

Verkkokauppa.com Oyj Q2/2015
7.8.2015, Samuli Seppälä, CEO

TODAY'S STOREFRONT

RETAIL IS GOING ONLINE. COME ALONG.

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

Verkkokauppa.com Q2/2015

**Strong 2nd quarter at Verkkokauppa.com,
revenue grew by +32% in tough retail market**



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Retail continues to go online



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Retail continues to go 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**.
- In the future, offline retail business will be less profitable, but all online business or product categories cannot be profitable.



"Average
€15
savings
per €100"



€ > 0?

Verkkokauppa.com concept

LOWER PRICES

"Probably always cheaper"



**WIDER
SELECTION**



**PRIVATE - MODULAR
IT AND ERP SYSTEM**



**BEST 24 H
AVAILABILITY**



**TRANSPARENT AND
CUSTOMER CENTRIC**

"Verkkokauppa.com's winning online retail concept drove sales growth also in Q2"

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Verkkokauppa.com concept

Capital efficiency
enabled by the leanest
operating model

LOWER PRICES

“Probably always cheaper”

Price matches slogan
- regardless of
sales channel

**WIDER
SELECTION**

**PRIVATE - MODULAR
IT AND ERP SYSTEM**

**BEST 24 H
AVAILABILITY**

Finland’s best source for
products and information,
including >170,000 reviews

**TRANSPARENT AND
CUSTOMER CENTRIC**

Customer lifetime value
maximisation - a happy
customer will return

“Verkkokauppa.com’s winning online retail
concept drove sales growth also in Q2”

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Verkkokauppa.com Q2/2015 P&L

	4-6/2015	4-6/2014	Change%
Revenue, € million	80.0	60.6	+32%
Gross profit	11.4	9.4	+21%
Gross margin	14.3%	15.5%	
Personnel expenses	5.6	4.5	+26%
Depreciation and amortiz.	0.3	0.2	+24%
Other opex	4.1	3.8	+8%
EBITDA	1.7	1.2	+43%
EBITDA margin	2.2%	2.0%	
Operating profit	1.5	1.0	+48%
Operating profit margin	1.8%	1.6%	
Net profit	1.2	-0.4	+447%

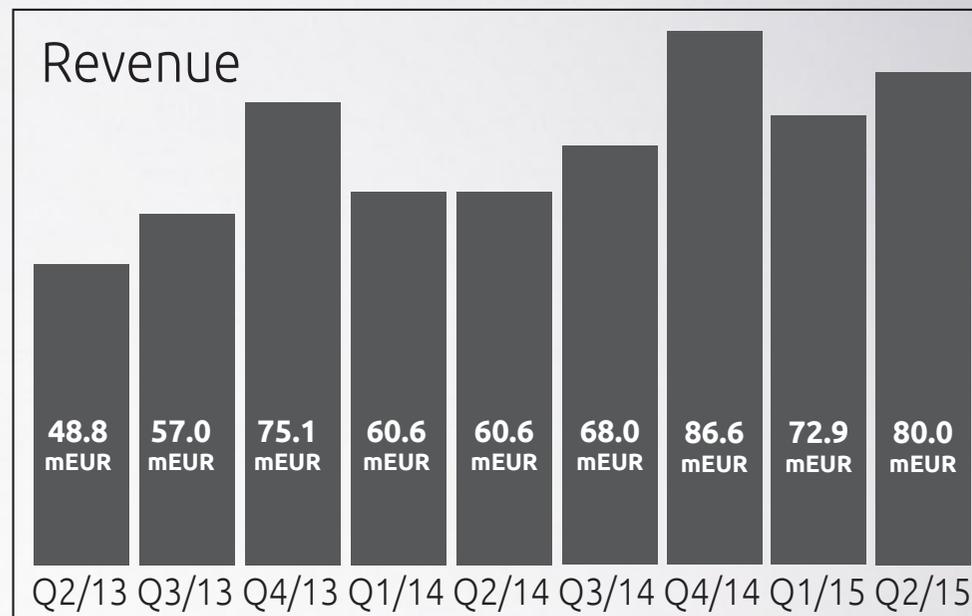
“Verkkokauppa.com’s winning online retail concept drove sales growth also in Q2”

Verkkokauppa.com Q2/2015 main sales growth drivers

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

- Bolder, growth-oriented pricing
- Changes in department stores
- 23 years of experience and visibility

Q2 +32%



"As a growth-oriented company, we seek for strong growth and market share gains - which we had during Q2 in almost all categories."

