

Initiating coverage with BUY

Duell has faced challenges during the FY 2023 due to the current high interest rate environment, leading to reduced demand across the powersports aftermarket value chain. Despite the recent share price strength after the company posted solid Q3 figures, we see the current valuation moderate as we estimate continued growth in Europe and improved margins going forward. We initiate coverage of Duell with a BUY rating and TP of EUR 1.4.

One-stop shop for powersports aftermarket products

Duell is a Finnish powersports aftermarket distribution company established in 1983, headquartered in Mustasaari, with warehouses and sales offices across Europe. It serves as a source for a diverse range of equipment and parts in all powersports categories, acting as a convenient one-stop-shop. With approximately 600 brand owners and manufacturers, including Duell's own brands primarily based in Asia, the company ensures a wide supply network. Dealers benefit from Duell's distinctive brand and product selection, offering over 150,000 SKUs from more than 500 brands.

Expecting growth and improved margins going forward

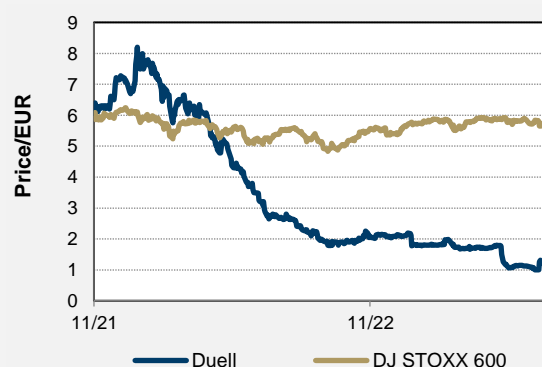
We estimate that the organic sales will continue to decrease during Q4 while the inorganic growth is expected to support the company's sales. For the FY 2023, we estimate total net sales of EUR 125m with 0.8% y/y growth. In terms of profitability, we estimate that Duell will reach adj. EBITA of EUR 7.4m in 2023 with margin of 5.9%, down from EUR 8.7m and 7.0% during FY 2022. Going forward, we estimate that Duell will return to profitable growth with the help of European expansion, partly scalable cost structure and the ongoing efficiency programme.

BUY with a target price of EUR 1.4

We initiate coverage of Duell with a BUY-rating and target price of EUR 1.4. In our view, the valuation looks moderate considering the Duell's growth prospects in the Europe and the ongoing efficiency programme that we estimate to improve the company's margins going forward. On our estimates for 2023E, the company trades at slightly elevated multiples yet on a discount when looking at 2024E relative multiples and the value derived from our discounted cash flow model.

Rating

BUY



Share price, EUR (Last trading day's closing price) 1.20

Target price, EUR 1.4

Latest change in recommendation 13-Jul-23

Latest report on company

Research paid by issuer: YES

No. of shares outstanding, '000's 30,545

No. of shares fully diluted, '000's 30,545

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 06-Jul-23

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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
2021	76.8	7.3	9.5%	-17.5	0.00	0.0	0.5	5.3	0.0	0.00
2022	124.0	4.9	4.0%	-25.2	0.08	0.0	0.4	9.1	0.0	0.00
2023E	125.0	4.4	3.5%	-6.7	0.00	-988.0	0.6	18.2	-18.3	0.00
2024E	134.5	7.0	5.2%	0.6	0.08	14.2	0.6	11.3	1.7	0.00
2025E	140.8	8.5	6.0%	1.8	0.13	9.6	0.5	9.1	4.9	0.04
Market cap, EURm			37	Gearing 2023E, %		105.1	CAGR EPS 2022-25, %			18.2
Net debt 2023E, EURm			43	Price/book 2023E		0.9	CAGR sales 2022-25, %			4.3
Enterprise value, EURm			79	Dividend yield 2023E, %		0.0	ROE 2023E, %			-0.1
Total assets 2023E, EURm			100	Tax rate 2023E, %		15.0	ROCE 2023E, %			5.2
Goodwill 2023E, EURm			20	Equity ratio 2023E, %		40.5	PEG, P/E 23/CAGR			0.0

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

Investment summary

Powersports aftermarket distributor

Duell is a Finnish powersports distribution and wholesale company. The company was founded in 1983 and was listed in 2021 to the Nasdaq First North Growth Market Finland. Duell has a presence across the European market, operating through a network of warehouses and sales offices spanning various locations in Europe including the Nordics, Benelux, Germany, France and United Kingdom. During FY 2022, the company had net sales of EUR 124m and operating profit of EUR 5m and employed a total of 232 employees at the end of the fiscal year.

One-stop shop in the powersports aftermarket distribution

The company's offering includes products for six different powersports segments including ATV, bicycle, marine, offroad, onroad and snowmobile. Duell's suppliers include brand owners of leading powersports brands such as Alpinestars, Jobe, Fox, Airoh, Pirelli. Alongside third-party brands, the company engages in the design of products for its own brands, which are subsequently manufactured in Asia. In total, the company stocks products from roughly 500 brands and roughly 600 different suppliers. The company's product offering includes roughly 150 000 SKUs. Duell's clients include both e-commerce and traditional brick-and-mortar powersports dealers across the Europe, in total, the company has 8500 active dealers across the Europe. Duell's core strength lies in its capacity to provide dealers with a diverse range of products, while simultaneously connecting manufacturers with an extensive network of dealers.

Growth strategy based on expansion into new geographics

Duell holds a commanding market share in the Nordics and over 60% of the company's sales in 2022 came from the area. One of Duell's key strategic priorities is organic and inorganic expansion to new geographic markets where the company's market share is still relatively low. In 2022, the company's net sales grew 61.5% y/y while its sales in other Europe (excl. Nordics) grew by 253%. The growth was achieved mostly through inorganic growth as the company acquired IGM & Tecno Globe during 2021 and TMV & PowerFactory in 2022. In addition to inorganic growth in new geographic markets, the company has been able to grow organically at a faster rate than the overall market and thus gain market share.

Market conditions have led to difficulties during 2023

Following robust market conditions in 2021 and early 2022, the European powersports aftermarket has experienced a significant deceleration during late 2022 and start of 2023. The primary factors influencing the market are the quantity of registered powersports vehicles and consumers' inclination to invest in aftermarket parts and equipment. While the demand for parts remains relatively resilient due to its necessity-driven nature, the overall market has experienced a notable slowdown in 2023 driven by the weakened consumer confidence. As a result of the market slowdown, Duell witnessed an 14.7% decline in organic sales during the first nine months of FY 2023. The decline in sales has led to an accumulation of the company's inventories, making inventory reduction one of the company's objective for the second half of 2023.

Expecting growth and improved margins going forward

For the FY 2023, we estimate total net sales of EUR 125m with 0.8% y/y growth. In terms of profitability, we estimate that Duell will reach adj. EBITA of EUR 6.5m in 2023 with margin of 5.2%, down from EUR 8.7m and 7.0% during FY 2022. Going forward, we estimate that Duell will return to profitable growth path supported by the growth in Europe, increased volumes and the company's ongoing efficiency programme. We keep our long-term estimates below Duell's own targets for sales growth and profitability.

BUY with a target price of EUR 1.4

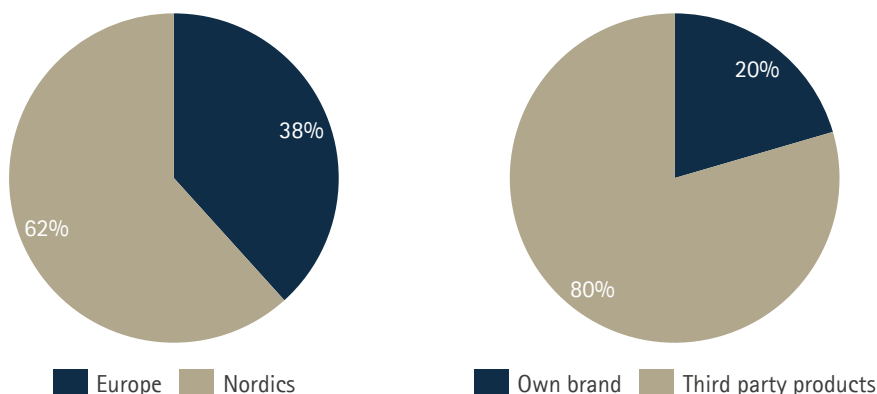
On our estimates for 2023E, the company trades at slightly elevated adjusted P/E and EV/EBITA multiples of 13.2x and 10.8x respectively, yet the 2024E multiples are already at relatively low levels of 8.0x and 9.7x respectively. The 2024E multiples point towards a roughly 18-20% discount when compared to our European peer group. Alongside peer multiples, the discounted cash flow analysis indicates a discount of approximately 40% when compared to the current market price. We acknowledge the long-term potential yet see that the company's turnaround is still at its early phases.

Company overview

Powersports aftermarket distributor founded in 1983

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. In 2018, Duell received investment from Sponsor Capital and was listed to the Nasdaq First North Growth Market Finland in 2021. The company has completed five acquisitions during 2021-2023 in the Netherlands, France, Finland and in the United Kingdom. During FY 2022, 62% of Duell's sales came from the Nordics and 38% from Europe excluding Nordics. 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.

Figure 1: Geographic (lhs) & brand portfolio sales split, in percentage of total %

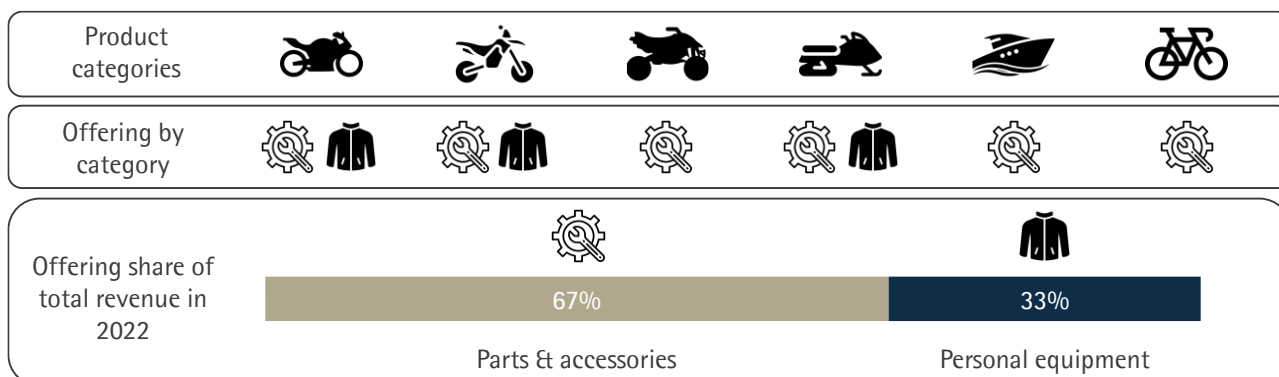


Source: Duell, Evli Research

Wide product offering for traditional

The suppliers of the company consist of both the brand owners and manufacturers for its own brands. Duell provides an extensive range of products tailored for all four seasons, encompassing various categories such as onroad motorcycles, offroad motorcycles, ATVs, snowmobiles, bicycles, and marine products. In addition to offering established brands, the company engages in the development and distribution of products under its own brands. Own brand sales accounted for roughly one-fifth of the total net sales in 2022. Duell's customers include traditional players such as retailers, specialty shops, repair shops, spare parts shops and powersports equipment manufacturers. In addition to the traditional dealers, the company distributes products to various e-commerce players across the Europe. The product offering includes both technical and spare parts and personal equipment. According to our analysis, Duell has more exposure to the personal equipment segment when comparing to its main competitors. Approximately two-thirds of the company's sales are derived from technical and spare parts sales, while the remaining one-third comes from personal equipment sales.

Figure 2: Product portfolio overview, product offering split as % of total revenue FY 2022



Source: Duell, Evli Research

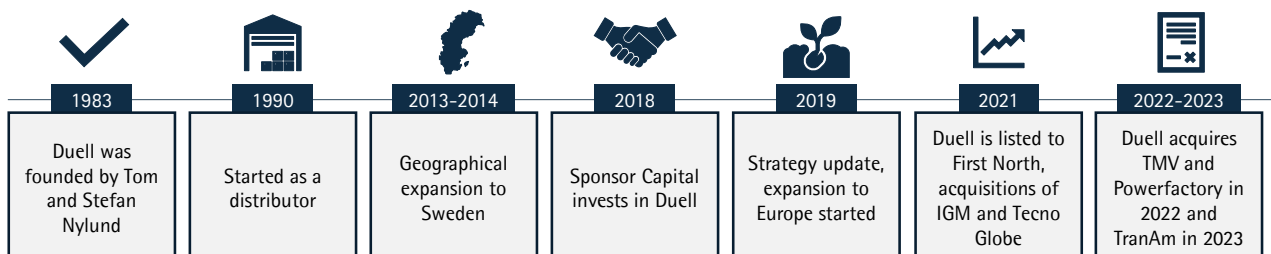
Duell has evolved into a significant distributor of powersports aftermarket products in the Nordics and Europe

Duell was originally founded in 1983 and started as a distributor for snowmobile, motorcycle and moped aftermarket parts and accessories in 1990. In 2013, Duell expanded abroad as it established a new company SDBC Motor AB in Sweden. During 2014, the company further expanded in Sweden by acquiring Garage24. In 2018, a Finnish private equity company Sponsor Capital joined as the main owner to support the company's organic and inorganic expansion. In 2019, the company purchased Halvarssons and Lindstrands brands and established companies in the United Kingdom, Norway and Central Europe. In 2021, Duell listed to the First North exchange and acquired three companies in the Central Europe including French Tecno Globe and Dutch IGM Trading. In 2022 and 2023, the company continued acquiring companies and expanding to new geographies as it acquired French Dutch Techno Motor Veghel in 2022 and TranAm from the United Kingdom in 2023.

Aggressive growth during the last two years

Over the last two years, Duell experienced rapid growth with its sales doubling from EUR 60m in 2020 to EUR 124m in 2022. This was primarily driven by acquisitions and robust organic growth, fueled by expansion of its brand portfolio, geographic expansion and market share growth especially in the European market. Duell's revenue growth in 2022 was 61.5% y/y, organic growth was 15.7% and roughly three fourths of the sales growth came from acquisitions. The company's profitability declined y/y as EBITA margin was 7.0% in 2022, down from 10.5% the year earlier. The decline was driven by both declined gross margins due to higher logistics costs and by higher personnel and other operating expenses supporting the company's strong organic and inorganic growth.

Figure 3: Overview of Duell's history



Source: Duell, Evli Research

Business model overview

Duell controls vital part of the powersports after market value chain

Duell acts as a distributor for powersports aftermarket equipment. Duell sources its products from brand owners and equipment manufacturers globally. Duell's customers are powersports aftermarket dealers. Duell offers brand owners a robust network of roughly 8500 dealers in Europe. For dealers, Duell acts as a one-stop shop for powersports aftermarket equipment and spare parts covering 500 brands and roughly 150000 SKUs. Duell delivers products to over 10 countries across the Europe with overnight shipments to Finland, Sweden and some parts of Norway. The fast delivery times are possible because of the strategically placed warehouses which service the local markets. Most of the company's products are third-party products designed and manufactured by third party, yet Duell also has its own private label products which are designed by Duell and manufactured by a third party.

