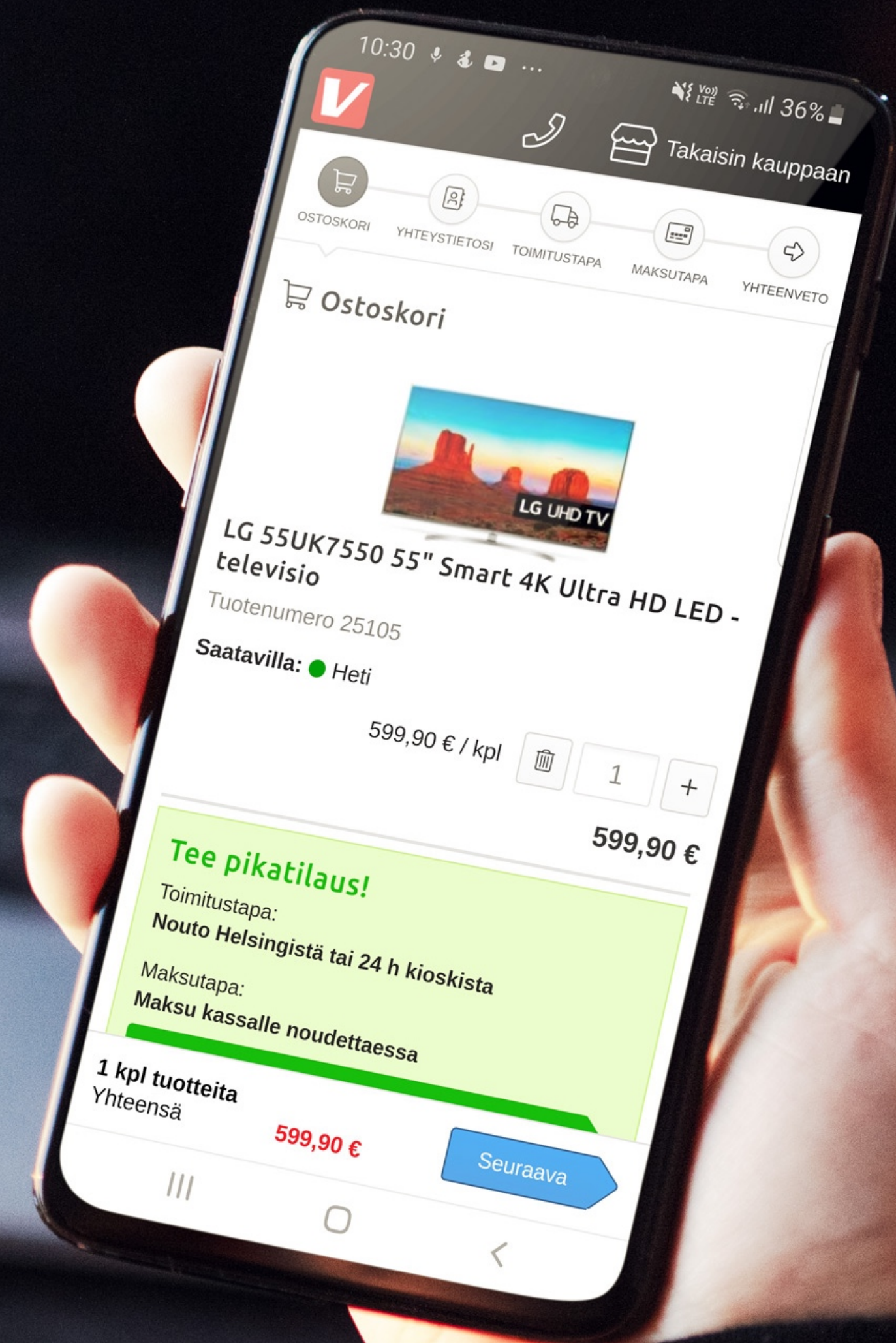


Verkkokauppa.com Q1 2019  
10.05.2019, Panu Porkka, CEO

Finland's most  
popular webstore



NASDAQ  
FIRST NORTH

# Agenda

- Q1/2019 report
- 2019 summary
- 2019 guidance and outlook
- Market development and trends
- Key takeaways
- Q&A



