

NASDAQ  
FIRST NORTH  
GM

# Verkkokauppa.com

- Finland's most popular webstore

Panu Porkka, CEO

12 December 2019



# Content

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- Verkkokauppa.com in brief
- Operating environment
- Values and strategy
- Financial highlights
- Q&A



# Finnish webstore pioneer since 1992

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- Finland's best known and most visited webstore
- Four megastores in Finland
- Founded by Mr. Samuli Seppälä in his parent's garage in 1992
- **“Probably always cheaper”** customer promise
- 65,000 products in 26 main product categories
- 57 million visits in Verkkokauppa.com webstore in 2018
- Listed on Nasdaq First North in Helsinki, Finland since 2014
- EUR 158 million market cap (Dec. 11, 2019)

**478**  
**million**  
Revenue 2018, EUR

**11%**  
Revenue growth  
in 2018

**13.3**  
**million**  
Operating profit  
in 2018, EUR



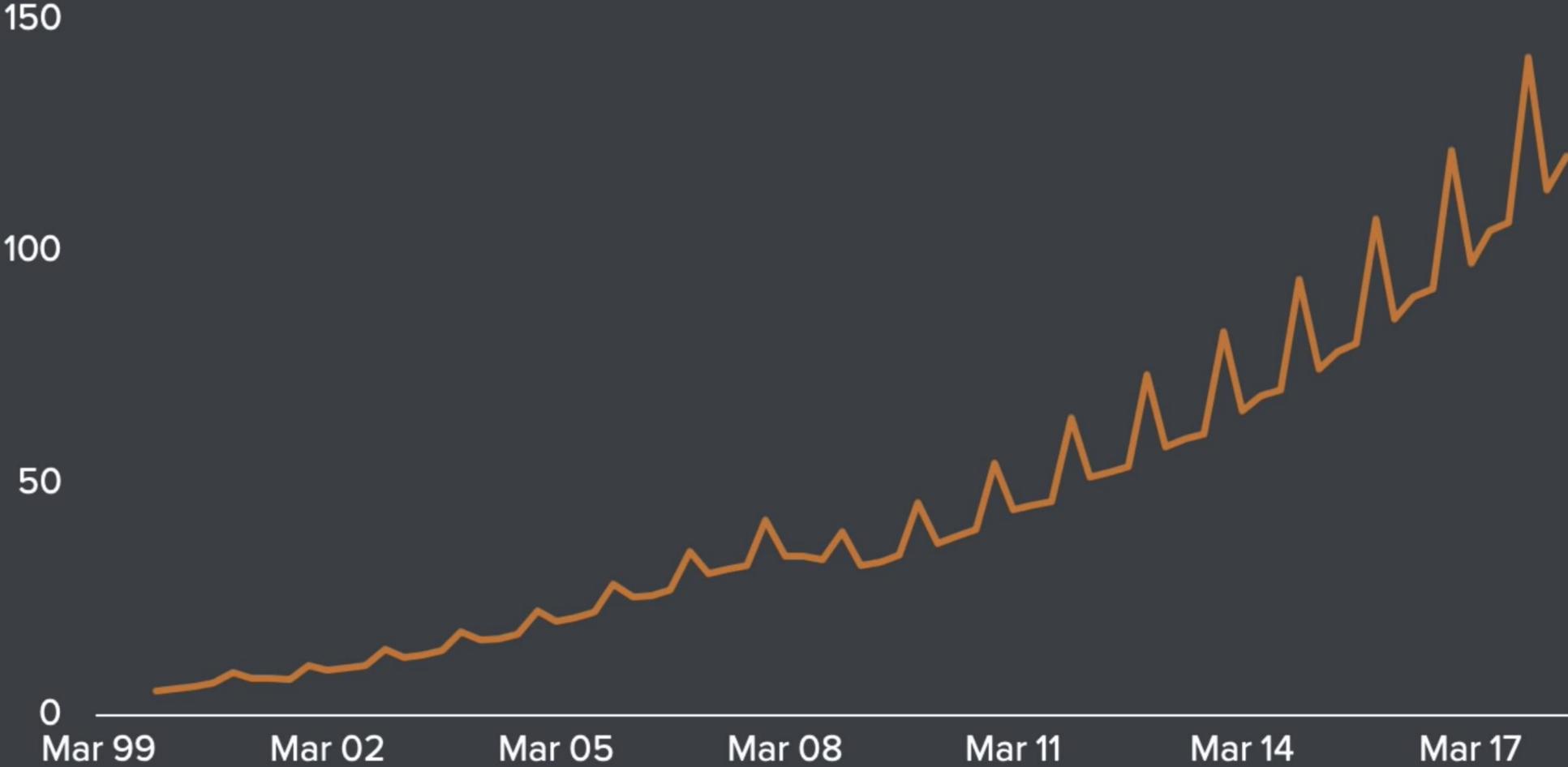
# OPERATING ENVIRONMENT



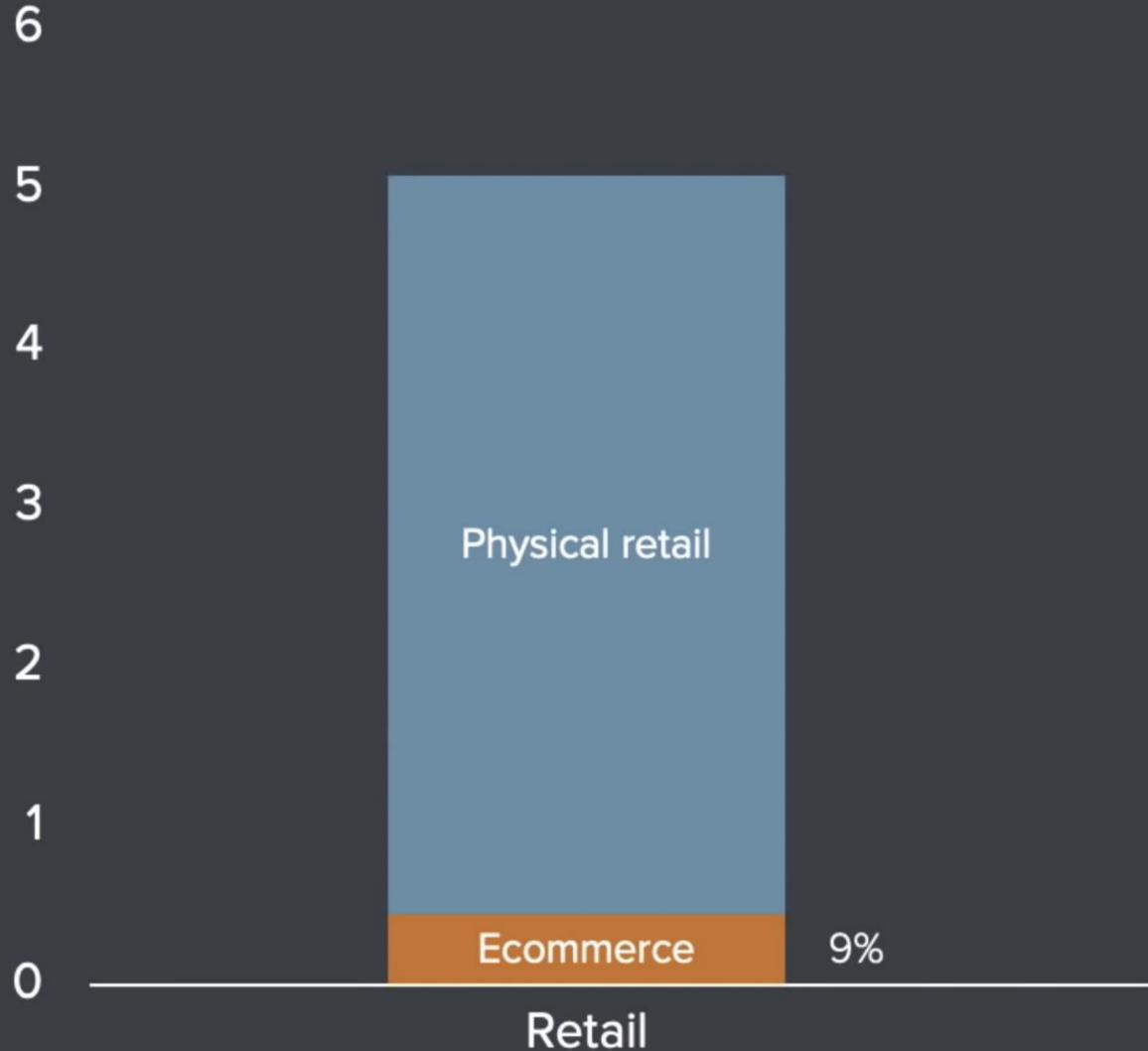
# Emerging consumer trends

## Ecommerce is big in dollar terms

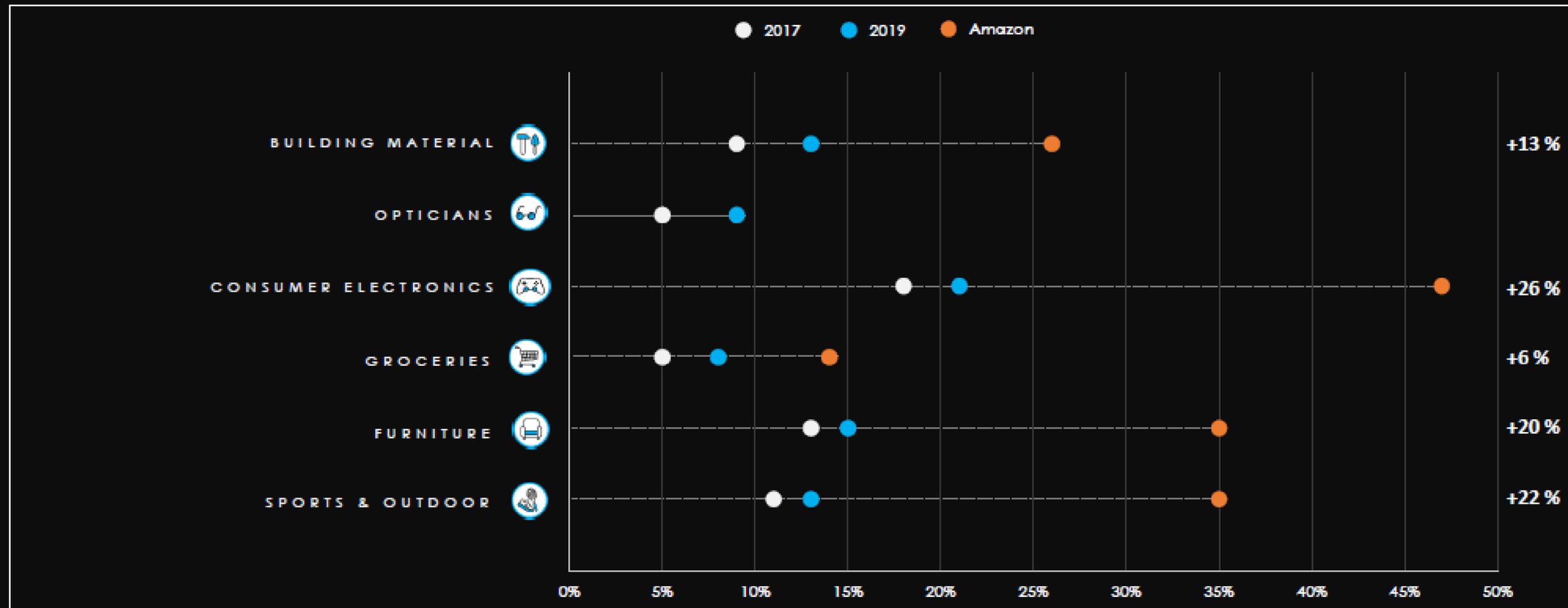
Quarterly US ecommerce revenue (\$bn)



