM adj. EBITDA is roughly 4.5x, still higher than the company's target of 2-3x.

Table 1: Estimate summary

	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2 023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Total Net sales	124.0	25.8	25.5	37.7	29.9	118.8	27.0	28.2	38.8	31.7	125.7	129.4	133.5
y/y %	61.5%	-5.0%	-5.7%	7.4%	-13.8%	-4.2%	4.7%	10.2%	3.0%	6.2%	5.8%	2.9%	3.2%
EBITA	6.7	(0.6)	0.9	3.2	(0.1)	3.4	(0.5)	(0.7)	3.9	1.3	4.0	9.2	11.2
EBITA %	5.4%	-2.2%	3.4%	8.6%	-0.5%	2.9%	-1.7%	-2.6%	10.0%	4.0%	3.2%	7.1%	8.4%
EBIT	4.9	(1.1)	0.4	2.6	(0.8)	1.0	(1.1)	(1.4)	3.2	0.6	1.2	6.4	8.4
EBIT %	4.0%	-4.1%	1.5%	6.8%	-2.8%	0.9%	-4.2%	-5.1%	8.2%	1.8%	1.0%	5.0%	6.3%
Items affecting comparability	(2.1)	(0.1)	(0.1)	(0.6)	(0.4)	(1.2)	(0.7)	(2.1)	-	-	(2.8)	-	-
Adj. EBITA	8.7	(0.4)	1.0	3.8	0.2	4.6	0.3	1.4	3.9	1.3	6.8	9.2	11.2
Adj. EBITA %	7.0%	-1.7%	3.8%	10.1%	0.8%	3.9%	1.0%	4.9%	10.0%	4.0%	5.4%	7.1%	8.4%
Adj. EBIT	7.0	(0.9)	0.5	3.1	(1.2)	2.2	(0.4)	0.7	3.2	0.6	4.0	6.4	8.4
Adj. EBIT %	5.6%	-3.6%	1.9%	8.3%	-4.0%	1.9%	-1.5%	2.4%	8.2%	1.8%	3.2%	5.0%	6.3%

Source: Duell, Evli Research

Both growth and gross margin pressure to continue in H2

We have revised our net sales projections upwards as we anticipate sustained growth in Central Europe. Duell won market share in the Central European market during Q2, which is expected to lead to higher sales during the summer high season. In the Nordics, we continue to forecast a slight organic sales decline for Q3 while for Q4 we expect growth driven mainly by the softer comparison period. While the growth gives a tailwind to margins, we expect higher logistics costs to continue. While the inbound ocean freight costs have decreased from January highs, the rates remain elevated. In addition, Duell is expected to suffer from additional costs related to logistics rerouting due to strikes in Finland. For Q4, we expect an improved gross margin as the company's inventory levels have declined and the need for discount sales has decreased, which lowered the margins for the comparison period Q4/23.

Table 2: Peer group valuation

Peer group Europe	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
Relais Group	213	7.7x	7.2x	6.8x	12.9x	11.6x	10.5x	12.5x	10.8x	9.5x
Pierce Group	54	5.7x	4.0x	3.5x	21.4x	8.5x	6.7x	23.0x	12.3x	10.1x
Auto Partner SA	833	9.3x	7.6x	6.6x	10.6x	8.7x	7.5x	12.9x	10.4x	9.0x
Delticom	34	6.6x	6.6x		15.0x	15.4x		7.3x	7.7x	
Halfords Group	405	4.0x	3.7x		14.4x	11.5x		12.5x	9.2x	
Inter Cars	1831	7.2x	6.5x	5.7x	8.4x	7.6x	6.8x	8.9x	7.9x	7.0x
MEKO	569	6.0x	5.7x	5.5x	10.7x	9.9x	9.4x	10.8x	9.5x	8.4x
Peer group average	515	6.6x	5.9x	5.6x	13.3x	10.5x	8.2x	12.5x	9.7x	8.8x
Peer group median	309	6.6x	6.5x	5.7x	12.9x	9.9x	7.5x	12.5x	9.5x	9.0x
Duell (Evli est.)*	33	6.7x	4.3x	3.3x	7.1x	4.8x	3.6x	11.2x	5.6x	4.3x

