

Opportunity amid uncertainty

Duell publishes its Q2/24 results on Thursday 4th of April. We expect modest revenue growth driven by the TranAm acquisition despite a sluggish Nordic market. Valuation has become attractive, while uncertainties remain high.

Still some seasonal slowness before the summer season

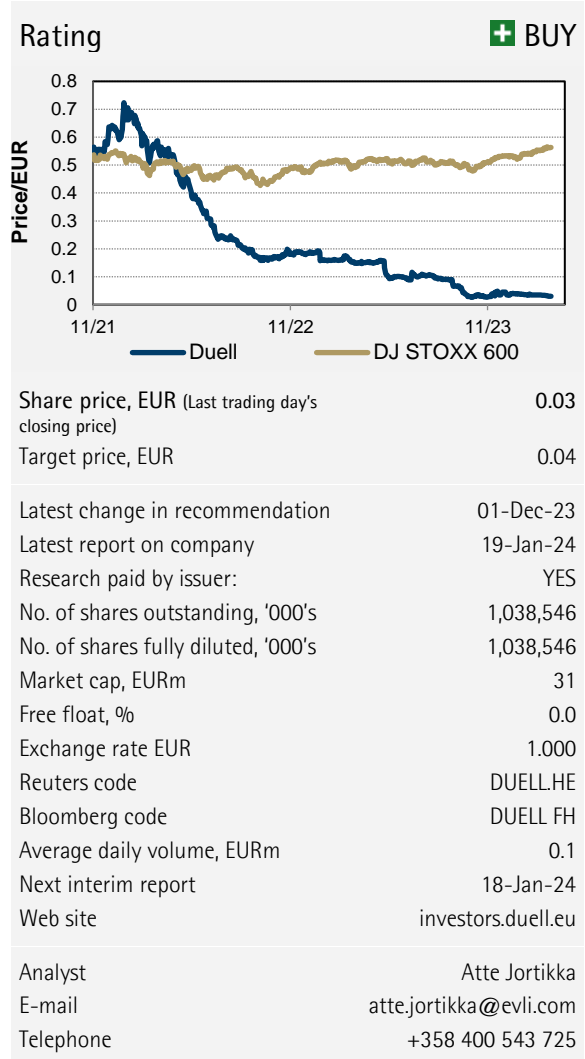
The company's net sales beat our estimates in the seasonally slow Q1 as the growth outside Nordics was even more rapid than expected. Duell's Q2 is still considered as part of the company's winter season and therefore the volumes are expected to remain lower when compared to the summer season/H2 of the fiscal year. In addition, we see no immediate improvement in the European powersports aftermarket. Consumer confidence across the Nordics and Europe is still at a low level yet continuing to recover from the lows seen during 2022/2023. Furthermore, based on the comments from market participants, continued weaker demand is expected especially for the beginning of 2024.

Expecting improved market towards the end of the FY

We still expect organic sales to have declined as the company's end markets remained slow during Q2. Despite the slow market, we have increased our net sales estimate slightly for the quarter as we expect the TranAm acquisition to continue to deliver inorganic growth for Q2. In addition, we expect lower negative effect from FX. We now estimate net sales of EUR 25.9m with 1.6% y/y growth. We predict an adj. EBITA of EUR 0.8m, considering margin pressure from logistics costs, offset by the company's cost-saving actions. For the rest of the FY 2024, we anticipate organic net sales to start growing during the second half of the FY. While we expect growth, we have adjusted our gross margin estimate for H2 slightly downwards.

Valuation has turned attractive, yet uncertainties exist

With our estimates for 24–25E, Duell is priced at 8–6x adj. EV/EBITA and 11–6x adj. P/E. The current pricing presents a notable discount when compared to the European and global peers. Additionally, it presents a significant discount to the value derived from our DCF analysis. We retain our TP at EUR 0.04 while upgrading our rating to BUY (HOLD). While the current pricing presents an opportunity, we note that the company's debt level is still elevated, and the market remains unpredictable.



KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	124.0	4.9	4.0%	-25.2	0.01	0.0	0.4	9.1	0.0	0.00
2023	118.8	1.0	0.9%	-1.1	-0.01	-12.7	0.5	62.3	-4.3	0.00
2024E	120.9	0.6	0.5%	-0.8	0.00	540.8	0.4	85.0	-2.7	0.00
2025E	124.4	5.6	4.5%	2.2	0.00	13.9	0.4	8.5	7.0	0.00
2026E	128.3	7.4	5.8%	4.0	0.00	7.6	0.3	5.9	12.8	0.00
Market cap, EURm	31		Gearing 2024E, %	33.8		CAGR EPS 2023-26, %	0.0			
Net debt 2024E, EURm	18		Price/book 2024E	0.6		CAGR sales 2023-26, %	2.6			
Enterprise value, EURm	49		Dividend yield 2024E, %	0.0		ROE 2024E, %	-5.4			
Total assets 2024E, EURm	109		Tax rate 2024E, %	58.4		ROCE 2024E, %	0.7			
Goodwill 2024E, EURm	24		Equity ratio 2024E, %	49.9		PEG, P/E 24/CAGR	1.6			

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

Table 1: Forecast overview

Peer group Europe	Market capitalization mEUR	EV/EBITDA			EV/EBIT			P/E			EV/Sales		
		24	25	26	24	25	26	24	25	26	24	25	26
Relais Group	215	7.7x	7.2x	6.8x	12.9x	11.6x	10.5x	12.5x	10.8x	9.5x	1.2x	1.2x	1.1x
Pierce Group	55	5.8x	4.0x	3.5x	21.6x	8.5x	6.7x	23.1x	12.4x	10.2x	0.3x	0.3x	0.3x
Auto Partner SA	813	9.2x	7.6x	6.5x	10.5x	8.7x	7.4x	12.8x	10.3x	8.9x	0.9x	0.7x	0.6x
Delticom	33	6.6x	6.5x		14.9x	15.3x		7.0x	7.5x		0.2x	0.2x	
Halfords Group	411	4.0x	3.7x		14.6x	11.6x		12.8x	9.4x		0.4x	0.4x	
Inter Cars	1859	7.3x	6.6x	5.8x	8.5x	7.8x	6.9x	9.1x	8.0x	7.1x	0.5x	0.5x	0.4x
MEKO	589	6.0x	5.7x	5.6x	10.5x	9.8x	9.4x	10.6x	9.5x	8.6x	0.7x	0.7x	0.7x
Peer group average	519	6.7x	5.9x	5.6x	13.4x	10.5x	8.2x	12.6x	9.7x	8.9x	0.6x	0.6x	0.6x
Peer group median	313	6.6x	6.5x	5.8x	12.9x	9.8x	7.4x	12.5x	9.5x	8.9x	0.5x	0.5x	0.6x
Duell (Evli est.)*	31	7.1x	5.0x	3.9x	8.4x	5.7x	4.3x	10.9x	6.2x	4.5x	0.4x	0.4x	0.3x

Duell prem./disc. to peer median

8.3% -22.8% -32.5% -34.8% -41.9% -42.0% -12.6% -34.8% -49.3% -20.9% -19.0% -45.8%

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		
		24	25	26	24	25	26	24	25	26	24	25	26
Advance Auto Parts	4735	13.1x	12.2x	11.3x	23.8x	21.2x	19.4x	22.3x	19.2x	17.1x	0.8x	0.8x	0.8x
AutoZone	4735	15.8x	15.1x	14.3x	18.0x	17.4x	16.4x	20.6x	19.0x	17.1x	3.7x	3.6x	3.4x
LKQ	51027	10.1x	9.5x	9.1x	12.1x	11.2x	11.1x	13.0x	11.9x	10.9x	1.3x	1.2x	1.2x
Genuine Parts	13196	11.5x	10.7x	10.0x	13.9x	12.2x	11.5x	15.8x	14.5x	13.5x	1.1x	1.0x	1.0x
O'Reilly Automotive	20020	19.8x	18.6x	17.5x	22.5x	21.2x	19.8x	26.7x	24.1x	21.6x	4.5x	4.3x	4.0x
Peer group average	25969	14.1x	12.7x	11.9x	18.0x	16.6x	15.6x	19.7x	17.7x	16.1x	2.3x	2.2x	2.1x
Peer group median	16608	13.1x	11.4x	10.7x	18.0x	17.4x	16.4x	20.6x	19.0x	17.1x	1.3x	1.2x	1.2x
Duell (Evli est.)*	31	7.1x	5.0x	3.9x	8.4x	5.7x	4.3x	10.9x	6.2x	4.5x	0.4x	0.4x	0.3x

