

Difficulties persist

Duell's Q4 results were largely in line with the previously released preliminary figures. Reflecting the ongoing strain on the company's balance sheet, Duell announced that it is considering a rights issue to strengthen the balance sheet. With the expected continued operational softness and no positive drivers for the stock ahead of the potential sizeable rights issue, we further downgrade our TP to EUR 0.4 (0.9) and rating to SELL (HOLD).

Q4 operative figures brought no real surprises

Duell's net sales were roughly in line with the previously released preliminary figures. Net sales in Q4 amounted to EUR 29.9m (EUR 34.6m in Q4/22, EUR 29m Evli) and adj. EBITA was at EUR 0.2m (EUR 1.8m in Q4/22, EUR 0.1m Evli). The weak profitability was clearly driven by the soft volume development as the company's gross margin improved y/y.

Considering a larger-than-expected rights issue

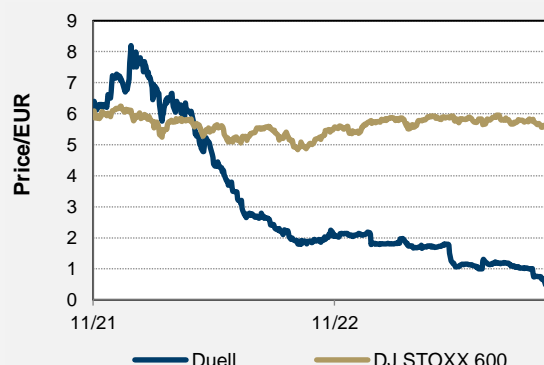
Despite the successful unloading of inventory during the Q4 leading to lower net debt levels, the company's balance sheet remained stretched. Due to the lackluster operational results and high amount of debt, the company's net debt to adjusted EBITDA was at 7x at the end of FY 2023. As a result, the conditions for the covenants for loans from financial institutions were not met. To strengthen its balance sheet, the company announced that it is considering a rights issue. According to preliminary plans, the size of the rights issue would be up to roughly EUR 20m. The rights issue is substantial and if completed, heavily dilutive for shareholders that do not exercise their rights, as the company's market cap is currently approximately EUR 15m. We have not included the potential right issue to our estimates as the completion, timing and conditions of the issue are still uncertain.

SELL (HOLD) with a TP of EUR 0.4 (0.9)

As mentioned in our previous updates, we see no signs of fast recovery in consumer confidence, in addition, the company's customers conservative approach to inventory management is likely to continue. With the continued weak outlook, stretched balance sheet and no positive drivers for the stock ahead of the potential rights issue, we further downgrade our TP to EUR 0.4 (0.9) and rating to SELL (HOLD).

Rating

SELL



Share price, EUR (Last trading day's closing price) 0.48

Target price, EUR 0.4

Latest change in recommendation 09-Oct-23

Latest report on company 21-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 15

Free float, %

Exchange rate EUR 1.000

Reuters code DUELL.HE

Bloomberg code DUELL.FH

Average daily volume, EURm 0.1

Next interim report 18-Jan-24

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	124.0	4.9	4.0%	-25.2	0.08	0.0	0.4	9.1	0.0	0.00
2023	118.8	1.0	0.9%	4.8	-0.09	-12.7	0.5	56.2	18.7	0.00
2024E	117.7	3.8	3.2%	2.6	0.01	94.4	0.4	11.6	17.9	0.00
2025E	123.1	5.8	4.7%	0.6	0.08	5.9	0.4	7.5	3.8	0.02
2026E	127.6	6.4	5.0%	2.1	0.11	4.5	0.3	6.6	14.2	0.03
Market cap, EURm	15		Gearing 2024E, %	79.0		CAGR EPS 2023-26, %		0.0		0.0
Net debt 2024E, EURm	29		Price/book 2024E	0.4		CAGR sales 2023-26, %		2.4		
Enterprise value, EURm	44		Dividend yield 2024E, %	0.0		ROE 2024E, %		0.4		
Total assets 2024E, EURm	93		Tax rate 2024E, %	17.0		ROCE 2024E, %		5.4		
Goodwill 2024E, EURm	19		Equity ratio 2024E, %	39.8		PEG, P/E 24/CAGR		0.5		

