

Verkkokauppa.com Oyj Q3/2015
23.10.2015, Samuli Seppälä, CEO

TODAY'S STOREFRONT

RETAIL IS GOING ONLINE. COME ALONG.

Verkkokauppa
PROBABLY ALWAYS CHEAPER **.com**



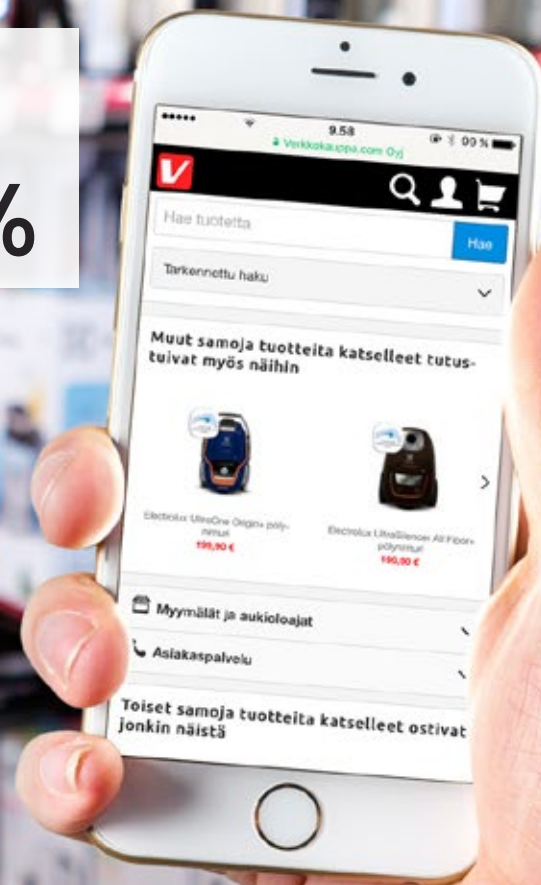
NASDAQ
FIRST NORTH

Questions during or after the presentation - investors@verkkokauppa.com

Verkkokauppa.com Q3/2015

Continuous strong growth and profit at Verkkokauppa.com, in a tough retail market

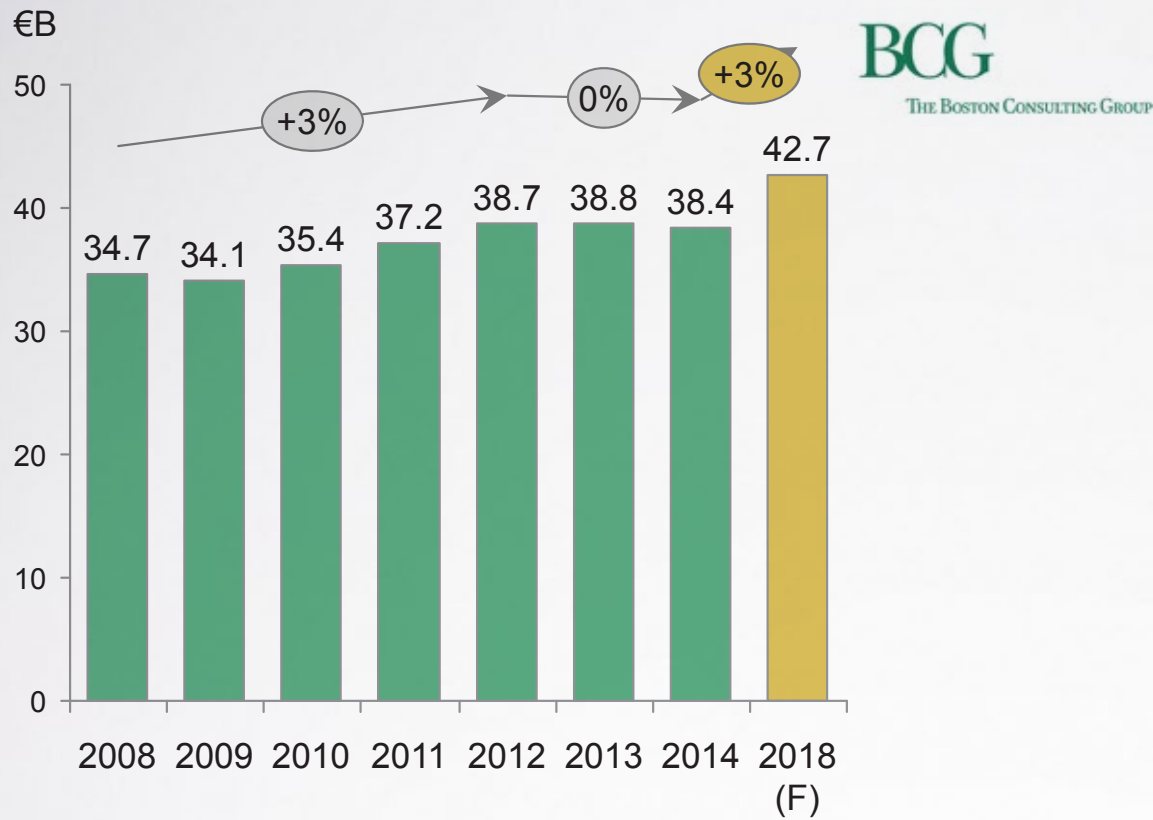
**Revenue +22%
and EBITDA +70%**



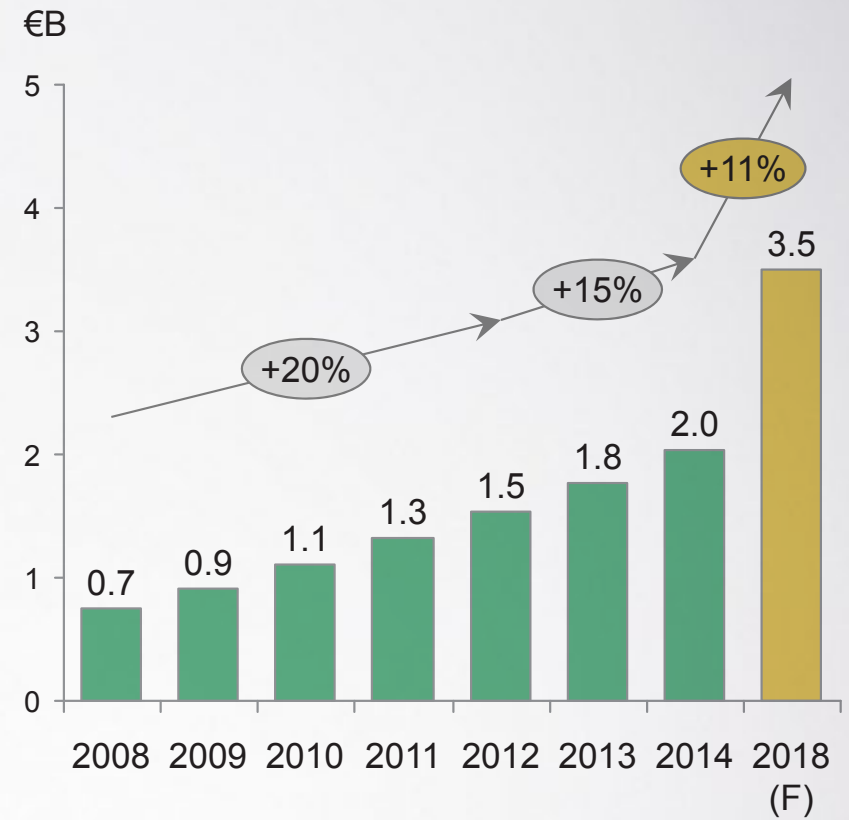
Verkkokauppa.com
PROBABLY ALWAYS CHEAPER

