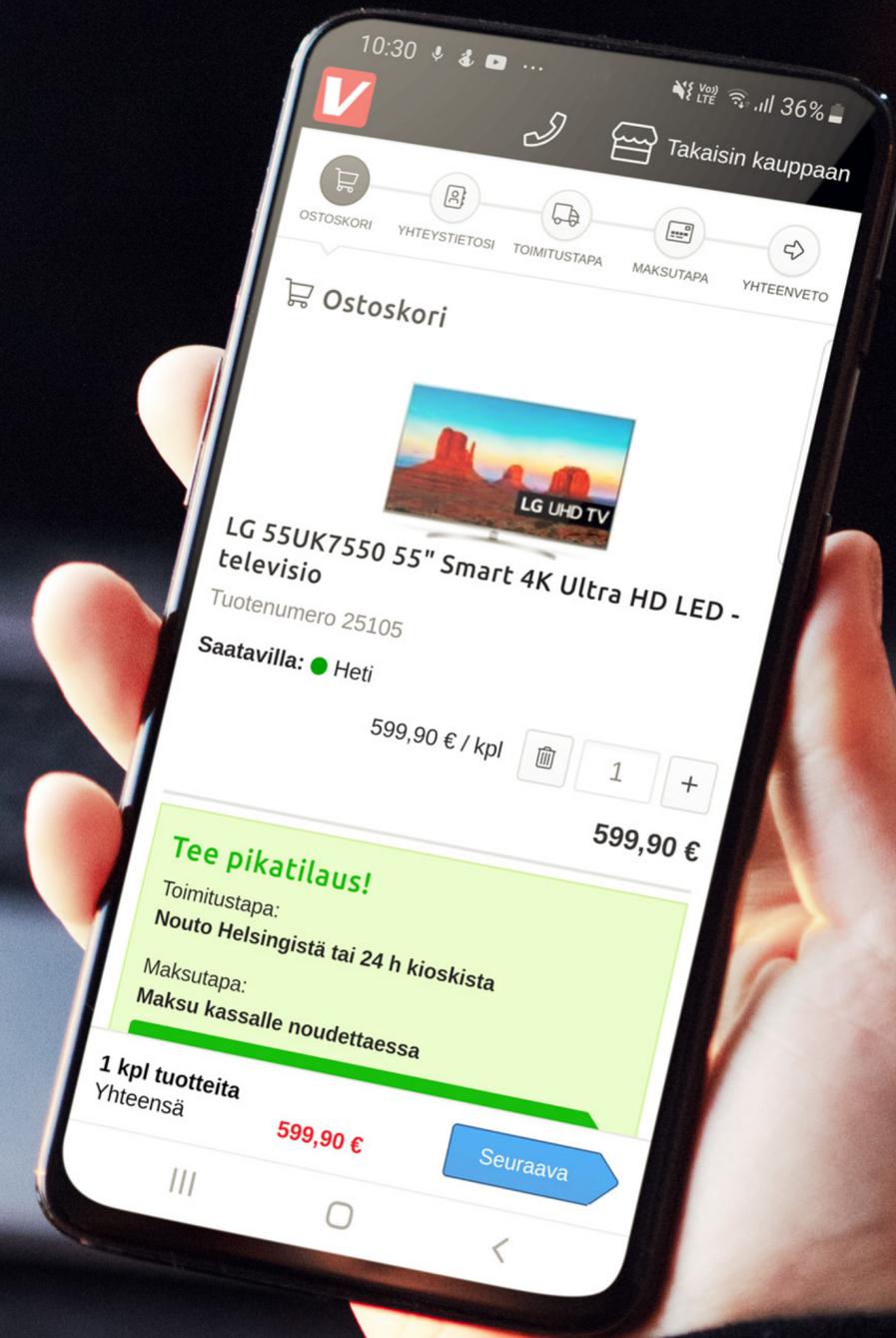


Verkkokauppa.com Q2 2019
09.08.2019, Panu Porkka, CEO

Finland's most
popular webstore



NASDAQ
FIRST NORTH

Today's agenda

- Q2/2019 report
- H2 2019 outlook
- Emerging consumer trends
- Key takeaways
- Q&A



Verkkokauppa.com Q2 2019

Q2 revenue 108€m (+5%)

Operating profit 0.2€m (-82%)

