

## Turnaround continues

Duell is advancing its turnaround amidst a challenging market, with overall risk reduced due to balance sheet deleveraging during the fiscal year. We increase TP to EUR 0.045 (prev. EUR 0.04) while keeping rating at BUY.

### Q4 developed in line with our estimates

Duell's Q4 net sales grew 5.8% y/y to EUR 31.6m (EUR 29.9m in Q4/23, EUR 31.3m Evli). Adj. EBITA in Q4 amounted to EUR 1.4m (EUR 0.2m in Q4/23, EUR 1.3m Evli). The company experienced an improvement in the gross margin due to a change of accounting principles related to inventory. Duell continued its cost control efforts, which in addition to the improved gross margin led to profitability improvement. At the end of the FY, the net debt to adjusted EBITDA ratio was 2.8x, with net debt substantially reduced to EUR 19.6m from EUR 38.2m in Q4/23, primarily due to the rights offering completed during FY. The conditions for the debt covenants were met at the end of the FY and the leverage ratio was in line with the company's medium-term targets.

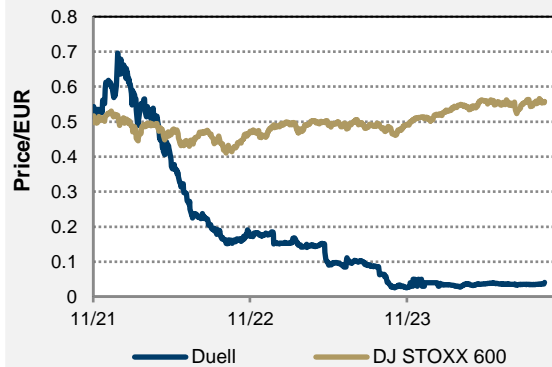
### Estimates remain relatively unchanged

Duell gave relatively broad guidance for 2025E as was expected. The company expects organic net sales with comparable currencies to be at the same level or higher than the previous year and adjusted EBITA to improve from last year's level. Our estimates for 2025E were in line with the guidance already prior to the report. We continue to expect mid-single digit growth for the rest of Europe and slightly lower growth for the Nordics. In terms of profitability, we estimate gross margin pressure from the challenging market and higher logistics costs while the planned change negotiations will alleviate personnel costs for the fiscal year, especially for the second half. We now estimate net sales of EUR 128.9m and adj. EBITA of EUR 7.7m for 2025E.

### BUY with a TP of EUR 0.045 (prev. EUR 0.04)

With our estimates for 2025E, Duell is priced at 9x P/E and 8x EV/EBIT which we continue to see as undemanding levels. The fourth quarter offered further proof of the turnaround and reduced debt levels have mitigated the associated risks despite the unpredictable market environment. We increase our TP to EUR 0.045 (prev. EUR 0.04) while maintaining recommendation at BUY.

Rating + BUY



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

Target price, EUR 0.045

|                                     |                    |
|-------------------------------------|--------------------|
| Latest change in recommendation     | 28-Mar-24          |
| Latest report on company            | 1-Oct-24           |
| Research paid by issuer:            | YES                |
| No. of shares outstanding, '000's   | 1,032,776          |
| No. of shares fully diluted, '000's | 1,032,776          |
| Market cap, EURm                    | 42                 |
| 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                 | 16-Jan-25          |
| Web site                            | investors.duell.eu |

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+ BUY   + HOLD   - SELL

## KEY FIGURES

|       | Sales<br>EURm | EBIT<br>EURm | EBIT<br>% | FCF<br>EURm | EPS<br>EUR | P/E<br>(x) | EV/Sales<br>(x) | EV/EBIT<br>(x) | FCF yield<br>% | DPS<br>EUR |
|-------|---------------|--------------|-----------|-------------|------------|------------|-----------------|----------------|----------------|------------|
| 2023  | 118.8         | 1.0          | 0.9%      | 4.8         | -0.01      | -12.7      | 0.5             | 56.2           | 18.8           | 0.00       |
| 2024  | 124.7         | 0.8          | 0.7%      | -5.1        | 0.00       | 77.6       | 0.5             | 66.9           | -13.8          | 0.00       |
| 2025E | 128.9         | 4.9          | 3.8%      | 2.7         | 0.00       | 20.2       | 0.5             | 12.1           | 6.4            | 0.00       |
| 2026E | 134.0         | 7.8          | 5.8%      | 4.1         | 0.00       | 8.9        | 0.4             | 7.1            | 9.6            | 0.00       |
| 2027E | 138.0         | 8.9          | 6.4%      | 5.9         | 0.01       | 7.3        | 0.4             | 5.8            | 13.9           | 0.00       |

|                          |    |                         |      |                       |       |
|--------------------------|----|-------------------------|------|-----------------------|-------|
| Market cap, EURm         | 42 | Gearing 2025E, %        | 31.4 | CAGR EPS 2024-27, %   | 130.3 |
| Net debt 2025E, EURm     | 17 | Price/book 2025E        | 0.8  | CAGR sales 2024-27, % | 3.4   |
| Enterprise value, EURm   | 59 | Dividend yield 2025E, % | 1.5  | ROE 2025E, %          | 4.0   |
| Total assets 2025E, EURm | 88 | Tax rate 2025E, %       | 19.4 | ROCE 2025E, %         | 6.3   |
| Goodwill 2025E, EURm     | 16 | Equity ratio 2025E, %   | 61.1 | PEG, P/E 25/CAGR      | 0.5   |

