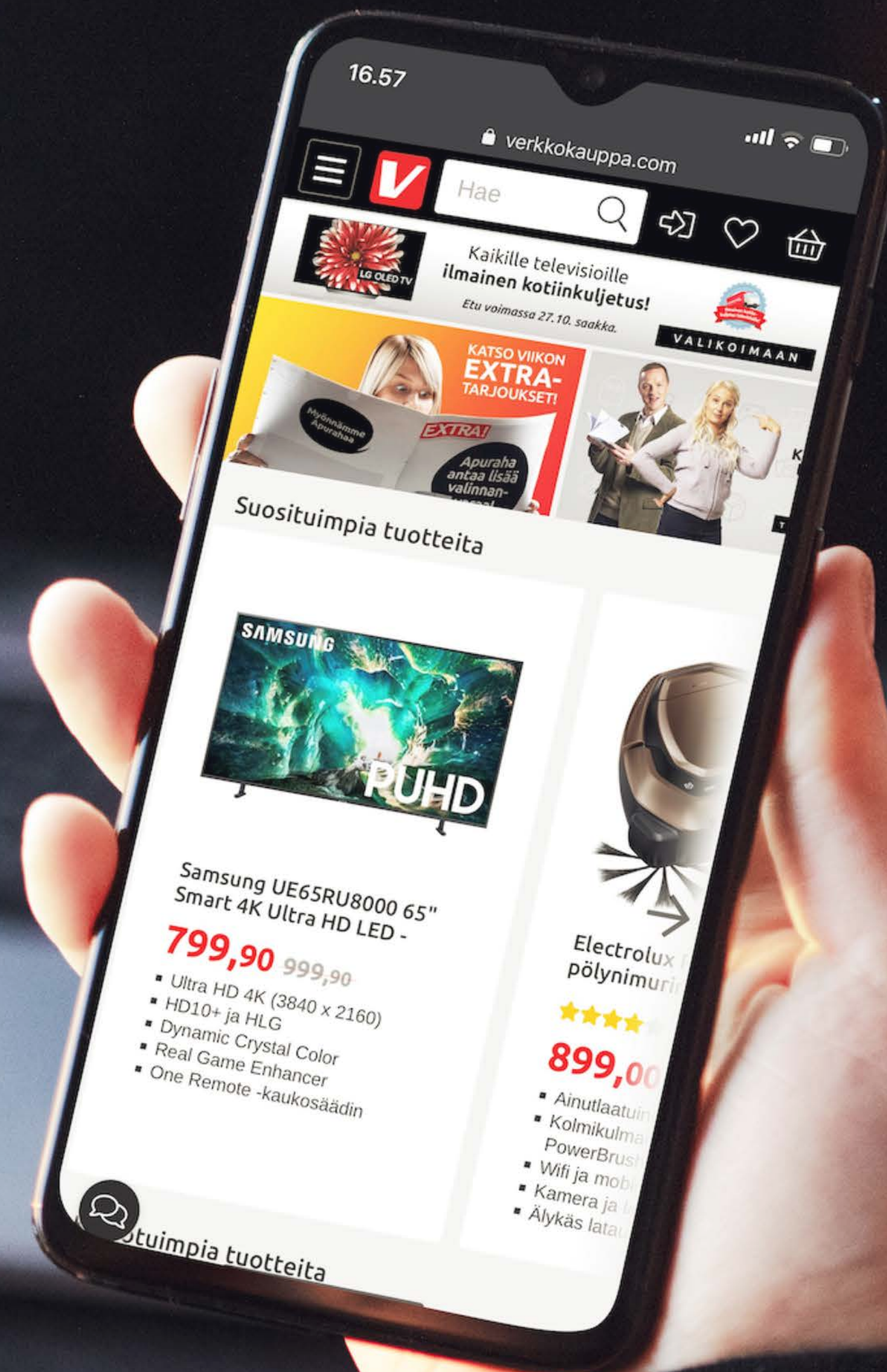


Verkkokauppa.com Q3 2019  
25.10.2019, Panu Porkka, CEO

Finland's Best and Most  
Popular Webstore



**Verkkokauppa**  
TODENNÄKÖISESTI AINA HALVEMPI **.com**

# Today's Agenda

Q3/2019 Report  
Full Year Outlook  
Best Finnish Webstore  
Key Takeaways  
Q&A



# Verkkokauppa.com Q3 2019

Q3 revenue 121€m (+3%)

