

Verkkokauppa.com Oyj AGM
15.3.2016, CEO Samuli Seppälä

TODAY'S STOREFRONT

RETAIL IS GOING ONLINE. COME ALONG.

Verkkokauppa
PROBABLY ALWAYS CHEAPER **.com**



NASDAQ
FIRST NORTH

Verkkokauppa.com 2015 - thank you!

2015 revenue +25%
and EBITDA* +45%

Älä taiteile
taloutesi
kanssa. Hae
Apurahaa.

Apuraha-osamaksulla saat 14 päivää korotonta maksuaikaa, jonka jälkeen voit päättää maksatko laskun yhdessä vai useammassa erässä.

Verkkokauppa
TODENNÄKÖISESTI AINA HALVEMPI
-com

*) EBITDA excluding
non-recurring items

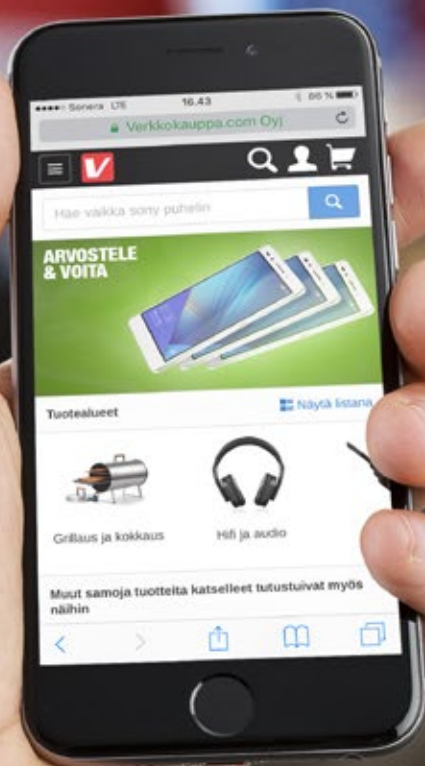
Verkkokauppa.com 2015

Record year and best ever quarter at Verkkokauppa.com, in a tough retail market

2015 revenue 344m€
and EBITDA* 12m€

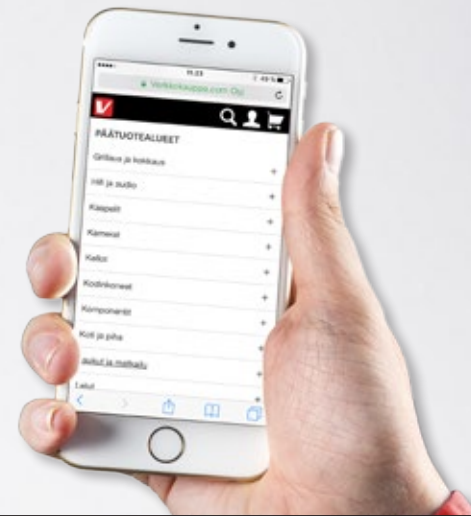
Dividend proposal