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Verkkokauppa.com Q2/2015 fixed costs and 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.
- The company has invested in several growth initiatives in 2015, which have required hiring new key personnel, carrying out more marketing activities, and launching a number of new projects.
- There's always some variation in the gross margin or fixed costs per day, per month or per quarter.
- When launching new categories or growth projects, the company retains its medium-term target of improving EBITDA% from 2013 level (3.2%).



Verkkokauppa.com Q2/2015 balance sheet

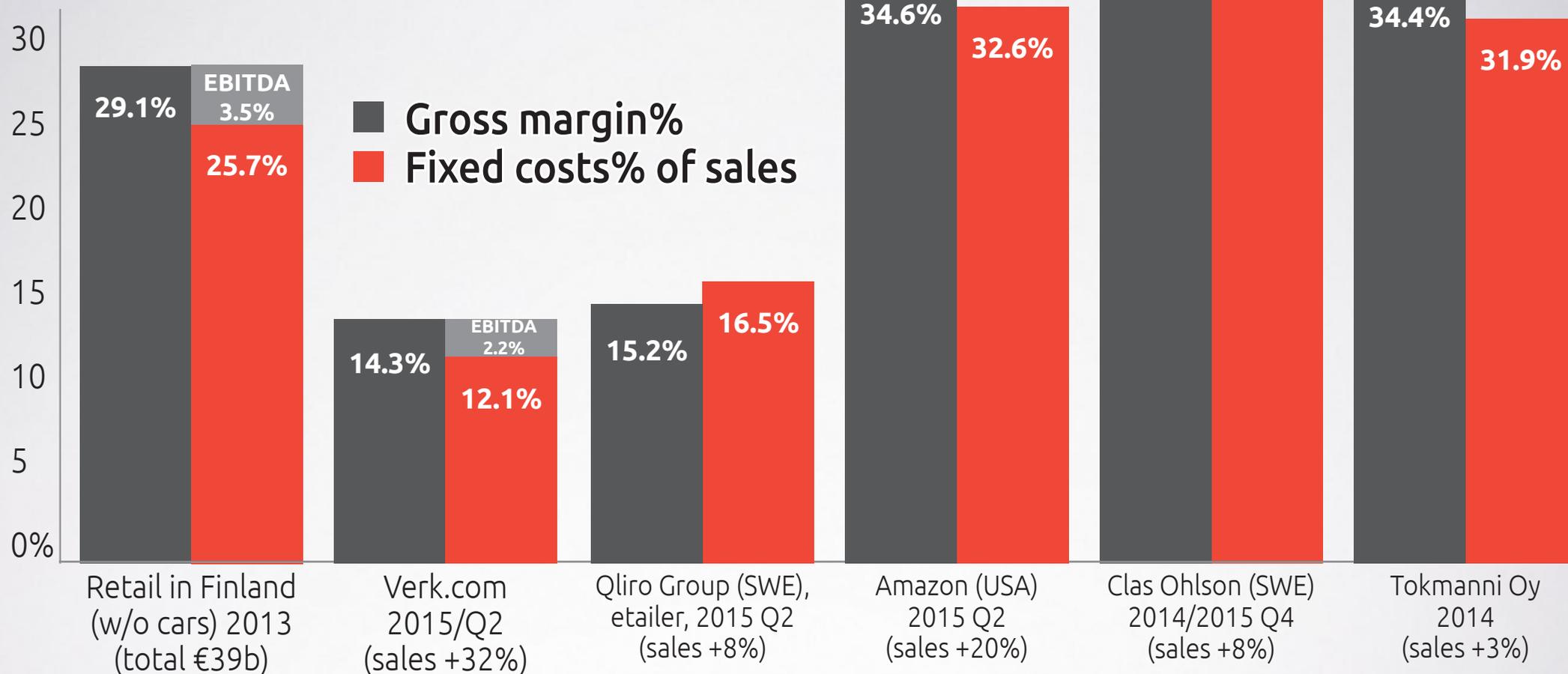
- Inventory 34.9 (28.6) million euros on 30.6.2015.
- Cash flow 1-6/2015 was -6.8 (19.5) million euros.
- Investments 1-6/2015 were 0.6 (0.3) million euros .

