

Verkkokauppa.com Oyj Q1/2017,
Roadshow, Samuli Seppälä, CEO

TODAY'S STOREFRONT

RETAIL IS GOING ONLINE. COME ALONG.

Verkkokauppa
PROBABLY ALWAYS CHEAPER **.com**



Verkkokauppa.com

**Verkkokauppa.com
is Finland's largest,
best known and
most visited
online retailer.**

**2016
revenue
€372m**

**49m
online
visits
(2016)**

**Three
mega-
stores**

**Over
550
employees**

**Own
consumer
financing**

Verkkokauppa.com

**Verkkokauppa.com
carries 26 product
categories. One new
category is introduced
on average each year.**

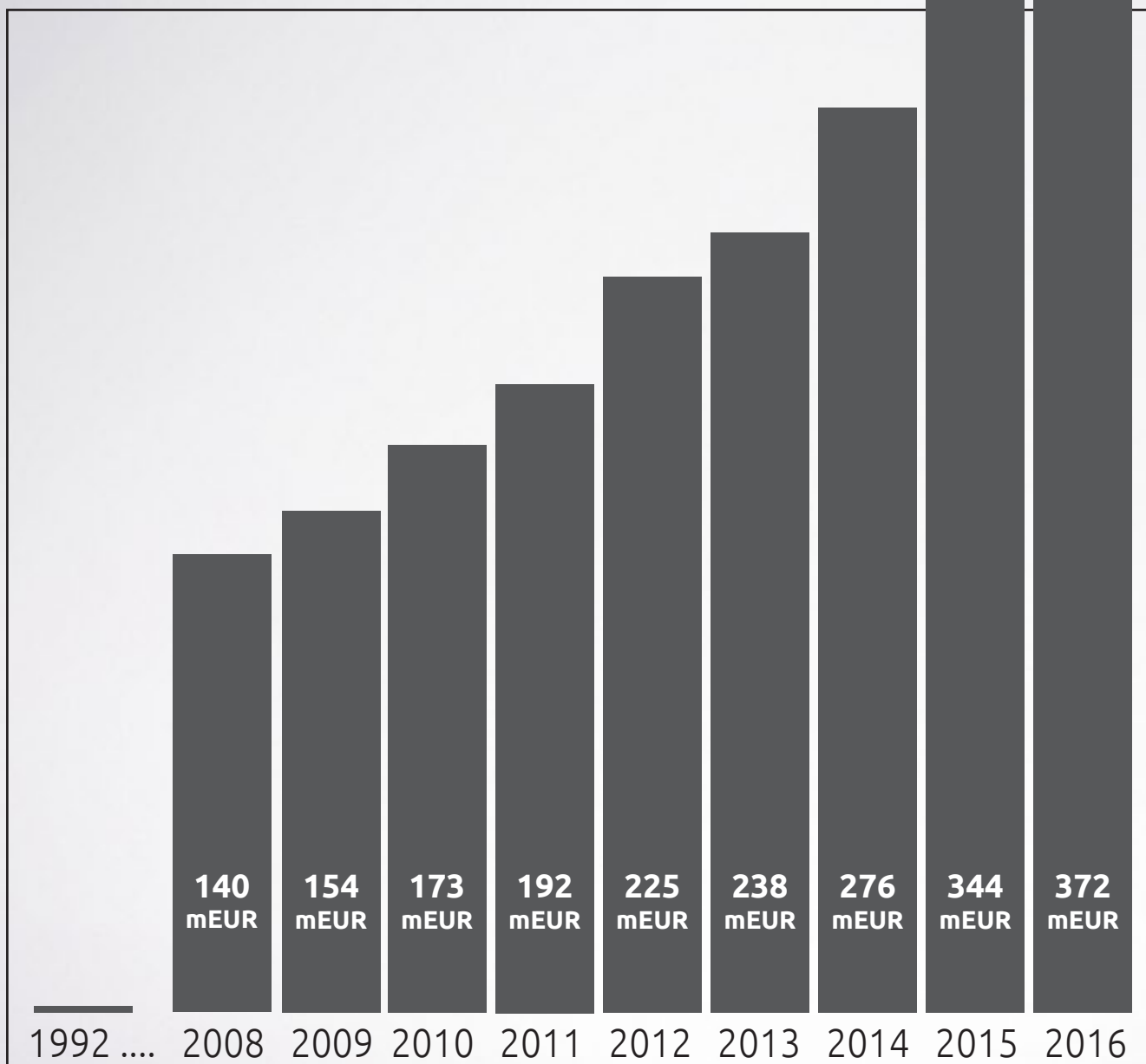


Verkkokauppa.com

On average, each category has gained ~1% market share per operating year in Finland.