Duell prem./disc. to peer median

0.7% -32.9% -42.5% -44.8% -51.2% -52.0% -10.6% -40.9% -52.3%

Source FactSet, Evli Research

* Adjusted for items affecting comparability and goodwill depreciation

Peer group North America	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
Advance Auto Parts	4631	13.0x	12.0x	11.2x	23.6x	21.0x	19.3x	21.9x	18.9x	16.9x
AutoZone	4631	15.7x	15.0x	14.2x	17.9x	17.3x	16.3x	20.5x	18.9x	17.0x
LKQ	50308	10.0x	9.3x	9.0x	11.9x	11.0x	10.9x	12.8x	11.7x	10.7x
Genuine Parts	12852	11.4x	10.6x	9.9x	13.8x	12.1x	11.4x	15.7x	14.4x	13.4x
O'Reilly Automotive	19726	19.8x	18.7x	17.6x	22.6x	21.2x	19.8x	26.7x	24.2x	21.7x
Peer group average	25658	14.0x	12.6x	11.9x	17.9x	16.5x	15.5x	19.5x	17.6x	15.9x
Peer group median	16289	13.0x	11.3x	10.6x	17.9x	17.3x	16.3x	20.5x	18.9x	16.9x
Duell (Evli est.)*	33	6.7x	4.3x	3.3x	7.1x	4.8x	3.6x	11.2x	5.6x	4.3x

Duell prem./disc. to peer median

-48.6% -61.6% -69.0% -60.4% -71.9% -78.0% -45.5% -70.3% -74.6%

Source FactSet, Evli Research

* Adjusted for items affecting comparability and goodwill depreciation

Source: Duell, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.04 PV of Free Cash Flow	40 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	0.05 PV of Horizon value	40 WACC, %	10.2 Market risk premium, %	6.5
Share price potential, %	31.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	4.5
Maximum value	0.1 Marketable securities	2 Minimum WACC, %	9.7 Equity beta coefficient	1.50
Minimum value	0.0 Debt - dividend	-34 Maximum WACC, %	10.7 Target debt ratio, %	40
Horizon value, %	49.5 Value of stock	48 Nr of shares, Mn	1,038.5 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	119	126	129	134	137	139	141	143	145	147	150	152
<i>Sales growth, %</i>	-4.2	5.8	2.9	3.2	2.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Operating income (EBIT)	1	1	6	8	9	9	9	9	9	10	10	10
<i>Operating income margin, %</i>	0.9	1.0	5.0	6.3	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
+ Depreciation+amort.	3	4	3	3	3	3	4	4	4	4	4	
EBITDA	4	5	9	12	12	12	13	13	13	13	13	
- Paid taxes	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-3
- Change in NWC	14	1	-2	-2	-2	-1	-1	-1	-1	-1	-1	-1
<i>NWC/Sales, %</i>	36.7	34.1	34.7	35.2	35.6	35.9	36.1	36.4	36.6	36.8	37.1	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-10	-2	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX/Sales, %</i>	8.2	1.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	8	2	5	6	7	8	8	8	8	9	9	102
= Discounted FCFF		2	4	5	5	5	5	4	4	4	3	40
= DFCF min WACC		2	4	5	5	5	5	4	4	4	4	44
= DFCF max WACC		2	4	5	5	5	5	4	4	4	3	36

