

Profitability below expectations

Duell's Q3 net sales came in at EUR 37.9m, slightly below our estimate of EUR 38.8m as the sales declined in the Nordics more than we estimated. On the cost side, the gross margin was a positive surprise while operating expenses were higher than estimated, leading to lower-than-expected profitability.

- Duell's Q3 net sales grew 0.6% y/y to EUR 37.9m (EUR 37.7m in Q3/23, EUR 38.8m Evli).
- Net sales in the Nordics amounted to EUR 19.5m (EUR 22.5m in Q3/23, EUR 21.4m Evli), in Rest of Europe net sales stood at EUR 18.4m (EUR 15.2m in Q3/23, EUR 17.4m Evli).
- The Nordics had a bigger drop in net sales than we expected due to the persisting weak market situation.
- Adj. EBITA in Q3 amounted to EUR 3.2m (EUR 3.8m in Q3/23, EUR 3.9m Evli). The main reasons for the lower-than-expected adj. EBITA were slightly lower net sales than we estimated and more importantly, higher OPEX.
- While additional transport costs due to Red Sea shipping challenges and the Finnish strike had a negative effect on the gross margin, the margin improved y/y to 24.9% (24.7% Q3/23). The company has managed to pass on the higher logistics costs effectively to the prices.
- Net debt stood at EUR 27.1m, down y/y from EUR 48.6m. The lower net debt was the result of the completed rights issue and lower net working capital. While NWC declined to EUR 57.7m (EUR 61.8m), the company had to keep slightly higher stock levels to ensure product availability in the quarter.

Rating + BUY

	Q3/24	Actual	Evli	Q3/23
Revenue		37.9	38.8	37.7
<i>Nordics</i>		19.5	21.4	22.5
<i>Europe</i>		18.4	17.4	15.2
Adj. EBITA		3.2	3.9	3.8
<i>Adj. EBITA margin</i>		8.4 %	10.0 %	10.1 %

Source: Duell, Evli Research

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

Target price, EUR 0.04

Latest change in recommendation 02-Apr-24

Latest report on company 01-Jul-24

Research paid by issuer: YES

No. of shares outstanding, '000's 1,038,546

No. of shares fully diluted, '000's 1,038,546

Market cap, EURm 39

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 03-Jul-24

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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
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%	4.8	-0.01	-12.7	0.5	56.2	18.8	0.00
2024E	125.7	1.2	1.0%	-0.2	0.00	81.7	0.4	42.1	-0.6	0.00
2025E	129.4	6.4	5.0%	3.7	0.00	10.5	0.4	7.3	9.5	0.00
2026E	133.5	8.4	6.3%	5.6	0.01	6.8	0.3	5.1	14.5	0.00

Market cap, EURm	39	BV per share 2024E, EUR	22.0	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	12	Price/book 2024E	0.7	CAGR sales 2023-26, %	4.0
Enterprise value, EURm	51	Dividend yield 2024E, %	0.0	ROE 2024E, %	-5.2
Total assets 2024E, EURm	99	Tax rate 2024E, %	63.5	ROCE 2024E, %	1.6
Goodwill 2024E, EURm	20	Equity ratio 2024E, %	55.2	PEG, P/E 24/CAGR	0.6

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

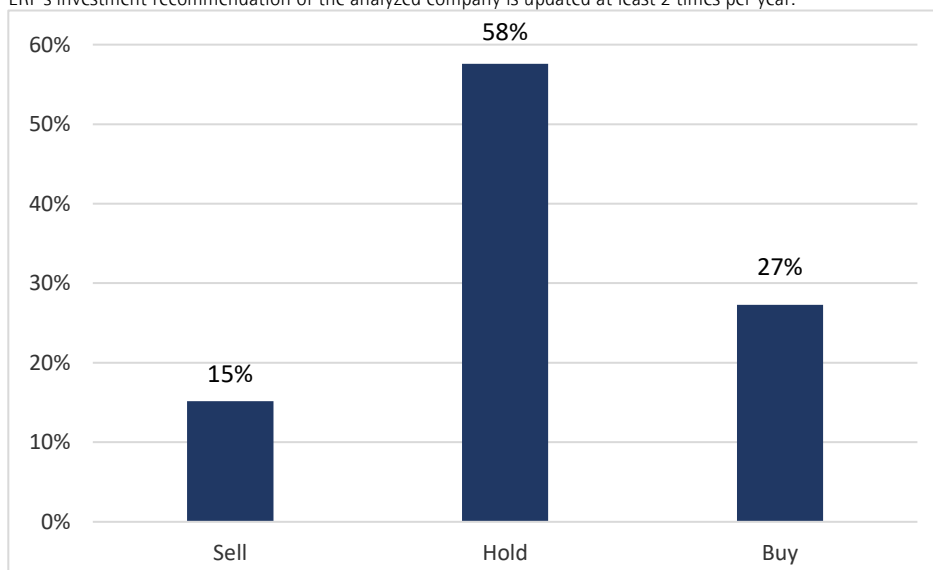
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Investment recommendations are defined as follows:

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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