Verkkokauppa.com - growth since 1992



2016 revenue

€372m

2016 EBITDA

€14m*

31 Dec 16 cash

€42m

31 Dec 16 debt

€0

2017/Q1 dividend

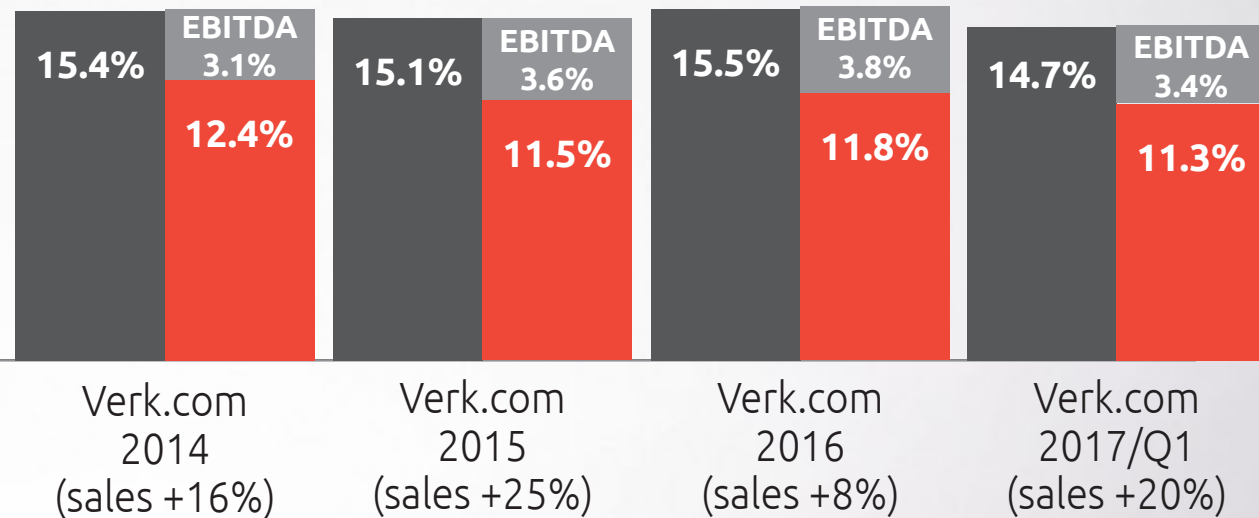
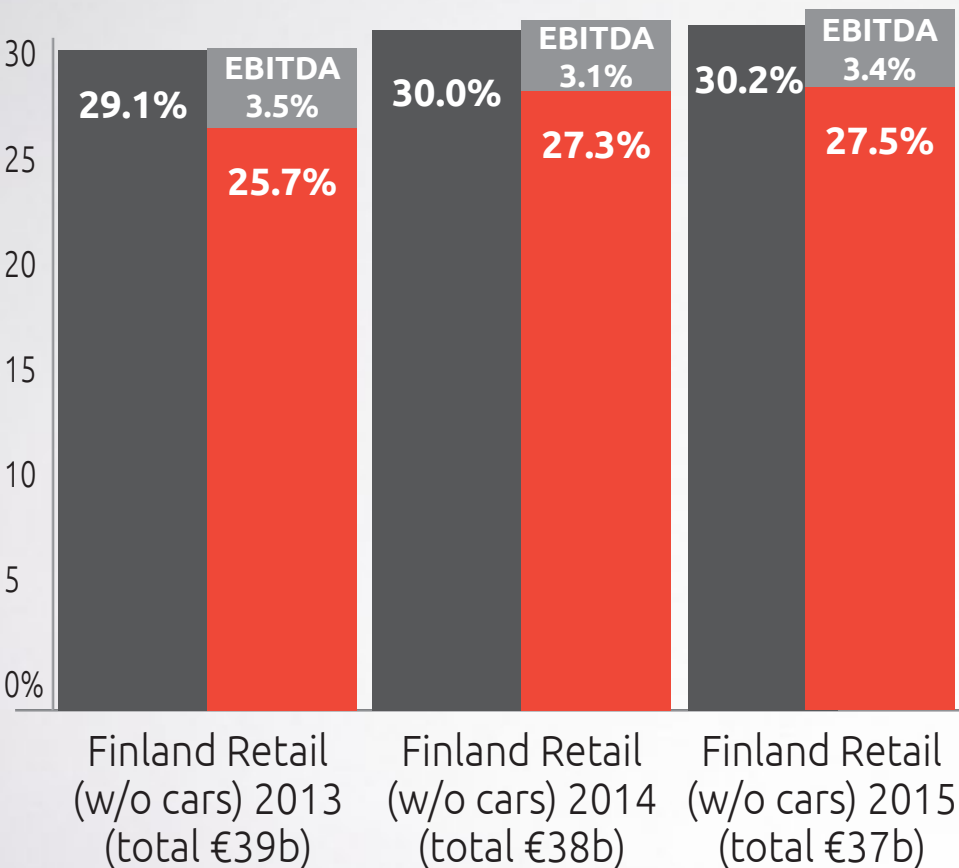
€0.04

