

NASDAQ
FIRST
NORTH
GM

Verkkokauppa.com Q4 2019

- Finland's most popular webstore

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



Today's Agenda

- Performance during Q4/2019 and FY2019
- Market development and trends
- 2020 guidance and outlook
- Key takeaways
- Q&A



Verkkokauppa.com Q4 Highlights

- Revenue 159.9 million euros (10–12/2018: 155.9), growth of 3%
- Operating profit 4.5 (5.9) million euros
- 2019 dividend 0.214 (0.198) euro per share
- Revenue 1-12/2019 504 million euros



Income Statement Q4

EUR million	Q4/2019	Q4/2018	Change, %
Revenue	159.9	155.9	+3%
Gross profit	22.2	22.9	-3%
Gross margin	13.9%	14.7%	-6%
Personnel expenses	-9.1	-8.4	+9%
Other opex	-7.5	-7.6	-0.4%
Operating profit	4.5	5.9	-25%
Operating margin	2.8%	3.8%	-27%
Net profit	3.2	4.4	-27%

“
Verkkokauppa.com's
year-on-year quarterly
revenue has been
growing for 24
quarters.”



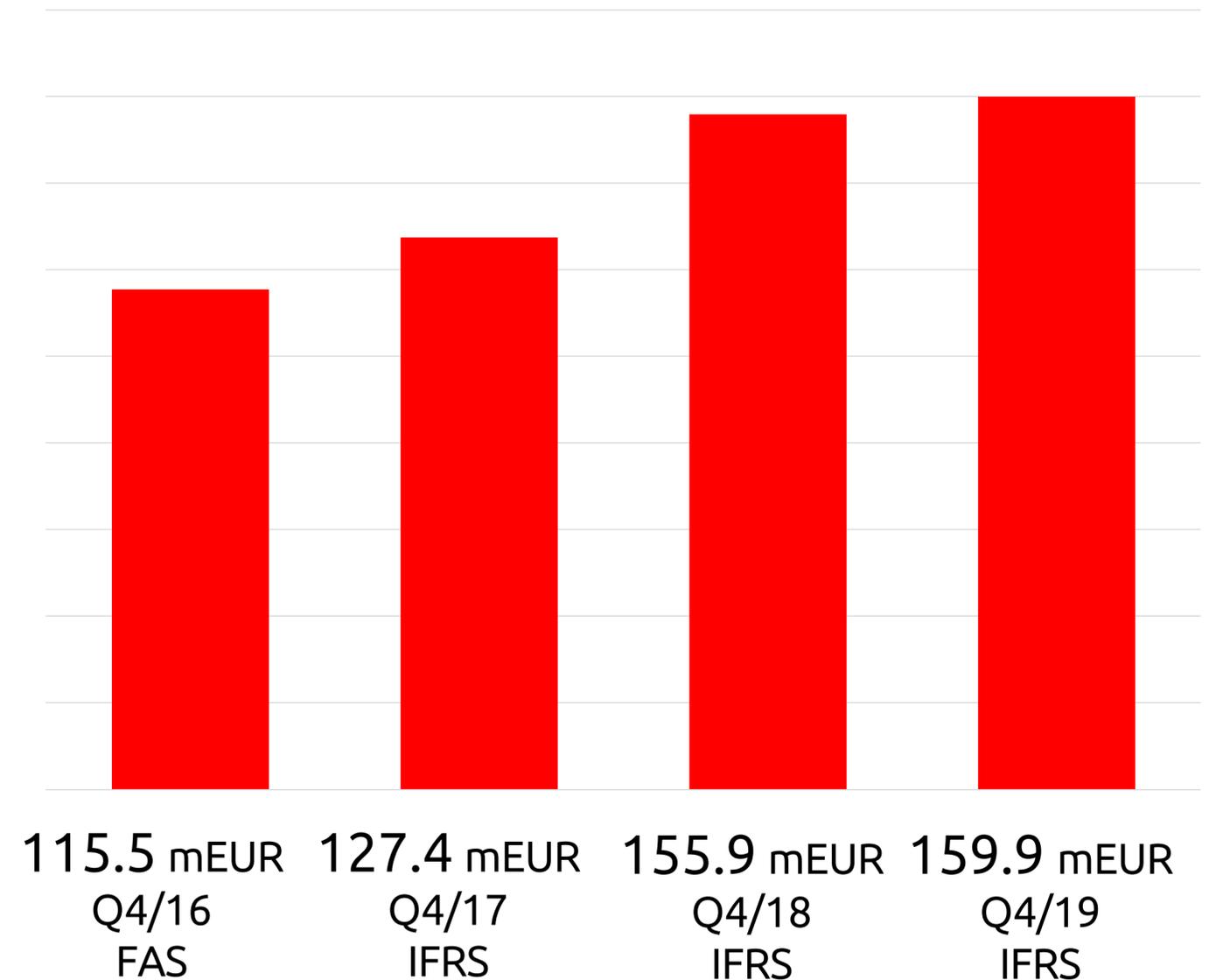
Balance Sheet Q4 2019

