

Verkkokauppa.com Oyj Q2/2016,
5.8.2016, Samuli Seppälä, CEO

TODAY'S STOREFRONT

RETAIL IS GOING ONLINE. COME ALONG.

Verkkokauppa
PROBABLY ALWAYS CHEAPER **.com**



NASDAQ
FIRST NORTH

Verkkokauppa.com Q2/2016

Sales stalled by slow wholesale business, profit impacted by tough price competition

Revenue €80m (€80m) and
EBITDA €1.3m (€1.7m)

Verkkokauppa
PROBABLY ALWAYS CHEAPER
.com

Verkkokauppa.com concept

**FIRST
SITE**

LOWER PRICES

"Probably always cheaper"

**CUSTOMER
JOURNEY**

**WIDER
SELECTION**

**PRIVATE - MODULAR
IT AND ERP SYSTEM**

**BEST 24 H
AVAILABILITY**

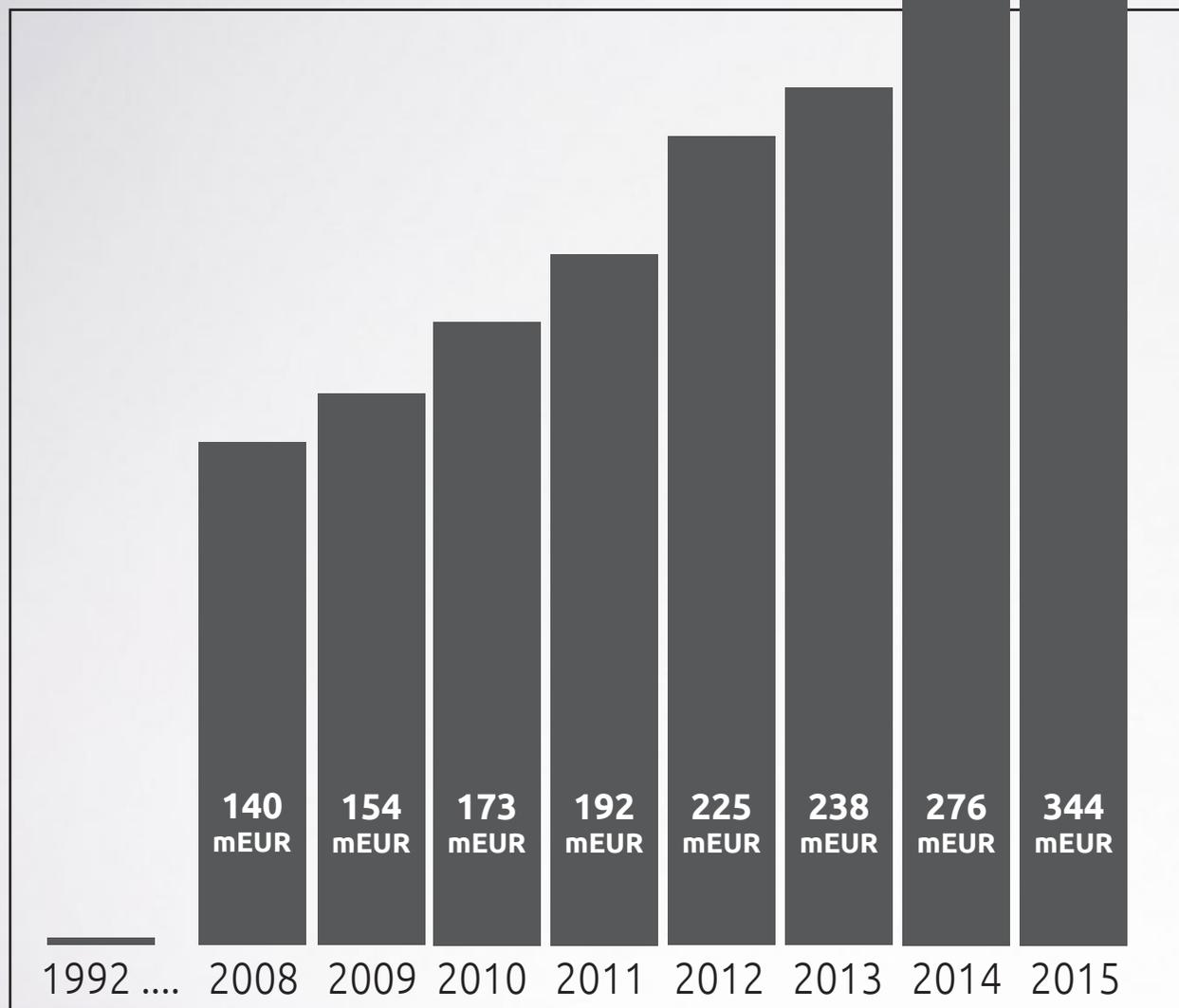
**GROWTH
FOCUSED**

**TRANSPARENT
AND TRUSTED**

**OPERATIONAL
EFFICIENCY**

"We aim for the lowest prices utilizing the lowest fixed costs"