Retail continues going online

Finland Total Retail Sales



Finland Online Retail Sales



Online share
of total (%)

2% 3% 3% 4% 4% 5% 5% 8%

“The Boston Consulting Group’s recent study estimated that the share of online sales in Finland was 5% in 2014, but is expected to increase to some 8% by 2018”

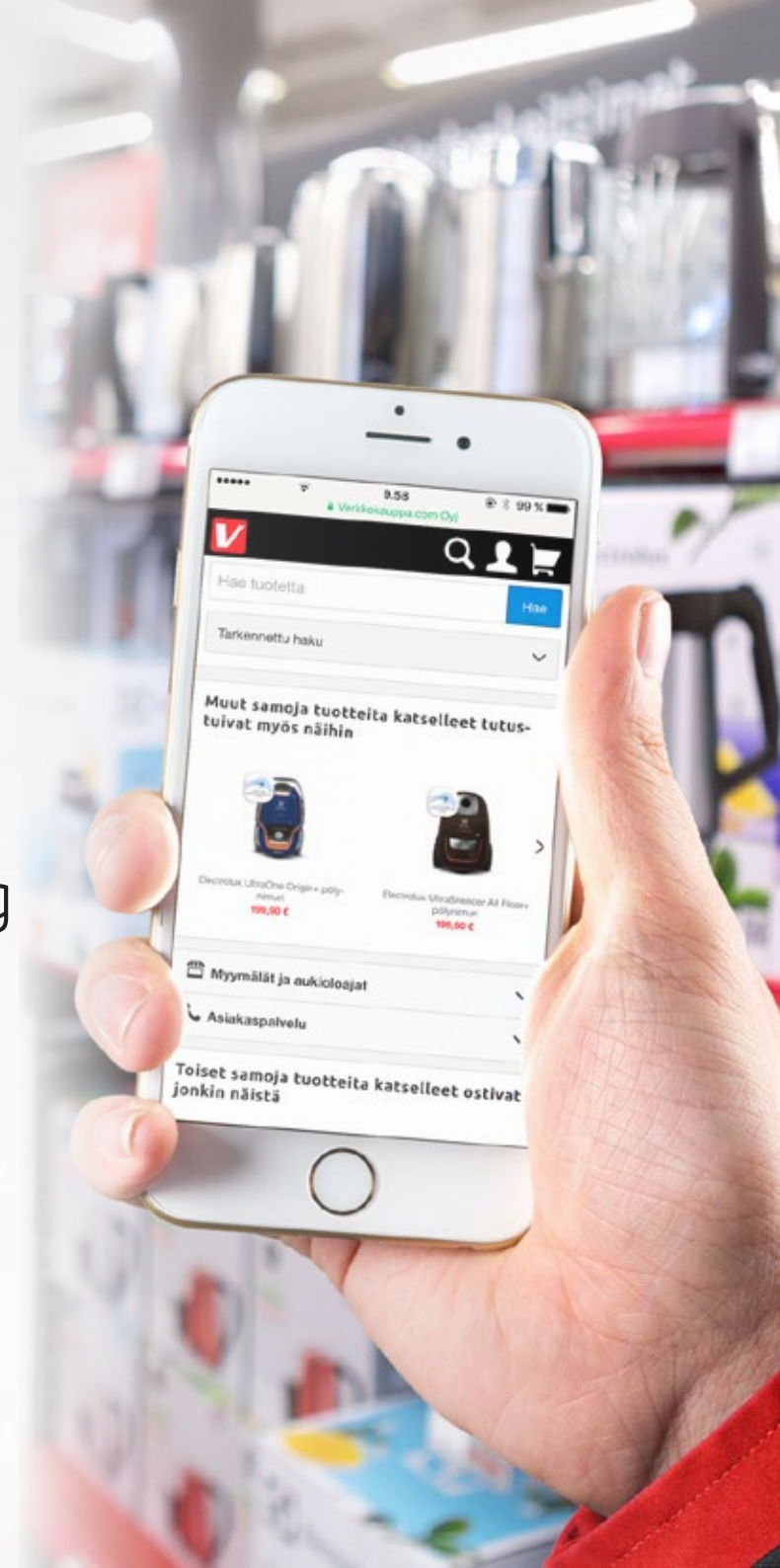


Retail continues going online

E-commerce is the natural development and evolution of retail business.

Why are consumers buying online?

- E-commerce offers consumers **lower prices** enabled by lower fixed operating costs.
- **Wider selection**, no need to keep everything in stock, and less need for capital.
- **Quicker and easier** way of purchasing and **finding information**.
- But to be truly successful, online retailers must be as **trustworthy** as traditional retailers - this will take time and money.



Verkkokauppa.com concept

LOWER PRICES

“Probably always cheaper”



**WIDER
SELECTION**



**PRIVATE - MODULAR
IT AND ERP SYSTEM**



**BEST 24 H
AVAILABILITY**



**TRANSPARENT AND
CUSTOMER CENTRIC**

“Sales growth driven by Verkkokauppa.com’s strong, trusted and focused online concept”



Verkkokauppa.com concept

Capital efficiency enabled by the leanest operating model

LOWER PRICES

"Probably always cheaper"

Price according with slogan - regardless of sales channel

WIDER SELECTION

PRIVATE - MODULAR IT AND ERP SYSTEM

BEST 24 H AVAILABILITY

Finland's best and trusted source for products and information, >150K reviews

TRANSPARENT AND CUSTOMER CENTRIC

Customer lifetime value maximisation - a happy customer will return

"Sales growth driven by Verkkokauppa.com's strong, trusted and focused online concept"



