

Verkkokauppa.com Q4 2017
9.2.2018, 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 Q4 2017

Q4 revenue growth
+10% (€127m),
EBITDA* -14% (€5.9m)

Market share gains in
most categories, up to
3 percentage points**

Q4 dividend €0.044
(previous Q €0.043)

Verkkokauppa.com Q4 2017 Income Statement

	Q4 2017	Q4 2016	Ch%
Revenue, € million	127.4	115.5	+10%
Gross profit	20.3	18.7	+9%
Gross margin	16.0%	16.2%	
Personnel expenses*	-7.2	-6.1	+19%
Other opex	-7.2	-5.7	+26%
EBITDA*	5.9	6.9	-14%
EBITDA margin*	4.7%	6.0%	
Operating profit (EBIT)*	5.7	6.6	-15%
Net profit*	5.0	5.4	-6%

“Verkkokauppa.com’s comparable quarterly revenue has been growing every quarter”



Verkkokauppa.com Q4 2017 Balance Sheet

- Inventory 47.7 (44.0) million euros on 31/12/17, change +8%.
- Cash flow from operating activities 20.1 (+18.6) million euros.
- Investments 1-12/2017 was -1.7 (-1.0) million euros .

- Equity ratio 33.8% (40.0%)
- Cash 41.7 (30.8) million euros, change +35%; no interest bearing debt.
- 15 million euro revolving credit facility - not being utilized.



Verkkokauppa.com 2018 guidance

2018 guidance revenue between €460m - €500m (2017 €432m) and comparable EBITDA €11 - €14m (2017 €12.9m).

Policy of paying out growing, quarterly dividend.

Medium-term targets of net sales growth of 10-20% per year, growing EBITDA and EBITDA margin of 3-5%.

Verkkokauppa.com rolling 12 months

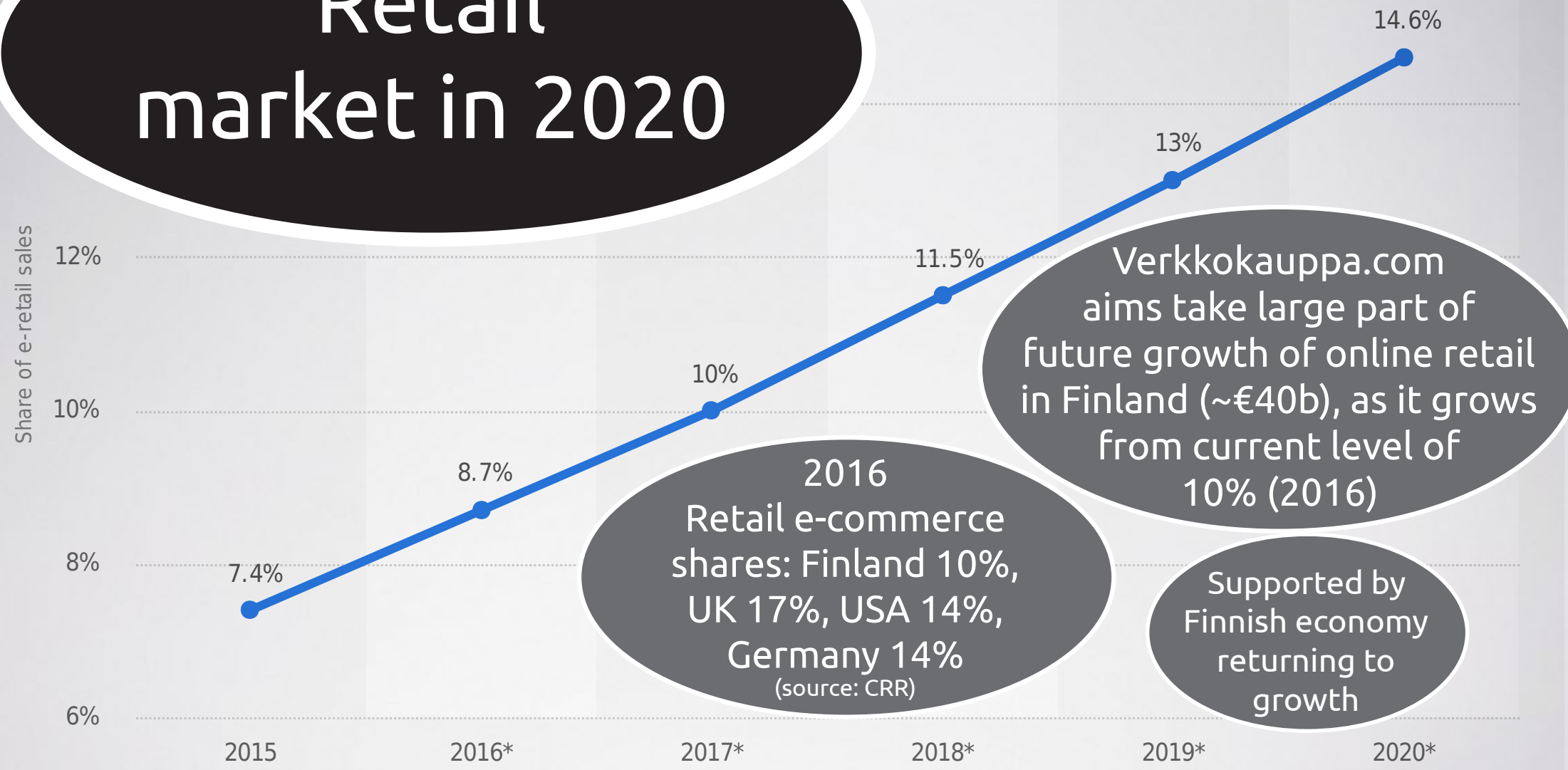
	2016	2017	Ch%
Revenue, € million	371.0	431.8	+16%
Gross profit	57.9	62.3	+8%
Gross margin	14.4%	15.6%	
Personnel expenses*	-24.4	-25.0	+3%
Other opex*	-19.6	-24.3	+24%
EBITDA*	14.5	13.1	-10%
EBITDA margin*	3.9%	3.0%	
Operating profit (EBIT)*	12.6	11.7	-7%
Net profit*	10.6	9.8	-8%