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

Potential rights issue still a great unknown

With the earnings release, Duell released an announcement of a potential rights issue up to EUR 20m. The company is still only considering the rights issue, yet it did not provide other alternative measures to improve the balance sheet. The company's stock was priced at EUR 0.48 at the closing yesterday, with a market capitalization of EUR 14.7m. When considering the current price, the potential rights issue of EUR 20m would result in a substantial increase in share count. The company's announcement did not include any details of the possible conditions and therefore we have not included the potential right issue to our estimates. The right issues have been priced at substantial discounts which is also likely in Duell's case if the rights issue is completed. On the positive side, according to our preliminary calculations, if fully subscribed, the EUR 20m rights issue would bring net debt to adjusted EBITDA closer to the company's medium-term financial target of 2-3x already with the FY 2023 actualized result and therefore give the company breathing room against the current financial covenants.

Further negative estimate changes for the coming years

Net sales guidance for FY 2024 was not given due to weakened market predictability. In terms of profitability, 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. In addition to the guidance, the CEO commented that Duell targets to improve profitability by EUR 3-4m in the financial year 2024. We downgrade our estimate for FY 2024 adj. EBITA to EUR 5.8m, with adj. EBITA margin of 4.9%. We still expect an improvement (EUR +1.2m y/y on EBITA basis) y/y, however, a smaller improvement than the company targets. While Duell may enhance its margin further through the ongoing margin improvement program and cost structure optimization, we will await tangible evidence of the efforts for now. When looking at the valuation multiples, the current valuation looks undemanding for FY 2024E with our estimates. On the other hand, with the continued weak outlook and the larger-than-expected rights issue looming, we see no clear positive drivers for the stock. In addition, the valuation is expensive when looking at the 2023 actualized results (29x adj. P/E and 11.5x adj. EV/EBIT).

Table 1: Estimate summary

	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2 023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Total Net sales	124.0	25.7	25.5	37.7	29.9	118.8	24.5	24.7	35.6	32.9	117.7	123.1	127.6
<i>y/y %</i>	<i>61.5%</i>	<i>-5.4%</i>	<i>-5.7%</i>	<i>7.4%</i>	<i>-13.8%</i>	<i>-4.2%</i>	<i>-4.8%</i>	<i>-3.2%</i>	<i>-5.4%</i>	<i>10.0%</i>	<i>-1.0%</i>	<i>4.6%</i>	<i>3.6%</i>
EBITA	6.7	(0.6)	0.9	3.2	(0.1)	3.4	0.4	0.5	2.6	2.2	5.8	7.8	8.4
<i>EBITA %</i>	<i>5.4%</i>	<i>-2.2%</i>	<i>3.4%</i>	<i>8.6%</i>	<i>-0.5%</i>	<i>2.9%</i>	<i>1.8%</i>	<i>2.2%</i>	<i>7.4%</i>	<i>6.6%</i>	<i>4.9%</i>	<i>6.3%</i>	<i>6.6%</i>
EBIT	4.9	(1.1)	0.4	2.6	(0.8)	1.0	(0.1)	0.0	2.1	1.7	3.8	5.8	6.4
<i>EBIT %</i>	<i>4.0%</i>	<i>-4.1%</i>	<i>1.5%</i>	<i>6.8%</i>	<i>-2.8%</i>	<i>0.9%</i>	<i>-0.2%</i>	<i>0.2%</i>	<i>6.0%</i>	<i>5.1%</i>	<i>3.2%</i>	<i>4.7%</i>	<i>5.0%</i>
Items affecting comparability	(2.1)	(0.1)	(0.1)	(0.6)	(0.4)	(1.2)	-	-	-	-	-	-	-
Adj. EBITA	8.7	(0.4)	1.0	3.8	(0.5)	4.6	0.4	0.5	2.6	2.2	5.8	7.8	8.4
<i>Adj. EBITA %</i>	<i>7.0%</i>	<i>-1.7%</i>	<i>3.8%</i>	<i>10.1%</i>	<i>-1.7%</i>	<i>3.9%</i>	<i>1.8%</i>	<i>2.2%</i>	<i>7.4%</i>	<i>6.6%</i>	<i>4.9%</i>	<i>6.3%</i>	<i>6.6%</i>
Adj. EBIT	7.0	(0.9)	0.5	3.1	(1.2)	2.2	(0.1)	0.0	2.1	1.7	3.8	5.8	6.4
<i>Adj. EBIT %</i>	<i>5.6%</i>	<i>-3.6%</i>	<i>1.9%</i>	<i>8.3%</i>	<i>-4.0%</i>	<i>1.9%</i>	<i>-0.2%</i>	<i>0.2%</i>	<i>6.0%</i>	<i>5.1%</i>	<i>3.2%</i>	<i>4.7%</i>	<i>5.0%</i>
EPS	0.08	(0.05)	(0.02)	0.02	(0.06)	(0.10)	(0.03)	(0.02)	0.03	0.02	0.01	0.08	0.11
Adj. EPS	0.23	(0.03)	(0.00)	0.06	(0.03)	0.02	(0.01)	(0.01)	0.05	0.04	0.07	0.15	0.17