Strong market share gains, while total market decreased by -0.5%*

2019 Q2 dividend 0.05€
(2018 Q2 0.046€)

*) Source: GfK

Verkkokauppa
TODENVÄRKÖISESTI AINA HALVEMPI
.com

Verkkokauppa.com Q2 2019 Income Statement

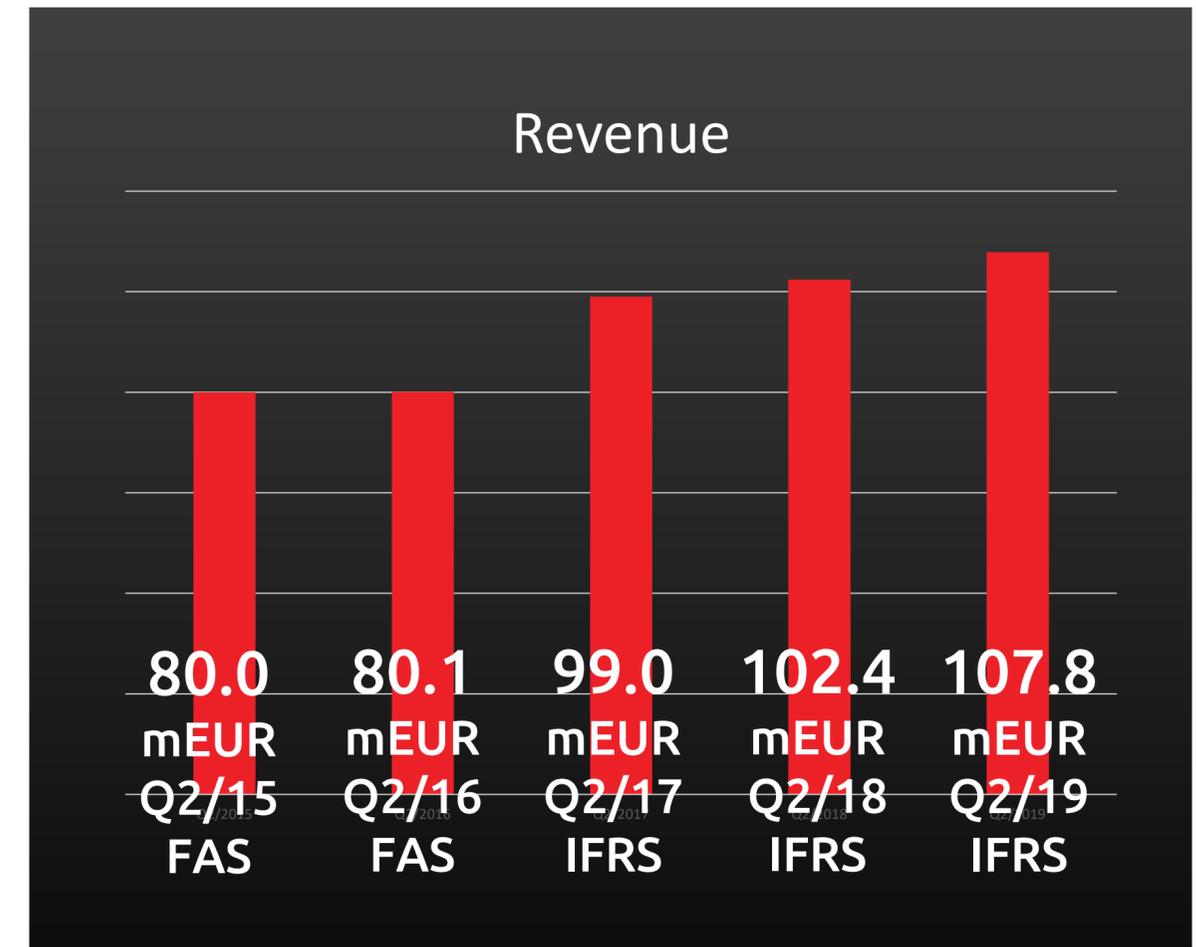
	Q2 2019	Q2 2018	ch %
Revenue, € million	107.8	102.4	+5%
Gross profit	15.3	15.0	+2%
Gross Margin	14.2%	14.7%	
Personnel expenses	-8.1	-7.5	+8%
Other opex	-5.9	-5.3	+12%
Operating profit	0.2	1.0	-81%
Operating margin	0.2%	1.0%	
Net profit	-0.2	0.5	-133%

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



Verkkokauppa.com Q2 2019 sales drivers

- Successful summer season sales
- Renewed marketing mix incl. nationwide TV-advertising continuing
- Matching the price driven market to keep gaining market share* in a decreasing market
- Increased marketing budget to secure customer flow to website and stores
- Many improvements on our website continuing



