

Verkkokauppa.com Q3 2017
20.10.2017, Samuli Seppälä, CEO

TODAY'S STOREFRONT

RETAIL IS GOING ONLINE. COME ALONG.

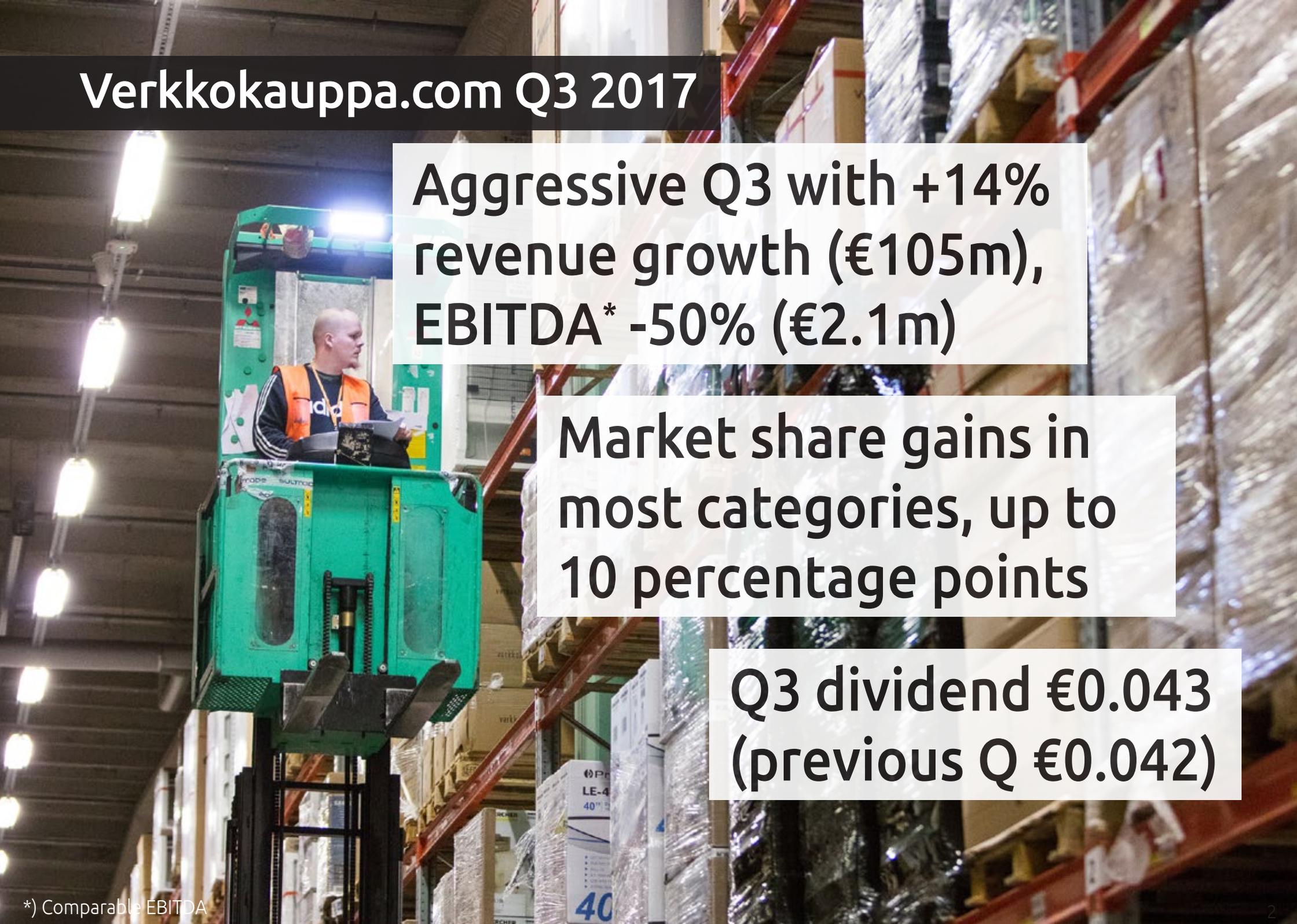
Verkkokauppa
PROBABLY ALWAYS CHEAPER **.com**



**NASDAQ
FIRST NORTH**

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

Verkkokauppa.com Q3 2017

A photograph of a warehouse interior. A worker wearing an orange safety vest and a dark long-sleeved shirt is operating a green scissor lift. The lift is positioned in an aisle between high industrial shelving units. The shelves are filled with various goods, including boxes and pallets wrapped in clear plastic. The lighting is bright, coming from overhead fixtures. The overall scene depicts a busy logistics or distribution center.

Aggressive Q3 with +14% revenue growth (€105m), EBITDA* -50% (€2.1m)

Market share gains in most categories, up to 10 percentage points

Q3 dividend €0.043 (previous Q €0.042)

Verkkokauppa.com Q3 2017 Income Statement

	Q3 2017	Q3 2016	Ch%
Revenue, € million	105.4	92.6	+14%
Gross profit	13.9	14.5	-4%
Gross margin	13.2%	15.6%	
Personnel expenses*	-5.7	-5.3	+7%
Other opex	-6.1	-4.9	+25%
EBITDA*	2.1	4.2	-50%
EBITDA margin*	2.0%	4.6%	
EBIT*	1.8	3.9	-55%
Net profit*	1.4	3.1	-55%

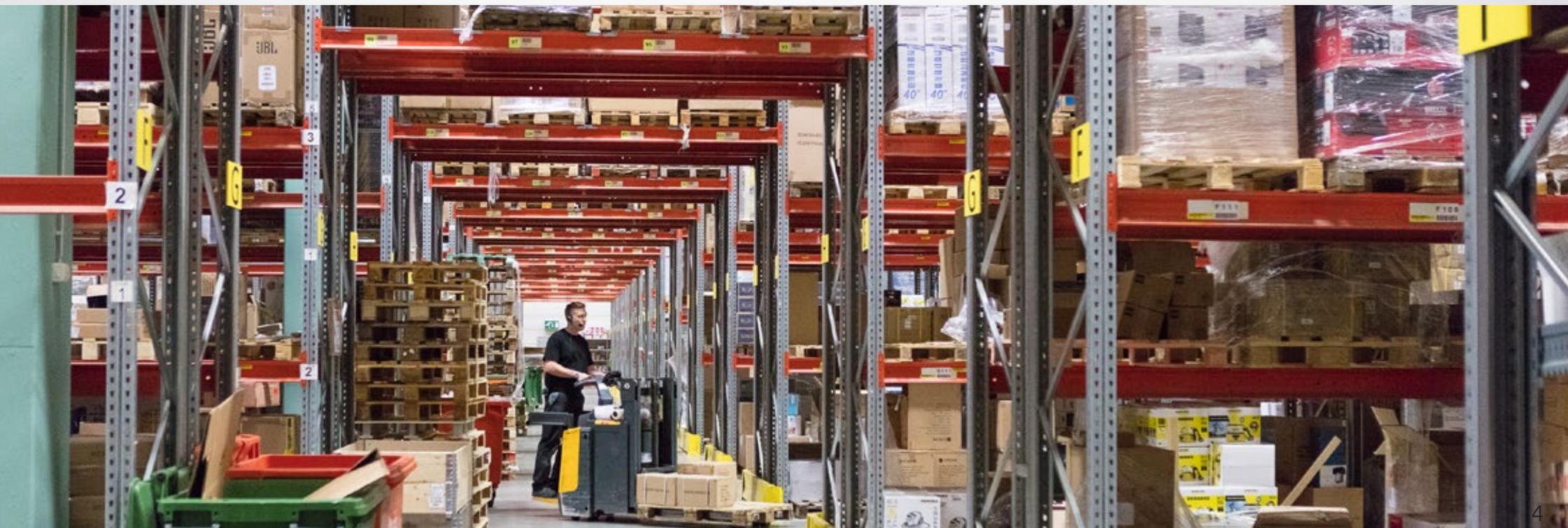
“Verkkokauppa.com’s revenue growth and market share gains were achieved by sacrificing margins in Q3”