Verkkokauppa.com concept

Respondents valued trust and easy shopping highest

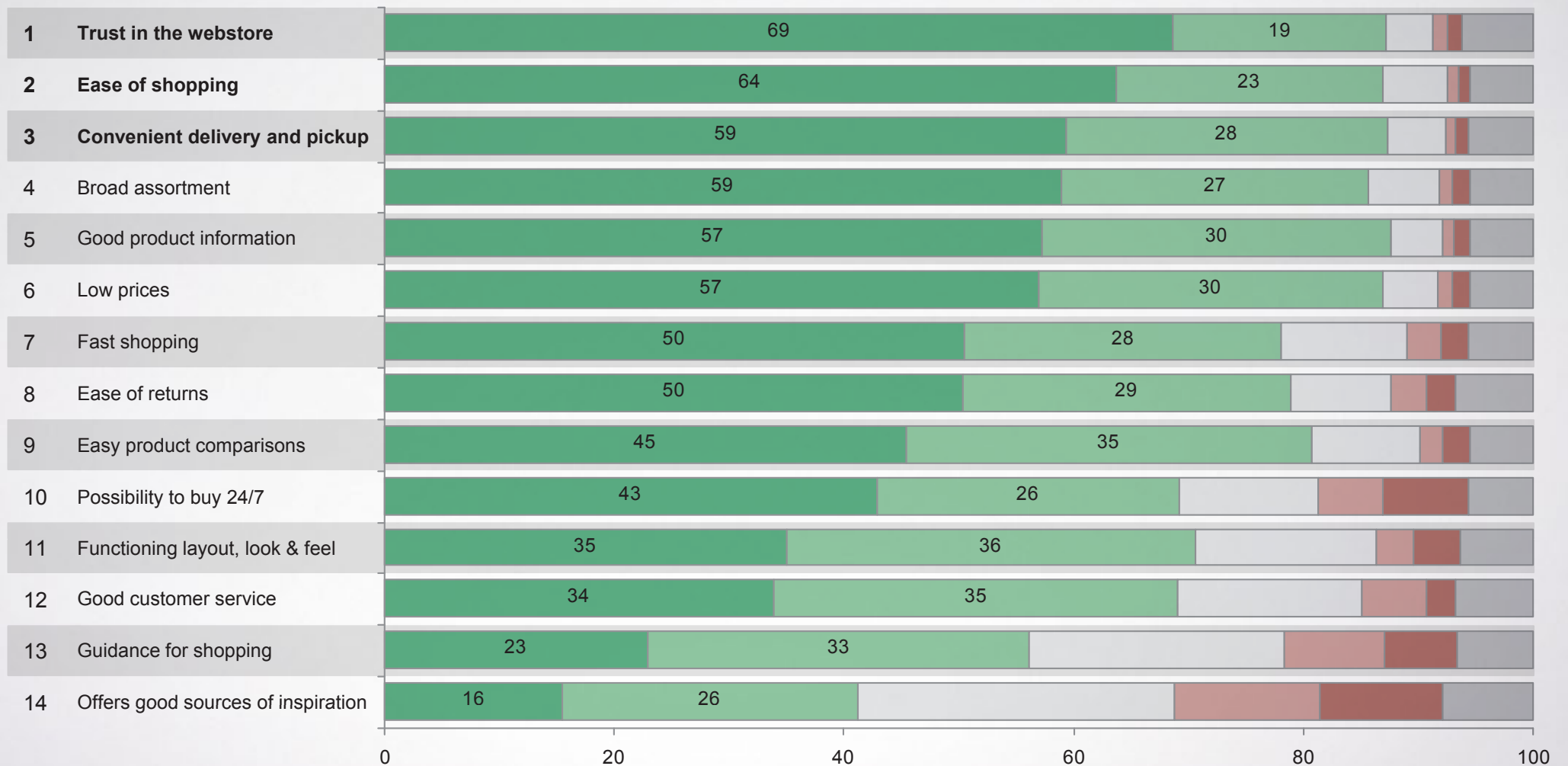
Broad assortment and prices placed behind top 3, service and content elements in the bottom

Rate the importance of following factors for you when shopping online

BCG

THE BOSTON CONSULTING GROUP

Important Somewhat important Neutral Somewhat unimportant Unimportant Don't know



Verkkokauppa.com Q3/2015 Income Statement

	7-9/2015	7-9/2014	Change%	4-6/2015
Revenue, € million	83.2	68.0	+22%	80.0
Gross profit	12.3	9.9	+24%	11.4
Gross margin	14.8%	14.6%		14.3%
Personnel expenses	5.2	4.3	+21%	5.6
Other opex	3.9	3.8	+4%	4.1
EBITDA	3.2	1.9	+70%	1.7
EBITDA margin	3.9%	2.8%		2.2%
Depreciation and amortiz.	0.3	0.2	+25%	0.3
Operating profit	2.9	1.6	+76%	1.5
Net profit	2.3	1.4	+72%	1.2

“Sales growth driven by Verkkokauppa.com’s strong, trusted and focused online concept”

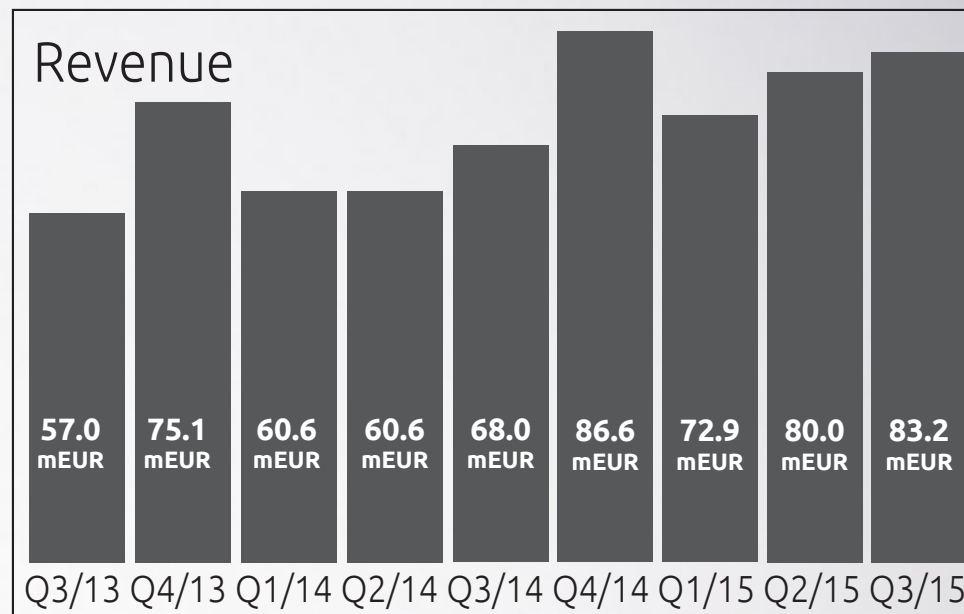


Verkkokauppa.com Q3/2015 main sales growth drivers

- Verkkokauppa.com's trusted concept
- Retail continues going online
- Good wholesale trade and B2B sales

- Bolder, growth-oriented pricing
- Easy and convenient experience
- Changes in department stores

Q3 +22%



"Good sales in the third quarter were boosted by market share gains in almost all categories, both old and new.

In the current tough retail market environment, Verkkokauppa.com sees new growth opportunities in leasing additional low-cost retail and logistics premises."

VERK
NASDAQ OMX
FIRST NORTH LISTED



Verkkokauppa.com Q3/2015 fixed costs and gross margin development

- Long-term low prices enabled by low fixed costs is one of the key growth drivers for any e-commerce, including Verkkokauppa.com.
- New product categories typically have higher gross margin compared to older categories. Sales by consumer financing increases gross margin. Both factoring driving up gross margin without product price increases.
- The company has invested in several growth initiatives in 2014/Q3, which required hiring new key personnel, carrying out more marketing activities, and launching a number of new projects. This resulted lower fixed costs % for 2015/Q3, since no new major projects or product groups were started.
- When launching new categories or growth projects, the company retains its medium-term target of improving EBITDA% from 2013 level (3.2%).



Verkkokauppa.com Q3/2015 balance sheet

- Inventory 36.0 (34.4) million euros on 30.9.2015, change +5%.
- Cash flow from operat. activities 1-9/2015 was -4.1 (-13.0) million euros.
- Investments on fixed assets 1-9/2015 were 0.8 (0.4) million euros .