Figure 4: Duell locations



Source: Duell, Evli Research

6 warehouses across Europe

Duell distributes the products through six of its own warehouses across the Europe, Duell's main warehouses are located in Mustasaari, Finland and Tranås, Sweden. The company's original warehouse in Mustasaari consists of roughly 10 000 square meters of warehouse space and stocks wide variety of products in motorcycle, snowmobile, ATV and marine segments. Mustasaari warehouse services the Nordic and Baltic market. The company's second main warehouse is located in Tranås, Sweden and consist of roughly 8 000 square meters of warehouse space and stocks mainly personal equipment products. The Tranås warehouse services markets in Sweden, Finland, Norway, Denmark, UK and Middle and Southern Europe. Duell's smaller warehouses (Le Bosc, Tampere, New Milton) service mostly local markets. The recently acquired New Milton warehouse serves the UK market and decreases the company's Brexit-related expenses by enabling direct shipment of products from manufacturers to the UK. In addition to the current warehouses, the company will open a new larger warehouse to Southern France during H2 which will service the Southern European market.

8500 active dealers

Duell has a vast dealer network for its products across the Europe with over 8500 active dealers. Majority of the dealers are traditional brick-and-mortar players yet roughly one fourth of the clients are e-commerce players. Although online sales account for only roughly one fourth of the overall sales, the customer segment is expanding at a quicker pace than the conventional dealer segment. In addition to new dealers conducting business through e-commerce, traditional brick-and-mortar clients are beginning to embrace the omnichannel business model which further accelerates the e-commerce segment growth. The traditional dealers can be divided into four groups:

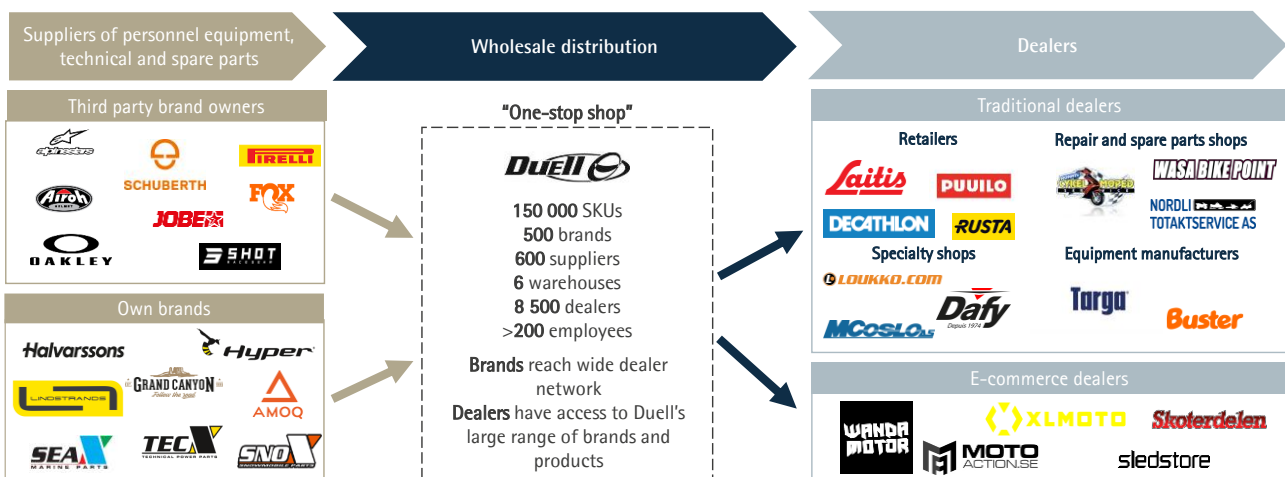
- Retailers (Examples: Puuilo, Motonet, Rusta)
- Specialty shops (Examples: Loukko.com, Tarvikekeskus, Northbike)
- Repair and spare parts shops (Examples: Vianor, Wasa Bike Point, Northbike)
- Equipment manufacturers (Examples: Targa, Buster, Saxdor)

The different segments demand slightly different brands and products. For example, equipment manufacturers and repair and spare parts shops source mainly technical and spare parts while retailers and specialty shops source also personal equipment in addition to parts. The powersports aftermarket e-commerce is growing at faster rate than the traditional dealer segment and the powersports aftermarket e-commerce penetration is expected to reach 30% in 2025, nearly doubling from 2019 when the penetration was at 17%. Duell has various e-commerce clients such as XLMoto, Motoaction.se, Skoterdelen and Sledstore.

Most of the client orders are made through dealer portal

One of the key platforms for the company is its digital dealer portal where most of the dealers place their orders. The share of orders made through the dealer portal has increased as in 2019, the share was 83% and in 2021, the share was already 89%. The dealers can place orders around the clock through the dealer portal, the dealer portal includes product information to enhance the experience. The delivery times range from 1-3 business days in the Nordics to 2-7 days in the European market.

Figure 5: Duell value chain position as powersports aftermarket one-stop shop distributor



Source: Duell, Evli Research

Wholesale distribution is an integral part of the supply chain across various industries. Its primary function involves purchasing goods in large quantities from manufacturers or suppliers and subsequently selling them in smaller quantities to retailers, dealers, or other customers. Wholesale distributors often establish exclusive agreements with specific brands or manufacturers, granting them sole distribution rights in certain markets. The major expenses for wholesalers typically revolve around the cost of goods sold, which encompasses the purchase price of products and associated logistics costs.

The wholesale distribution business model generally requires a relatively low level of capital investment. However, a significant portion of a wholesaler's available cash is tied up in inventory. This is because wholesalers place emphasis on their ability to provide swift deliveries and offer a wide range of products, which serves as a key competitive advantage in the industry.

One-stop shop for powersports aftermarket equipment and parts

Duell plays a critical role in the value chain of the powersports aftermarket by serving as a source for a wide range of equipment and parts across all categories of powersports. Essentially, the company serves as a one-stop-shop for all powersports aftermarket categories. On the supply side, the company's suppliers include roughly 600 owners of brands as well as manufacturers of Duell's own brands that are largely based in Asia. For third-party brand owners, Duell offers a dealer network of over 8500 dealers across the Europe. The company's largest clients include both traditional dealers such as retailers, specialty shops, repair shops and equipment manufacturers and dealers that focus on E-commerce. For dealers, Duell offers unique brand and product range with 150 000 SKUs from over 500 brands. In addition, Duell offers dealers fast deliveries as more than 95% of its product are available at every time with overnight deliveries in its main markets.

Product offering

500 brands and 600 suppliers globally

Duell has over 600 suppliers globally which supply the company with the best brands in the powersports aftermarket. The "best brands" according to the company's categorization include brands such as Alpinestars, Pirelli, Airoh, Oakley, Jobe and Dunlop. In addition to the best brands, Duell distributes lower unit cost products from over 200 suppliers to meet the demand for cheaper products. In addition to brand owners, the company's suppliers include companies in Asia that supply the company's own brand products.

Duell offers a wide product segment assortment

Duell's brand and product offering covers multiple different powersports segments including motorcycling, ATV, snowmobiles, cycling and marine. The newest addition to the product offering was cycling products that were added to the catalogue after the acquisitions of Tecno Globe and Powerfactory. In FY 2021, the company's brand offering consisted of 46% of products that suit the onroad segment and 56% of products that suit the offroad segment.

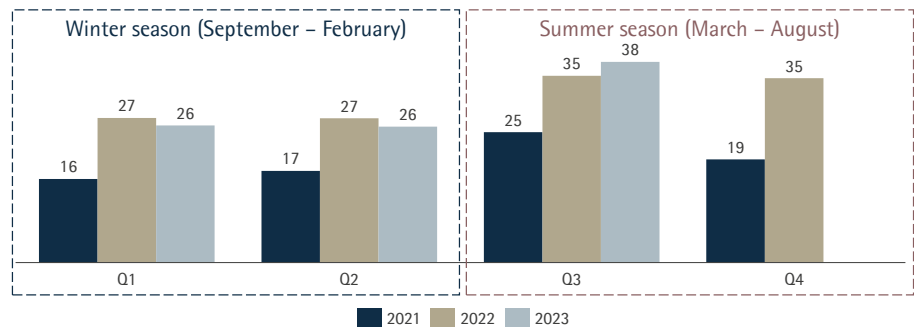
Duell's own brands were 20.7% of total sales during fiscal 2022

Duell compliments its vast third-party brand offering with a comprehensive own brand portfolio across the different product categories. During the latest fiscal year that ended 08/2022, own brand sales formed roughly 20.7% of total net sales. Duell's goal is to increase the share of own brands of total sales to 25% in 2025. The company's own brand products are mostly manufactured in Asia yet designed by Duell in Finland. The own brand products offer higher margin potential as a result of larger orders and direct sourcing from the manufacturer.

Demand for powersports products is seasonal

Duell's fiscal year starts in September which also marks the start for the company's season. Duell's Q1 and Q2 are part of the winter season which are typically quieter for the company. The snowmobile product segment is important during the winter season as most of the snowmobile segment items are sold during the first half of the fiscal year. Demand for the snowmobile segment products depend on weather and the amount of snow during the given period. As per discussions with management, approximately one-fifth of a quarter's sales are from pre-sales, with the rest occurring within the season. The pre-sales for the summer season occur in the first quarter of the fiscal year. Duell's strongest quarters are typically Q3 and Q4, which fall between March and August, corresponding to the spring and summer months - the primary season for motorcycling.

Figure 6: Net sales, in EUR m, quarterly, Q1 2021- Q3 2023

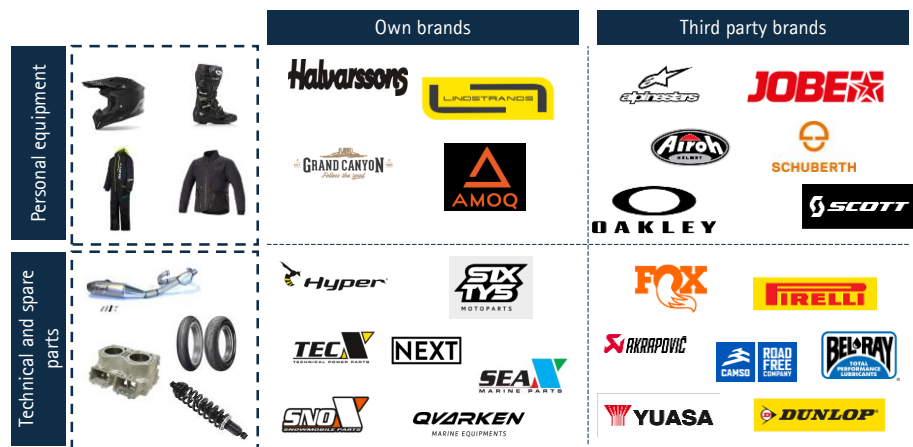


Source: Duell, Evli Research

Onroad motorcycling is Duell's spearhead product category

Duell's onroad offering includes technical and spare parts such as wheels, brakes, controls, exhaust etc. In addition to parts, the onroad personal equipment offering includes motorcycle clothing, accessories and protective equipment. Duell's onroad offering is its spearhead product category which is utilized when entering new markets. Important onroad category product brands include Alpinestars, Schubert and HJC. The company offers three own onroad motorcycling clothing brands: Halvarsson, Lindstrands and Grand Canyon.

Figure 7: Brand and product offering overview



Source: Duell, Evli Research



Duell acquired Halvarssons and Lindstrands brands in 2019. Duell's own brand Halvarssons focuses on safe, comfortable and stylish onroad motorcycling clothing. The Halvarssons offering is traditional without compromising the safety aspect. The brand offers clothing items such as jackets, pants, gloves, underwear, accessories and protectors. The pricing of Halvarssons products is similar when comparing to the best brands that Duell stocks. The Halvarssons brand is available across the Europe through 213 dealers, according to the brands website, most of the dealers are located in the Nordics, United Kingdom, Germany and Czechia. Duell's own brand Lindstrands was acquired in 2019 and it is based in Malung, Sweden. The brand focuses on providing safe, high quality, sustainable and stylish motorcycling equipment. The Lindstrands brand offers personal equipment that is more technical and sportier when compared to Halvarssons. The brand is stocked by 212 dealers in similar location as Halvarssons brand. In 2021, Duell acquired Dutch IGM Trading BV and German Grand Canyon GmbH, with the acquisition, Duell added Grand Canyon onroad motorcycling personal equipment brand to its own brand portfolio. Grand Canyon has similar product offering when

comparing to Halvarssons and Lindstrands yet the collection blends classic motorcycle styles, modern sporty and urban looks as well as an authentic retro style.

Offroad segment offering emphasizes functionality and safety

In addition to the comprehensive onroad offering, Duell provides a broad range of products, comprising technical components, spare parts, and personal gear, for off-road activities. Product assortment includes items such as suspension, engine and other parts as well as personal equipment items such as clothing, helmets, goggles and other safety equipment. The items offered in offroad motorcycling segment are sportier and more technical when compared to onroad motorcycling. Best third-party brands in offroad motorcycling include Pirelli, Dunlop and Leatt.

ATV is an important segment in the Nordics

Duell's ATV products include technical and spare parts for ATV's such as engine parts, exhausts, winches and other accessories. ATV product segment doesn't include personal equipment, the offroad segment's personal equipment is suitable for ATV use. ATV product category is strong especially in Finland and Sweden and according to the company, has great growth potential in the Northern Norway. For example, winter products such as snowblowers are particularly useful in the Nordics. Important third-party brands for ATV product segment include Ultratec, Bronco, Camso and ITP.



Duell has three own brands that offer accessories, components, spare parts for motorcycles, snowmobiles, ATVs, mopeds and scooters. Hyper brand was established in 2014 and Hyper's products include powersports accessories such as jump starters, helmet lights, led indicators, mirrors and other accessories. Sixty5 offers wide range of spare parts for MC and MX bikes. The offering includes parts such as cylinder kits, starter motors, seats, footpegs, clutchsets etc. Tec-X offers accessories and components for mopeds and scooters. Products include bodywork kits, exhausts, cylinder kits, brake disks, headlights etc.



Duell's snowmobile product offering include parts, accessories and personal equipment for snowmobiles. Products offered include tracks, engine parts, accessories and personal equipment such as boots, overalls, gloves, goggles, jackets etc. The personal equipment offering is important for the snowmobile segment, the company's own brand AMOQ being one of the main personal equipment brands in the category. Other important snowmobile brands include Camso, SnoX (Duell's own brand) and Scott. AMOQ offers personal equipment products for snow and MX categories. The offering includes monosuits, jackets, goggles, lenses, gloves and other clothes and equipment for snowmobile and MX uses. NEXT products include parts and accessories for snowmobiles such as handlebars, killswitches, ice scratchers and runner pairs. Sno-X provides spare parts and components for snowmobiles such as cylinders, hoses, start kits, starter motors, stators etc.