Verkkokauppa.com Q3 2017 Balance Sheet

- Inventory 47.0 (40.3) million euros on 30/9/17, change +16%.
- Cash flow from operating activities -4.1 (+6.1) million euros.
- Capex 1-9/2017 was -1.2 (-0.7) million euros .

- Equity ratio 40.4% (42.6%)
- Cash 29.9 (29.4) million euros, change +2%; no interest bearing debt.
- 15 million euro revolving credit facility - not being utilized.



Verkkokauppa.com updated targets

Verkkokauppa.com has updated its low-costs and low-prices strategy and medium-term targets:

Net sales growth of 10-20% per year, growing EBITDA and EBITDA margin of 3-5%.

Policy of paying out an increasing dividend. Paid quarterly.

Verkkokauppa.com rolling 12 months

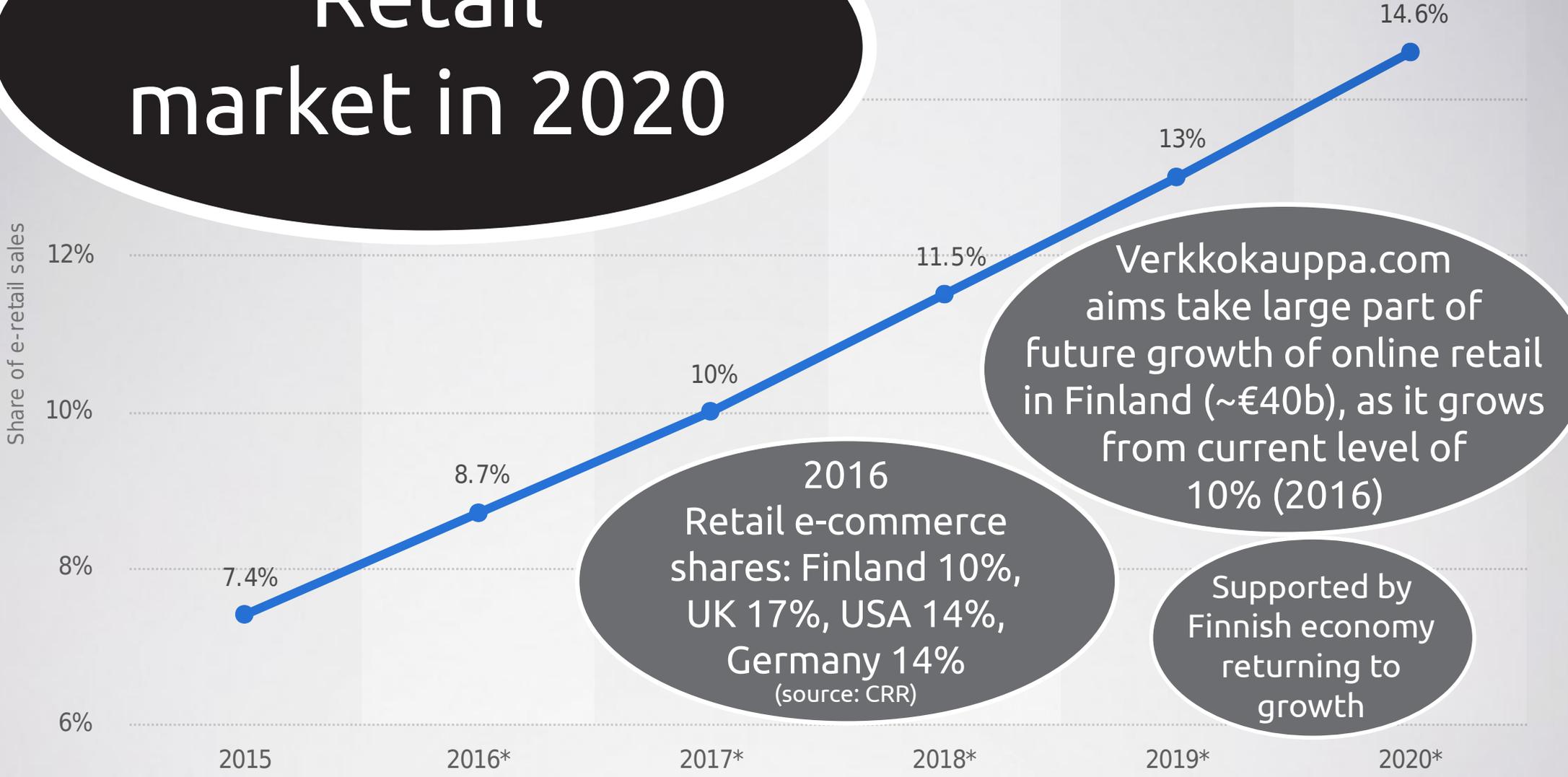
	Q4/17-Q3/16	Q4/16-Q3/15	Ch%
Revenue, € million	419.9	363.8	+15%
Gross profit	60.7	56.1	+8%
Gross margin	14.4%	15.4%	
Personnel expenses*	-23.9	-23.9	0%
Other opex*	-22.8	-18.9	+21%
EBITDA*	14.1	13.4	+5%
EBITDA margin*	3.3%	3.7%	
EBIT*	12.8	12.2	+4%
Net profit*	10.2	10.3	-1%