## US retail spending, 2017 (\$tr)



# Amazon speeds up online growth

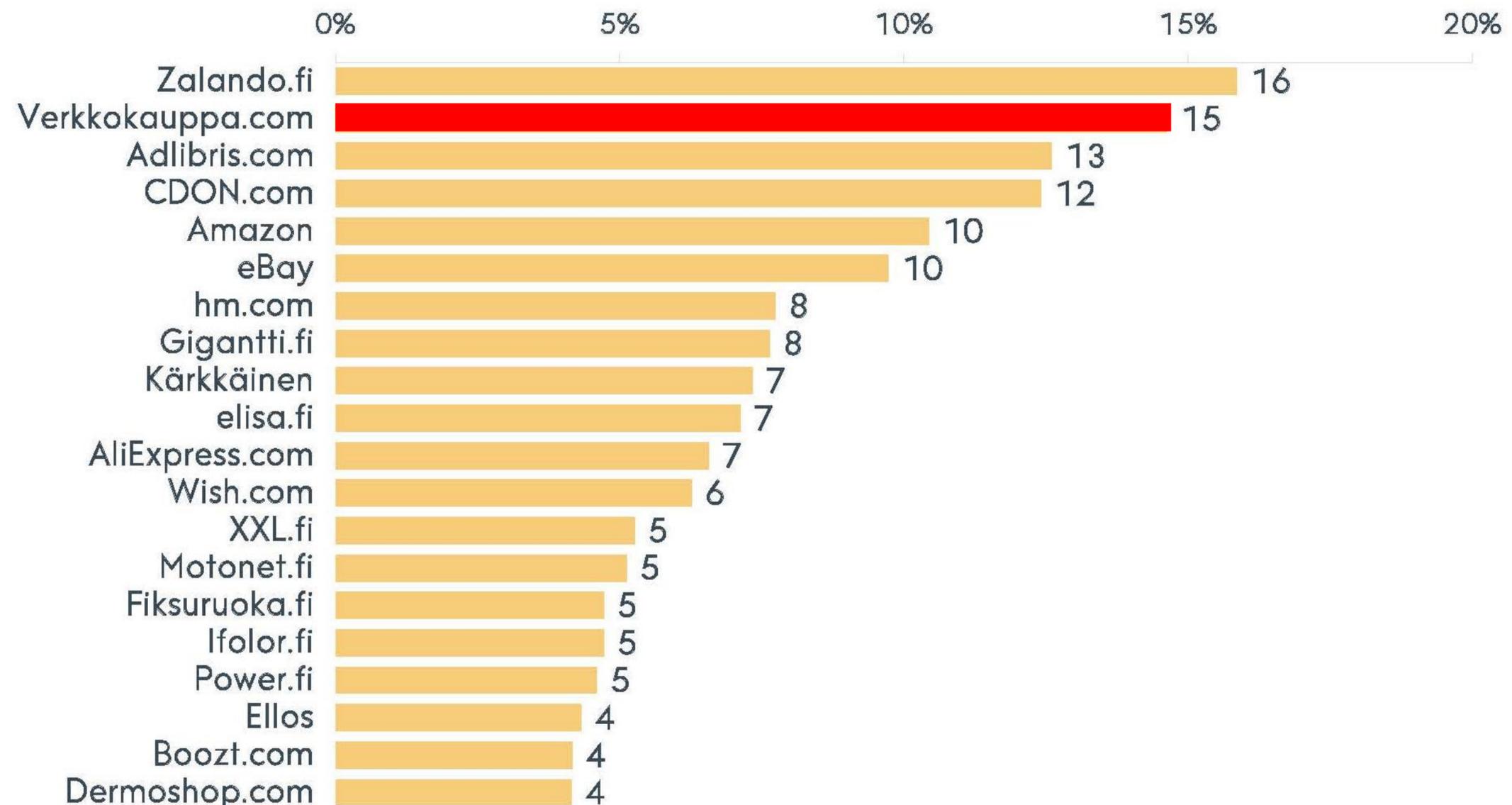


Development in online purchase preference, Finland 2017-2019 vs. Amazon countries