Source: Duell, Evli Research

Table 2: Peer group overview

Peer group Europe	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	185	7.5x	6.8x	6.3x	12.8x	10.9x	9.6x	13.5x	10.0x	8.8x	1.2x	1.1x	1.1x
Pierce Group	45	11.0x	5.0x	3.5x		14.6x	6.7x	57.2x	15.5x	8.0x	0.3x	0.2x	0.2x
Auto Partner SA	672	10.2x	8.6x	6.6x	11.2x	9.3x	8.6x				0.9x	0.8x	0.6x
Delticom	29	7.5x	6.8x	6.3x	20.5x	18.2x	15.3x	10.6x	7.8x	6.6x	0.2x	0.2x	0.2x
Halfords Group	460	4.0x	3.7x	3.4x	11.5x	9.6x	8.2x	10.2x	8.2x	6.8x	0.4x	0.4x	0.4x
Inter Cars	1719	7.6x	7.1x	6.6x	8.4x	7.9x	7.3x	9.0x	8.4x	7.5x	0.6x	0.5x	0.5x
MEKO	450	5.5x	5.3x	5.2x	9.8x	9.1x	8.7x	8.8x	7.6x	7.2x	0.6x	0.6x	0.6x
Peer group average	459	7.6x	6.2x	5.4x	12.4x	11.4x	9.2x	18.2x	9.6x	7.5x	0.6x	0.6x	0.5x
Peer group median	317	7.5x	6.8x	6.3x	11.3x	9.6x	8.6x	10.4x	8.3x	7.3x	0.6x	0.5x	0.5x
Duell (Evli est.)*	15	9.6x	6.6x	4.9x	11.5x	7.5x	5.4x	29.4x	6.8x	3.3x	0.5x	0.5x	0.4x

Duell prem/disc. to peer median

27.7% -2.6% -22.4% 1.0% -22.0% -37.7% >100% -17.7% -55.6% -11.9% -9.1% -6.7%

Source FactSet, Evli Research

* Adjusted for items affecting comparability and goodwill depreciation

Peer group North America	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E			EV/Sales		
		23	24	25	23	24	25	23	24	25	23	24	25
Advance Auto Parts	2896	9.0x	8.4x	7.7x	14.9x	13.3x	12.4x	10.9x	9.3x	7.9x	0.6x	0.6x	0.6x
AutoZone	44160	13.7x	13.3x	12.6x	15.6x	15.2x	14.2x	17.3x	15.8x	14.2x	3.2x	3.0x	2.8x
LKQ	12759	9.5x	8.7x	8.4x	11.0x	10.0x	9.9x	12.6x	11.4x	10.6x	1.2x	1.2x	1.2x
Genuine Parts	19535	11.1x	10.3x	9.0x	13.8x	12.8x	10.9x	15.9x	14.7x	13.2x	1.0x	1.0x	0.9x
O'Reilly Automotive	52265	18.1x	16.8x	16.0x	20.4x	19.0x	18.0x	24.2x	21.7x	19.7x	4.1x	3.9x	3.7x
CarParts.com	215	9.0x	6.8x	4.6x			25.6x			33.2x	0.3x	0.3x	0.2x
LKQ	12759	9.5x	8.7x	8.4x	11.0x	10.0x	9.9x	12.6x	11.4x	10.6x	1.2x	1.2x	-0.6x
Peer group average	20656	11.7x	10.7x	9.7x	15.1x	14.0x	15.2x	16.2x	14.6x	16.5x	1.7x	1.7x	1.6x
Peer group median	12759	10.3x	9.5x	8.7x	14.9x	13.3x	13.3x	15.9x	14.7x	13.7x	1.1x	1.1x	1.1x
Duell (Evli est.)*	15	9.6x	6.6x	4.9x	11.5x	7.5x	5.4x	29.4x	6.8x	3.3x	0.5x	0.5x	0.4x