Duell's marine offering includes boat parts, accessories and watersports items. The company's own brand offering for marine segment includes three brands. Qvarken brand's offering include wide range of boat accessories and marine equipment such as ropes, anchors, marine and rigging hardware, dock and mooring accessories and chains. Qvarken is stocked by dealers specialized in marine products and general retailers such as Kärkkäinen in Finland. Sea-X offers high-quality spare parts for boats, the offering includes products such as repair kits, fuel pumps, impellers etc. The products are stocked by similar dealers when compared to Qvarken accessories and marine equipment products. Black Island offers different watersports products such as SUP boards, pumps, paddles, dry bags, leashes, life jackets etc. All three of the company's own brands in the marine category have been developed inhouse by Duell.

Strategy

Duell's strategy is focused on growth

Duell's key strategic objectives are strengthening of its leading market position in the Nordics and becoming the best partner for dealers and brand owners throughout Europe. The company aims to grow by acquisitions, promotion of online sales and by developing its brand portfolio. The company's strategic priorities are the following:

- Organic and M&A expansion to new geographic markets
- Partner for building online sales
- Brand portfolio development

Duell currently holds dominant market share especially in the Nordics. In 2020, the company held 18% market share in Finland, 11% in Sweden and 7% in Norway. In addition to Nordics, the company held leading market position in the Baltics. As the company's position is already strong in the Nordics, the main organic and inorganic growth opportunities lie in the wider European market. Duell has done multiple acquisitions during the last years including acquisitions in the Benelux region, UK and France. Acting as a partner for building online sales is an important pillar in Duell's growth strategy as the market is experiencing surge in online sales. To answer the growing demand in e-commerce, Duell provides business to business online stores and system integrations. Currently, roughly 25% of the company's net sales comes from e-commerce dealers. Duell also prioritizes brand portfolio development to support its growth strategy. The company's objective is to expand its product portfolio by attracting top brand suppliers through a compelling value proposition that leverages the company's extensive network of dealers. In addition to third party brands, the company aims to develop and acquire own brands to its portfolio. With its own brands, the company can have higher margins when comparing to third party brands. Duell's goal is to increase the share of its own brands to 25% in 2025, up nearly 5% from the 20.7% in 2022.

Duell's medium term (3-5 years) targets are the following:

- Net sales in the range of EUR 200-300m by the end of 2025, achieved through both organic and inorganic growth
- Adjusted EBITA-% at least 13%
- Net debt to adjusted EBITDA ratio 2-3x

The company's total revenue for FY 2022 was EUR 124m, reaching the growth target by the end of FY 2025 requires at least 17% CAGR revenue growth. The growth target will require continued strong organic growth coupled with inorganic growth. Duell's organic growth will rely on the European market where there are more growth opportunities as the company's market share is smaller in the region. The organic growth in the Nordics will mostly follow the overall market development as the company's market share is already strong in the area. Duell's medium target for adjusted EBITA-% requires substantial improvement in profitability as the company's EBITA margin peaked at 11.8% in 2021 yet has stayed below 10% prior to 2021 and during FY 2022. The main ways to improve the profitability include higher volumes, higher share of own brands and overall operational efficiency. The company's medium-term target for leverage is net debt to adjusted EBITDA ratio of 2-3x. Duell's net debt to adjusted EBITDA at the end of FY 2022 was at 4.7x, clearly above the company's medium-term target. From our perspective, achieving the leverage target primarily hinges on increased volumes, which in turn would enhance inventory turnover efficiency. A significant portion of the company's existing debt is associated with the substantial working capital tied to inventory. By scaling up volumes, the company could increase its EBITDA while simultaneously reducing the net debt associated with working capital.

Acquisitions

M&A is part vital part of the company's growth strategy

Duell has conducted five acquisitions during the last two years. The company has acquired companies from across the Europe with diverse brand portfolios and vast network of dealers. According to our analysis, the company has completed the acquisitions at LTM EV/EBIT multiple of 6-7x. We see that it is unlikely that the company will conduct further acquisitions in 2023 as Duell's current balance sheet situation is stretched (net debt to LTM adj. EBITDA roughly 7x at the end of 5/2023) and the company has to pay the second tranche of the TranAm acquisition during the second half of 2023.

We have identified four key areas of importance for Duell's M&A activity:

- **New geographics:** The company seeks to grow especially in the European market through acquisitions. During the last three years, the company has acquired TranAm from United Kingdom, TMV from the Netherlands, Tecno Globe from France, IGM from the Netherlands and Grand Canyon from Germany. The company's market share is still relatively small in the European market when comparing to Nordics so we expect that the company can continue its geographic expansion through acquisitions.
- **New segments:** Duell's main focus is on powersports equipment yet with the acquisitions of Tecno Globe and Power Factory, the company expanded into distribution and wholesale of bicycle equipment and accessories in France and in the Nordics. We see it unlikely that the company will expand further away from powersports segment, yet the company could add new segments through M&A which support its current product offering.
- **New dealers and cross sale potential:** With the acquisitions, Duell seeks to increase its dealer base across the Europe. Duell has added thousands of new dealers with the acquisitions during the last few years. Adding new dealers is also important for the cross-sale potential where for example Duell can offer its higher margin own brand offering through the acquired dealer network.
- **Expansion of the brand portfolio:** Through acquisitions, Duell can add new brands to its portfolio to complement the current brand portfolio. The acquired companies can have exclusive rights to certain brands in certain markets that are interesting for Duell.

Most of the recent acquisitions have been done to increase the company's presence in new geographic markets. Duell's main growth market is the European market where the company's relative market share is still small. The European growth has been supported by acquiring IGM and Tecno Globe in 2021, TMV in 2022 and Tran Am in 2023. Besides expanding its geographic presence through M&A, Duell has also entered the bicycle segment by acquiring Tecno Globe and Powerfactory. Each of the acquisitions has expanded Duell's brand portfolio and increased its dealer network throughout Europe. Furthermore, the acquisitions have provided Duell with the opportunity to acquire new own brands, as well as expand its chances to market its own brands through the recently acquired companies.

Fragmented market continues to offer opportunities for M&A in the future

The European powersports aftermarket product distribution market is fragmented and Duell is one of the largest players. We see it likely that the company will continue to grow through M&A according to its current strategy. The company has identified roughly 30 potential targets in Europe. According to comments made by the management, Duell's sweet spot in terms of size of the acquired companies is roughly EUR 10-15m of revenue. Therefore, we see that the company is likely to continue to acquire mid-sized companies operating in the market, especially in Europe.

Short descriptions of recent acquisitions

08/2021



Duell's first international acquisition was completed in July 2021 as the company acquired Dutch IGM Trading BV and the associated German Grand Canyon GmbH. With the acquisition, Duell got access to strategically important logistics locations and access to a new trade network in Germany. In addition, Duell complimented its own brand offering with Grand Canyon brand which offers onroad motorcycle personal equipment and clothing.

08/2021



Tecno Globe, founded in 1995, is a distributor and wholesaler of onroad motorcycle and bicycle equipment, accessories and parts, Duell acquired Tecno Globe in August 2021. Tecno Globe's sales are divided roughly evenly between bicycle and motorcycle products. The acquisition of Tecno Globe was the company's initial expansion to the bicycle segment. Tecno Globe delivers products for over 4000 dealers in France, the company focuses its offering on high-tech technology products from blue chip brands such as Tomtom and Garmin. In addition to high quality third-party brands, the company stocks its own brands such as CTR, Racedream and Ubikha. In 2020, the company had EUR 21.4m in sales.

02/2022



TMV, founded in 1977, is a distributor and wholesaler of motocross and offroad products in the Benelux region. The company concentrates on spare parts and accessories and stocks wide variety of brands such as Twin Air, Progrid and Pirelli. The company's operations are strategically located in Veghel which is the motocross hub of Netherlands and therefore close to many dealers active in the area. TMV's annual sales during 2021 were roughly EUR 3.5m.

05/2022



PowerFactory is a distributor and wholesaler with a focus on bicycle equipment and accessories. PowerFactory was founded in 1964 and had revenue of EUR 15.1m and EBITDA of EUR 1.4m in 2021. The majority of the company's revenue originates from Finland, but it has also ventured into Sweden for further growth. PowerFactory's offering consists of over 12000 SKUs that it offers to dealer network of over 2000 dealers across Finland and Sweden. The company's headquarter and warehouse is located in Tampere. The acquisition further supports Duell's expansion to the bicycle segment as it was the company's second acquisition in the segment. In addition to segment expansion, the acquisition brought new brands into Duell's brand portfolio to further enhance the offering. The purchase price of the shares in PowerFactory Oy was EUR 9.2m.

02/2023



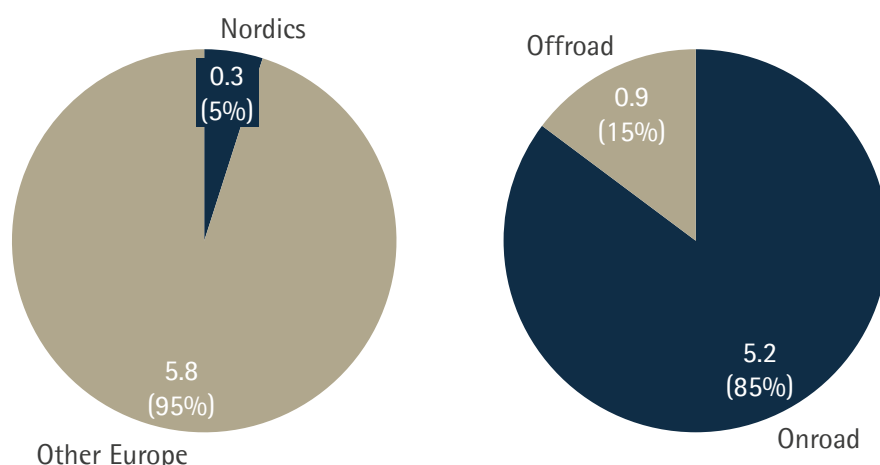
Duell's latest acquisition was TranAm Ltd from United Kingdom. TranAm, founded in 1976, is a leading UK based distributor and wholesaler of motorcycling accessories and clothing. TranAm has reach of over 400 dealers in the United Kingdom including some of the largest retail chains and shops. The company has a focus on motorcycling as over 90% of total sales are related to motorcycling accessory and clothing distribution. TranAm was acquired to support Duell's expansion to the UK market and enhance Duell's brand portfolio. In addition, TranAm has a UK warehouse and therefore Duell benefits from product deliveries straight into and from the UK warehouse (compared to shipping from Europe to UK). The purchase price of TranAm Ltd was GBP 11.9m, completed in two tranches of which second (40%, or roughly GBP 4.8m) is payable during H2/2023.

Market

Market overview

The underlying powersports aftermarket consists of selling of items such as spare parts and accessories and personal equipment for powersports. The market is fragmented and highly competitive with lots of small local players active in the market. According to the company, there are approximately seven larger players in the European market with roughly 10-15% market share. Duell's main end-market is onroad and offroad aftermarket products. Based on an independent market research, in 2019, the European market, encompassing both onroad and offroad motorcycle equipment and parts, was valued at approximately EUR 6.1 billion. Out of this, the Nordic region accounted for EUR 0.3 billion, while the rest of the European market accounted for EUR 5.8 billion. Roughly 85% or EUR 5.2b of the total European motorcycle equipment and parts market was onroad and 15%, or 0.9b was offroad. The other product categories of Duell; ATVs, snowmobiles, boats, and bicycles, exhibit comparable market characteristics to the motorcycle segment. However, defining the market for these categories is harder.

Figure 8: European motorcycle aftermarket parts and equipment market size, in EUR b (% of total), 2019



Source: Duell, Evli Research

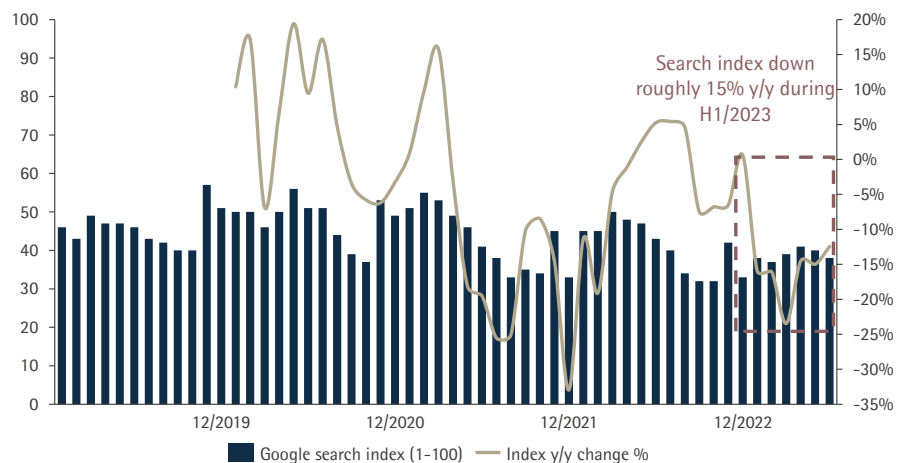
Slowed market has led to elevated inventory levels across the supply chain

The development of the powersports aftermarket has typically correlated with the growth of the registered powersports vehicle fleet. The vehicle pool has grown steadily as for example during the financial crisis, the new motorcycle registration growth slowed down during the financial crisis, yet the European registered motorcycle pool continued to expand. Additionally, a significant portion of the products, such as spare parts, are regularly replaced due to wear and tear, resulting in a more consistent demand. However, despite its previous resilience to economic downturns and steady development, the powersports aftermarket equipment and parts market has experienced volatility during the last few years. First, the market witnessed a surge in demand due to COVID-19 as consumer spending on recreational activities increased. The surge in demand across several industries in connection with the COVID-19 restrictions led to widespread supply chain issues. As a result of the witnessed supply chain issues, both the distributors and dealers increased their inventory levels to secure product availability. During 2022, the consumer confidence decreased rapidly in Duell's main markets as a result of the war in Ukraine, inflation, and higher interest rates. Due to the companies' inventory expansion, particularly in 2021, the prevailing sluggish market conditions have resulted in elevated inventory levels throughout the powersports aftermarket supply chain.

E-commerce dealers search traffic data shows clear slowdown for H1 2023

The web and search traffic of major e-commerce websites serve as a key indicator for the level of activity in the underlying powersports aftermarket. We have gathered Google search statistics for Duell's primary e-commerce clients, which include websites like XLmoto, Skoterdelen, FC Moto, 24MX, Wanda Motor, Motoraction.se, Sledstore, Motoblouz, and Chromeburner. For the search statistics, we have considered the five largest of the websites by search traffic. Although these websites offer products across all of Duell's product segments, they primarily specialize in offroad and onroad motorcycle aftermarket products. The search data shows high search traffic for the years 2020-2022. However, the search data for the first half of 2023 indicates a noticeable decline compared to the previous three years. Specifically, search activity has dropped by approximately 16% when comparing the period from January to May 2023 with the same period in 2022. Furthermore, supporting the evidence from search analytics, one of Europe's leading powersports aftermarket e-commerce dealers, Pierce Group (which owns webstore brands 24MX, XLmoto and Sledstore), estimates that the e-commerce market in Europe experienced a decline of approximately 15-20% during Q1 2023. Although e-commerce dealers accounted for only 25% of Duell's net sales, the negative e-commerce data suggests a broader trend in the overall market development during the same period. According to the search engine y/y data, the search interest has started to recover from the lows seen during the first quarter of 2023.