- Inventory 66.7 (65.9) million euros on 31/12/2019
- Cash flow from operating activities +9.7 (8.9) million euros
- Cash 42.5 (46.7) million euros
- Undrawn revolving credit facilities 20 million euros
- 23.4% (23.0%) equity ratio



Sales Development

- Strong performance during Black Friday, record sales in all channels
- Customer demand slow before and after Black Friday
- Tax refund changes impacted mid December sales negatively
- Posti's strike had a negative impact on customer demand regarding deliveries
- TV, Computer and Phone categories continued with weak sales
- Matching price driven market to maintain growth



Marketing Highlights Q4

- Second phase of the brand campaign started in October
- Additional marketing efforts in toys category to strengthen our position in the new market situation
- Successful Black Friday campaign again broke all visitor and sales records



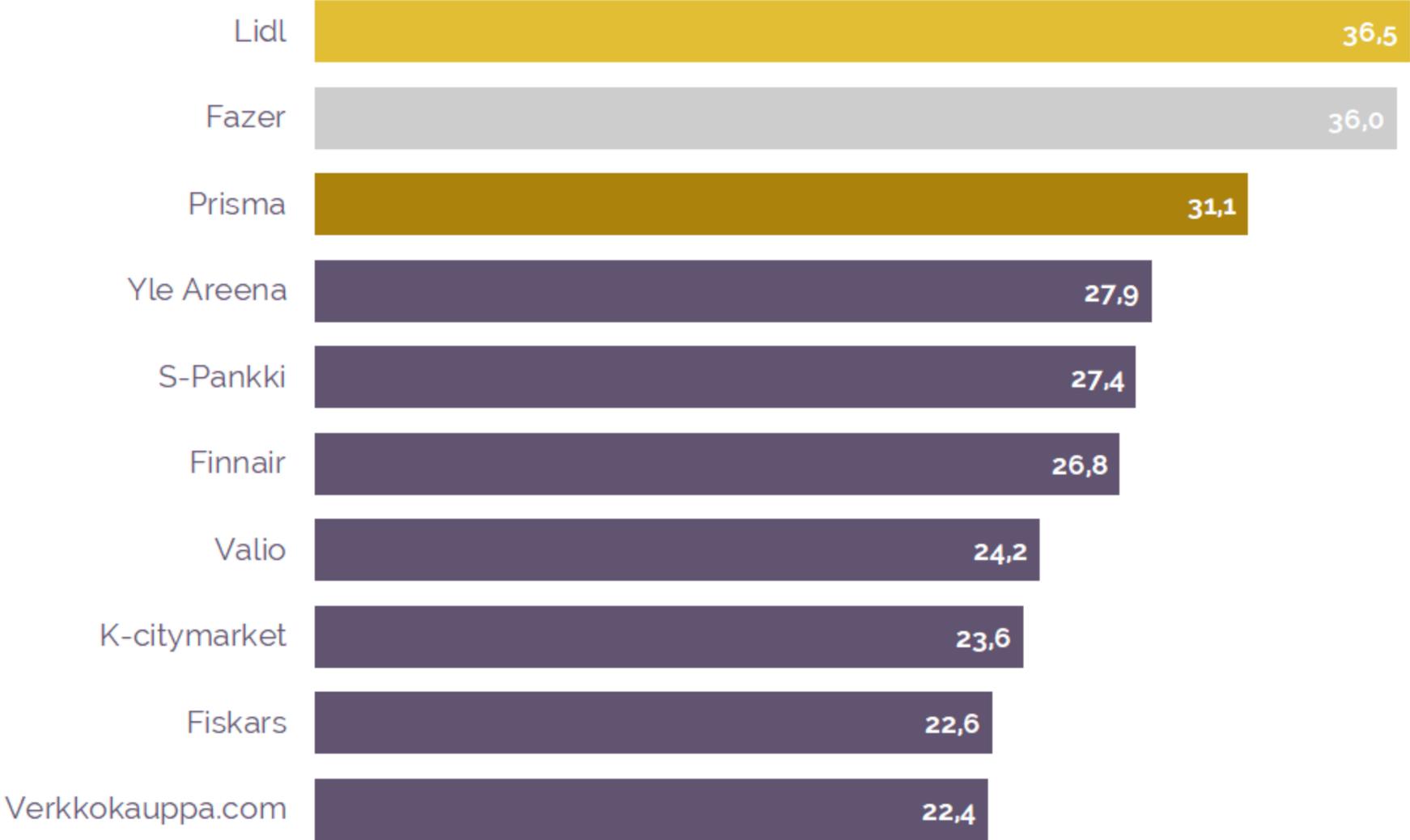
Brand Success – Buzz Rankings Finland’s Top10

