

Verkkokauppa.com Q2 2018
10.8.2018, Panu Porkka, CEO

TODAY'S STOREFRONT

RETAIL IS GOING **ONLINE**. COME ALONG.



NASDAQ
FIRST NORTH



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

Agenda

- Q2/2018
- 2018 outlook
- Market development and trends
- Key takeaways
- Q&A



Verkkokauppa.com Q2 2018

Q2 revenue €102m (+3.2%)

EBITDA* €0.7m (-73%)

Market share gains in most categories**

Q2 dividend €0.046
(previous Q €0.045)

*) Comparable EBITDA **) Source: GfK

Verkkokauppa.com
TODENVÄKISESTI AINA HALVEMPI

Verkkokauppa.com Q2 2018 Income Statement

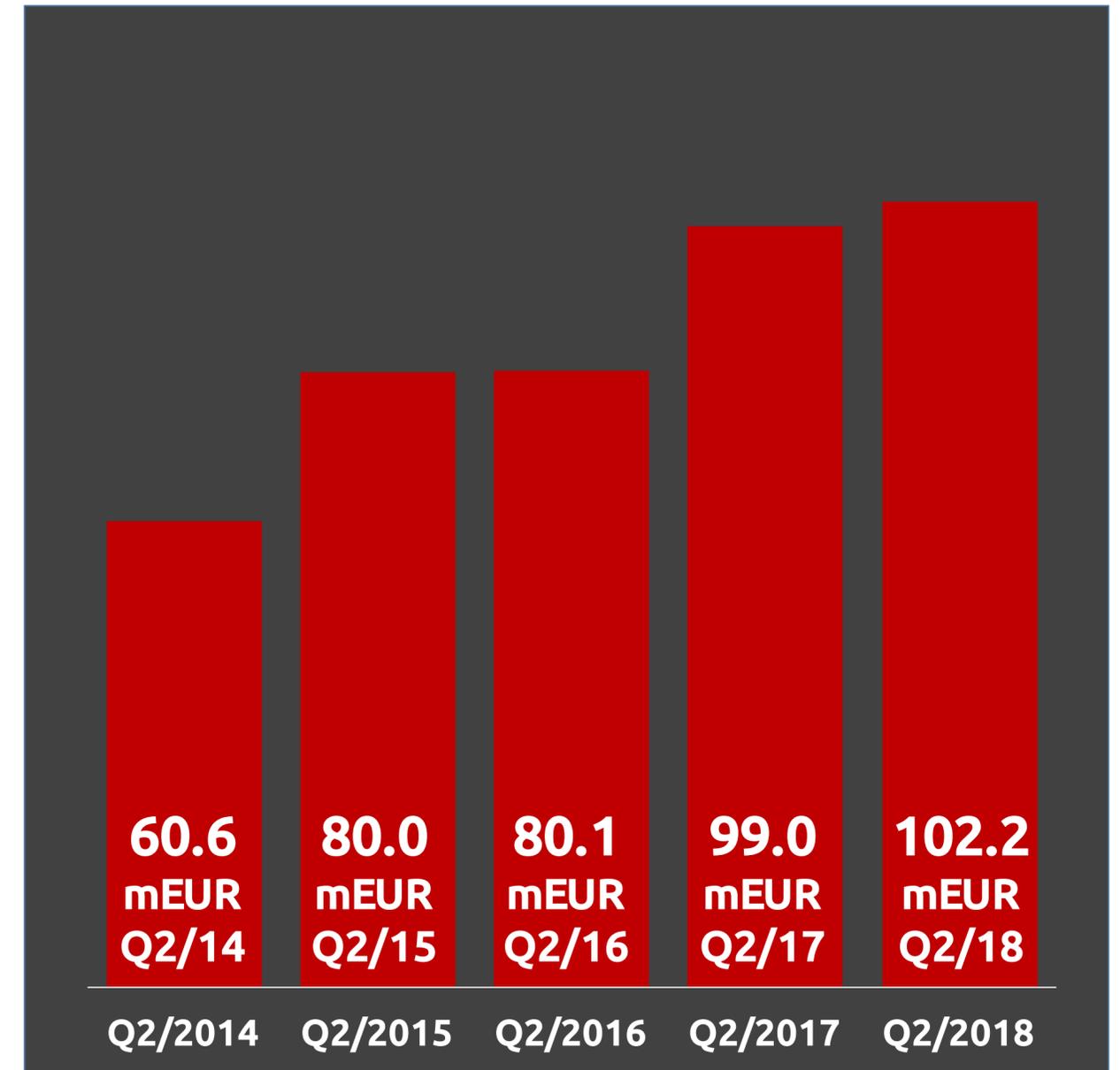
	Q2 2018	Q2 2017	Ch %
Revenue, € million	102.2	99.1	+3.2%
Gross profit	14.6	14.4	+1.8%
Gross Margin	14.3%	14.5%	
Personal expenses	-7.3	-6.0	+22%
Other opex	-6.7	-5.8	+15%
EBITDA	0.6	2.6	-73%
EBITDA margin	0.3%	2.6%	
Operating profit (EBIT)	0.4	2.3	-83%
Net profit	0.3	1.8	-84%