Verkkokauppa.com - growth focused



2015 revenue
€344m

2015 EBITDA
€12m*

31 Dec 15 cash
€31m

31 Dec 15 debt
€0

2015 dividend
€0.15 (2.1%)

*) Comparable
EBITDA

Verkkokauppa.com - customer journey

"We provide Finland's best and most exciting customer journey"

"We aim for the lowest prices utilizing the lowest fixed costs"

"... while retail is going online in Finland"

Trusted & known

Looking for information

Product sales

Add-on sales

"Cheering!"

C2C sales

Service & warranty

Verkkokauppa.com Q2/2016 Income Statement

	Q2/2016	Q2/2015	Change%
Revenue, € million	80.1	80.0	0%
Gross profit	12.3	11.4	+8%
Gross margin	15.3%	14.3%	
Personnel expenses	6.3	5.6	+13%
Other opex	4.7	4.1	+14%
EBITDA	1.3	1.7	-25%
EBITDA margin	1.6%	2.2%	
Depreciation and amortiz.	0.3	0.3	+5%
EBIT	1.0	1.5	-31%
Net profit	0.8	1.2	-33%

“Increased price competition had a pressure on the gross margin, which resulted in a lower EBITDA”



Verkkokauppa.com H1/2016 Income Statement*

	H1/2016	H1/2015	Change%
Revenue, € million	163.6	152.9	+7%
Gross profit	25.3	23.2	+9%
Gross margin	15.5%	15.2%	
Personnel expenses	12.4	11.0	+12%
Other opex	9.0	8.3	+9%
EBITDA	4.0	3.9	+3%
EBITDA margin	2.4%	2.5%	
Depreciation and amortiz.	0.6	0.6	10%
EBIT	3.4	3.3	
Net profit	2.7	2.7	