Figure 9: Average search engine interest for five of Duell's e-commerce client websites, 1/2019 – 6/2023, index 1-100 (lhs) & index y/y change % (rhs)



Source: Google Trends, Evli Research

Market drivers

The growth in the overall European powersports aftersales market is driven by two main drivers: 1) the number of registered powersports vehicles and 2) the average purchases made by the drivers. In addition to the main growth drivers, there are many long-term market trends such as electrification, market consolidation and e-commerce growth that shape the market going forward.

Powersports vehicle pool and new registrations

The no. of vehicles has grown at roughly 1-2% p.a. in the Nordics

Over the past decade, the number of registered vehicles in the Nordics has experienced an average annual growth rate of approximately 1-2%. However, there have been variations observed across different vehicle segments and geographical regions. When looking at the aggregate sums for Finland, Sweden and Norway, the number of registered motorcycles has increased at 1.2% CAGR during the last 10 years while snow mobiles and ATVs have increased at 2.4% and mopeds 1.0% CAGR. Snow mobiles and ATVs have clearly grown at faster pace when compared to motorcycles and mopeds. The underdeveloped market characteristic (when compared to motorcycles) is among several potential reasons for the development.

Table 1: Number of registered vehicles in the Nordics by market, in 000s of registered vehicles, 2013-2022

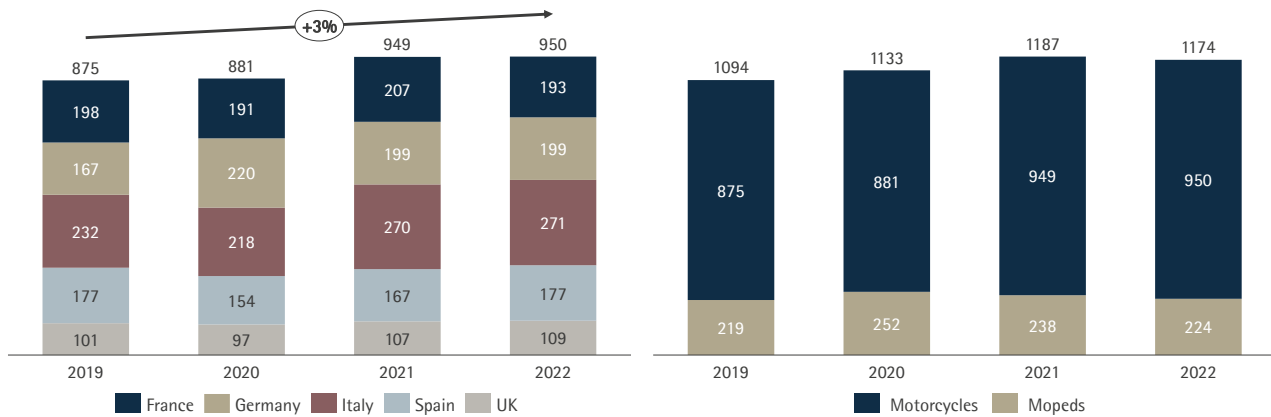
000s of registered vehicles	2 013	2 014	2 015	2 016	2 017	2 018	2 019	2 020	2 021	2 022	5-year CAGR %	10-year CAGR %
Motorcycles	252	257	262	266	270	274	279	283	288	292	1.3%	1.5%
Snow mobiles & ATVs	154	158	162	165	169	173	179	182	186	191	1.9%	2.2%
Mopeds	303	311	319	326	334	340	345	353	358	363	1.4%	1.8%
Total Finland	708	726	743	757	773	787	803	819	832	847	1.5%	1.8%
Motorcycles	296	299	301	305	309	310	312	316	321	324	0.8%	0.9%
Snow mobiles & ATVs	243	251	260	269	278	287	294	298	306	312	1.7%	2.5%
Mopeds	89	90	90	91	95	100	107	116	121	125	4.5%	3.5%
Total Sweden	627	640	651	666	681	697	713	730	749	761	1.8%	1.9%
Motorcycles	162	168	176	184	190	193	198	208	215	184	-0.9%	1.3%
Snow mobiles & ATVs	76	78	82	86	88	89	92	93	96	96	1.4%	2.3%
Mopeds	176	178	178	178	172	163	159	156	154	142	-2.8%	-2.1%
Total Norway	414	423	436	448	450	445	450	457	465	422	-1.1%	0.2%
Motorcycles	709	723	739	755	768	777	789	807	824	800	0.6%	1.2%
Snow mobiles & ATVs	473	486	504	520	535	550	565	573	588	599	1.7%	2.4%
Mopeds	568	578	587	595	601	603	612	626	634	630	0.9%	1.0%
Total Finland, Sweden and Norway	1 750	1 788	1 831	1 871	1 904	1 930	1 965	2 006	2 047	2 029	1.0%	1.5%

Source: Statistics Finland, Statistic Sweden, Statistics Norway, Evli Research

The new motorcycle registrations have increased by roughly 3% p.a. during 2019-2022 in European main markets

According to a third-party market report conducted in connection with the company's initial public offering, the European motorcycle pool has grown at roughly 3.4% during 2000-2019. When looking at the new registration data provided by the European Association of Motorcycle Manufacturers, the new motorcycle registrations in the main European markets have grown at roughly 2.8% during 2019-2022. The new moped registrations in the main European markets have grown at less than one percent during the same time period witnessing a large surge of roughly 15% in 2020 driven by the COVID-19 induced demand for mopeds.

Figure 10: Number of yearly new motorcycle registrations (lhs) and number of new motorcycle and moped registrations in the European main markets (rhs), in thousands of vehicles, 2019-2022



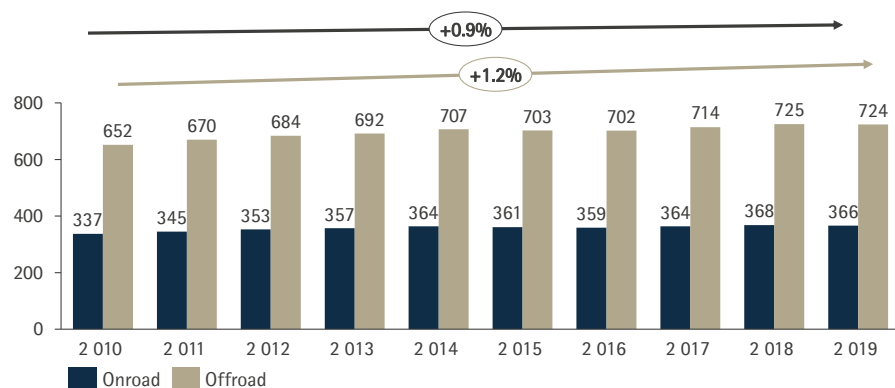
Source: European Association of Motorcycle Manufacturers, Evli Research

Average purchase value

The new motorcycle registrations have increased by roughly 3% p.a. during 2019-2022

The increase in average purchase value is the other growth component for the powersports aftermarket. According to the third-party market analysis conducted in connection with the company's IPO, the average purchase value during 2010-2019 has grown at roughly 0.9% CAGR in the onroad motorcycle segment and by roughly 1.2% CAGR in the offroad segment. According to the same study, onroad drivers spent roughly EUR 366 in equipment and parts in 2019 while offroad drivers spent EUR 724. The main reasons for the higher amount spent by offroad drivers are the free-time nature of the offroad and faster wear of the parts because of the more demanding offroad driving. The average purchase value per driver is expected to grow at a similar, slow pace in the future. According to Pierce group, the average spend per snowmobile rider is similar when compared to motorcycle riders.

Figure 11: The average powersports equipment and parts purchase value per driver, onroad and offroad motorcycles, per driver, in EUR



Source: Duell, Evli Research

Market trends

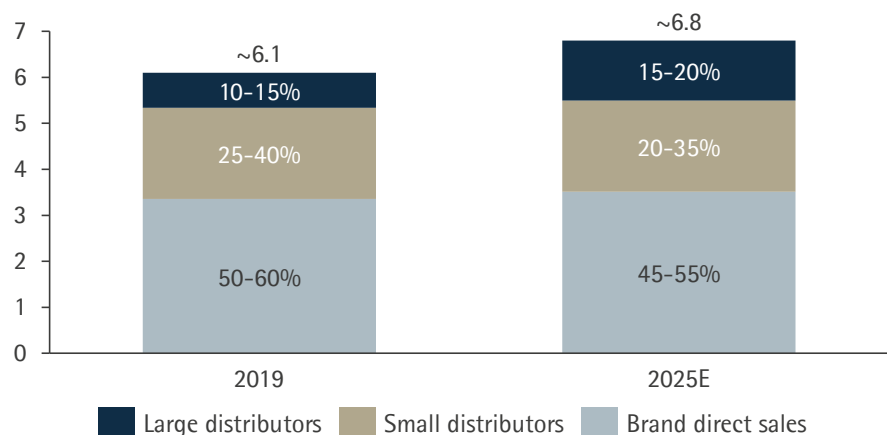
Electrification of powersports vehicles

Electric car markets are seeing rapid growth as according to IEA, a total of 14% of all cars sold in 2022 globally were electric. The growth has been exponential as in 2020, less than 5% of the global car sales were EV sales. The same pattern can be seen in powersports. Global auto and motorcycle manufacturer Honda estimates that roughly 5% of motorcycle sales will be electric in 2026 growing to 15% by 2030. According to statistics by the European Association of Motorcycle Manufacturers, the share of electric motorcycles of total motorcycle new registrations in the European main markets were already 4.6% in 2022. The same figure for mopeds was even larger at roughly 33% or one third of total new registrations. According to the large powersports OEM Polaris, the main drivers for electrification of powersports vehicles are for example the faster acceleration and higher power of EVs, greater control, lower cost of ownership, lower noise and CO2 emissions. On the other hand, the main barriers for electrification in the powersports base include battery technology, charging infrastructure, demanding use cases, lack of DIY & modification and riders' emotional connection to sounds and smells of ICE powered vehicles. According to Duell, the demand for powersports aftermarket equipment and parts is likely to stay similar despite the electrification megatrend as for example the part demand will shift from parts such as engine components and oils to batteries and charging cables while the equipment side is likely to stay unchanged.

Large distributors are seizing market share

The European powersports aftermarket distribution is currently consolidating and the large distributors such as Duell are taking market share over especially smaller distributors. The importance of larger distributors is increasing as a result of scale benefits. For brands, larger distributor is more beneficial as they typically have wider dealer network reach, have continuous and large orders, offer brand and marketing support and better supply chain financing. For dealers, the benefits of larger distributors include wider brand offering, flexibility in payment terms and efficient ordering processes.

Figure 12: European motorcycle aftermarket products distribution market share development estimate, total market in EUR b, market share in %, 2019-2025E



Source: Duell's estimate, Evli Research

E-commerce

The European powersports aftermarket e-commerce penetration was at 17% (or roughly EUR 1b) in 2019 according to the market analysis conducted by the company. The e-commerce penetration is expected to grow at roughly 12% p.a. and the penetration is expected to be at 30% already in 2025 (or roughly EUR 2.1b). The growth in e-commerce is coming from both increased sales from e-commerce pure plays and from traditional brick-and-mortar dealers building online sales channels to support their business. The powersports aftermarket products are well suited for e-commerce as the consumers are often well aware of the products they need, and the niche products are often hard to find in a traditional brick-and-mortar store. In addition, significant share of the parts and equipment are purchased to replace old parts and equipment due to wear and tear. COVID-19 pandemic has further accelerated the e-commerce growth as the consumers have got more familiar with online stores. According to large European powersports e-commerce dealer Pierce, the offroad segment has notably higher e-commerce penetration when comparing to onroad due to more niched products not available in traditional brick-and-mortar stores.

Competition

Strong market share in the Nordics

Duell has a commanding market share in its Nordic main markets, in Europe, Duell is clearly a challenger with smaller market share. In 2020, Duell estimated that its market share in Finland was roughly 18%, in Sweden 11% and in Norway 7%. In addition to the Nordics, Duell estimated that it has a leading market position in the Baltics. The market is characterized by a high number of competitors with local presence. There are couple of larger competitors that are present in many of the markets where Duell operates. Duell's competitors can be divided into three distinct groups:

- Large distributors with European reach and wide segment offering
- Small local distributors
- Brand direct sales

Wide offering covering multiple segments

According to our analysis, Duell's offering in both geographic and segment sense is among the widest in the European powersports aftermarket. Most of the smaller competitors are active in only few of the European key markets or have product segment offering that focuses on certain niches. Competitors such as Hostettler and PDG are active in many of the European markets yet focus mostly on motorcycles equipment, accessories and parts. In addition to Duell, only Parts Europe is active in multiple European markets and in all of the product segment categories that Duell offers. According to the company and our analysis, the closest competitors in the European powersports aftermarket products distribution are Parts Europe and Bihl which are active in most of the markets where also Duell is active.

Larger dealers may be drawn to direct procurement from brands

Based on our analysis, there are potential risks linked to the expansion of brand direct sales, despite the company's expectation that large distributors will gain market share from both smaller distributors and brand direct sales. Some larger dealers prefer direct relationships with external brands as it offers them opportunities to lower the sourcing costs among other benefits. We see that the risk is largest with products that are popular and where the orders are large and continuous. The dealer segment that is likely and has utilized direct purchases the most are the large e-commerce dealers which also benefit from the current shift from brick-to-mortar to e-commerce.

Figure 13: Examples of Duell's competitors

	Product segments								Geographic presence
Duell's main competitors		✓	✓	✓	✓	✓	✓	✓	
		✓	✓	✓	✓	✓	✓	✓	
		✓	✓	✓	✓	✗	✗	✓	
		✓	✓	✓	✗	✗	✗	✓	
		✓	✓	✗	✗	✗	✗	✗	
		✓	✓	✗	✗	✗	✗	✓	
		✓	✗	✓	✗	✗	✗	✗	
		✓	✗	✗	✗	✗	✗	✓	
		✓	✓	✓	✗	✗	✗	✗	
		✓	✗	✗	✗	✗	✗	✗	

Source: Duell, company websites, Evli Research

Duell competes with broad offering, strong brand portfolio and dealer network

In our view, Duell's competitive strengths lie in its size. Duell holds a prominent position in the European powersports aftermarket distribution sector, granting it several advantages over smaller competitors. The company possesses an extensive range of brands and maintains a robust dealer network in both the Nordics and the broader European market. With its widespread reach, Duell serves as an appealing distributor for brands, as it connects them to over 8,500 dealers across the Europe through a single channel. Conversely, we recognize that smaller retailers particularly benefit from Duell's diverse brand portfolio, allowing them to consolidate their purchases. Our primary concern in terms of competition stems from large, specialized retailers, who often prefer procuring directly from brand owners to enhance their gross margins. On the other hand, we see that Duell plays a crucial role as a valuable partner for small and medium-sized dealers who are starting to adopt the omni-channel approach in their operations. Furthermore, while the powersports aftermarket distribution market lacks substantial barriers to entry, it is worth noting that exclusive distribution rights allocated to specific brands pose challenges for other companies attempting to enter the market. According to our analysis and the company's comments, Duell possesses exclusive rights to part of the third-party brands it provides in certain markets.