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

Improved y/y despite tough conditions, in line with our estimates

Duell's net sales development was in line with our estimates on group level, yet the development in the Nordics was stronger than expected while the rest of Europe was slightly softer than we estimated. Still, the rest of Europe grew 6.6% year over year while the Nordics grew almost 5%. We had estimated net sales decline for the Nordics based on weak search engine data, industry data and dealer comments. Based on discussions with the management, our understanding is that the quarter started on a weaker note in the Nordics. With the group level volumes fairly well in line with our estimates, the company's adj. EBITA in Q4 amounted to EUR 1.4m, also in line with our estimate of EUR 1.3m Evli. Net debt decreased to EUR 19.6m (EUR 38.2m Q4/23), driven by the rights issue completed during the FY. Planned debt service in August 2024 was completed and the leverage ratio was at 2.8x at the end of the quarter, within the medium-term target range of 2-3x. Cash at bank was EUR 9.3m, up significantly from Q4/23 (EUR 2.4m). Part of the company's strategy is to expand geographically, especially in the European market. Duell aims to expand in the European market through organic growth by increasing its market share, while also considering opportunities for inorganic growth. The company has identified several possible targets, and it wouldn't surprise us if the strengthened balance sheet would be utilized during the fiscal year.

Estimates fairly intact

In line with our preview comments, Duell gave relatively broad guidance for FY 2025.

- Duell expects that organic net sales with comparable currencies will be at the same level or higher than previous year.
- Duell will continue to focus on improving profitability and expects adjusted EBITA to improve from last year's level.

Our projections for 2025E remain largely unchanged. We expect that the current higher logistics costs will pressure the company's gross margin going forward in addition to the continued weak market conditions. We expect slight growth in the Nordics while for other Europe we estimate mid-single-digit organic growth. Duell also announced that it will start change negotiations with the aim of improving operational efficiency. The company is looking to achieve annual cost savings of approximately EUR 1m, mainly in the financial year 2025. We expect that the majority of the cost savings will materialize in the second half of the fiscal year, driving margin improvement for H2/25E. We now estimate net sales of EUR 128.9m and adj. EBITA of EUR 7.7m for FY 2025.

Table 1: Estimate summary

|                               | 2 023 | Q1/'24 | Q2/'24 | Q3/'24 | Q4/'24 | 2 024 | Q1/'25E | Q2/'25E | Q3/'25E | Q4/'25E | 2025E | 2026E | 2027E |
|-------------------------------|-------|--------|--------|--------|--------|-------|---------|---------|---------|---------|-------|-------|-------|
| Total Net sales               | 118.8 | 27.0   | 28.2   | 37.9   | 31.6   | 124.7 | 27.6    | 28.9    | 39.6    | 32.8    | 128.9 | 134.0 | 138.0 |
| y/y %                         | -4.2% | 4.7%   | 10.2%  | 0.6%   | 5.7%   | 4.9%  | 2.2%    | 2.6%    | 4.5%    | 4.0%    | 3.4%  | 3.9%  | 3.0%  |
| EBITA                         | 3.4   | (0.5)  | (0.7)  | 2.9    | 1.9    | 3.6   | 0.6     | 1.5     | 3.6     | 1.9     | 7.7   | 10.6  | 11.7  |
| EBITA %                       | 2.9%  | -1.7%  | -2.6%  | 7.7%   | 6.0%   | 2.9%  | 2.1%    | 5.2%    | 9.2%    | 5.9%    | 5.9%  | 7.9%  | 8.5%  |
| EBIT                          | 1.0   | (1.1)  | (1.4)  | 2.2    | 1.2    | 0.8   | (0.1)   | 0.8     | 3.0     | 1.2     | 4.9   | 7.8   | 8.9   |
| EBIT %                        | 0.9%  | -4.2%  | -5.1%  | 5.9%   | 3.7%   | 0.7%  | -0.4%   | 2.8%    | 7.5%    | 3.8%    | 3.8%  | 5.8%  | 6.4%  |
| Items affecting comparability | (1.2) | (0.7)  | (2.1)  | (0.3)  | 0.5    | (2.6) | -       | -       | -       | -       | -     | -     | -     |
| Adj. EBITA                    | 4.6   | 0.3    | 1.4    | 3.2    | 1.4    | 6.2   | 0.6     | 1.5     | 3.6     | 1.9     | 7.7   | 10.6  | 11.7  |
| Adj. EBITA %                  | 3.9%  | 1.0%   | 4.9%   | 8.4%   | 4.3%   | 5.0%  | 2.1%    | 5.2%    | 9.2%    | 5.9%    | 5.9%  | 7.9%  | 8.5%  |
| Adj. EBIT                     | 2.2   | (0.4)  | 0.7    | 2.5    | 0.7    | 3.4   | (0.1)   | 0.8     | 3.0     | 1.2     | 4.9   | 7.8   | 8.9   |
| Adj. EBIT %                   | 1.9%  | -1.5%  | 2.4%   | 6.6%   | 2.1%   | 2.7%  | -0.4%   | 2.8%    | 7.5%    | 3.8%    | 3.8%  | 5.8%  | 6.4%  |