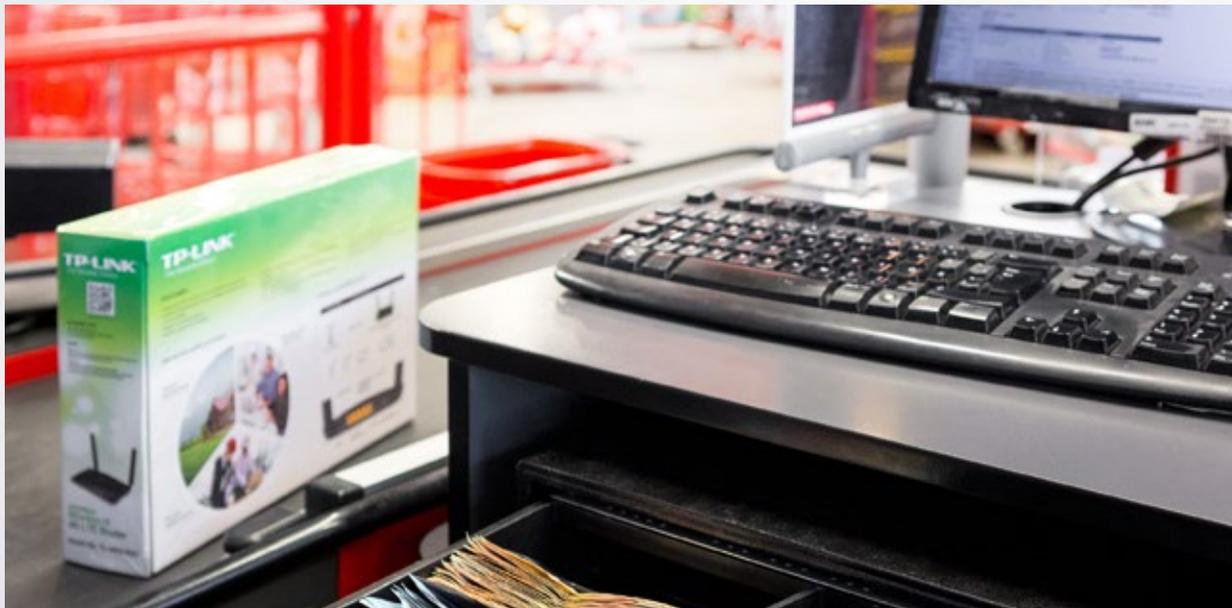
*) excluding non-recurring items



Verkkokauppa.com Q2/2016 Balance Sheet

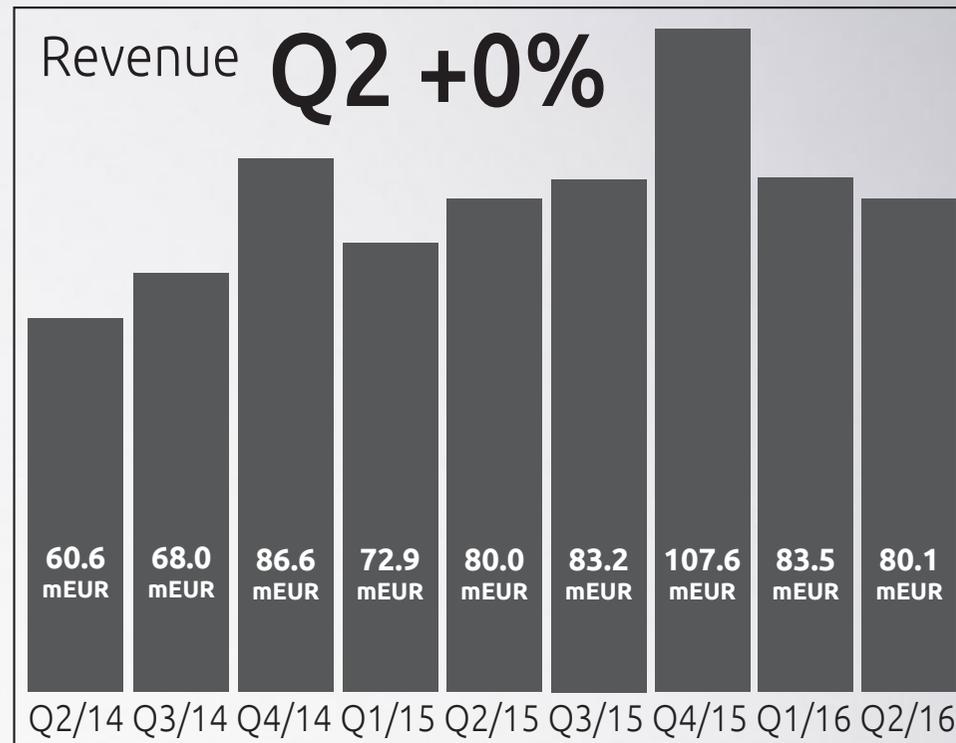
- Inventory 41.0 (35.0) million euros on 30 June 2016, change +17%.
- Cash flow from operat. activities 1-6/2016 was -2.9 (-8.1) million euros.
- Capex 1-6/2016 were 0.5 (0.6) million euros .

- Cash 20.5 (19.8) million euros on 30 June 2016.
- Interest bearing debt 0.0 (1.5) million euros on 30 June 2016.



Verkkokauppa.com Q2/2016 sales development

