

Verkkokauppa.com Oyj Q1/2016  
22.4.2016, Samuli Seppälä, CEO

# TODAY'S STOREFRONT

RETAIL IS GOING ONLINE. COME ALONG.

**Verkkokauppa**  
PROBABLY ALWAYS CHEAPER **.com**



NASDAQ  
FIRST NORTH

**Verkkokauppa.com Q1/2016**

**Steady sales growth  
in tough retail market**

**Revenue growth of +15%  
and EBITDA\* +25%**

**One-time cost of 0.6m€  
for unpaid holiday salaries**

\*) EBITDA excluding  
non-recurring items

**Verkkokauppa**  
PROBABLY ALWAYS CHEAPER  
.com

# Verkkokauppa.com concept

**FIRST  
SITE**

**LOWER PRICES**

"Probably always cheaper"

**CUSTOMER  
JOURNEY**

**WIDER  
SELECTION**

**PRIVATE - MODULAR  
IT AND ERP SYSTEM**

**BEST 24 H  
AVAILABILITY**

**CONTINUOUS  
INNOVATION**

**TRANSPARENT  
AND TRUSTED**

**OPERATIONAL  
EFFICIENCY**

"We aim for the lowest prices utilizing lowest fixed costs"

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**OPERATIONAL  
EFFICIENCY**

Capital efficiency  
enabled by the leanest  
operating model

Finland's best and trusted  
source for products and  
information, >200K reviews

Wide range of  
interesting old and new  
products and vendors

# Verkkokauppa.com's customer journey

"We provide Finland's best customer journey"

"We aim for the lowest prices utilizing lowest fixed costs"

Trusted & Known

Product sales

"Cheering!"

Service & Warranty

Looking information

Attach sales

C2C-sales

# Verkkokauppa.com Q1/2016 Income Statement

	Q1/2016*	Q1/2015*	Change%*
Revenue, € million	83.5	72.9	+15%
Gross profit	13.1	11.8	+11%
Gross margin	15.6%	16.1%	
Personnel expenses	6.0	5.4	+12%
Other opex	4.4	4.2	+4%
EBITDA	2.7	2.1	+25%
EBITDA margin	3.2%	2.9%	
Depreciation and amortiz.	0.3	0.3	+17%
EBIT	2.4	1.9	+26%
Net profit	1.9	1.1	+80%

\*) excluding non-recurring items

**"We aim for the lowest prices  
utilizing lowest fixed costs"**



# Verkkokauppa.com Q1/2016 Balance Sheet

- Inventory 39.3 (36.1) million euros on 31.3.2016, change +9%.
- Cash flow from operat. activities 1-3/2016 was -4.2 (-12.5) million euros.
- Capex 1-3/2016 were 0.2 (0.4) million euros .
  
- Cash 20.8 (15.8) million euros on 31.3.2016.
- Interest bearing debt 0.0 (1.8) million euros on 31.3.2016.
  
- The company has revolving credit facilities amounting to 15 million euros due in October 2019 that is not being utilized on 31.3.2016.
  
- The company currently utilizes almost all suppliers' cash discounts.



