

Verkkokauppa.com Oyj Q4/2014,
13.2.2015, Samuli Seppälä, CEO

TODAY'S STORE FRONT

RETAIL IS GOING ONLINE. COME ALONG.

Verkkokauppa
PROBABLY ALWAYS CHEAPER **.com**



NASDAQ
FIRST NORTH

Questions during presentation - investors@verkkokauppa.com

A man in a dark blue shirt is operating a forklift in a warehouse. The forklift has a blue mast with the word "reflex" written vertically on it. The warehouse is filled with high shelves of cardboard boxes. The lighting is warm, and the scene is captured from a low angle, looking up at the shelves and the man.

Verkkokauppa.com Q4 sales +15.3%

**Continuing strong sales growth -
boosted by good development in December
while retail sector and more product
categories are going online.**

Retail is going online - Q4 sales +15.3%

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

Why are consumers buying online?

- E-commerce offers customers **lower prices** enabled by lower fixed operating costs.
- **Wider selection**, without need to keep everything in stock and needing less capital.
- **Quicker and easier** way of purchasing and finding information.
- Not all retail business can be profitable online.



"15€ avg. savings per 100€"



€ > 0?

Verkkokauppa.com Q4 sales +15.3%

- Revenue was 86.6 (75.1) million euros, +15.3%
- Gross profit was 13.2 (11.9) million euros, +10.4%
- Gross margin was 15.2% (15.9%) of revenue

- Personnel expenses 5.7 (4.6) million, +22.7%
- Depreciation and amortiz. 0.3 (0.2) million, +11.7%
- Other operating expenses 4.5 (3.8) million, +18.7%

- EBITDA was 3.0 (3.5) million euros, -15.2%
- Operating profit was 2.7 (3.3) million euros, -17.0%
- Operating profit was 3.2% of net sales (4.4%)

- Net profit was 2.1 (2.0) million euros, +6%
- Earnings per share were 0.28 (0.38) euros

- Board of directors proposes dividend of 0.85 euro (0.04) per share to AGM.



Verkkokauppa.com 1-12/2014 +15.9%

- Revenue was 275.8 million euros, +15.9%
- Gross profit was 42.6 (37.4) million euros, +14.0%
- Gross margin was 15.4% (15.7%) of revenue

- Personnel expenses 18.8 (16.4) million, +14.4%
- Depreciation and amortiz. 1.0 (0.9) million, +8.3%
- Other operat. expenses 15.5 (13.5) million, +14.6%

- EBITDA was 8.4 (7.5) million euros, +12.0%
- Operating profit was 7.5 (6.6) million euros, +12.5%
- Operating profit was 2.7% of net sales (2.8%)

- Net profit was 4.5 (4.2) million euros, +6.8%
- Non-recurring items relating to the IPO decreased net profit by 1.9 million euros.
- Earnings per share were 0.64 (0.80) euros



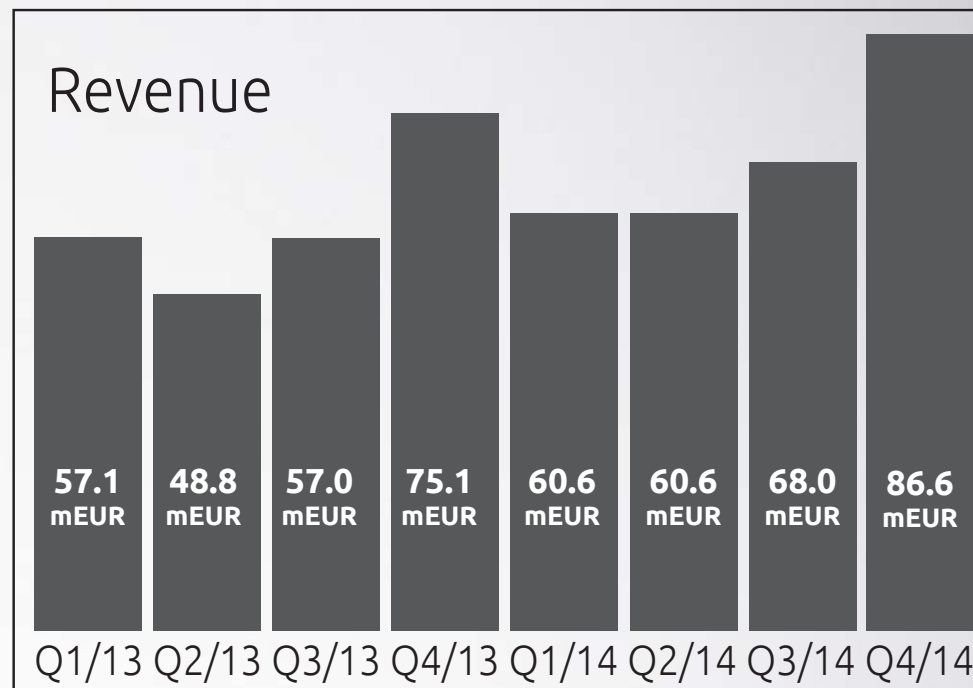
Verkkokauppa.com Q4/2014 main sales growth drivers