“Verkkokauppa.com’s year on year quarterly revenue has been growing every quarter”



Verkkokauppa.com Q2 2018 sales drivers

- Retails continues going online
- Finnish economy returning to growth, GDP +2.9% 2018*
- Tough CE market** in Q2/2018 (Market +2.2%)
- Market share gains in almost all categories
- Raisio megastore opened March 8

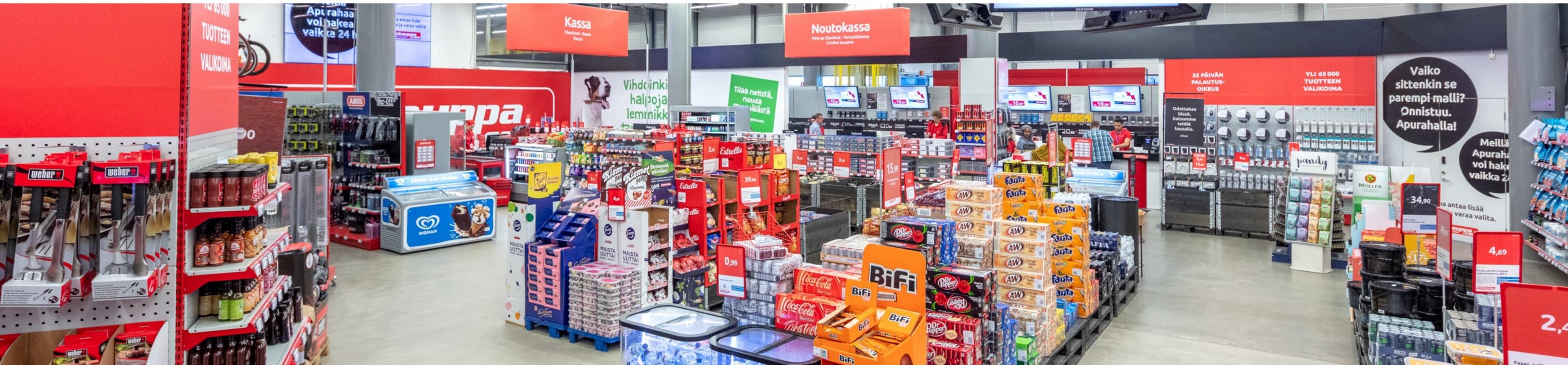


*) Source: The Finnish Ministry of Finance

***) Source: GfK

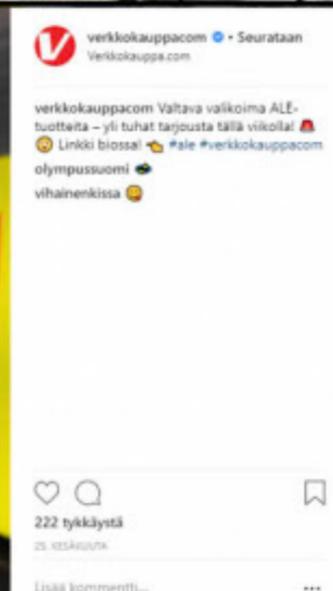
Verkkokauppa.com 30/6/2018 Balance Sheet