Duell prem/disc. to peer median

-7.1% -30.7% -44.2% -22.8% -43.5% -59.5% 84.8% -53.6% -76.2% -56.2% -57.0% -58.8%

Source FactSet, Evli Research

* Adjusted for items affecting comparability and goodwill depreciation

Consumer Discretionary Distribution/Finland, October 10, 2023
Company update

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.48 PV of Free Cash Flow	34 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	1.16 PV of Horizon value	33 WACC, %	10.2 Market risk premium, %	6.5
Share price potential, %	142.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	4.5
Maximum value	1.3 Marketable securities	2 Minimum WACC, %	9.7 Equity beta coefficient	1.50
Minimum value	1.0 Debt - dividend	-34 Maximum WACC, %	10.7 Target debt ratio, %	40
Horizon value, %	49.6 Value of stock	35 Nr of shares, Mn	30.5 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	119	118	123	128	131	133	135	137	139	141	143	145
<i>Sales growth, %</i>	-4.2	-1.0	4.6	3.6	2.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Operating income (EBIT)	1	4	6	6	8	9	9	9	9	9	9	9
<i>Operating income margin, %</i>	0.9	3.2	4.7	5.0	6.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5
+ Depreciation+amort.	3	3	2	2	3	3	3	3	3	3	3	3
EBITDA	4	7	8	9	10	11	12	12	12	12	12	12
- Paid taxes	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	14	1	-3	-2	-2	-1	-1	-1	-1	-1	-1	-1
<i>NWC / Sales, %</i>	36.8	36.6	37.5	38.2	38.6	38.9	39.1	39.4	39.6	39.9	40.1	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-10	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	8.1	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	8	5	2	4	6	7	7	7	7	8	8	90
= Discounted FCFF		5	2	3	4	4	4	4	3	3	3	33
= DFCF min WACC		5	2	3	4	4	4	4	3	3	3	37
= DFCF max WACC		5	2	3	4	4	4	4	3	3	3	30

