

## Onwards in a challenging market

Duell's Q3 development was two-fold as growth in Europe was stronger than expected while revenue declined in the Nordics more than we estimated. Profitability missed our estimates mainly due to higher-than-expected operating expenses and lower net sales. We continue to anticipate an increase in profitability y/y for Q4 and consequently for the entire FY 2024.

### Q3 net sales largely in line while adj. EBITA missed

Duell's Q3 net sales grew 0.6% y/y to EUR 37.9m missing our estimate slightly (EUR 37.7m in Q3/23, EUR 38.8m Evli). Net sales with comparable FX grew 2.7%. 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). Operating expenses were at a higher level than we expected and adj. EBITA reached EUR 3.2m, missing our estimates (EUR 3.8m in Q3/23, EUR 3.9m Evli).

### Profitability should improve year-on-year in Q4

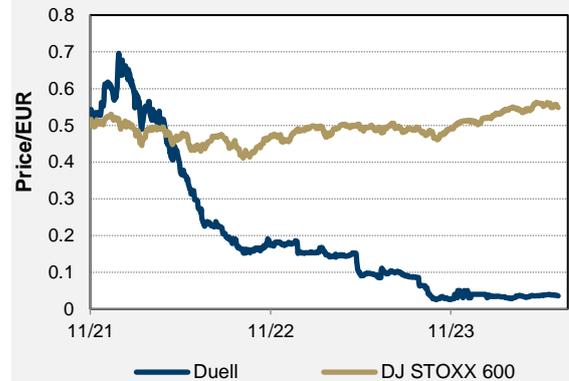
After the actual figures for Q3 and slight adjustments to our estimates, we now model adj. EBITA of EUR 6.1m for FY 24E. We expect y/y profitability improvement for Q4 vs. soft comparison period of Q4/23. Improved profitability is driven mainly by expected revenue growth while we still expect higher logistics costs to hamper the gross margin. For FY 25E, we now model net sales of EUR 130m and adj. EBITA of EUR 8.4m with a margin of 6.5%. We expect that the development of the company's main markets seen during FY 2024 continues to FY 2025 as we expect further growth from the Rest of Europe while we estimate only a slight recovery in the Nordics.

### Valuation remains undemanding going forward

With our updated estimates, Duell is priced at 8-6x adj. EV/EBITA for 2024-2025E, or roughly 25-30% below its main peer group. In addition to the undemanding relative valuation, the company's current price presents a notable discount to the fair value derived from our DCF analysis. We retain our TP at EUR 0.04 and rating at BUY.

Rating

+ BUY



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

Target price, EUR 0.04

Latest change in recommendation 28-Mar-24

Latest report on company 1-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 37

Free float, %

Exchange rate EUR 1.000

Reuters code DUELL.HE

Bloomberg code DUELL.FH

Average daily volume, EURm

Next interim report 9-Oct-24

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+ BUY ○ HOLD - SELL

## KEY FIGURES

|                          | Sales<br>EURm | EBIT<br>EURm | EBIT<br>%               | FCF<br>EURm | EPS<br>EUR | P/E<br>(x)            | EV/Sales<br>(x) | EV/EBIT<br>(x) | FCF yield<br>% | DPS<br>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%                    | -1.5        | -0.01      | -12.7                 | 0.5             | 62.3           | -5.7           | 0.00       |
| 2024E                    | 124.8         | 0.3          | 0.3%                    | 1.4         | 0.00       | -129.1                | 0.4             | 159.2          | 3.8            | 0.00       |
| 2025E                    | 129.7         | 5.6          | 4.3%                    | 2.1         | 0.00       | 13.1                  | 0.4             | 9.2            | 5.8            | 0.00       |
| 2026E                    | 135.6         | 8.8          | 6.5%                    | 4.7         | 0.01       | 6.5                   | 0.4             | 5.4            | 12.7           | 0.00       |
| Market cap, EURm         | 37            |              | Gearing 2024E, %        | 31.1        |            | CAGR EPS 2023-26, %   |                 | 0.0            |                | 0.0        |
| Net debt 2024E, EURm     | 17            |              | Price/book 2024E        | 0.7         |            | CAGR sales 2023-26, % |                 | 4.5            |                | 4.5        |
| Enterprise value, EURm   | 53            |              | Dividend yield 2024E, % | 0.0         |            | ROE 2024E, %          |                 | -7.5           |                | -7.5       |
| Total assets 2024E, EURm | 94            |              | Tax rate 2024E, %       | -142.8      |            | ROCE 2024E, %         |                 | 0.4            |                | 0.4        |
| Goodwill 2024E, EURm     | 20            |              | Equity ratio 2024E, %   | 56.9        |            | PEG, P/E 24/CAGR      |                 | 0.0            |                | 0.0        |