Source: Duell, Evli Research

Table 2: Peer group

| Peer group Europe  | MCAP<br>MEUR | EV/EBITDA   |             |             | EV/EBIT      |              |             | P/E          |              |             |
|--------------------|--------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|
|                    |              | 24          | 25          | 26          | 24           | 25           | 26          | 24           | 25           | 26          |
| Relais Group       | 273          | 8.3x        | 7.9x        | 7.5x        | 12.4x        | 11.6x        | 10.8x       | 14.2x        | 12.1x        | 10.9x       |
| Pierce Group       | 59           | 3.7x        | 2.9x        | 2.4x        | 11.0x        | 6.3x         | 4.4x        | 16.5x        | 12.5x        | 9.3x        |
| Auto Partner SA    | 678          | 9.3x        | 7.7x        | 6.2x        | 11.0x        | 9.0x         | 7.7x        | 13.1x        | 11.2x        | 8.9x        |
| Delticom           | 37           | 5.9x        | 5.2x        | 4.6x        | 12.2x        | 9.6x         | 8.2x        | 8.9x         | 5.6x         | 4.5x        |
| Halfords Group     | 380          | 3.9x        | 3.8x        | 3.5x        | 14.5x        | 13.7x        | 11.3x       | 13.9x        | 12.5x        | 9.7x        |
| Inter Cars         | 1682         | 7.8x        | 6.8x        | 6.1x        | 8.9x         | 7.9x         | 7.2x        | 9.5x         | 8.1x         | 7.3x        |
| MEKO               | 689          | 6.5x        | 6.0x        | 5.7x        | 12.2x        | 10.6x        | 9.4x        | 12.0x        | 9.5x         | 9.3x        |
| Opono pl           | 217          | 11.4x       | 10.4x       | 9.4x        | 14.6x        | 13.2x        | 12.0x       | 17.6x        | 15.8x        | 14.3x       |
| Peer Group Average | 502          | <b>7.1x</b> | <b>6.3x</b> | <b>5.7x</b> | <b>12.1x</b> | <b>10.2x</b> | <b>8.9x</b> | <b>13.2x</b> | <b>10.9x</b> | <b>9.3x</b> |
| Peer Group Median  | 326          | <b>7.2x</b> | <b>6.4x</b> | <b>5.9x</b> | <b>12.2x</b> | <b>10.1x</b> | <b>8.8x</b> | <b>13.5x</b> | <b>11.6x</b> | <b>9.3x</b> |
| Duell (Evli est.)  | <b>42</b>    | <b>8.3x</b> | <b>6.8x</b> | <b>4.8x</b> | <b>9.5x</b>  | <b>7.7x</b>  | <b>5.3x</b> |              | <b>8.7x</b>  | <b>5.6x</b> |

Duell prem./disc. to peer median 15 % 6 % -19 % -22 % -24 % -40 % -25 % -40 %

Source FactSet, Evli Research

| Peer group North America | MCAP<br>MEUR | EV/EBITDA    |              |              | EV/EBIT      |              |              | P/E          |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                          |              | 24           | 25           | 26           | 24           | 25           | 26           | 24           | 25           | 26           |
| Advance Auto Parts       | 2117         | 10.4x        | 9.9x         | 9.4x         | 23.4x        | 20.7x        | 18.2x        | 18.3x        | 14.1x        | 11.3x        |
| AutoZone                 | 48299        | 15.3x        | 14.9x        | 14.0x        | 17.6x        | 17.2x        | 16.1x        | 20.7x        | 19.0x        | 17.0x        |
| LKQ                      | 9172         | 8.9x         | 8.4x         | 8.1x         | 10.3x        | 9.6x         | 9.7x         | 10.8x        | 9.7x         | 8.9x         |
| Genuine Parts            | 16950        | 10.7x        | 9.9x         | 9.3x         | 13.3x        | 11.4x        | 10.8x        | 14.2x        | 13.0x        | 12.3x        |
| O'Reilly Automotive      | 61698        | 20.4x        | 19.3x        | 18.0x        | 23.2x        | 21.7x        | 20.3x        | 28.3x        | 25.5x        | 22.6x        |
| Peer Group Average       | 27647        | <b>13.1x</b> | <b>12.5x</b> | <b>11.8x</b> | <b>17.6x</b> | <b>16.1x</b> | <b>15.0x</b> | <b>18.5x</b> | <b>16.3x</b> | <b>14.4x</b> |
| Peer Group Median        | 16950        | <b>10.7x</b> | <b>9.9x</b>  | <b>9.4x</b>  | <b>17.6x</b> | <b>17.2x</b> | <b>16.1x</b> | <b>18.3x</b> | <b>14.1x</b> | <b>12.3x</b> |
| Duell (Evli est.)        | <b>42</b>    | <b>8.3x</b>  | <b>6.8x</b>  | <b>4.8x</b>  | <b>9.5x</b>  | <b>7.7x</b>  | <b>5.3x</b>  |              | <b>8.7x</b>  | <b>5.6x</b>  |