15 cents/share

*) EBITDA excluding non-recurring items

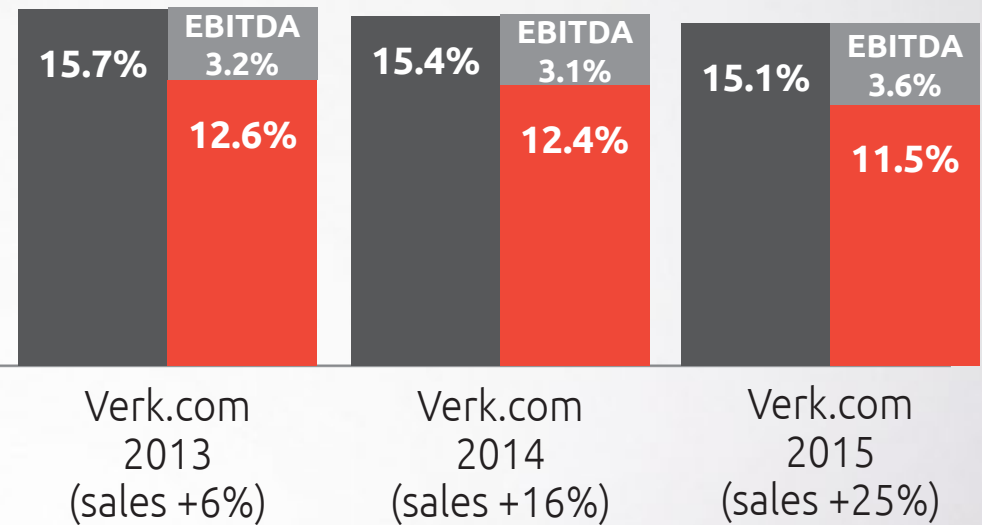
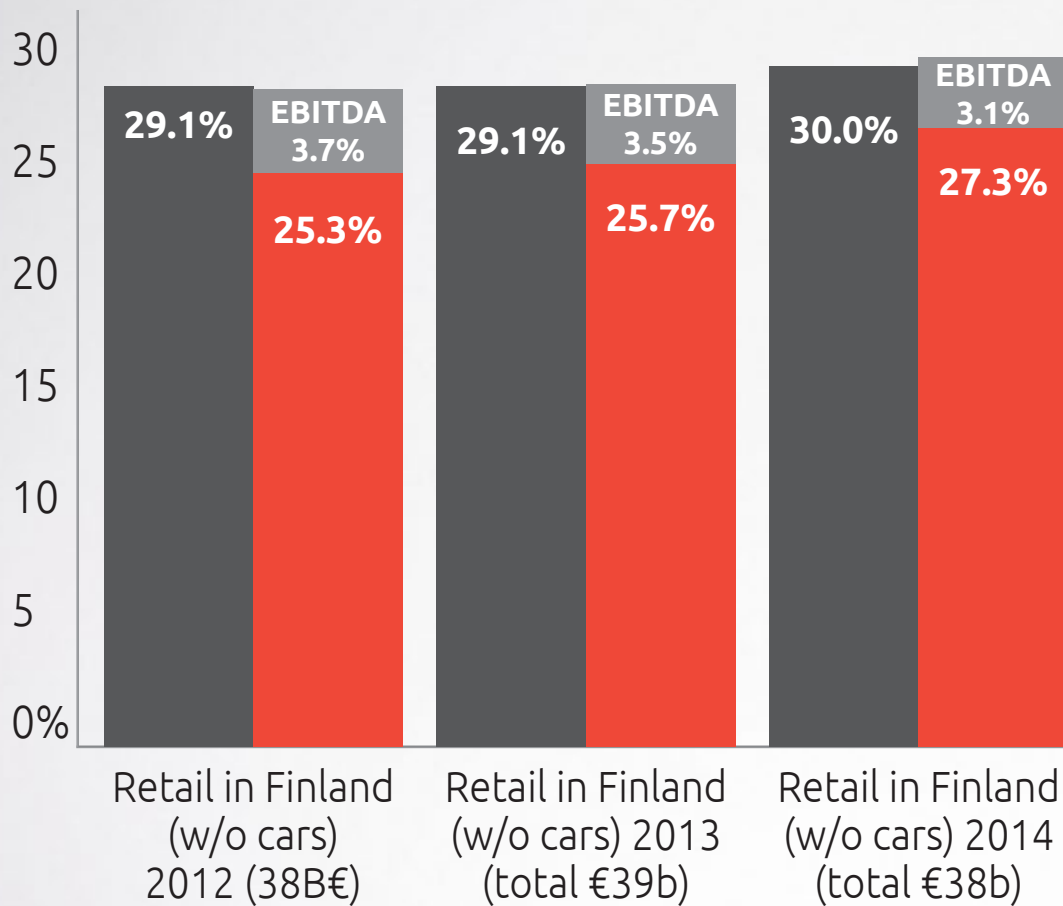


Verkkokauppa
PROBABLY ALWAYS CHEAPER
.com

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



... we aim for strong sales growth with 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.

Verkkokauppa.com concept

**FIRST
SITE**

LOWER PRICES

"Probably always cheaper"

**CUSTOMER
JOURNEY**

**WIDER
SELECTION**

**PRIVATE - MODULAR
IT AND ERP SYSTEM**

**BEST 24 H
AVAILABILITY**

**TRANSPARENT AND
TRUSTED**

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

Verkkokauppa.com concept

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Price according with slogan - regardless of sales channel