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

Two-fold development during the third quarter

Duell's net sales development was two-fold during the third quarter as the net sales in Nordics declined more than we estimated while in the rest of Europe growth was stronger than we expected. In the Nordics, both Swedish and Finnish markets remained weak. Some of the product segments such as marine performed weaker in the quarter. In Europe, Duell witnessed strong growth as sales grew 21% y/y. The main factor behind the growth was the Central European market, particularly Germany, where Duell has a relatively low market share but is increasing its presence. 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. 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. According to our understanding, the higher-than-expected OPEX was driven by some OPEX investments into organization. EPS came in at EUR 0.001 as the lower lines of P&L brought no surprises. 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, yet the effect was not substantial according to our understanding. Duell still expects adjusted EBITA to increase from the level of the previous year. The good performance during the first nine months of the fiscal year has reduced the risk of not meeting the guidance.

Table 1: Estimate summary

|                               | 2022  | Q1/23 | Q2/23 | Q3/23 | Q4/23  | 2 023 | Q1/24 | Q2/24 | Q3/24E | Q4/24E | 2024E | 2025E | 2026E |
|-------------------------------|-------|-------|-------|-------|--------|-------|-------|-------|--------|--------|-------|-------|-------|
| Total Net sales               | 124.0 | 25.8  | 25.5  | 37.7  | 29.9   | 118.8 | 27.0  | 28.2  | 37.9   | 31.8   | 124.8 | 129.7 | 135.6 |
| y/y %                         | 61.5% | -5.0% | -5.7% | 7.4%  | -13.8% | -4.2% | 4.7%  | 10.2% | 0.6%   | 6.4%   | 5.1%  | 3.9%  | 4.5%  |
| EBITA                         | 6.7   | (0.6) | 0.9   | 3.2   | (0.1)  | 3.4   | (0.5) | (0.7) | 2.9    | 1.4    | 3.1   | 8.4   | 11.6  |
| EBITA %                       | 5.4%  | -2.2% | 3.4%  | 8.6%  | -0.5%  | 2.9%  | -1.7% | -2.6% | 7.7%   | 4.3%   | 2.5%  | 6.5%  | 8.6%  |
| EBIT                          | 4.9   | (1.1) | 0.4   | 2.6   | (0.8)  | 1.0   | (1.1) | (1.4) | 2.2    | 0.7    | 0.3   | 5.6   | 8.8   |
| EBIT %                        | 4.0%  | -4.1% | 1.5%  | 6.8%  | -2.8%  | 0.9%  | -4.2% | -5.1% | 5.9%   | 2.1%   | 0.3%  | 4.3%  | 6.5%  |
| Items affecting comparability | (2.1) | (0.1) | (0.1) | (0.6) | (0.4)  | (1.2) | (0.7) | (2.1) | (0.3)  | -      | (3.1) | -     | -     |
| Adj. EBITA                    | 8.7   | (0.4) | 1.0   | 3.8   | 0.2    | 4.6   | 0.3   | 1.4   | 3.2    | 1.4    | 6.2   | 8.4   | 11.6  |
| Adj. EBITA %                  | 7.0%  | -1.7% | 3.8%  | 10.1% | 0.8%   | 3.9%  | 1.0%  | 4.9%  | 8.4%   | 4.3%   | 5.0%  | 6.5%  | 8.6%  |
| Adj. EBIT                     | 7.0   | (0.9) | 0.5   | 3.1   | (1.2)  | 2.2   | (0.4) | 0.7   | 2.5    | 0.7    | 3.4   | 5.6   | 8.8   |
| Adj. EBIT %                   | 5.6%  | -3.6% | 1.9%  | 8.3%  | -4.0%  | 1.9%  | -1.5% | 2.4%  | 6.6%   | 2.1%   | 2.8%  | 4.3%  | 6.5%  |