- Cash 19.8 (26.2) million euros on 30.6.2015.
- Interest bearing debt 1.5 (2.4) million euros on 30.6.2015.
- Bank limits 5.5 million euros (not being utilized on 30.6.2015).

- The company currently utilizes almost all cash discounts provided by suppliers.



Verkkokauppa.com's gross margin and fixed costs



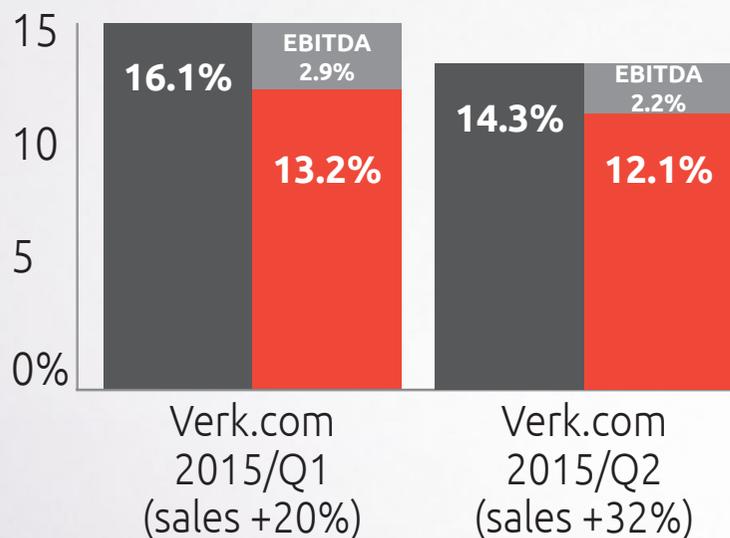
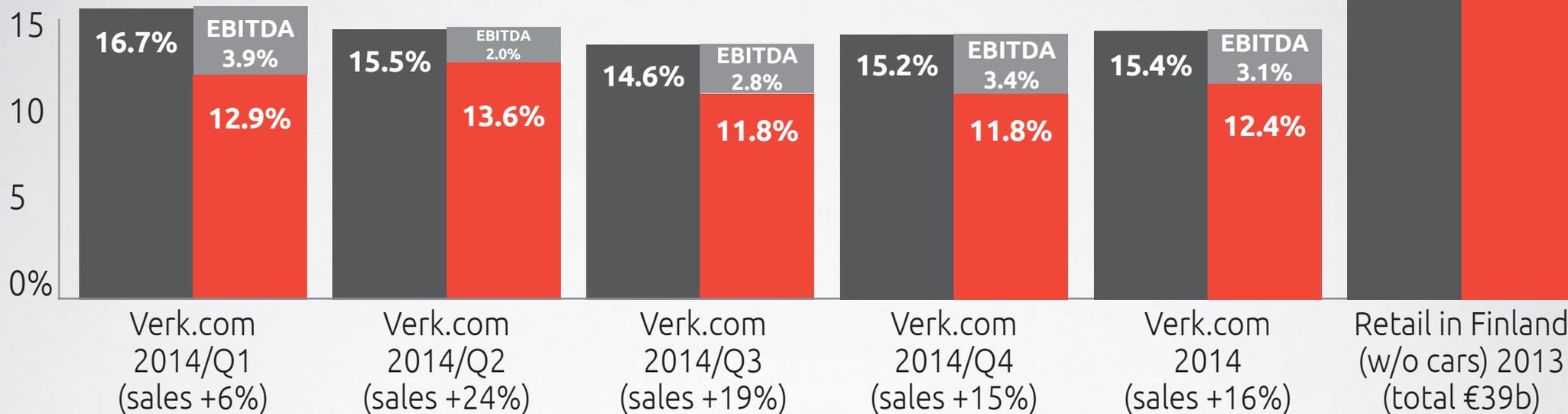
"Additional growth opportunities remain not just in new categories, but also in consumer electronics as Finnish department stores and now also hypermarkets are discontinuing sales of consumer electronics and other categories."