# Verkkokauppa.com Q1 2019

Q1 revenue 116€m (+13%)

Operating profit 2.3€m (-14%)

Strong market share gains, Verkkokauppa.com only one out of top-3 consumer electronics retailers to grow during 2018 \*\*

2019 Q1 dividend 0.049€  
(2018 Q1 0.045€)

\*) Comparable EBITDA \*\*) Source: GfK

Verkkokauppa.com  
TODENVÄKÖISESTI AINA HALVEMPI

# Verkkokauppa.com Q1 2019 Income Statement

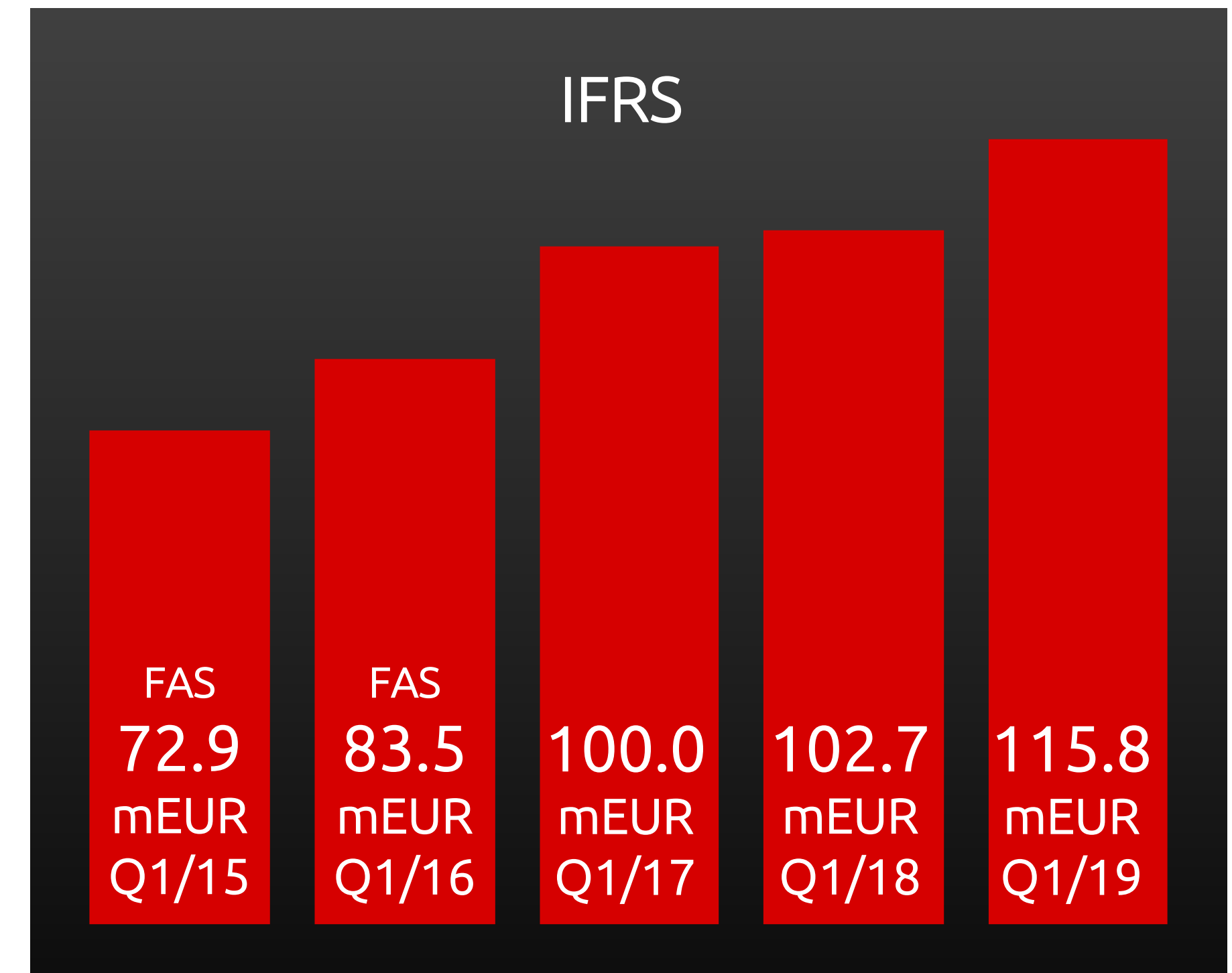
|                    | Q1 2019 | Q1 2018 | ch % |
|--------------------|---------|---------|------|
| Revenue, € million | 115.8   | 102.7   | +13% |
| Gross profit       | 17.4    | 16.7    | +4%  |
| Gross Margin       | 15.0%   | 16.3%   |      |
| Personnel expenses | -7.8    | -7.4    | +5%  |
| Other opex         | -6.2    | -5.4    | +15% |
| Operating profit   | 2.3     | 2.7     | -14% |
| Operating margin   | 2.0%    | 2.6%    |      |
| Net profit         | 1.5     | 1.8     | -16% |