Duell prem./disc. to peer median -22 % -32 % -49 % -46 % -55 % -67 % -38 % -55 %

Source FactSet, Evli Research

Source: Factset, Evli Research

| VALUATION RESULTS        | BASE CASE DETAILS          | VALUATION ASSUMPTIONS  | ASSUMPTIONS FOR WACC           |      |
|--------------------------|----------------------------|------------------------|--------------------------------|------|
| Current share price      | 0.04 PV of Free Cash Flow  | 39 Long-term growth, % | 2.0 Risk-free interest rate, % | 2.50 |
| DCF share value          | 0.05 PV of Horizon value   | 31 WACC, %             | 10.2 Market risk premium, %    | 6.5  |
| Share price potential, % | 20.9 Unconsolidated equity | 0 Spread, %            | 0.5 Debt risk premium, %       | 4.5  |
| Maximum value            | 0.1 Marketable securities  | 9 Minimum WACC, %      | 9.7 Equity beta coefficient    | 1.50 |
| Minimum value            | 0.0 Debt - dividend        | -29 Maximum WACC, %    | 10.7 Target debt ratio, %      | 40   |
| Horizon value, %         | 44.4 Value of stock        | 51 Nr of shares, Mn    | 1,032.8 Effective tax rate, %  | 20   |

| DCF valuation, EURm               | 2024        | 2025E       | 2026E       | 2027E       | 2028E       | 2029E       | 2030E       | 2031E       | 2032E       | 2033E       | 2034E       | Horizon    |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Net sales                         | 125         | 129         | 134         | 138         | 142         | 145         | 148         | 151         | 154         | 157         | 160         | 163        |
| <i>Sales growth, %</i>            | <i>4.9</i>  | <i>3.4</i>  | <i>3.9</i>  | <i>3.0</i>  | <i>3.0</i>  | <i>2.0</i>  | <i>2.0</i>  | <i>2.0</i>  | <i>2.0</i>  | <i>2.0</i>  | <i>2.0</i>  | <i>2.0</i> |
| Operating income (EBIT)           | 1           | 5           | 8           | 9           | 9           | 9           | 10          | 10          | 10          | 10          | 10          | 11         |
| <i>Operating income margin, %</i> | <i>0.7</i>  | <i>3.8</i>  | <i>5.8</i>  | <i>6.4</i>  | <i>6.5</i>  | <i>6.5</i>  | <i>6.5</i>  | <i>6.5</i>  | <i>6.5</i>  | <i>6.5</i>  | <i>6.5</i>  | <i>6.5</i> |
| + Depreciation+amort.             | 4           | 4           | 3           | 3           | 3           | 3           | 4           | 3           | 3           | 1           | 1           |            |
| EBITDA                            | 5           | 9           | 11          | 12          | 13          | 13          | 13          | 13          | 13          | 12          | 11          |            |
| - Paid taxes                      | -2          | -1          | -2          | -2          | -2          | -2          | -2          | -2          | -2          | -2          | -2          |            |
| - Change in NWC                   | -5          | -2          | -3          | -2          | -2          | -1          | -1          | -1          | -1          | -2          | -2          |            |
| <i>NWC / Sales, %</i>             | <i>38.9</i> | <i>39.3</i> | <i>39.7</i> | <i>39.9</i> | <i>40.2</i> | <i>40.4</i> | <i>40.6</i> | <i>40.7</i> | <i>40.9</i> | <i>41.1</i> | <i>41.2</i> |            |
| + Change in other liabs           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |            |
| - Operative CAPEX                 | -1          | -1          | -1          | -1          | -1          | -1          | -1          | -1          | -1          | -1          | -1          |            |
| <i>opCAPEX / Sales, %</i>         | <i>1.0</i>  | <i>0.9</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.8</i>  | <i>0.7</i>  | <i>0.7</i>  | <i>0.7</i>  | <i>0.7</i>  | <i>0.7</i>  | <i>0.7</i>  |            |
| - Acquisitions                    | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |            |
| + Divestments                     | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |            |
| - Other items                     | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |            |
| = FCFF                            | -3          | 4           | 5           | 7           | 7           | 8           | 8           | 8           | 8           | 7           | 7           | 85         |
| = Discounted FCFF                 |             | 4           | 4           | 5           | 5           | 5           | 4           | 4           | 4           | 3           | 3           | 31         |
| = DFCF min WACC                   |             | 4           | 4           | 5           | 5           | 5           | 5           | 4           | 4           | 3           | 3           | 35         |
| = DFCF max WACC                   |             | 4           | 4           | 5           | 5           | 5           | 4           | 4           | 3           | 3           | 2           | 28         |