- Retail going online
- Appliances, phones and televisions
- Bolder, growth oriented pricing
- 22 years of experience and visibility
- NASDAQ First North -publicity
- Brand marketing increased

Once again, nearly all main categories had sales increase during Q4, without any new main categories being launched during this quarter.

Finnish consumer electronics market was very weak in Q4, change -3.8% (GfK), but also whole retail sector (w/o cars) continued to decline, being -1.6% in December (Statistics Finland).

Q4 +15.3%



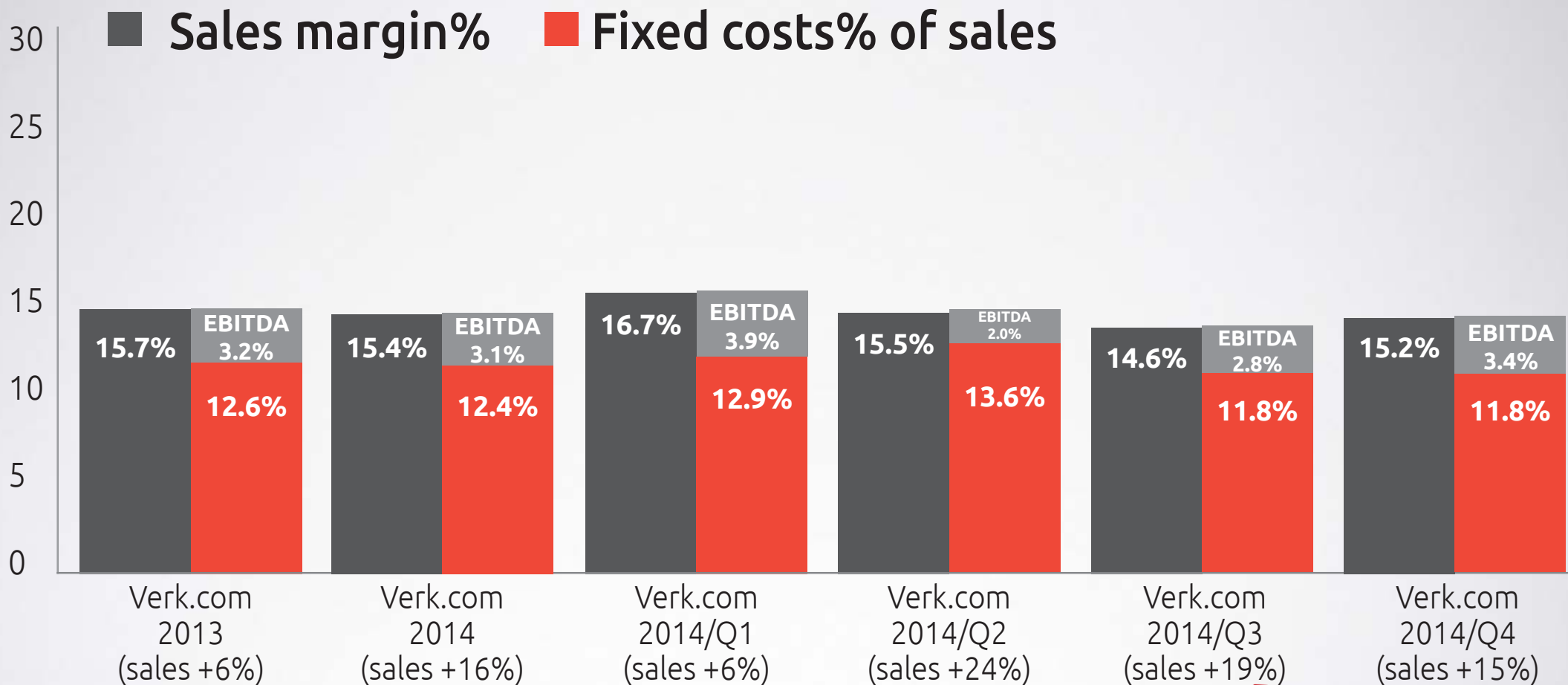
VERK

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Verkkokauppa.com's sales margin and fixed costs

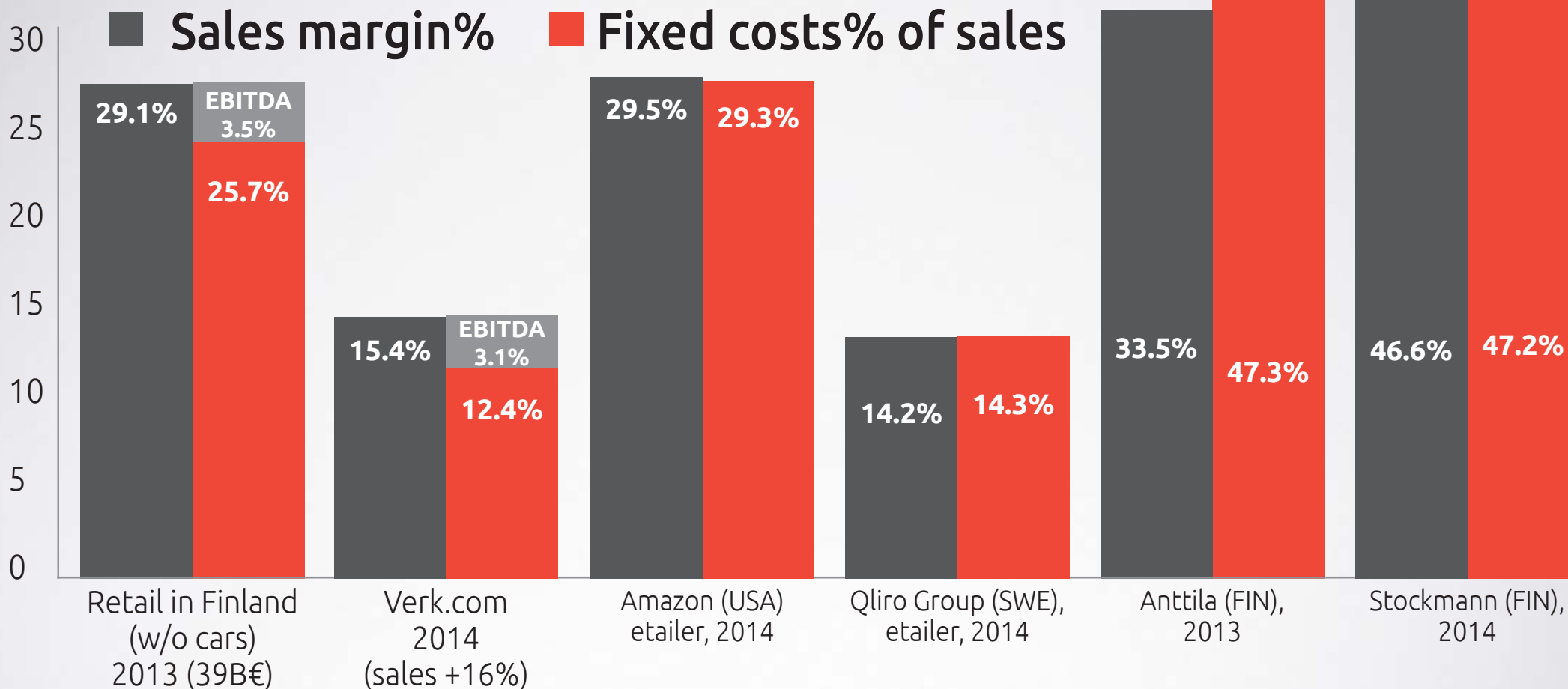
"Long term low prices enabled by low fixed costs"