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



"H1/2015 vs H1/2014 - four new categories launched and continuing development of consumer financing services and C2C marketplace"

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

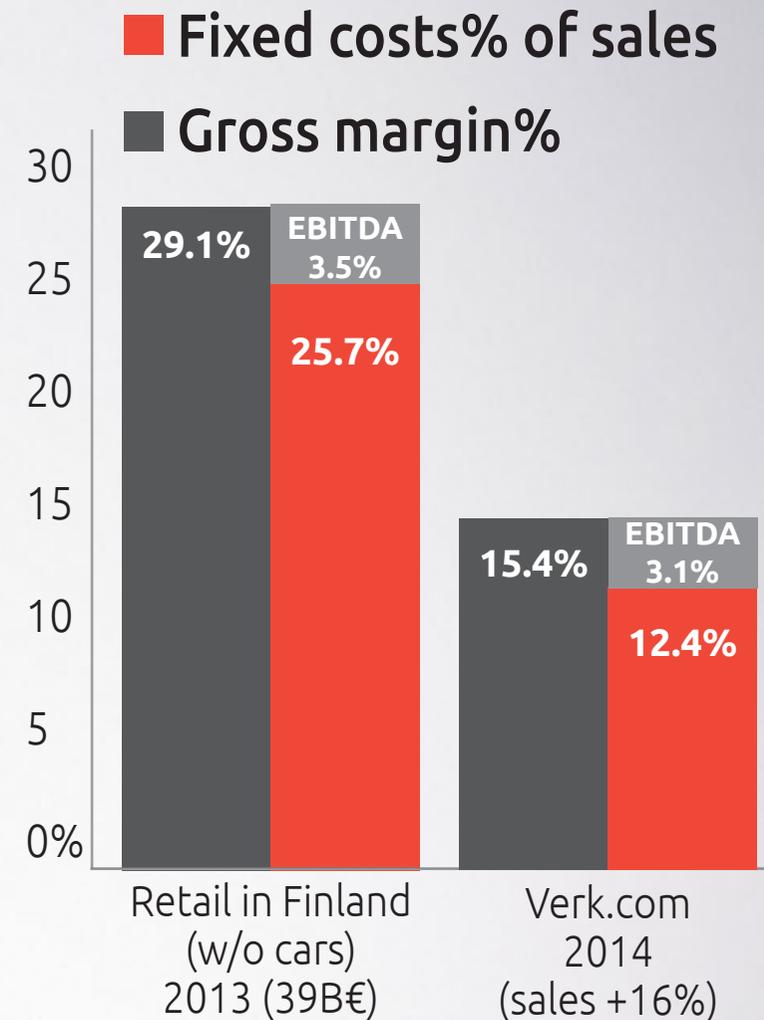
Industry average product margins

- Mobile Phone <5%
- Computer or Tablet 10-15%
- Television 20%
- Washing Machine 25%
- Hammers and Drills 25%
- Sporting Equipment / Watch 25%
- Protein Bars 30%
- Baby Strollers and Safety Seats 40%
- Cosmetics 50%
- Private Label Cable 50%
- Clothing >50%

-> Change in sales mix has an effect in 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.



Largest projects

- Own consumer financing services are still being developed and launch is getting closer. First focus has been on internal credit scoring and fraud detection services. Current sales by consumer financing has continued to increase, resulting in more commissions paid to the company.

We see good potential in increasing our gross margin by having more customers using our own "Apuraha" (Grant) consumer financing services.

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

We see good potential in increasing our revenue and adding new revenue streams, by being with the customers when they are looking to buy, to sell used products or just searching for older products.