**TRANSPARENT AND
TRUSTED**

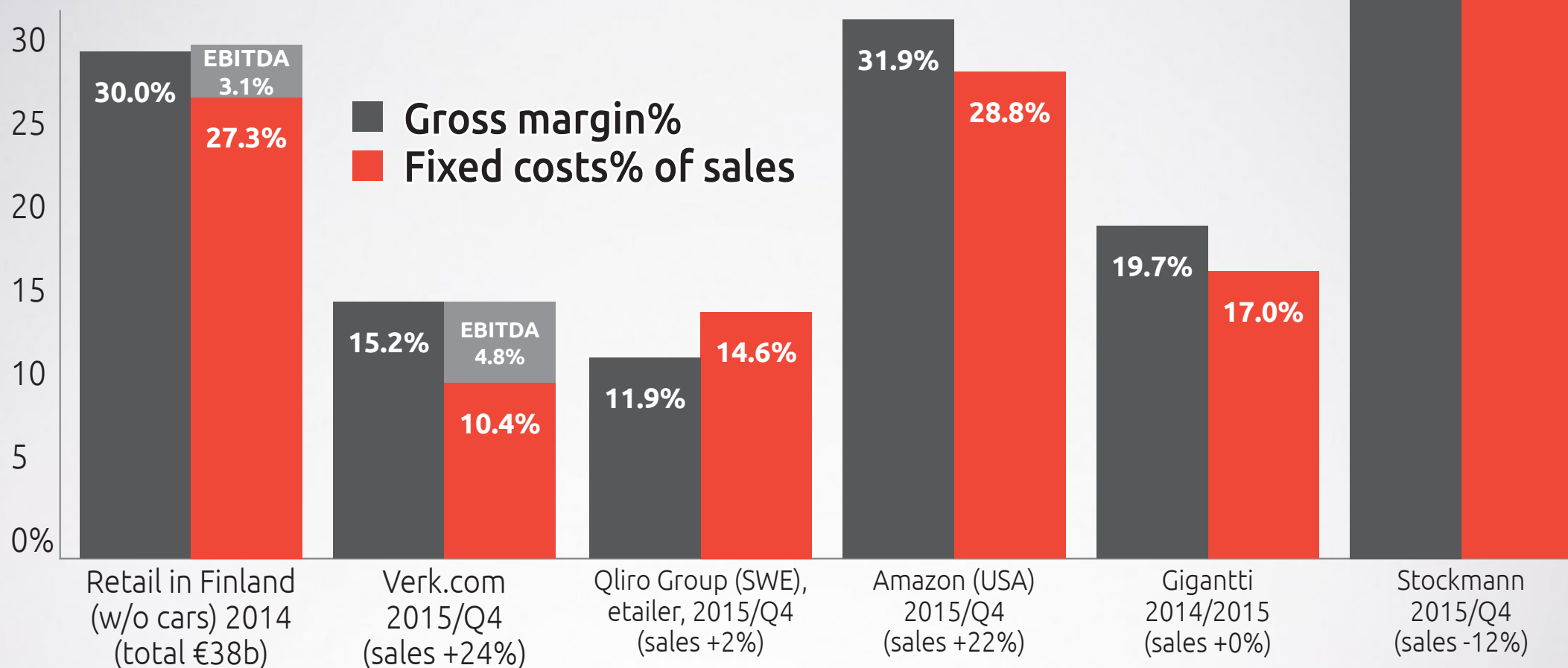
Customer lifetime and product cycle value maximisation

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 gross margin and fixed costs



