

A challenging quarter as expected

The Q4 softness came as a no surprise as the company provided preliminary figures in September in conjunction with the profit warning.

- Net sales in Q4 were EUR 29.9m (EUR 34.6m in Q4/22, EUR 29m Evli).
- Adj. EBITA in Q4 amounted to EUR 0.2m (EUR 1.8m in Q4/22, EUR 0.1m Evli).
- Adj. EPS (excl. goodwill amortization and NRIs) in Q4 amounted to EUR -0.03 (EUR 0.05 in Q4/22, -0.03 Evli).
- Net debt at the end of FY 2023 was at EUR 38m, in line with our expectations (EUR 38m Evli).
- The company was able to lower net working capital levels from EUR 61.8m at the end of Q3 2023 to EUR 49.9m at the end of Q4 2023 (NWC was at EUR 57.7m at the end of FY 2022).
- Operating free cash flow amounted to EUR 10.6m (Q4/22: EUR 9.4m).
- Tran-Am's unaudited figures for 17-month period ended on 31 August 2023 (financial period extended by 5 months to bring it in line with Duell's) were strong as net sales were at GBP 16.2m and EBITDA at GBP 3.3m resulting in a EBITDA margin of roughly 20%.
- The covenants for the company's loans from financial institutions were not met at the end of the reporting period, Duell is currently in negotiations with the bank to amend the covenant levels.
- According to comments by CEO, the target for FY 2024 is to improve profitability by EUR 3-4m.
- The timeframe for the medium-term target for net sales changed: Net sales in the range of EUR 200-300 million in medium term (prev. by the end of 2025).
- **Guidance for FY 2024:** Net sales guidance not given due to weakened market predictability. Duell will continue its profitability improvement programme and plans to strengthen its capital structure in financial year 2024. Duell estimates adjusted EBITA to improve from previous year's level.

 Rating 🟡 HOLD

	Q4/23*	Actual	Evli	Q4/22
Revenue		29.9	29.0	34.6
Nordics		15.2	15.9	20.1
Europe		14.7	13.1	14.6
Adj. EBITA		0.2	0.1	1.8
Adj. EPS		(0.03)	(0.03)	0.05

* Revenue & Adj. EBITA based on preliminary figures

Source: Duell, Evli Research

Share price, EUR (Last trading day's closing price)	0.69
Target price, EUR	0.9

Latest change in recommendation	20-Sep-23
Latest report on company	20-Sep-23
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	21
Free float, %	
Exchange rate EUR	1.000
Reuters code	DUELL.HE
Bloomberg code	DUELL.FH
Average daily volume, EURm	0.1
Next interim report	09-Oct-23
Web site	https://investors.duell.eu/

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🟢 BUY 🟡 HOLD 🟠 SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
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	118.0	1.5	1.3%	-2.2	-0.09	-11.8	0.5	39.4	-10.5	0.00
2024E	120.3	4.2	3.5%	0.7	0.02	33.0	0.5	13.9	3.2	0.00
2025E	125.8	5.7	4.6%	0.4	0.06	11.2	0.5	10.1	1.7	0.02

Market cap, EURm	21	BV per share 2023E, EUR	100.3	CAGR EPS 2022-25, %	-6.7
Net debt 2023E, EURm	38	Price/book 2023E	0.6	CAGR sales 2022-25, %	0.5
Enterprise value, EURm	59	Dividend yield 2023E, %	0.0	ROE 2023E, %	-7.5
Total assets 2023E, EURm	93	Tax rate 2023E, %	-11.3	ROCE 2023E, %	1.9
Goodwill 2023E, EURm	20	Equity ratio 2023E, %	40.9	PEG, P/E 23/CAGR	0.0



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

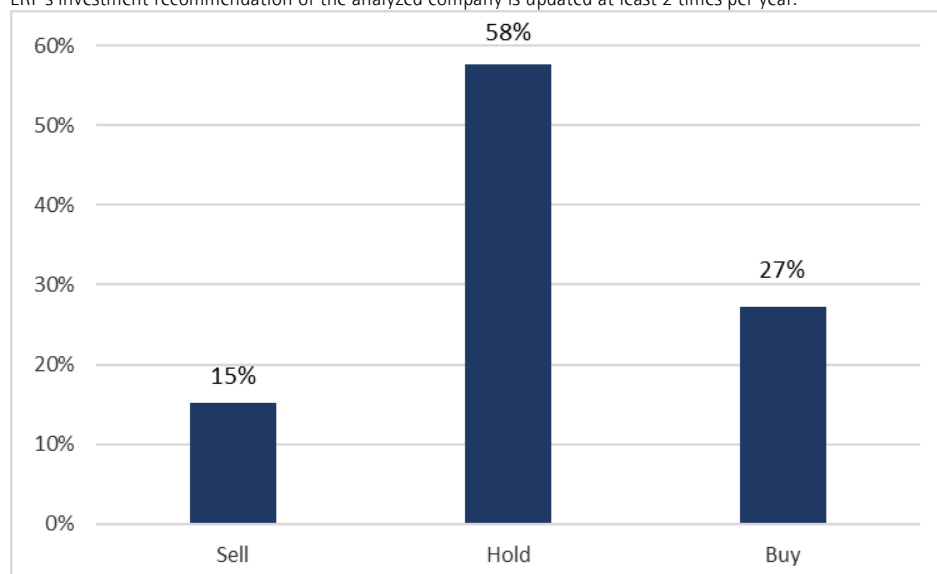
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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