Operating profit 4.3€m (+17%)

Market share gains, while  
total market grew  
by 2.5%\*

2019 Q3 dividend 0.051€  
(2018 Q3 0.047€)

\*) Source: GfK



# Income Statement Q3

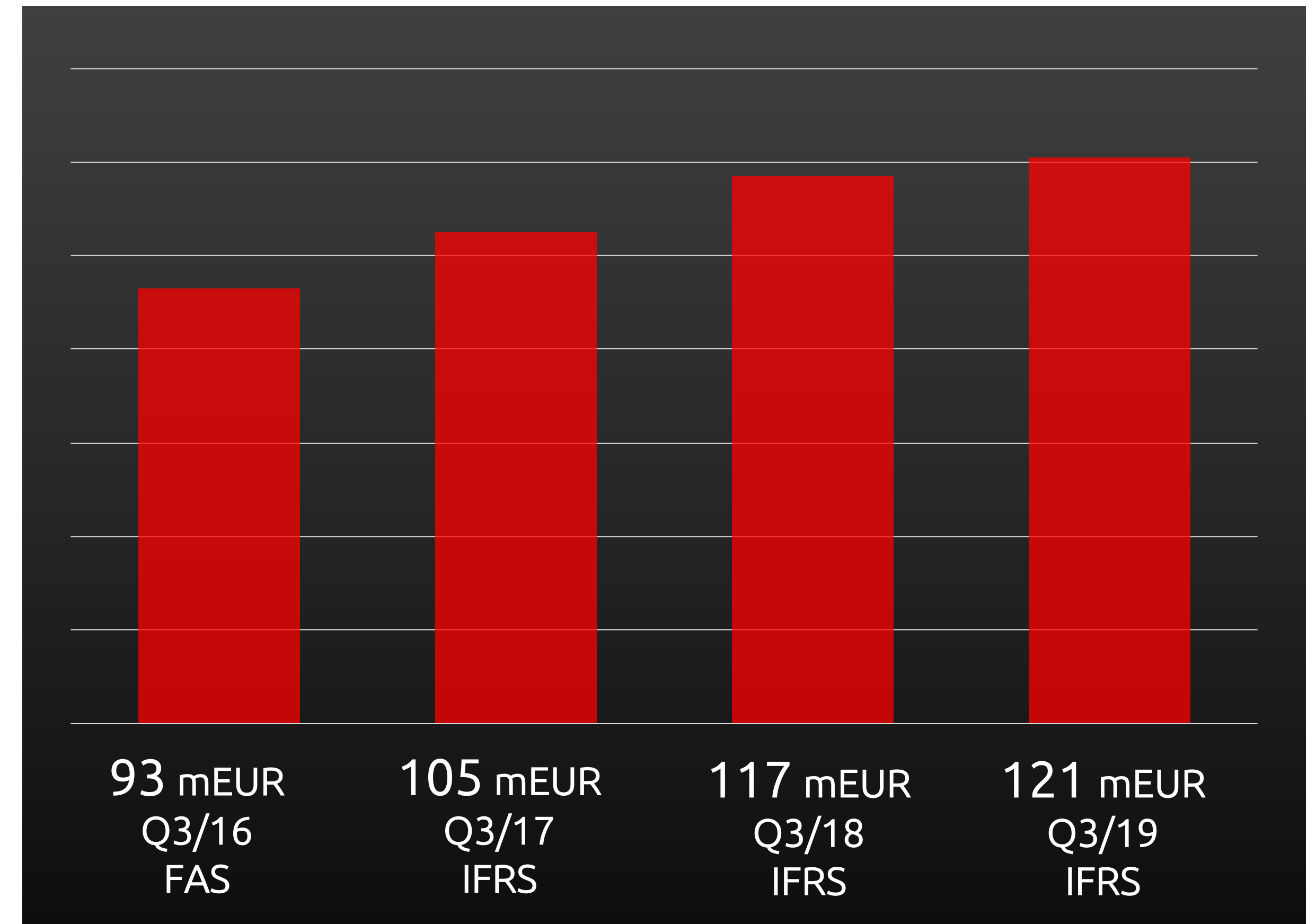
	Q3 2019	Q3 2018	ch %
Revenue, € million	120.6	116.8	+3%
Gross profit	18.9	17.4	+9%
Gross Margin	15.7%	14.9%	
Personnel expenses	-7.6	-7.0	+8%
Other opex	-5.9	-5.5	+7%
Operating profit	4.3	3.7	+17%
Operating margin	3.6%	3.2%	
Net profit	3.2	2.6	+23%