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	25.8	25.5	37.7	29.9	118.8	27.0	28.2	38.8	31.7	125.7	129.4	133.5
EBITDA	0.0	0.7	3.3	0.1	4.1	-0.2	-0.5	4.2	1.5	5.0	9.4	11.6
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>2.8</i>	<i>8.6</i>	<i>0.3</i>	<i>3.4</i>	<i>-0.7</i>	<i>-2.0</i>	<i>10.7</i>	<i>4.9</i>	<i>3.9</i>	<i>7.3</i>	<i>8.7</i>
EBIT	-0.7	0.0	2.6	-0.8	1.0	-1.1	-1.4	3.2	0.6	1.2	6.4	8.4
<i>EBIT margin (%)</i>	<i>-2.7</i>	<i>0.0</i>	<i>6.8</i>	<i>-2.8</i>	<i>0.9</i>	<i>-4.2</i>	<i>-5.1</i>	<i>8.2</i>	<i>1.8</i>	<i>1.0</i>	<i>5.0</i>	<i>6.3</i>
Net financial items	-0.5	-0.5	-1.8	-0.6	-3.4	-0.7	-0.8	-0.6	-0.6	-2.8	-1.1	-0.6
Pre-tax profit	-1.2	-0.5	0.8	-1.4	-2.4	-1.8	-2.2	2.5	-0.1	-1.6	5.3	7.8
Tax	0.0	0.0	-0.2	-0.2	-0.4	-0.1	-0.1	-0.5	0.0	-0.7	-1.6	-2.1
<i>Tax rate (%)</i>	<i>-4.6</i>	<i>-137.5</i>	<i>12.0</i>	<i>-30.3</i>	<i>-194.7</i>	<i>-10.8</i>	<i>-8.1</i>	<i>15.7</i>	<i>-2.4</i>	<i>63.5</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-1.3	-0.6	0.6	-1.6	-2.8	-2.0	-2.4	2.0	-0.1	-2.4	3.7	5.7
EPS	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01
EPS adjusted (diluted no. of shares)	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES, EURm												
Nordics	16.0	16.3	21.9	15.2	69.3	15.1	15.7	21.4	15.9	68.1	69.5	71.2
Europe	9.7	9.2	15.8	14.7	49.5	11.9	12.5	17.4	15.8	57.6	59.9	62.3
Total	25.8	25.5	37.7	29.9	118.8	27.0	28.2	38.8	31.7	125.7	129.4	133.5
SALES GROWTH, Y/Y %												
<i>Nordics</i>	<i>-2.5</i>	<i>-8.3</i>	<i>-1.1</i>	<i>-24.5</i>	<i>-9.2</i>	<i>-5.7</i>	<i>-3.8</i>	<i>-2.0</i>	<i>5.0</i>	<i>-1.7</i>	<i>2.0</i>	<i>2.5</i>
<i>Europe</i>	<i>-9.1</i>	<i>-1.0</i>	<i>21.5</i>	<i>1.1</i>	<i>4.0</i>	<i>22.4</i>	<i>35.0</i>	<i>10.0</i>	<i>7.5</i>	<i>16.3</i>	<i>4.0</i>	<i>4.0</i>
<i>Total</i>	<i>-5.1</i>	<i>-5.8</i>	<i>7.3</i>	<i>-13.8</i>	<i>-4.2</i>	<i>4.9</i>	<i>10.2</i>	<i>3.0</i>	<i>6.2</i>	<i>5.8</i>	<i>2.9</i>	<i>3.2</i>
EBIT, EURm												
Group	-0.7	0.0	2.6	-0.8	1.0	-1.1	-1.4	3.2	0.6	1.2	6.4	8.4
Total	-0.7	0.0	2.6	-0.8	1.0	-1.1	-1.4	3.2	0.6	1.2	6.4	8.4
EBIT margin, %												
<i>Total</i>	<i>-2.7</i>	<i>0.0</i>	<i>6.8</i>	<i>-2.8</i>	<i>0.9</i>	<i>-4.2</i>	<i>-5.1</i>	<i>8.2</i>	<i>1.8</i>	<i>1.0</i>	<i>5.0</i>	<i>6.3</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	0.0	0.0	76.8	124.0	118.8	125.7	129.4	133.5
<i>Sales growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>61.5</i>	<i>-4.2</i>	<i>5.8</i>	<i>2.9</i>	<i>3.2</i>
EBITDA	0.0	0.0	8.3	7.4	4.1	5.0	9.4	11.6
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>10.8</i>	<i>6.0</i>	<i>3.4</i>	<i>3.9</i>	<i>7.3</i>	<i>8.7</i>
Depreciation	0.0	0.0	-1.0	-0.7	-0.9	-1.0	-0.2	-0.4
EBITA	0.0	0.0	7.3	6.7	3.2	4.0	9.2	11.2
Goodwill amortization / writedown	0.0	0.0	0.0	-1.7	-2.2	-2.8	-2.8	-2.8
EBIT	0.0	0.0	7.3	4.9	1.0	1.2	6.4	8.4
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>9.5</i>	<i>4.0</i>	<i>0.9</i>	<i>1.0</i>	<i>5.0</i>	<i>6.3</i>
Reported EBIT	0.0	0.0	7.3	4.9	1.0	1.2	6.4	8.4
<i>EBIT margin (reported) (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>9.5</i>	<i>4.0</i>	<i>0.9</i>	<i>1.0</i>	<i>5.0</i>	<i>6.3</i>
Net financials	0.0	0.0	-2.7	-1.9	-3.4	-2.8	-1.1	-0.6
Pre-tax profit	0.0	0.0	4.6	3.0	-2.4	-1.6	5.3	7.8
Taxes	0.0	0.0	-1.2	-1.1	-0.4	-0.7	-1.6	-2.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	0.0	3.3	1.9	-2.8	-2.4	3.7	5.7