- Verkkokauppa.com the only new brand to achieve TOP10 position during 2019



YouGov’s BrandIndex Buzz Rankings 2019

Buzz scores are calculated by asking members of the public daily if they’ve heard anything positive or negative about a brand over the past two weeks. Buzz Rankings 2019 are the average of these scores between January 1st, 2019 and December 31st, 2019.



Verkkokauppa.com 1-12/2019

EUR million	1-12/2019	1-12/2018	Change, %
Revenue	504.1	477.8	5%
Gross profit	73.9	72.0	3%
Gross margin	14.7%	15.1%	-3%
Personnel expenses	-32.6	-30.3	+8%
Other opex	-25.5	-23.7	+8%
Operating profit	11.3	13.3	-15%
Operating margin	2.2%	2.8%	-20%
Net profit	7.8	9.3	-16%

“
*Verkkokauppa.com
reached a new
milestone as revenue
broke 500M barrier*



Key Priorities 2019 – Summary

What we said

- New category launch in spring
- Start of brand marketing to increase awareness and top-of-mind
- Improvement of customer experience
- Active search for best logistics solutions
- Pay out growing dividend

What we did

- Ball sports category launched with over 1300 new products and A-brands
- Record amount of visitors in web (72M / +28%) and listing among Finland's TOP-10 brands
- Website transferred to cloud and our Helsinki and Oulu stores were upgraded
- Pick-up warehouse operated by Posti moved to modern and scalable premises in Voutila
- Company continued it's policy of paying quarterly growing dividend