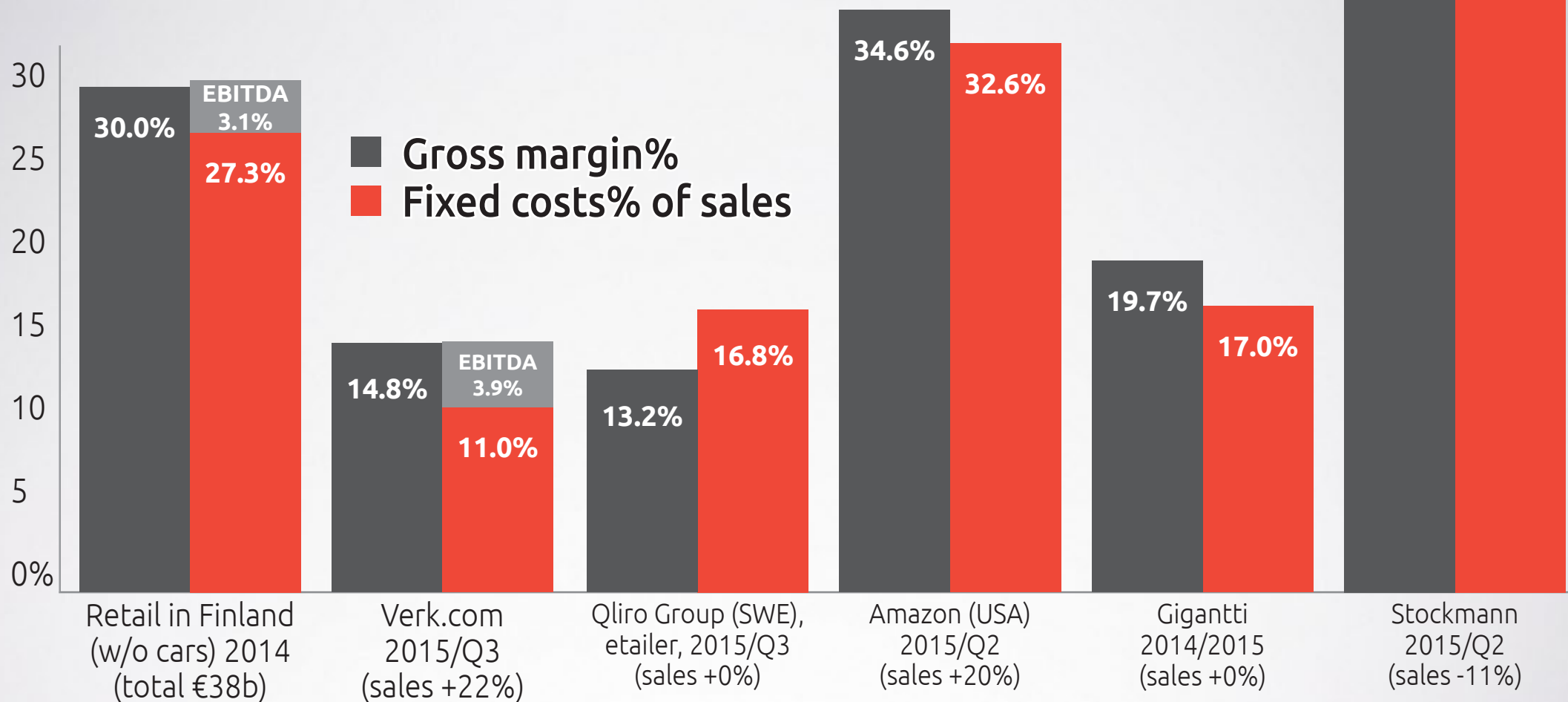
- Cash 23.2 (28.5) million euros on 30.9.2015.
- Interest bearing debt 1.3 (2.2) million euros on 30.9.2015.

- The company has signed a three year revolving credit facility agreement amounting to 15 million euros, agreement will replace earlier unutilized bank overdraft arrangements of 5.5 million euros.

- The company currently utilizes almost all suppliers' cash discounts.



Verkkokauppa.com's gross margin and fixed costs



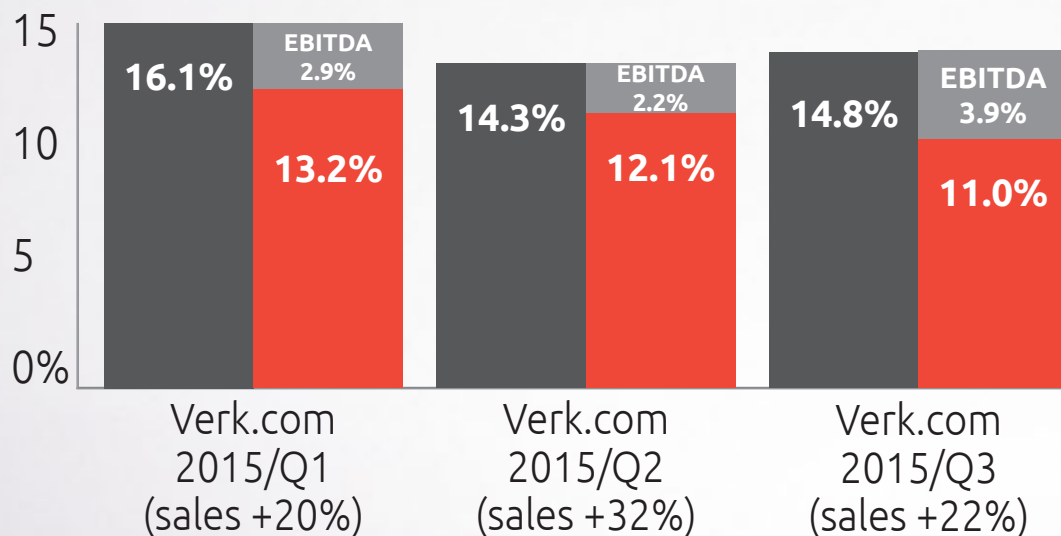
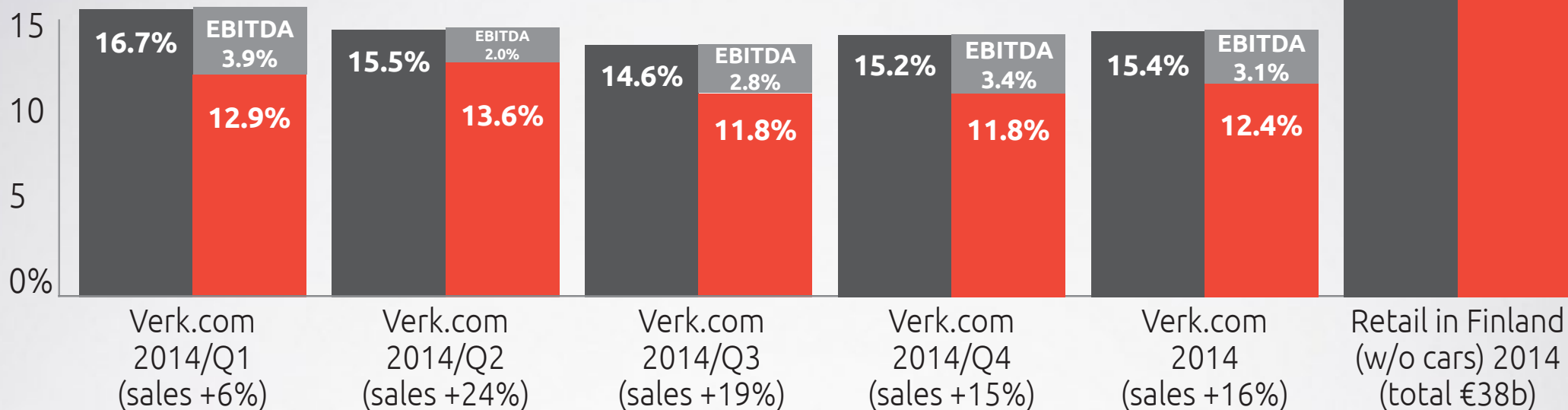
"Additional growth opportunities remain not just in new (higher margin) categories, but also in consumer electronics as Finnish department stores and now also hypermarkets are discontinuing sales of consumer electronics and other categories."

Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. EBITDA is without Teosto one-time-cost.



Verkkokauppa.com's gross margin and fixed costs

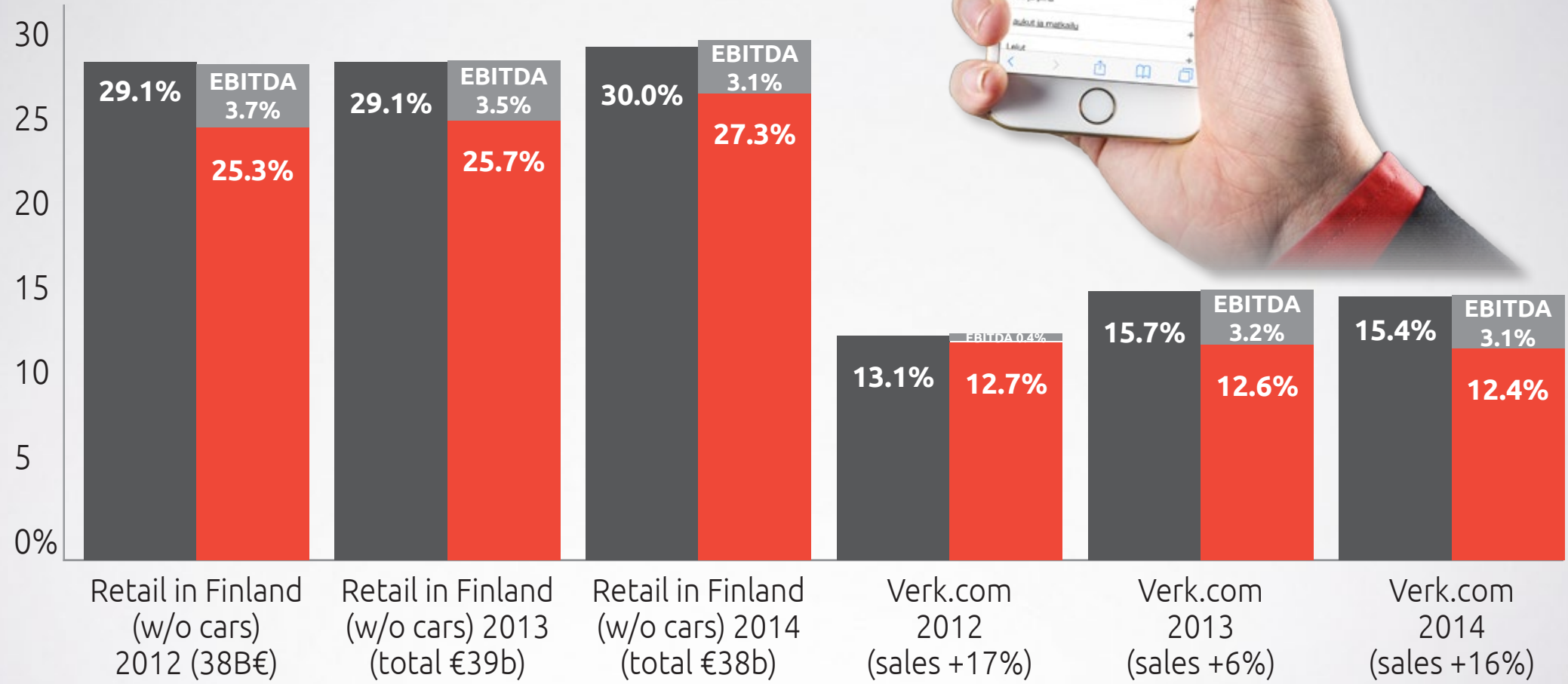
■ Gross margin%
■ Fixed costs% of sales



"Q2-Q3/2015 vs Q2-Q3/2014 - IPO, four new categories and also Apuraha consumer financing services developed or launched"

Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. EBITDA is without Teosto one-time-cost.

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

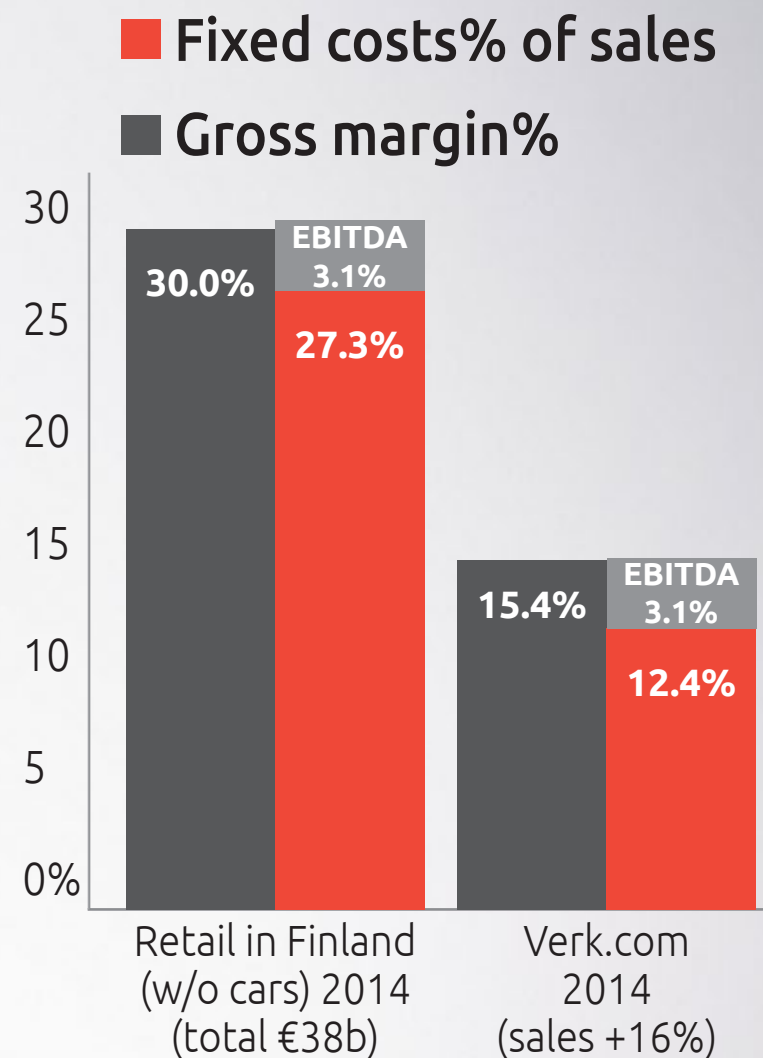


Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. EBITDA is without Teosto one-time-cost.