Duell prem./disc. to peer median

-45.8% -55.9% -63.3% -53.5% -67.3% -73.7% -47.0% -67.4% -73.6% -68.1% -69.2% -71.5%

Source FactSet, Evli Research

* Adjusted for items affecting comparability and goodwill depreciation

Table 2: Forecast overview

	2022	Q1/23	Q2/23	Q3/23	Q4/23	2 023	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2024E	2025E	2026E
Total Net sales	124.0	25.8	25.5	37.7	29.9	118.8	27.0	25.9	36.2	31.7	120.9	124.4	128.3
y/y %	61.5%	-5.0%	-5.7%	7.4%	-13.8%	-4.2%	4.7%	1.6%	-4.0%	6.2%	1.7%	2.9%	3.2%
EBITA	6.7	(0.6)	0.9	3.2	(0.1)	3.4	(0.5)	(1.0)	3.2	1.6	3.4	8.4	10.2
EBITA %	5.4%	-2.2%	3.4%	8.6%	-0.5%	2.9%	-1.7%	-3.8%	8.8%	5.1%	2.8%	6.7%	8.0%
EBIT	4.9	(1.1)	0.4	2.6	(0.8)	1.0	(1.1)	(1.7)	2.5	0.9	0.6	5.6	7.4
EBIT %	4.0%	-4.1%	1.5%	6.8%	-2.8%	0.9%	-4.2%	-6.5%	6.8%	2.9%	0.5%	4.5%	5.8%
Items affecting comparability	(2.1)	(0.1)	(0.1)	(0.6)	(0.4)	(1.2)	(0.7)	(1.8)	-	-	(2.5)	-	-
Adj. EBITA	8.7	(0.4)	1.0	3.8	0.2	4.6	0.3	0.8	3.2	1.6	5.9	8.4	10.2
Adj. EBITA %	7.0%	-1.7%	3.8%	10.1%	0.8%	3.9%	1.0%	3.2%	8.8%	5.1%	4.9%	6.7%	8.0%
Adj. EBIT	7.0	(0.9)	0.5	3.1	(1.2)	2.2	(0.4)	0.1	2.5	0.9	3.1	5.6	7.4
Adj. EBIT %	5.6%	-3.6%	1.9%	8.3%	-4.0%	1.9%	-1.5%	0.5%	6.8%	2.9%	2.6%	4.5%	5.8%

Source: Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.03 PV of Free Cash Flow	37 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	0.04 PV of Horizon value	38 WACC, %	10.2 Market risk premium, %	6.5
Share price potential, %	20.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	4.5
Maximum value	0.0 Marketable securities	2 Minimum WACC, %	9.7 Equity beta coefficient	1.50
Minimum value	0.0 Debt - dividend	-41 Maximum WACC, %	10.7 Target debt ratio, %	40
Horizon value, %	50.5 Value of stock	37 Nr of shares, Mn	1,038.5 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	119	121	124	128	132	133	135	138	140	142	144	146
<i>Sales growth, %</i>	-4.2	1.7	2.9	3.2	2.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Operating income (EBIT)	1	1	6	7	9	9	9	9	9	9	9	9
<i>Operating income margin, %</i>	0.9	0.5	4.5	5.8	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
+ Depreciation+amort.	3	4	3	3	3	3	4	4	4	4	4	
EBITDA	4	4	9	11	12	12	12	13	13	13	13	
- Paid taxes	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	14	-1	-2	-2	-2	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	36.8	37.2	37.7	38.3	38.7	39.0	39.2	39.5	39.7	40.0	40.2	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-16	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	13.1	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.7	
- 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	2	1	4	5	7	8	8	8	8	8	8	98
= Discounted FCFF		1	3	4	5	5	4	4	4	4	3	38
= DFCF min WACC		1	3	4	5	5	5	4	4	4	3	42
= DFCF max WACC		1	3	4	5	5	4	4	4	3	3	34

