

Strong revenue growth in Q1'19

Verkkokauppa.com's Q1'19 revenue was EUR 116m compared to EUR 114m Evli and EUR 117m consensus estimates. Sales grew by 13% y/y. Adj. EBIT was slightly below Evli/cons. estimates at EUR 2.3m. Verkkokauppa.com reiterated its guidance for 2019E.

- Q1 revenue was EUR 115.8m vs. EUR 113.9m Evli view and EUR 116.5m consensus. Sales grew by 13% y/y. Revenue growth was driven mainly by marketing improvements, effective campaigning and sales from Raisio store. The market remained competitive and price-driven and grew by 4.9% in January-March, according to GfK.
- Q1 gross profit was EUR 17.4m (15.0% margin) vs. EUR 17.8m (15.6% margin) Evli view.
- Q1 adj. EBIT was EUR 2.3m (2.0% margin) vs. EUR 2.5m (2.2% margin) Evli view and EUR 3.0m (2.6% margin) consensus. Slightly lower operating profit y/y was mainly due to lower gross margin and increased marketing investments.
- 2019E guidance is intact: Verkkokauppa.com expects revenue to be between EUR 500-550m and operating profit of EUR 11-17m.

Rating BUY

Verkkokauppa.com				
Q1'19	Actual	Evli	Cons.*	Year ago
Net Sales	115,8	113,9	116,5	102,7
Gross Profit	17,4	17,8	na.	16,7
Gross -%	15,0%	15,6%	na.	16,3%
EBIT ex NRIs	2,3	2,5	3,0	2,7
EBIT-margin	2,0%	2,2%	2,6%	2,6%
EPS	0,03	0,04	0,05	0,04

*Source: Bloomberg (4 est. median)

Share price, EUR (Last trading day's closing price)	4.09
Target price, EUR	4.7
Latest change rating	19-Feb-19
Latest report on company	3-May-19
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	184
Free float, %	50.0
Exchange rate	1.000
Reuters code	VERK.HE
Bloomberg code	VERK FH
Average daily volume, EURm	-
Next interim report	9-Aug-19
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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
2017	432	13	3.1%	12	0.21	33.8	0.7	12.9	22.0	0.18
2018	478	13	2.8%	12	0.21	19.8	0.3	17.3	12.3	0.20
2019E	519	14	2.7%	13	0.22	18.3	0.3	12.3	11.4	0.21
2020E	566	18	3.1%	16	0.29	14.3	0.3	11.4	9.0	0.22
2021E	617	21	3.4%	19	0.34	11.9	0.2	9.5	7.4	0.24
Market cap, EURm		184	BV per share 2019E, EUR		0.9	CAGR EPS 2018-21, %		18.4		
Net debt 2019E, EURm		-23	Price/book 2019E		4.8	CAGR sales 2018-21, %		8.9		
Enterprise value, EURm		162	Dividend yield 2019E, %		5.1	ROE 2019E, %		26.4		
Total assets 2019E, EURm		188	Tax rate 2019E, %		20.0	ROCE 2019E, %		20.7		
Goodwill 2019E, EURm		0	Equity ratio 2019E, %		21.1	PEG, P/E 19/CAGR		1.0		

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

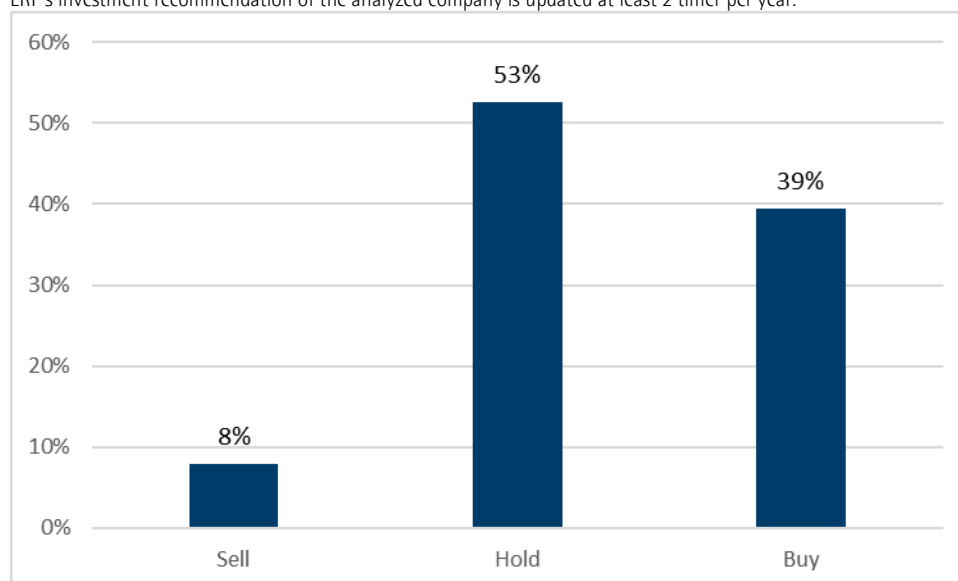
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Rissanen

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