Consumer Discretionary Distribution/Finland, October 10, 2023
Company update

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	25.8	25.5	37.7	29.9	118.8	24.5	24.7	35.6	32.9	117.7	123.1	127.6
EBITDA	0.0	0.7	3.3	0.1	4.1	0.6	0.7	2.8	2.4	6.6	8.1	8.8
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>2.8</i>	<i>8.6</i>	<i>0.3</i>	<i>3.4</i>	<i>2.6</i>	<i>3.0</i>	<i>8.0</i>	<i>7.2</i>	<i>5.6</i>	<i>6.6</i>	<i>6.9</i>
EBIT	-0.7	0.0	2.6	-0.8	1.0	-0.1	0.0	2.1	1.7	3.8	5.8	6.4
<i>EBIT margin (%)</i>	<i>-2.7</i>	<i>0.0</i>	<i>6.8</i>	<i>-2.8</i>	<i>0.9</i>	<i>-0.2</i>	<i>0.2</i>	<i>6.0</i>	<i>5.1</i>	<i>3.2</i>	<i>4.7</i>	<i>5.0</i>
Net financial items	-0.5	-0.5	-1.8	-0.6	-3.4	-0.8	-0.8	-0.8	-0.8	-3.2	-2.2	-1.8
Pre-tax profit	-1.2	-0.5	0.8	-1.4	-2.4	-0.9	-0.8	1.3	0.9	0.6	3.6	4.5
Tax	0.0	0.0	-0.2	-0.2	-0.4	0.0	0.0	-0.3	-0.2	-0.4	-1.1	-1.3
<i>Tax rate (%)</i>	<i>-4.6</i>	<i>-137.5</i>	<i>12.0</i>	<i>-30.3</i>	<i>-194.7</i>	<i>0.0</i>	<i>0.0</i>	<i>14.6</i>	<i>12.7</i>	<i>17.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-1.3	-0.6	0.6	-1.6	-2.8	-0.9	-0.8	1.1	0.7	0.2	2.5	3.2
EPS	-0.04	-0.02	0.02	-0.05	-0.09	-0.03	-0.02	0.03	0.02	0.01	0.08	0.11
EPS adjusted (diluted no. of shares)	-0.04	-0.01	0.04	-0.05	-0.07	-0.03	-0.02	0.03	0.02	0.01	0.08	0.11
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.03
SALES, EURm												
Nordics	16.0	16.3	21.9	15.2	69.3	15.2	15.5	20.2	16.7	67.6	69.3	71.0
Europe	9.7	9.2	15.8	14.7	49.5	9.3	9.2	15.4	16.2	50.1	53.9	56.6
Total	25.8	25.5	37.7	29.9	118.8	24.5	24.7	35.6	32.9	117.7	123.1	127.6
SALES GROWTH, Y/Y %												
<i>Nordics</i>	<i>-2.5</i>	<i>-8.3</i>	<i>-1.1</i>	<i>-24.5</i>	<i>-9.2</i>	<i>-5.0</i>	<i>-5.0</i>	<i>-7.5</i>	<i>10.0</i>	<i>-2.5</i>	<i>2.5</i>	<i>2.5</i>
<i>Europe</i>	<i>-9.1</i>	<i>-1.0</i>	<i>21.5</i>	<i>1.1</i>	<i>4.0</i>	<i>-5.0</i>	<i>0.0</i>	<i>-2.5</i>	<i>10.0</i>	<i>1.2</i>	<i>7.5</i>	<i>5.0</i>
Total	-5.1	-5.8	7.3	-13.8	-4.2	-5.0	-3.2	-5.4	10.0	-1.0	4.6	3.6
EBIT, EURm												
Group	-0.7	0.0	2.6	-0.8	1.0	-0.1	0.0	2.1	1.7	3.8	5.8	6.4
Total	-0.7	0.0	2.6	-0.8	1.0	-0.1	0.0	2.1	1.7	3.8	5.8	6.4
<i>EBIT margin, %</i>												
<i>Group</i>		<i>0.0</i>				<i>-58,165.2</i>	<i>44,557.6</i>					
Total	-2.7	0.0	6.8	-2.8	0.9	-0.2	0.2	6.0	5.1	3.2	4.7	5.0