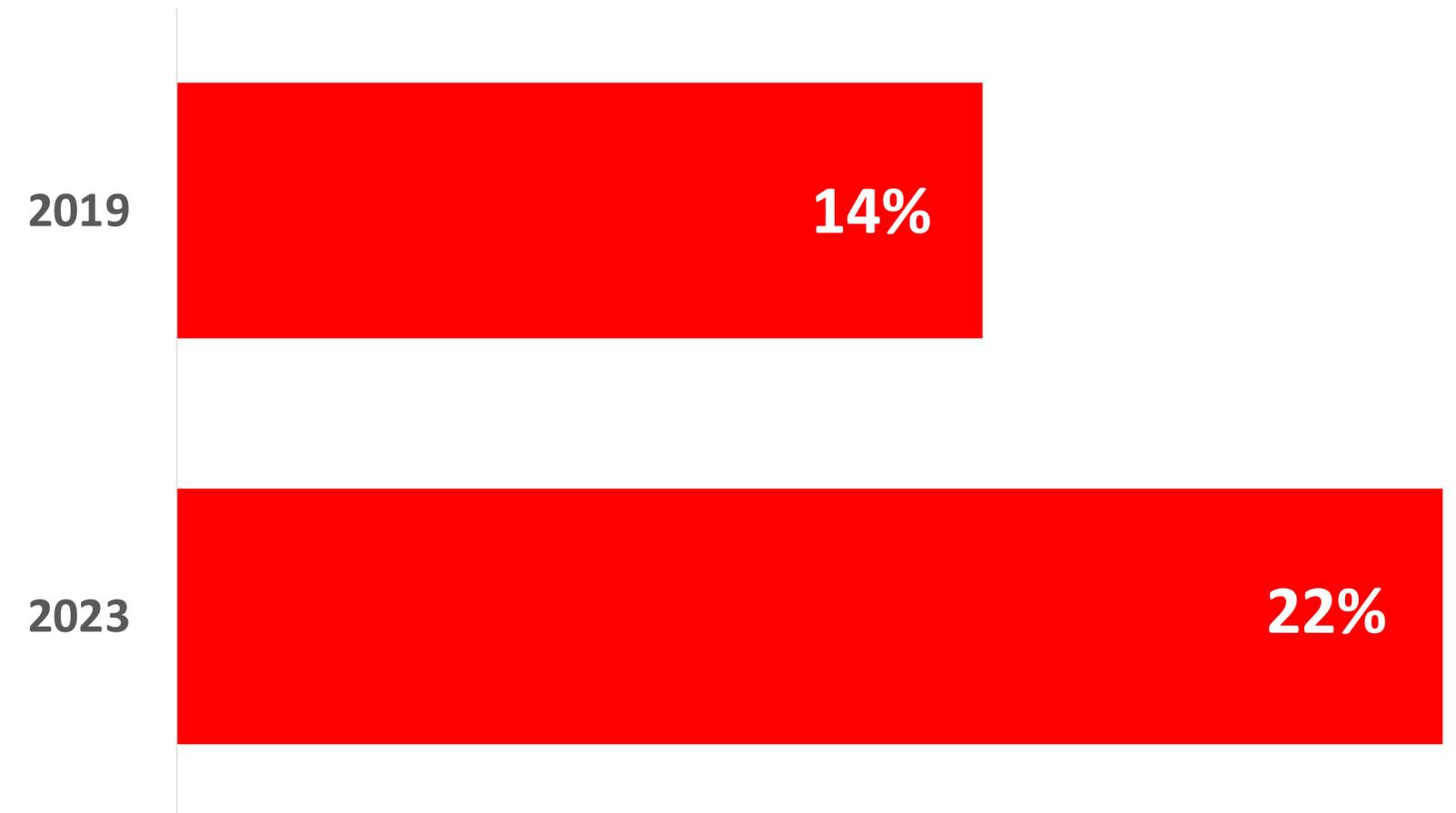
Market Outlook



E-commerce Global Development

- In 2019, e-retail sales accounted for 14 percent of all retail sales worldwide
- This figure is expected to reach 22 percent in 2023*
- Outlook on Finnish economy
 - Projected GDP 1.0% 2020**
 - Projected purchasing power +1.7% 2020 **