Source: Duell, Evli Research

Expecting y/y improvement for Q4/2024

We continue to estimate growth for Q4/24 driven by the rest of Europe while we expect sales decline to continue in the Nordics albeit at a slower rate due to the considerably softer comparison period of Q4/23. For Q4 we also expect an improved gross margin as the company's inventory levels have declined and the need for discount sales has decreased, which lowered the margins for the comparison period. Still, we anticipate that discount campaigns will continue to exert some pressure on the gross margin in Q4, albeit to a lesser degree. We now estimate adj. EBITA of EUR 1.4m for Q4 and 6.2m for FY 2024E. Going forward, we expect that the two-fold development of the company's main markets seen during FY 2024 continues to FY 2025 as we expect further growth from the Rest of Europe while we estimate only a slight recovery in the Nordics. We lower our margin estimate slightly for 2025E as we estimate adj. EBITA of EUR 8.4m for 2025E with margin of 6.5%. A faster than expected recovery in Nordics, especially in H2 of 2025E, could bring upside pressure to our estimates.

Table 2: Valuation summary

| Peer group Europe  | MCAP<br>MEUR | EV/EBITDA   |             |             | EV/EBIT      |             |             | P/E          |              |             |
|--------------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|-------------|
|                    |              | 24          | 25          | 26          | 24           | 25          | 26          | 24           | 25           | 26          |
| Relais Group       | 255          | 8.2x        | 7.7x        | 7.3x        | 12.5x        | 11.7x       | 10.8x       | 15.2x        | 12.7x        | 11.1x       |
| Pierce Group       | 66           | 5.3x        | 4.2x        | 3.7x        | 13.5x        | 8.2x        | 6.7x        | 15.0x        | 12.5x        | 10.3x       |
| Auto Partner SA    | 719          | 7.7x        | 6.4x        |             | 9.0x         | 7.4x        |             |              |              |             |
| Delticom           | 40           | 4.7x        | 4.2x        | 3.8x        | 8.7x         | 7.6x        | 6.9x        | 6.9x         | 5.7x         | 5.1x        |
| Halfords Group     | 385          | 3.8x        | 3.5x        | 3.1x        | 14.1x        | 12.1x       | 9.3x        | 13.5x        | 10.6x        | 7.6x        |
| Inter Cars         | 1780         | 7.6x        | 6.8x        | 6.1x        | 8.9x         | 7.9x        | 7.4x        | 9.5x         | 8.3x         | 7.5x        |
| MEKO               | 591          | 6.0x        | 5.7x        | 5.5x        | 10.6x        | 9.9x        | 9.3x        | 10.1x        | 9.2x         | 8.4x        |
| Opono pl           | 193          | 10.5x       | 9.7x        | 9.0x        | 13.9x        | 12.7x       | 11.7x       | 15.9x        | 14.2x        | 12.9x       |
| Peer Group Average | 504          | <b>6.7x</b> | <b>6.0x</b> | <b>5.5x</b> | <b>11.4x</b> | <b>9.7x</b> | <b>8.9x</b> | <b>12.3x</b> | <b>10.5x</b> | <b>9.0x</b> |
| Peer Group Median  | 320          | <b>6.8x</b> | <b>6.1x</b> | <b>5.5x</b> | <b>11.5x</b> | <b>9.0x</b> | <b>9.3x</b> | <b>13.5x</b> | <b>10.6x</b> | <b>8.4x</b> |
| Duell (Evli est.)  | <b>36</b>    | <b>7.4x</b> | <b>5.4x</b> | <b>3.7x</b> | <b>8.5x</b>  | <b>6.1x</b> | <b>4.1x</b> | <b>15.9x</b> | <b>6.5x</b>  | <b>4.3x</b> |

Duell prem./disc. to peer median 9 % -11 % -33 % -26 % -33 % -56 % 18 % -39 % -49 %