Consumer Discretionary Distribution/Finland, October 10, 2023
Company update

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	0.0	0.0	76.8	124.0	118.8	117.7	123.1	127.6
<i>Sales growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>61.5</i>	<i>-4.2</i>	<i>-1.0</i>	<i>4.6</i>	<i>3.6</i>
EBITDA	0.0	0.0	8.3	7.4	4.1	6.6	8.1	8.8
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>10.8</i>	<i>6.0</i>	<i>3.4</i>	<i>5.6</i>	<i>6.6</i>	<i>6.9</i>
Depreciation	0.0	0.0	-1.0	-0.7	-0.9	-0.8	-0.3	-0.4
EBITA	0.0	0.0	7.3	6.7	3.2	5.8	7.8	8.4
Goodwill amortization / writedown	0.0	0.0	0.0	-1.7	-2.2	-2.0	-2.0	-2.0
EBIT	0.0	0.0	7.3	4.9	1.0	3.8	5.8	6.4
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>9.5</i>	<i>4.0</i>	<i>0.9</i>	<i>3.2</i>	<i>4.7</i>	<i>5.0</i>
Reported EBIT	0.0	0.0	7.3	4.9	1.0	3.8	5.8	6.4
<i>EBIT margin (reported) (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>9.5</i>	<i>4.0</i>	<i>0.9</i>	<i>3.2</i>	<i>4.7</i>	<i>5.0</i>
Net financials	0.0	0.0	-2.7	-1.9	-3.4	-3.2	-2.2	-1.8
Pre-tax profit	0.0	0.0	4.6	3.0	-2.4	0.6	3.6	4.5
Taxes	0.0	0.0	-1.2	-1.1	-0.4	-0.4	-1.1	-1.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	0.0	3.3	1.9	-2.8	0.2	2.5	3.2
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	0	1	2	2	4	4	5	6
Goodwill	0	0	14	16	21	19	17	15
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	29	35	48	50	49	51	53
Receivables	0	16	16	25	18	18	19	20
Liquid funds	0	3	3	4	2	2	2	3
Total assets	0	48	69	95	95	93	95	96
Liabilities								
Shareholder's equity	0	11	11	32	37	37	40	42
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	0	41	41	49	34	32	31	30
Non-interest bearing current liabilities	0	0	0	0	0	0	0	0
Other interest-free debt	0	17	17	15	24	24	24	24
Total liabilities	0	69	69	95	96	93	95	96
CASH FLOW, EURm								
+ EBITDA	0	0	8	7	4	7	8	9
- Net financial items	0	0	-3	-2	-3	-3	-2	-2
- Taxes	0	0	-1	-1	0	0	-1	-1
- Increase in Net Working Capital	0	-28	-6	-24	14	1	-3	-2
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	-28	-2	-20	14	4	2	3
- Capex	0	-1	-16	-6	-10	-1	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	-29	-17	-25	5	3	1	2
+/- New issues/buybacks	0	11	-3	19	8	0	0	0
- Paid dividend	0	0	0	0	0	0	0	-1
+/- Other	0	21	21	7	-14	-3	0	-1
Change in cash	0	3	0	1	-2	0	0	0

Consumer Discretionary Distribution/Finland, October 10, 2023
Company update

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	0	0	0	26	15	15	15
Net debt (excl. convertibles)	39	39	45	32	29	29	27
Enterprise value	39	39	45	58	44	43	42
Sales	0	77	124	119	118	123	128
EBITDA	0	8	7	4	7	8	9
EBIT	0	7	5	1	4	6	6
Pre-tax	0	5	3	-2	1	4	5
Earnings	0	3	2	-3	0	2	3
Equity book value (excl. minorities)	11	11	32	37	37	40	42
Valuation multiples							
EV/sales	0.0	0.5	0.4	0.5	0.4	0.4	0.3
EV/EBITDA	0.0	4.6	6.0	14.1	6.7	5.4	4.8
EV/EBITA	0.0	5.3	6.7	18.0	7.6	5.5	5.0
EV/EBIT	0.0	5.3	9.1	56.2	11.6	7.5	6.6
EV/OCF	-1.4	-24.9	-2.3	4.0	12.2	25.6	13.1
EV/FCFF	-1.4	-2.5	-1.9	7.6	8.3	18.7	11.8
P/FCFE	0.0	0.0	0.0	5.4	5.6	26.3	7.0
P/E	0.0	0.0	0.0	-12.7	94.4	5.9	4.5
P/B	0.0	0.0	0.0	0.7	0.4	0.4	0.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.3	5.1	4.5
Target EV/EBIT	0.0	0.0	0.0	0.0	10.9	7.0	6.2
Target EV/FCF	0.0	0.0	0.0	0.0	15.8	73.3	19.0
Target P/B	0.0	0.0	0.0	0.0	0.3	0.3	0.3
Target P/E	0.0	0.0	0.0	0.0	78.7	4.9	3.8
Per share measures							
Number of shares	0	0	25,455	30,545	30,545	30,545	30,545
Number of shares (diluted)	0	0	25,455	30,545	30,545	30,545	30,545
EPS	0.00	0.00	0.08	-0.09	0.01	0.08	0.11
Operating cash flow per share	0.00	0.00	-0.77	0.47	0.12	0.06	0.10
Free cash flow per share	0.00	0.00	-0.99	0.16	0.09	0.02	0.07
Book value per share	0.00	0.00	1.25	1.21	1.21	1.29	1.38
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.02	0.03
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	30.0	30.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	5.1	6.6
FCF yield, %	0.0	0.0	0.0	18.7	17.9	3.8	14.2
Efficiency measures							
ROE	0.0	31.7	9.1	-8.3	0.4	6.5	7.9
ROCE	0.0	14.0	7.4	1.4	5.4	8.3	8.9
Financial ratios							
Inventories as % of sales	0.0	45.5	38.6	41.7	41.7	41.7	41.7
Receivables as % of sales	0.0	20.8	20.1	15.5	15.5	15.4	15.4
Non-interest bearing liabilities as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NWC/sales, %	0.0	44.2	46.7	36.8	36.6	37.5	38.2
Operative CAPEX/sales, %	0.0	20.7	4.5	8.1	0.8	0.9	0.9
CAPEX/sales (incl. acquisitions), %	0.0	20.7	4.5	8.1	0.8	0.9	0.9
FCFF/EBITDA	0.0	-1.9	-3.2	1.9	0.8	0.3	0.4
Net debt/EBITDA, book-weighted	0.0	4.6	6.0	7.8	4.4	3.6	3.1
Debt/equity, market-weighted	0.0	0.0	0.0	1.3	2.2	2.1	2.0
Equity ratio, book-weighted	15.2	15.2	33.4	38.6	39.8	41.6	43.7
Gearing, %	367.7	367.7	139.9	86.7	79.0	72.6	65.1