“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



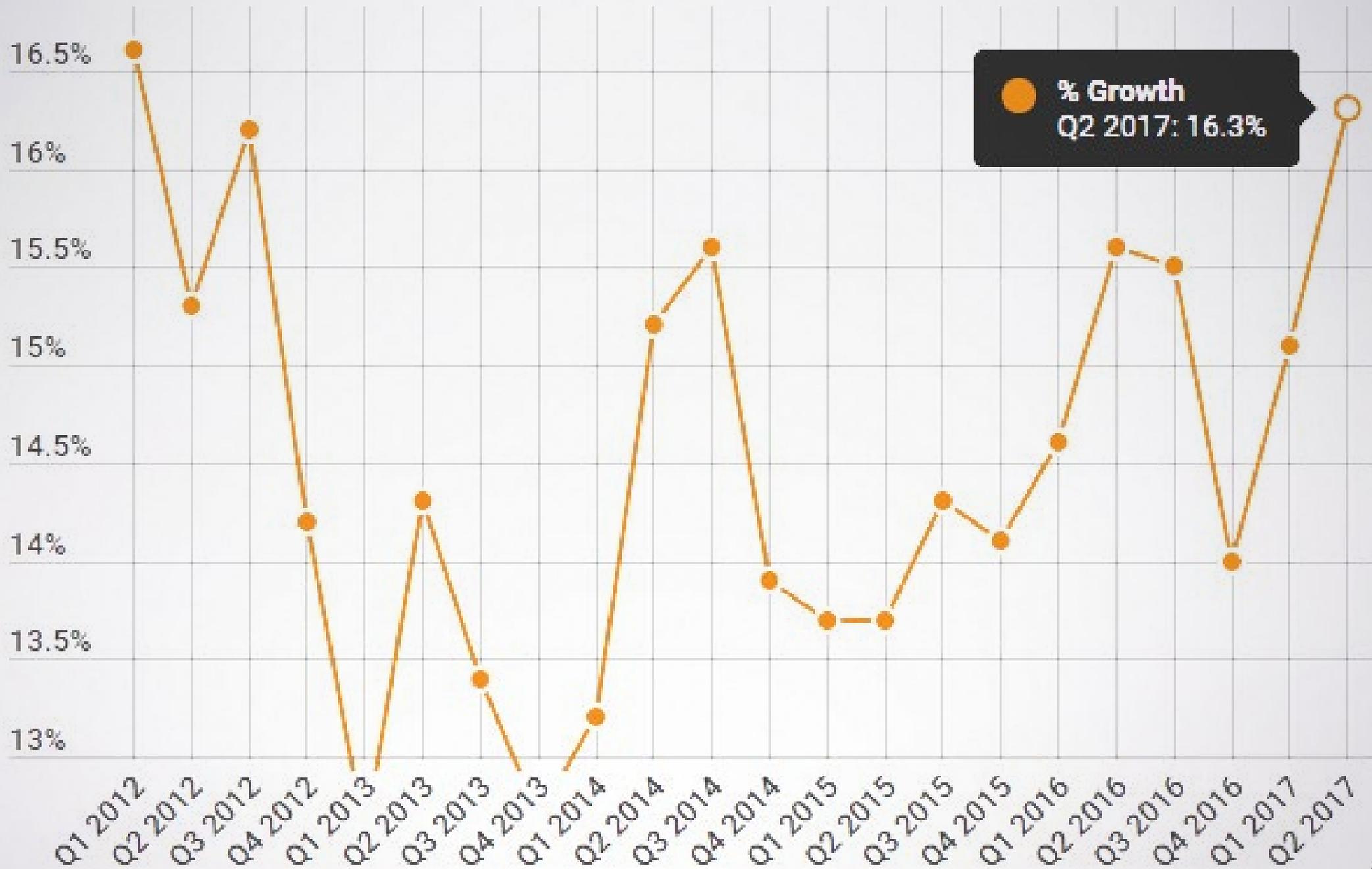
Source:
eMarketer
© Statista 2016

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.

U.S. E-Commerce Sales Growth per Quarter

Source: US Census Bureau



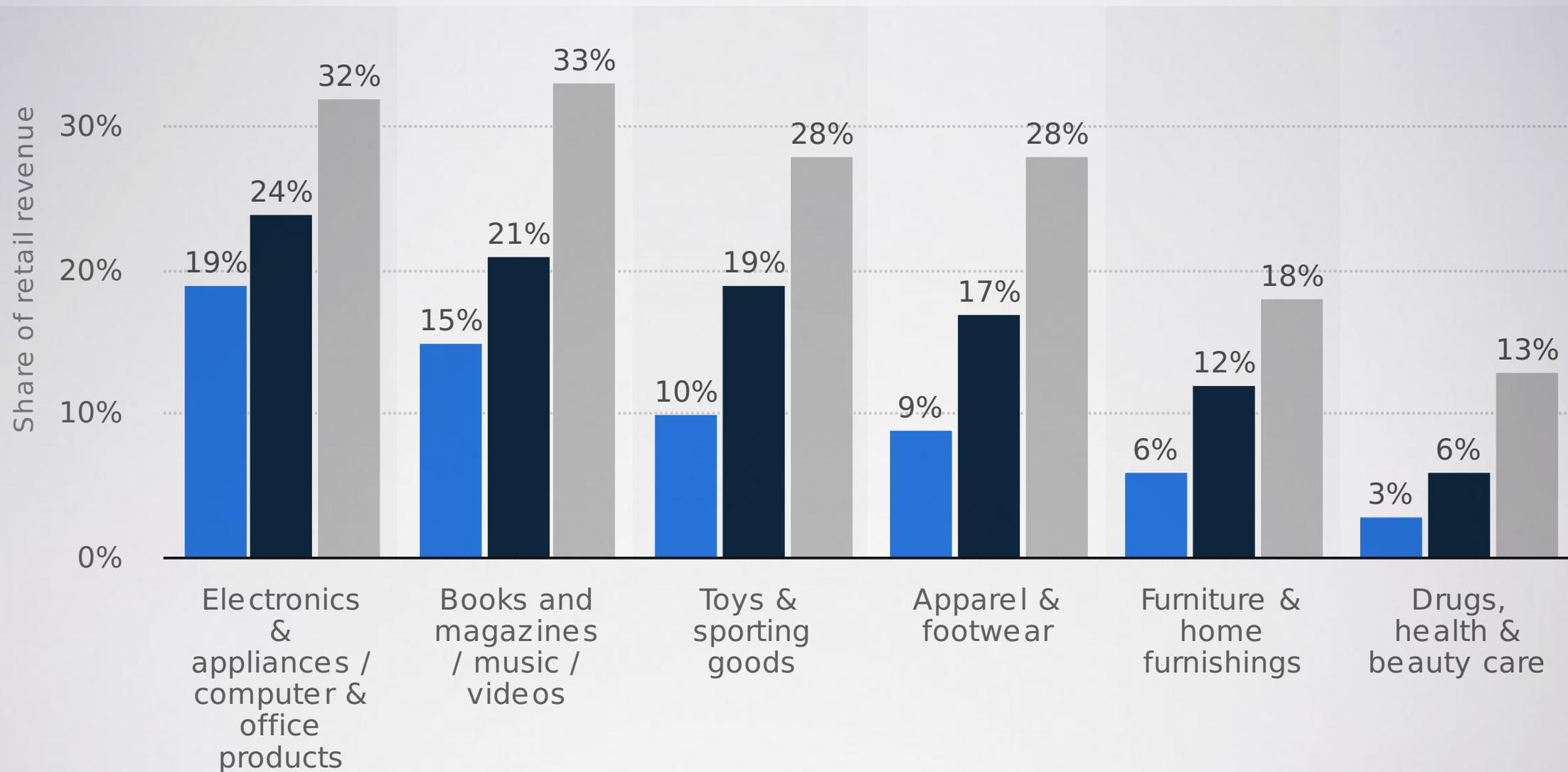
Verkkokauppa.com's targets and categories

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%.