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	27.0	25.9	36.2	31.7	120.9	124.4	128.3
EBITDA	0.0	0.7	3.3	0.1	4.1	-0.2	-0.7	3.4	1.9	4.4	8.6	10.6
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>2.8</i>	<i>8.6</i>	<i>0.3</i>	<i>3.4</i>	<i>-0.7</i>	<i>-2.8</i>	<i>9.5</i>	<i>6.0</i>	<i>3.7</i>	<i>6.9</i>	<i>8.3</i>
EBIT	-0.7	0.0	2.6	-0.8	1.0	-1.1	-1.7	2.5	0.9	0.6	5.6	7.4
<i>EBIT margin (%)</i>	<i>-2.7</i>	<i>0.0</i>	<i>6.8</i>	<i>-2.8</i>	<i>0.9</i>	<i>-4.2</i>	<i>-6.5</i>	<i>6.8</i>	<i>2.9</i>	<i>0.5</i>	<i>4.5</i>	<i>5.8</i>
Net financial items	-0.5	-0.5	-1.8	-0.6	-3.4	-0.7	-0.6	-0.6	-0.6	-2.6	-2.1	-1.6
Pre-tax profit	-1.2	-0.5	0.8	-1.4	-2.4	-1.8	-2.3	1.8	0.3	-2.1	3.5	5.8
Tax	0.0	0.0	-0.2	-0.2	-0.4	0.0	0.0	-0.4	-0.1	-0.4	-1.3	-1.7
<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>14.5</i>	<i>5.8</i>	<i>58.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-1.3	-0.6	0.6	-1.6	-2.8	-1.8	-2.3	1.5	0.2	-2.5	2.2	4.1
EPS	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS adjusted (diluted no. of shares)	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES, EURm												
Nordics	16.0	16.3	21.9	15.2	69.3	15.1	15.3	20.8	15.9	67.1	68.4	70.1
Europe	9.7	9.2	15.8	14.7	49.5	11.9	10.6	15.4	15.8	53.8	55.9	58.2
Total	25.8	25.5	37.7	29.9	118.8	27.0	25.9	36.2	31.7	120.9	124.4	128.3
SALES GROWTH, Y/Y %												
<i>Nordics</i>	<i>-2.5</i>	<i>-8.3</i>	<i>-1.1</i>	<i>-24.5</i>	<i>-9.2</i>	<i>-5.7</i>	<i>-6.0</i>	<i>-5.0</i>	<i>5.0</i>	<i>-3.2</i>	<i>2.0</i>	<i>2.5</i>
<i>Europe</i>	<i>-9.1</i>	<i>-1.0</i>	<i>21.5</i>	<i>1.1</i>	<i>4.0</i>	<i>22.4</i>	<i>15.0</i>	<i>-2.5</i>	<i>7.5</i>	<i>8.6</i>	<i>4.0</i>	<i>4.0</i>
<i>Total</i>	<i>-5.1</i>	<i>-5.8</i>	<i>7.3</i>	<i>-13.8</i>	<i>-4.2</i>	<i>4.9</i>	<i>1.6</i>	<i>-3.9</i>	<i>6.2</i>	<i>1.7</i>	<i>2.9</i>	<i>3.2</i>
EBIT, EURm												
Group	-0.7	0.0	2.6	-0.8	1.0	-1.1	-1.7	2.5	0.9	0.6	5.6	7.4
Total	-0.7	0.0	2.6	-0.8	1.0	-1.1	-1.7	2.5	0.9	0.6	5.6	7.4
EBIT margin, %												
<i>Total</i>	<i>-2.7</i>	<i>0.0</i>	<i>6.8</i>	<i>-2.8</i>	<i>0.9</i>	<i>-4.2</i>	<i>-6.5</i>	<i>6.8</i>	<i>2.9</i>	<i>0.5</i>	<i>4.5</i>	<i>5.8</i>