- Verkkokauppa.com's trusted concept
- Increasing price competition
- Retail continues going online
- Bolder, growth-oriented pricing
- Easy and convenient experience



Additional future growth drivers:

- Increasing market shares in existing categories
- Launching new main product categories
- B2B and wholesale trade business
- Recent changes in the department store segment

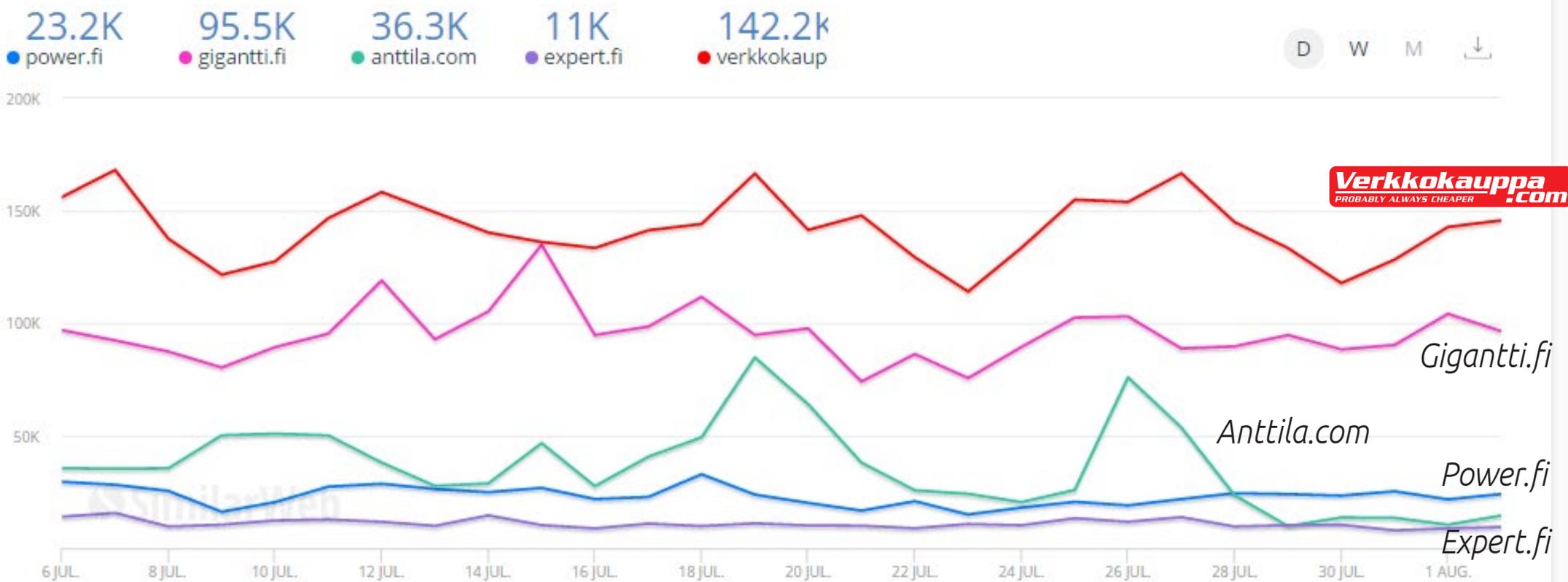
"Nearly 80% of all Finns have already conducted online purchases based on TNS Gallup's latest release."