Source: Kuulas Helsinki/IPG Mediabrands

# Finnish eCommerce landscape

Which webstores have Finnish people bought goods from during the last 6 months:



(n=1951)

Source: Kantar TNS Internet panels June-July 2019



# Finnish eCommerce landscape

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## **Chosen by consumers as Finland's best domestic online store\***

- Brand, quality, price and assortment
- Customer experience
- Combining e-commerce and stores to serve our customers in the most efficient way

## **"Nevertheless we pursue to be the best"**

- Launched a new cloud-based search engine to continually personalize search experience
- Customer journey as the main focus in development



Info Info

# STRATEGY

Puhelimet  
Mobile Phones

TILAUSTA  
NOUTAMASSA?

Noutotilaukset

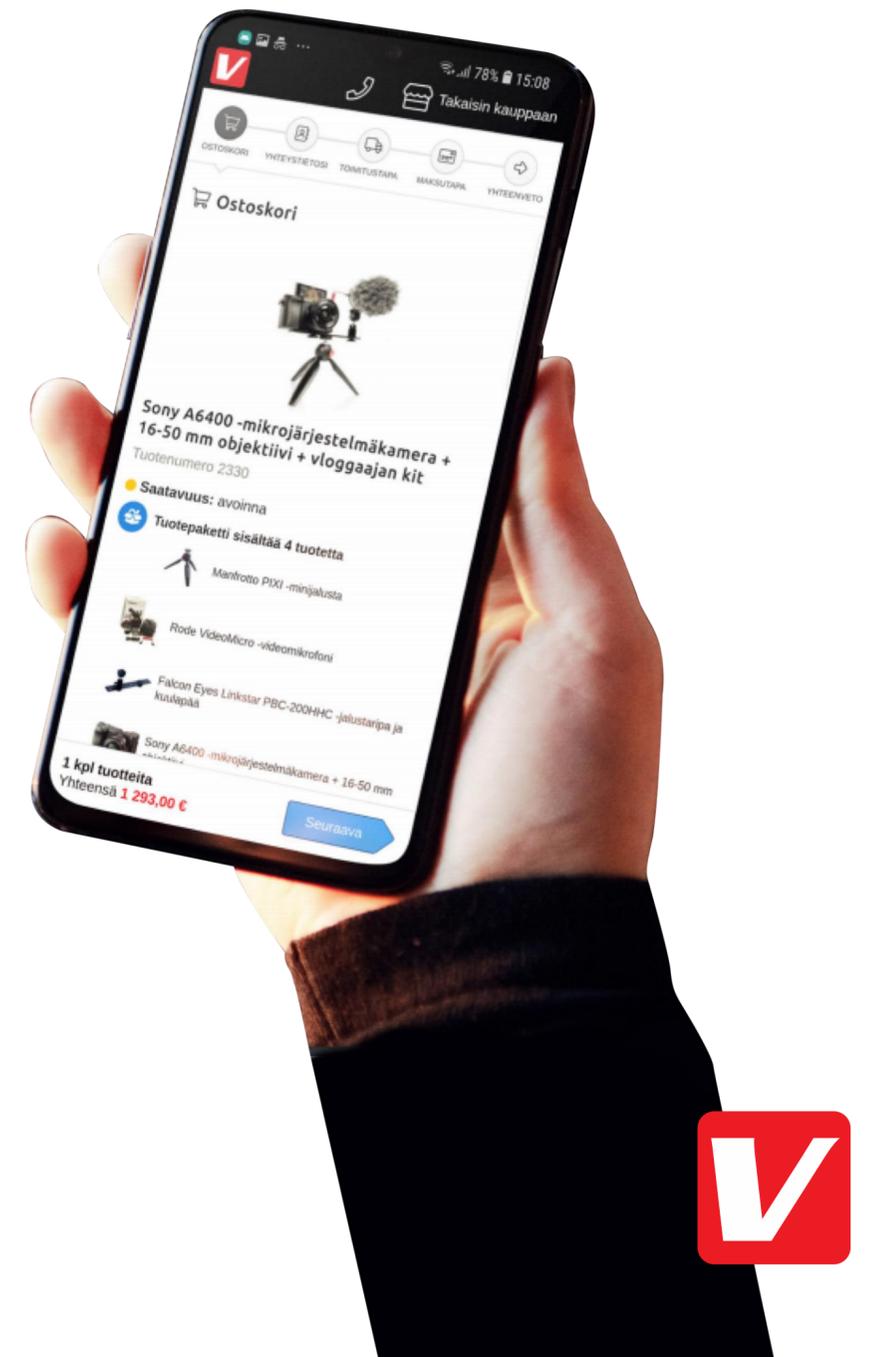


# Target to be leading retailer in the Nordics

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- Continuous develop the wide and attractive assortment