Financial performance

Difficult market has led to lowered outlook and guidance for FY 2023

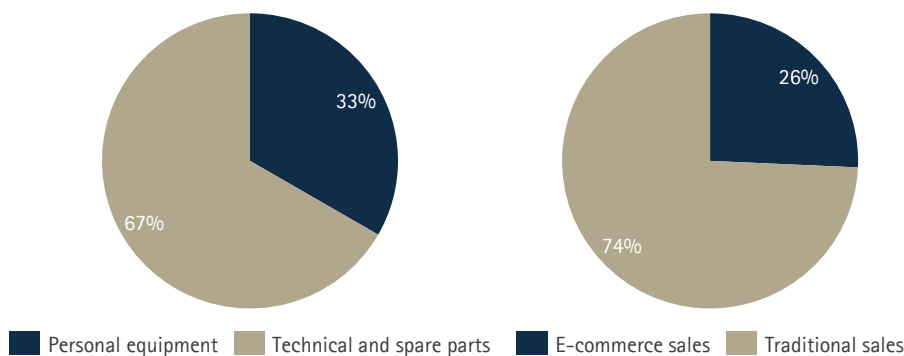
Duell's FY 2023 has proved to be difficult as the company's net sales decreased 0.4% during the first nine months of FY 2023 with organic decrease of 14.7%. At the same time, the company's adjusted EBITA margin decreased from 7.8% in 1-9 2022 to 4.9% in 1-9 2023. The slow down in net sales has resulted in higher inventory levels which were at EUR 57.9m at the end of Q2 2023 vs. EUR 40.6m at the end of Q2 2022. The decline in organic sales growth can be attributed to the overall slowdown in the European powersports aftermarket and the decrease in dealer inventory levels. As a result of the slower than expected sales development, Duell issued a profit warning in May and updated its outlook and guidance for 2023. Currently, the company expects the net sales to be close to previous year's level and adjusted EBITA to decrease from the previous year's level. Previously, the company expected the net sales to grow both organically and inorganically and adjusted EBITA to grow in both absolute and relative terms. In conjunction with the profit warning, Duell revealed its plans to strengthen its cost savings program and commence change negotiations in Finland and Sweden. The objective is to attain cost savings of approximately EUR 1 million primarily through a reduction in personnel expenses in the fiscal year 2024. Before implementing further measures to reduce costs, Duell concluded negotiations in February 2023, targeting cost savings of EUR 700,000 for 2023 and EUR 1.3 million for 2024.

Revenue

Technical and spare parts is the largest product category by revenue

Duell's revenue consists of powersports equipment sales to dealers across the Europe. The company's offering includes equipment and accessories such as parts and personal equipment for different powersports segments such as onroad motorcycles, offroad motorcycles, snow mobiles, ATVs, bicycles and boats. During the fiscal year 2022, 20.7% of the company's sales came from own brands and 25.2% from online sales. Roughly one third of the total sales come from personal equipment sales and two thirds from technical and spare parts sales. Geographically, most of the company's sales, or 62% came from the Nordics. The share of Nordics has been declining as in fiscal year 2021, roughly 82% of the net sales came from the Nordic market. The revenue outside of the Nordics has increased rapidly due to the company's acquisitions in the European market and because of lower market shares when compared to Nordics where Duell has a leading market share.

Figure 14: Product category (lhs) & dealer sales channel revenue split, in percentage of total revenue

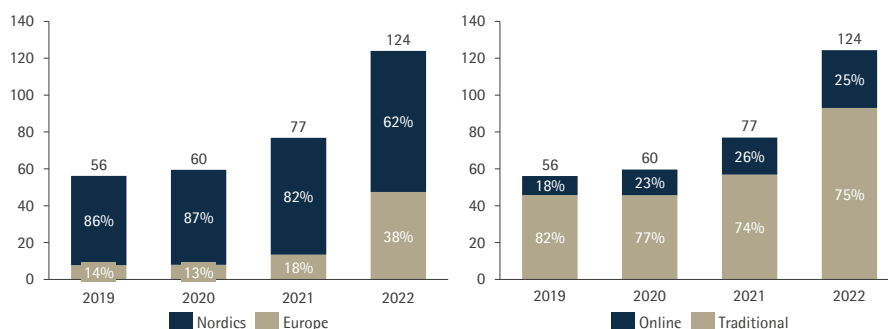


Source: Duell, Evli Research

Growth rate depends on the market conditions and successfulness of Duell's growth strategy

Duell's organic growth rate relies on both market and company factors. The market factors are related to the development of the underlying European market for powersports equipment and parts. The sector development and growth is influenced by various factors such as the number of powersports vehicles, their age, condition, and, importantly, consumers' willingness to invest in powersports aftermarket products. The company factors are related to the company's successfulness in the implementation of its growth strategy. In our view, the company's most important factor in its growth strategy is the successfulness of the expansion to new geographical markets. Due to Duell's significant market share in the Nordics, the company's growth prospects primarily hinge on market factors within the Nordics region moving forward. The company is currently concentrating on expanding its presence in several European countries, namely the Netherlands, France, Germany, the United Kingdom, and Spain. Duell has established sales offices in France, the United Kingdom, and the Netherlands to facilitate its growth in Europe. Alongside organic expansion into new markets, one of the primary factors driving growth is M&A. Over the past few years, the company has bolstered its growth outside the Nordics by acquiring TranAm, TMV, Tecno Globe, and IGM. As per the company's growth strategy, it also seeks to become a collaborative force in developing online sales. We consider this to be a crucial driver of growth, given that the European powersports aftermarket is projected to transition towards e-commerce, leading to accelerated growth rates compared to the overall market.

Figure 15: Geographic (lhs) and dealer channel revenue development, in % of total and total in EUR m, FY 2019-2022

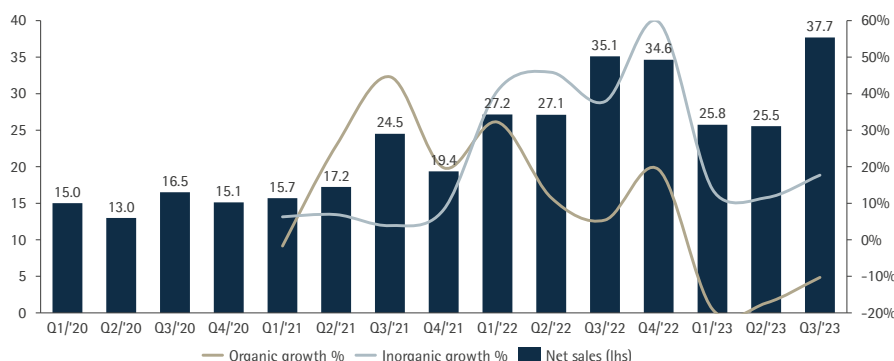


Source: Duell, Evli Research

Duell's growth has historically topped the market growth

Prior to Duell's initial public offering, the company exhibited a revenue CAGR of approximately 20%, surpassing the overall market growth by a significant margin. The company's higher than market revenue growth has resulted from adding new brands to the brand portfolio, increases in market share and expansion into new markets. During the recent years, Duell has acquired multiple companies to support the organic revenue growth. The acquisitions have been made across the Europe with a focus on European (excl. Nordics) growth market where the company's market share is still limited. In addition to strong growth through acquisitions, the company's organic growth has been strong during the recent years driven by the market tailwind and increased presence in Europe. During fiscal year 2022, the company experienced revenue growth of 61.5%, supported by organic sales growth of 15.7%. The sales growth rate accelerated compared to the previous fiscal year, where the company achieved a 29.1% year-on-year growth driven by inorganic expansion, while organic growth stood at 24.1%.

Figure 16: Net sales development (in EUR m, lhs) and organic & inorganic growth rate in percentage, quarterly, Q1 2020 – Q3 2023



Source: Duell, Evli Research

Targets EUR 200-300m net sales by the end of 2025

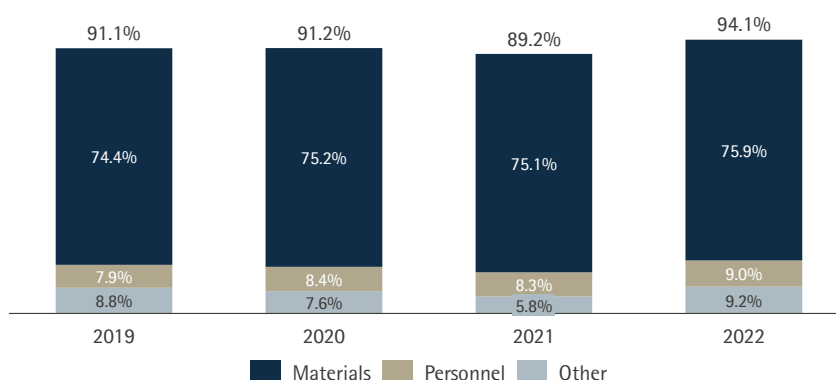
During the fiscal year 2022, Duell generated a revenue of EUR 124 million, and the company has set a mid-term goal of achieving net sales between EUR 200 million and EUR 300 million by the end of 2025. This revenue target implies a minimum average annual growth rate of 17.6% over the next three years. In contrast, the market is projected to experience a low single-digit growth rate during the same period. To reach the target, the company needs both organic and inorganic growth. In order to achieve their mid-term revenue target, Duell focuses on strategic priorities that emphasize organic growth, mergers and acquisitions for expansion into new geographic markets, online sales, and the development of the brand portfolio. We see that Duell's success in expansion to the European market is the key success factor for the company to reach the target.

Profitability

Main cost items are related to COGS

Most of Duell's costs are variable by nature and are related to the procurement of products that the company distributes. Duell has maintained a relatively stable cost structure throughout the fiscal years 2019-2022. The most significant cost component for the company, materials costs, has consistently accounted for approximately 74-76% of total revenue. Personnel costs have represented around 8-9% of total revenue, while other operating costs have also made up approximately 8-9% of total revenue. Other operating costs are mostly fixed costs related to costs such as rents, sales and marketing and IT costs, other personnel costs, and uncertain receivables. As Duell reports in accordance with Finnish Accounting Standards (FAS), the leases are recognized as expenses instead of depreciation of right-of-use assets.

Figure 17: Main OPEX items as % of net sales, 2019-2022



Source: Duell, Evli Research

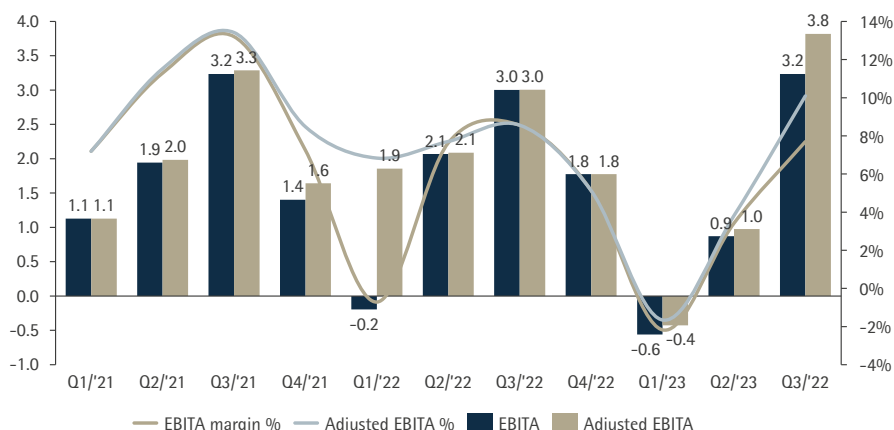
Gross margin has been steady at roughly 25%

Duell has maintained a consistent gross margin of approximately 25% over the past four years, aligning well with other European distribution companies. During FY 2022 and H1 2023, the gross margin has experienced a slight decline due to the inflation of logistics costs, which resulted in higher overall product costs. Since a significant portion of Duell's inventory is sourced from overseas, the logistics expenses are a significant factor in the total product costs. Even though the freight rates have declined after the peak witnessed during 2021-2022, we anticipate the continuation of the effect for Duell as part of its current inventory was purchased as the rates were elevated.

Profitability has declined during FY 2022 and 2023

In FY 2022, the company's adjusted operating profit margin declined to 5.6% down from 9.9% in 2021. The main drivers behind the lower profitability were higher logistics costs and increased personnel and other operating expenses. Duell's profitability has further declined during the first nine months of FY 2023. The company's gross margin experienced a modest decrease of 300 basis points year-over-year from 24.8% to 24.5% in the first nine months of FY 2023, indicating that the company was able to offset most of the impact of increased logistics costs. The main reasons for the lower profitability were lower volumes and higher personnel and other operating costs. Personnel and other operating costs were both notably higher when adjusting H1 2022 numbers with the expenses related to the IPO. The main reasons for higher personnel and other operating expenses were the company's organic and inorganic growth efforts in the European market.

Figure 18: EBITA & adjusted EBITA (in EUR m, lhs) and EBITA & adjusted EBITA margin development, quarterly, Q1 2021 – Q2 2023



Source: Duell, Evli Research

Duell has implemented cost cutting measures

Duell has initiated cost cutting measures to improve its profitability. As a part of the cost cutting initiatives, Duell held change negotiations during late 2022 and early 2023. Duell reduced personnel by total of 13 employees in Finland and by 10 employees in other countries as a part of the change negotiations. The cost savings that the company aims to reach by the personnel reduction is total of EUR 700k in FY 2023 and EUR 1.3m in 2024. As per management comments, the EUR 700k cost reduction in FY 2023 will focus on the second half of the fiscal year. During May 2023, the company bolstered its cost savings program, setting its sights on achieving additional savings of EUR 1m, primarily during the fiscal year 2024.

Mid-term profitability target >13% adj. EBITA

In the medium-term, the company targets adjusted EBITA margin of over 13%. Duell's adjusted EBITA has hovered around 7-10% during 2019-2022. In FY 2023, the company expects the adjusted EBITA to grow in both absolute and relative terms when comparing to FY 2022. The main ways how Duell aims to improve its profitability:

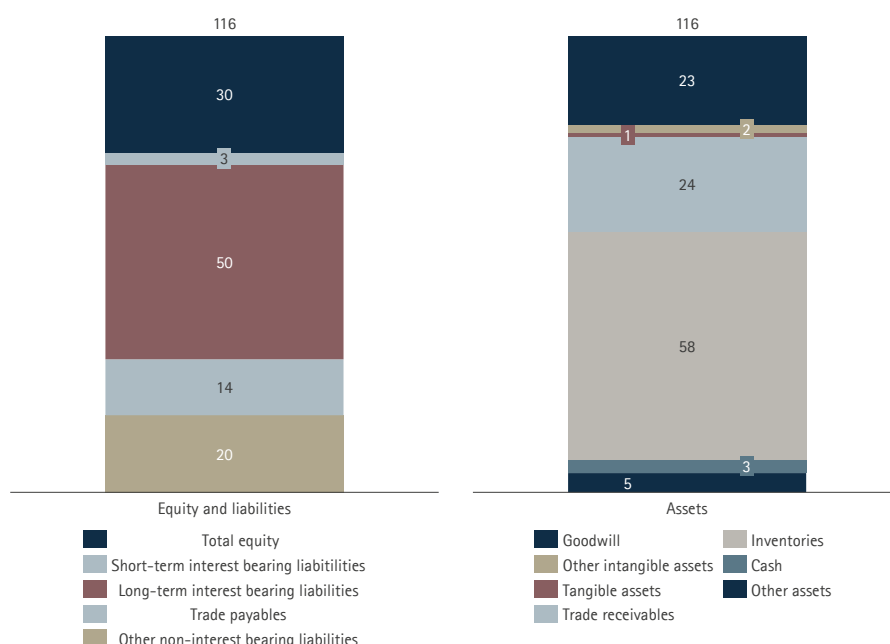
- Own brand sales: One of the main ways to improve the company's gross margins is to increase the share of own brands sales. Own brand sales were 20.7% of the total net sales in FY 2022. Duell own target for own brands sales is 25% of total sales.
- Volume growth: Despite most of the company's costs are variable and related to procurement of the items sold, large part of the other operating costs are fixed or semi-fixed which provide some scalability for the company through organic volume growth.
- Operational efficiency: One of the current key focus areas of the company is operational efficiency, the company aims to improve profitability through personnel reductions for FY 2023 and going forward.