Industry average product margins

- Mobile Phones <5%
- Computers or Tablets 10-15%
- Televisions 20%
- Washing Machines 25%
- Hammers and Drills 25%
- Sporting Equipment / Watches 25%
- Baby Strollers and Safety Seats 30%
- Pet-food and products 50%
- Cosmetics 50%
- Private Label Cables >50%
- Clothing >50%

- > Change in sales mix has an effect in gross margin%.
- > Consumer financing can increase margin% by 3-6%.
- > Vendors support largest (brick and mortar) retailers w/up to 10% kickback compared to online retailers.



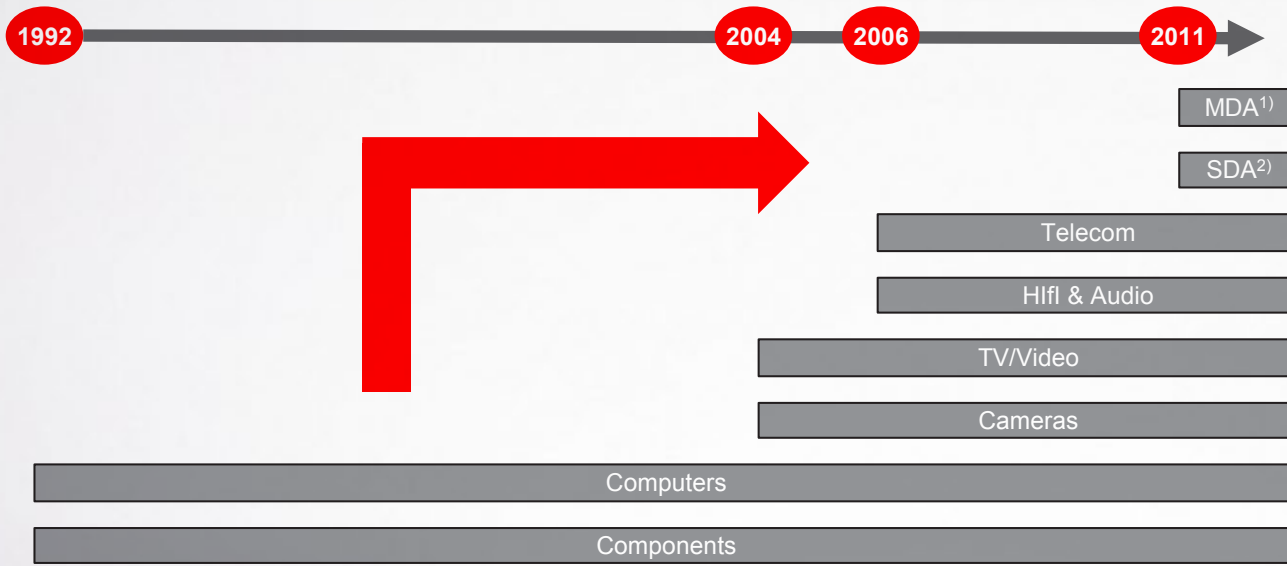
New product categories

Verkkokauppa.com has continuously expanded into new categories

- Track record of apprx. one% market share gain per category per year.
- Target to be in top-3 (r)etailers for each category.
- At probably always cheaper prices.

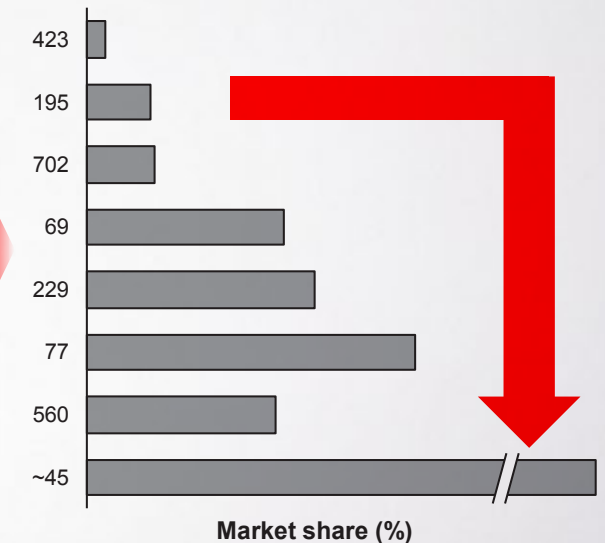
Verkkokauppa.com's multichannel platform enables it to offer an ever widening assortment in a cost and working capital efficient manner...

Verkkokauppa.com's largest selected categories in assortment



...over time leading to market share gain

Finnish market size and share 2013 (EURm)



Puhelimet & tabletit

Telefoner & surfplattor · Phones & tablets
Телефоны и планшеты

Apurahalla
grillaus ei jää
senteistä
kiinni

Weber Original Kettle 57 cm

Hinta 179,90 €
tai Apuraha-erä (12 kk)
21,36 €/kk



Verkkokauppa.com
TODENÄKÖMISTI AINA HALVEMPI

Apuraha-osamaksu antaa lisää maksuaikaa ja varaa valita.

Apuraha consumer financing launched - better profitability

Ilmainen
Apuraha
ja valitkoma
kasvaa
silmissä

Verkkokauppa.com

Ilmainen
Apuraha
ja valitkoma
kasvaa
silmissä

Ilmainen
Apuraha
ja valitkoma
kasvaa
silmissä

Ilmainen
Apuraha
ja valitkoma
kasvaa
silmissä

001



Apurahalla
grillaus ei jää
senteistä
kiinni

Weber Original Kettle 57 cm

Hinta 179,90 €
tai Apuraha-erä (12 kk) •
21,36 €/kk



Verkkokauppa
TODENNAKOSMISTÄ ALUA HALVEMPI
.com

Apuraha-osamaksu antaa lisää maksuaikaa ja varaa valita.

- Apuraha (Eng: "Grant") consumer financing service launched in September.
- Almost immediately, Apuraha became the most popular installment payment method.
- Apuraha provides customers with a new flexible payment alternative, and company with better profitability than any other payment method.
- The company will continue using its resources to achieve the goal of some one-fifth of customers using the installment payment method.
- Consumer financing has developed positively during and after the summer.

Largest projects

- The company continues developing and exploration of its consumer-to-consumer market place (C2C), which is about attracting more traffic, increasing add-on sales and sales of new products and improving customer loyalty and experience.

Boston Consulting Group has identified top-3 most potential Finnish online shopping growth companies to be Verkkokauppa.com, Tori.fi and Ebay, which highlights the importance of C2C-business in total market.

- Besides developing Apuraha and C2C market place, the company is currently focusing on critically important last quarter's sales, as well as on improvements in logistics, the mobile website, and introducing a new competitor price tracking tool to ensure probably always lower prices to customers.

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

The company expects net sales and operating profit, excluding one-off expenses, to grow in 2015 when compared to the previous year.