- Increase the share of Private Label in product assortment to secure better profitability
- Keep the customer promise “Probably always cheaper” in all major categories

- Continuously improve customer experience and increase the loyalty
- Proven business model to support future growth, i.e. strong focus on e-commerce
- Actively seek the best delivery and logistical solutions for the customers



# FINANCIAL HIGHLIGHTS



# Key figures

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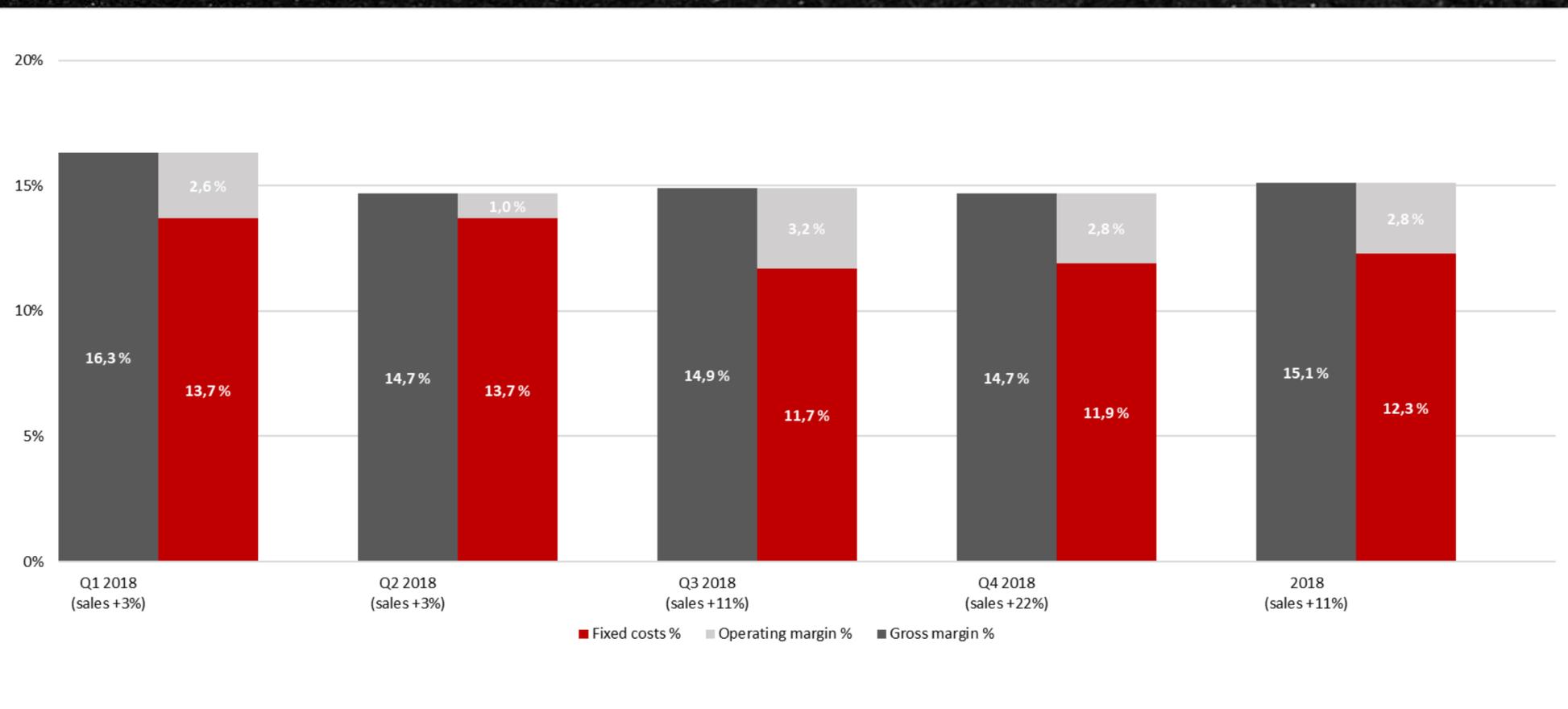
EUR million	1-9/2019	1-9/2018	Change, %	1-12/2018
Revenue	344.2	322.0	7%	477.8
Gross profit	51.7	49.1	5%	72.0
Gross margin	15.0%	15.2%	-2%	15.1%
Operating profit	6.8	7.4	-8%	13.3
Operating margin	2.0%	2.3%	-13%	2.8%
Net profit	4.6	4.9	-6%	9.3
Cash flow from operating activities	-2.0	-15.4		8.9
Equity ratio	25.6%	27.8%		23.0%
Cash	34.4	26.0		46.7