“Verkkokauppa.com’s year on year quarterly revenue has been growing for 23 quarters”



# Sales Development

- Strong sales growth in evolving categories
- TV, Computer and Phone categories continue with weak sales
- Huawei/Honor sales dropped significantly
- Matching the price-driven market to keep gaining market share\* in a decreasing market
- Tax refunds contributed to sales growth



# Marketing Highlights in Q3 2019

- Habitare fair – smart home showcase and new customer bases
- Start of brand campaign phase II
- Annual Back To School & Work campaign
- Strong gaming campaign in Aug
  - "Build your own dream computer" gathered over 13 000 customer generated lists
- Success with new brands (OnePlus, Haibike)



# Best Finnish Webstore - Award

- Chosen by consumers as Finland's best domestic online store\*
  - Brand, quality, price, assortment
  - Customer experience
  - Combining e-commerce and stores to serve our customers the most efficient way

*"Nevertheless we pursue to be the best "*

- Launched a new cloud based search engine to continually personalize search experience
- Customer journey is main focus in development



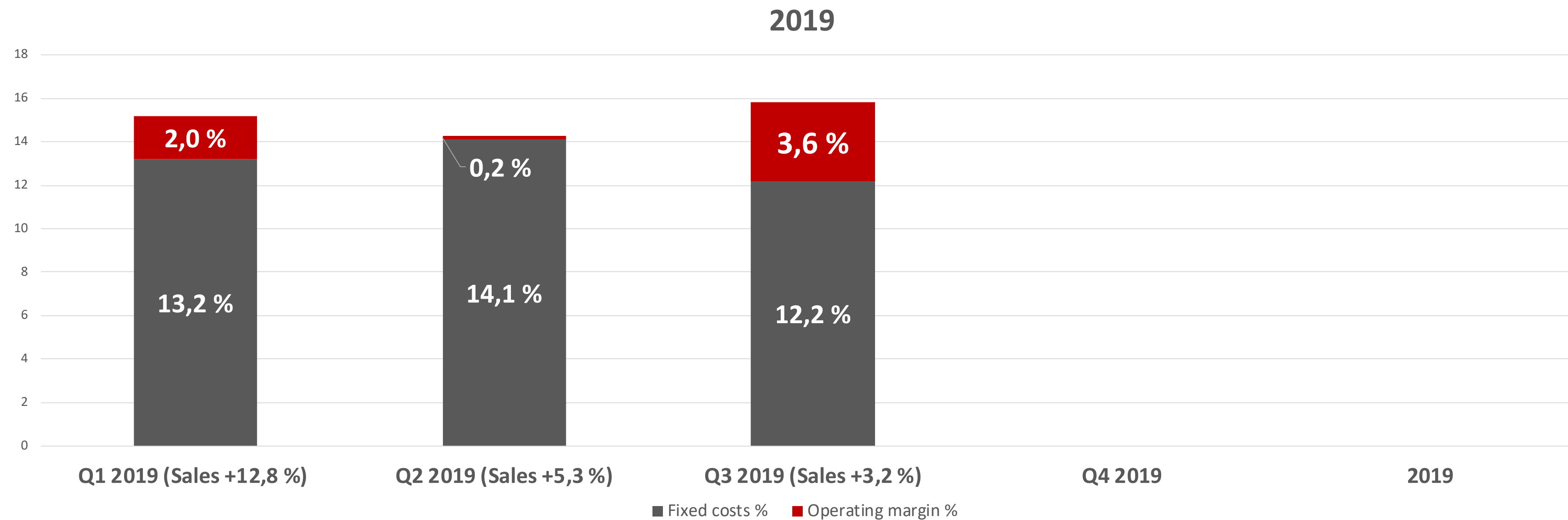
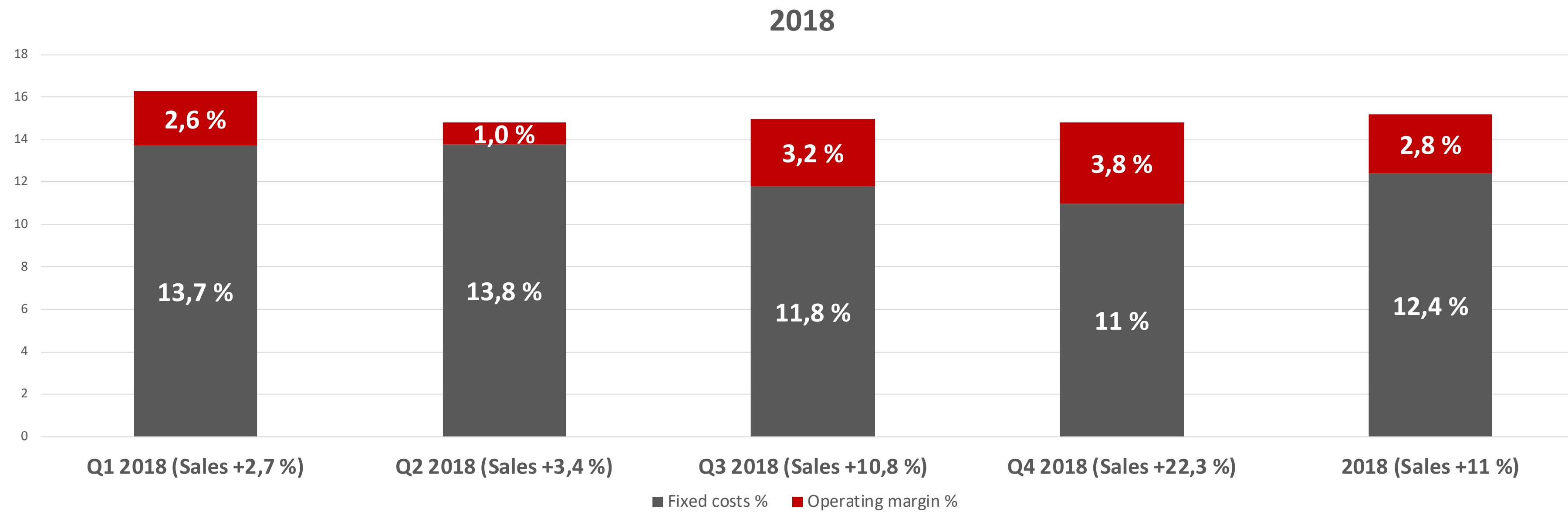
# Balance Sheet Q3