*) EBITDA excluding non-recurring items

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

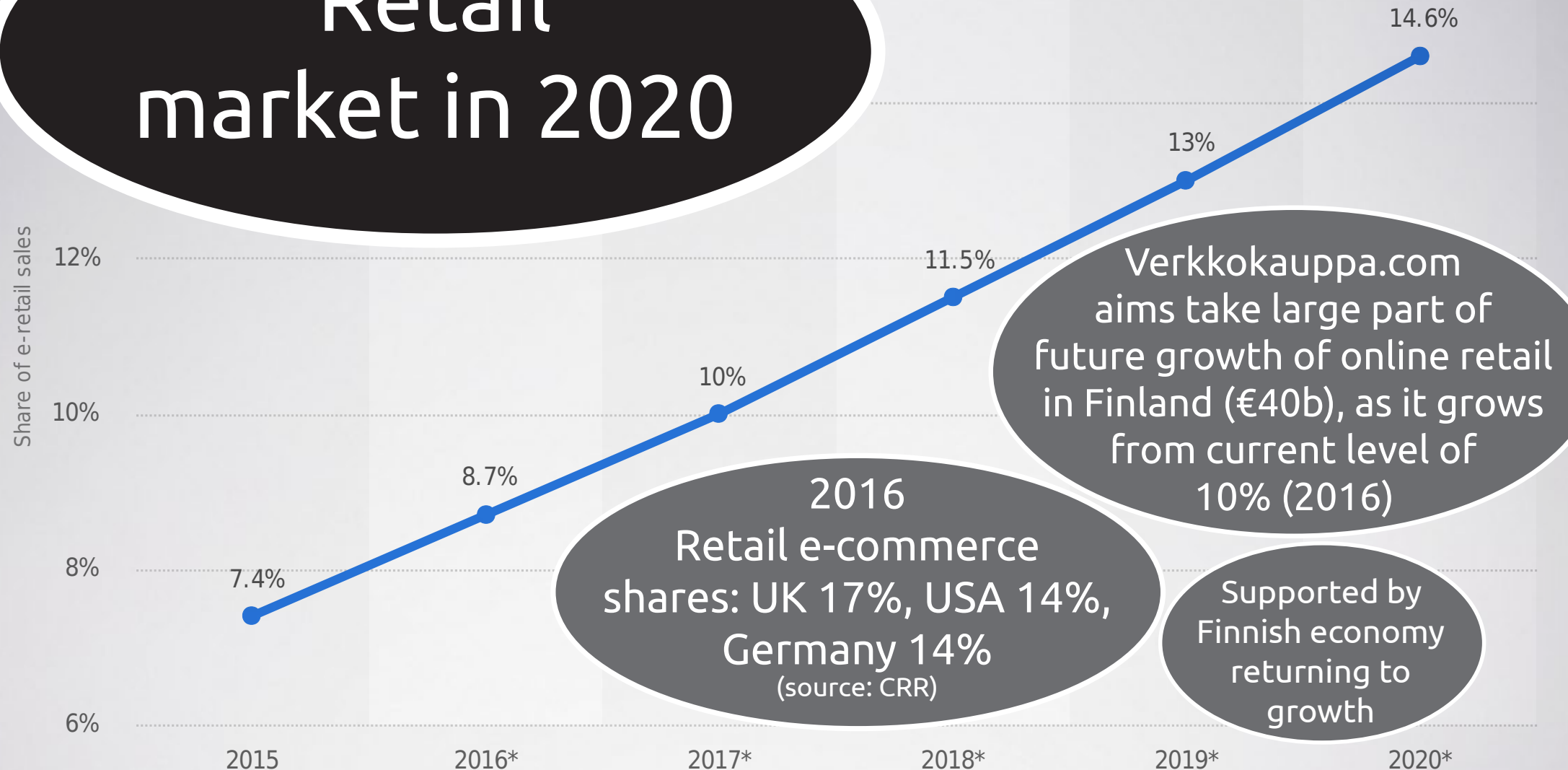


... we aim for lower prices and costs!



Retail market in 2020

Global online share
forecast 2015-2020*



Source:
eMarketer
© Statista 2016

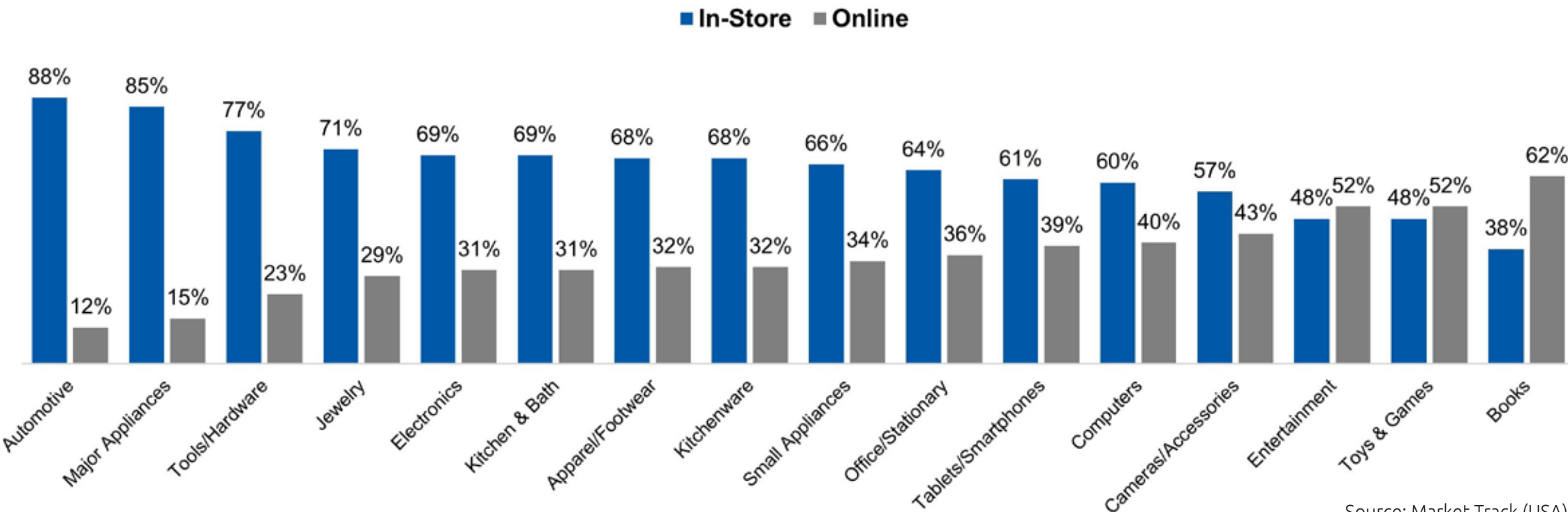
Additional Information:
Worldwide; eMarketer; 2015 to 2016

* 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.