## INTERIM FIGURES

| EVLI ESTIMATES, EURm                 | 2024Q1       | 2024Q2      | 2024Q3       | 2024Q4      | 2024        | 2025Q1E     | 2025Q2E     | 2025Q3E     | 2025Q4E     | 2025E       | 2026E       | 2027E       |
|--------------------------------------|--------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales                            | 27.0         | 28.2        | 37.9         | 31.6        | 124.7       | 27.6        | 28.9        | 39.6        | 32.8        | 128.9       | 134.0       | 138.0       |
| EBITDA                               | -0.2         | -0.5        | 3.2          | 2.1         | 4.6         | 0.9         | 1.8         | 3.9         | 2.2         | 8.7         | 10.7        | 12.0        |
| <i>EBITDA margin (%)</i>             | <i>-0.7</i>  | <i>-2.0</i> | <i>8.4</i>   | <i>6.8</i>  | <i>3.7</i>  | <i>3.1</i>  | <i>6.1</i>  | <i>9.8</i>  | <i>6.7</i>  | <i>6.7</i>  | <i>8.0</i>  | <i>8.7</i>  |
| EBIT                                 | -1.1         | -1.4        | 2.2          | 1.2         | 0.8         | -0.1        | 0.8         | 3.0         | 1.2         | 4.9         | 7.8         | 8.9         |
| <i>EBIT margin (%)</i>               | <i>-4.2</i>  | <i>-5.1</i> | <i>5.9</i>   | <i>3.7</i>  | <i>0.7</i>  | <i>-0.4</i> | <i>2.8</i>  | <i>7.5</i>  | <i>3.8</i>  | <i>3.8</i>  | <i>5.8</i>  | <i>6.4</i>  |
| Net financial items                  | -0.7         | -0.8        | -0.9         | -0.1        | -2.5        | -0.4        | -0.4        | -0.4        | -0.4        | -1.6        | -1.1        | -1.0        |
| Pre-tax profit                       | -1.8         | -2.2        | 1.3          | 1.1         | -1.7        | -0.5        | 0.4         | 2.6         | 0.8         | 3.3         | 6.6         | 7.9         |
| Tax                                  | -0.1         | -0.1        | -0.2         | -0.5        | -1.0        | 0.0         | -0.2        | -0.6        | -0.3        | -1.2        | -1.9        | -2.1        |
| <i>Tax rate (%)</i>                  | <i>-10.8</i> | <i>-8.1</i> | <i>9.9</i>   | <i>28.5</i> | <i>86.0</i> | <i>0.0</i>  | <i>20.0</i> | <i>20.0</i> | <i>20.0</i> | <i>19.4</i> | <i>20.0</i> | <i>20.0</i> |
| Net profit                           | -2.0         | -2.4        | 1.1          | 0.6         | -2.6        | -0.5        | 0.2         | 1.9         | 0.5         | 2.1         | 4.8         | 5.8         |
| EPS                                  | 0.00         | 0.00        | 0.00         | 0.00        | 0.00        | 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        | 0.00        | 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        |
| <b>SALES, EURm</b>                   |              |             |              |             |             |             |             |             |             |             |             |             |
| Nordics                              | 15.1         | 15.7        | 19.5         | 15.9        | 66.2        | 15.1        | 16.2        | 20.3        | 16.4        | 67.9        | 69.9        | 71.3        |
| Europe                               | 11.9         | 12.5        | 18.4         | 15.7        | 58.5        | 12.5        | 12.7        | 19.3        | 16.5        | 61.0        | 64.1        | 66.7        |
| Total                                | 27.0         | 28.2        | 37.9         | 31.6        | 124.7       | 27.6        | 28.9        | 39.6        | 32.8        | 128.9       | 134.0       | 138.0       |
| <b>SALES GROWTH, Y/Y %</b>           |              |             |              |             |             |             |             |             |             |             |             |             |
| <i>Nordics</i>                       | <i>-5.7</i>  | <i>-3.8</i> | <i>-10.8</i> | <i>4.9</i>  | <i>-4.6</i> | <i>0.0</i>  | <i>3.0</i>  | <i>4.0</i>  | <i>3.0</i>  | <i>2.6</i>  | <i>3.0</i>  | <i>2.0</i>  |
| <i>Europe</i>                        | <i>22.4</i>  | <i>35.0</i> | <i>16.4</i>  | <i>6.6</i>  | <i>18.1</i> | <i>5.0</i>  | <i>2.0</i>  | <i>5.0</i>  | <i>5.0</i>  | <i>4.4</i>  | <i>5.0</i>  | <i>4.0</i>  |
| <i>Total</i>                         | <i>4.9</i>   | <i>10.2</i> | <i>0.6</i>   | <i>5.7</i>  | <i>4.9</i>  | <i>2.2</i>  | <i>2.6</i>  | <i>4.5</i>  | <i>4.0</i>  | <i>3.4</i>  | <i>3.9</i>  | <i>3.0</i>  |
| <b>EBIT, EURm</b>                    |              |             |              |             |             |             |             |             |             |             |             |             |
| Group                                | -1.1         | -1.4        | 2.2          | 1.2         | 0.8         | -0.1        | 0.8         | 3.0         | 1.2         | 4.9         | 7.8         | 8.9         |
| Total                                | -1.1         | -1.4        | 2.2          | 1.2         | 0.8         | -0.1        | 0.8         | 3.0         | 1.2         | 4.9         | 7.8         | 8.9         |
| <i>EBIT margin, %</i>                |              |             |              |             |             |             |             |             |             |             |             |             |
| <i>Total</i>                         | <i>-4.2</i>  | <i>-5.1</i> | <i>5.9</i>   | <i>3.7</i>  | <i>0.7</i>  | <i>-0.4</i> | <i>2.8</i>  | <i>7.5</i>  | <i>3.8</i>  | <i>3.8</i>  | <i>5.8</i>  | <i>6.4</i>  |