E-commerce share of all retail sales

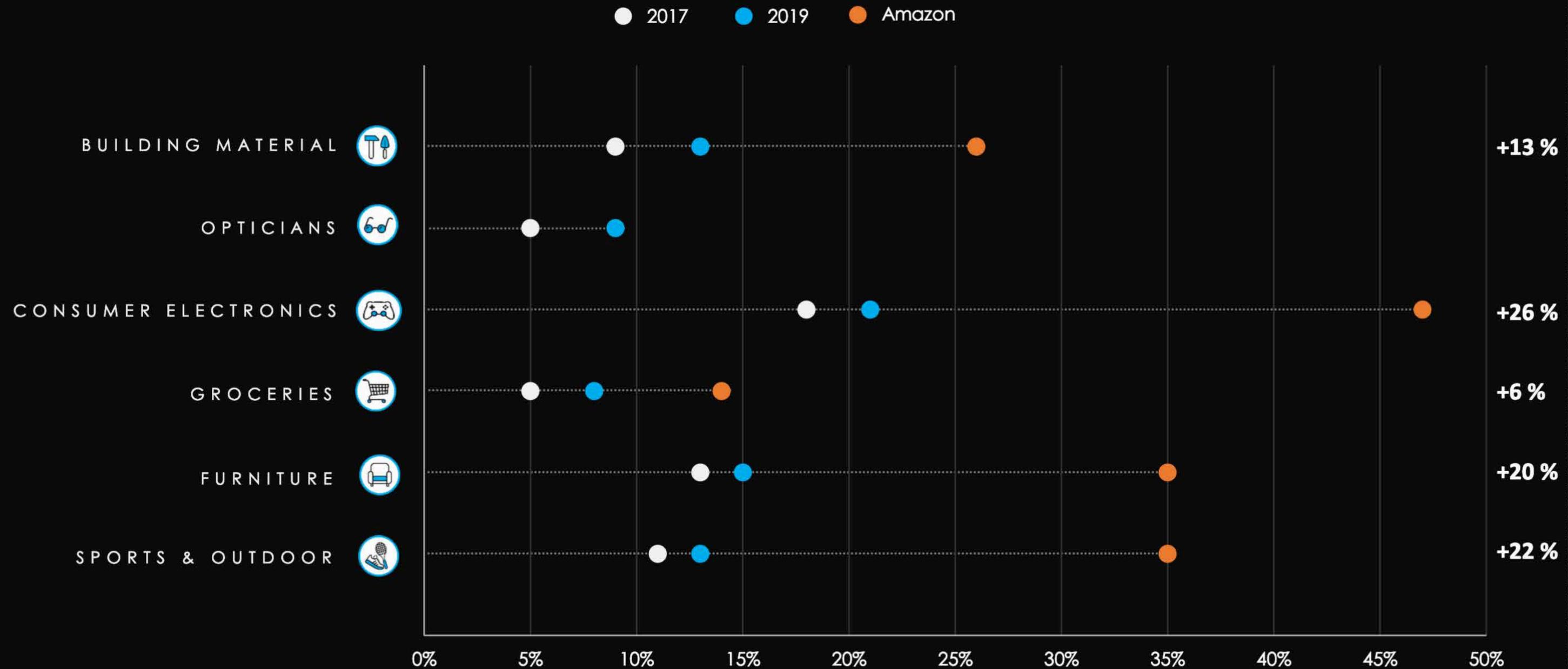


* Statista Retail e-commerce sales growth worldwide 2014-2023 30/8/2019

** Ministry of Finance 7/10/2019 and 30/1/2020 Economic Surveys



Amazon Speeds Up Online Growth



These categories were the same in 2017 and 2019

Targets and Future Development



Verkkokauppa.com's vision is to be
a Nordic leader in retail through
cost-efficiency, brand image, own
ecosystem and scalable business model