*) Source: GfK

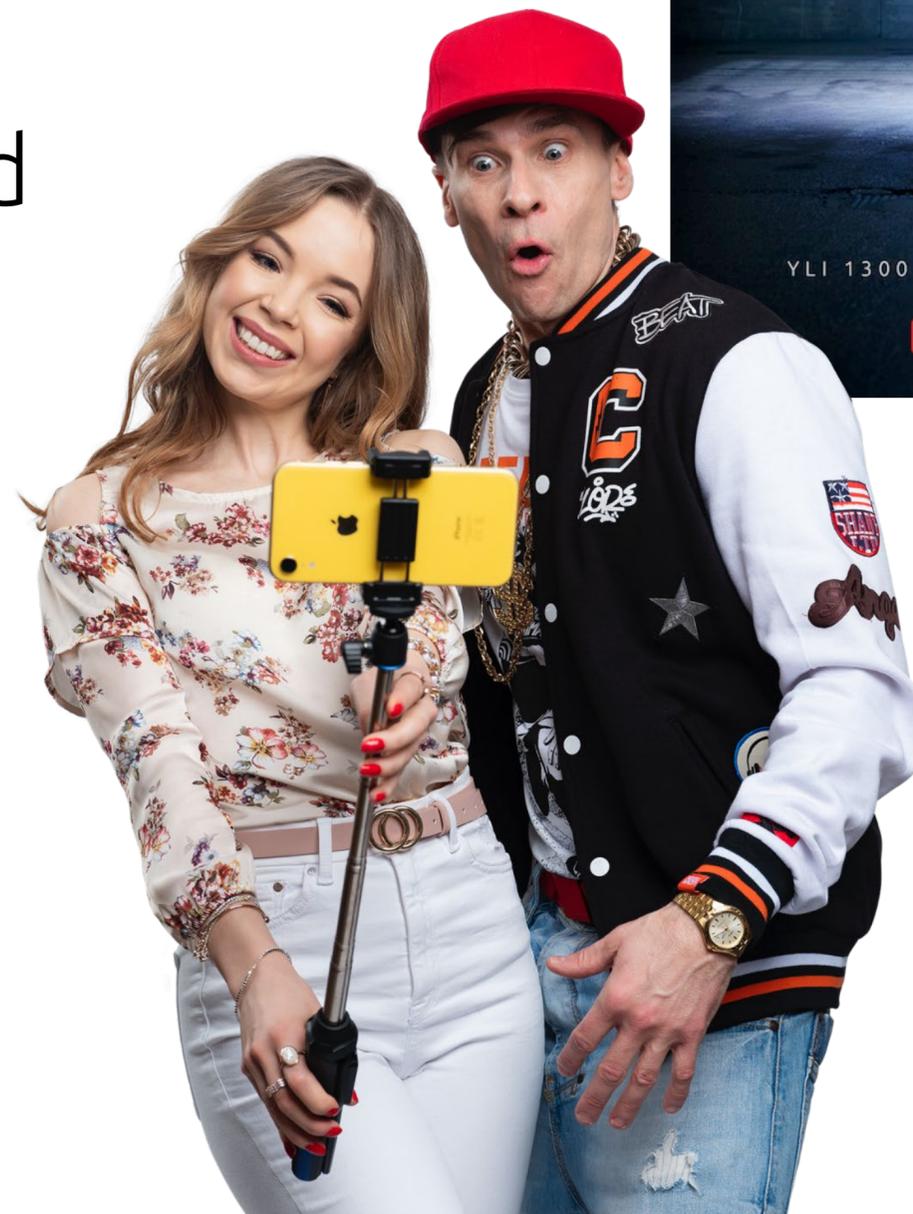
Verkkokauppa.com 30/6/2019 Balance Sheet

- Inventory 52.9 (53.3) million euros on 30/6/2019, change -1%
- Cash flow from operating activities -13.4 (-23.4) million euros
- Investments 1-6/2019 was 0.1 (0.6) millions euros
- Equity ratio 26.5% (28.6%)
- Cash 26.1 (21.3) million euros, no interest bearing debt
- Undrawn revolving credit facilities 20 million euros