- Inventory 53.6 (47.7) million euros on 30/6/2018, change +12%
- Cash flow from operating activities -25.3 (-14.2) million euros
- Investments 1-6/2018 was 0.8 (1.0) millions euros
- Equity ratio 40.0% (44.8%)
- Cash 21.3 (21.9) million euros, no interest bearing debt.
- 15 million euro revolving credit facility – not being utilized



Highlights in Q2 2018

- Dude Island Festival
- Outlet auctions
- Q2 Sale week
- 100 day opening of Raisio
- Raisio Monday Carnivals – also on tuesdays



Verkkokauppa.com H1/2018

	H1 2018	H1 2017	Ch %
Revenue, € million	204.7	199.0	+2.9%
Gross profit	31.0	28.2	+10%
Gross Margin	15.1%	14.2%	
Personal expenses	-14.4	-12.1	+19%
Other opex	-13.6	-11.0	+23%
EBITDA	3.1	5.1	-39%
EBITDA margin	1.5%	2.6%	
Operating profit (EBIT)	2.4	4.5	-45%

“Higher revenue growth and profitability are expected for H2 2018”



Verkkokauppa.com 2018 outlook

2018 guidance revenue between €460m - €500m (2017 €432m) and comparable EBITDA €11 - €14m (2017 €13 m).

Medium-term targets of net sales growth of 10-20% per year, growing EBITDA and EBITDA margin of 3-5%.

Policy of paying out growing, quarterly dividend.

Growth drivers for H2/2018

- Positive outlook on Finnish economy
- Increasing market shares in existing categories
- Improvement of brand marketing
- Fourth megastore in Raisio
- Improvement of omnichannel experience

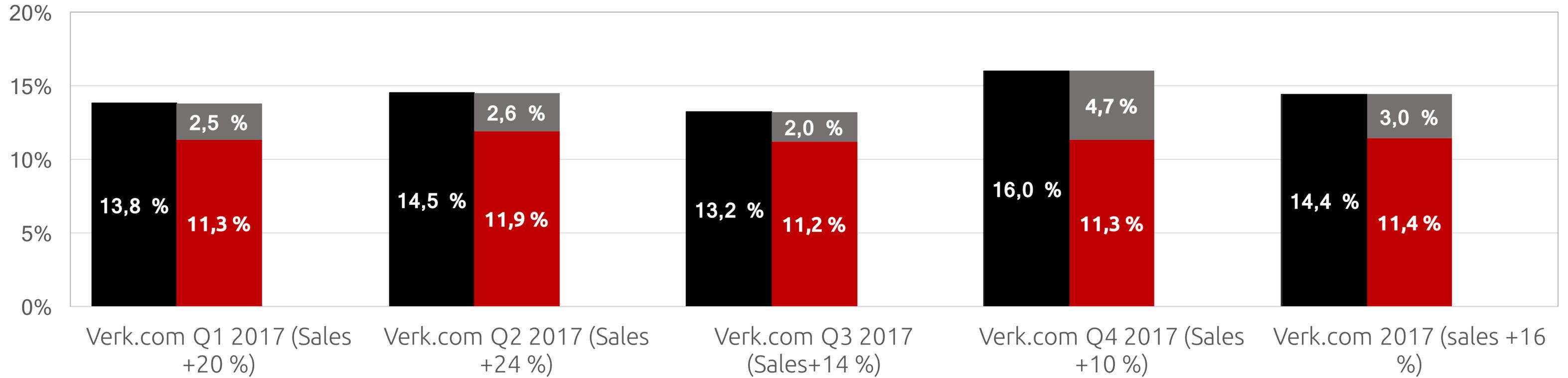
Verkkokauppa.com's targets and categories