“  
Verkkokauppa.com's year-on-year quarterly revenue has been growing for 23 quarters.”



# Fixed costs as competitive advantage

- **Very low and scalable cost structure enables profitable growth and probably always cheaper prices vs. competitors**



# 2019 guidance

## Revenue

**€500m - €525m**

**(2018 €478m)**

## Operating profit

**€11 - €15m**

**(2018 €13.3 m)**

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Medium-term targets: Sales growth 10 - 20% per year, growing operating profit and operating margin of 2.5 - 4.5%

Policy of paying out growing quarterly dividend



# Investment highlights

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- Finland's best known and most visited webstore
- Gaining market share despite a very competitive market (1-9/2019 +7%)
- Record profitability in Q3 due to sales mix, better conditions and healthy stock
- Good financials (no debt and healthy cash position)
- Steadily increasing dividends



**GAMEON**  
PALLOILUUN

**Verkkokauppa.com**  
TODENNÄKÖISESTI AINA HALVEMPI

**THANK YOU!**

**Time for questions**



# More information

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## Upcoming events in 2020:

Q4/2019, Friday 14 February 2020

## 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)

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# Shareholder base

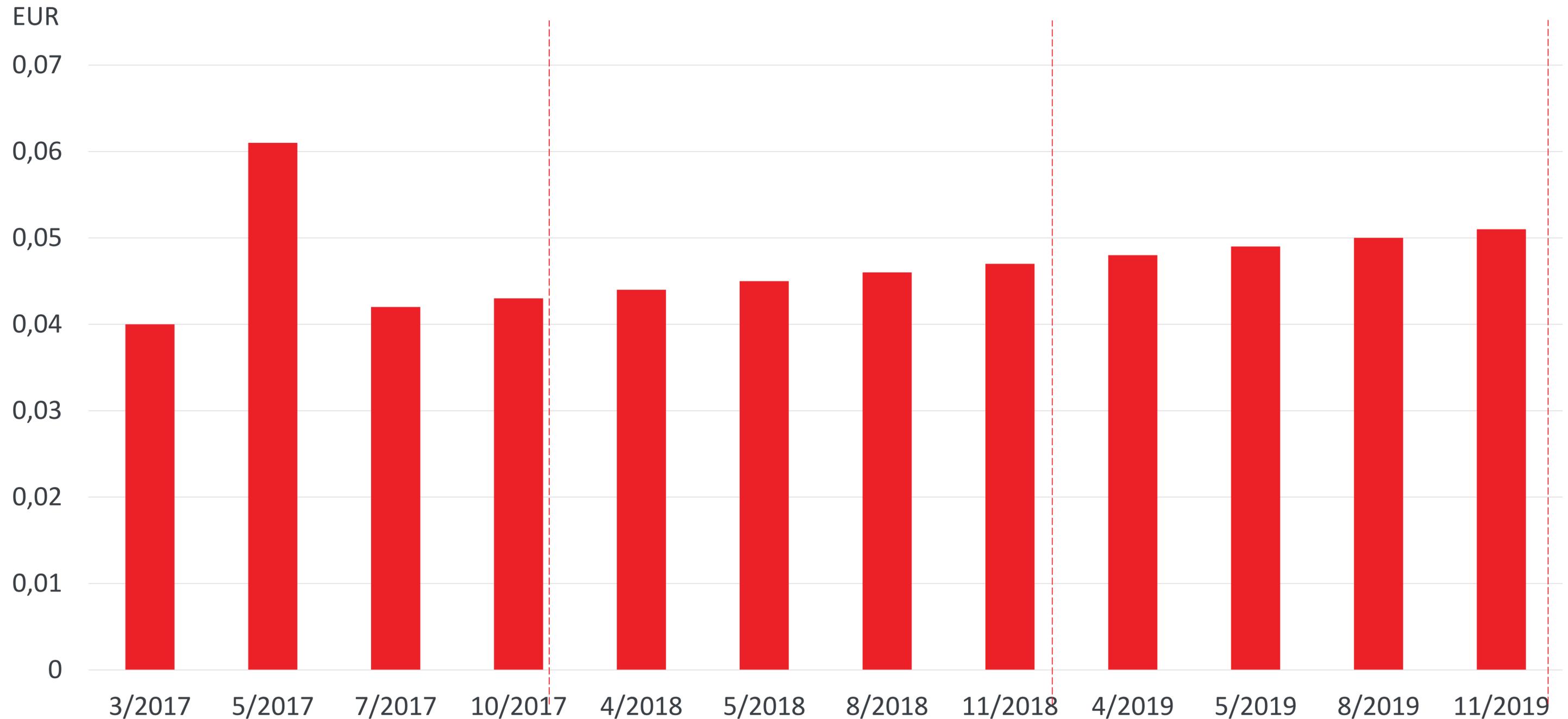
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	Shareholder	Shares	%
1	Samuli Seppälä	22,290,096	49.56
2	Rite Ventures Finland Ab	2,172,576	4.82
3	Keva	2,171,000	4.82
4	Varma Mutual Pension Insurance Company	2,065,932	4.58
5	Nordea Nordic Small Cap (fund)	1,690,607	3.75
6	Ilmarinen Mutual Pension Insurance Company	1,067,723	2.27
7	Evli Suomi Pienyhtiöt (fund)	700,000	1.55
8	Ville Skogberg	634,266	1.41
9	Danske Invest Suomen Pienyhtiöt (fund)	467,380	1.04
10	Aktia Nordic Micro Cap (fund)	450,000	0.99
<b>Total</b>		<b>33,709,580</b>	<b>74.80</b>

Shareholders as of October 31, 2019, excluding nominee registered shareholders.



# Steadily increasing quarterly dividend



\* Includes an additional dividend of EUR 0.020 based on the EGM resolution



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