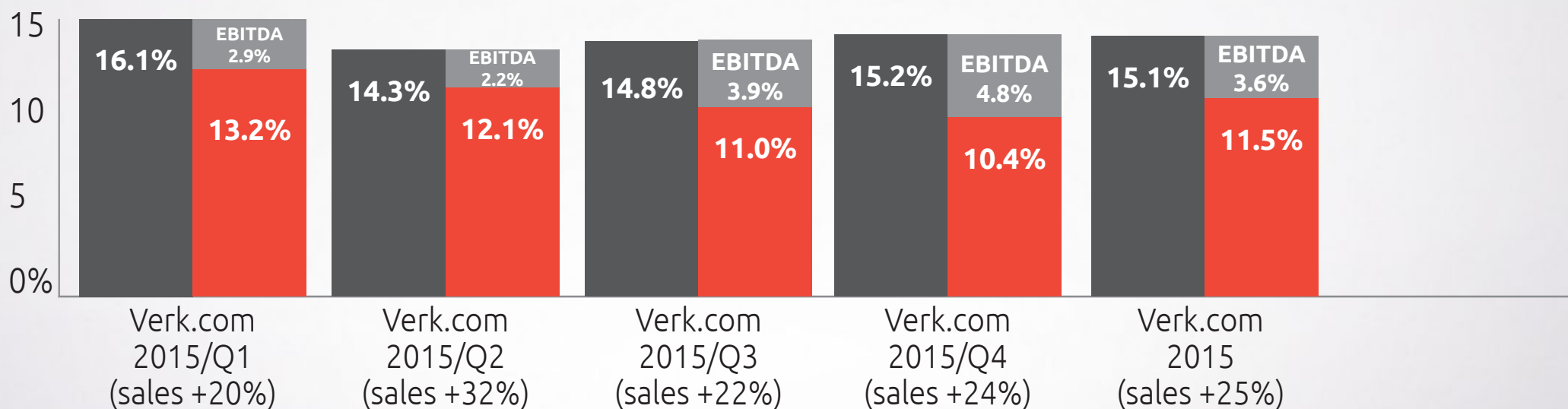
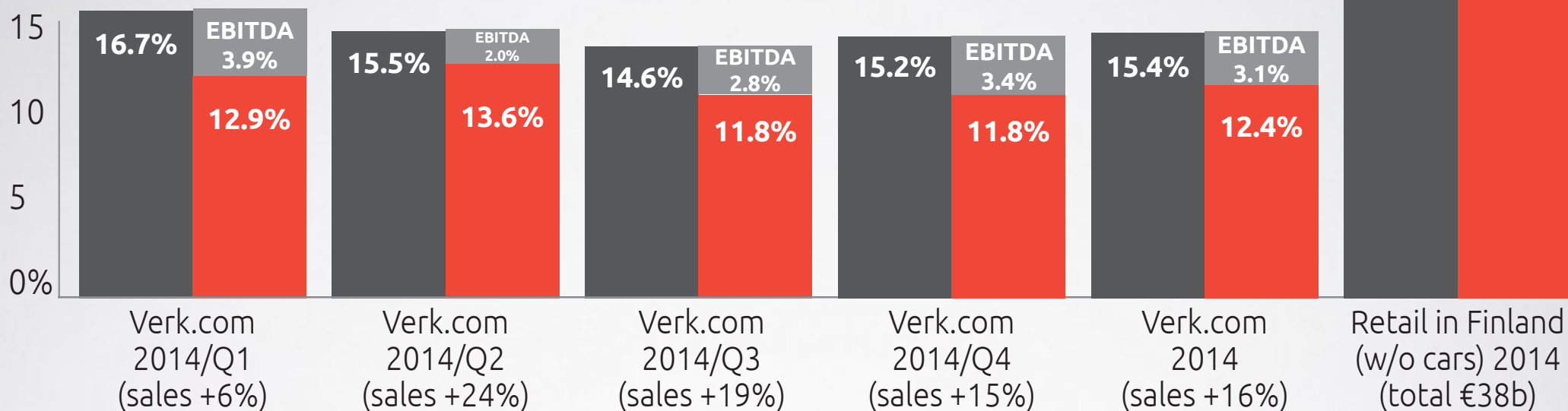
"The company expects to improve its EBITDA margin in the medium term by increasing the share of higher margin categories and private labels in the sales mix and the increasing the share of the Apuraha consumer financing services."