Domain	Avg. Monthly Visits	Avg. Visit Duration	Pages/Visit	Bounce Rate
power.fi	23,248	00:03:56	4.44	35.06%
gigantti.fi	95,549	00:04:29	4.64	36.95%
anttila.com	36,270	00:03:09	4.33	54.71%
expert.fi	10,999	00:02:54	3.24	39.04%
verkkokauppa.com	🏆 142,202	🏆 00:05:48	🏆 7.04	🏆 28.81%

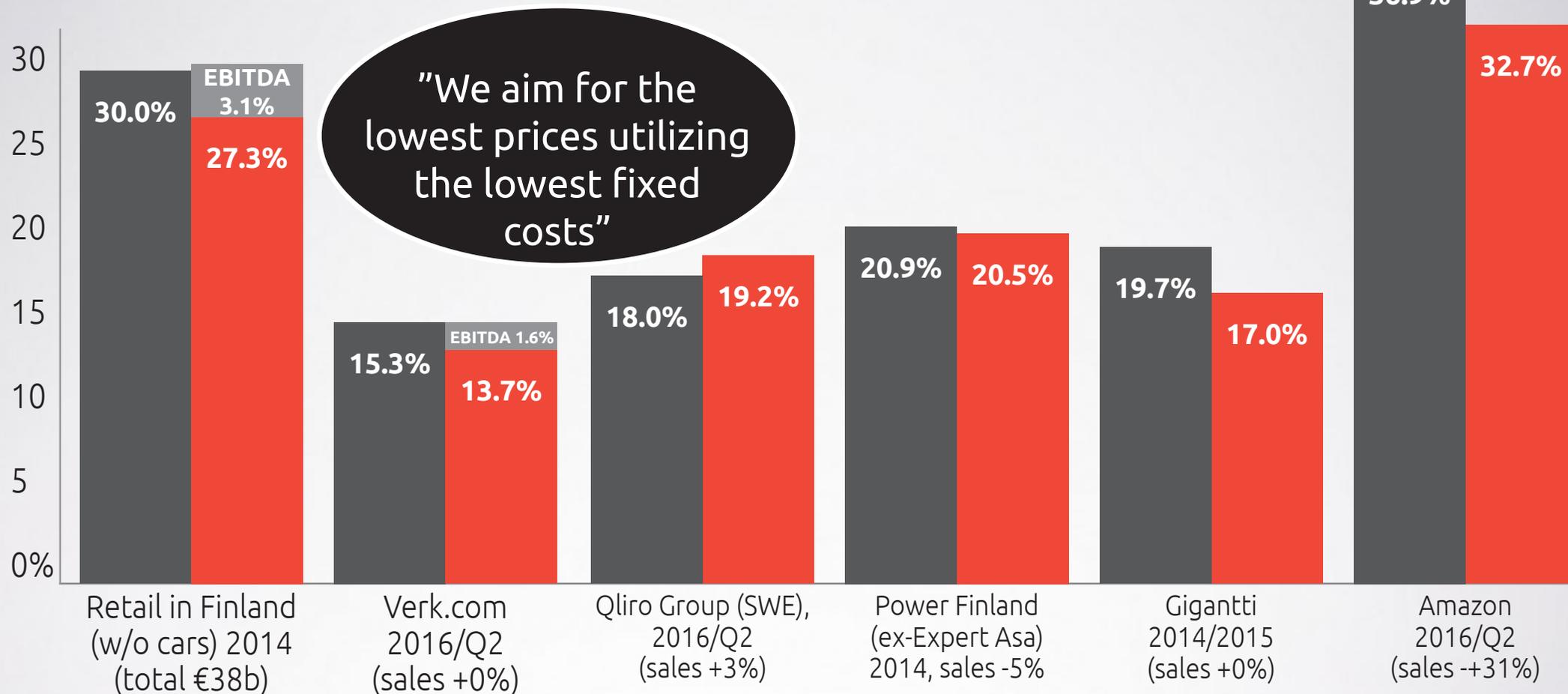
Web visits last 28 days

"Power.fi had no impact on Verkkokauppa.com's web visits"



Verkkokauppa.com's gross margin and fixed costs

■ Gross margin %
■ Fixed costs % of sales



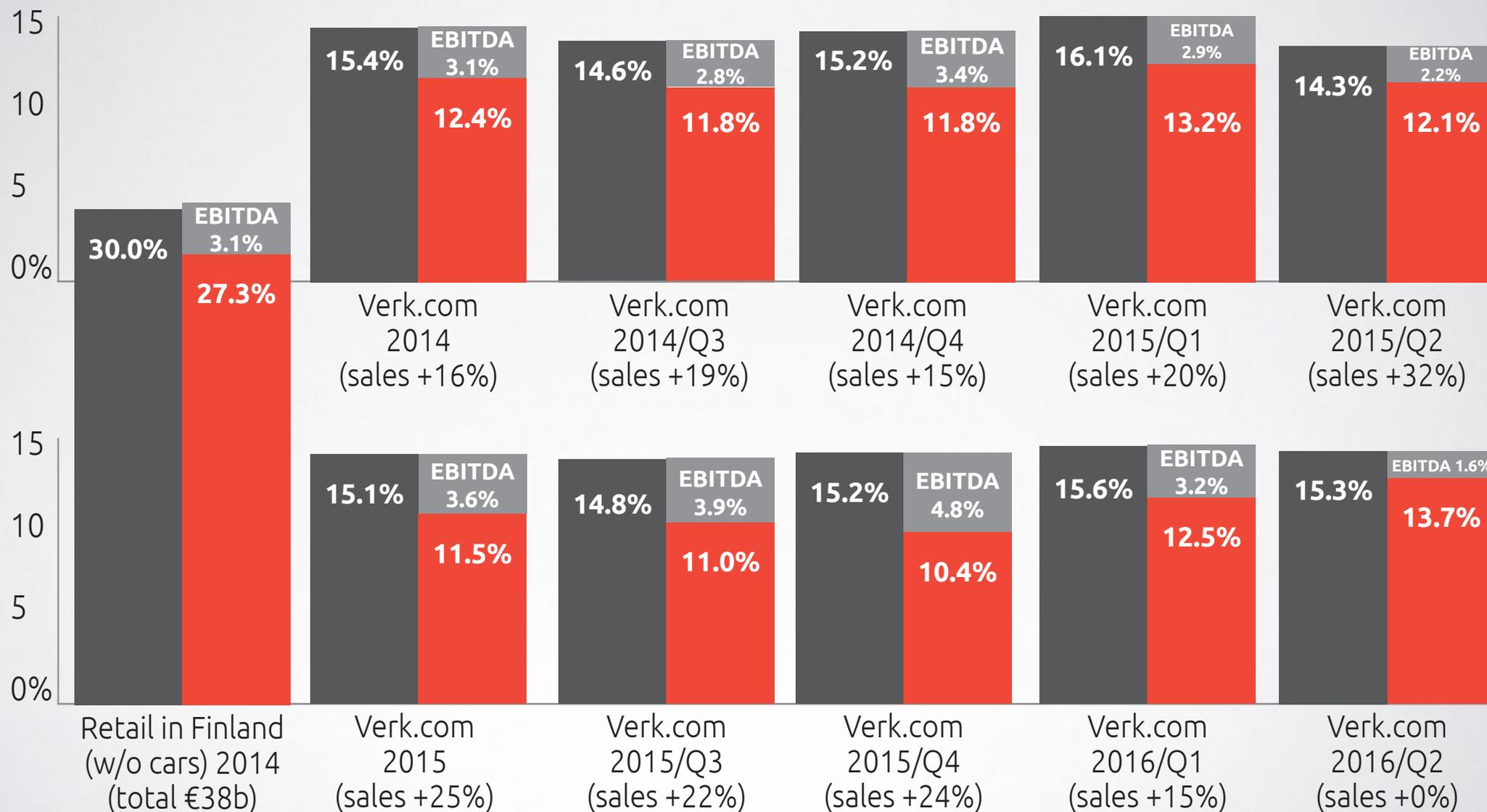
"The company expects to improve its EBITDA margin in the medium term by increasing share of higher margin categories and private labels in the sales mix and the increasing the share of the Apuraha consumer financing services."

Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. Comparable EBITDA.



Verkkokauppa.com's gross margin and fixed costs

■ Gross margin %
■ Fixed costs % of sales

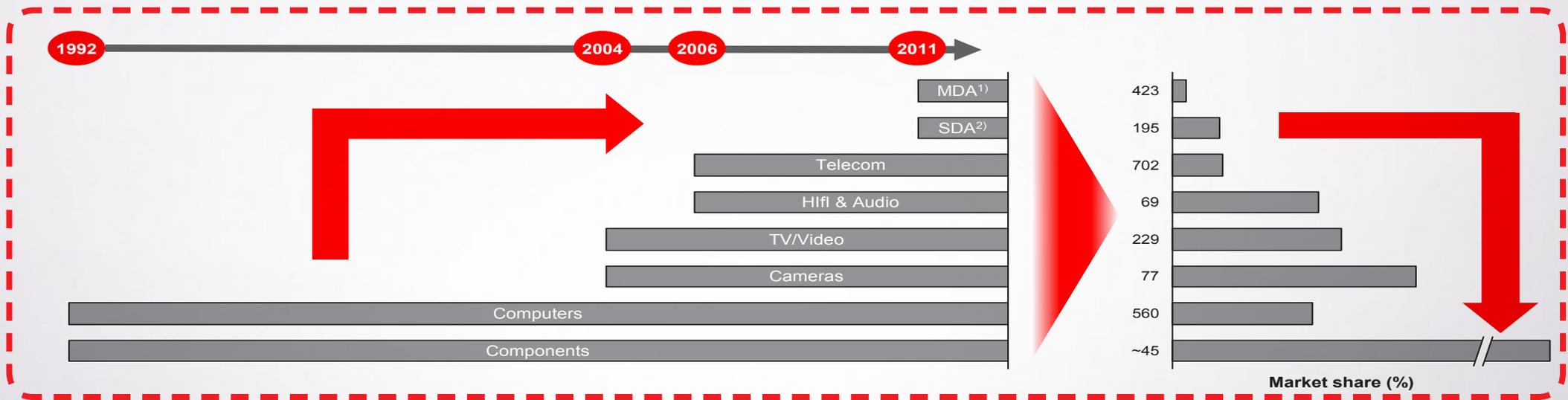


Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. Comparable EBITDA.

Verkkokauppa.com's Category Strategy

Verkkokauppa.com has continuously expanded into new categories

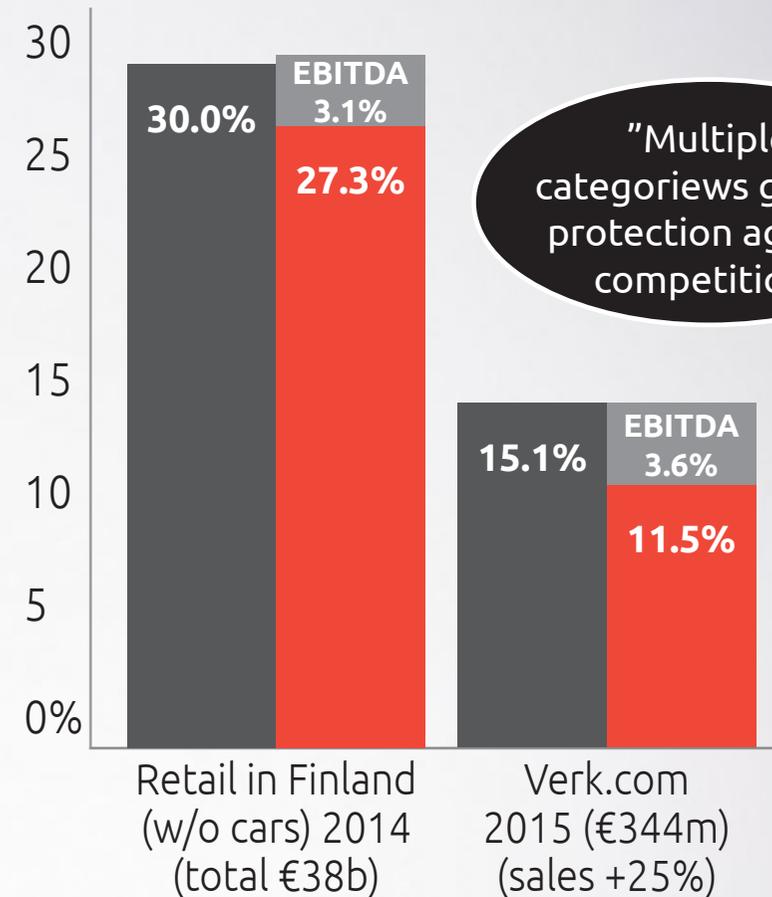
- Track record of apprx. one% market share gain per category per year.
- Target to be Top-3 Finland's e-tailer in each category in Finland.
- Always probably cheaper price in each category.
- Buying cooperation and wholesale improves our prices and terms.
- Change in sales mix has an effect in gross margin %.
- Consumer financing can increase margin % by 3-6%.
- Vendors support largest retailers with stores, with up to 10% kickback (compared to pure online retailers).