Apurahalla
grillaus ei jää
senteistä
kiinni

Weber Original Kettle 57 cm

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



Verkkokauppa.com
TODENKÄIKÖISESTÄ AJASTA HALVEMPI

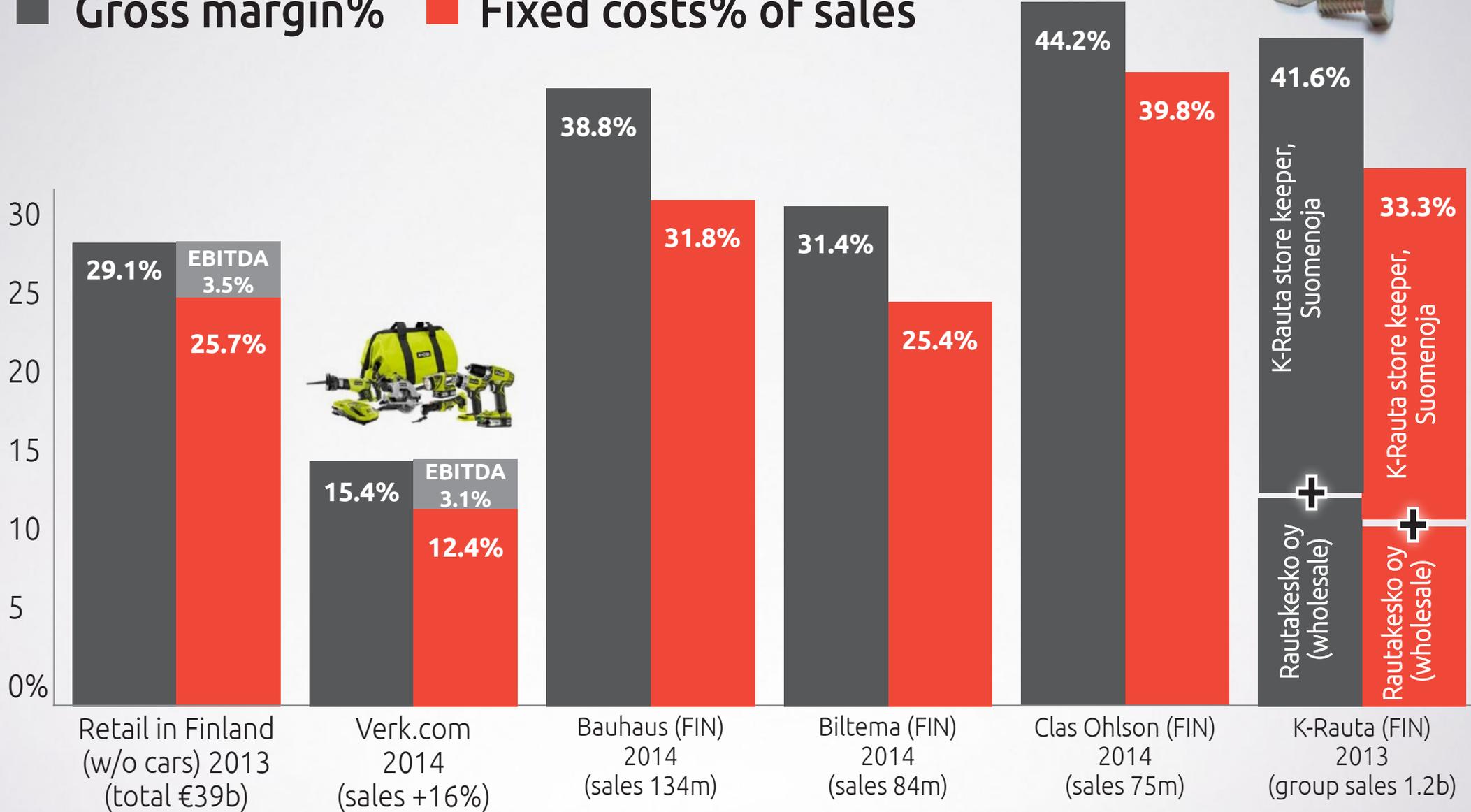
Apuraha-osamaksu antaa lisää maksuaikaa ja varaa valita.