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



# Verkkokauppa.com Q1 2019 sales drivers

- Benefiting from the strong momentum from Q4 (+22%)
- Renewed marketing mix incl. nationwide TV-advertising continuing
- Matching the price driven market to keep gaining market share\*
- Increased marketing budget to secure customer flow to web site and stores
- Raisio megastore opened March 8 2018
- Many improvements on our website continuing
- Market share gains in almost all categories



# Verkkokauppa.com 31/3/2019 Balance Sheet - IFRS

- Inventory 59.2 (49.2) million euros on 31/3/2019, change +19%
- Cash flow from operating activities -11.2 (-20.7) million euros
- Investments 1-3/2019 was 0.1 (0.6) millions euros
- Equity ratio 26.5% (29.9%)
- Cash 34.6 (28.0) million euros, no interest bearing debt

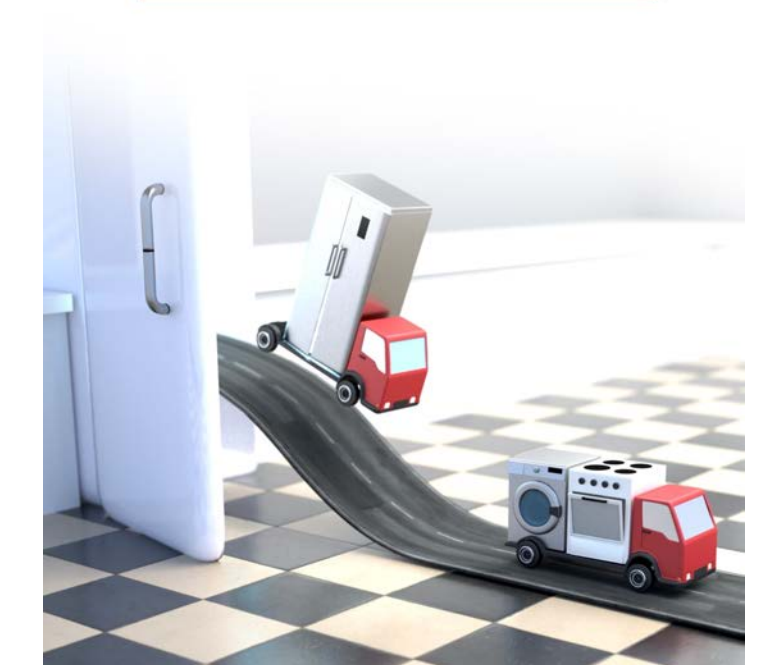


# Highlights in Q1 2019

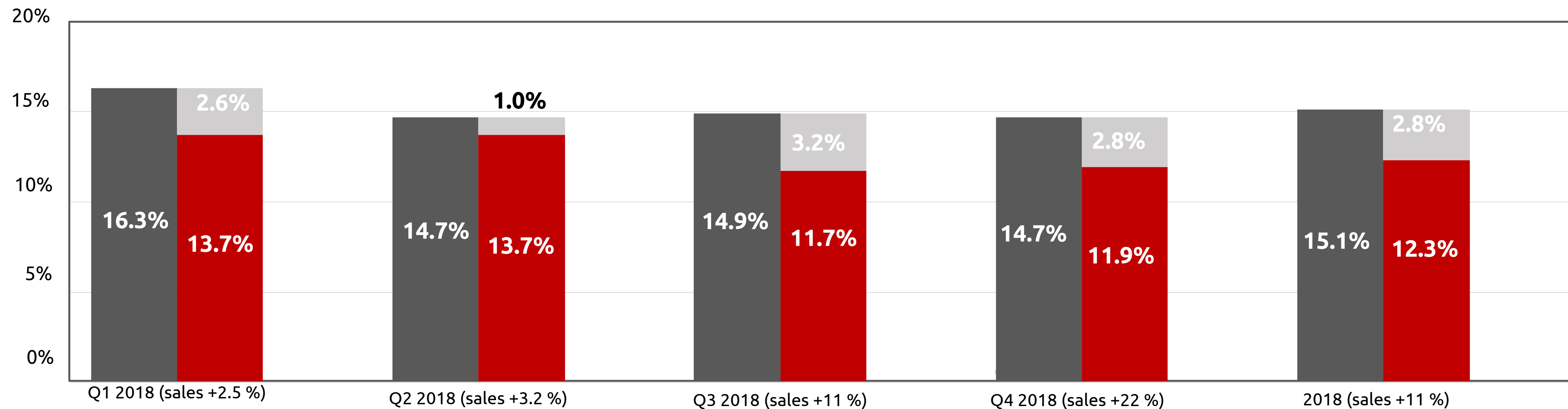
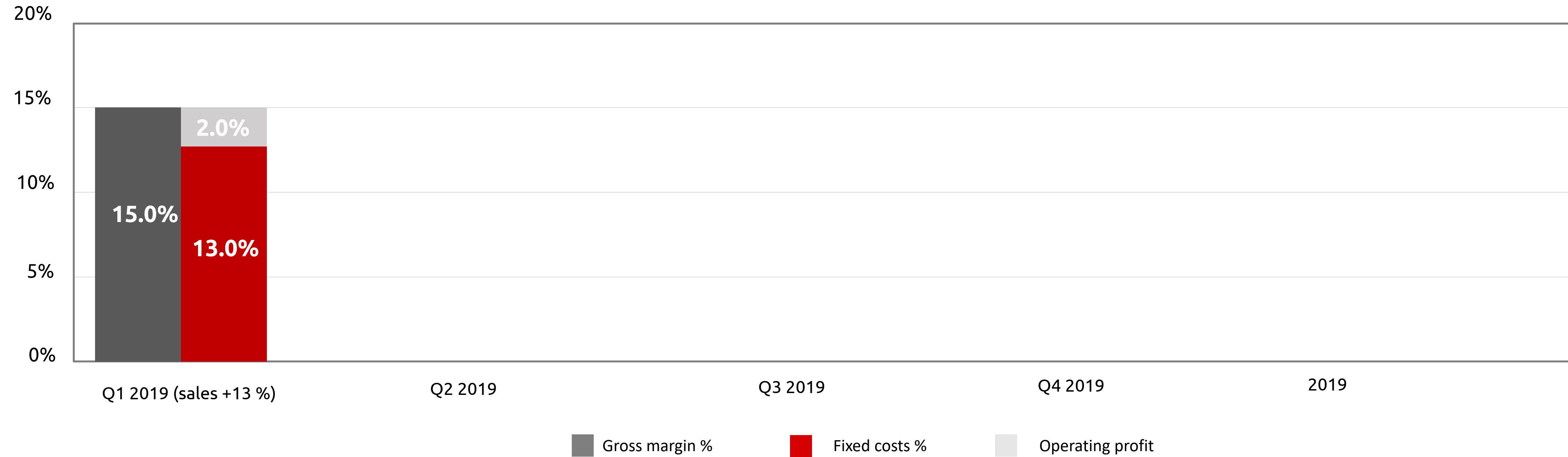
- Successful product category specific campaigns across all marketing platforms
- Raisio megastore birthday campaign lasted 3 weeks
- Strong marketing presence nationally on TV, Radio, Leaflet, Out of home (OOH) and different online medias