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.
- Target to be Top 3 e-tailer in each category in Finland.
- "Probably always cheaper" price in each category.
- Financing (Apuraha) can increase gross margin% by 3-6% on the transactions where used



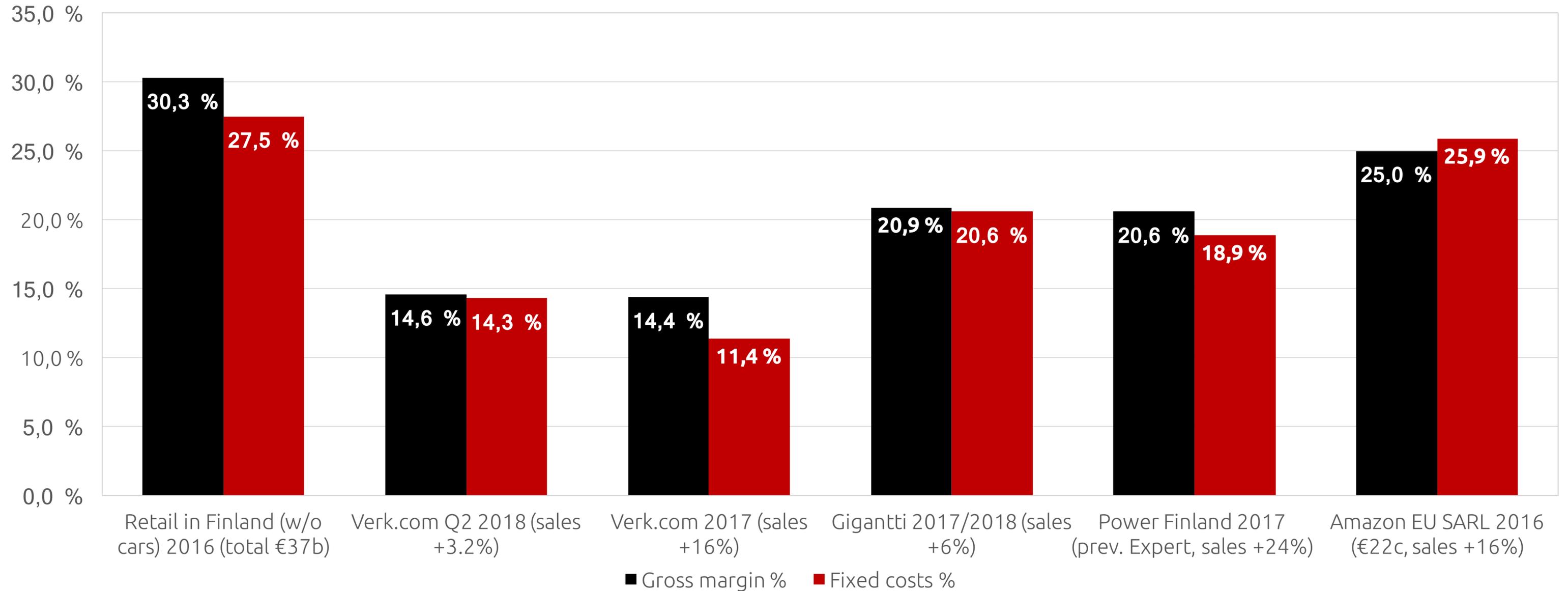
Verkkokauppa.com's gross margin and fixed costs