Sources: Statistics Finland, Soliditet and D&B. Numbers are presented as percentages of the total revenue (including sales and other revenue). Sales margin includes changes in the inventory and outside services.



Verkkokauppa.com's sales margin and fixed costs



"we see additional opportunities particularly in consumer electronics retail as department stores are discontinuing their sales of consumer electronics in Finland"



Verkkokauppa.com's Q4/2014 fixed costs development

- Long term low prices enabled by low fixed costs is one of the key growth elements for any e-commerce, including Verkkokauppa.com.
- Verkkokauppa.com's fixed costs% (other operating costs + personnel costs) increased +20.9% in Q4 being 11.8% of revenue (11.2%).
- Increases in personal costs, because of new personnel for planning of new product categories, consumer financing services and increases in personnel at IT-department. Q4 personnel costs +22.7%.
- Brand marketing and premises costs increased.
- Full 2014 fixed costs% was 12.4% compared 12.6% in 2013 - still low fixed costs% compared to other etailer or retailers.



Verkkokauppa.com Q4 balance sheet

- Inventory 30.9 (23.2) million euros on 31.12.2014.
- Cash flow 1-12/2014 was +19.1 (-2.2) million euros.
- Capex 1-12/2014 was 0.7 (0.3) million euros .

- Cash 35.3 (22.7) million euros on 31.12.2014.
- Interest bearing debt 2.0 (7.2) million euros on 31.12.2014.
- Bank limits 7.25 million euros (not being utilized on 31.12.14).

The board of directors proposes dividend of 0.85 euro (0.04) per share to annual general meeting.

- Total 7 510 855 shares * 0.85 euro = 6.4 million euros in dividends.
- Distributable funds (31.12.14) were 36.5 million euros.
- Earnings per share were 0.85 (0.91) euros in 2014, excluding non-recurring items (mainly IPO).



Finnish e-commerce visit comparison



Audience Overview

Traffic Share (desktop visits)



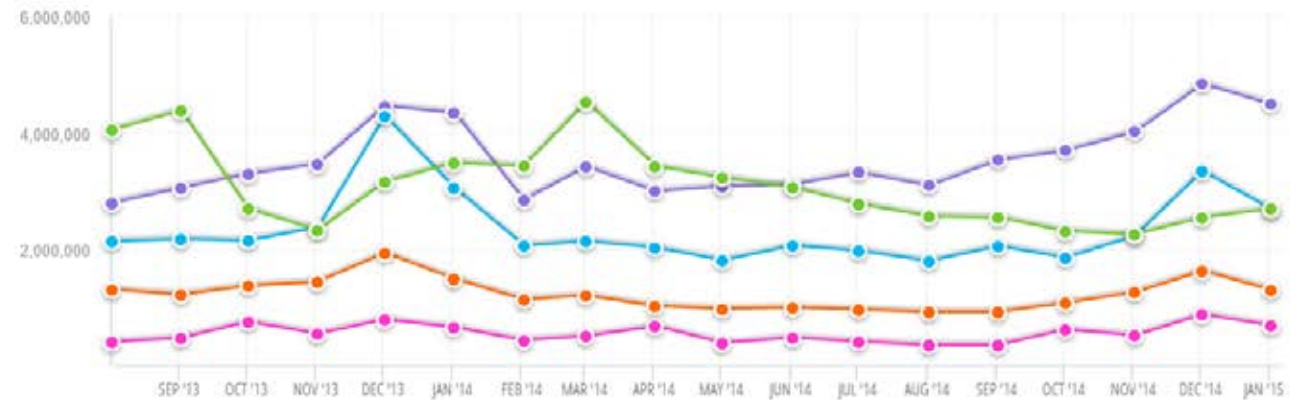
| | |
|------------------|---------------------|
| verkkokauppa.com | 63,800,000 (32.99%) |
| gigantti.fi | 42,100,000 (21.80%) |
| huuto.net | 55,400,000 (28.66%) |
| netanttila.com | 22,100,000 (11.44%) |
| stockmann.com | 9,900,000 (5.11%) |