Financial position

Duell's assets comprise of working capital and goodwill

Duell's business model requires low amount of investments into tangible assets as the company leases and/or rents its premises and machinery and equipment. The largest asset item in the company's balance sheet is inventories which were EUR 58m at the end of H1 2023. The second largest item was trade receivables at EUR 24m and the third largest was goodwill at EUR 23m. On the liability side, the company had EUR 50m of non-current loans from financial institutions.

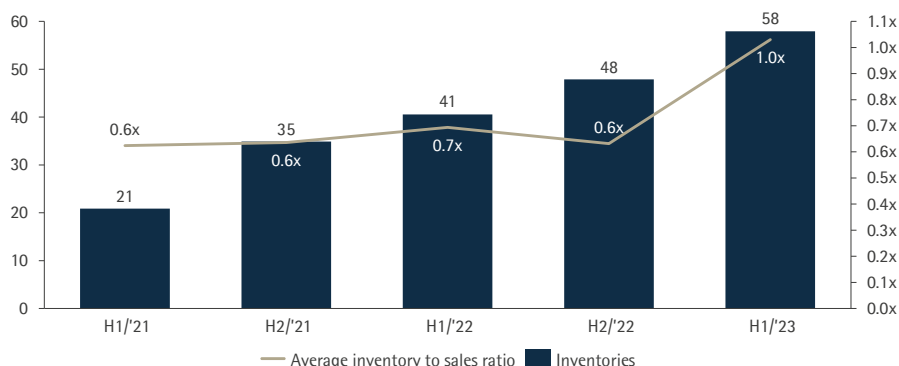
Figure 19: Duell balance sheet composition, H1 2023, in EUR m



Source: Duell, Evli Research

Duell's business model necessitates a substantial inventory holding to effectively meet dealer demand and ensure a broad selection with fast deliveries. The company aims to make orders available for dealers overnight especially in the Nordics which requires the company to stock wide variety of items. In addition to the inventory level requirements due to the company's business model, Duell has experienced a rapid increase in inventory levels due to supply chain challenges caused by the COVID-19 pandemic. Currently, due to dealers reducing their inventory levels, Duell has encountered a situation where it possesses high levels of inventory. As a result of the high inventory levels, the company was not able to meet conditions for its debt covenants (net debt to EBITDA) because of cash tied to inventory. One of the main strategic goals for 2023 is thus the reduction of inventory levels. During the first half of FY 2023, the inventories increased further reaching EUR 57.9m, up roughly 43% y/y and up 21% from the levels seen at the end of FY 2022. The increase was related to the continued inventory reduction pressure coming from the dealer side, in addition, the company's winter powersports related sales were negatively affected due to weak winter season in the Nordics.

Figure 20: Total inventory (in EUR m, lhs) and average inventory to sales, biannually, H1 2021 - H1 2023

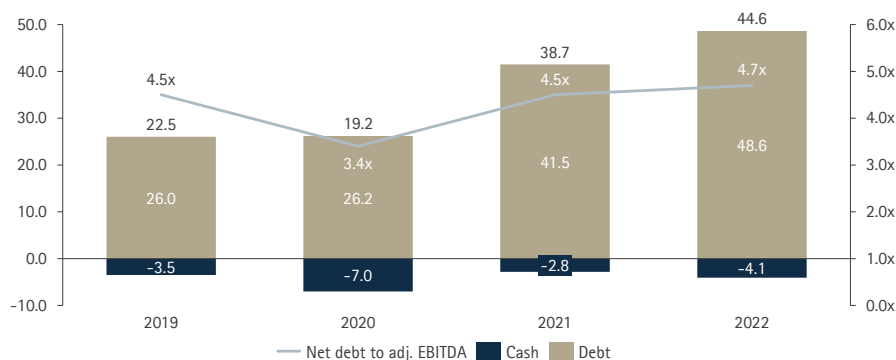


Source: Duell, Evli Research

Reaching the leverage target requires reduction to inventory levels

Duell's medium-term financial target is to have net debt to adjusted EBITDA in the range of 2-3x. The ratio has hovered around 3-5x during 2019-2022, and at the end of FY 2022, the ratio was at 4.7x which was above the threshold agreed for the company's debt covenant. In February 2023, the company entered into a new financing agreement which replaced the old financing arrangement without changes to principal amounts of outstanding term loans and availability of revolving credit facilities for the company's working capital needs. The current financing arrangement has covenants for the net debt to EBITDA ratio and net debt to equity ratio.

Figure 21: Net debt development (in EUR m, lhs) and net debt to adj. EBITDA ratio, at the end of FY, 2019-2022



Source: Duell, Evli Research

Inventory levels appear to have decreased in Q3 2023

Due to the absence of quarterly balance sheet disclosures by Duell, the precise value of the company's inventory at the conclusion of Q3 2023 remains unknown. According to the company's Q3 report, its net working capital was at EUR 61.8m, down from EUR 66.9m at the end of Q2 2023. The company expects further reduction in the net working capital levels during the last quarter of 2023.

Estimates

Guidance	<p>Duell issued a profit warning in May 2023 for the FY 2023 as the market and business cycle continues to be weak and uncertain. Prior to the profit warning, the company expected both organic and inorganic growth y/y and that adjusted EBITA grow both in absolute and relative terms. The new guidance for 2023 is the following:</p> <ul style="list-style-type: none"> • Net sales to be close to previous year's level (FY 2022 revenue EUR 124m, prev. guidance: Duell expects to have net sales growth organically and inorganically) • Adjusted EBITA to decrease from the previous year's level (FY 2022 adjusted EBITA EUR 8.7m, prev. guidance: Adjusted EBITA is expected to grow both in absolute and relative terms for the current financial year)
2023E revenue expected to grow slightly y/y	<p>Duell's net sales decreased 0.4% y/y during the first nine months of the fiscal year 2023. The main driver behind the decrease was organic net sales which decreased nearly 15% y/y during the same period. Duell's inorganic growth, aided by the acquisitions of TranAm and PowerFactory kept the company's net sales close to the levels seen the year prior. We estimate that the company's net sales reach EUR 36m in Q4 which brings FY 2023 total net sales estimate to EUR 125m, with FY growth of 0.8% y/y. We estimate that the organic net sales will continue to decrease during the Q4 at a slightly slower pace, while especially the TranAm acquisition will continue to drive the inorganic net sales growth.</p>
2023E adjusted EBITA to fall short of 2022	<p>During the first nine months of the fiscal year, Duell's adjusted EBITA came in at EUR 4.4m (EUR 7.0) with adj. EBITA margin of 4.9% (7.8%). For Q4, we estimate adjusted EBITA of EUR 3.0m with margin of 8.3%, up from EUR 1.8 and margin of 5.1% in Q4 2022 driven by higher expected volumes and improved operative efficiency. With the estimates for Q4, our FY 2023 adj. EBITA estimate is EUR 7.4m with a margin of 5.9%, down from EUR 8.7m with a margin of 7.0% in FY 2022. Our estimate is in line with the company's guidance as the first half of the FY 2023 was especially slow.</p>
Organic growth driven by the main European growth markets	<p>The underlying powersports aftermarket is growing at a low single digit growth rate driven by various factors such as the number of registered powersports vehicles, their age, condition, and, importantly, consumers' willingness to invest in powersports aftermarket products. We estimate that the company's growth in the Nordics is likely to follow the slow, low single-digit market growth rate in the future. Moving forward, we identify the European growth markets as the primary catalyst for Duell's organic growth. We estimate that the company has the potential to outpace market growth in Europe, particularly considering that its market share in Europe (excluding the Nordics) is considerably lower compared to the Nordics, where the company holds a dominant position. In the medium term (2024-2025E), we estimate that the company's organic growth will pick-up as we expect the powersports aftermarket value chain to normalize and that Duell keeps growing organically in Europe by increasing its market share in the growth markets. Our FY 2024 net sales estimate is at EUR 134m with growth of 7.6% y/y, our estimates for European (excl. Nordics) sales include inorganic growth from the TranAm acquisition completed in early 2023. We estimate revenue of EUR 141m for 2025, significantly below the company's own, EUR 200-300m target by the end of 2025.</p>
Potential future acquisitions not included into our estimates	<p>Most of Duell's revenue growth during the last few years has come from inorganic sources as the company has completed five acquisitions during 2021-2023. The company's total revenue for FY 2022 was EUR 124m, reaching the growth target of EUR 200-300m by the end of FY 2025 requires at least 17% CAGR revenue growth. As a result of the company's historic appetite for M&A and strong growth aspirations, we see likely that Duell will continue to acquire companies especially in its European growth markets. Due to the nature of acquisitions, we have not included any inorganic growth to our estimates beyond the current known acquisitions.</p>

24-25E profitability expected to improve driven by cost savings and higher volumes

We estimate improved profitability for 23-24E mainly driven by higher volumes and increased cost efficiency leading to lower relative personnel and other operating expenses. During 2023, Duell has initiated change negotiations and a cost savings programme to improve its profitability. Firstly, in early 2023, the company completed change negotiations where it realized personnel reduction of total of 23 people. The cost saving from the negotiations for FY 2023 is roughly EUR 700k and for FY 2024 roughly EUR 1.3m. During May, the company announced that it enhances its cost savings programme by starting second change negotiations which aim to achieve an additional annual cost savings of roughly EUR 1m which will be achieved mainly in the FY 2024. As a result, we estimate slight improvement in the personnel margin during 2024-2025E. We estimate Duell's other operating expenses, consisting of expenses related to sales and marketing, IT, other personnel costs and outsourced administrative services to stay at roughly 5-8% of total sales. The relative share of other expenses decreases in our estimates going forward as the other operating expenses are partly fixed and therefore do not scale in hand with revenue growth.

Long-term profitability estimates kept well below Duell's own targets

Duell's medium term (3-5 years) target for profitability is to reach adjusted EBITA margin of at least 13%. The adjusted EBITA margin for FY 2022 was at 7%, down from 10.5% the year before, for FY 2023, we estimate margin of 5.9%. For 2024-2025E we keep our adjusted EBITA margin estimates at 6.7% and 7.4% respectively. We currently model long-term sustainable EBITA margin of 9.0% which is significantly lower than the company's own medium-term target.

Table 2: Estimate summary

	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23E	2023E	2024E	2025E
Net sales Nordics	16.4	17.8	22.1	20.1	76.4	16.0	16.3	21.9	18.6	72.7	75.7	77.5
<i>y/y %</i>						<i>-2.6%</i>	<i>-8.3%</i>	<i>-1.2%</i>	<i>-7.5%</i>	<i>-4.8%</i>	<i>4.0%</i>	<i>2.5%</i>
Net sales Europe (excl. Nordics)	10.7	9.3	13.0	14.6	47.6	9.7	9.2	15.8	17.5	52.3	58.8	63.2
<i>y/y %</i>						<i>-9.1%</i>	<i>-1.0%</i>	<i>21.8%</i>	<i>20.0%</i>	<i>9.8%</i>	<i>12.5%</i>	<i>7.5%</i>
Total Net sales	27.2	27.1	35.1	34.6	124.0	25.7	25.5	37.7	36.0	125.0	134.5	140.8
<i>y/y %</i>	<i>73.0%</i>	<i>57.4%</i>	<i>43.5%</i>	<i>79.6%</i>	<i>61.5%</i>	<i>-5.4%</i>	<i>-5.7%</i>	<i>7.4%</i>	<i>4.1%</i>	<i>0.8%</i>	<i>7.6%</i>	<i>4.7%</i>
EBITA	(0.2)	2.1	3.0	1.8	6.7	(0.6)	0.9	3.2	3.0	6.5	9.0	10.5
<i>EBITA %</i>	<i>-0.7%</i>	<i>7.6%</i>	<i>8.6%</i>	<i>5.1%</i>	<i>5.4%</i>	<i>-2.2%</i>	<i>3.4%</i>	<i>8.6%</i>	<i>8.3%</i>	<i>5.2%</i>	<i>6.7%</i>	<i>7.4%</i>
EBIT	(0.6)	1.6	2.6	1.3	4.9	(1.1)	0.4	2.6	2.5	4.4	7.0	8.5
<i>EBIT %</i>	<i>-2.2%</i>	<i>6.1%</i>	<i>7.3%</i>	<i>3.7%</i>	<i>4.0%</i>	<i>-4.1%</i>	<i>1.5%</i>	<i>6.8%</i>	<i>6.9%</i>	<i>3.5%</i>	<i>5.2%</i>	<i>6.0%</i>
Items affecting comparability	(2.1)	(0.0)	(0.0)	-	(2.1)	(0.1)	(0.1)	(0.6)	-	(0.8)	-	-
Adj. EBITA	1.9	2.1	3.0	1.8	8.7	(0.4)	1.0	3.8	3.0	7.4	9.0	10.5
<i>Adj. EBITA %</i>	<i>6.8%</i>	<i>7.7%</i>	<i>8.6%</i>	<i>5.1%</i>	<i>7.0%</i>	<i>-1.7%</i>	<i>3.8%</i>	<i>10.1%</i>	<i>8.3%</i>	<i>5.9%</i>	<i>6.7%</i>	<i>7.4%</i>
Adj. EBIT	1.5	1.7	2.6	1.3	7.0	(0.9)	0.5	3.1	2.5	5.2	7.0	8.5
<i>Adj. EBIT %</i>	<i>5.4%</i>	<i>6.2%</i>	<i>7.3%</i>	<i>3.7%</i>	<i>5.6%</i>	<i>-3.6%</i>	<i>1.9%</i>	<i>8.3%</i>	<i>6.9%</i>	<i>4.1%</i>	<i>5.2%</i>	<i>6.0%</i>
Earnings per share	(0.07)	0.05	0.07	0.03	0.08	(0.06)	(0.04)	0.02	0.04	(0.04)	0.08	0.12

Source: Duell, Evli Research

Valuation

BUY with target price of
EUR 1.4

We initiate coverage of Duell with a BUY-rating and target price of EUR 1.4. Our valuation primarily relies on peer multiples and the discounted cash flow model. The main peer group consists of European companies that are active in car and powersports aftermarket retail and/or distribution. Duell posted solid Q3 figures with improved profitability and lower net working capital levels. We estimate continued organic net sales decline during Q4 2023 while the inorganic growth is expected to support the total net sales development. In the medium-term, we estimate that Duell is able to return to profitable growth path driven by growth in Europe, partly scalable cost structure and the company's own efforts to improve profitability with the cost efficiency programme. On our estimates for 2023E, the company trades at slightly elevated adjusted P/E and EV/EBITA multiples of 13.2x and 10.8x respectively, yet the 2024E multiples are already at low levels of 8.0x and 8.7x respectively. The 2024E multiples point towards a roughly 18-20% discount when compared to our European peer group. Alongside peer multiples, the discounted cash flow analysis indicates a discount of approximately 40% when compared to the current market price. We keep our long-term estimates below Duell's own targets for sales growth and profitability. In our view, reaching adjusted EBITA margin of at least 13% requires larger scale. As mentioned before, we believe that the company would need additional acquisitions to attain a net sales range of EUR 200-300m by the end of 2025, but we have not factored potential future acquisitions into our estimates.