“Medium-term target of net sales growth of 10-20% per year, growing EBITDA and EBITDA margin of 3-5%”



Global online share forecast 2015-2020*

Retail market in 2020



Source:
eMarketer
© Statista 2016

Additional Information:
Worldwide; eMarketer; 2015 to 2016

* Forecast. Includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets.

Verkkokauppa.com's targets and categories

Continuous and systematic expansion into new categories that are fully suitable for low-cost online model and efficient logistics.

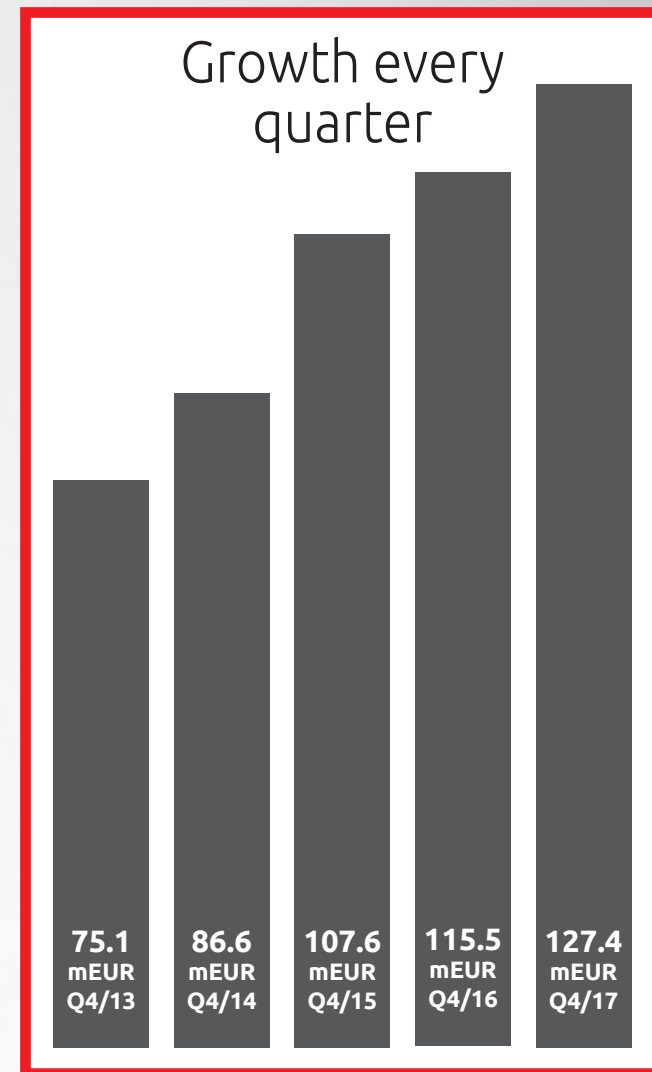
- Medium-term target of 10-20% revenue growth and EBITDA margin of 3-5% is split between 26 main categories with some being more aggressive.
- Track record of ~1% annual market share gain per category, typically being tracked weekly or monthly.
- Target to be Top 3 e-tailer in each category in Finland.
- "Probably always cheaper" price in each category.
- Change in sales mix has a positive effect in gross margin%.
- Financing (Apuraha) can increase gross margin% by 3-6%.