■ Gross margin % ■ Fixed costs % ■ EBITDA



Verkkokauppa.com's business model with lower fixed costs

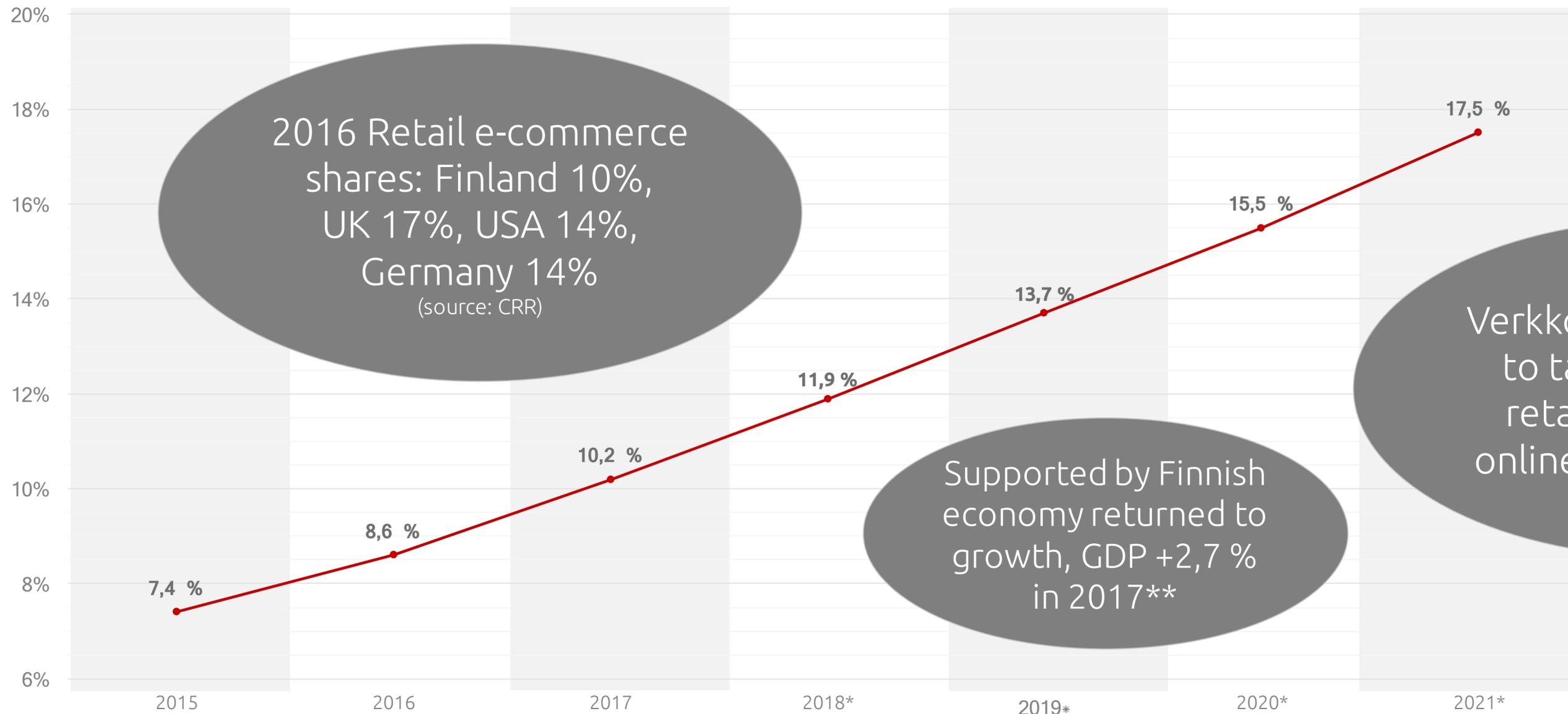


“The company aims to improve its EBITDA margin in the medium-term by increasing share of higher margin categories and private labels in the sales mix and the increasing the share of the Apuraha financing services.”