Table 3: Valuation summary

Valuation	EUR per share
23-24E Adj. P/E*	1.0 - 1.5
23-24E Adj. EV/EBIT*	1.4 - 1.7
DCF	1.5 - 2.0
Target price	1.4
<i>Prem./disc. to current share price</i>	<i>17%</i>

* Adjusted for items affecting comparability and goodwill depreciation

Source: Evli Research

Peer group

No direct peers, our peer group consists of European car and powersports aftermarket companies

There are no direct peer companies listed for Duell. We have picked companies to the peer group based on similar product offering characteristics, end-markets, cost structure and cash flow profiles. Our peer group consists mostly of European companies that are active in car and/or powersports aftermarket retail and distribution. Historically, the European peer group has traded at roughly 13x FWD P/E and 12x FWD EV/EBIT.

Short description of the main European peer companies

Relais Group is a Finnish company that acts as an active consolidator in the Nordic vehicle aftermarket. Relais employs roughly 1000 professional in 6 countries in the Nordics and Baltics. The company offers both products and services for vehicle life cycle enhancement, the offering includes third party brands and Relais own brands. Roughly third of the company's sales in 2022 was from repair and maintenance services while the rest was distributed between products related to spare parts, lightning and equipment.

Pierce Group is a Swedish company active in the powersports aftermarket e-commerce. Pierce Group is headquartered in Stockholm, with a centralized warehouse in Poland and customer service in Barcelona, in total, the company employs roughly 400 employees. It

owns powersports e-commerce webstore brands 24MX, XLMoto and Sledstore. In addition to retail, the company owns own product brands which it stocks in the webstores. Pierce Group is one of Duell's e-commerce customers as Duell lists 24MX, XLMoto and Sledstore as e-commerce dealer reference clients.

Auto Partner is a Polish company that acts as an importer and distributor of spare parts for cars, light commercial vehicles and motorcycles. The company has branch offices all over the Europe, yet, no presence in the Nordics. Auto Partner is one of the largest distributors of automotive parts in Poland with a nearly 10% market share, in addition to Poland, roughly 50% of total sales come from foreign markets. Like many other importers and distributors, Auto Partner has established own brands to complement its brand offering.

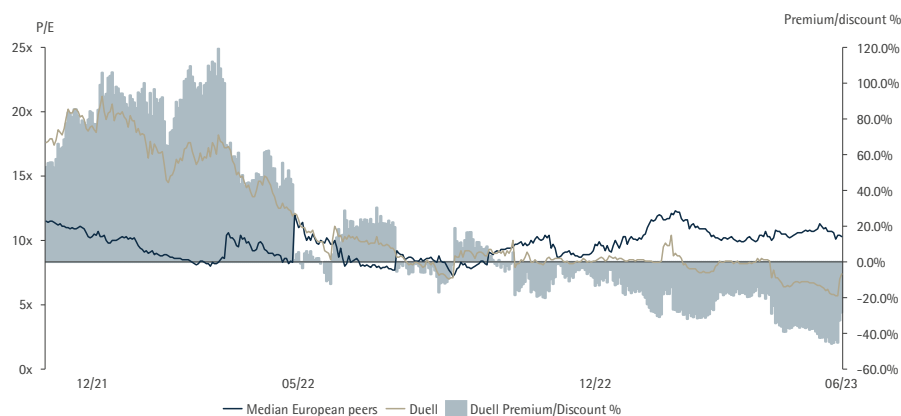
Delticom is a German company based in Hanover that is the European market leader for online tyre and wheel sales and distribution. The company was founded in 1999 and operates primarily in Europe and the USA. Delticom's offering includes a range of roughly 600 brands and more than 40,000 tyre models for cars and motorcycles. Delticom's 351 online shops and distribution platforms serve 73 countries in total with more than 16 million customers.

Halfords Group is the UK's leading provider of motoring and cycling products and services. The company operates over 400 retail stores and in addition, offers independent car servicing and repair operation through its Autocentre segment. Roughly 70% of the company's total sales come from products while 30% comes from services. Over half of the sales are from Motoring segment while the remainder is from Cycling products and services.

Inter Cars is a Polish company that imports and distributes automotive spare parts for passenger cars and commercial vehicles. In addition to automotive aftermarket products, the company stocks garage equipment and motorcycle spare and tuning parts. Inter Cars operates across the Europe in 18 countries and is one of the largest automotive spare part distributors in the market. The company stocks roughly 550,000 SKUs and has over 585 branches in its main markets in CEE.

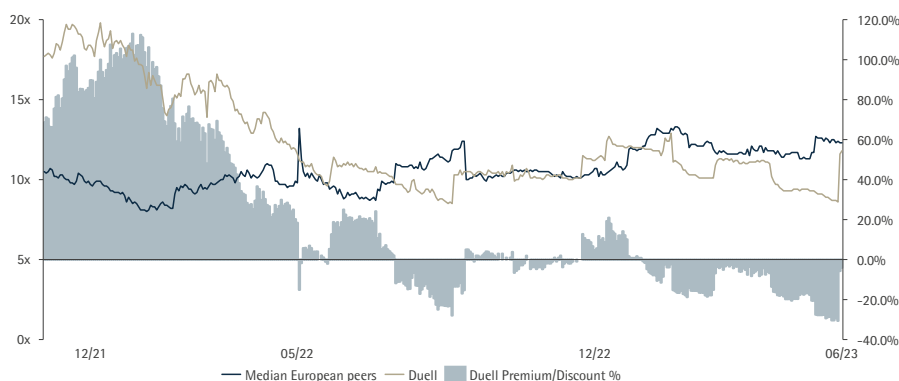
MEKO is a Swedish company that is a market leader in spare parts and car services in the Nordics. The company is active in 8 markets, employes over 6000 employees, operates through 600 branches and over 4000 affiliated workshops. MEKO offers automotive spare-parts and services through its chains in the northern Europe including FTZ, Inter-Team, Koivunen, MECA, Mekonomen and Sørensen og Balchen.

Figure 22: Historic FWD P/E Duell vs. median European peer, 11/21 - 05/23



Source: Factset, Evli Research

Figure 23: Historic FWD EV/EBIT Duell vs. median European peer, 11/21 - 05/23



Source: Factset, Evli Research

US auto and powersports aftermarket companies trade at a premium

There are more publicly listed companies in the United States operating in the automotive and/or powersports aftermarket distribution and retail, these companies include names such as Advance Auto Parts, AutoZone, LKQ, Genuine Parts, O'Reilly Automotive, CarParts.com and Uni-Select. We find that these companies differ from the European peer group due to their average size, margin levels and cash flow generation ability. We have included the American peer group into the report, yet we do not currently use it as a reference in Duell's valuation. Historically, the American peer group has traded at roughly 17x FWD P/E and 13x FWD EV/EBIT equivalent to approximately 10-30% premium compared to the European peer group.

Table 4: Peer group Europe

Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E			EV/Sales		
		23	24	25	23	24	25	23	24	25	23	24	25
Relais Group	243	8.8x	8.1x	7.7x	13.9x	12.4x	11.4x	15.3x	12.9x	11.5x	1.4x	1.4x	1.3x
Pierce Group	46	16.7x	5.8x	3.9x		21.9x	8.0x		23.9x	9.5x	0.3x	0.3x	0.2x
Auto Partner SA	643	9.0x	7.7x	6.7x	10.0x	8.5x	7.4x	12.8x	10.7x	9.3x	0.9x	0.7x	0.6x
Delticom	29	6.7x	5.6x	5.1x	20.5x	14.1x	11.7x	10.5x	6.7x	5.4x	0.2x	0.2x	0.2x
Halfords Group	568	4.4x	4.1x	3.7x	12.7x	10.7x	9.1x	12.3x	10.0x	8.2x	0.5x	0.5x	0.5x
Inter Cars	1992	8.0x	7.2x	6.8x	9.0x	8.2x	7.7x	10.0x	9.1x	8.2x	0.6x	0.5x	0.5x
MEKO	541	6.3x	6.0x	5.8x	10.9x	10.1x	9.7x	9.9x	8.8x	8.3x	0.7x	0.7x	0.7x
Peer group average	525	8.6x	6.4x	5.7x	12.8x	12.3x	9.3x	11.8x	11.7x	8.6x	0.7x	0.6x	0.6x
Peer group median	392	8.0x	6.0x	5.8x	11.8x	10.7x	9.1x	11.4x	10.0x	8.3x	0.6x	0.5x	0.5x
Duell (Evli est.)*	37	9.6x	8.0x	6.8x	10.8x	8.7x	7.3x	13.2x	8.0x	6.3x	0.6x	0.6x	0.5x
<i>Duell prem./disc. to peer median</i>		19.9%	33.8%	16.8%	-8.8%	-18.4%	-19.5%	15.2%	-20.4%	-23.8%	3.7%	9.5%	16.1%

Source FactSet, Evli Research

* Adjusted for items affecting comparability and goodwill depreciation

Table 5: Peer group United States

Company name	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E			EV/Sales		
		23	24	25	23	24	25	23	24	25	23	24	25
Advance Auto Parts	3782	9.6x	9.0x	8.2x	14.8x	13.5x	12.7x	11.7x	10.7x	9.3x	0.7x	0.7x	0.7x
AutoZone	42013	15.3x	14.3x	13.7x	17.6x	16.4x	15.6x	19.7x	17.7x	16.0x	3.5x	3.3x	3.1x
LKQ	14183	11.2x	10.4x	10.1x	13.0x	12.0x	11.8x	14.5x	13.4x	12.0x	1.5x	1.4x	1.4x
Genuine Parts	21448	13.0x	12.0x	10.8x	15.7x	14.6x	12.5x	18.7x	17.3x	15.6x	1.2x	1.1x	1.1x
O'Reilly Automotive	53058	19.4x	18.1x	17.2x	21.9x	20.5x	19.3x	25.9x	23.2x	21.1x	4.4x	4.2x	4.0x
CarParts.com	236	10.2x	8.1x	5.6x			16.3x			18.6x	0.4x	0.3x	0.3x
LKQ	14183	11.2x	10.4x	10.1x	13.0x	12.0x	11.8x	14.5x	13.4x	12.0x	1.5x	1.4x	1.6x
Peer group average	18787	12.8x	11.7x	10.9x	16.6x	15.4x	14.7x	18.5x	16.3x	15.4x	1.8x	1.7x	1.8x
Peer group median	14183	11.2x	10.4x	10.4x	15.7x	14.6x	14.2x	19.2x	16.5x	15.8x	1.2x	1.1x	1.2x
Duell (Evli est.)*	37	9.6x	8.0x	6.8x	10.8x	8.7x	7.3x	13.2x	8.0x	6.3x	0.6x	0.6x	0.5x
<i>Duell prem./disc. to peer median</i>		-14.0%	-22.7%	-34.5%	-31.4%	-40.0%	-48.2%	-31.4%	-51.6%	-60.1%	-46.3%	-48.1%	-55.7%

Source FactSet, Evli Research

* Adjusted for items affecting comparability and goodwill depreciation

Investment risks

Supply chain	Duell functions as an intermediary between manufacturers and brand owners on one end and dealers/retailers on the other end, fulfilling its role as a wholesale distributor. Due to its business model and value chain position, the company is sensitive to supply chain disruptions. The latest example of such disruption was the COVID-19 pandemic which affected supply chains across many industries including powersports aftermarket where most of the manufacturing is done in Asia.
Inventory management	Inventory management plays a crucial role for the company as a significant portion of its assets are invested in inventory. The company's business model requires relatively high inventory levels as Duell aims to make orders available to customers overnight. Demand for Duell's products is seasonal which further complicates the optimization. If the company fails to sell its seasonal inventory, it might have to do fire sales and discounts which lowers the gross margin potential. Currently, as a result of the supply chain disruptions and weakening demand, the company's inventories are at a very high level which increases the risk for lower gross margins if the company has to unload the inventory levels to improve its balance sheet position.
Market	Despite the historical resilience to economic downturns, powersports aftermarket is not immune to overall development of the economy. Some of the products, such as spare parts, are regularly replaced due to wear and tear, resulting in a more consistent demand. The market witnessed a surge in demand due to COVID-19 as consumer spending on recreational activities increased, in 2022, due to war in Ukraine, the demand slowed down and has kept on decreasing during 2023. Similar sudden shocks will put pressure to the powersports aftermarket in the future yet we see the underlying market development relatively stable as a result of steadily increasing registered powersports vehicle pool and average purchases.
Brand direct sales	We see the brand direct sales as the main competitive threat for Duell. Brand direct sales occur when brands sell directly to dealers and therefore don't use players such as Duell to distribute their products. Our primary concern in terms of competition stems from large, specialized retailers, who often prefer procuring directly from brand owners to enhance their gross margins. On the other hand, we see that Duell plays a crucial role as a valuable partner for small and medium-sized dealers who are starting to adopt the omni-channel approach in their operations.
Integration of acquired companies	Duell's growth strategy relies on both organic and inorganic growth. In recent years, the company has successfully acquired five companies across Europe. However, the integration of these acquired companies carries certain risks, such as the possibility of not achieving the intended strategic goals or synergies initially envisioned. Nonetheless, the integration of the recently acquired companies has reportedly proceeded according to plan, as stated by the company. Given its current strategy and the ongoing industry consolidation trend, it is probable that Duell will continue its pursuit of acquiring businesses in the future.
Balance sheet	As previously stated, Duell's inventories have reached a high level due to weak demand. Consequently, the company's net debt is also high. Duell's medium-term financial target is to have net debt to adjusted EBITDA in the range of 2-3x. The ratio has hovered around 3-5x during 2019-2022, and at the end of FY 2022, the ratio was at 4.7x which was above the threshold agreed for the company's debt covenant. Despite slight reduction in net working capital levels and net debt during Q3 2023, the company's balance sheet remains stretched.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.20 PV of Free Cash Flow	38 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	1.73 PV of Horizon value	59 WACC, %	9.0 Market risk premium, %	6.5
Share price potential, %	44.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	4.5
Maximum value	2.0 Marketable securities	4 Minimum WACC, %	8.5 Equity beta coefficient	1.20
Minimum value	1.5 Debt - dividend	-49 Maximum WACC, %	9.5 Target debt ratio, %	40
Horizon value, %	60.8 Value of stock	53 Nr of shares, Mn	30.5 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	124	125	134	141	147	151	153	155	158	160	162	165
<i>Sales growth, %</i>	<i>61.5</i>	<i>0.8</i>	<i>7.6</i>	<i>4.7</i>	<i>4.5</i>	<i>2.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	5	4	7	8	10	11	11	12	12	12	12	12
<i>Operating income margin, %</i>	<i>4.0</i>	<i>3.5</i>	<i>5.2</i>	<i>6.0</i>	<i>6.8</i>	<i>7.2</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>
+ Depreciation+amort.	2	3	2	2	3	3	3	3	3	3	3	3
EBITDA	7	7	9	11	13	14	14	14	15	15	15	
- Paid taxes	-1	-1	-2	-2	-2	-3	-3	-3	-3	-3	-3	
- Change in NWC	-24	-3	-3	-3	-3	-2	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>46.7</i>	<i>48.4</i>	<i>47.3</i>	<i>47.7</i>	<i>47.9</i>	<i>48.1</i>	<i>48.2</i>	<i>48.3</i>	<i>48.4</i>	<i>48.5</i>	<i>48.6</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-6	-7	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	<i>4.5</i>	<i>5.5</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>0.6</i>	<i>0.6</i>	<i>0.6</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	-24	-3	3	4	6	8	9	9	10	10	10	134
= Discounted FCFF		-3	3	4	4	5	6	5	5	5	4	59
= DFCF min WACC		-3	3	4	4	6	6	6	5	5	5	66
= DFCF max WACC		-3	3	3	4	5	6	5	5	5	4	53