U.S. E-Commerce Share by Product Category

Source: eMarketer;
Kantar (Kantar Retail)



"Finland's E-Commerce Share is an average 4% lower than in U.S (2016)"

■ 2011 ■ 2016 ■ 2021*

Prefer to buy In-Store vs Online

Categories for which US and Finnish shoppers prefer to buy In-Store/Online.

	In-Store USA	FIN	Online USA	FIN
Major appliances	85%	88%	15%	12%
Tools/hardware	77%	89%	23%	11%
Electronics	69%	79%	31%	21%
Apparel/footwear	68%	87%	32%	13%
Kitchenware	68%	85%	32%	15%
Small appliances	66%	80%	34%	20%
Office/stationary	64%	58%	36%	42%
Tablets/smartphones	61%	78%	39%	22%
Computers	60%	78%	40%	22%
Cameras/accessories	57%	76%	43%	24%
Books	38%	66%	62%	34%

In-Store/online total (2016)	86%	90%	14%	10%
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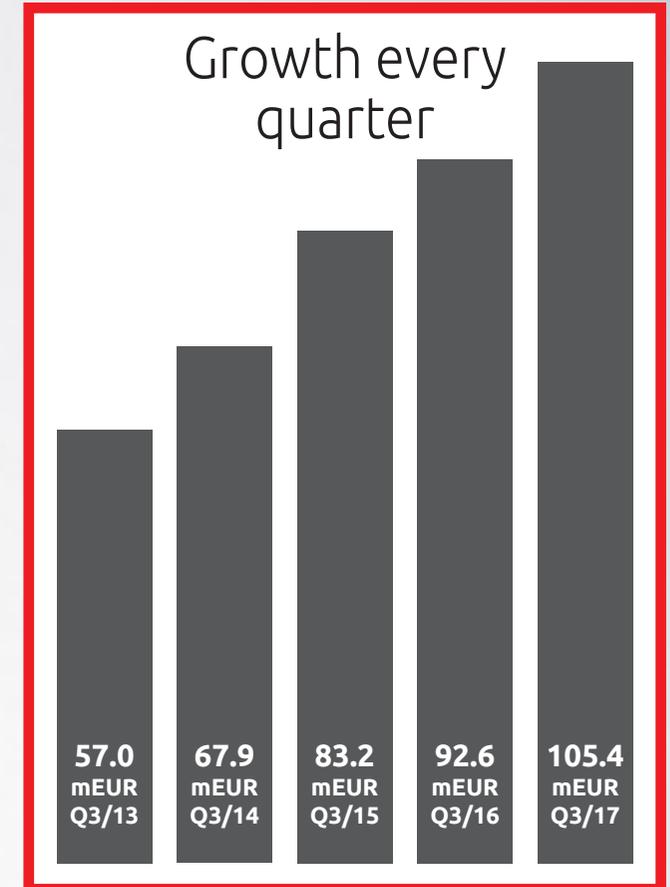
"An estimated 1% or 400 million euros, of retail sales move online every year in Finland, from the current estimated level of 10% or €4b."

Verkkokauppa.com Q3 2017 sales growth drivers

- Retail continues going online
- New bigger Pirkkala and Oulu stores
- CE market* development +0% (7-8/17)
- Updated aggressive strategy
- Market share gains in most categories
- Finnish economy returning to growth

Additional future growth drivers:

- Completely new Raisio store (Turku-region) Q1 2018
- Increasing market shares in existing categories
- Launching new main product categories
- Struggling pure brick and mortar business



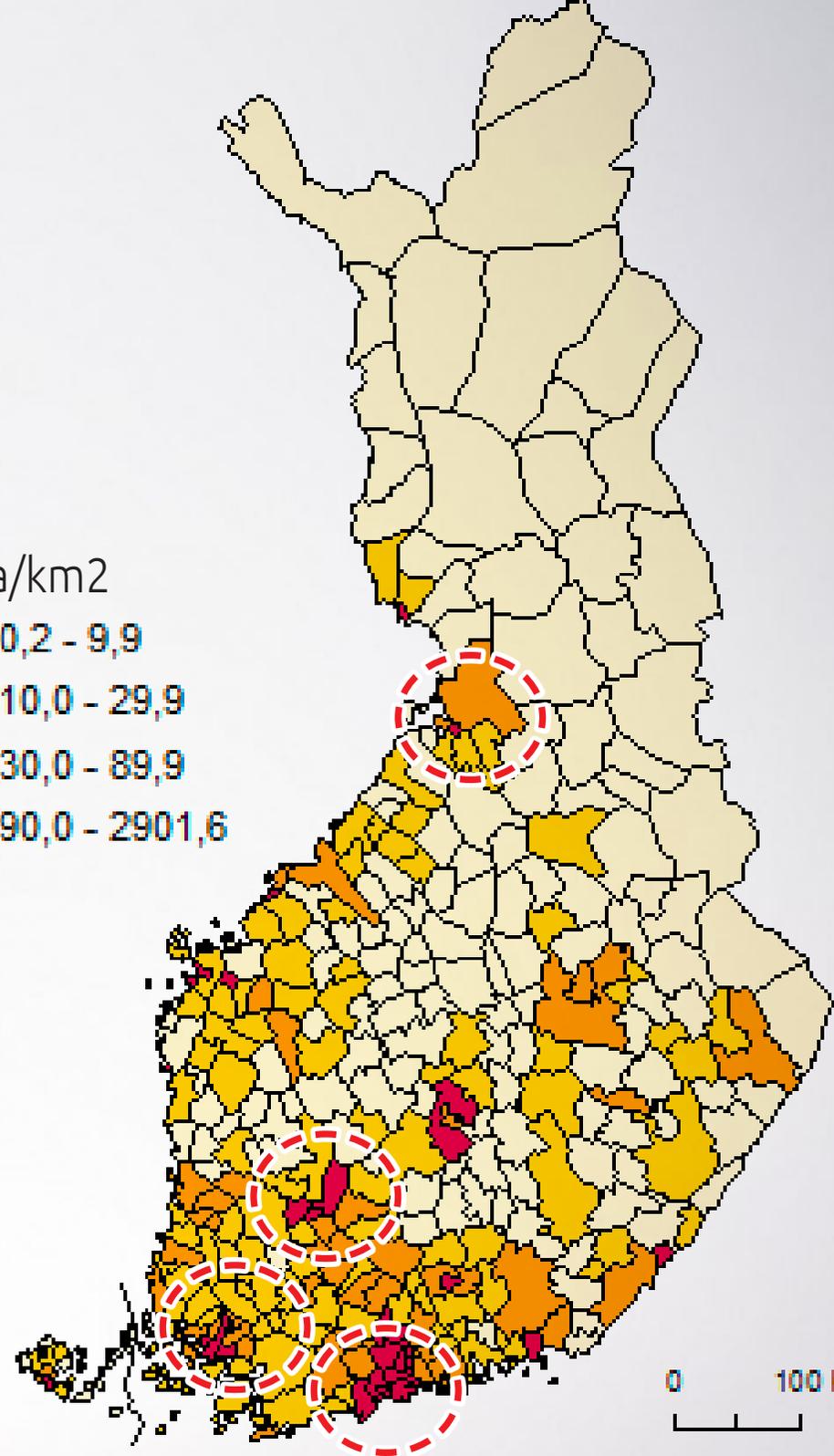
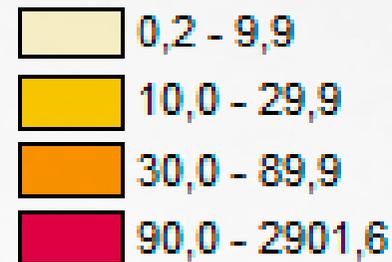
*) Source: GfK



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

- Mailorder sales are higher around our stores compared other areas.
- Lot reservation in Eastern Helsinki has been made for planning a possible future Myllypuro area store and logistics center.