- Inventory 60.0 (51.9) million euros on 30/9/2019
- Cash flow from operating activities -2.0 (-15.4) million euros
- Equity ratio 25.6% (27.8%)
- Cash 34.4 (26.0) million euros, no interest bearing debt
- Undrawn revolving credit facilities 20 million euros





# Gross Margin and Fixed Costs



## 2019 Guidance - *Updated*

2019 guidance revenue between €500m - €525m\* (2018 €478m) and operating profit €11 - €15m\*\* (2018 €13.3 m)

Medium-term targets sales growth between 10-20% per year, growing operating profit and operating margin of 2.5-4.5%

Policy of paying out growing quarterly dividend

\*) Previously €500-€550m

\*\*) Previously €11-€17m

# Outlook For Rest of the Year

- Outlook on Finnish economy changed (GDP +1.5% 2019 \*)
- Consumer Electronics (CE) market most likely to remain price driven and competitive, total market likely not to grow in Q4
- BF will have a big impact on total Q4 sales
- New categories will continue to attract new customers to website and stores
- Brand advertising phase II and TV-advertising to attract wider customer base and to develop the image of our wide assortment
- Big developments ready for B2B operations – more info during Q4

\*) Source: The Finnish Ministry of Finance 7 Oct 2019

\*\*\*) Source: GfK



# Targets and Future Development

## *Target to be leading retailer in the Nordics*

- Continuous development of the wide and attractive assortment
- Currently working on new subcategories and main categories
- Keeping our customer promise “Probably always cheaper” in all major categories
- Increased Private Label share of product assortment to secure better profitability