Verkkokauppa.com Q4 2017 sales growth drivers

- Retail continues going online
- CE market* development +6% (Q4/17)
- New bigger Pirkkala and Oulu stores
- Market share gains in most categories, up to 3pp
- Finnish economy returning to growth, GDP +3%

Additional future growth drivers:

- Completely new Raisio (Turku) store Q1 2018
- Increasing market shares in existing categories
- Challenges with non-profitable CE-retailers.
- Struggling pure brick and mortar business
- Launching new main product categories (2019->)

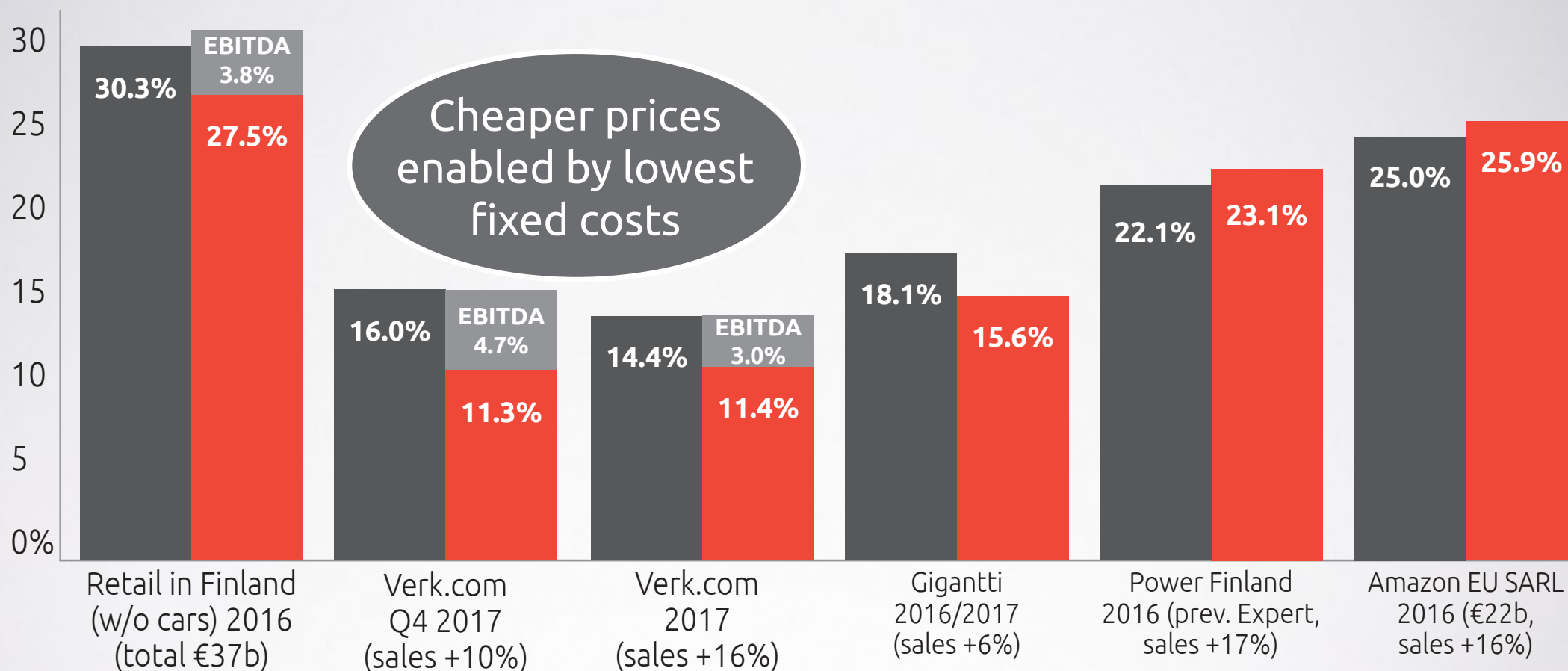


**New megastore in Raisio
(Turku region) will be
opened end of Q1 2018**



Verkkokauppa.com's gross margin and fixed costs

■ Gross margin %
■ Fixed costs %



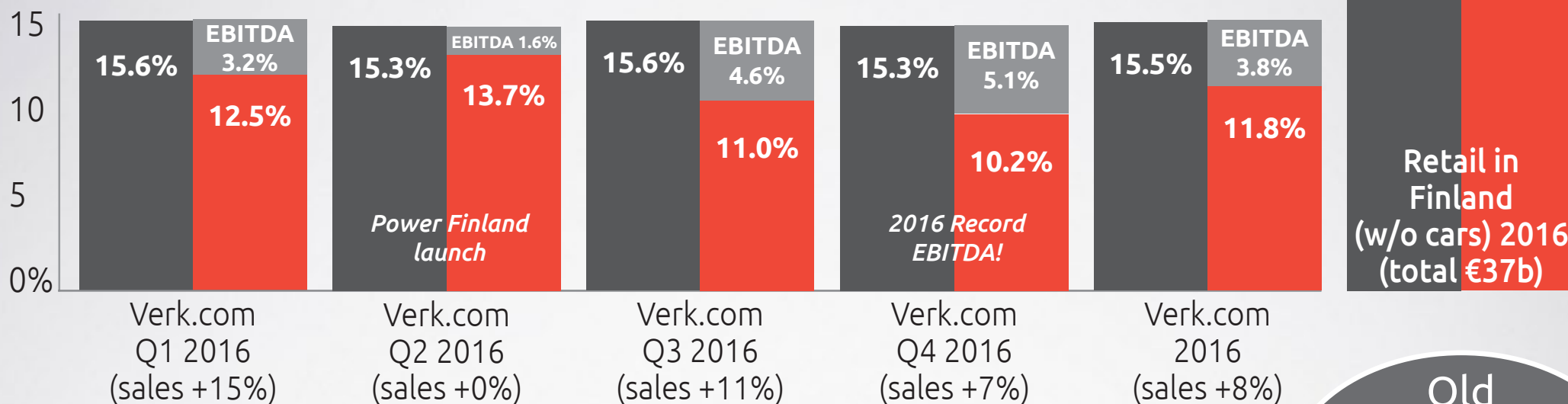
"The company aims to improve its EBITDA margin in the medium-term by increasing share of higher margin categories and private labels in the sales mix and the increasing the share of the Apuraha financing services."