Visits from Aug, 2013 to Jan, 2015

On Desktop

Daily
 Weekly
 Monthly
 ↓

● verkkokauppa.com
 ● gigantti.fi
 ● huuto.net
 ● netanttila.com
 ● stockmann.com



VISITS

VISIT DURATION

PAGES / VISIT

BOUNCE RATE

GLOBAL RANK

COUNTRY RANK

CATEGORY RANK

Websites Global Ranks Comparison

| | |
|------------------|--------|
| verkkokauppa.com | 5,449 |
| gigantti.fi | 11,635 |
| huuto.net | 9,532 |
| netanttila.com | 25,712 |
| stockmann.com | 34,909 |

Traffic Engagement

| | Avg. Daily Visits | Avg. Visit Duration | Pages / Visit | Bounce Rate |
|------------------|-------------------|---------------------|---------------|-------------|
| verkkokauppa.com | 120,000 | 00:06:29 | 8.13 | 27.23% |
| gigantti.fi | 75,000 | 00:05:04 | 6.14 | 26.55% |
| huuto.net | 100,000 | 00:08:57 | 10.63 | 21.80% |
| netanttila.com | 40,000 | 00:05:37 | 5.98 | 28.67% |
| stockmann.com | 20,000 | 00:04:36 | 8.82 | 30.12% |

Largest 2015 (public) projects

- Company is currently recruiting manager for C2C (consumer-to-consumer) market place. C2C is all about attracting more traffic, increasing add-on and sales of new products and improving customer loyalty and experience.
- Current logistics development is mainly focusing in adding possibility to add more (leased) warehouses or direct shipments from suppliers. Flexibility is the key. First direct shipment trials are being done.
- Own consumer financing and credit scoring services are still being developed. First focus is in credit scoring and fraud detection services.
- Development of better sales, inventory and availability forecasting engines, both for internal (purchasing) and external use.
New end-user availability forecasting engine launched in January 2015.