Industry average category margins

	Margin avg.
• Mobile phones	<5%
• Computers or Tablets	10-15%
• Televisions	20%
• Domestic Appliances	25%
• Musical Instruments	25%
• Tools (DIY)	25%
• Sporting Equipment	30-40%
• Watches	25%
• Baby strollers/seats	30%
• Toys	35-40%
• Private Label Cables	>50%
• <i>Lights and lighting</i>	40%
• <i>Kitchen furniture</i>	50%
• <i>Indoor decoration</i>	50%
• <i>Pet food and products</i>	50%
• <i>Cosmetics and beauty</i>	25-30%

■ Fixed costs % of sales
■ Gross margin %



Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. Comparable EBITDA.

Groceries + clothing retail is appr. €20b, source: PTY.



Forrester's or GfK's category forecasts

	Margin avg.	Market-size (2014/15)	Online% 2015
• Mobile phones	<5%	€852m	32.5%
• Computers or Tablets	10-15%	€585m (271+314*)	54.8%
• Televisions	20%	€188m	32.5%
• Domestic Appliances	25%	€438m	14.4%
• Musical Instruments	25%	€70m ** (45+25*)	32%**
• Tools (DIY)	25%	€200m	4.1%
• Sporting Equipment	30-40%	€772m	9.8%
• Watches	25%	€55m	5.3%
• Baby strollers/seats	30%	€78m	29.6%
• Toys	35-40%	€180m	25.6%
• Private Label Cables	>50%	€50-100m **	30-40%**
• <i>Lights and lighting</i>	40%	€300m **	5%**
• <i>Kitchen furniture</i>	50%	€300m **	5%**
• <i>Indoor decoration</i>	50%	€1,000m **	4.4%
• <i>Pet food and products</i>	50%	€400m	5-10%**
• <i>Cosmetics and beauty</i>	25-30%	€1,401m	5.8%

Medium-term targets

The company retains its existing targets:

- The company strives to grow faster than its operating market and targets an annual revenue growth of over 10 per cent in the medium term.
- The company's objective is to improve its EBITDA margin in the medium term when compared to the level of 2013.
- The company strives to secure a sufficient equity ratio to finance the growth of its business and aims to maintain an equity ratio of over 25 per cent taking into consideration the nature and seasonality of the company's business.

Business outlook and financial guidance

Verkkokauppa.com Oyj's business operations are estimated to develop positively within a medium-term time frame. In 2016 revenue and comparable operating profit are expected to exceed the level of 2015.

Largest owners on 31 Jul 2016

	Shares	%
1 Seppälä Sipi Samuli	22 487 496	49.9
2 Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2 612 728	5.798
3 Rite Ventures Finland Ab	2 367 576	5.254
4 Keva	2 138 000	4.744
5 Keskinäinen Työeläkevakuutusyhtiö Varma	2 065 932	4.584
6 Op-Delta -Sijoitusrahasto	1 262 485	2.801
7 Fondita Nordic Micro Cap Placeringsf	1 030 000	2.286
8 Sijoitusrahasto Evli Suomi Pienyhtiöt	647 441	1.437
9 Skogberg Ville Johannes	634 266	1.407
10 Sr Danske Invest Suomi Yhteisöosake	572 500	1.270
11 Sr Danske Invest Suomen Pienyhtiöt	511 378	1.135

Administrative registered:

1 Nordea Pankki Suomi Oyj	3 860 565	8.567
2 Skandinaviska Enskilda Banken Ab (Publ)	1 006 271	2.233

Source: www.verkkokauppa.com/fi/investors/osakkeenomistajat

PRICE (EUR) TODAY'S CHANGE SHARES TRADED 1 YEAR CHANGE BETA

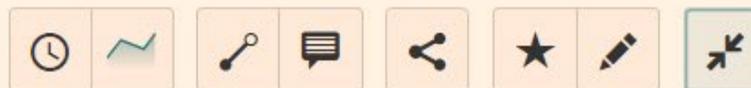
6.81 ↑ 0.11 / 1.64% 6.19k ↑ 32.23% --

Data delayed at least 15 minutes, as of Aug 01 2016 16:29 BST.