Global online share forecast 2015-2021*

E-commerce share of total global retail sales from 2015 to 2021



2016 Retail e-commerce shares: Finland 10%, UK 17%, USA 14%, Germany 14%
(source: CRR)

Supported by Finnish economy returned to growth, GDP +2,7 % in 2017**

Verkkokauppa.com aims to take large part of retail (~€40b) going online (1%/a) in Finland

Source: eMarketer; Website (retailtechnews.com) © Statista 2018

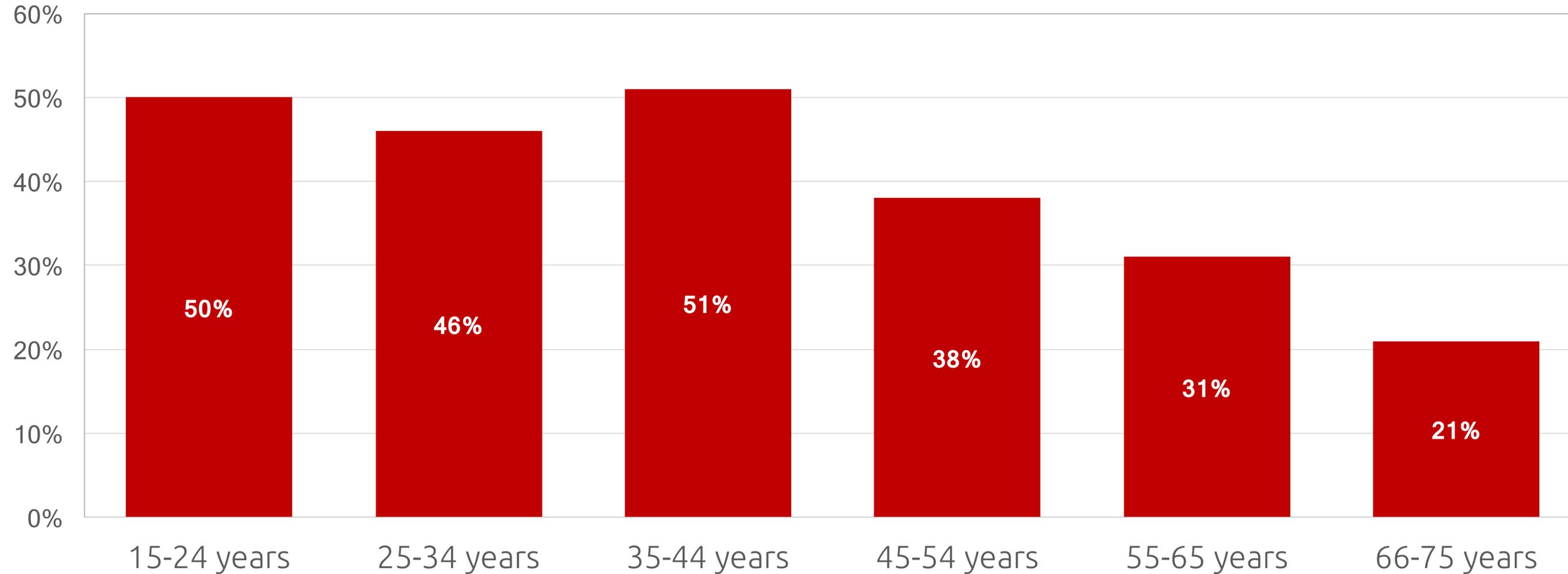
*) Forecast. Includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets.

***) Foreknowledge, Statistics Finland. Forecasts for Finland's GDP growth vary from 2.3 to 3.3 percent for 2018 and from 1.5 to 2.3 percent for 2019.



Mobile users are growing

Yes, i have bought online using mobile device in the last



“40 % of Finnish have used mobile device for online shopping during the last three months.”