**Isot kodinkoneet  
ilmaisella  
kotiinkuljetuksella!**

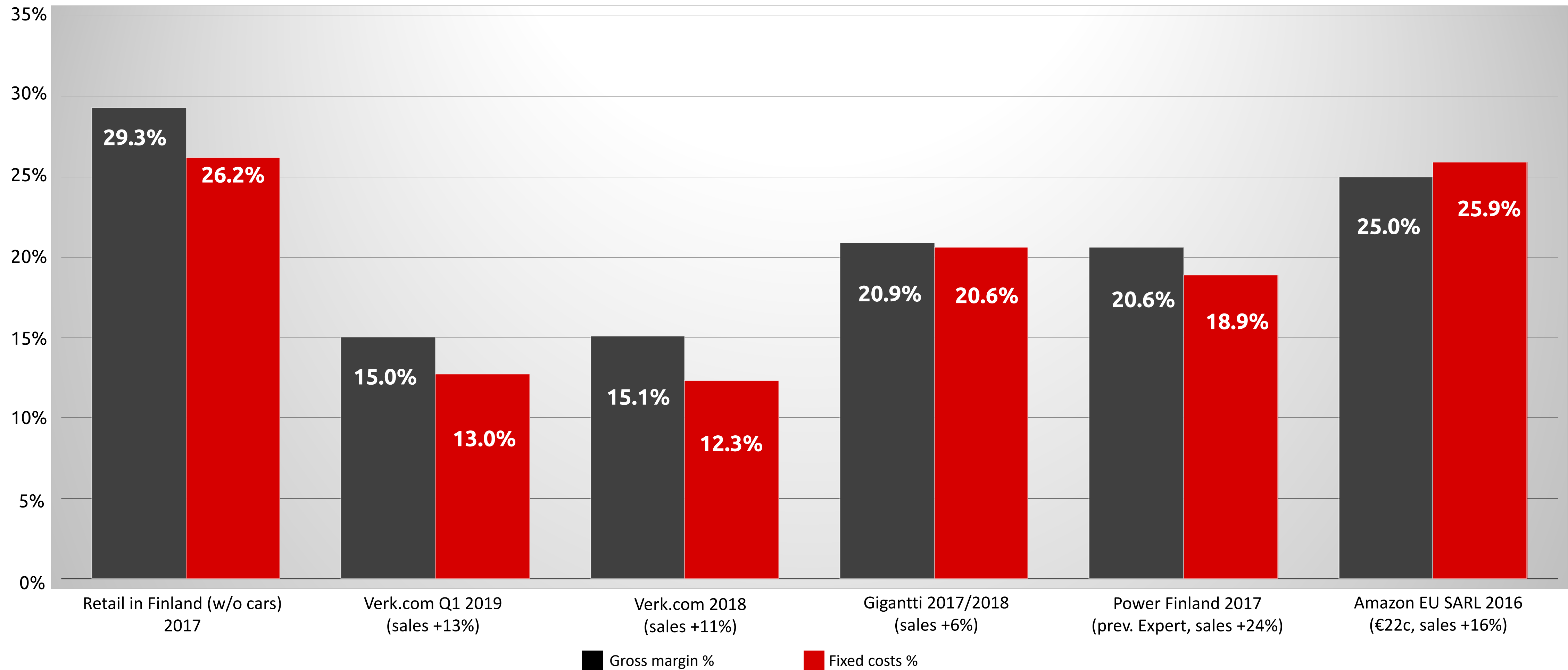


# Verkkokauppa.com's gross margin and fixed costs





# Verkkokauppa.com's business model with lower fixed costs



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



# Verkkokauppa.com 2019 guidance - unchanged

2019 guidance revenue between €500m - €550m (2018 €478m) and operating profit €11 - €17m (2018 €13.3 m).