Shopper preferences online or in-store

~1%
of retail sales
move online every year in
Finland, from the current
10% or €4b

Shopper preferences on buying specific categories online or in-store



Source: Market Track (USA)

Verkkokauppa.com Q1/2017

Strong 20% revenue growth (€100.1m), EBITDA* +27% (€3.4m)

Growth boosted by updated strategy

Q1 dividend €0.041 (previous Q €0.040)

*) Comparable EBITDA

Verkkokauppa.com
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Verkkokauppa.com Q1/2017 Income Statement

	Q1/2017	Q1/2016	Ch%
Revenue, € million	100.1	83.5	+20%
Gross profit	14.7	13.1	+12%
Gross margin	14.7%	15.6%	
Personnel expenses*	-6.1	-6.0	+1%
Other opex	-5.2	-4.4	+19%
EBITDA*	3.4	2.7	+27%
EBITDA margin*	3.4%	3.2%	
Depreciation and amortiz.	-0.3	-0.3	-2%
EBIT*	3.1	2.4	+30%
Net profit*	2.5	1.9	+31%

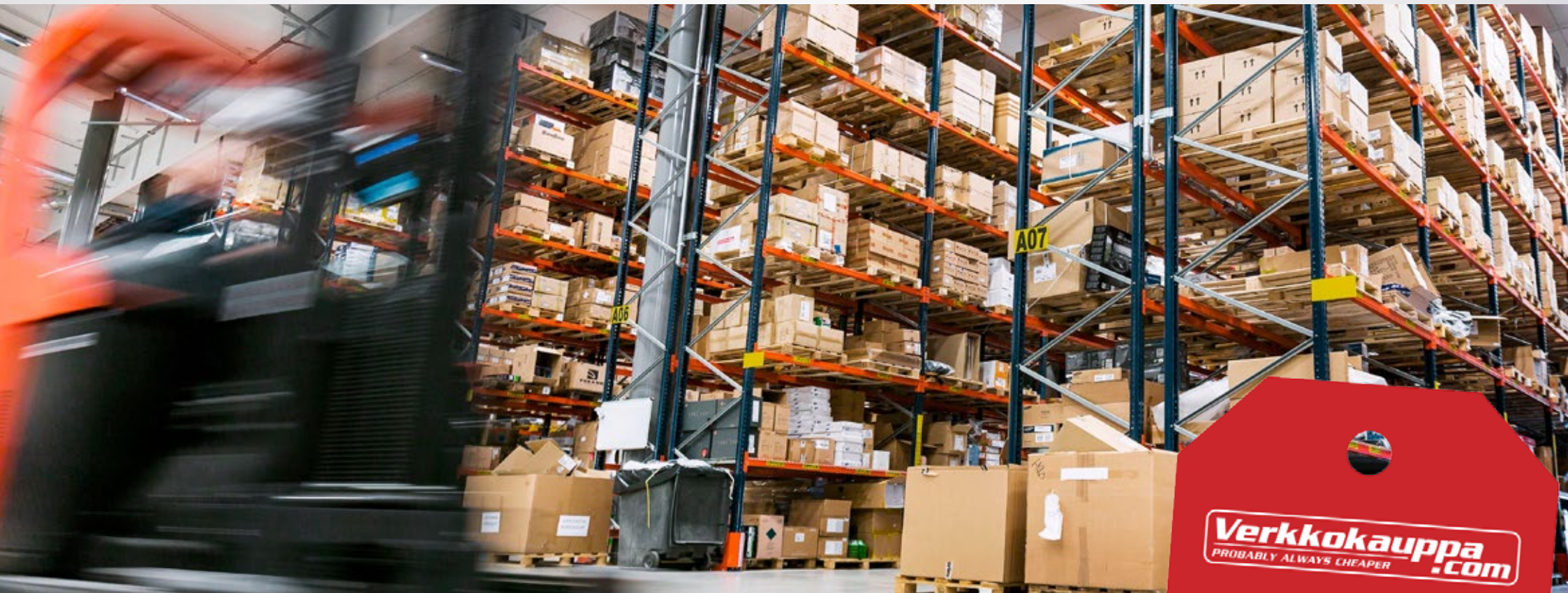
*) Comparable

"While competition remained tough throughout the first quarter, Verkkokauppa.com achieved strong 20% revenue growth by focusing on top-line growth during the period, boosted by our updated strategy for 2017."



Verkkokauppa.com Q1/2017 Balance Sheet

- Inventory 43.4 (39.3) million euros on 31/3/17, change +10%.
- Cash flow from operating activities -9.4 (-4.2) million euros.
- Capex -0.2 (-0.2) million euros .
- Equity ratio 43.9% (44.3%)
- Cash 30.6 (20.8) million euros, change +47%; no interest bearing debt.
- 15 million euro revolving credit facility - not being utilized.