Capita/km²



New Apuraha Business launched

Apuraha-monthly installment gives you 14 days of interest free
payment. After which you can decide to pay the remainder
in one or several installments

Don't balance
your finances.
Apply for
Apuraha.

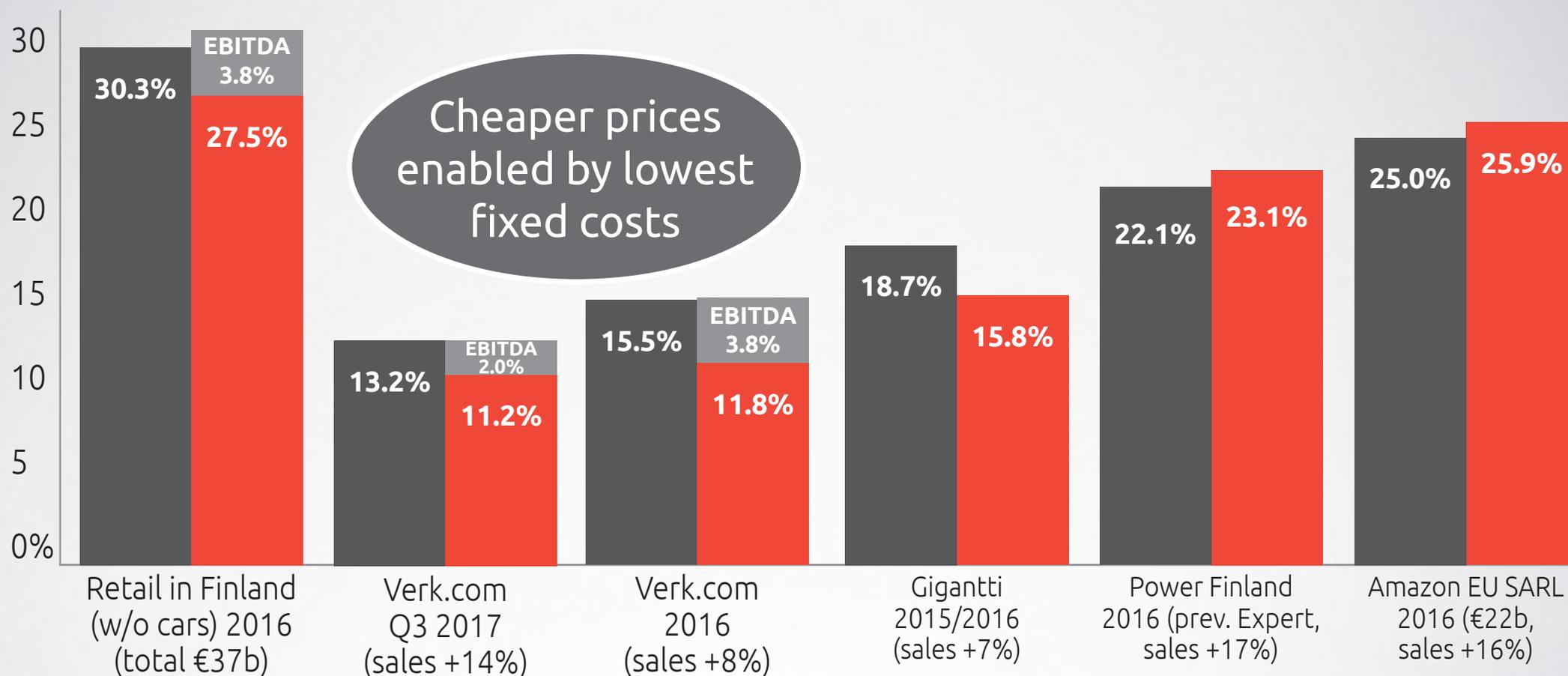
Apply for
Apuraha
Even 24 h

Apply for
Apuraha
for a wider
selection

[www.verkkokauppa.com/fi/
kohta-apurahaa-yrityksille](http://www.verkkokauppa.com/fi/kohta-apurahaa-yrityksille)

Verkkokauppa.com's gross margin and fixed costs

■ Gross margin %
■ Fixed costs %



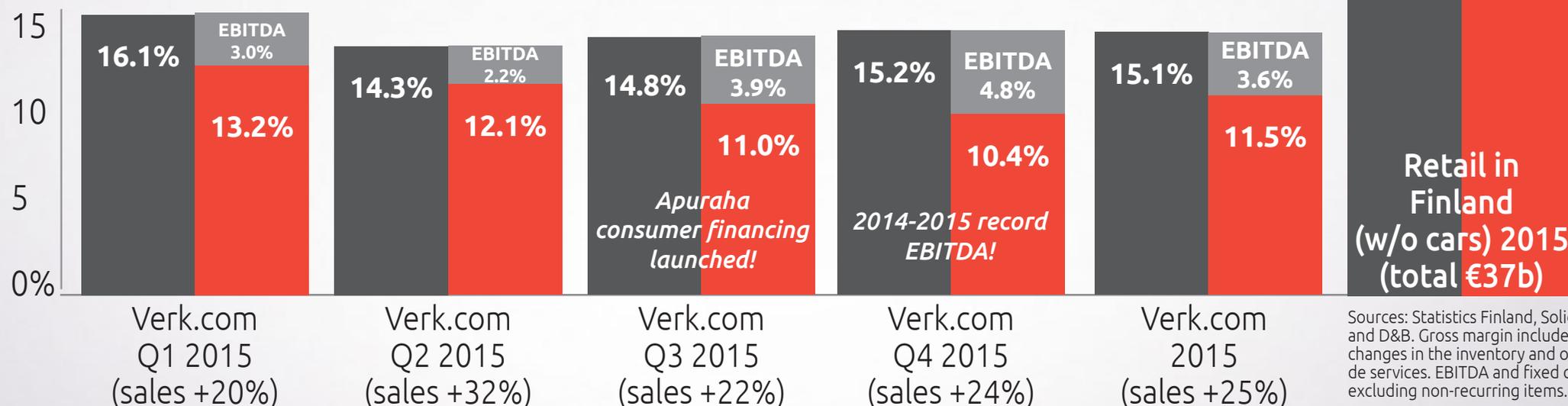
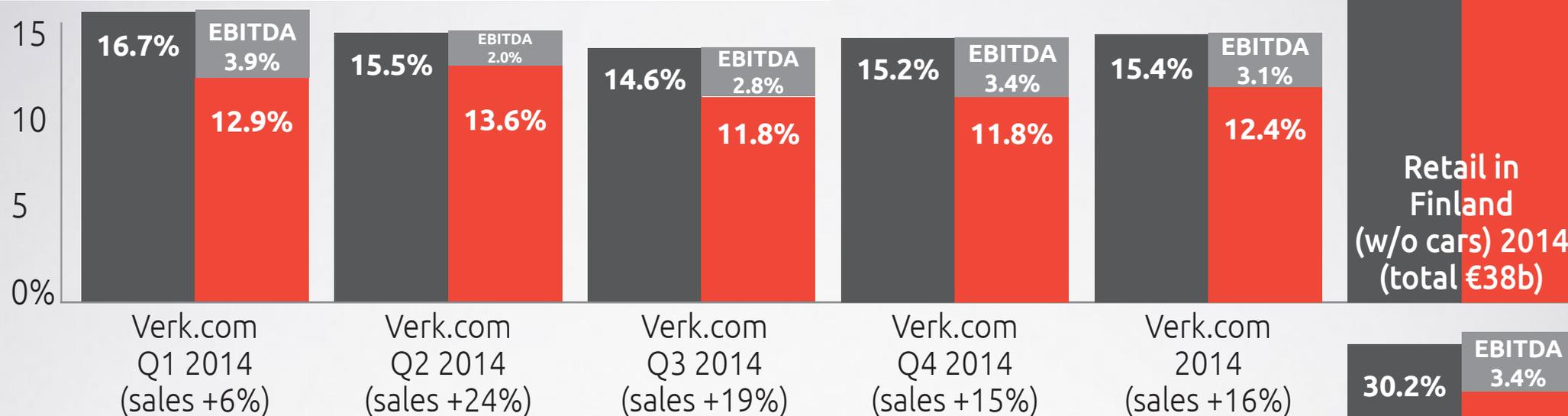
"The company aims to improve its EBITDA margin in the medium-term by increasing share of higher margin categories and private labels in the sales mix and the increasing the share of the Apuraha financing services."