Medium-term targets sales growth between 10-20% per year, growing operating profit and operating margin of 2.5-4.5%.

Policy of paying out growing, quarterly dividend.

# Outlook for 2019

- Consumer Electronics (CE) market expected to remain price driven and competitive
- Outlook on Finnish economy (GDP +1.7% 2019 \*)
- New categories will boost sales
- Increasing market shares in existing categories
- Strong focus on season sales
- Start of brand advertising to attract wider customer base and to develop the image of our assortment
- Improvement of omnichannel and instore customer experience

\*) Source: The Finnish Ministry of Finance 4 April 2018

\*\*\*) Source: GfK

# Verkkokauppa.com's targets and category developments

*Continuous and systematic expansion into new categories that are fully suitable for low-cost online model and efficient logistics*

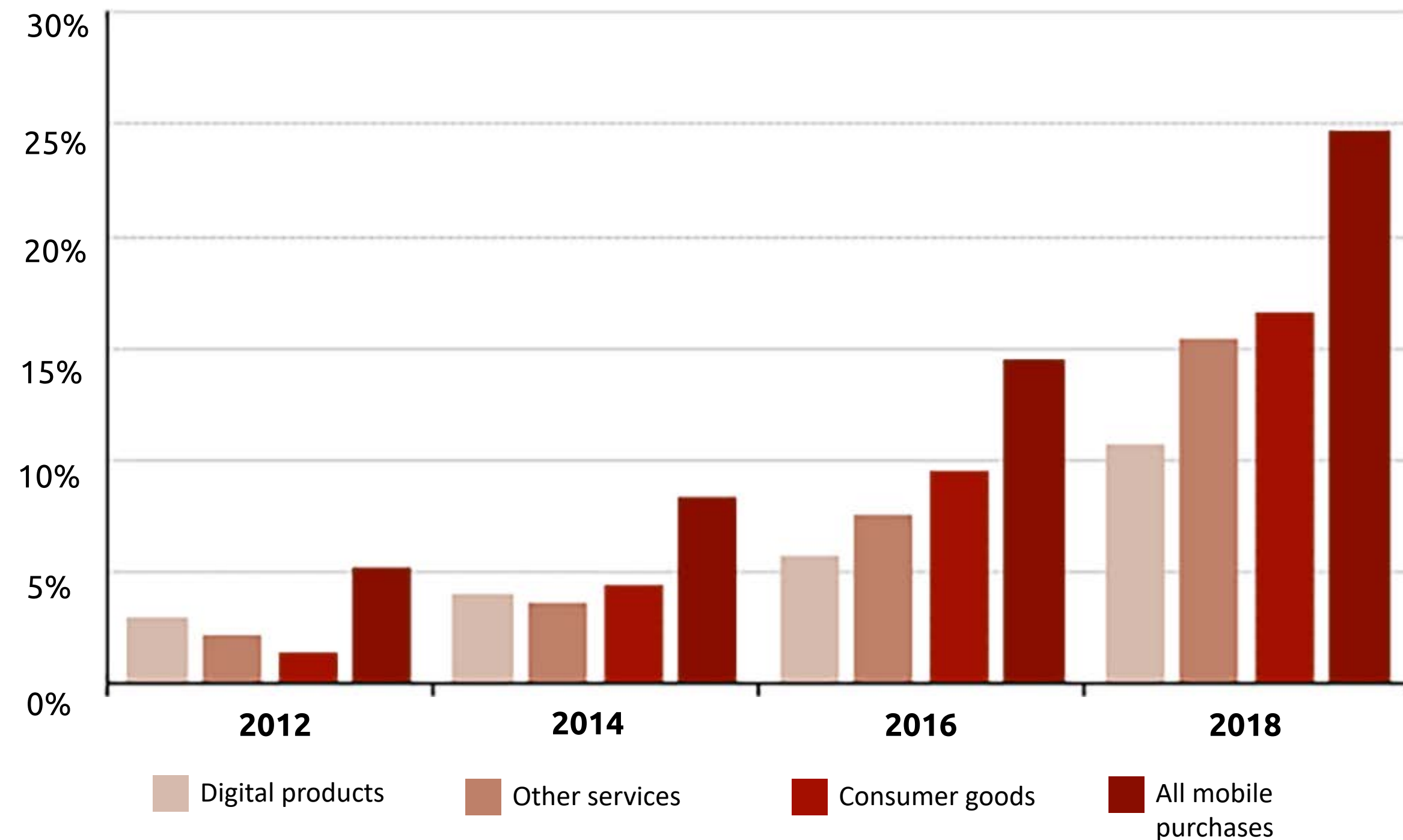
- New category ball sports launched in 2019 (over 1300 sku's)
- Search for new categories for 2020-2021 ongoing
- "Probably always cheaper" in all major categories
- Increased Private Label share of product assortment to secure better profitability
- Proven business model to support future growth → strong focus on e-commerce
- Actively searching for best delivery and logistical solutions for our customers