"Apuraha" consumer financing
launch is getting closer

New category of home, garden & tools



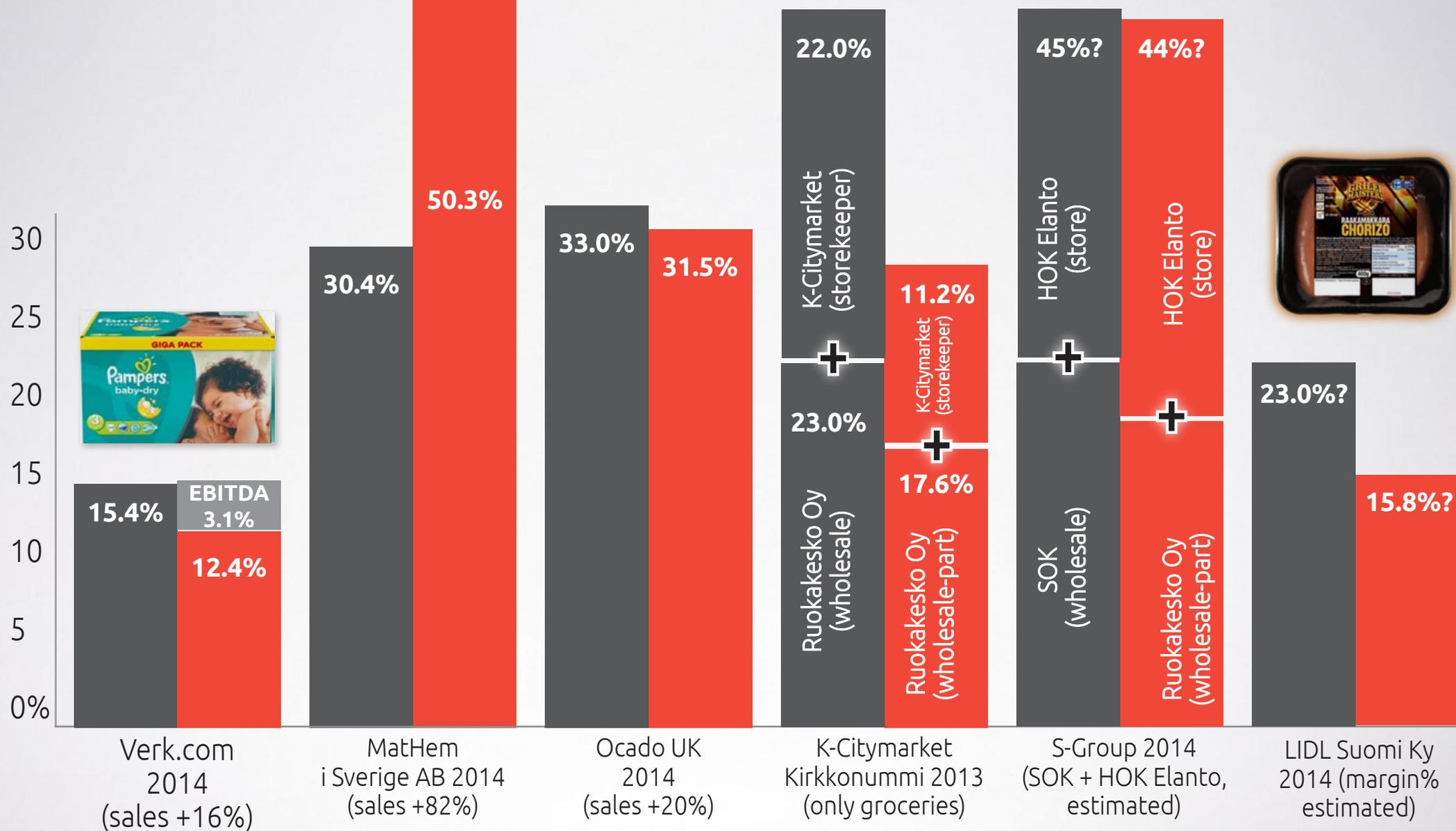
■ Gross margin% ■ Fixed costs% of sales



Total DIY market €3.9 billion, of which tools, home and garden is 2.9 billion. Sources: Forrester, Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. EBITDA is without Teosto one-time-cost.

New category of food and drink

■ Gross margin%
■ Fixes costs% of sales



EGM on 19.8.2015

- The majority of the shareholders have proposed Minna Kurunsaari to be elected as a new member of the Board of Directors in Extraordinary General Meeting to be held on August 19, 2015.
- The Board of Directors also proposes increasing the number of shares in the company by issuing new shares to the shareholders without payment in proportion to their holdings, with five (5) new shares being issued for each currently existing share.



Vitvaruexperten.com

- Verkkokauppa.com made a strategic investment of up to 200,000 euros in the Swedish e-commerce startup Vitvaruexperten.com Nordic AB in July 2015. Vitvaruexperten.com focuses on selling home appliances online to Swedish consumers. The investment is related to Verkkokauppa.com's purchasing cooperation strategy.