Largest owners on 30.9.2015

	Shares	%
1 Seppälä Sipi Samuli	22 487 496	49,900
2 Rite Ventures Finland Ab	4 617 576	10,246
3 Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2 308 728	5,123
4 Keskinäinen Työeläkevakuutusyhtiö Varma	2 065 932	4,584
5 Keva	1 488 000	3,302
6 Op-Delta -Sijoitusrahasto	1 291 668	2,866
7 Sijoitusrahasto Evli Suomi Pienyhtiöt	718 974	1,595
8 Skogberg Ville Johannes	634 266	1,407
9 Sijoitusrahasto Danske Invest Suomen Pien.	492 000	1,092
10 Op-Suomi Pienyhtiöt	456 247	1,012
11 Hartwall Capital Oy Ab	424 260	0,941
12 Sr Danske Invest Suomi Yhteisöosake	360 000	0,799
13 Thominvest Oy	234 000	0,519
14 Fondita Equity Spice Placeringsfond	210 000	0,466
15 Seb Finland Small Cap	132 000	0,293

Source: www.verkkokauppa.com/fi/investors/osakkeenomistajat

Share development (21.10.2015)

Verkkokauppa.com Oyj VERK:HEX 

6.15

CLOSE IN EUR

 0.06 / 0.99%

TODAY'S CHANGE

5.17k

SHARES TRADED

 23.04%

1 YEAR CHANGE

--

BETA

Data delayed at least 15 minutes, as of Oct 21 2015 16:29 BST.

Summary

Business profile

Directors & dealings

Financials

Forecasts

Period

1D

3D

5D

10D

1M

3M

6M

1Y

3Y

5Y

Comparisons



OMX Helsinki 25 Index 



Verkkokauppa.com

Audience Overview

Best Practices

Save

Traffic Share (desktop visits)



● verkkokaup...	28,400,000 (46.33%)
● expert.fi	4,050,000 (6.58%)
● gigantti.fi	18,900,000 (30.85%)
● netanttila.c...	9,950,000 (16.24%)

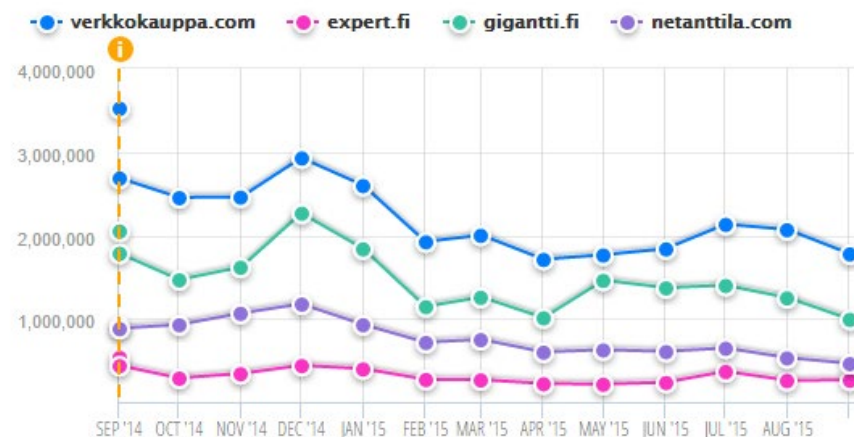
Visits from Sep, 2014 to Sep, 2015

Daily

Weekly

Monthly

On Desktop



VISITS

VISIT DURATION

PAGES / VISIT

BOUNCE RATE

GLOBAL RANK COUNTRY RANK CATEGORY RANK

Websites Global Ranks Comparison

● verkkokaup...	11,483
● expert.fi	78,294
● gigantti.fi	22,543
● netanttila.c...	44,111

Traffic Engagement

	Avg. Daily Visits	Avg. Visit Duration	Pages / Visit	Bounce Rate
● verkkokaup...	70,000	00:06:34	8.13	27.59%
● expert.fi	10,000	00:04:11	4.25	36.36%
● gigantti.fi	50,000	00:04:58	6.12	26.59%
● netanttila.com	25,000	00:04:58	5.40	34.61%

Web visits comparison

- Verk.com vs Gigantti Sep -15, +80%
- Verk.com vs Gigantti Sep -14 +50%
- Verk.com vs Expert Sep -15, +571%
- Verk.com vs Expert Sep -14 +510%

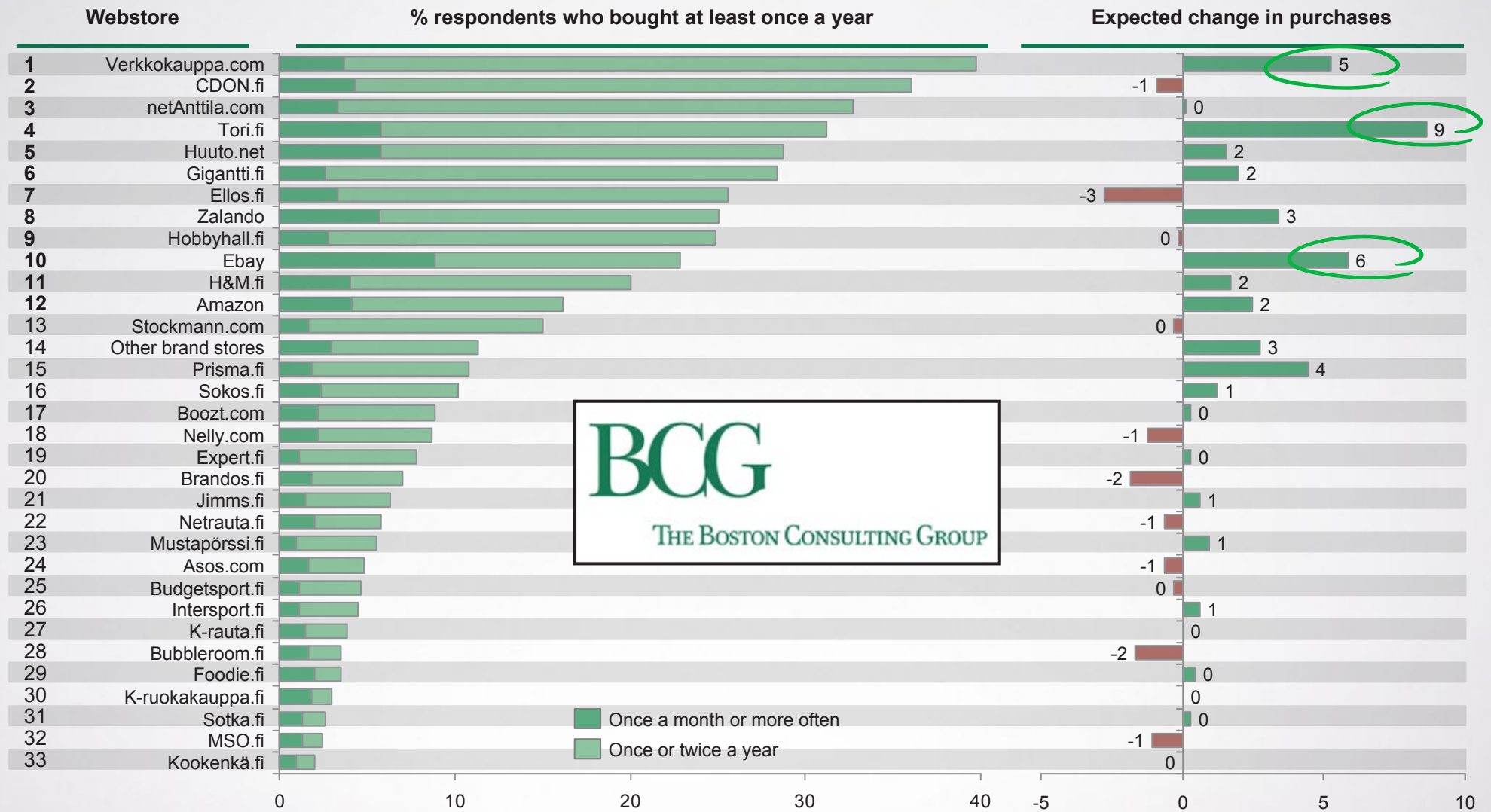


Verkkokauppa.com

Shopping expected to increase in most popular webstores

Over 5% of consumers net² to shop more at Tori.fi, Ebay and Verkkokauppa.com

Rate the claim 'I have bought from this webstore' for each of the following webstores; How do you expect your purchases to develop in the following stores going forward?