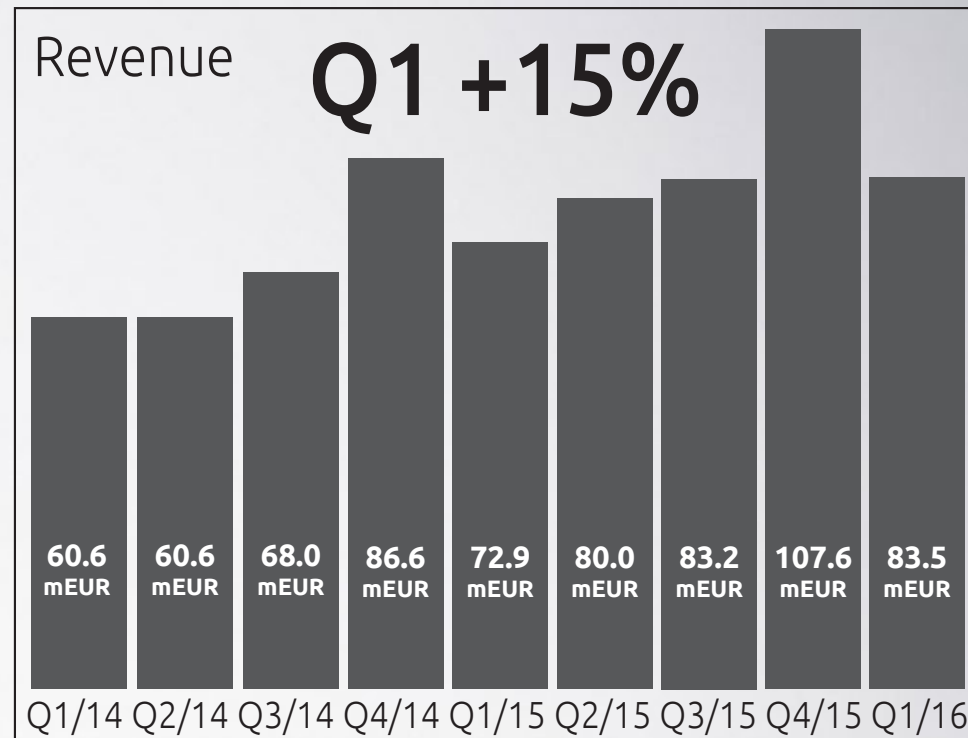
# Verkkokauppa.com Q1/2016 main sales growth drivers

- Verkkokauppa.com's trusted concept
- Retail continues going online
- Bolder, growth-oriented pricing
- Easy and convenient experience

## Additional future growth drivers:

- Increasing market shares in existing categories
- Launching new main product categories
- B2B and wholesale trade business

"Nearly 80% of all Finns have already conducted online purchases based on TNS Gallup's latest release."