We are
the most
transparent
low-cost online
retailer

.. while
being probably
always cheaper

**Lower
costs**

Finland's best
self-service driven
by technology

Highly efficient
logistics

Three
high-volume
megastores

"Probably
always
cheaper"

Cheaper prices
enabled by lowest
fixed costs

We
don't sell
products that can't be
handled highly efficiently;
clothing, DIY, fresh food,
sub-10e products

More aggressive 2017

Including
launch of two
new main
categories

Efficient
Vantaa
warehouse fully
operational

Relocation/
expansion of
two stores

Cheaper prices
enabled by lowest
fixed costs

Supported by
Finnish economy
returning to growth

Store expansion supporting online

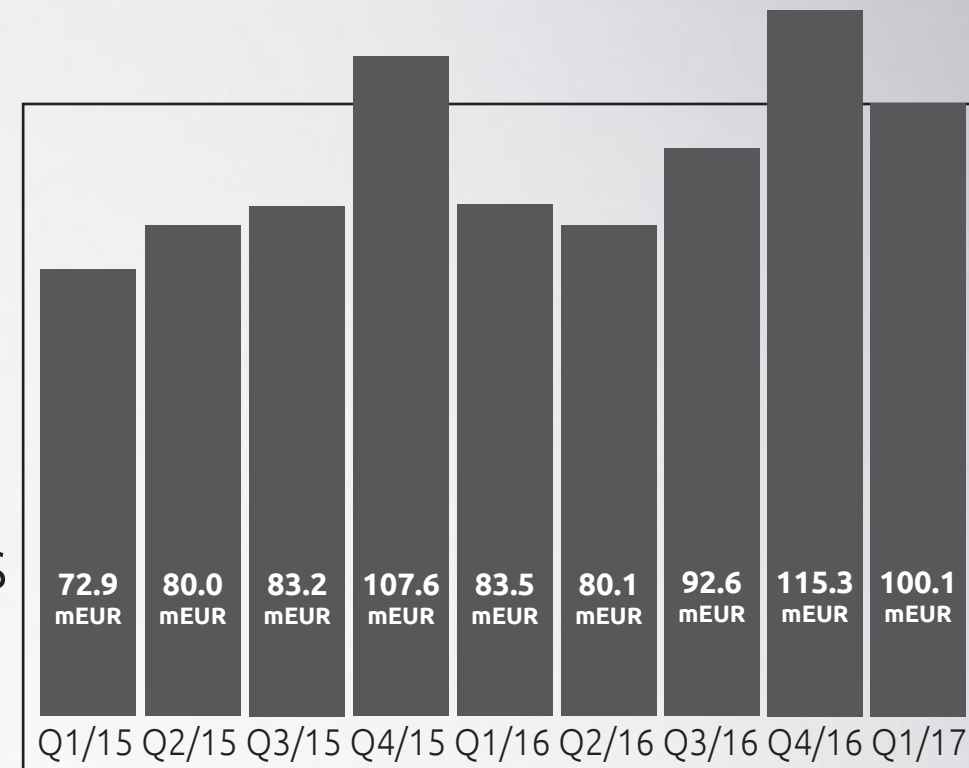
Expansion work at the Oulu store and relocation of the Pirkkala store continues. Work also continues on plans to open one or two completely new stores. Both Oulu and Pirkkala stores will be fully ready in their new larger formats by the end of the summer.

High-
volume
megastores



Verkkokauppa.com Q1/2017 sales drivers

- Retail continues going online
- Updated aggressive strategy
- Verkkokauppa.com's trusted concept
- Market share gains in most categories
- CE market development +9%
- Easy and convenient experience



Additional future growth drivers:

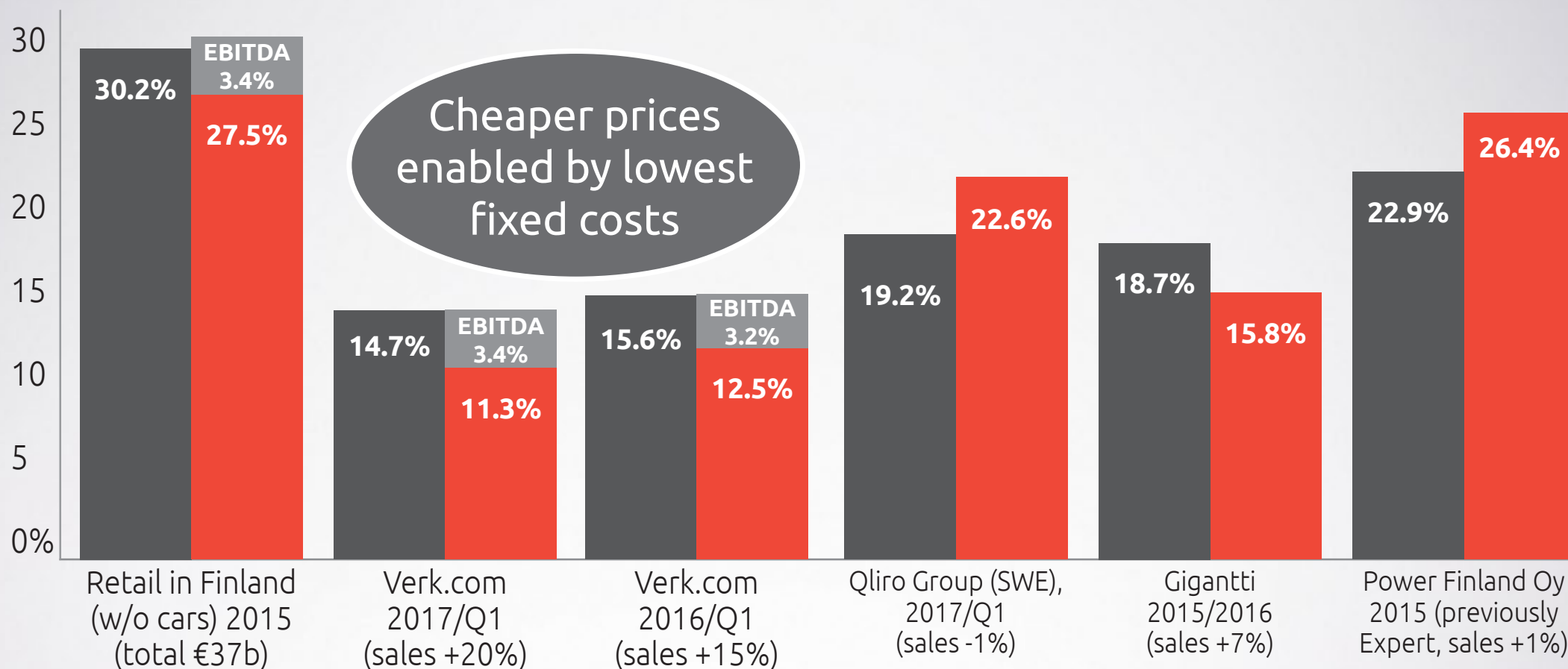
- Increasing market shares in existing categories
- Launching new main product categories
- One or two completely new stores planned
- Updated B2B business strategy
- Wholesale trade business development
- Price competition eventually eases
- Struggling pure brick and mortar business