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

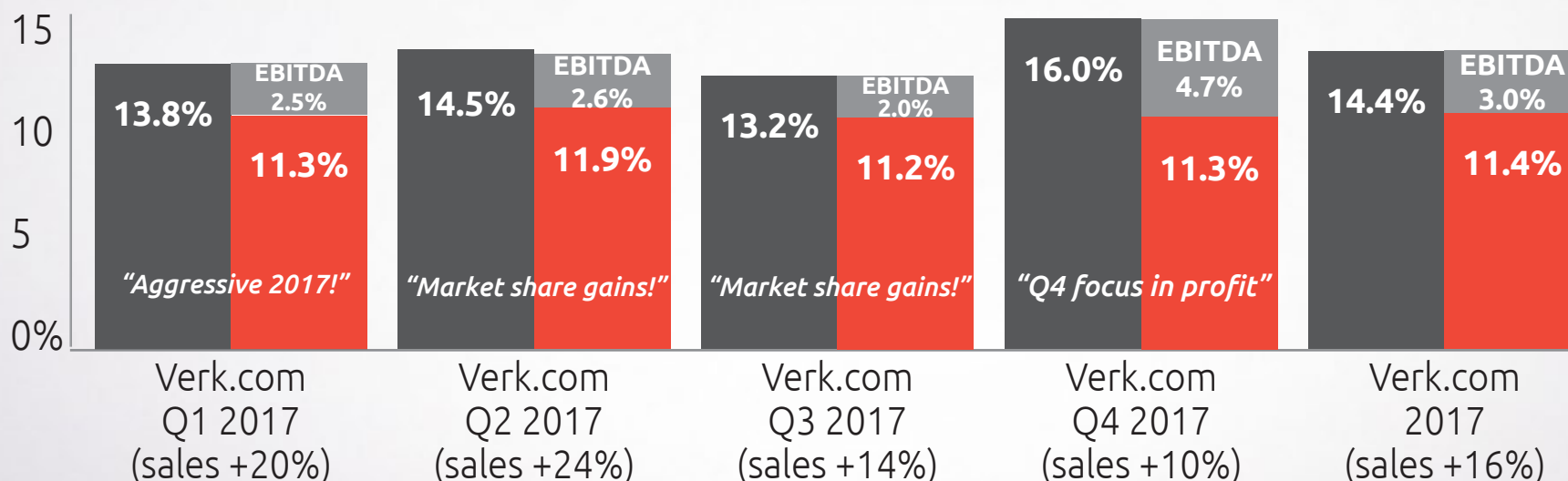


Verkkokauppa.com's gross margin and fixed costs

■ Gross margin %
■ Fixed costs %



Old retail rule:
+10% sales =
-1% EBITDA



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.

Web visits last 15 months (desktop and mobile)

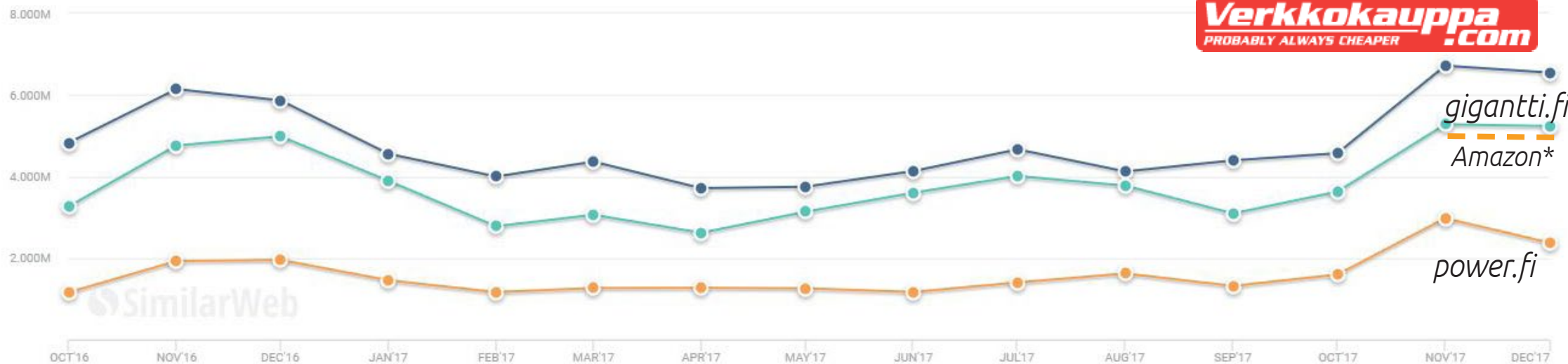


Oct 2016 - Dec 2017, Worldwide

Domain	Monthly Visits	Unique Visitors	Visits / Unique Visitors	Avg. Visit Duration	Pages/Visit	Bounce Rate
verkkokauppa.com	4.820M	1.597M	3.02	00:05:26	7.21	25.52%
gigantti.fi	3.803M	1.496M	2.54	00:04:23	4.03	39.12%
power.fi	1.587M	727,832	2.18	00:04:00	3.73	38.45%