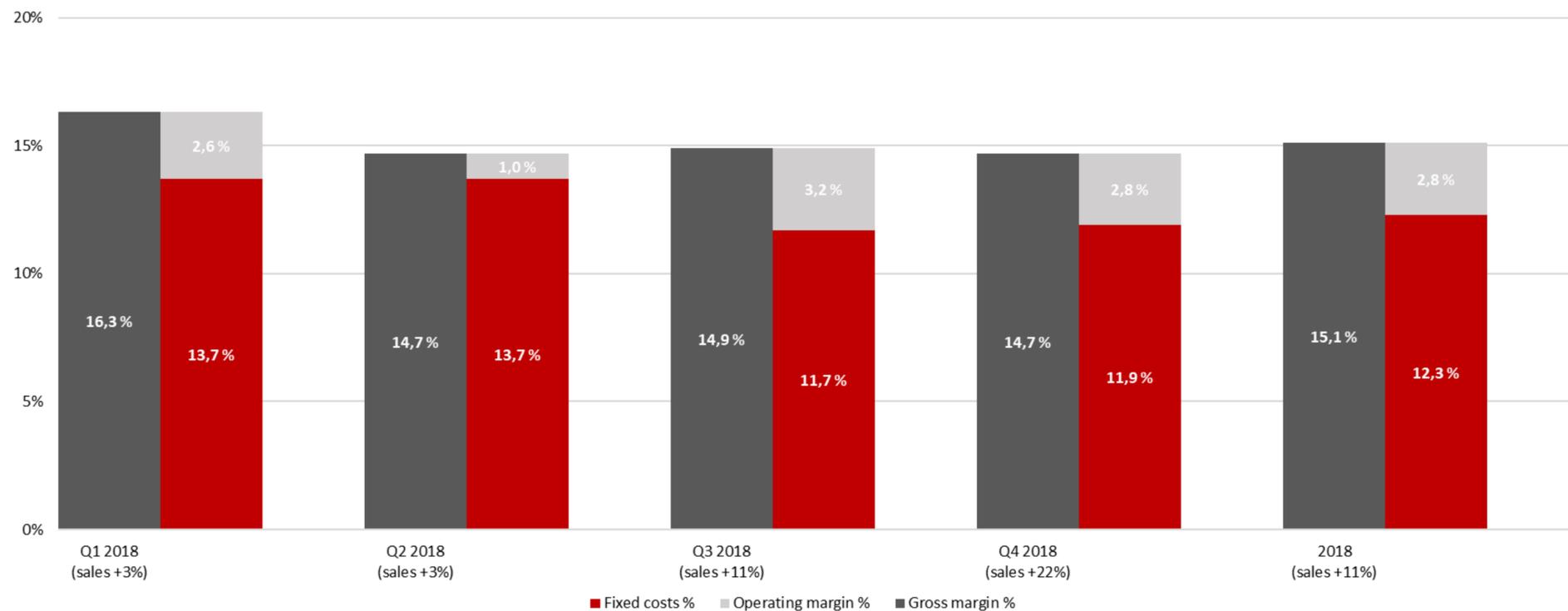
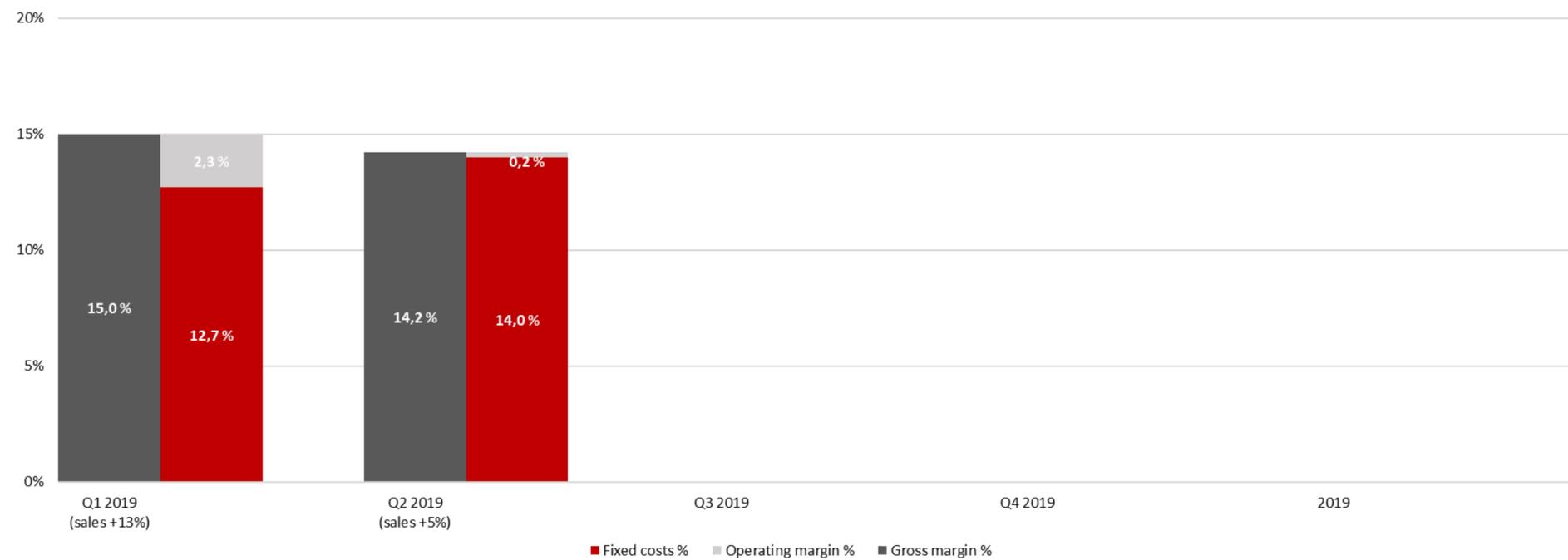


Highlights in Q2 2019

- Launch of ball sports with over 1300 products
- Start of brand campaigning to raise brand awareness and develop the image of our assortment
- Strong growth in seasonal product groups
 - Bikes, Electric Scooters, Grilling, Air Cooling products and fans