# Webvisits last 15 months

*"We want to be the first site"*

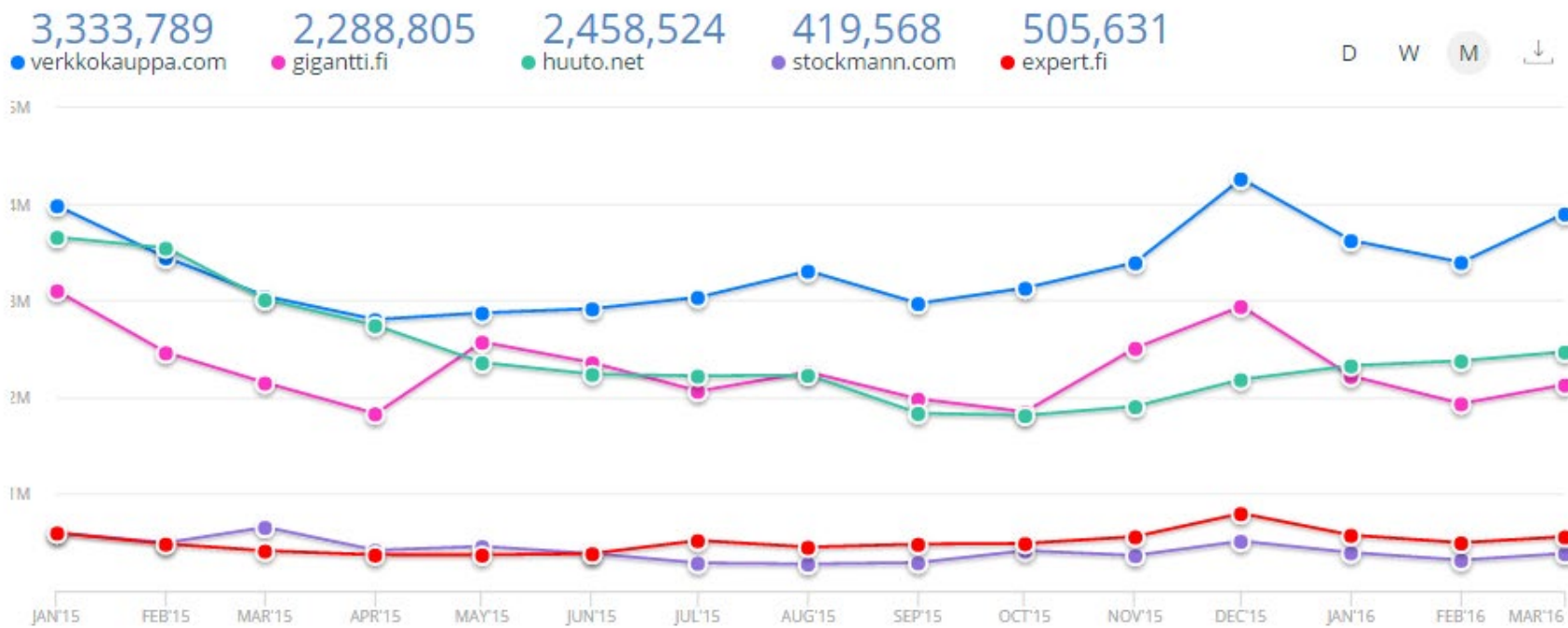


## Engagement ⓘ

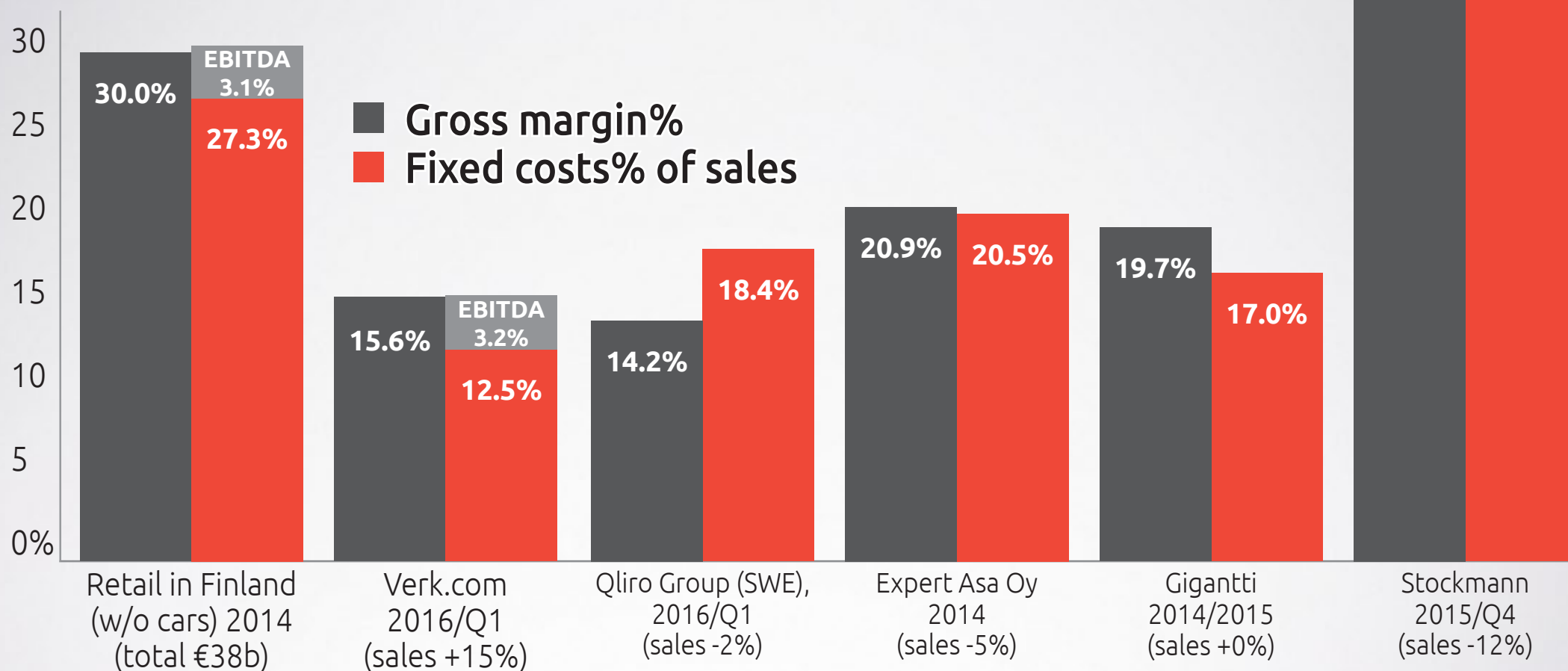
Jan 2015 - Mar 2016, 🌐 WorldWide

Domain	Avg. Monthly Visits -	Avg. Visit Duration	Pages/Visit	Bounce Rate
verkkokauppa.com	3,333,789	00:05:37	7.19	30.57%
huuto.net	2,458,524	00:07:07	8.62	26.34%
gigantti.fi	2,288,805	00:04:33	4.87	31.99%
expert.fi	505,631	00:03:49	4.00	38.10%