Source FactSet, Evli Research

| Peer group North America | MCAP<br>MEUR | EV/EBITDA    |              |              | EV/EBIT      |              |              | P/E          |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                          |              | 24           | 25           | 26           | 24           | 25           | 26           | 24           | 25           | 26           |
| Advance Auto Parts       | 3303         | 10.5x        | 9.8x         | 9.4x         | 19.1x        | 16.9x        | 15.5x        | 16.4x        | 13.7x        | 12.3x        |
| AutoZone                 | 44980        | 14.3x        | 13.7x        | 12.9x        | 16.3x        | 15.7x        | 14.8x        | 18.2x        | 16.7x        | 15.0x        |
| LKQ                      | 10259        | 8.7x         | 8.1x         | 7.7x         | 10.5x        | 9.5x         | 9.5x         | 10.6x        | 9.5x         | 8.9x         |
| Genuine Parts            | 17196        | 10.0x        | 9.3x         | 8.7x         | 12.1x        | 10.7x        | 10.0x        | 13.5x        | 12.4x        | 11.5x        |
| O'Reilly Automotive      | 55628        | 17.9x        | 16.9x        | 15.8x        | 20.4x        | 19.2x        | 17.9x        | 24.3x        | 21.9x        | 19.5x        |
| Peer Group Average       | 26273        | <b>12.3x</b> | <b>11.6x</b> | <b>10.9x</b> | <b>15.7x</b> | <b>14.4x</b> | <b>13.5x</b> | <b>16.6x</b> | <b>14.8x</b> | <b>13.5x</b> |
| Peer Group Median        | 17196        | <b>10.5x</b> | <b>9.8x</b>  | <b>9.4x</b>  | <b>16.3x</b> | <b>15.7x</b> | <b>14.8x</b> | <b>16.4x</b> | <b>13.7x</b> | <b>12.3x</b> |
| Duell (Evli est.)        | <b>36</b>    | <b>7.4x</b>  | <b>5.4x</b>  | <b>3.7x</b>  | <b>8.5x</b>  | <b>6.1x</b>  | <b>4.1x</b>  | <b>15.9x</b> | <b>6.5x</b>  | <b>4.3x</b>  |

Duell prem./disc. to peer median -30 % -45 % -61 % -48 % -61 % -73 % -3 % -53 % -65 %

Source FactSet, Evli Research

| VALUATION RESULTS        | BASE CASE DETAILS          | VALUATION ASSUMPTIONS  | ASSUMPTIONS FOR WACC           |      |
|--------------------------|----------------------------|------------------------|--------------------------------|------|
| Current share price      | 0.04 PV of Free Cash Flow  | 42 Long-term growth, % | 1.5 Risk-free interest rate, % | 2.50 |
| DCF share value          | 0.04 PV of Horizon value   | 41 WACC, %             | 10.2 Market risk premium, %    | 6.5  |
| Share price potential, % | 22.1 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, %         | 49.3 Value of stock        | 45 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  | 125   | 130   | 136   | 139   | 141   | 143   | 145   | 147   | 150   | 152   | 154     |
| <i>Sales growth, %</i>            | -4.2 | 5.1   | 3.9   | 4.5   | 2.5   | 1.5   | 1.5   | 1.5   | 1.5   | 1.5   | 1.5   | 1.5     |
| Operating income (EBIT)           | 1    | 0     | 6     | 9     | 9     | 9     | 9     | 9     | 10    | 10    | 10    | 10      |
| <i>Operating income margin, %</i> | 0.9  | 0.3   | 4.3   | 6.5   | 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     | 12    | 12    | 13    | 13    | 13    | 13    | 13    | 14    |         |
| - Paid taxes                      | -1   | -1    | -2    | -2    | -2    | -2    | -2    | -2    | -2    | -3    | -3    |         |
| - Change in NWC                   | 8    | 3     | -3    | -3    | -2    | -1    | -1    | -1    | -1    | -1    | -1    |         |
| <i>NWC / Sales, %</i>             | 42.0 | 37.3  | 37.9  | 38.5  | 38.8  | 39.0  | 39.2  | 39.4  | 39.6  | 39.8  | 40.0  |         |
| + Change in other liabs           | 0    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |         |
| - Operative CAPEX                 | -10  | -2    | -1    | -1    | -1    | -1    | -1    | -1    | -1    | -1    | -1    |         |
| <i>opCAPEX / Sales, %</i>         | 8.2  | 1.8   | 0.9   | 0.9   | 0.8   | 0.7   | 0.7   | 0.7   | 0.7   | 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                            | 1    | 4     | 3     | 5     | 7     | 8     | 8     | 8     | 9     | 9     | 9     | 103     |
| = Discounted FCFF                 |      | 4     | 3     | 4     | 5     | 5     | 5     | 4     | 4     | 4     | 4     | 41      |
| = DFCF min WACC                   |      | 4     | 3     | 4     | 5     | 5     | 5     | 5     | 4     | 4     | 4     | 45      |
| = DFCF max WACC                   |      | 4     | 3     | 4     | 5     | 5     | 5     | 4     | 4     | 4     | 3     | 37      |