Verkkokauppa.com's gross margin and fixed costs



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 H2/2019

- Consumer Electronics (CE) market expected to remain price driven and competitive, total market likely not to grow in H2
- Outlook on Finnish economy (GDP +1.6% 2019 *)
- New categories will attract new customer groups to the website and stores
- Planning for the upcoming season at full speed
- Brand advertising continues in Q3 to attract wider customer base and to develop the image of our wide assortment
- Outsourced warehouse with Posti move to Voutila in Q3

*) Source: The Finnish Ministry of Finance 17 June 2019

***) Source: GfK

Verkkokauppa.com's targets and category developments

Target to be leading retailer in the Nordics

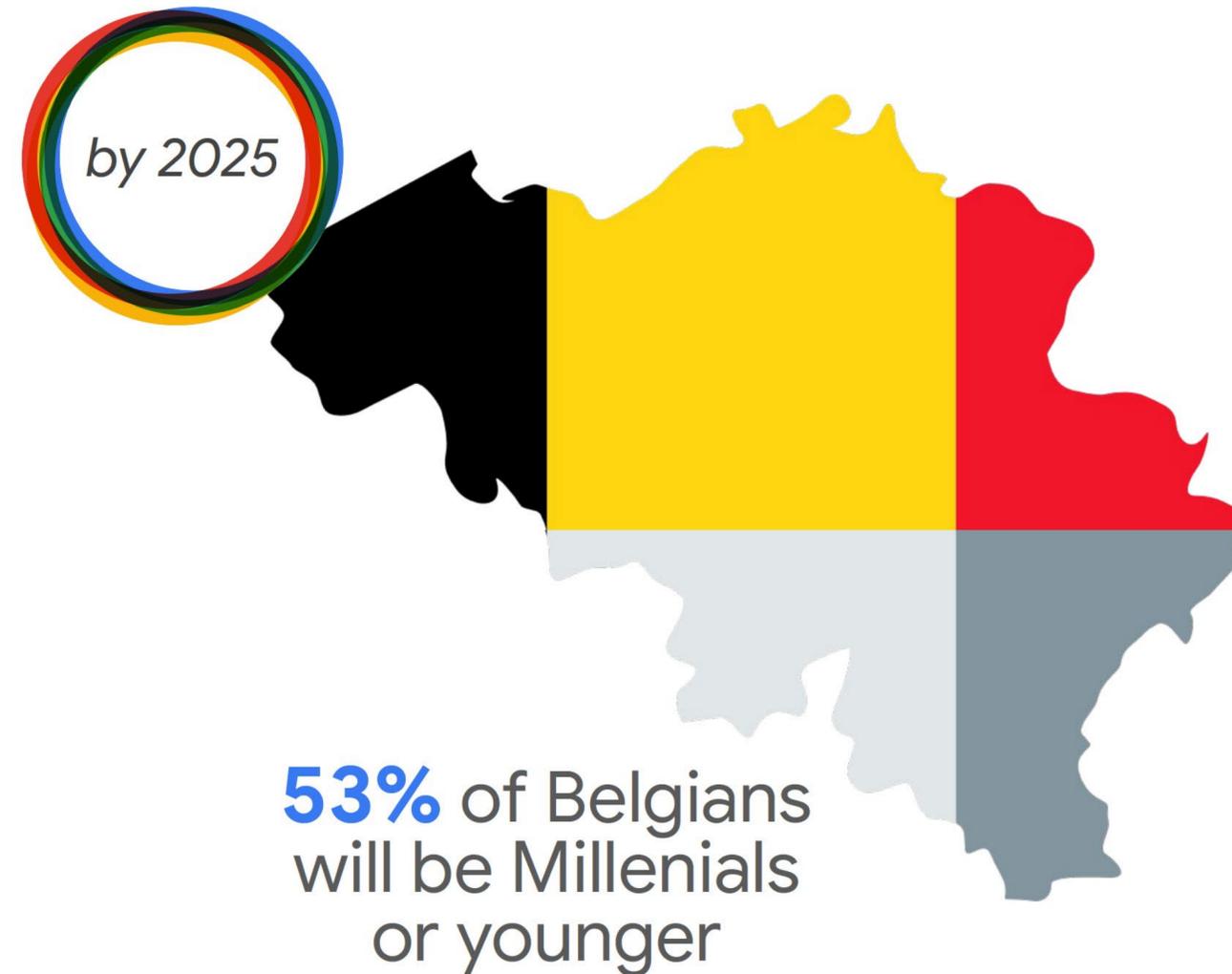
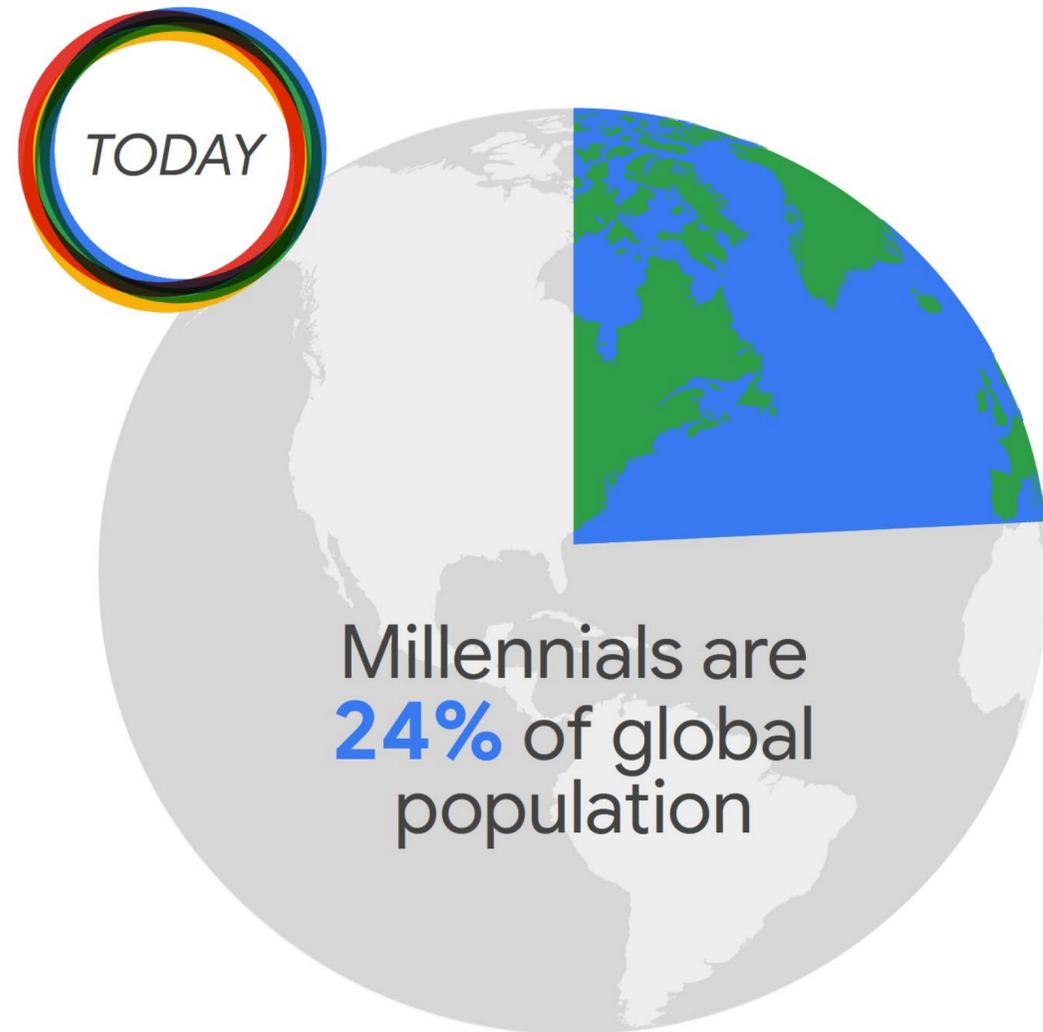
- Continuous development of the wide and attractive assortment
- Keeping our customer promise “Probably always cheaper” in all major categories
- Increased Private Label share of product assortment to secure better profitability
- Proven business model to support future growth → strong focus on e-commerce
- Actively searching for the best delivery and logistical solutions for our customers
- Continuously improving customer experience and increasing loyalty