stockmann.com	419,568	00:03:58	7.87	32.16%

📄 Avg. Monthly Visits
🕒 Avg. Visit Duration
📄 Pages per Visit
👉 Bounce Rate



# Verkkokauppa.com's gross margin and fixed costs



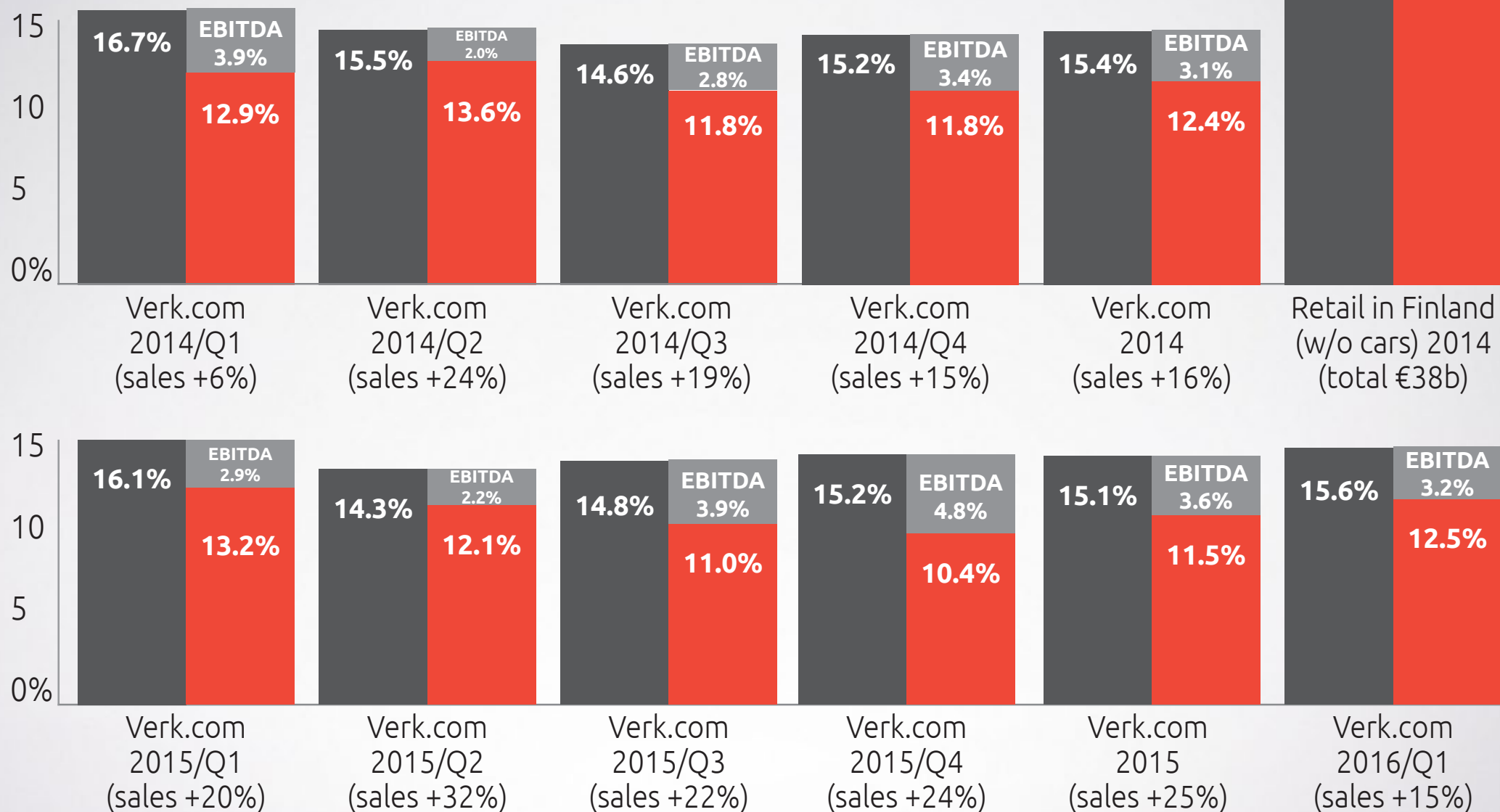
"The company expects to improve its EBITDA margin in the medium term by increasing the share of higher margin categories and private labels in the sales mix and the increasing the share of the Apuraha consumer financing services."

Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. EBITDA excluding non-recurring items.



# Verkkokauppa.com's gross margin and fixed costs

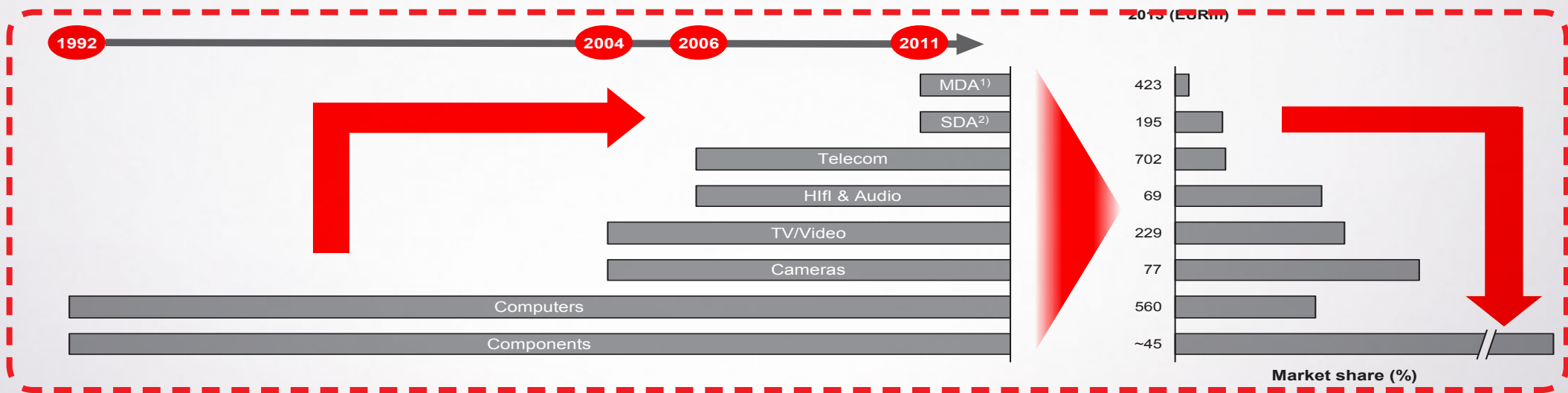
■ Gross margin%  
■ Fixed costs% of sales