Outlook 2020 – Profitability Improvement

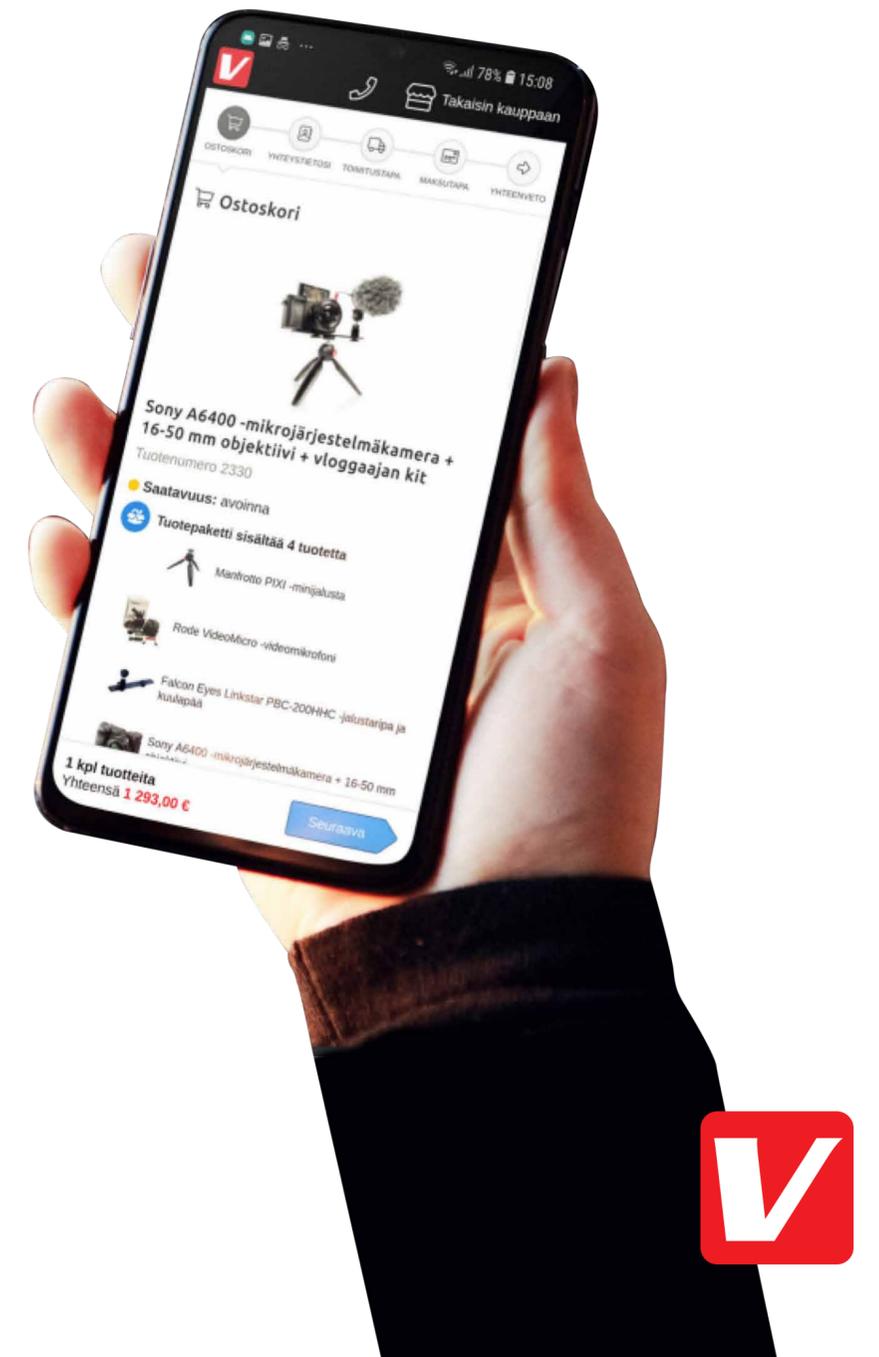
- Project to improve and automate product information management and processes
- Building up competence in drop shipment and optimising supply chain
- Improvement of marketing performance with better tools and segmentation
- Combining e-commerce and stores to serve our customers the most efficient way

- ➔ Better web conversion and SEO, faster to market with category expansion
- ➔ Scalability of assortment and optimization of stock and availability
- ➔ Scaling down CAC and increasing CLTV
- ➔ Building up customer loyalty and traffic



Category and Delivery Development 2020

- Continuous development of the wide and attractive assortment
 - Several new high-end A-brands under negotiations
 - Launch of new subcategory during H1
 - Increasing the share of Private Label in product assortment to secure better profitability
 - Keeping our customer promise “Probably always cheaper” in all major categories
- Active search for best delivery and logistical solutions for scalability
 - Same day deliveries with cut of at 2PM in greater Helsinki area from Q1
 - Guaranteed next day delivery for southern Finland region during H1
 - 3h deliveries in greater Helsinki area
 - Green delivery pilot during last year, next pilot under investigation