Emerging Consumer Trends

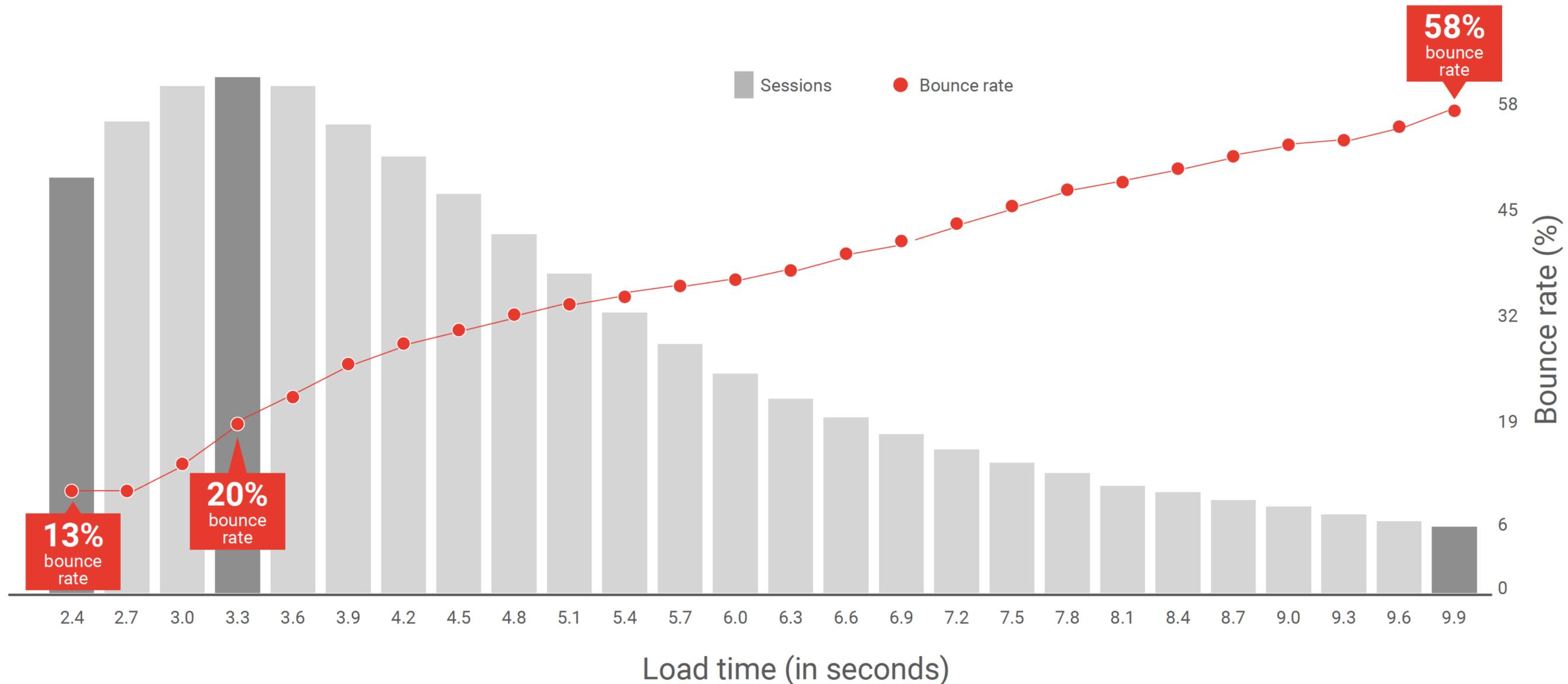
Proprietary + Confidential

By 2025, more than half the world will have grown up in **A DIGITAL FIRST MINDSET**