Visits over time Last 2016.10-2017.12 | All Traffic

72.3M
 verkkokauppa.com
 57.1M
 gigantti.fi
 23.8M
 power.fi



*) Visits from Finland, estimate 13

Engagement ⓘ

Oct 2016 - Dec 2017, 🇫🇮 Finland

Domain	Monthly Visits	Unique Visitors	Visits / Unique Visitors	Avg. Visit Duration	Pages/Visit	Bounce Rate
📌 verkkokauppa.com	🏆 2.145M	🏆 569,834	🏆 3.77	🏆 00:06:15	🏆 9.11	🏆 21.10%
➤ gigantti.fi	1.342M	447,680	3.00	00:04:57	5.34	28.78%
📺 power.fi	569,083	239,102	2.38	00:04:15	4.47	32.92%
📄 amazon.com	1.426M	445,970	3.20	00:04:20	5.55	41.75%

Web Traffic from Finland (desktop only available)

📅 Monthly Visits 👤 Monthly Unique Visitors ⌚ Avg. Visit Duration 📄 Pages per Visit ➤ Bounce Rate



Largest owners on 31 Jan 2018

	Shares	%
1 Seppälä Samuli Sipi	22 487 496	49.900
2 Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2 304 509	5.114
3 Keva	2 171 000	4.817
4 Varma Keskinäinen Eläkevakuutusyhtiö	2 065 932	4.584
5 Rite Ventures Finland Ab	1 967 576	4.366
6 Fondita Nordic Micro Cap Placeringsf	1 125 000	2.496
7 Sijoitusrahasto Nordea Nordic Small Cap	1 022 794	2.270
8 Op-Suomi -Sijoitusrahasto	984 595	2.185
9 Sijoitusrahasto Evli Suomi Pienyhtiöt	651 252	1.445
10 Skogberg Ville Johannes	634 266	1.407

Largest nominee registered:

1 Nordea Bank Ab (Publ), Suomen Sivuliike	3 804 928	8.443
2 Skandinaviska Enskilda Banken Ab (Publ)	1 375 190	3.052

Source: www.verkkokauppa.com/en/investors/shareholders

Last traded on 2018-02-08 00:00:00

7.07

-0.09 (-1.257%)

Currency in EUR

Today	7 - 7.16	Shares ¹	45,065,130
52 Week	6.63 - 10.01	Mkt Cap of share series ²	318,610,469
Year	7.0 - 8.09	Liquidity Provider	No
Opening price	7.15	Market Name	
Vol.	7,082	ICB Code	5300
No. of trades	52	Sector	Retail
		Segment	

Week	-6.48
Month	-1.81
3 month	-11.29
6 month	-20.92
Year Change	1.0
Year start change	-0.14

Note

¹ Shares listed on Nasdaq Nordic

² Mkt Cap indicates the market value of the selected share series admitted to trading on Nasdaq Nordic. Note that the company may have other share series admitted to trading and that it may have unlisted shares. For complete information, please visit the company's website.

Share development last 12 months (8 Feb 2018)