Consumer Discretionary Distribution/Finland, October 10, 2023
Company update

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	3.232	22.0%
Sponsor Capital Oy	3,094,614	1.485	10.1%
Säästöpankki Fonder	1,631,627	0.783	5.3%
Keskinäinen Työeläkevakuutusyhtiö Varma	1,403,038	0.673	4.6%
Jarkko Ämmälä	1,200,000	0.576	3.9%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,168,992	0.561	3.8%
Erikoissijoitusrahasto Aktia Mikro Markka	697,673	0.335	2.3%
Keskinäinen Työeläkevakuutusyhtiö Elo	640,000	0.307	2.1%
Oy 4N-Group Ab	587,863	0.282	1.9%
Dennis Nylund	470,000	0.226	1.5%
Ten largest	17,626,365	8.461	58%
Residual	12,919,109	6.201	42%
Total	30,545,474	14.662	100%

EARNINGS CALENDAR

January 18, 2024	Q1 report
April 04, 2024	Q2 report
July 03, 2024	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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

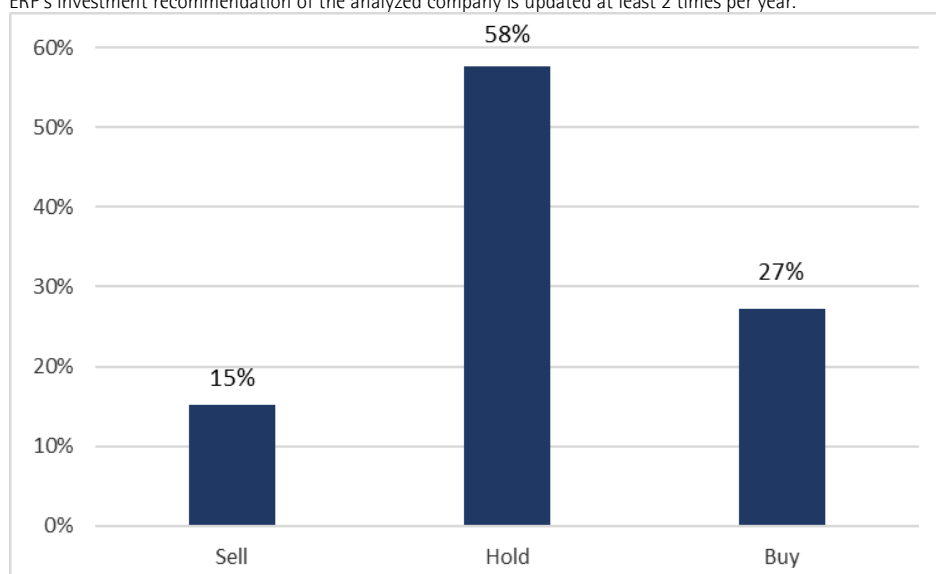
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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