Web visits last 12 months (desktop and mobile)

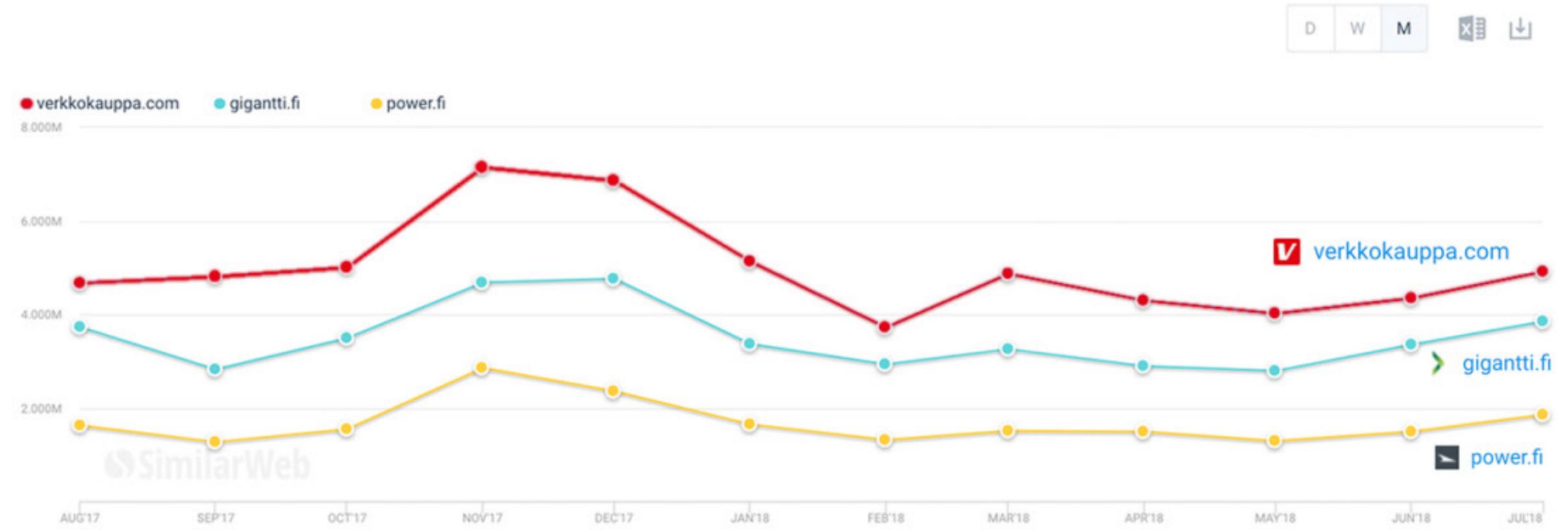


Total Visits ⓘ

Aug 2017 - Jul 2018, Worldwide

Domain

- verkkokauppa.com 59.77M
- gigantti.fi 41.90M
- power.fi 20.20M



Engagement ⓘ

Aug 2017 - Jul 2018, Worldwide

Domain	Monthly Visits	Unique Visitors	Visits / Unique Visitors	Avg. Visit Duration	Pages/Visit	Bounce Rate
verkkokauppa.com	4.980M	1.673M	2.98	00:05:17	6.09	31.35%
gigantti.fi	3.491M	1.328M	2.63	00:04:20	4.32	39.41%
power.fi	1.684M	733,875	2.29	00:04:02	3.96	37.66%



Key takeaways

- Revenue (+3,2%) inline with company's expectations
- Market share growth in a tough market situation
- Raisio megastore contributing in sales growth
- Growth in H2 significantly higher than H1
- New management team complete in August

RETAIL IS GOING ONLINE. COME ALONG.

Anna mielikuvitukselle siivet ja löydä valon mahdollisuudet



Philips Hue White and Color Ambiance Starter kit -pakkaus

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179,90 .

Apurahalla 16,00/kk (17 kk)



Thank you and Q&A

Upcoming events:

- Q3/2018, Friday 26 October 2018

Links:

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

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