2020 Guidance

Revenue between

€510m - €530m

(2019 €504m)

Operating profit

€12m - €15m

(2019 €11 m)

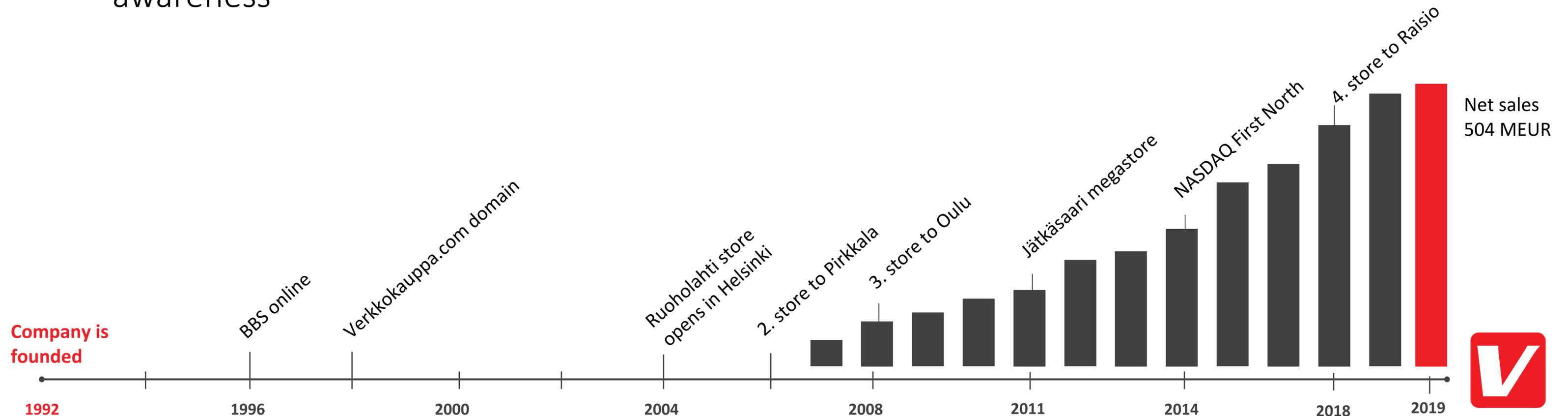
Medium-term targets: Sales growth 10 - 20% per year, growing operating profit and operating margin of 2.5 - 4.5%