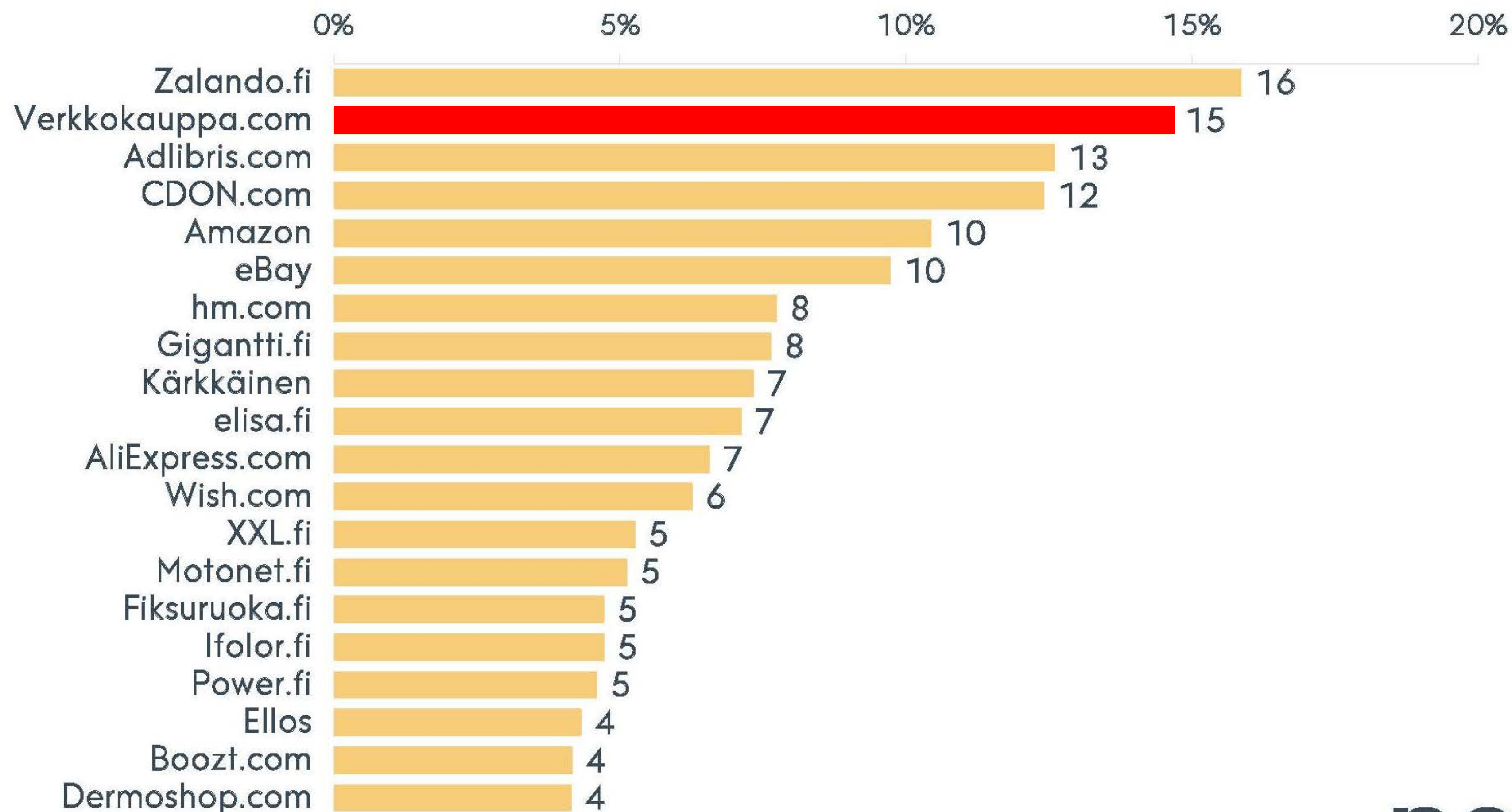
## *Future focus areas*

- Implementing best delivery experience and logistical solutions
- Continuously improving customer experience and increasing loyalty
- Better usage of data for marketing automation and increased personalization