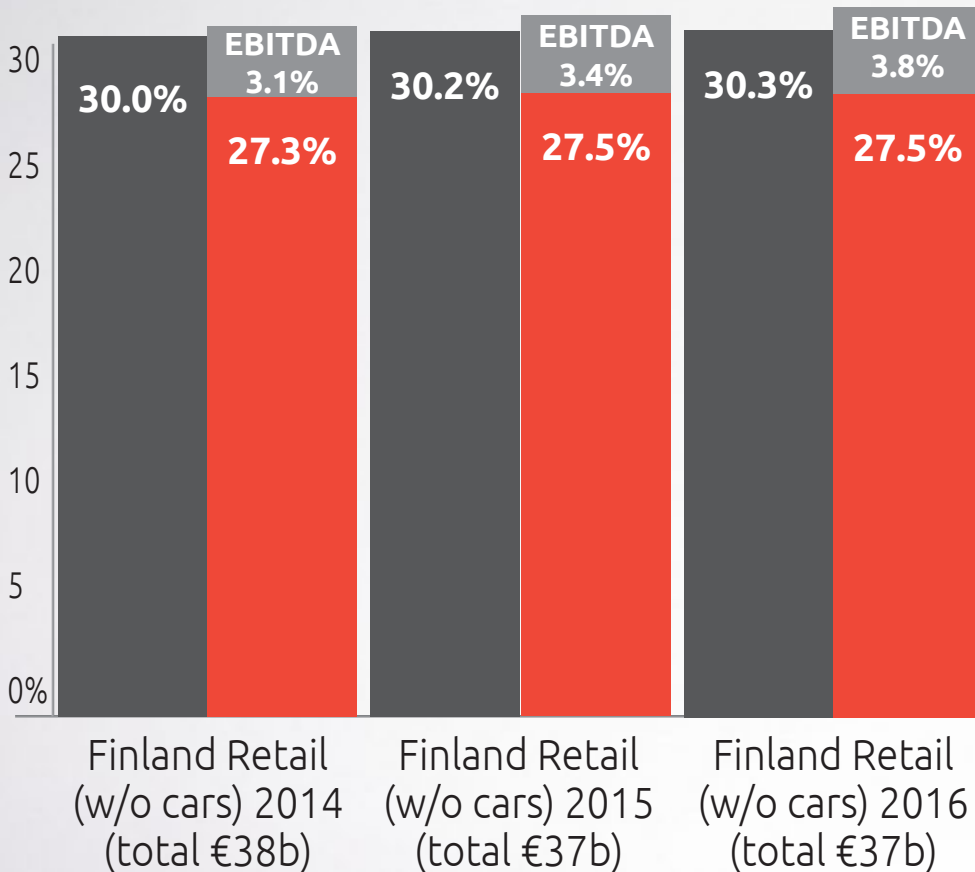
<http://www.nasdaqomxnordic.com/aktier/microsite?Instrument=HEX100175>



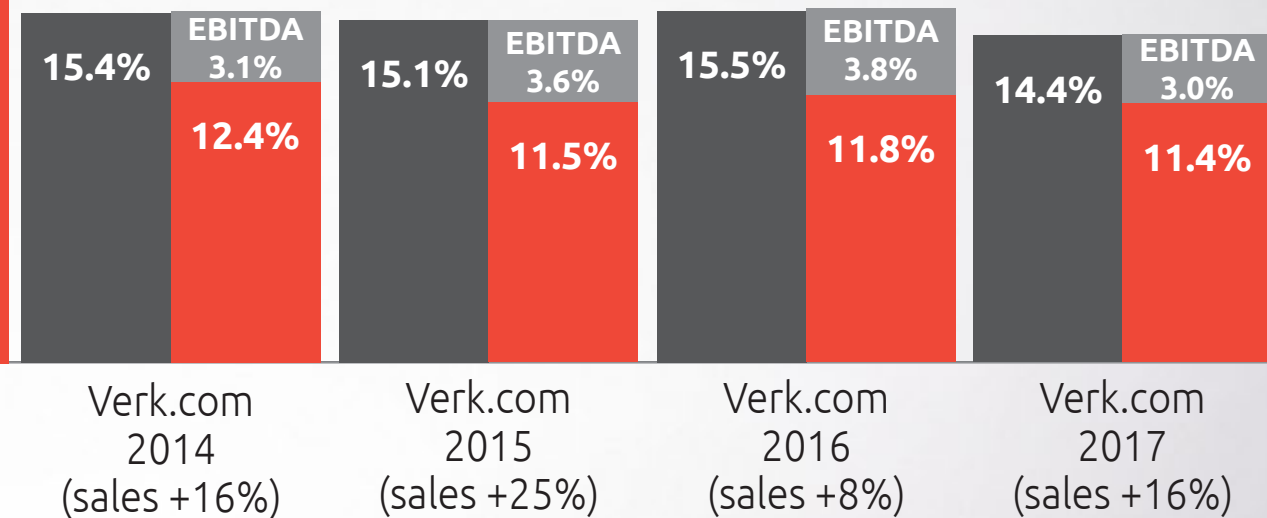
While the traditional retail sector is increasing gross margins and fixed costs ...



■ Gross margin %
■ Fixed costs %



... we aim for lower prices and costs!



Thank you & Q&A

Upcoming events:

- AGM, Wednesday 21 March, 2018
- Q1/2018, Friday 4 May 2018
- Q2/2018, Friday 10 August 2018
- Q3/2018, Friday 26 October 2018

Links:

- Investors site - www.verkinvest.com
- Company Releases mailing list - www.joinverk.com
- Company Investor Webcasts - www.verklive.com

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