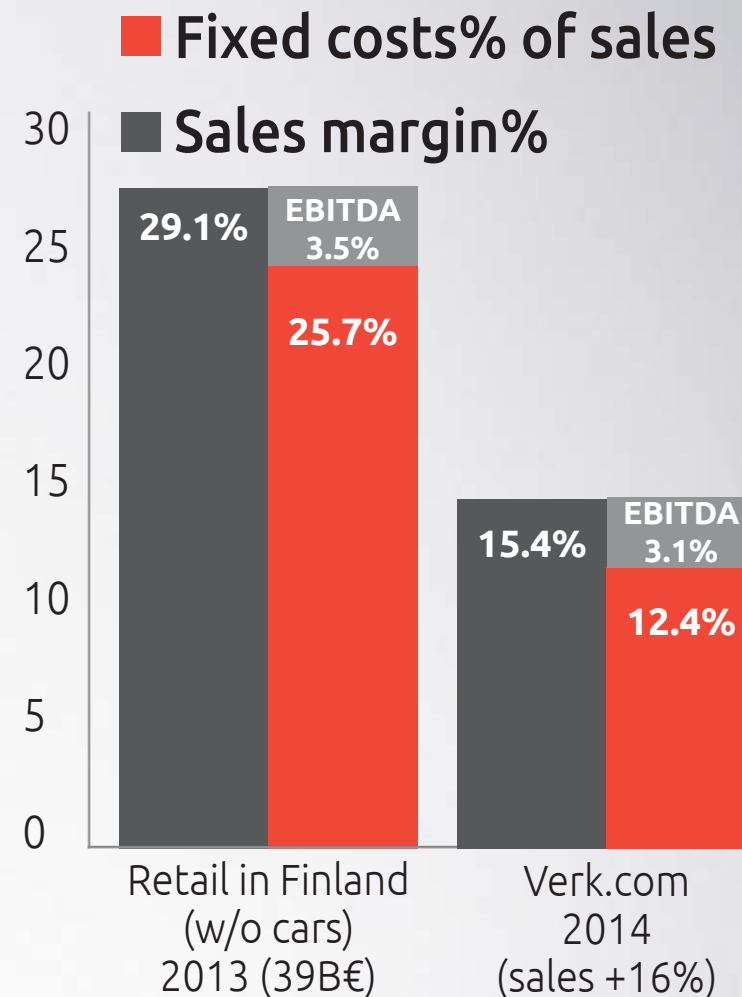
New categories in 2015

- "Probably always cheaper prices", efficient logistics and leading low fixed costs base are the foundation for our plans for introducing new product categories during 2015.
- Launched three new main categories in January 2015 - babies and family, tools (diy) and luggage and travel. GPS/Sports -category has been renamed as Sports and Nutrition.
- Now total 25 main categories and over 50 000 articles.
- New categories will not have significant short term impact on sales or profitability.
- Looking also for stronger sales growth in our own brands and products (private labels) - typically offering better sales margin.



Industry average product margins

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



- > Change in our product sales mix has an effect in sales margin%.
- > Financing Services typically increase sales margin% by 3-6%
- > Verkkokauppa.com has its own "positive payment behavior" database
- > Vendors support large offline or multichannel retailers with estim. 2-10% kickback compared pure online players.

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 compared to the level in 2013.
- The company strives to secure a sufficient equity ratio to finance growth of its business and targets 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 to grow during 2015 compared to previous year.

Largest owners on 31.1.2015

| | 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 Op-Delta -Sijoitusrahasto | 235 278 | 3,133 |
| 6 Keva | 168 000 | 2,237 |
| 7 Skogberg Ville Johannes | 105 711 | 1,407 |
| 8 Hartwall Capital Oy Ab | 82 710 | 1,101 |
| 9 Sijoitusrahasto Danske Invest Suomen Pieny. | 82 000 | 1,092 |
| 10 Op-Suomi Pienyhtiöt | 76 000 | 1,012 |
| 11 Sijoitusrahasto Evli Suomi Pienyhtiöt | 70 829 | 0,943 |
| 12 Sr Danske Invest Suomi Yhteisöosake | 60 000 | 0,799 |
| 13 Fondita Equity Spice Placeringsfond | 45 000 | 0,599 |
| 14 Keskinäinen Vakuutusyhtiö Kaleva | 44 000 | 0,586 |
| 15 Thominvest Oy | 39 000 | 0,519 |

30.38
-0.02 (-0.0658%)

Currency in EUR

| | | | | | |
|---------------|----------------------|--------------------|-------------|-------------------|-------|
| Today | 29.95 - 30.4 | Shares | 7,510,855 | Week | -0.07 |
| 52 Week | 20.1 - 31.7 | Mkt Cap | 228,179,775 | Month | -0.39 |
| Year | 29.03 - 30.5 | Liquidity Provider | No | 3 month | 0.2 |
| Opening price | 30.4 | Market Name | | 6 month | 26.58 |
| Vol. | 10,062 | ICB Code | 5300 | Year Change | 27.97 |
| No. of trades | 7 | Sector | Retail | Year start change | -0.72 |
| www | www.verkkokauppa.com | | Segment | | |
| Note | | | | | |

Show more

Share development (8.2.2015)

Compare

Show intraday

Zoom:

1m

3m

6m

1y

YTD

All

Period:

from

to

Adjusted



Search



Q&A

Upcoming events:

- AGM, Wednesday 18th of March 2015
- Q1/2015, Friday 24 April 2015
- Q2/2015, Friday 7 August 2015
- Q3/2015, October 23 2015

Quick links:

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

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- investors@verkkokauppa.com

Thank you!

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