*) Source: GfK



Verkkokauppa.com's gross margin and fixed costs

■ Gross margin %
■ Fixed costs % of sales



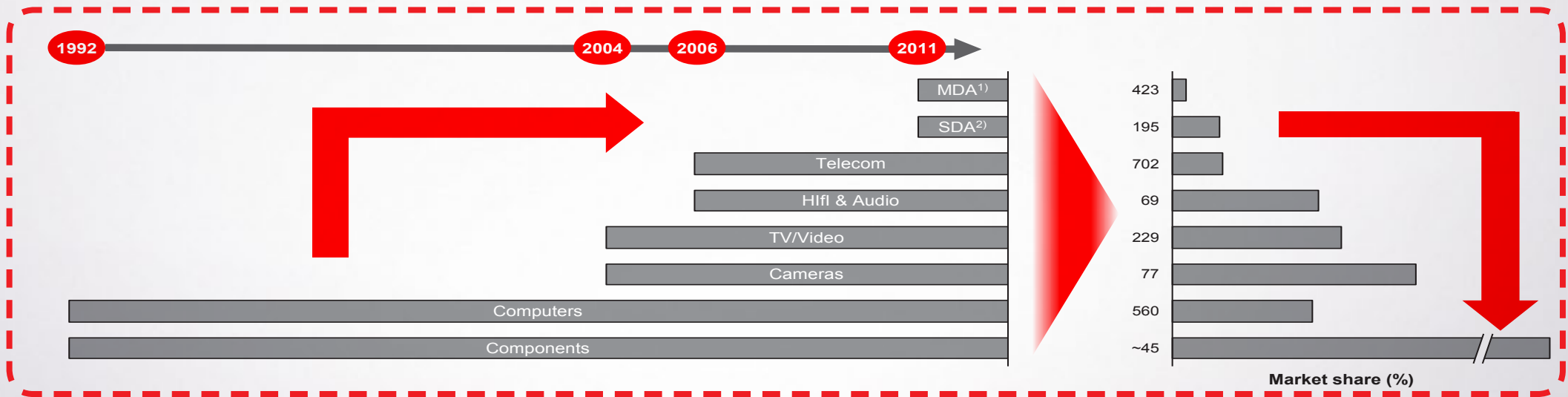
"The company aims to improve its EBITDA margin in the medium term by increasing share of higher margin categories and private labels in the sales mix and the increasing the share of the Apuraha consumer financing services."



Verkkokauppa.com's category strategy

Verkkokauppa.com has continuously expanded into new categories that are suitable for our low-cost online model and efficient logistics.