Policy of paying out growing quarterly dividend



Nasdaq Helsinki Listing – Next Milestone

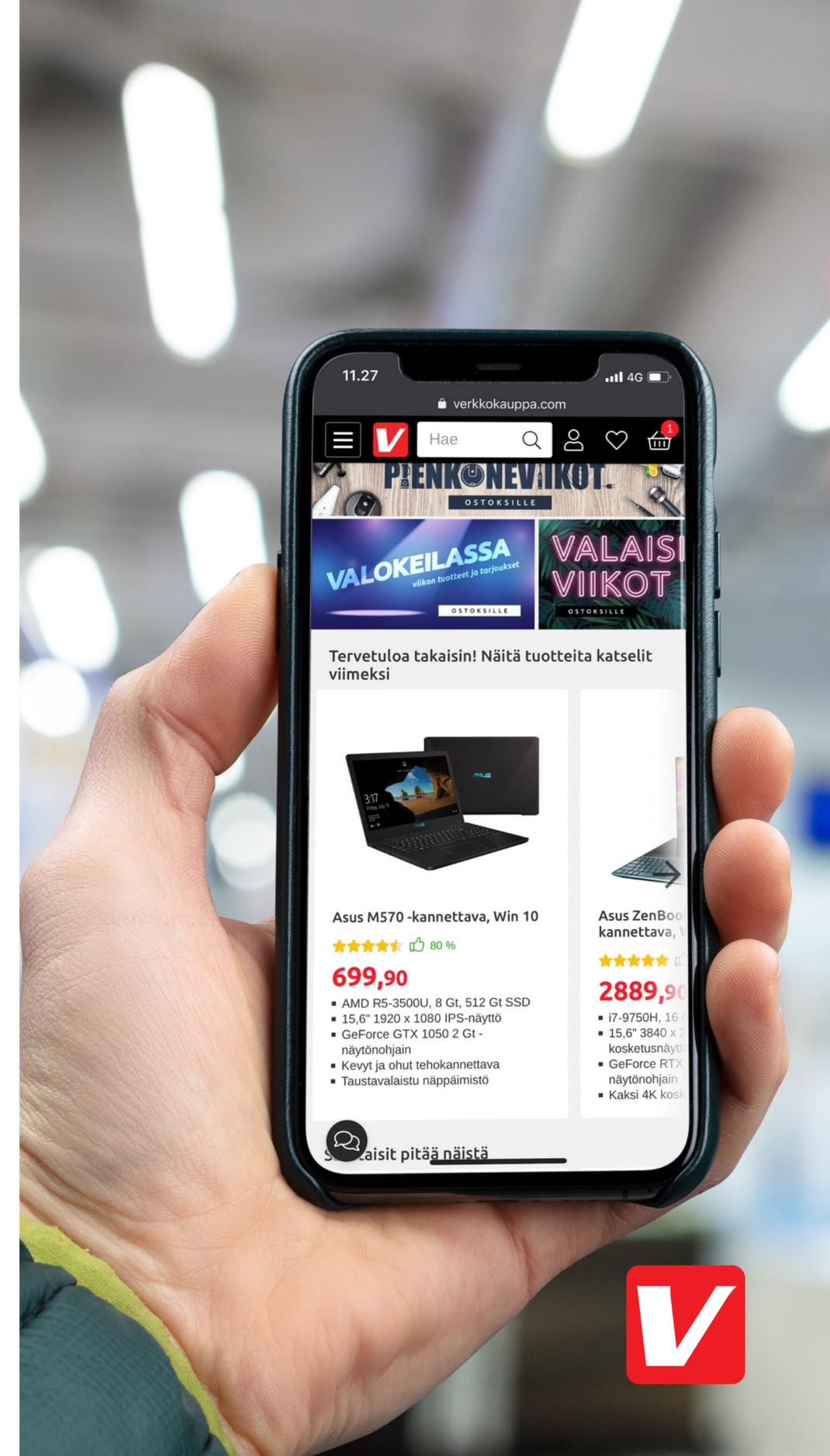
- Company to start evaluating transfer to the Nasdaq Helsinki main market
- Natural step after being listed in First North since 2014
- Goal is to widen shareholder base, increase share liquidity and improve brand awareness



Key Takeaways

- New milestone achieved as revenue exceeds 500 meur mark
- Next milestone preparation for Nasdaq Helsinki listing
- Company listed for the first time among top 10 brands in Finland
- Successful campaigning while headwind due to tax refunds and Posti situation

- Financial situation solid with a growing dividend
- Company focuses on profitability while building up competences for future scalability
- Main focus profitable growth while gaining market share



KUUMIMMAT KAKSIPYÖRÄISET!

GZR

HAIBIHE

HELKAMA

nutcase 

Ja paljon muita
valmistajia.



GAMEON
PALLOILUUN

THANK YOU!

Time for questions

Verkkokauppa.com
TODENNÄKÖISESTI AINA HALVEMPI

Verkkokauppa.com
TODENNÄKÖISESTI AINA HALVEMPI

Ma-la 9-11
Su 11-12

24 h kioski aina



More Information

Upcoming events in 2020:

Q1/2020, Friday 24 April 2020

Q2/2020, Friday 24 July 2020

Q3/2020, Friday 23 October 2020

Links:

Investors site

www.verkinvest.com

Company Releases mailing list

www.joinverk.com

Company Investor Webcasts

www.verklive.com

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