## INTERIM FIGURES

| EVLI ESTIMATES, EURm                 | 2023Q1      | 2023Q2        | 2023Q3      | 2023Q4       | 2023          | 2024Q1       | 2024Q2      | 2024Q3       | 2024Q4E     | 2024E           | 2025E       | 2026E       |
|--------------------------------------|-------------|---------------|-------------|--------------|---------------|--------------|-------------|--------------|-------------|-----------------|-------------|-------------|
| Net sales                            | 25.8        | 25.5          | 37.7        | 29.9         | 118.8         | 27.0         | 28.2        | 37.9         | 31.8        | 124.8           | 129.7       | 135.6       |
| EBITDA                               | 0.0         | 0.7           | 3.3         | 0.1          | 4.1           | -0.2         | -0.5        | 3.2          | 1.6         | 4.1             | 8.6         | 12.0        |
| <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>-2.0</i> | <i>8.4</i>   | <i>5.2</i>  | <i>3.3</i>      | <i>6.6</i>  | <i>8.9</i>  |
| EBIT                                 | -0.7        | 0.0           | 2.6         | -0.8         | 1.0           | -1.1         | -1.4        | 2.2          | 0.7         | 0.3             | 5.6         | 8.8         |
| <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>-5.1</i> | <i>5.9</i>   | <i>2.1</i>  | <i>0.3</i>      | <i>4.3</i>  | <i>6.5</i>  |
| Net financial items                  | -0.5        | -0.5          | -1.8        | -0.6         | -3.4          | -0.7         | -0.8        | -1.2         | -0.6        | -3.4            | -1.4        | -1.0        |
| Pre-tax profit                       | -1.2        | -0.5          | 0.8         | -1.4         | -2.4          | -1.8         | -2.2        | 1.0          | 0.0         | -3.0            | 4.2         | 7.8         |
| Tax                                  | 0.0         | 0.0           | -0.2        | -0.2         | -0.4          | -0.1         | -0.1        | -0.1         | 0.0         | -0.4            | -1.4        | -2.1        |
| <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>-10.8</i> | <i>-8.1</i> | <i>5.8</i>   | <i>0.6</i>  | <i>-142.8</i>   | <i>20.0</i> | <i>20.0</i> |
| Net profit                           | -1.3        | -0.6          | 0.6         | -1.6         | -2.8          | -2.0         | -2.4        | 0.9          | 0.0         | -3.4            | 2.8         | 5.7         |
| EPS                                  | 0.00        | 0.00          | 0.00        | 0.00         | -0.01         | 0.00         | 0.00        | 0.00         | 0.00        | 0.00            | 0.00        | 0.01        |
| 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        | 0.01        |
| 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        |
| <b>SALES, EURm</b>                   |             |               |             |              |               |              |             |              |             |                 |             |             |
| Nordics                              | 16.0        | 16.3          | 21.9        | 15.2         | 69.3          | 15.1         | 15.7        | 19.5         | 14.8        | 65.1            | 66.4        | 69.7        |
| Europe                               | 9.7         | 9.2           | 15.8        | 14.7         | 49.5          | 11.9         | 12.5        | 18.4         | 16.9        | 59.7            | 63.3        | 65.8        |
| Total                                | 25.8        | 25.5          | 37.7        | 29.9         | 118.8         | 27.0         | 28.2        | 37.9         | 31.8        | 124.8           | 129.7       | 135.6       |
| <b>SALES GROWTH, Y/Y %</b>           |             |               |             |              |               |              |             |              |             |                 |             |             |
| <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>-3.8</i> | <i>-10.8</i> | <i>-2.0</i> | <i>-6.1</i>     | <i>2.0</i>  | <i>5.0</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>35.0</i> | <i>16.4</i>  | <i>15.0</i> | <i>20.6</i>     | <i>6.0</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>10.2</i> | <i>0.6</i>   | <i>6.4</i>  | <i>5.1</i>      | <i>3.9</i>  | <i>4.5</i>  |
| <b>EBIT, EURm</b>                    |             |               |             |              |               |              |             |              |             |                 |             |             |
| Group                                | -0.7        | 0.0           | 2.6         | -0.8         | 1.0           | -1.1         | -1.4        | 2.2          | 0.7         | 0.3             | 5.6         | 8.8         |
| Total                                | -0.7        | 0.0           | 2.6         | -0.8         | 1.0           | -1.1         | -1.4        | 2.2          | 0.7         | 0.3             | 5.6         | 8.8         |
| <b>EBIT margin, %</b>                |             |               |             |              |               |              |             |              |             |                 |             |             |
| <i>Group</i>                         |             | <i>0.0</i>    |             |              |               |              |             |              |             | <i>83,914.7</i> |             |             |
| <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>-5.1</i> | <i>5.9</i>   | <i>2.1</i>  | <i>0.3</i>      | <i>4.3</i>  | <i>6.5</i>  |