Consumer Durables/Finland, October 10, 2024  
Company update

| INCOME STATEMENT, EURm                   | 2020       | 2021        | 2022        | 2023        | 2024       | 2025E      | 2026E      | 2027E      |
|--|------------|-------------|-------------|-------------|------------|------------|------------|------------|
| Sales                                    | 0.0        | 76.8        | 124.0       | 118.8       | 124.7      | 128.9      | 134.0      | 138.0      |
| <i>Sales growth (%)</i>                  | <i>0.0</i> | <i>0.0</i>  | <i>61.5</i> | <i>-4.2</i> | <i>4.9</i> | <i>3.4</i> | <i>3.9</i> | <i>3.0</i> |
| EBITDA                                   | 0.0        | 8.3         | 7.4         | 4.1         | 4.6        | 8.7        | 10.7       | 12.0       |
| <i>EBITDA margin (%)</i>                 | <i>0.0</i> | <i>10.8</i> | <i>6.0</i>  | <i>3.4</i>  | <i>3.7</i> | <i>6.7</i> | <i>8.0</i> | <i>8.7</i> |
| Depreciation                             | 0.0        | -1.0        | -0.7        | -0.9        | -0.9       | -1.0       | -0.2       | -0.4       |
| EBITA                                    | 0.0        | 7.3         | 6.7         | 3.2         | 3.6        | 7.7        | 10.6       | 11.7       |
| Goodwill amortization / writedown        | 0.0        | 0.0         | -1.7        | -2.2        | -2.8       | -2.8       | -2.8       | -2.8       |
| EBIT                                     | 0.0        | 7.3         | 4.9         | 1.0         | 0.8        | 4.9        | 7.8        | 8.9        |
| <i>EBIT margin (%)</i>                   | <i>0.0</i> | <i>9.5</i>  | <i>4.0</i>  | <i>0.9</i>  | <i>0.7</i> | <i>3.8</i> | <i>5.8</i> | <i>6.4</i> |
| Reported EBIT                            | 0.0        | 7.3         | 4.9         | 1.0         | 0.8        | 4.9        | 7.8        | 8.9        |
| <i>EBIT margin (reported) (%)</i>        | <i>0.0</i> | <i>9.5</i>  | <i>4.0</i>  | <i>0.9</i>  | <i>0.7</i> | <i>3.8</i> | <i>5.8</i> | <i>6.4</i> |
| Net financials                           | 0.0        | -2.7        | -1.9        | -3.4        | -2.5       | -1.6       | -1.1       | -1.0       |
| Pre-tax profit                           | 0.0        | 4.6         | 3.0         | -2.4        | -1.7       | 3.3        | 6.6        | 7.9        |
| Taxes                                    | 0.0        | -1.2        | -1.1        | -0.4        | -1.0       | -1.2       | -1.9       | -2.1       |
| Minority shares                          | 0.0        | 0.0         | 0.0         | 0.0         | 0.0        | 0.0        | 0.0        | 0.0        |
| Net profit                               | 0.0        | 3.3         | 1.9         | -2.8        | -2.6       | 2.1        | 4.8        | 5.8        |
| 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        |
| <b>BALANCE SHEET, EURm</b>               |            |             |             |             |            |            |            |            |
| Assets                                   |            |             |             |             |            |            |            |            |
| Fixed assets                             | 1          | 2           | 2           | 4           | 4          | 4          | 5          | 5          |
| Goodwill                                 | 0          | 14          | 16          | 21          | 19         | 16         | 14         | 11         |
| Right of use assets                      | 0          | 0           | 0           | 0           | 0          | 0          | 0          | 0          |
| Inventory                                | 29         | 35          | 48          | 50          | 45         | 47         | 48         | 50         |
| Receivables                              | 16         | 16          | 25          | 18          | 17         | 17         | 18         | 19         |
| Liquid funds                             | 3          | 3           | 4           | 2           | 9          | 4          | 4          | 6          |
| Total assets                             | 48         | 69          | 95          | 95          | 94         | 88         | 89         | 90         |
| Liabilities                              |            |             |             |             |            |            |            |            |
| Shareholder's equity                     | 11         | 11          | 32          | 37          | 52         | 54         | 58         | 62         |
| 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                    | 41         | 41          | 49          | 34          | 29         | 21         | 17         | 14         |
| Non-interest bearing current liabilities | 0          | 0           | 0           | 0           | 0          | 0          | 0          | 0          |
| Other interest-free debt                 | 17         | 17          | 15          | 24          | 13         | 13         | 13         | 13         |
| Total liabilities                        | 69         | 69          | 95          | 95          | 94         | 88         | 89         | 90         |
| <b>CASH FLOW, EURm</b>                   |            |             |             |             |            |            |            |            |
| + EBITDA                                 | 0          | 8           | 7           | 4           | 5          | 9          | 11         | 12         |
| - Net financial items                    | 0          | -3          | -2          | -3          | -3         | -2         | -1         | -1         |
| - Taxes                                  | 0          | -1          | -1          | 0           | -1         | -1         | -2         | -2         |
| - Increase in Net Working Capital        | -28        | -6          | -24         | 14          | -5         | -2         | -3         | -2         |
| +/- Other                                | 0          | 0           | 0           | 0           | 0          | 0          | 0          | 0          |
| = Cash flow from operations              | -28        | -2          | -20         | 15          | -4         | 4          | 5          | 7          |
| - Capex                                  | -1         | -16         | -6          | -10         | -1         | -1         | -1         | -1         |
| - Acquisitions                           | 0          | 0           | 0           | 0           | 0          | 0          | 0          | 0          |
| + Divestments                            | 0          | 0           | 0           | 0           | 0          | 0          | 0          | 0          |
| = Free cash flow                         | -29        | -17         | -25         | 5           | -5         | 3          | 4          | 6          |
| +/- New issues/buybacks                  | 11         | -3          | 19          | 8           | 17         | 0          | 0          | 0          |
| - Paid dividend                          | 0          | 0           | 0           | 0           | 0          | 0          | -1         | -1         |
| +/- Other                                | 21         | 21          | 7           | -14         | -5         | -8         | -3         | -3         |
| Change in cash                           | 3          | 0           | 1           | -2          | 7          | -5         | 0          | 1          |