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	0	1	2	2	4	4	5	6
Goodwill	0	0	14	16	21	20	17	14
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	29	35	48	50	48	49	51
Receivables	0	16	16	25	18	19	20	20
Liquid funds	0	3	3	4	2	8	4	4
Total assets	0	48	69	95	95	99	95	95
Liabilities								
Shareholder's equity	0	11	11	32	37	55	58	63
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	0	41	41	49	34	20	12	8
Non-interest bearing current liabilities	0	0	0	0	0	0	0	0
Other interest-free debt	0	17	17	15	24	24	24	24
Total liabilities	0	69	69	95	95	99	95	95
CASH FLOW, EURm								
+ EBITDA	0	0	8	7	4	5	9	12
- Net financial items	0	0	-3	-2	-3	-3	-1	-1
- Taxes	0	0	-1	-1	0	-1	-2	-2
- Increase in Net Working Capital	0	-28	-6	-24	14	1	-2	-2
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	-28	-2	-20	15	2	5	7
- Capex	0	-1	-16	-6	-10	-2	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	-29	-17	-25	5	0	4	6
+/- New issues/buybacks	0	11	-3	19	8	20	0	0
- Paid dividend	0	0	0	0	0	0	0	-1
+/- Other	0	21	21	7	-14	-14	-8	-4
Change in cash	0	3	0	1	-2	6	-4	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	0	0	0	26	37	37	37
Net debt (excl. convertibles)	39	39	45	32	12	8	4
Enterprise value	39	39	45	58	49	45	40
Sales	0	77	124	119	126	129	134
EBITDA	0	8	7	4	5	9	12
EBIT	0	7	5	1	1	6	8
Pre-tax	0	5	3	-2	-2	5	8
Earnings	0	3	2	-3	-2	4	6
Equity book value (excl. minorities)	11	11	32	37	55	58	63
Valuation multiples							
EV/sales	0.0	0.5	0.4	0.5	0.4	0.3	0.3
EV/EBITDA	0.0	4.6	6.0	14.1	9.8	4.8	3.5
EV/EBITA	0.0	5.3	6.7	18.0	12.2	4.9	3.6
EV/EBIT	0.0	5.3	9.1	56.2	40.5	7.0	4.8
EV/OCF	-1.4	-24.9	-2.3	4.0	23.3	9.4	6.0
EV/FCFF	-1.4	-2.5	-1.9	7.6	24.1	9.8	6.7
P/FCFE	0.0	0.0	0.0	62.7	-159.3	10.0	6.5
P/E	0.0	0.0	0.0	-12.7	77.5	10.0	6.5
P/B	0.0	0.0	0.0	0.7	0.7	0.6	0.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.8	5.3	3.9
Target EV/EBIT	0.0	0.0	0.0	0.0	44.5	7.8	5.4
Target EV/FCF	0.0	0.0	0.0	0.0	-232.7	13.6	8.1
Target P/B	0.0	0.0	0.0	0.0	0.8	0.7	0.7
Target P/E	0.0	0.0	0.0	0.0	87.9	11.3	7.3
Per share measures							
Number of shares	0	0	299,910	359,892	1,038,546	1,038,546	1,038,546
Number of shares (diluted)	0	0	299,910	359,892	1,038,546	1,038,546	1,038,546
EPS	0.00	0.00	0.01	-0.01	0.00	0.00	0.01
Operating cash flow per share	0.00	0.00	-0.07	0.04	0.00	0.00	0.01
Free cash flow per share	0.00	0.00	-0.08	0.01	0.00	0.00	0.01
Book value per share	0.00	0.00	0.11	0.10	0.05	0.06	0.06
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	30.0	30.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	3.0	4.6
FCF yield, %	0.0	0.0	0.0	18.8	-0.6	10.0	15.3
Efficiency measures							
ROE	0.0	31.7	9.1	-8.3	-5.2	6.5	9.4
ROCE	0.0	14.0	7.4	1.4	1.6	8.9	11.9
Financial ratios							
Inventories as % of sales	0.0	45.5	38.6	41.7	38.0	38.0	38.0
Receivables as % of sales	0.0	20.8	20.1	15.3	15.3	15.3	15.3
Non-interest bearing liabilities as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NWC/sales, %	0.0	44.2	46.7	36.7	34.1	34.7	35.2
Operative CAPEX/sales, %	0.0	20.7	4.5	8.2	1.8	0.8	0.8
CAPEX/sales (incl. acquisitions), %	0.0	20.7	4.5	8.2	1.8	0.8	0.8
FCFF/EBITDA	0.0	-1.9	-3.2	1.9	0.4	0.5	0.5
Net debt/EBITDA, book-weighted	0.0	4.6	6.0	7.8	2.4	0.9	0.3
Debt/equity, market-weighted	0.0	0.0	0.0	1.3	0.5	0.3	0.2
Equity ratio, book-weighted	15.2	15.2	33.4	38.5	55.2	61.5	66.2
Gearing, %	367.7	367.7	139.9	86.8	22.0	14.3	6.1