# Verkkokauppa.com's Category Strategy

Verkkokauppa.com has continuously expanded into new categories

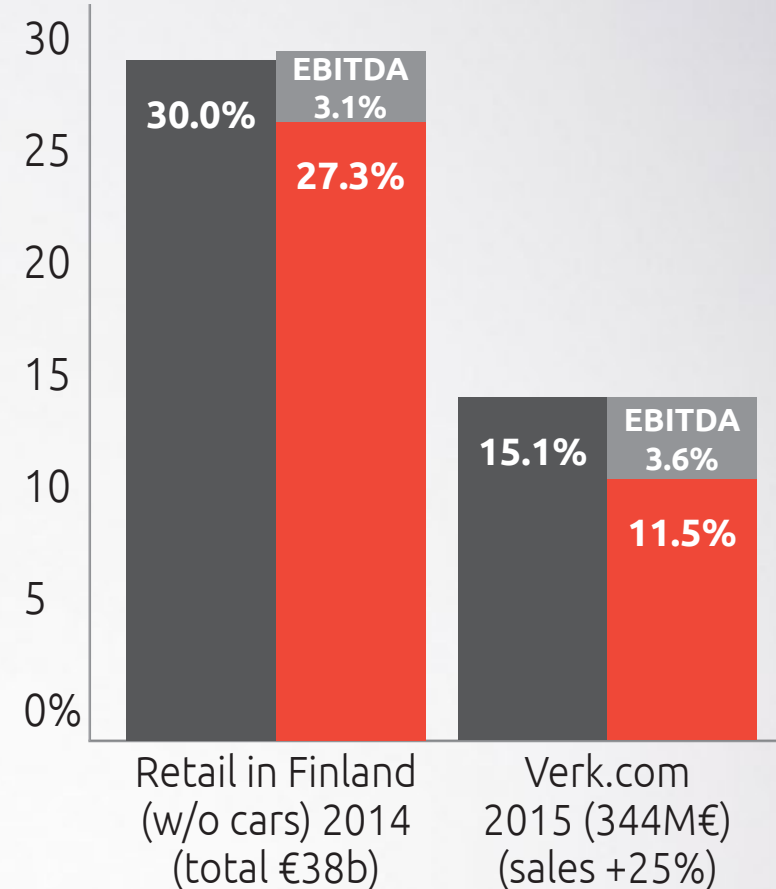
- Track record of appr. one% market share gain per category per year.
- Target to be in Finland's top-3 etailers in each category.
- Always probably cheaper price in each category.
- Buying co-operation and wholesale improves our prices and terms.
- Change in sales mix has an effect in gross margin%.
- Consumer financing can increase margin% by 3-6%.
- Vendors support largest (brick and mortar, including us) retailers w/up to 10% kickback compared to pure online retailers.



# Industry average category margins

	Margin avg.
• Mobile Phones	<5%
• Computers or Tablets	10-15%
• Televisions	20%
• Domestic Appliances	25%
• Musical Instruments	25%
• Tools (DIY)	25%
• Sporting Equipment	30-40%
• Watches	25%
• Baby strollers/seats	30%
• Toys	35-40%
• Private Label Cables	>50%
• <i>Lights and lighting</i>	40%
• <i>Kitchen furniture</i>	50%
• <i>Indoor decoration</i>	50%
• <i>Pet-food and products</i>	50%
• <i>Cosmetics and beauty</i>	25-30%

■ Fixed costs% of sales  
■ Gross margin%



Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. EBITDA and fixed costs excluding non-recurring items.



# Forrester's or GfK's category forecasts

	Margin avg.	Market-size (2014/15)	Online% 2015
• Mobile Phones	<5%	852 M€	32.5%
• Computers or Tablets	10-15%	585 M€ (271+314*)	54.8%
• Televisions	20%	188 M€	32.5%
• Domestic Appliances	25%	438 M€	14.4%
• Musical Instruments	25%	70 M€ ** (45+25*)	32%**
• Tools (DIY)	25%	200 M€	4.1%
• Sporting Equipment	30-40%	772 M€	9.8%
• Watches	25%	55 M€	5.3%
• Baby strollers/seats	30%	78 M€	29.6%
• Toys	35-40%	180 M€	25.6%
• Private Label Cables	>50%	50-100 M€ **	30-40%**
• <i>Lights and lighting</i>	<i>40%</i>	<i>300 M€ **</i>	<i>5%**</i>
• <i>Kitchen furniture</i>	<i>50%</i>	<i>300 M€ **</i>	<i>5%**</i>
• <i>Indoor decoration</i>	<i>50%</i>	<i>1000 M€ **</i>	<i>4.4%</i>
• <i>Pet-food and products</i>	<i>50%</i>	<i>400 M€</i>	<i>5-10%**</i>
• <i>Cosmetics and beauty</i>	<i>25-30%</i>	<i>1 401 M€</i>	<i>5.8%</i>