| KEY FIGURES                                    | 2021  | 2022    | 2023    | 2024      | 2025E     | 2026E     | 2027E     |
|--|-------|---------|---------|-----------|-----------|-----------|-----------|
| M-cap  | 0     | 0       | 26      | 37        | 42        | 42        | 42        |
| Net debt (excl. convertibles)                  | 39    | 45      | 32      | 20        | 17        | 13        | 9         |
| Enterprise value                               | 39    | 45      | 58      | 56        | 59        | 56        | 51        |
| Sales  | 77    | 124     | 119     | 125       | 129       | 134       | 138       |
| EBITDA   | 8     | 7       | 4       | 5         | 9         | 11        | 12        |
| EBIT   | 7     | 5       | 1       | 1         | 5         | 8         | 9         |
| Pre-tax  | 5     | 3       | -2      | -2        | 3         | 7         | 8         |
| Earnings                                       | 3     | 2       | -3      | -3        | 2         | 5         | 6         |
| Equity book value (excl. minorities)           | 11    | 32      | 37      | 52        | 54        | 58        | 62        |
| <b>Valuation multiples</b>                     |       |         |         |           |           |           |           |
| EV/sales                                       | 0.5   | 0.4     | 0.5     | 0.5       | 0.5       | 0.4       | 0.4       |
| EV/EBITDA                                      | 4.6   | 6.0     | 14.1    | 12.3      | 6.8       | 5.2       | 4.3       |
| EV/EBITA                                       | 5.3   | 6.7     | 18.0    | 15.6      | 7.7       | 5.3       | 4.4       |
| EV/EBIT  | 5.3   | 9.1     | 56.2    | 66.9      | 12.1      | 7.1       | 5.8       |
| EV/OCF   | -24.9 | -2.3    | 4.0     | -14.5     | 15.5      | 10.7      | 7.3       |
| EV/FCFF  | -2.5  | -1.9    | 7.6     | -18.2     | 14.8      | 11.1      | 7.7       |
| P/FCFE   | 0.0   | 0.0     | 62.7    | -7.2      | 15.6      | 10.4      | 7.2       |
| P/E  | 0.0   | 0.0     | -12.7   | 77.6      | 20.2      | 8.9       | 7.3       |
| P/B  | 0.0   | 0.0     | 0.7     | 0.7       | 0.8       | 0.7       | 0.7       |
| Target EV/EBITDA                               | 0.0   | 0.0     | 0.0     | 0.0       | 7.3       | 5.6       | 4.6       |
| Target EV/EBIT                                 | 0.0   | 0.0     | 0.0     | 0.0       | 13.0      | 7.7       | 6.2       |
| Target EV/FCF                                  | 0.0   | 0.0     | 0.0     | 0.0       | 23.4      | 14.7      | 9.4       |
| Target P/B                                     | 0.0   | 0.0     | 0.0     | 0.0       | 0.9       | 0.8       | 0.7       |
| Target P/E                                     | 0.0   | 0.0     | 0.0     | 0.0       | 22.2      | 9.8       | 8.1       |
| <b>Per share measures</b>                      |       |         |         |           |           |           |           |
| Number of shares                               | 0     | 299,910 | 359,892 | 1,036,335 | 1,032,776 | 1,032,776 | 1,032,776 |
| Number of shares (diluted)                     | 0     | 299,910 | 359,892 | 1,036,335 | 1,032,776 | 1,032,776 | 1,032,776 |
| EPS  | 0.00  | 0.01    | -0.01   | 0.00      | 0.00      | 0.00      | 0.01      |
| Operating cash flow per share                  | 0.00  | -0.07   | 0.04    | 0.00      | 0.00      | 0.01      | 0.01      |
| Free cash flow per share                       | 0.00  | -0.08   | 0.01    | 0.00      | 0.00      | 0.00      | 0.01      |
| Book value per share                           | 0.00  | 0.11    | 0.10    | 0.05      | 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       | 30.0      | 30.0      | 30.0      |
| Dividend yield, %                              | 0.0   | 0.0     | 0.0     | 0.0       | 1.5       | 3.4       | 4.1       |
| FCF yield, %                                   | 0.0   | 0.0     | 18.8    | -13.8     | 6.4       | 9.6       | 13.9      |
| <b>Efficiency measures</b>                     |       |         |         |           |           |           |           |
| ROE  | 31.7  | 9.1     | -8.3    | -5.9      | 4.0       | 8.5       | 9.6       |
| ROCE   | 14.0  | 7.4     | 1.4     | 1.1       | 6.3       | 10.4      | 11.7      |
| <b>Financial ratios</b>                        |       |         |         |           |           |           |           |
| Inventories as % of sales                      | 45.5  | 38.6    | 41.7    | 36.1      | 36.1      | 36.1      | 36.1      |
| Receivables as % of sales                      | 20.8  | 20.1    | 15.3    | 13.5      | 13.5      | 13.5      | 13.5      |
| Non-interest bearing liabilities as % of sales | 0.0   | 0.0     | 0.0     | 0.0       | 0.0       | 0.0       | 0.0       |
| NWC/sales, %                                   | 44.2  | 46.7    | 36.7    | 38.9      | 39.3      | 39.7      | 39.9      |
| Operative CAPEX/sales, %                       | 20.7  | 4.5     | 8.2     | 1.0       | 0.9       | 0.8       | 0.8       |
| CAPEX/sales (incl. acquisitions), %            | 20.7  | 4.5     | 8.2     | 1.0       | 0.9       | 0.8       | 0.8       |
| FCFF/EBITDA                                    | -1.9  | -3.2    | 1.9     | -0.7      | 0.5       | 0.5       | 0.6       |
| Net debt/EBITDA, book-weighted                 | 4.6   | 6.0     | 7.8     | 4.3       | 1.9       | 1.2       | 0.7       |
| Debt/equity, market-weighted                   | 0.0   | 0.0     | 1.3     | 0.8       | 0.5       | 0.4       | 0.3       |
| Equity ratio, book-weighted                    | 15.2  | 33.4    | 38.5    | 55.0      | 61.1      | 65.2      | 69.0      |
| Gearing, %                                     | 367.7 | 139.9   | 86.8    | 37.9      | 31.4      | 23.2      | 14.4      |