# Future of online shopping

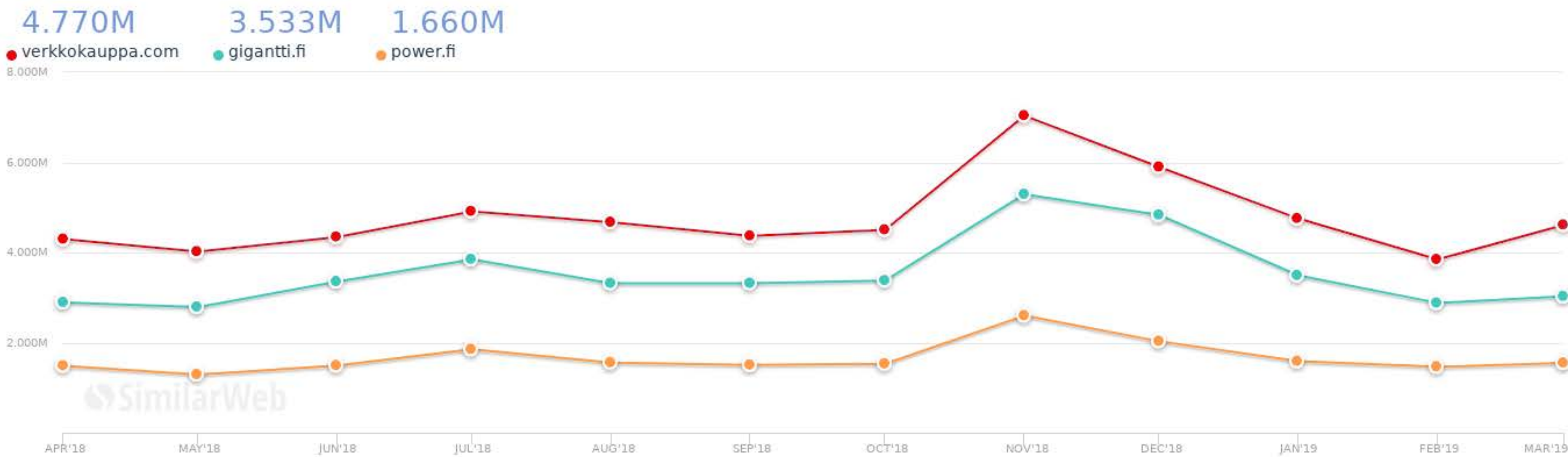
- Shopping online on a mobile phone has multiplied in the past decade in Finland
- In 2018 almost one-half of people aged 16 to 45 used mobile phone for online shopping\*
- Verkkokauppa.com aims to take large part of retail (~€40b) going online (1%/a) in Finland

Percentage of purchases made on a mobile phone. \*  
Age groups 16 to 89.