| INCOME STATEMENT, EURm                   | 2019       | 2020       | 2021        | 2022        | 2023        | 2024E      | 2025E      | 2026E      |
|--|------------|------------|-------------|-------------|-------------|------------|------------|------------|
| Sales                                    | 0.0        | 0.0        | 76.8        | 124.0       | 118.8       | 124.8      | 129.7      | 135.6      |
| <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>5.1</i> | <i>3.9</i> | <i>4.5</i> |
| EBITDA                                   | 0.0        | 0.0        | 8.3         | 7.4         | 4.1         | 4.1        | 8.6        | 12.0       |
| <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>3.3</i> | <i>6.6</i> | <i>8.9</i> |
| Depreciation                             | 0.0        | 0.0        | -1.0        | -0.7        | -0.9        | -0.9       | -0.2       | -0.4       |
| EBITA                                    | 0.0        | 0.0        | 7.3         | 6.7         | 3.2         | 3.1        | 8.4        | 11.6       |
| 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         | 0.3        | 5.6        | 8.8        |
| <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>0.3</i> | <i>4.3</i> | <i>6.5</i> |
| Reported EBIT                            | 0.0        | 0.0        | 7.3         | 4.9         | 1.0         | 0.3        | 5.6        | 8.8        |
| <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>0.3</i> | <i>4.3</i> | <i>6.5</i> |
| Net financials                           | 0.0        | 0.0        | -2.7        | -1.9        | -3.4        | -3.4       | -1.4       | -1.0       |
| Pre-tax profit                           | 0.0        | 0.0        | 4.6         | 3.0         | -2.4        | -3.0       | 4.2        | 7.8        |
| Taxes                                    | 0.0        | 0.0        | -1.2        | -1.1        | -0.4        | -0.4       | -1.4       | -2.1       |
| 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        | -3.4       | 2.8        | 5.7        |
| 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        |
| <b>BALANCE SHEET, EURm</b>               |            |            |             |             |             |            |            |            |
| Assets                                   |            |            |             |             |             |            |            |            |
| Fixed assets                             | 0          | 1          | 2           | 2           | 4           | 4          | 5          | 6          |
| Goodwill                                 | 0          | 0          | 14          | 16          | 21          | 20         | 17         | 14         |
| Right of use assets                      | 0          | 0          | 0           | 0           | 0           | 0          | 0          | 0          |
| Inventory                                | 0          | 29         | 35          | 48          | 50          | 47         | 49         | 52         |
| Receivables                              | 0          | 16         | 16          | 25          | 18          | 19         | 20         | 21         |
| Liquid funds                             | 0          | 3          | 3           | 4           | 2           | 4          | 4          | 4          |
| Total assets                             | 0          | 48         | 69          | 95          | 95          | 94         | 95         | 96         |
| Liabilities                              |            |            |             |             |             |            |            |            |
| Shareholder's equity                     | 0          | 11         | 11          | 32          | 37          | 54         | 56         | 61         |
| 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          | 20         | 18         | 15         |
| Non-interest bearing current liabilities | 0          | 0          | 0           | 0           | 0           | 0          | 0          | 0          |
| Other interest-free debt                 | 0          | 17         | 17          | 15          | 18          | 20         | 20         | 20         |
| Total liabilities                        | 0          | 69         | 69          | 95          | 95          | 94         | 95         | 96         |
| <b>CASH FLOW, EURm</b>                   |            |            |             |             |             |            |            |            |
| + EBITDA                                 | 0          | 0          | 8           | 7           | 4           | 4          | 9          | 12         |
| - Net financial items                    | 0          | 0          | -3          | -2          | -3          | -3         | -1         | -1         |
| - Taxes                                  | 0          | 0          | -1          | -1          | 0           | 0          | -1         | -2         |
| - Increase in Net Working Capital        | 0          | -28        | -6          | -24         | 8           | 3          | -3         | -3         |
| +/- Other                                | 0          | 0          | 0           | 0           | 0           | 0          | 0          | 0          |
| = Cash flow from operations              | 0          | -28        | -2          | -20         | 8           | 4          | 3          | 6          |
| - Capex                                  | 0          | -1         | -16         | -6          | -10         | -2         | -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          | 5          |
| +/- 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          | -20        | -2         | -4         |
| Change in cash                           | 0          | 3          | 0           | 1           | -2          | 1          | 0          | 0          |