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

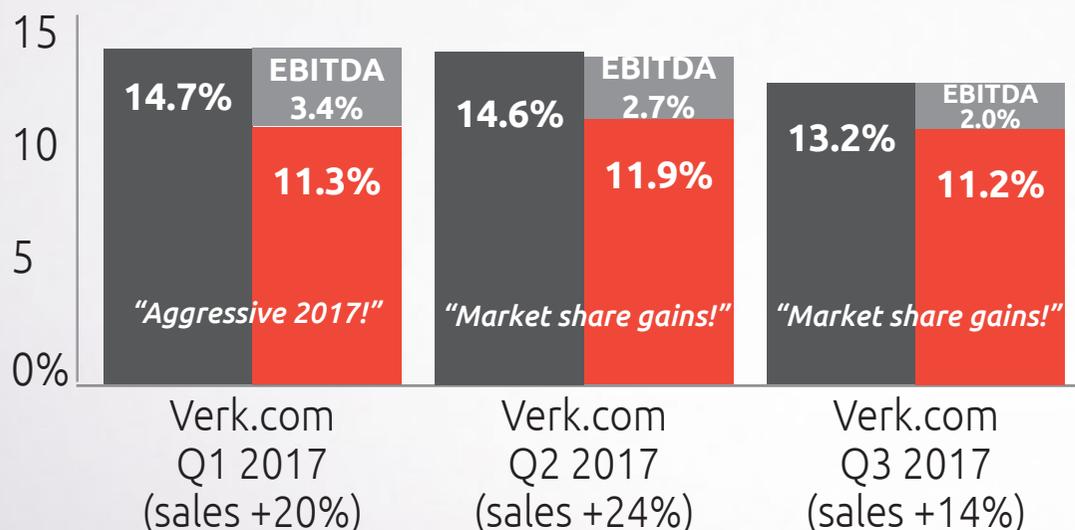
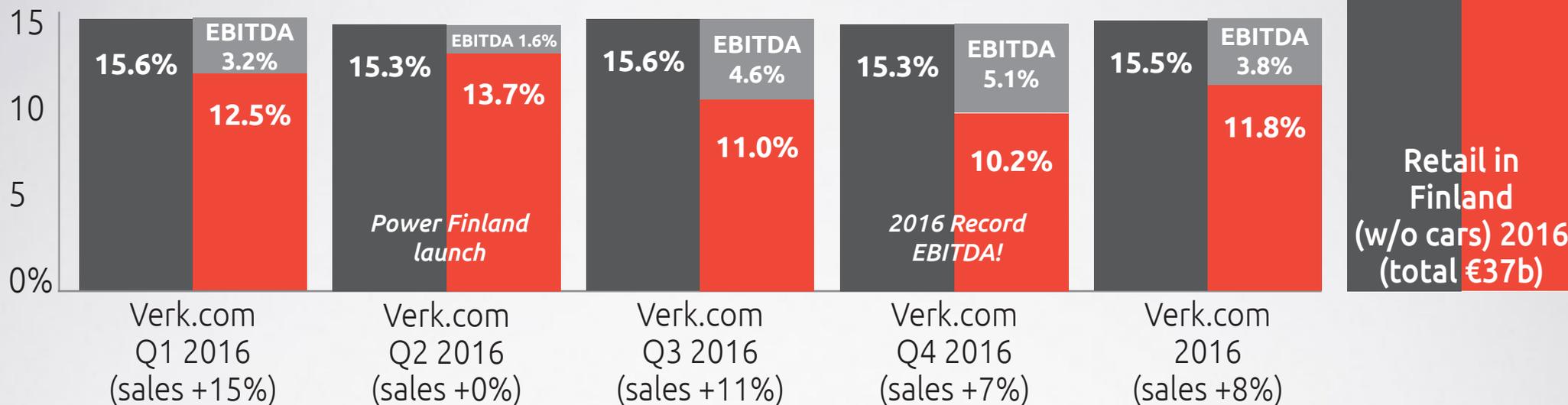
■ Gross margin %
■ Fixed costs %



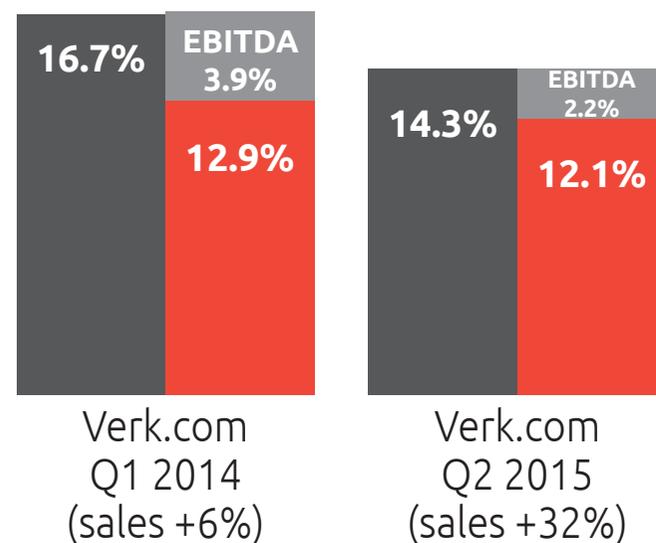
Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. EBITDA and fixed costs excluding non-recurring items.