## Medium-term targets

The company retains its existing targets:

- The company strives to grow faster than its operating market and targets an annual revenue growth of over 10 per cent in the medium term.
- The company's objective is to improve its EBITDA margin in the medium term when compared to the level of 2013.
- The company strives to secure a sufficient equity ratio to finance the growth of its business and aims to maintain an equity ratio of over 25 per cent taking into consideration the nature and seasonality of the company's business.

## Business outlook and financial guidance

Verkkokauppa.com Oyj's business operations are estimated to develop positively within a medium term time frame. In 2016 revenue and operating profit excluding non-recurring items are expected to exceed the level of 2015.

## Largest owners on 31.3.2016

		<b>Shares</b>	<b>%</b>
1	Seppälä Sipi Samuli	22 487 496	49,9
2	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2 612 728	5,798
3	Rite Ventures Finland Ab	2 367 576	5,254
4	Keva	2 138 000	4,744
5	Keskinäinen Työeläkevakuutusyhtiö Varma	2 065 932	4,584
6	Op-Delta -Sijoitusrahasto	1 265 661	2,809
7	Fondita Nordic Micro Cap Placeringsf	1 012 000	2,246
8	Sr Danske Invest Suomi Yhteisöosake	710 000	1,575
9	Sijoitusrahasto Evli Suomi Pienyhtiöt	685 304	1,521
10	Skogberg Ville Johannes	634 266	1,407
11	Sr Danske Invest Suomen Pienyhtiöt	542 000	1,203
12	Op-Suomi Pienyhtiöt	247 179	0,548
...			
1	Nordea Pankki Suomi Oyj	3 838 445	8,518
2	Skandinaviska Enskilda Banken Ab (Publ)	1 019 388	2,262

Source: [www.verkkokauppa.com/fi/investors/osakkeenomistajat](http://www.verkkokauppa.com/fi/investors/osakkeenomistajat)



# Share development last 6 months (21.4.2016)

Verkkokauppa.com Oyj VERK:HEX

7.59

CLOSE IN EUR

↑ 0.140 / 1.88%

TODAY'S CHANGE

4.61k

SHARES TRADED

↑ 49.80%

1 YEAR CHANGE

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BETA

Data delayed at least 15 minutes, as of Apr 20 2016 16:29 BST.