| KEY FIGURES                                    | 2020  | 2021  | 2022    | 2023    | 2024E     | 2025E     | 2026E     |
|--|-------|-------|---------|---------|-----------|-----------|-----------|
| M-cap  | 0     | 0     | 0       | 26      | 37        | 37        | 37        |
| Net debt (excl. convertibles)                  | 39    | 39    | 45      | 38      | 17        | 15        | 11        |
| Enterprise value                               | 39    | 39    | 45      | 64      | 53        | 51        | 47        |
| Sales  | 0     | 77    | 124     | 119     | 125       | 130       | 136       |
| EBITDA   | 0     | 8     | 7       | 4       | 4         | 9         | 12        |
| EBIT   | 0     | 7     | 5       | 1       | 0         | 6         | 9         |
| Pre-tax  | 0     | 5     | 3       | -2      | -3        | 4         | 8         |
| Earnings                                       | 0     | 3     | 2       | -3      | -3        | 3         | 6         |
| Equity book value (excl. minorities)           | 11    | 11    | 32      | 37      | 54        | 56        | 61        |
| <b>Valuation multiples</b>                     |       |       |         |         |           |           |           |
| EV/sales                                       | 0.0   | 0.5   | 0.4     | 0.5     | 0.4       | 0.4       | 0.4       |
| EV/EBITDA                                      | 0.0   | 4.6   | 6.0     | 15.7    | 13.1      | 6.0       | 4.0       |
| EV/EBITA                                       | 0.0   | 5.3   | 6.7     | 19.9    | 17.1      | 6.1       | 4.1       |
| EV/EBIT  | 0.0   | 5.3   | 9.1     | 62.3    | 159.2     | 9.2       | 5.4       |
| EV/OCF   | -1.4  | -24.9 | -2.3    | 7.7     | 14.5      | 15.7      | 8.2       |
| EV/FCFF  | -1.4  | -2.5  | -1.9    | 49.1    | 13.1      | 15.9      | 8.7       |
| P/FCFE   | 0.0   | 0.0   | 0.0     | -206.5  | 26.5      | 17.2      | 7.9       |
| P/E  | 0.0   | 0.0   | 0.0     | -12.7   | -129.1    | 13.1      | 6.5       |
| P/B  | 0.0   | 0.0   | 0.0     | 0.7     | 0.7       | 0.7       | 0.6       |
| Target EV/EBITDA                               | 0.0   | 0.0   | 0.0     | 0.0     | 14.3      | 6.5       | 4.3       |
| Target EV/EBIT                                 | 0.0   | 0.0   | 0.0     | 0.0     | 173.5     | 10.1      | 5.9       |
| Target EV/FCF                                  | 0.0   | 0.0   | 0.0     | 0.0     | 42.0      | 26.2      | 11.2      |
| 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     | -145.8    | 14.8      | 7.3       |
| <b>Per share measures</b>                      |       |       |         |         |           |           |           |
| 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      | 0.01      |
| Operating cash flow per share                  | 0.00  | 0.00  | -0.07   | 0.02    | 0.00      | 0.00      | 0.01      |
| 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       | 2.3       | 4.6       |
| FCF yield, %                                   | 0.0   | 0.0   | 0.0     | -5.7    | 3.8       | 5.8       | 12.7      |
| <b>Efficiency measures</b>                     |       |       |         |         |           |           |           |
| ROE  | 0.0   | 31.7  | 9.1     | -8.3    | -7.5      | 5.1       | 9.7       |
| ROCE   | 0.0   | 14.0  | 7.4     | 1.3     | 0.4       | 7.5       | 11.7      |
| <b>Financial ratios</b>                        |       |       |         |         |           |           |           |
| Inventories as % of sales                      | 0.0   | 45.5  | 38.6    | 41.7    | 38.0      | 38.0      | 38.0      |
| Receivables as % of sales                      | 0.0   | 20.8  | 20.1    | 15.3    | 15.3      | 15.3      | 15.2      |
| 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    | 42.0    | 37.3      | 37.9      | 38.5      |
| Operative CAPEX/sales, %                       | 0.0   | 20.7  | 4.5     | 8.2     | 1.8       | 0.9       | 0.9       |
| CAPEX/sales (incl. acquisitions), %            | 0.0   | 20.7  | 4.5     | 8.2     | 1.8       | 0.9       | 0.9       |
| FCFF/EBITDA                                    | 0.0   | -1.9  | -3.2    | 0.3     | 1.0       | 0.4       | 0.5       |
| Net debt/EBITDA, book-weighted                 | 0.0   | 4.6   | 6.0     | 9.4     | 4.1       | 1.7       | 0.9       |
| Debt/equity, market-weighted                   | 0.0   | 0.0   | 0.0     | 1.6     | 0.6       | 0.5       | 0.4       |
| Equity ratio, book-weighted                    | 15.2  | 15.2  | 33.4    | 38.5    | 56.9      | 59.3      | 63.6      |
| Gearing, %                                     | 367.7 | 367.7 | 139.9   | 103.9   | 31.1      | 25.8      | 17.5      |