# Web visits last 12 months (desktop and mobile)

## Monthly Visits Apr 2018 - Mar 2019 | Worldwide | All Traffic



## Total Visits

Apr 2018 - Mar 2019, Worldwide



## Engagement

Apr 2018 - Mar 2019, Worldwide

| Domain           | Monthly Visits | Unique Visitors | Visits / Unique Visitors | Avg. Visit Duration | Pages/Visit | Bounce Rate |
|------------------|----------------|-----------------|--------------------------|---------------------|-------------|-------------|
| verkkokauppa.com | 4.770M         | 1.596M          | 2.99                     | 00:05:28            | 6.04        | 32.11%      |
| gigantti.fi      | 3.533M         | 1.345M          | 2.63                     | 00:04:24            | 4.49        | 39.90%      |
| power.fi         | 1.660M         | 739,465         | 2.25                     | 00:04:00            | 3.99        | 39.53%      |



# Key takeaways

- Verkkokauppa.com only one out of top-3 CE-retailers to grow during 2018
- Strong revenue growth continues in Q1 2019 (+13%)
- Aggressive market share growth in a price driven market
- Raisio megastore contributing in sales growth
- Main focus is growth also for the future
- Faster than market growth will need investments in pricing and marketing





**Ninebot by Segway Kickscooter  
ES2 -sähköpotkulauta**

**669,00**

Apurahalla 37,00/kk (24 kk)



**GZR Pedelec Fat 4.0 "Dozer"  
-sähköpyörä**

**899,00**

Apurahalla 48,00/kk (24 kk)





# Thank you and Q&A

## Upcoming events:

- Q2/2019, Friday 9 August 2019
- Q3/2019, Friday 25 October 2019

## Links:

- Investors site - [www.verkinvest.com](http://www.verkinvest.com)
- Company Releases mailing list - [www.joinverk.com](http://www.joinverk.com)
- Company Investor Webcasts - [www.verklive.com](http://www.verklive.com)

## Contacts:

- Panu Porkka, CEO [panu.porkka@verkkokauppa.com](mailto:panu.porkka@verkkokauppa.com)
- Jussi Tallgren, CFO, [jussi.tallgren@verkkokauppa.com](mailto:jussi.tallgren@verkkokauppa.com)
- [investors@verkkokauppa.com](mailto:investors@verkkokauppa.com)



This document is not an invitation to subscribe for or purchase any securities or make any investment decisions in respect of the Company or its securities.

This document is not for publication or distribution, directly or indirectly, in or into Australia, Canada, the Hong Kong special administrative region of the People's Republic of China, Japan, New Zealand, South Africa, Singapore or the United States, or any other jurisdiction in which the distribution or release would be unlawful.

The inclusion of financial information in this presentation should not be regarded as a representation or warranty by the Company, or any of its affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information's portrayal of the financial condition or results of operations of the Group.

This document includes "forward-looking statements" that involve risks, uncertainties and other factors, many of which are outside of the Company's control and could cause actual results to differ materially from the results discussed in the forward-looking statements. Forward-looking statements include statements concerning the Company's plans, objectives, goals, future events, performance and/or other information that is not historical information. The Company undertakes no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law.

The market and industry data and forecasts included in this presentation were obtained from internal surveys, estimates, experts and studies, where appropriate, as well as external market research, publicly available information and industry publications. The Company and its affiliates, directors, officers, advisors and employees have not independently verified the accuracy of any such market and industry data and forecasts and make no representations or warranties in relation thereto. Such data and forecasts are included herein for information purposes only.