Consumer Durables/Finland, April 2, 2024
Preview

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	0.0	0.0	76.8	124.0	118.8	120.9	124.4	128.3
<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>1.7</i>	<i>2.9</i>	<i>3.2</i>
EBITDA	0.0	0.0	8.3	7.4	4.1	4.4	8.6	10.6
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>10.8</i>	<i>6.0</i>	<i>3.4</i>	<i>3.7</i>	<i>6.9</i>	<i>8.3</i>
Depreciation	0.0	0.0	-1.0	-0.7	-0.9	-1.1	-0.2	-0.4
EBITA	0.0	0.0	7.3	6.7	3.2	3.4	8.4	10.2
Goodwill amortization / writedown	0.0	0.0	0.0	-1.7	-2.2	-2.8	-2.8	-2.8
EBIT	0.0	0.0	7.3	4.9	1.0	0.6	5.6	7.4
<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>0.5</i>	<i>4.5</i>	<i>5.8</i>
Reported EBIT	0.0	0.0	7.3	4.9	1.0	0.6	5.6	7.4
<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>0.5</i>	<i>4.5</i>	<i>5.8</i>
Net financials	0.0	0.0	-2.7	-1.9	-3.4	-2.6	-2.1	-1.6
Pre-tax profit	0.0	0.0	4.6	3.0	-2.4	-2.1	3.5	5.8
Taxes	0.0	0.0	-1.2	-1.1	-0.4	-0.4	-1.3	-1.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	0.0	3.3	1.9	-2.8	-2.5	2.2	4.1
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	5
Goodwill	0	0	14	16	27	24	22	19
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	29	35	48	50	50	52	53
Receivables	0	16	16	25	18	19	19	20
Liquid funds	0	3	3	4	2	12	12	13
Total assets	0	48	69	95	101	109	110	110
Liabilities								
Shareholder's equity	0	11	11	32	37	55	57	60
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	41	31	29	26
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	102	109	110	110
CASH FLOW, EURm								
+ EBITDA	0	0	8	7	4	4	9	11
- Net financial items	0	0	-3	-2	-3	-3	-2	-2
- Taxes	0	0	-1	-1	0	0	-1	-2
- Increase in Net Working Capital	0	-28	-6	-24	14	-1	-2	-2
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	-28	-2	-20	14	0	3	5
- Capex	0	-1	-16	-6	-16	-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	-1	-1	2	4
+/- New issues/buybacks	0	11	-3	19	8	20	0	0
- Paid dividend	0	0	0	0	0	0	0	-1
+/- Other	0	21	21	7	-8	-10	-2	-3
Change in cash	0	3	0	1	-2	10	0	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	0	0	0	26	31	31	31
Net debt (excl. convertibles)	39	39	45	38	18	16	13
Enterprise value	39	39	45	64	49	47	44
Sales	0	77	124	119	121	124	128
EBITDA	0	8	7	4	4	9	11
EBIT	0	7	5	1	1	6	7
Pre-tax	0	5	3	-2	-2	3	6
Earnings	0	3	2	-3	-2	2	4
Equity book value (excl. minorities)	11	11	32	37	55	57	60
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	15.7	11.2	5.5	4.1
EV/EBITA	0.0	5.3	6.7	19.9	14.6	5.7	4.3
EV/EBIT	0.0	5.3	9.1	62.3	85.0	8.5	5.9
EV/OCF	-1.4	-24.9	-2.3	4.4	236.9	14.5	8.7
EV/FCFF	-1.4	-2.5	-1.9	39.0	38.7	12.3	8.3
P/FCFE	0.0	0.0	0.0	-273.8	-36.7	14.3	7.8
P/E	0.0	0.0	0.0	-12.7	540.8	13.9	7.6
P/B	0.0	0.0	0.0	0.7	0.6	0.5	0.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	13.5	6.8	5.1
Target EV/EBIT	0.0	0.0	0.0	0.0	103.3	10.4	7.3
Target EV/FCF	0.0	0.0	0.0	0.0	-71.2	26.6	13.8
Target P/B	0.0	0.0	0.0	0.0	0.8	0.7	0.7
Target P/E	0.0	0.0	0.0	0.0	725.9	18.7	10.2
Per share measures							
Number of shares	0	0	299,910	359,892	1,038,546	1,038,546	1,038,546
Number of shares (diluted)	0	0	299,910	359,892	1,038,546	1,038,546	1,038,546
EPS	0.00	0.00	0.01	-0.01	0.00	0.00	0.00
Operating cash flow per share	0.00	0.00	-0.07	0.04	0.00	0.00	0.00
Free cash flow per share	0.00	0.00	-0.08	0.00	0.00	0.00	0.00
Book value per share	0.00	0.00	0.11	0.10	0.05	0.05	0.06
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	30.0	30.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	2.2	4.0
FCF yield, %	0.0	0.0	0.0	-4.3	-2.7	7.0	12.8
Efficiency measures							
ROE	0.0	31.7	9.1	-8.3	-5.4	4.0	7.0
ROCE	0.0	14.0	7.4	1.3	0.7	6.5	8.7
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	37.2	37.7	38.3
Operative CAPEX/sales, %	0.0	20.7	4.5	13.1	0.9	0.9	0.9
CAPEX/sales (incl. acquisitions), %	0.0	20.7	4.5	13.1	0.9	0.9	0.9
FCFF/EBITDA	0.0	-1.9	-3.2	0.4	0.3	0.4	0.5
Net debt/EBITDA, book-weighted	0.0	4.6	6.0	9.4	4.2	1.9	1.2
Debt/equity, market-weighted	0.0	0.0	0.0	1.6	1.0	0.9	0.8
Equity ratio, book-weighted	15.2	15.2	33.4	36.2	49.9	51.7	54.6
Gearing, %	367.7	367.7	139.9	103.6	33.8	28.6	21.6

