

Dustin Group

Turning the tanker

Refocusing a business takes time, especially when it involves replacing legacy systems, renegotiating framework agreements, integrating numerous acquisitions and rebuilding the balance sheet. The process becomes even more challenging if it coincides with weak market conditions and a significant level of geopolitical uncertainty. Dustin Group's management is actively addressing these challenges, including a rights issue announced with its results. The business is well positioned, leaving investors with one key question: when is the right time to buy? We believe the next six months may provide the answer.

Financials

Net sales of SEK5.48m saw organic growth of 3.7% (SMB -2.6%, LCP +6.4%), around half of which was due to Q1 revenue recovery. Gross profit of SEK762m gave gross margins of 13.9% and an adjusted EBITA margin of 2.0%. SMB (serving small and medium-sized businesses) saw service revenues fall to 11.6% of sales, from 13.6%, as service agreements were standardised. LCP (serving larger customers and the public sector) benefited from some delayed Q1 orders and new framework agreements. Operating cash flow (before working capital) was SEK94m, with working capital contributing SEK86m due to lower inventories. Dustin took an impairment charge of SEK2,500m, mainly against goodwill, and announced a SEK1,250m fully guaranteed rights issue to reduce net debt from SEK3,215m (6x adjusted EBITDA) to SEK1,987m (3.7x adjusted EBITDA).

Strategic focus

The new organisational structure (announced last October) has affected sales, delivery and support functions and is expected to yield SEK150–200m savings per annum by Q126. Furthermore, legacy systems in Benelux have been replaced with standardised group platforms.

Valuation

The key to share price appreciation is improved margins. On an FY1 EV/sales basis, Dustin's shares look attractive at 0.25x compared to an average of 0.65x for selected European peers (Bechtle, Atea, Computacenter and Crayon). However, on an FY1 EV/EBITDA basis, the shares appear fully valued at 8.6x versus a peer average of 7.1x. Consensus forecasts anticipate an FY24/25 adjusted EBITDA margin of 2.8% versus 3.7% in FY23/24, suggesting that FY25/26 performance (adjusted EBITDA margin of 3.7%) will be the key catalyst for share price gains.

Consensus forecasts

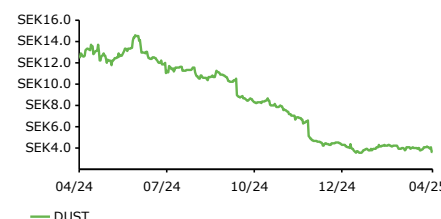
Year end	Revenue (SEKm)	EBITDA (SEKm)	PBT (SEKm)	EPS (SEK)	DPS (SEK)	EV/EBITDA (x)	P/E (x)	Yield (%)
8/23	23,577.0	958.4	310.4	1.14	0.00	5.2	3.5	N/A
8/24	21,482.0	799.0	156.2	0.24	0.00	6.2	16.9	N/A
8/25e	20,322.0	576.1	54.3	0.29	0.05	8.6	14.0	1.2
8/26e	21,667.0	800.4	351.1	0.71	0.26	6.2	5.7	6.4

Source: LSEG Data & Analytics, company data. Note: EBITDA and EPS stated after adjustment for impairment charges and amortisation of acquired goodwill.

Software and comp services
3 April 2025

Price SEK4.05
Market cap SEK1,765m

Share price performance



Share details

Code	DUST
Listing	OMX
Shares in issue	452.5m
Net cash/(debt) as at end February 2025	SEK(3,215.0)m

Business description

Dustin Group is engaged in the online distribution of information technology hardware, software and services to private customers and public organisations in Sweden, Denmark, Norway and Finland.

Bull points

- AI and Windows 12 release set to invigorate PC market in the near term.
- Efficiency measures set to boost profits significantly by Q125.
- Consensus expectations of a resumption of dividend payments in the current year.

Bear points

- High leverage by industry standards (3.7x adjusted EBITDA post rights issue).
- Legacy service agreements hold back profitability and take time to renegotiate or exit.
- Recent impairment charges of SEK2,500m.

Analysts

Dan Ridsdale	+44 (0)20 3077 5700
Ross Jobber	+44 (0)20 3077 5700

tmt@edisongroup.com
[Edison profile page](#)

EDISON QUICKVIEWS ARE NORMALLY ONE-OFF PUBLICATIONS WITH NO COMMITMENT TO WRITING ANY FOLLOW UP. QUICKVIEW NOTES USE CONSENSUS EARNINGS ESTIMATES.

General disclaimer and copyright

This report has been prepared and issued by Edison. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.