1. 'Other brand's own stores (e.g. converse.fi)' 2. 1. Percentage of total decrease responses substracted from percentage of total increase responses Source: BCG eCommerce survey 2015 in Finland. N=650

% of respondents

Net change attempt (%)²

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.



Q&A

Upcoming events:

- Q4/2015, Friday 12 February 2016
- AGM, Tuesday 15 March 2016
- Q1/2016, Friday 22 April 2016
- Q2/2016, Friday 5 August 2016

Quick links:

- Investors English Summary - www.verkinvest.com
- Company Releases mailing list in English - www.joinverk.com
- Company Investor Webcasts - www.verklive.com

Contacts:

- Samuli Seppälä, CEO, samuli.seppala@verkkokauppa.com
- Jussi Tallgren, CFO, jussi.tallgren@verkkokauppa.com
- investors@verkkokauppa.com



Product highlight - Advent Calendars!

Hakusana täsmäsi seuraavaan kategoriaan:

Lelut › Rakentaminen ja tie › LEGO › Joulukalenterit

10 tuotetta löytyi.

50 tuotetta per sivu

Järjesty: **Hinta: kallein ensin**

★★★★★ 0 LEGO Star Wars -joulukalenteri, 2015



Tuote 51899

Matkusta tänä jouluna galaksin halki LEGO® Star Wars Joulukalenterin matkassa! Jokaisen 24 luukun takaa löytyy hauska Tatooine-, Endor-, Hoth-, avaruus- tai jouluaiheinen lahja. Löydät pienoishahmoja, tähtilaivoja, ajoneuvoja ynnä

Heti verkosta ja myymälöistä

- Päävarasto, Helsinki yli 25 kpl
- Helsinki yli 25 kpl
- 24 h kioski yli 25 kpl
- Pirkkala yli 25 kpl
- Oulu yli 25 kpl

Hinta **35,90 €**

Lisää ostoskoriin

★★★★★ 0 Barbie -joulukalenteri



Tuote 56044

Joulun odotus on entistä hausempaa BARBIE-yllätysten parissa. Nyt lapsi voi laskea päiviä jouluun ja saada 24 yllätystä, jotka ovat mahtava lisä nukun tarvikkevalikoimaan. Viimeisestä luukusta löytyy jännittävä yllätystuote lapselle.

Heti verkosta ja myymälöistä

- Päävarasto, Helsinki 9 kpl
- Helsinki yli 25 kpl
- 24 h kioski 9 kpl
- Pirkkala 20 kpl
- Oulu 0 kpl

Hinta **34,90 €**

Lisää ostoskoriin

★★★★★ 0 BRIO -lelujoulukalenteri 2015



Tuote 24242

BRION joulukalenteri sisältää ratapaloja, kivoja hahmoja ja tottakai junan, yhden yllätyksen joulun odotuksen jokaiselle päivälle! Ikäsuositus: Yli 3-vuotiaille

Heti verkosta ja myymälöistä

- Päävarasto, Helsinki yli 25 kpl
- Helsinki yli 25 kpl
- 24 h kioski yli 25 kpl
- Pirkkala yli 25 kpl
- Oulu yli 25 kpl

Hinta **29,90 €**

Lisää ostoskoriin

★★★★★ 0 Muumi-lelujoulukalenteri 2015



Odota joulua yhdessä Muumien kanssa! Kivassa joulukalenterissa 24 erilaista Muumiaiheista leluyllätystä

Heti verkosta ja myymälöistä

- Päävarasto, Helsinki yli 25 kpl
- Helsinki yli 25 kpl
- 24 h kioski yli 25 kpl
- Pirkkala yli 25 kpl

Hinta **29,90 €**

Tuote 51269



Tuote 29048

★★★★★ 0 LEGO Friends -joulukalenteri 2015



Tuote 11936

Odota joulua yhdessä LEGO® Friends -ystävien kanssa! Rakenna talvinen kylä Heartlake Cityn aukiolle ja lisää joka päivä uusi osa. Löydät talvisia urheiluvälineitä, tivoli pelejä sekä joulukakkuja ja karkkeja. Saatat löytää myös talven

Heti verkosta ja myymälöistä

- Päävarasto, Helsinki yli 25 kpl
- Helsinki yli 25 kpl
- 24 h kioski yli 25 kpl
- Pirkkala yli 25 kpl
- Oulu 24 kpl

Hinta **24,90 €**

Lisää ostoskoriin

★★★★★ 0 Kinder Mini Mix -joulukalenteri, 152 g



Tuote 20463

Laadukas Kinder Mini Mix-joulukalenteri sisältää 22 herkullista joulukääreistä Kinder-minisuklaapalaa ja 2 Kinder-jouluhahmoa. Makuina tutut Kinder-suklaa, Kinder

- UUTUUS!
- Parasta Kinder-suklaata!
- Ehdoton suosikki jouluodotukseen!

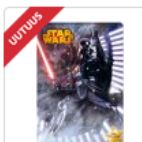
Heti verkosta ja myymälöistä

- Päävarasto, Helsinki yli 25 kpl
- Helsinki yli 25 kpl
- 24 h kioski yli 25 kpl
- Pirkkala yli 25 kpl
- Oulu 25 kpl

Hinta **6,60 €**

Lisää ostoskoriin

★★★★★ 0 Star Wars -joulukalenteri, 75 g



Tuote 5342

Joulusuklaakalenteri Star Wars -teemalla on monille se ainoa oikea klassikkokalenteri joulunodotukseen! Sopii niin pienille kuin isoillekin faneille! Tuote saattaa sisältää pieniä

- Pienille ja isoille Star Wars-faneille
- Herkullinen suklaa joulunodotukseen

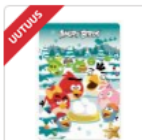
Heti verkosta ja myymälöistä

- Päävarasto, Helsinki yli 25 kpl
- Helsinki yli 25 kpl
- 24 h kioski yli 25 kpl
- Pirkkala yli 25 kpl
- Oulu yli 25 kpl

Hinta **1,90 €**

Lisää ostoskoriin

★★★★★ 1 Angry Birds -joulukalenteri, 75 g



Tuote 52351

Vihdoin joulukalenterit ovat myynnissä! Hauska Angry Birds -joulukalenteri niin pienille kuin vähän isommillekin herkkuosuille! Kolme erilaista Angry Birds -teemaa.

- Vauhdikas Angry Birds -teema!
- Herkullinen suklaa joulunodotukseen
- Angry Birds -fanien suosikki

Heti verkosta ja myymälöistä

- Päävarasto, Helsinki 5 kpl
- Helsinki 5 kpl

Hinta

Verkkokauppa.com
PROBABLY ALWAYS CHEAPER

Thank you!

TODAY'S STOREFRONT

RETAIL IS GOING ONLINE. COME ALONG.

Verkkokauppa
PROBABLY ALWAYS CHEAPER **.com**



**NASDAQ
FIRST NORTH**