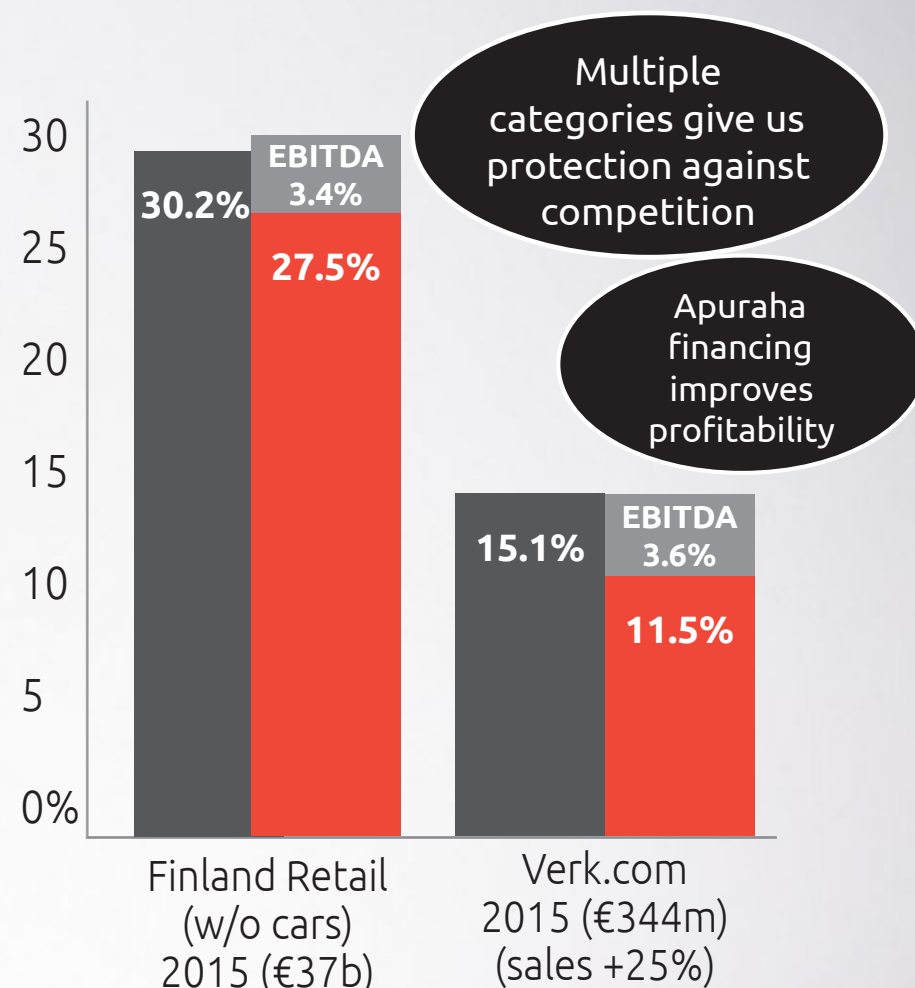
- Track record of ~1% market share gain per category per year.
- Target to be Top 3 e-tailer in each category in Finland.
- Always probably cheaper price in each category.
- Buying cooperation and wholesale improves our prices and terms.
- Change in sales mix has an effect in gross margin %.
- Consumer financing can increase margin % by 3-6%.
- Vendors support largest retailers with stores, with up to 10% kickback.



Industry average category margins

	Margin avg.
• Mobile phones	<5%
• Computers or Tablets	10-15%
• Televisions	20%
• Domestic Appliances	25%
• Musical Instruments	25%
• BBQ & cooking	25%
• Sporting Equipment	30-40%
• Watches	25%
• Baby strollers/seats	30%
• Toys	35-40%
• Private Label Cables	>50%
• Lights and lighting	40%
• <i>Kitchen furniture</i>	<i>50%</i>
• <i>Indoor decoration</i>	<i>50%</i>
• <i>Pet food and products</i>	<i>50%</i>
• <i>Cosmetics and beauty</i>	<i>25-30%</i>

■ 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. Groceries + clothing retail is appr. €20b, source: PTY.



Forrester's or GfK's category forecasts

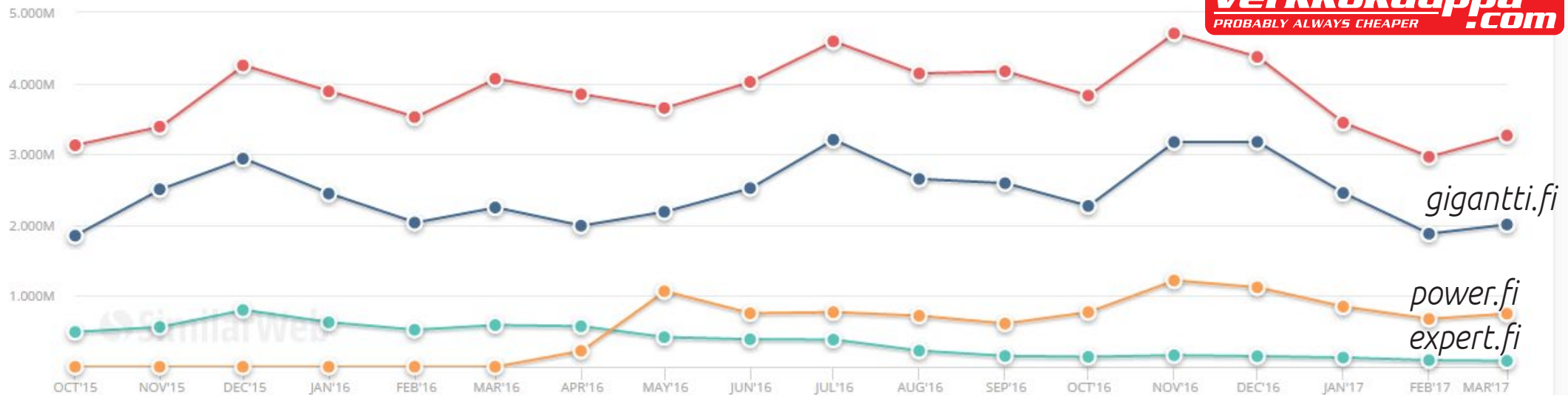
	Margin avg.	Market-size (2014/15)	Online% 2015
• Mobile phones	<5%	€852m	32.5%
• Computers or Tablets	10-15%	€585m (271+314*)	54.8%
• Televisions	20%	€188m	32.5%
• Domestic Appliances	25%	€438m	14.4%
• Musical Instruments	25%	€70m ** (45+25*)	32%**
• Tools (DIY)	25%	€200m	4.1%
• Sporting Equipment	30-40%	€772m	9.8%
• Watches	25%	€55m	5.3%
• Baby strollers/seats	30%	€78m	29.6%
• Toys	35-40%	€180m	25.6%
• Private Label Cables	>50%	€50-100m **	30-40%**
• Lights and lighting	40%	€300m **	5%**
• <i>Kitchen furniture</i>	<i>50%</i>	<i>€300m **</i>	<i>5%**</i>
• <i>Indoor decoration</i>	<i>50%</i>	<i>€1,000m **</i>	<i>4.4%</i>
• <i>Pet food and products</i>	<i>50%</i>	<i>€400m</i>	<i>5-10%**</i>
• <i>Cosmetics and beauty</i>	<i>25-30%</i>	<i>€1,401m</i>	<i>5.8%</i>