# Finnish eCommerce Landscape

- Which webstores have Finnish people bought goods from during the last 6 months

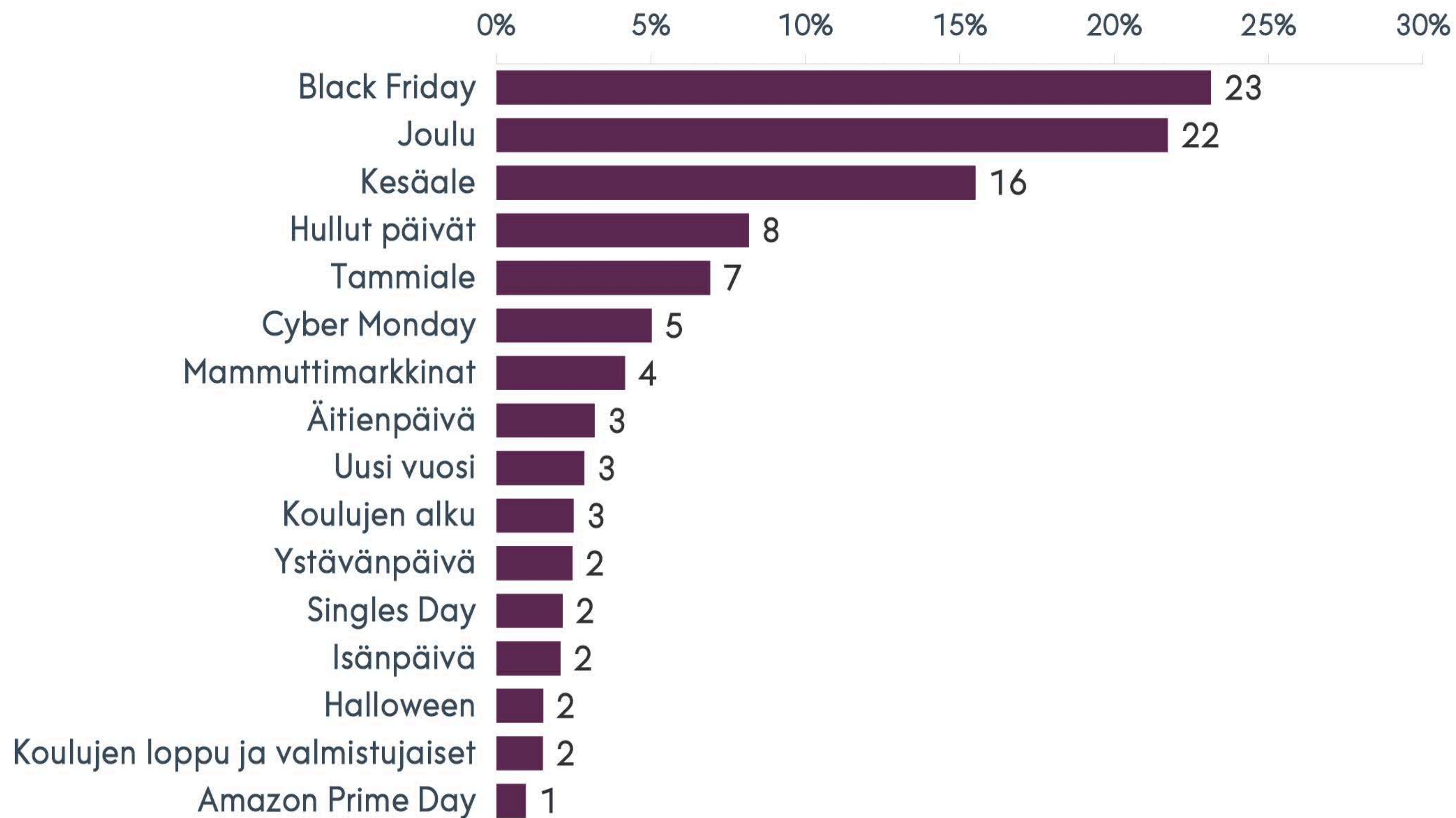


(n=1951)



# Finnish Sales Campaign Behaviour

- During which sales campaigns have Finnish people made web purchases



(n=1951)

Kantar TNS:n internet-paneelit kesä-heinäkuu 2019

posti



# Key Takeaways

- Growth continuing due to usage of wide assortment
- Market share gains in a competitive market (1-9/2019 +7%)
- Record profitability in Q3 due to sales mix, better conditions and healthy stock
- Financial position of the company strong
- Pricing and marketing activities planned to secure faster than market growth in Q4
- All preparations going to plan for the up coming season





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# Thank You and Q&A

## Upcoming events in 2020:

- Q4/2019, Friday 14 February 2020

## Links:

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

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