COMPANY DESCRIPTION: Duell, a Finnish distribution company, operates within the European powersports aftermarket. Founded in 1983 by Tom and Stefan Nylund, the company is headquartered in Mustasaari, Finland, and has established warehouses and sales offices throughout Europe. Its primary warehouses are situated in Mustasaari, Finland, and Tranås, Sweden, while additional warehouses are located in the Netherlands, United Kingdom, Finland (Tampere) and France. During FY 2023, 59% of Duell's sales came from the Nordics and while the rest of the Europe accounted for 41%. Approximately 78% of the sales were generated through the distribution of third-party products, while the remaining 22% came from the distribution of Duell's own brand products, which are designed by Duell but manufactured in Asia.

INVESTMENT CASE: After a period of strong performance in 2021 and the early months of 2022, the European powersports aftermarket has seen a marked slowdown towards the end of 2022 and into 2023. The market dynamics are largely influenced by the number of registered powersports vehicles and the willingness of consumers to spend on aftermarket products and accessories. While there remains a steady demand for essential parts, the sector as a whole has slowed down significantly in 2023. This downturn has impacted Duell's financial results, with a 4% drop in net sales for the fiscal year 2023, and the adjusted EBITA margin declining to 3.9%, a decrease from the previous year's 7.0%. The combination of a weak operational performance and a burdened balance sheet, exacerbated by elevated inventory levels, led the company to complete a rights issue in December 2023.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Hartwall Capital Oy Ab	312,032,659	11.015	30.0%
Sponsor Capital Oy	105,216,876	3.714	10.1%
Keskinäinen Työeläkevakuutusyhtiö Varma	47,703,292	1.684	4.6%
Säästöpankki Fonder	45,275,318	1.598	4.4%
Erikoissijoitusrahasto Aktia Mikro Markka	23,720,882	0.837	2.3%
Keskinäinen Työeläkevakuutusyhtiö Elo	21,760,000	0.768	2.1%
Oy 4N-Group Ab	17,581,841	0.621	1.7%
Danske Invest Finnish Equity Fund	15,325,100	0.541	1.5%
Evli Finland Select Fund	13,698,430	0.484	1.3%
Jarkko Ämmälä	13,211,000	0.466	1.3%
Ten largest	615,525,399	21.728	59%
Residual	423,020,717	14.933	41%
Total	1,038,546,116	36.661	100%

EARNINGS CALENDAR

July 03, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Kauppatie 19, 65610 Mustasaari

CFO: Riitta Niemelä

Tel: +358 40 674 5257

IR: Pellervo Hämäläinen

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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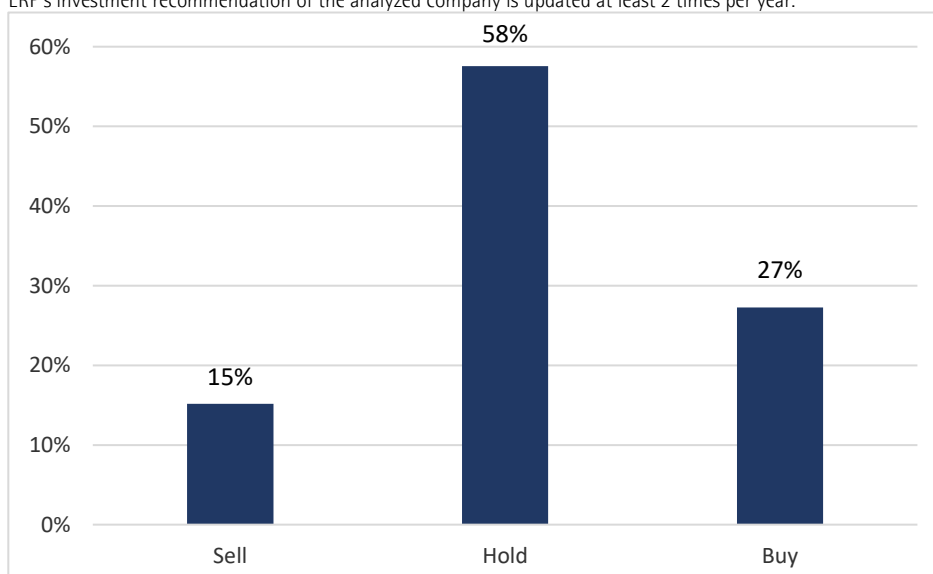
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Investment recommendations are defined as follows:

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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