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	27.1	27.1	35.1	34.6	124.0	25.8	25.5	37.7	36.0	125.0	134.5	140.8
EBITDA	0.0	2.2	3.2	2.0	7.4	0.0	0.7	3.3	3.2	7.2	9.3	10.9
<i>EBITDA margin (%)</i>	<i>-0.1</i>	<i>8.2</i>	<i>9.1</i>	<i>5.7</i>	<i>6.0</i>	<i>0.0</i>	<i>2.8</i>	<i>8.6</i>	<i>8.9</i>	<i>5.7</i>	<i>6.9</i>	<i>7.8</i>
EBIT	-0.6	1.7	2.6	1.3	4.9	-0.7	0.0	2.6	2.5	4.4	7.0	8.5
<i>EBIT margin (%)</i>	<i>-2.2</i>	<i>6.1</i>	<i>7.3</i>	<i>3.7</i>	<i>4.0</i>	<i>-2.7</i>	<i>0.0</i>	<i>6.8</i>	<i>6.9</i>	<i>3.5</i>	<i>5.2</i>	<i>6.0</i>
Net financial items	0.0	-1.1	1.1	-1.9	-1.9	-0.5	-0.5	-1.8	-1.2	-4.0	-3.3	-3.2
Pre-tax profit	-0.6	0.5	3.7	-0.6	3.0	-1.2	-0.5	0.8	1.3	0.3	3.7	5.3
Tax	0.0	-0.6	0.6	-1.1	-1.1	0.0	0.0	-0.2	-0.1	-0.3	-1.1	-1.5
<i>Tax rate (%)</i>	<i>0.0</i>	<i>58.4</i>	<i>-13.8</i>	<i>-788.9</i>	<i>22.5</i>	<i>-4.6</i>	<i>-137.5</i>	<i>12.0</i>	<i>7.2</i>	<i>15.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-0.6	0.0	4.2	-1.7	1.9	-1.3	-0.6	0.6	1.2	0.0	2.6	3.8
EPS	-0.02	0.00	0.17	-0.07	0.08	-0.04	-0.02	0.02	0.04	0.00	0.08	0.13
EPS adjusted (diluted no. of shares)	-0.02	0.00	0.17	-0.07	0.08	-0.04	-0.02	0.02	0.04	0.00	0.08	0.13
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	0.04
SALES, EURm												
Nordics	16.4	17.8	22.1	20.1	76.4	16.0	16.3	21.9	18.6	72.7	75.7	77.5
Europe	10.7	9.3	13.0	14.6	47.6	9.7	9.2	15.8	17.5	52.3	58.8	63.2
Total	27.1	27.1	35.1	34.6	124.0	25.8	25.5	37.7	36.0	125.0	134.5	140.8
SALES GROWTH, Y/Y %												
<i>Nordics</i>	<i>24.0</i>	<i>19.8</i>	<i>11.4</i>	<i>30.7</i>	<i>20.7</i>	<i>-2.5</i>	<i>-8.3</i>	<i>-1.1</i>	<i>-7.5</i>	<i>-4.7</i>	<i>4.0</i>	<i>2.5</i>
<i>Europe</i>	<i>323.3</i>	<i>292.2</i>	<i>185.6</i>	<i>263.3</i>	<i>253.4</i>	<i>-9.1</i>	<i>-1.0</i>	<i>21.5</i>	<i>20.0</i>	<i>9.7</i>	<i>12.5</i>	<i>7.5</i>
Total	72.1	57.4	43.9	78.8	61.5	-5.1	-5.8	7.3	4.1	0.8	7.6	4.7
EBIT, EURm												
Group	-0.6	1.7	2.6	1.3	4.9	-0.7	0.0	2.6	2.5	4.4	7.0	8.5
Total	-0.6	1.7	2.6	1.3	4.9	-0.7	0.0	2.6	2.5	4.4	7.0	8.5
EBIT margin, %												
Total	-2.2	6.1	7.3	3.7	4.0	-2.7	0.0	6.8	6.9	3.5	5.2	6.0

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	0.0	0.0	0.0	76.8	124.0	125.0	134.5	140.8
<i>Sales growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>61.5</i>	<i>0.8</i>	<i>7.6</i>	<i>4.7</i>
EBITDA	0.0	0.0	0.0	8.3	7.4	7.2	9.3	10.9
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>10.8</i>	<i>6.0</i>	<i>5.7</i>	<i>6.9</i>	<i>7.8</i>
Depreciation	0.0	0.0	0.0	-1.0	-0.7	-0.8	-0.3	-0.5
EBITA	0.0	0.0	0.0	7.3	6.7	6.4	9.0	10.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	-1.7	-2.0	-2.0	-2.0
EBIT	0.0	0.0	0.0	7.3	4.9	4.4	7.0	8.5
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>9.5</i>	<i>4.0</i>	<i>3.5</i>	<i>5.2</i>	<i>6.0</i>
Reported EBIT	0.0	0.0	0.0	7.3	4.9	4.4	7.0	8.5
<i>EBIT margin (reported) (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>9.5</i>	<i>4.0</i>	<i>3.5</i>	<i>5.2</i>	<i>6.0</i>
Net financials	0.0	0.0	0.0	-2.7	-1.9	-4.0	-3.3	-3.2
Pre-tax profit	0.0	0.0	0.0	4.6	3.0	0.3	3.7	5.3
Taxes	0.0	0.0	0.0	-1.2	-1.1	-0.3	-1.1	-1.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	0.0	0.0	3.3	1.9	0.0	2.6	3.8
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	0	0	1	2	2	2	3	4
Goodwill	0	0	0	14	16	20	18	16
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	29	35	48	48	50	52
Receivables	0	0	16	16	25	25	27	28
Liquid funds	0	0	3	3	4	4	4	5
Total assets	0	0	48	69	95	100	102	105
Liabilities								
Shareholder's equity	0	0	11	11	32	41	43	47
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	0	41	41	49	47	46	45
Non-interest bearing current liabilities	0	0	0	0	0	0	0	0
Other interest-free debt	0	0	17	17	15	13	13	13
Total liabilities	0	0	69	69	95	100	102	105
CASH FLOW, EURm								
+ EBITDA	0	0	0	8	7	7	9	11
- Net financial items	0	0	0	-3	-2	-4	-3	-3
- Taxes	0	0	0	-1	-1	0	-1	-1
- Increase in Net Working Capital	0	0	-28	-6	-24	-3	-3	-3
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	0	-28	-2	-20	0	2	3
- Capex	0	0	-1	-16	-6	-7	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	0	-29	-17	-25	-7	1	2
+/- New issues/buybacks	0	0	11	-3	19	9	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Other	0	0	21	21	7	-2	0	-2
Change in cash	0	0	3	0	1	0	0	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	0	0	37	37	37
Net debt (excl. convertibles)	0	39	39	45	43	42	40
Enterprise value	0	39	39	45	79	79	77
Sales	0	0	77	124	125	134	141
EBITDA	0	0	8	7	7	9	11
EBIT	0	0	7	5	4	7	8
Pre-tax	0	0	5	3	0	4	5
Earnings	0	0	3	2	0	3	4
Equity book value (excl. minorities)	0	11	11	32	41	43	47
Valuation multiples							
EV/sales	0.0	0.0	0.5	0.4	0.6	0.6	0.5
EV/EBITDA	0.0	0.0	4.6	6.0	11.0	8.5	7.0
EV/EBITA	0.0	0.0	5.3	6.7	12.5	8.7	7.3
EV/EBIT	0.0	0.0	5.3	9.1	18.2	11.3	9.1
EV/OCF	0.0	-1.4	-24.9	-2.3	351.3	45.5	26.9
EV/FCFF	0.0	-1.4	-2.5	-1.9	-24.3	24.3	17.7
P/FCFE	0.0	0.0	0.0	0.0	-5.5	57.9	20.5
P/E	0.0	0.0	0.0	0.0	-988.0	14.2	9.6
P/B	0.0	0.0	0.0	0.0	0.9	0.9	0.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.9	9.1	7.6
Target EV/EBIT	0.0	0.0	0.0	0.0	19.6	12.1	9.8
Target EV/FCF	0.0	0.0	0.0	0.0	-12.7	133.8	46.3
Target P/B	0.0	0.0	0.0	0.0	1.1	1.0	0.9
Target P/E	0.0	0.0	0.0	0.0	-1,152.7	16.6	11.2
Per share measures							
Number of shares	0	0	0	25,455	30,545	30,545	30,545
Number of shares (diluted)	0	0	0	25,455	30,545	30,545	30,545
EPS	0.00	0.00	0.00	0.08	0.00	0.08	0.13
Operating cash flow per share	0.00	0.00	0.00	-0.77	0.01	0.06	0.09
Free cash flow per share	0.00	0.00	0.00	-0.99	-0.22	0.02	0.06
Book value per share	0.00	0.00	0.00	1.25	1.33	1.41	1.54
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.04
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	0.0	30.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	0.0	3.1
FCF yield, %	0.0	0.0	0.0	0.0	-18.3	1.7	4.9
Efficiency measures							
ROE	0.0	0.0	31.7	9.1	-0.1	6.2	8.5
ROCE	0.0	0.0	14.0	7.4	5.2	7.9	9.3
Financial ratios							
Inventories as % of sales	0.0	0.0	45.5	38.6	38.6	37.0	37.0
Receivables as % of sales	0.0	0.0	20.8	20.1	20.1	19.9	19.8
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	0.0	44.2	46.7	48.4	47.3	47.7
Operative CAPEX/sales, %	0.0	0.0	20.7	4.5	5.5	0.8	0.8
CAPEX/sales (incl. acquisitions), %	0.0	0.0	20.7	4.5	5.5	0.8	0.8
FCFF/EBITDA	0.0	0.0	-1.9	-3.2	-0.5	0.3	0.4
Net debt/EBITDA, book-weighted	0.0	0.0	4.6	6.0	5.9	4.5	3.7
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	1.3	1.3	1.2
Equity ratio, book-weighted	0.0	15.2	15.2	33.4	40.5	42.1	44.8
Gearing, %	0.0	367.7	367.7	139.9	105.1	97.3	85.6

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 2022, 62% of Duell's sales came from the Nordics and 38% from Europe excluding Nordics. 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: Following robust market conditions in 2021 and early 2022, the European powersports aftermarket has experienced a significant deceleration during late 2022 and start of 2023. The primary factors influencing the market are the quantity of registered powersports vehicles and consumers' inclination to invest in aftermarket parts and equipment. While the demand for parts remains relatively resilient due to its necessity-driven nature, the overall market has experienced a notable slowdown in 2023. As a result of the market slowdown, Duell witnessed an 14.7% decline in organic sales during the first nine months of FY 2023. The decline in sales has led to an accumulation of the company's inventories, making inventory reduction one of the company's objective for the second half of 2023.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Hartwall Capital Oy Ab	6,732,558	8.079	22.0%
Sponsor Capital Oy	3,094,614	3.714	10.1%
Säästöpankki Fonder	1,631,627	1.958	5.3%
Keskinäinen Työeläkevakuutusyhtiö Varma	1,403,038	1.684	4.6%
Jarkko Ämmälä	1,200,000	1.440	3.9%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,168,992	1.403	3.8%
Erikoissijoitusrahasto Aktia Mikro Markka	697,673	0.837	2.3%
Keskinäinen Työeläkevakuutusyhtiö Elo	640,000	0.768	2.1%
Oy 4N-Group Ab	587,863	0.705	1.9%
Dennis Nylund	470,000	0.564	1.5%
Ten largest	17,626,365	21.152	58%
Residual	12,919,109	15.503	42%
Total	30,545,474	36.655	100%

EARNINGS CALENDAR

November 09, 2023

FY 2023 Results

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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

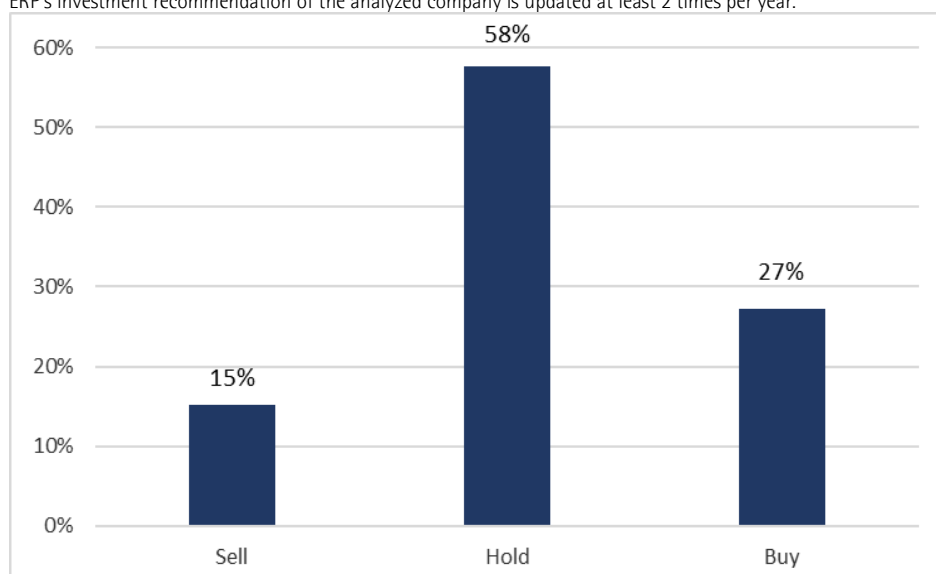
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Investment recommendations are defined as follows:

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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