Web visits last 18 months

Domain	Monthly Visits	Avg. Visit Duration	Pages/Visit	Bounce Rate
gigantti.fi	2.450M	00:04:32	4.60	33.31%
expert.fi	360,517	00:03:21	3.80	37.81%
power.fi	529,395	00:04:07	4.25	36.90%
verkkokauppa.com	3.846M	00:05:37	7.33	27.29%

Visits over time Last 18 Months | All Traffic

44.1M 6.5M 9.5M 69.2M
 gigantti.fi expert.fi power.fi verkkokauppa.com



"Company sees C2C marketplace (under development) as a new way to increase web visits"

Get more inches and pixels with Auraha.



Auraha gives you more
choices and extra time to pay.

Verkkokauppa
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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 and financial guidance

Verkkokauppa.com Oyj's business operations are estimated to develop positively within a medium-term time frame. In 2017 the company revenue and comparable operating profit are expected to exceed the level of 2016.

Largest owners on 30 Apr 2017

		Shares	%
1	Seppälä Sipi Samuli	22 487 496	49.9
2	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2 419 451	5.369
3	Keva	2 171 000	4.817
4	Keskinäinen Työeläkevakuutusyhtiö Varma	2 065 932	4.584
5	Rite Ventures Finland Ab	1 967 576	4.366
6	Fondita Nordic Micro Cap Placeringsf	1 065 000	2.363
7	Op-Delta -Sijoitusrahasto	999 378	2.218
8	Evli Suomi Pienyhtiöt	845 801	1.877
9	Skogberg Ville Johannes	634 266	1.407
10	Sr Danske Invest Suomen Pienyhtiöt	551 378	1.224
11	Sr Danske Invest Suomi Yhteisöosake	389 201	0.864

Administrative registered:

1	Nordea Bank Ab (Publ), Suomen Sivuliike	3 153 127	6.997
2	Skandinaviska Enskilda Banken Ab (Publ)	1 652 888	3.668

Source: <https://www.verkkokauppa.com/en/investors/shareholders>

Q&A

Upcoming events:

- Q2/2017, Friday 14 July 2017
- Q3/2017, Friday 20 October 2017

Quick links:

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

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- Jussi Tallgren, CFO, jussi.tallgren@verkkokauppa.com
- investors@verkkokauppa.com





Philips Hue White Starter
-pakkaus E27

★★★★★ 4.7 83 %
78,90

- Sopii älypuhelimille ja tableteille
- Toimii myös valokatkaisijasta
- Hinnalla
- Apple HomeKit -yhteensopiva



Philips SceneSwitch 8 W
LED-älylamppu

★★★★★ 4.8 100 %
9,90

- Yksi lamppu, kolme valoaasetusta
- Sopii älypuhelimille ja tableteille



Philips Hue White -LED-
älylamppu, E27-kanta

★★★★★ 5.0 100 %
22,90

- Sopii älypuhelimille ja tableteille
- Laajenna Philips Hue -lisävarusteilla
- Enintään 50 lamppua per silta
- Apple HomeKit -yhteensopiva



Philips Hue Bridge
-valoverkkoreititin

★★★★★ 3.5 50 %
58,90

- Laajenna Philips Hue -lisävarusteilla
- Enintään 50 lamppua per silta
- Apple HomeKit -yhteensopiva

New category (28.4.17->) highlight - lights and lighting fixtures!



Philips Hue White and color
ambiance E27 LED-älylamppu

★★★★★ 4.7 67 %
71,90

- Apple HomeKit -yhteensopiva
- Sisusta valolla
- Toimii myös valokatkaisijasta
- Valot musiikin ja elokuvien tahtiin



Philips Hue Dimmer Switch
-himmenninkytkin

★★★★★ 4.8 100 %
28,90

- Philips Hue -valojen himmentäminen
- Sijoita mihin tahansa
- Käyttö kauko-ohjaimena
- Ei johtoja – paristokäyttöinen



Philips HF3510/01 Wake Up
Light

★★★★★ 4.2 90 %
68,90

- LED-valo
- Näytön kirkkauden säätö: 4 asetusta
- Kirkkausasetukset: 20
- Tehokas valo: 300 luksia



Philips Hue Motion Sensor
-liikkeen tunnistin

★★★★★ 4.2 80 %
39,90

- Ohjaa valoja liikkeellä
- Auttaa pienentämään sähkölaskua
- Toimii paristoilla

THANK YOU!

Get
the big
picture...

probably
always
cheaper*



LG 55LF592V 55" Smart Full HD LED televisio

Hinta

599,90 €

tai Apurahalla **33,00 €/kk** (24 kk)

% sis 24 % alv.

Verkkokauppa
.com
PROBABLY ALWAYS CHEAPER

*verk.com/hintapuntari

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