

## Profits beat

Verkkokauppa.com delivered a profit beat on revenues that were as expected. Compared to our estimates the beat is fully driven by better than expected gross margin. OPEX were in line. Guidance for 2018E is kept intact.

- Q3 revenue was EUR 117m vs. EUR 117m Evli and EUR consensus. Sales grew by 11%. Wholesale volumes were broadly flat y/y. Market growth was 2% in Jul-Sep, according to GfK.
- Q3 gross profit was EUR 17.4m (14.9% margin) vs. EUR 16.5m (14.1%) Evli.
- Q3 adj. EBIT was EUR 3.4m (2.9% margin) vs. EUR 2.3m/2.0m (2.0%/1.7%) Evli/cons estimates.
- 2018 guidance intact: revenue is expected to be EUR 460-500m and adj. EBITDA between EUR 11-14m. Raisio store opening costs will mainly accrue in H1'18. Wholesale revenue in H2 is expected to be more in line with the previous year. Revenue growth and profitability will be clearly higher in H2'18 vs. H1'18.
- CEO comments: "The company expects the market to get even tougher because of flat summer sales for the whole sector."

### Rating 🟡 HOLD

Verkkokauppa.com				
Q3'18	Actual	Evli	Cons.*	Year ago
Net sales	116.7	117.0	117.0	105.4
Gross profit	17.4	16.5	na.	13.8
Gross-%	14.9 %	14.1 %	na.	13.1 %
OPEX ex NRIs	-13.8	-13.9	na.	-11.8
EBIT ex NRIs	3.4	2.3	2.0	1.7
EBIT-margin	2.9 %	2.0 %	1.7 %	1.6 %
EPS	0.06	0.04	0.04	0.03

*\*Source: Bloomberg (4 est. median)*

Share price, EUR (Last trading day's closing price)	4.14
Target price, EUR	4.5
Latest change in recommendation	06-Oct-17
Latest report on company	12-Oct-18
Research paid by issuer:	Yes
No. of shares outstanding, '000's	45,065
No. of shares fully diluted, '000's	45,065
Market cap, EURm	187
Free float, %	50.0
Exchange rate	1.000
Reuters code	VERK.HE
Bloomberg code	VERK FH
Average daily volume, EURm	na.
Next interim report	26-Oct-18
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🟢 BUY 🟡 HOLD 🟠 SELL

### PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	371	13	3.4%	13	0.23	32.1	0.8	17.3	22.7	0.17
2017	432	12	2.7%	12	0.22	32.7	0.6	16.5	22.9	0.18
2018E	468	10	2.1%	10	0.18	23.5	0.3	-183.8	14.7	0.19
2019E	516	14	2.8%	14	0.25	16.4	0.3	23.1	10.5	0.20
2020E	597	16	2.8%	15	0.26	15.6	0.3	18.1	9.2	0.23

Market cap, EURm	187	BV per share 2018E, EUR	0.9	CAGR EPS 2017-20, %	7.0
Net debt 2018E, EURm	-41	Price/book 2018E	4.6	CAGR sales 2017-20, %	11.4
Enterprise value, EURm	146	Dividend yield 2018E, %	4.6	ROE 2018E, %	19.5
Total assets 2018E, EURm	141	Tax rate 2018E, %	19.9	ROCE 2018E, %	20.5
Goodwill 2018E, EURm	0	Equity ratio 2018E, %	29.3	PEG, P/E 18/CAGR	1.0

All the important disclosures can be found on the last pages of this report.

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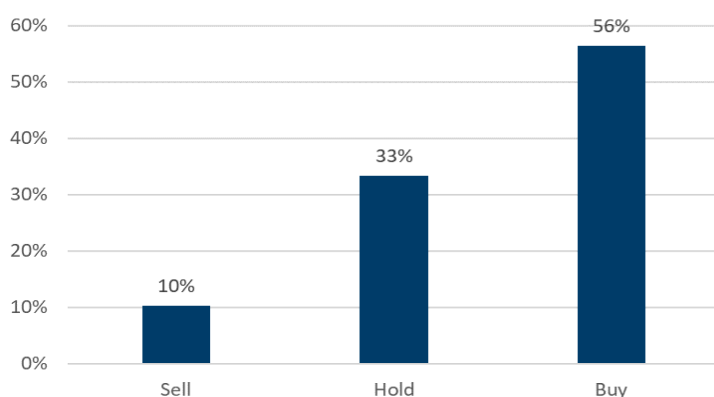
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< - 10 %	SELL
- 10 – (+ 10) %	HOLD
> 10 %	BUY

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## Name(s) of the analyst(s): Häyhä

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