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 2023, 59% of Duell's sales came from the Nordics and while the rest of the Europe accounted for 41%. Approximately 78% of the sales were generated through the distribution of third-party products, while the remaining 22% came from the distribution of Duell's own brand products, which are designed by Duell but manufactured in Asia.

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

OWNERSHIP STRUCTURE	SHARES	EURm	%
Hartwall Capital Oy Ab	312,032,659	9.299	30.0%
Sponsor Capital Oy	105,216,876	3.135	10.1%
Keskinäinen Työeläkevakuutusyhtiö Varma	47,703,292	1.422	4.6%
Säästöpankki Fonder	45,275,318	1.349	4.4%
Erikoissijoitusrahasto Aktia Mikro Markka	23,720,882	0.707	2.3%
Keskinäinen Työeläkevakuutusyhtiö Elo	21,760,000	0.648	2.1%
Oy 4N-Group Ab	17,581,841	0.524	1.7%
Danske Invest Finnish Equity Fund	15,325,100	0.457	1.5%
Evli Finland Select Fund	13,698,430	0.408	1.3%
Jarkko Ämmälä	13,211,000	0.394	1.3%
Ten largest	615,525,399	18.343	59%
Residual	423,020,717	12.606	41%
Total	1,038,546,116	30.949	100%

EARNINGS CALENDAR

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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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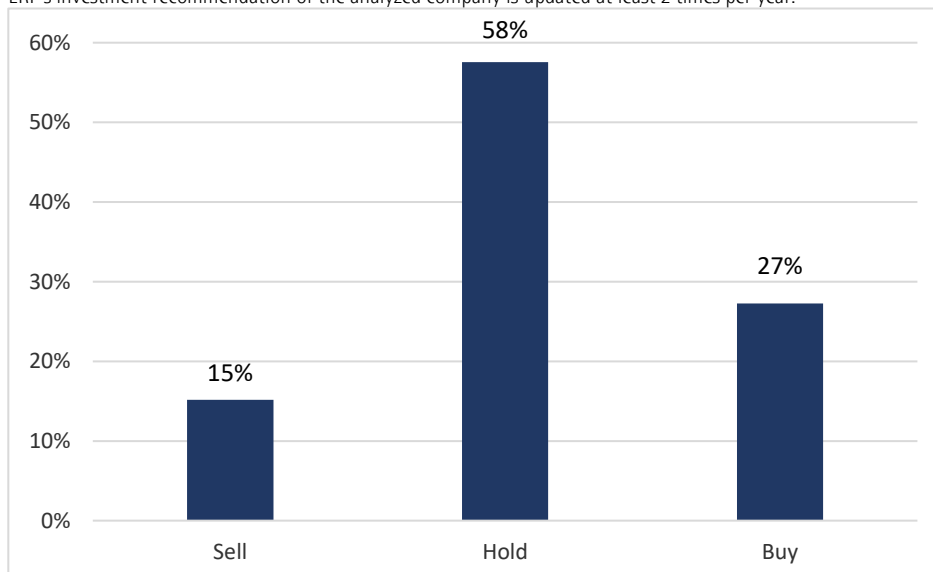
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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