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

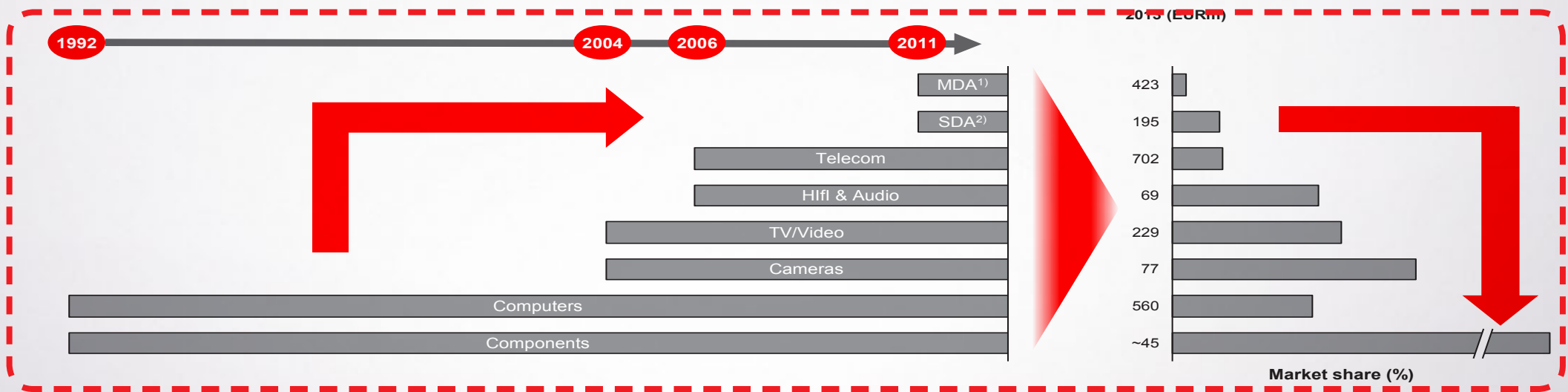
■ Gross margin%
■ Fixed costs% of sales



Verkkokauppa.com's Category Strategy

Verkkokauppa.com has continuously expanded into new categories

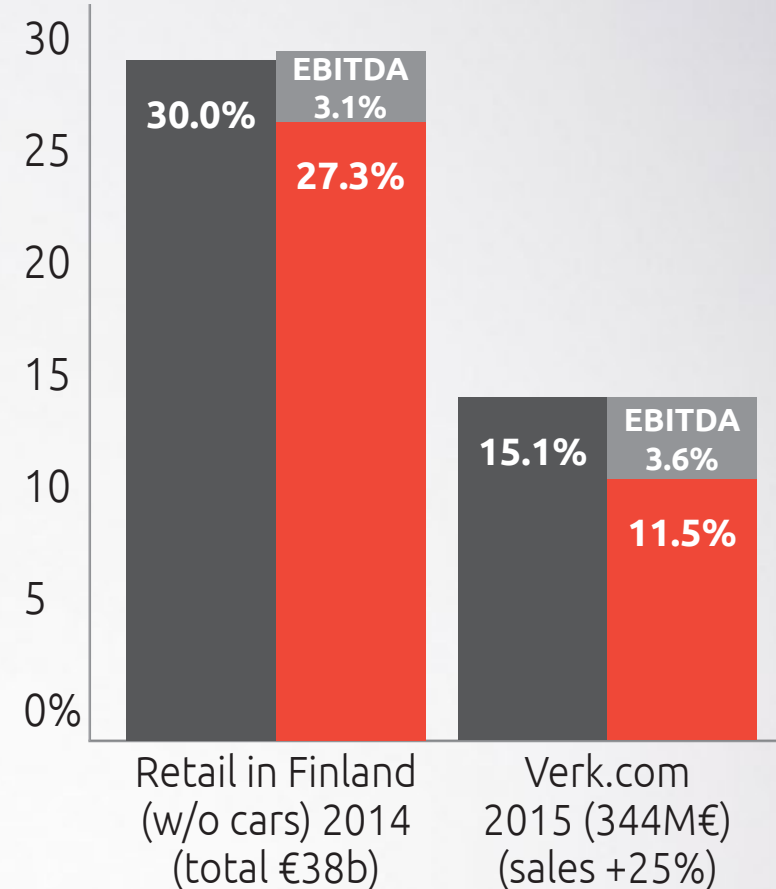
- Track record of apprx. one% market share gain per category per year.
- Target to be in Finland's top-3 etailers in each category.
- Always probably cheaper price in each category.
- Change in sales mix has an effect in gross margin%.
- Consumer financing can increase margin% by 3-6%.
- Vendors support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

Apuraha - financing



- Apuraha (Eng: "Grant") consumer financing service launched in September and we will now start using our own balance sheet offering improved profitability.
- Company will continue offering Klarna as well - two great payment methods.
- Apuraha provides customers a new flexible payment alternative, and company with better profitability than other payment methods.
- The company will continue using its resources to achieve the goal of some one-fifth of all customers using the installment payment methods.