Verkkokauppa.com's gross margin and fixed costs

■ Gross margin %
■ Fixed costs %



Highest margin vs growth quarter



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.

Medium-term targets and dividend policy

- The company targets an annual revenue growth of 10 - 20 per cent in the medium-term.
- The company's objective is growing EBITDA and EBITDA margin of 3-5 per cent in the medium-term.
- Policy of paying out an increasing dividend. Dividend is paid quarterly.

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's revenue is expected to exceed the level of 2016. The comparable operating profit is expected to be below the level of 2016.

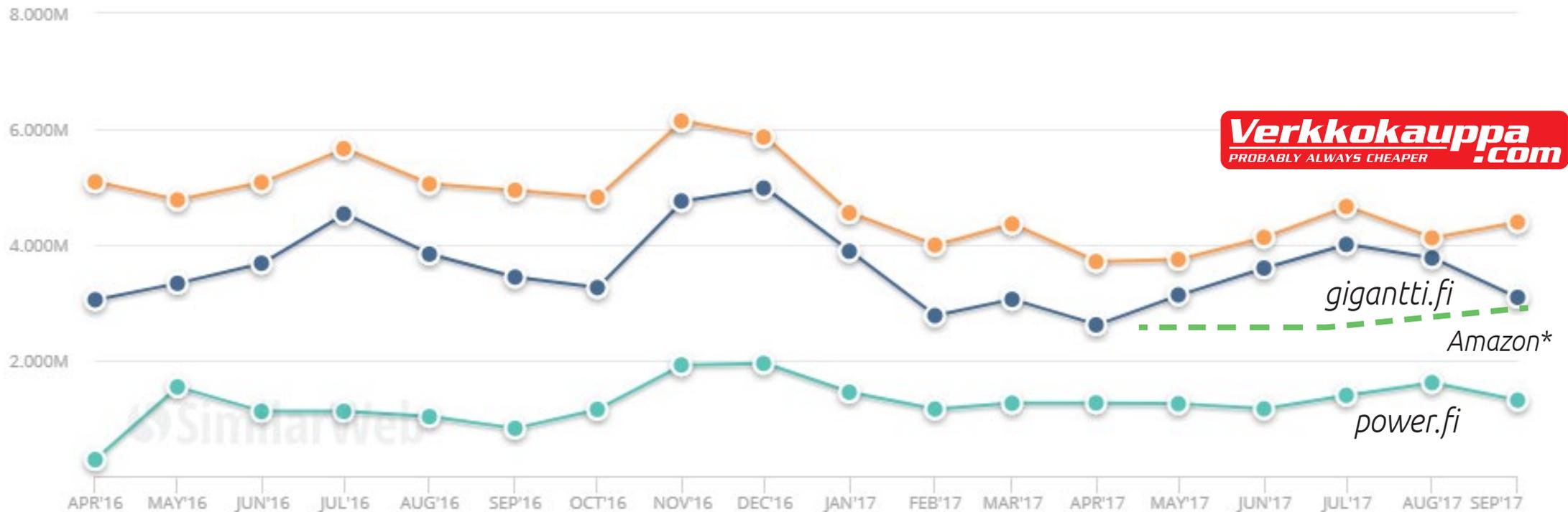
Domain	Monthly ...	Unique Visi...	Visits / Unique Vi...	Avg. Visit Dur...	Pages/...	Bounce Rate
gigantti.fi	3.599M	1.443M	2.494	00:04:19	4.05	38.56%
power.fi	1.266M	609,849	2.076	00:03:57	3.78	38.74%
verkkokauppa.com	4.726M	1.586M	2.979	00:05:20	7.26	25.81%

Web visits last 18 months (desktop and mobile)

SimilarWeb

*) Visits from Finland, estimate

64.8M gigantti.fi
 22.8M power.fi
 85.1M verkkokauppa.com



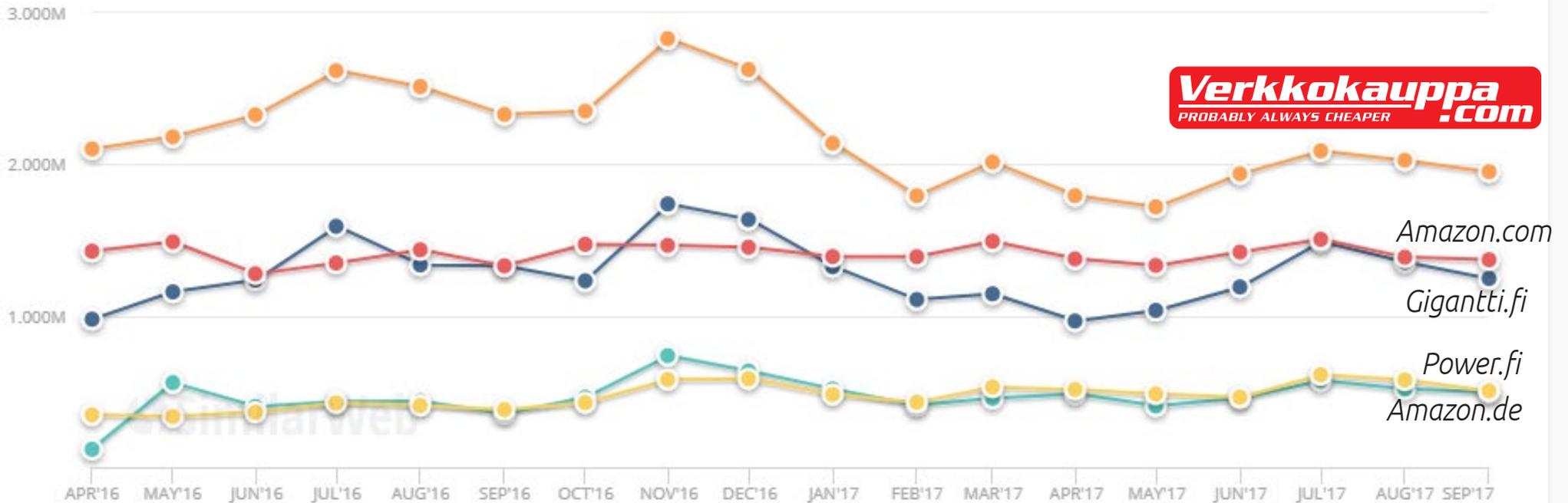
Domain	Monthly ...	Unique Visi...	Visits / Unique Vi...	Avg. Visit Dur...	Pages/...	Bounce Rate
gigantti.fi	1.282M	441,978	2.902	00:04:52	5.41	27.23%
power.fi	468,896	208,845	2.245	00:04:17	4.66	32.53%
verkkokauppa.com	2.185M	581,551	3.759	00:06:18	9.09	21.45%
amazon.com	1.408M	445,617	3.162	00:04:13	5.40	42.07%
amazon.de	468,575	132,230	3.544	00:07:24	12.04	24.36%

Web Traffic from Finland (desktop only available)