**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                    | 313,263,140   | 11.090 | 30.2% |
| Sponsor Capital Oy                        | 105,216,876   | 3.725  | 10.1% |
| Keskinäinen Työeläkevakuutusyhtiö Varma   | 47,703,292    | 1.689  | 4.6%  |
| Säästöpankki Fonder                       | 45,275,318    | 1.603  | 4.4%  |
| Danske Invest Finnish Equity Fund         | 28,856,894    | 1.022  | 2.8%  |
| Erikoissijoitusrahasto Aktia Mikro Markka | 23,720,882    | 0.840  | 2.3%  |
| Keskinäinen Työeläkevakuutusyhtiö Elo     | 21,760,000    | 0.770  | 2.1%  |
| Twin Engine Oy                            | 14,142,540    | 0.501  | 1.4%  |
| Evli Finland Select Fund                  | 13,698,430    | 0.485  | 1.3%  |
| Jarkko Ämmälä                             | 13,211,000    | 0.468  | 1.3%  |
| Ten largest                               | 626,848,372   | 22.190 | 60%   |
| Residual                                  | 411,697,744   | 14.574 | 40%   |
| Total                                     | 1,038,546,116 | 36.765 | 100%  |

## EARNINGS CALENDAR

## OTHER EVENTS

## COMPANY MISCELLANEOUS

CEO: Magnus Miemois

Kauppatie 19, 65610 Mustasaari

CFO: Juha Lindroos

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

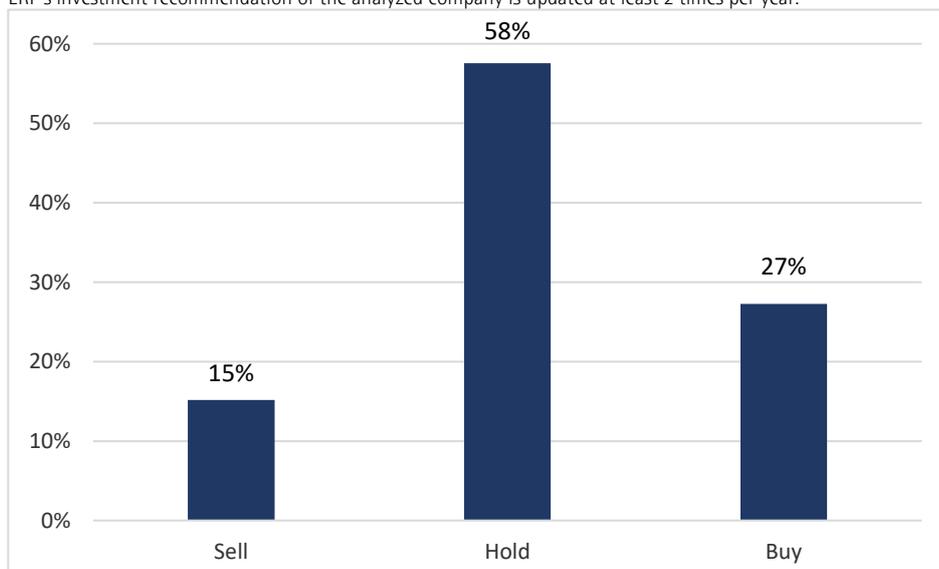
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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