Summary

Business profile

Directors & dealings

Financials

Forecasts

Period

1D

3D

5D

10D

1M

3M

6M

1Y

3Y

5Y

Comparisons



# Verkkokauppa.com

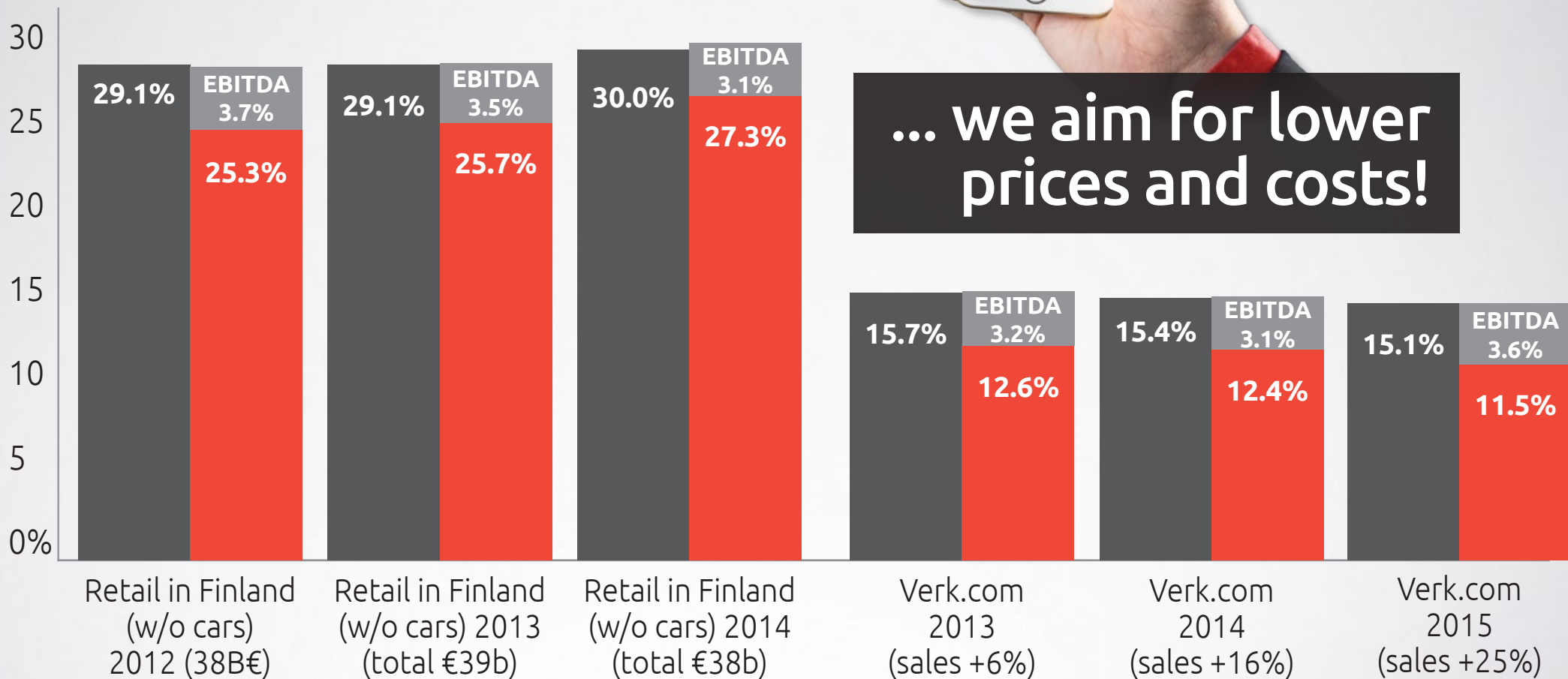
- Verkkokauppa.com is the best known, most visited and largest online retailer in Finland.
- Verkkokauppa.com is profitable and operates with much lower fixed costs compared to other e-tailers and especially traditional retailers - thanks to its strong concept.
- The company aims to grow its market share in its existing 26 categories, as well as to launch new main categories and add new profit streams such as consumer financing and a C2C marketplace.
- Verkkokauppa.com is capable of competing against all other e-tailers and retailers using its lower fixed costs percentage and excellent trust amongst Finnish consumers.
- Samuli Seppälä (CEO) owns 49.9% of the company.



# While traditional retail sector is increasing gross margin and fixed costs ...



**... we aim for lower prices and costs!**



Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. EBITDA and fixed costs excluding non-recurring items.

# Q&A

## Upcoming events:

- Q2/2016, Friday 5 August 2016
- Q3/2016, Friday 21 October 2016

## Quick links:

- Investors English Summary - [www.verkinvest.com](http://www.verkinvest.com)
- Company Releases mailing list in English - [www.joinverk.com](http://www.joinverk.com)
- Company Investor Webcasts - [www.verklive.com](http://www.verklive.com)

## Contacts:

- Samuli Seppälä, CEO, [samuli.seppala@verkkokauppa.com](mailto:samuli.seppala@verkkokauppa.com)
- Jussi Tallgren, CFO, [jussi.tallgren@verkkokauppa.com](mailto:jussi.tallgren@verkkokauppa.com)
- [investors@verkkokauppa.com](mailto:investors@verkkokauppa.com)



# Product highlight - Milla & Måns

milla&måns

SoMa

matkarattaat - travel stroller - resevagn



# Thank you!

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