Visits over time Last 18 Months | Desktop Only



23.1M 8.4M 39.3M 25.4M 8.4M
● gigantti.fi ● power.fi ● verkkokauppa.com ● amazon.com ● amazon.de



Largest owners on 30 Sep 2017

	Shares	%
1 Seppälä Samuli Sipi	22 487 496	49.900
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 Op-Suomi -Sijoitusrahasto	994 378	2.207
7 Fondita Nordic Micro Cap Placeringsf	950 000	2.108
8 Sr Danske Invest Suomen Pienyhtiöt	665 000	1.476
9 Evli Suomi Pienyhtiöt	661 329	1.467
10 Skogberg Ville Johannes	634 266	1.407
11 Sijoitusrahasto Nordea Nordic Small Cap	313 358	0.695

Largest nominee registered:

1 Nordea Bank Ab (Publ), Suomen Sivuliike	3 504 704	7.777
2 Skandinaviska Enskilda Banken Ab (Publ) H	1 907 843	4.234

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

Last traded on 2017-10-18 00:00:00

7.75
(0%)

Currency in EUR

Today	7.69 - 7.75	Shares ¹	45,065,130
52 Week	6.31 - 10.01	Mkt Cap	349,254,758
Year	6.81 - 10.01	Liquidity Provider	No
Opening price	7.74	Market Name	
Vol.	22,672	ICB Code	5300
No. of trades	92	Sector	Retail
Note		Segment	

Week	-3.61
Month	-6.74
3 month	-16.22
6 month	2.65
Year Change	21.28
Year start change	5.01

Note

¹ Shares listed on Nasdaq Nordic

Share development last 12 months (17 Oct 2017)

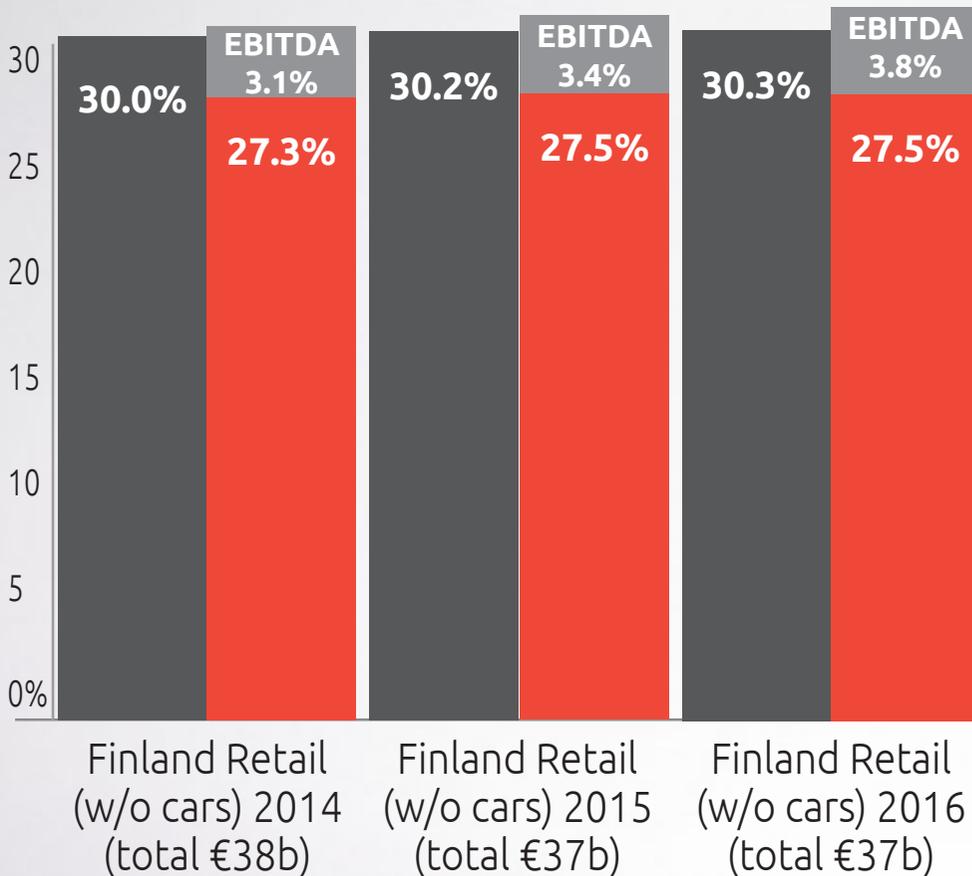
<http://www.nasdaqomxnordic.com/aktier/microsite?Instrument=HEX100175>



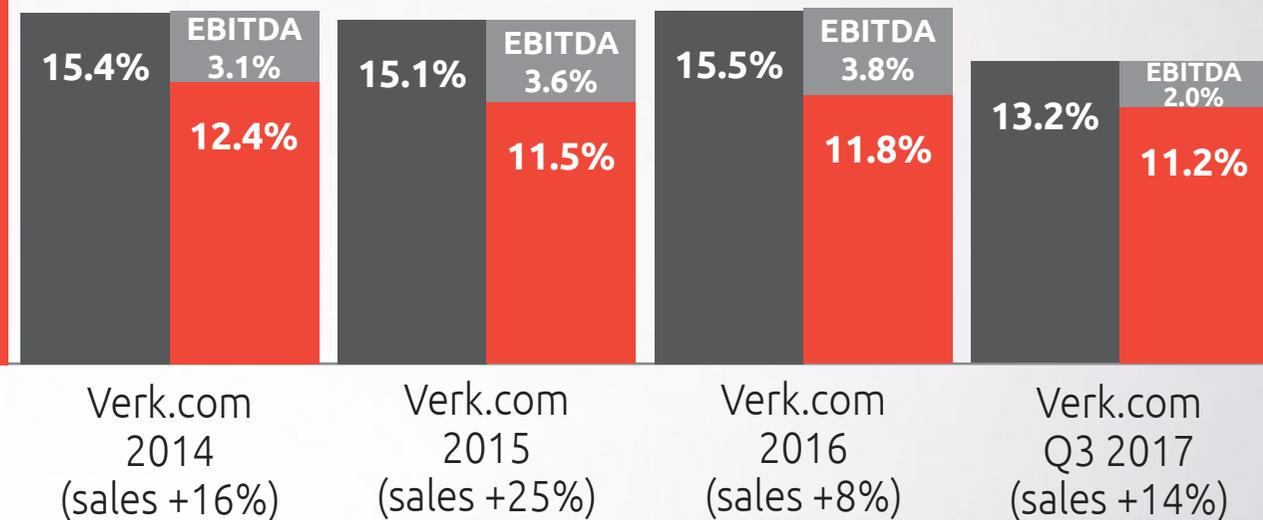
While the traditional retail sector is increasing gross margins and fixed costs ...



■ Gross margin %
■ Fixed costs %



... we aim for lower prices and costs!



Thank you & Q&A

Upcoming events:

- Q4/2017, Friday 9 February, 2018
- AGM, Wednesday 21 March, 2018
- Q1/2018, Friday 4 May 2018
- Q2/2018, Friday 10 August 2018
- Q3/2018, Friday 26 October 2018

Quick links:

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

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