Emerging Consumer Trends

#1 priority is to improve
MOBILE SITE SPEED



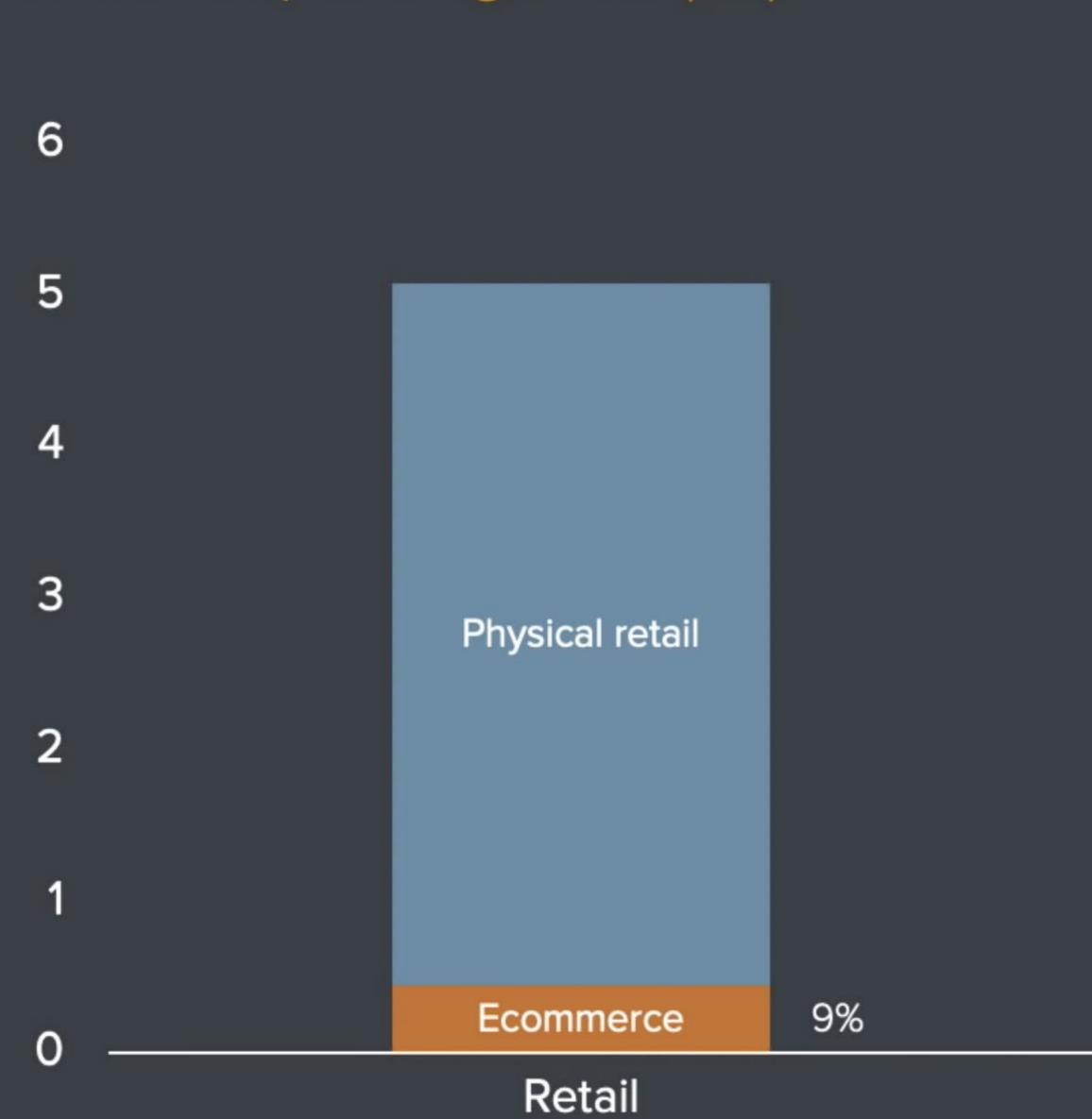
Emerging Consumer Trends

Ecommerce is big in dollar terms

Quarterly US ecommerce revenue (\$bn)



US retail spending, 2017 (\$tr)



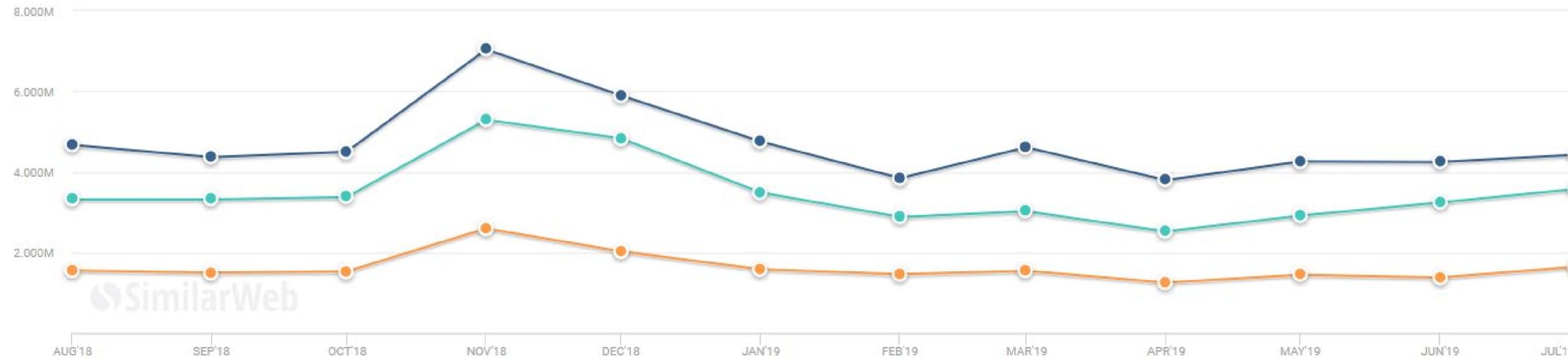
Web visits last 12 months (desktop and mobile)



Visits over time

Aug 2018 - Jul 2019, All Traffic

56.4M ● verkkokauppa.com
 41.8M ● gigantti.fi
 19.5M ● power.fi



Engagement

Aug 2018 - Jul 2019, Worldwide

Domain	Monthly Visits	Unique Visitors	Visits / Unique Visitors	Avg. Visit Duration	Pages/Visit	Bounce Rate
verkkokauppa.com	4.700M	1.576M	2.98	00:05:30	6.16	32.27%
gigantti.fi	3.481M	1.321M	2.63	00:04:32	4.77	38.27%
power.fi	1.628M	707,334	2.30	00:03:58	3.90	40.41%



Key takeaways

- **Verkkokauppa.com only one out of top-3 CE-retailers to grow during 2018**
- **Revenue growth continuing despite weak market**
- **Aggressive market share growth in a price driven market**
- **Faster than market growth will need investments in pricing and marketing**
- **Profitability expected to be higher in H2**





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Apuhallalla 27,00/kk (24 kk)

Thank you and Q&A

Upcoming events in 2019:

- Q3/2019, Friday 25 October 2019

Links:

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

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