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 30.6.2015

	Shares	%
1 Seppälä Sipi Samuli	3 747 916	49,900
2 Rite Ventures Finland Ab	769 596	10,246
3 Keskinäinen Eläkevakuutusyhtiö Ilmarinen	384 788	5,123
4 Keskinäinen Työeläkevakuutusyhtiö Varma	344 322	4,584
5 Keva	248 000	3,302
6 Op-Delta -Sijoitusrahasto	215 278	2,866
7 Sijoitusrahasto Evli Suomi Pienyhtiöt	109 829	1,462
8 Skogberg Ville Johannes	105 711	1,407
9 Hartwall Capital Oy Ab	82 710	1,101
10 Sijoitusrahasto Danske Invest Suomen Pien.	82 000	1,092
11 Op-Suomi Pienyhtiöt	76 050	1,013
12 Sr Danske Invest Suomi Yhteisöosake	60 000	0,799
13 Thominvest Oy	39 000	0,519
14 Fondita Equity Spice Placeringsfond	35 000	0,466
15 Keskinäinen Vakuutusyhtiö Kaleva	24 000	0,320

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

30.84**-0.04 (-0.1295%)**

Currency in EUR

Today	30.84 - 30.84	Shares	7,510,855	Week	0.62
52 Week	23.5 - 32.0	Mkt Cap	231,634,768	Month	-0.48
Year	28.61 - 32.0	Liquidity Provider	No	3 month	2.8
Opening price	30.84	Market Name		6 month	2.12
Vol.	140	ICB Code	5300	Year Change	28.5
No. of trades	3	Sector	Retail	Year start change	0.78
www	www.verkkokauppa.com	Segment			
Note					

Share development (5.8.2015)



Why invest in 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 revenue 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.
- Samuli Seppälä (CEO) owns 49.9% of the company.



Q&A

Upcoming events:

- Q3/2015, Friday 23 October 2015

Quick links:

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

Contacts:

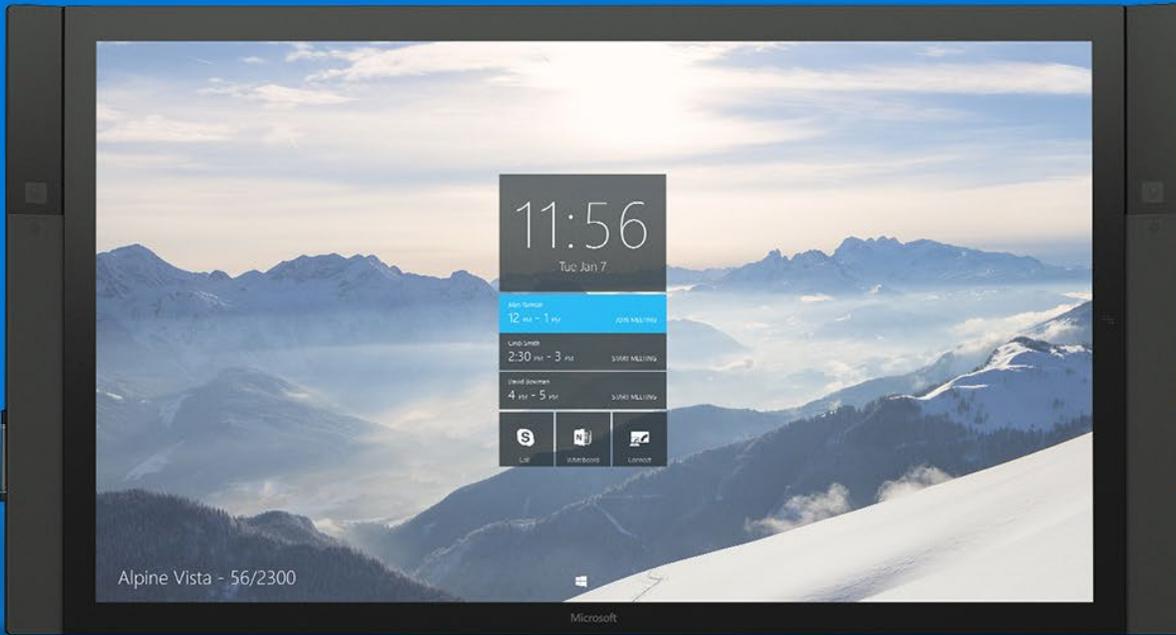
- Samuli Seppälä, CEO, samuli.seppala@verkkokauppa.com
- Jussi Tallgren, CFO, jussi.tallgren@verkkokauppa.com
- investors@verkkokauppa.com



Product highlight - Windows 10



Windows 10



Thank you!

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