**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 2024, 53% of Duell's sales came from the Nordics and while the rest of the Europe accounted for 47%. Approximately 80% of the sales were generated through the distribution of third-party products, while the remaining 20% 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 saw a 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 a steady demand remained for essential parts, the sector as a whole slowed down significantly in 2023. The downturn 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. In 2024, the company's net sales grew 4.9% despite the challenging market while organic net sales were flat. Especially the Nordic market remained challenging while the company grew faster in Europe. Adjusted EBITA improved to EUR 6.2m (EUR 4.6m) and the adjusted EBITA margin to 5.0% (3.9%). After the challenging period, Duell is making progress with its turnaround despite a tough market, and the overall risk has been reduced thanks to balance sheet deleveraging.

| OWNERSHIP STRUCTURE                       | SHARES        | EURm   | %     |
|---|---------------|--------|-------|
| Hartwall Capital Oy Ab                    | 313,000,000   | 12.802 | 30.3% |
| Sponsor Capital Oy                        | 105,000,000   | 4.295  | 10.2% |
| Keskinäinen Työeläkevakuutusyhtiö Varma   | 47,703,292    | 1.951  | 4.6%  |
| Säästöpankki Fonder                       | 45,275,318    | 1.852  | 4.4%  |
| Danske Invest Finnish Equity Fund         | 30,858,066    | 1.262  | 3.0%  |
| Erikoissijoitusrahasto Aktia Mikro Markka | 23,720,882    | 0.970  | 2.3%  |
| Keskinäinen Työeläkevakuutusyhtiö Elo     | 21,760,000    | 0.890  | 2.1%  |
| Twin Engine Oy                            | 16,601,357    | 0.679  | 1.6%  |
| Evli Finland Select Fund                  | 13,500,000    | 0.552  | 1.3%  |
| Jarkko Ämmälä                             | 13,211,000    | 0.540  | 1.3%  |
| Ten largest                               | 630,629,914   | 25.793 | 61%   |
| Residual                                  | 402,146,202   | 16.448 | 39%   |
| Total                                     | 1,032,776,116 | 42.241 | 100%  |

**EARNINGS CALENDAR**

|                  |                 |
|------------------|-----------------|
| January 16, 2025 | Q1 report       |
| April 10, 2025   | Q2 report       |
| July 03, 2025    | Q3 report       |
| October 16, 2025 | FY 2025 Results |

**OTHER EVENTS****COMPANY MISCELLANEOUS**

|                         |                                |
|-------------------------|--------------------------------|
| CEO: Magnus Miemois     | Kauppatie 19, 65610 Mustasaari |
| CFO: Caj Malmsten       | 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> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$ |  |
|--|--|

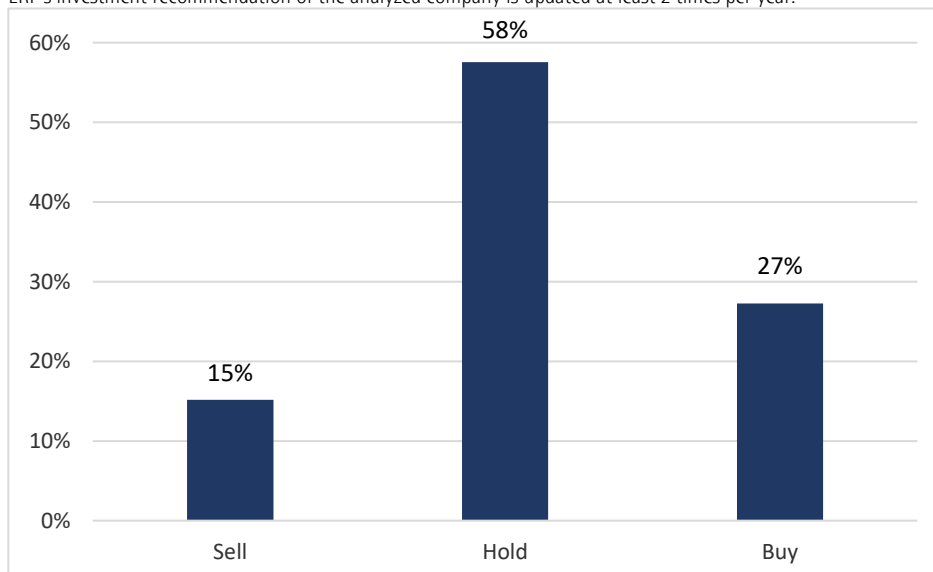
Important Disclosures

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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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