Share development last 6 months (2 Aug 2016)

1D 1W 10D 1M 3M 6M 9M YTD 1Y 3Y 5Y 10Y MAX

4 Feb, 2016  to 1 Aug, 2016 



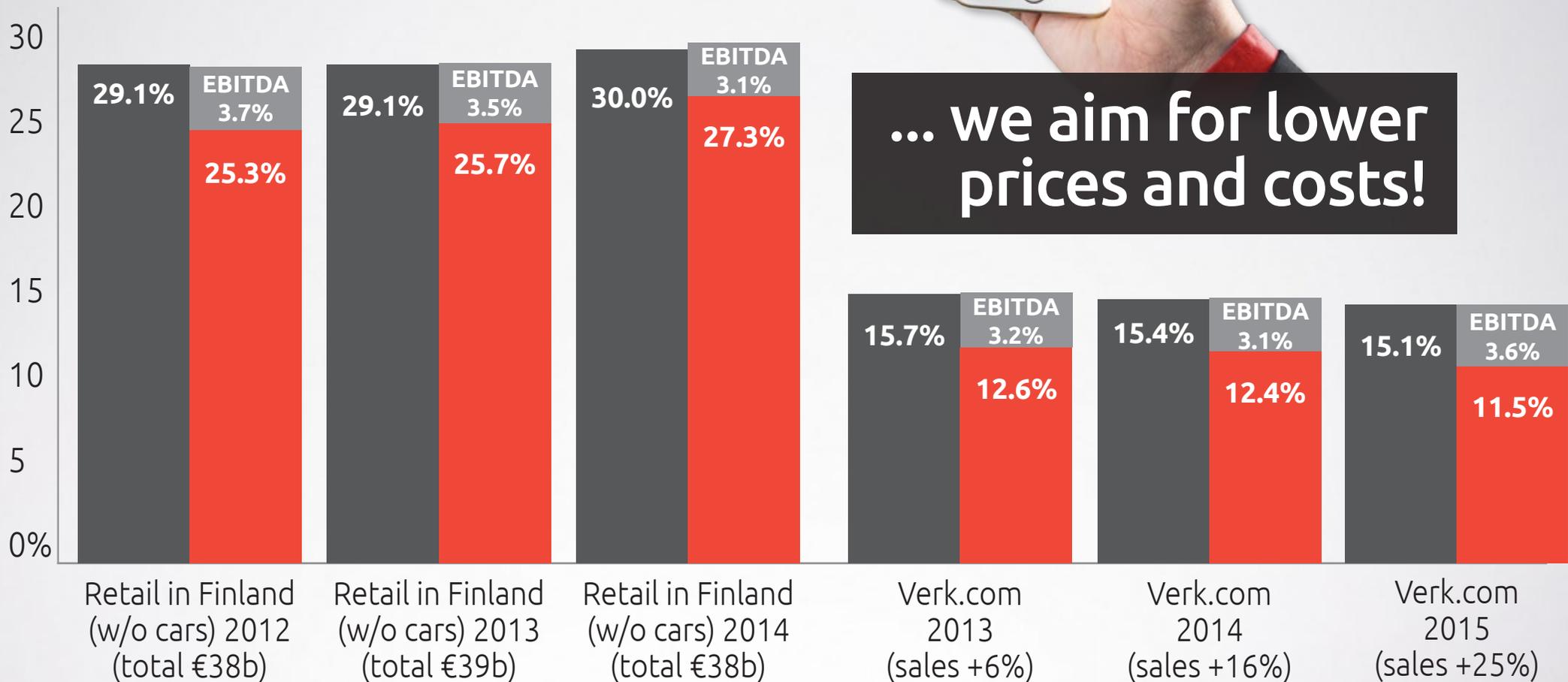
Open: 6.97 Close: 6.81 High: 6.97 Low: 6.81



While traditional retail sector is increasing gross margin and fixed costs ...



... we aim for lower prices and costs!



Sources: Statistics Finland, Soliditet and D&B. Gross margin includes changes in the inventory and outside services. Comparable EBITDA.

Q&A

"We aim for the lowest prices utilizing the lowest fixed costs"

Upcoming events:

- Q3/2016, Friday 21 October 2016

Quick links:

- Investors English Summary - www.verkinvest.com
- Company Releases mailing list in English - www.joinverk.com
- Company Investor Webcasts - www.verklive.com

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Product highlight - Fuj:tech Power Banks



THANK YOU!

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FIRST NORTH**