C2C Market Place

"Part of being the first site and customer journey"

FIRST SITE

LOWER PRICES

"Probably always cheaper"

CUSTOMER JOURNEY

WIDER SELECTION

C2C

PRICE BAROMETER

APURAHA FINANCING

TRANSPARENT AND TRUSTED

OLD <-> NEW PRODUCTS

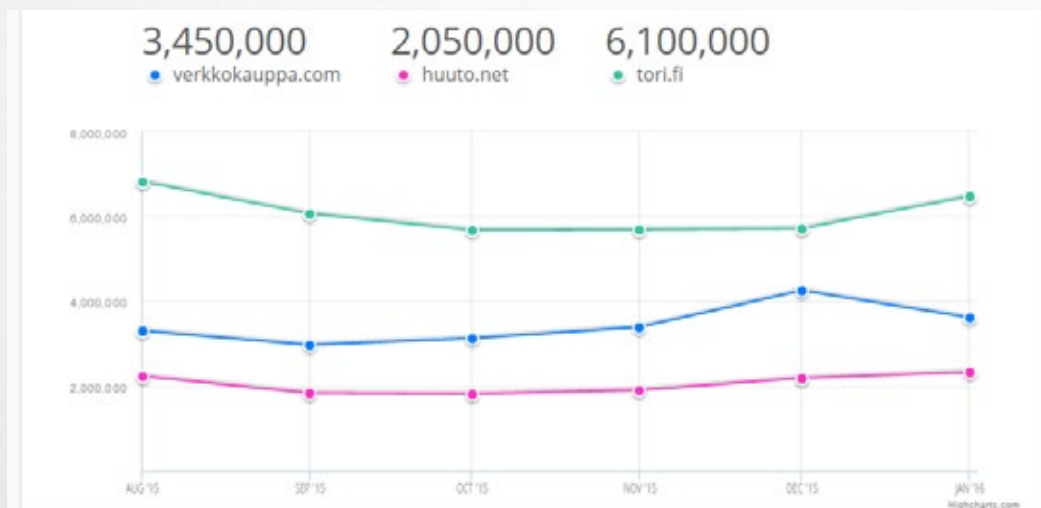
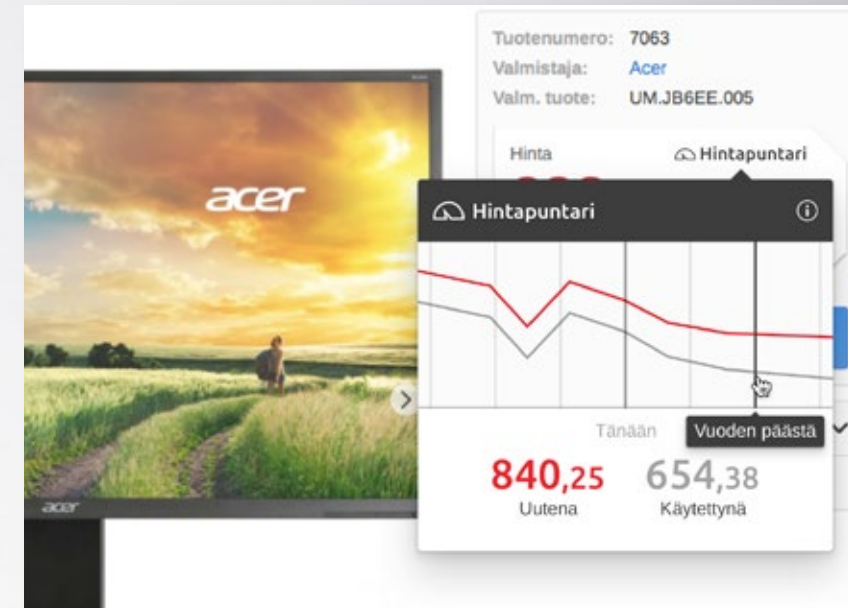
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Customer lifetime and product cycle value maximisation

C2C Market Place

- Besides developing Apuraha, the company continues its efforts with C2C Market Place by soon introducing new features like linking new and old items and new "price barometer" tool.
- C2C marketplace is about attracting more traffic, increasing add-on sales and sales of new products and improving customer loyalty and experience.



The screenshot shows a product page for a Sony PlayStation 2 console. The page includes a product image, a 'Korvaavat tuotteet' (Replacement products) section listing a Sony PlayStation 4 500 Gt console for 369,90 and a Microsoft Xbox One Elite console for 529,90, and a 'Uudemmat tuotteet' (Newer products) section. The product details include: Tuote: 37172, Valmistaja: SCEE, and Valm. tuote: Kampanja: 1014641.



Thank you!