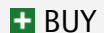


## Weak Q2 earnings

Verkkokauppa.com's Q2'19 revenue grew by 5% despite of declining market and was EUR 108m vs. Evli EUR 111m and consensus of EUR 111.5m. Gross profit was 15.3m (14.2% margin) vs. EUR 16.1m (14.5% margin) Evli view. EBIT was EUR 0.2m vs. EUR 0.9m/1.3m Evli/cons. The company reiterated its 2019E guidance.

- Q2 revenue was EUR 108m vs. EUR 111.0m Evli view and EUR 111.5m consensus. Sales grew by 5% despite of declining market growth (-0.5% y/y according to GfK). Revenue growth in Q2 was boosted by campaigns and increased marketing.
- Q2 gross profit was EUR 15.3m (14.2% margin) vs. EUR 16.1m (14.5% margin) Evli view.
- Q2 EBIT was EUR 0.2m (0.2% margin) vs. EUR 0.9m (0.8% margin) Evli view and EUR 1.3m (1.2% margin) consensus. This was impacted by lower gross profit and increased marketing expenses.
- Q2 eps was EUR 0.00 vs. EUR 0.02/0.02 Evli/cons.
- 2019 guidance intact. The company expects 2019E revenue of EUR 500-550m and EBIT of EUR 11-17m.
- The company also decided on a quarterly dividend of EUR 0.05 per share.

### Rating



#### Verkkokauppa.com

Q2'19	Actual	Evli	Cons.*	Year ago
Net Sales	108,0	111,0	111,5	102,4
Gross Profit	15,3	16,1	na.	15,0
Gross -%	14,2 %	14,5 %	na.	14,7 %
EBIT ex NRIs	0,2	0,9	1,3	1,0
EBIT-margin	0,2 %	0,8 %	1,2 %	2,2 %
EPS	0,0	0,02	0,02	0,04

\*Source: Bloomberg (4 est. median)

Share price, EUR (Last trading day's closing price) 3.44

Target price, EUR 4.7

Latest change in rating 19-Feb-19

Latest report on company 02-Aug-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 155

Free float, % 50.0

Exchange rate 1.000

Reuters code VERK.HE

Bloomberg code VERK FH

Average daily volume, EURm na.

Next interim report 09-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	522	13	2.5%	11	0.20	17.2	0.3	11.1	10.2	0.21
2020E	569	17	3.1%	16	0.28	12.2	0.2	10.8	7.4	0.22
2021E	621	20	3.3%	19	0.34	10.2	0.2	9.7	6.2	0.24

Market cap, EURm 155 BV per share 2019E, EUR 0.8 CAGR EPS 2018-21, % 17.7

Net debt 2019E, EURm -23 Price/book 2019E 4.1 CAGR sales 2018-21, % 9.1

Enterprise value, EURm 132 Dividend yield 2019E, % 6.1 ROE 2019E, % 24.0

Total assets 2019E, EURm 188 Tax rate 2019E, % 20.0 ROCE 2019E, % 19.0

Goodwill 2019E, EURm 0 Equity ratio 2019E, % 20.6 PEG, P/E 19/CAGR 0.8

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

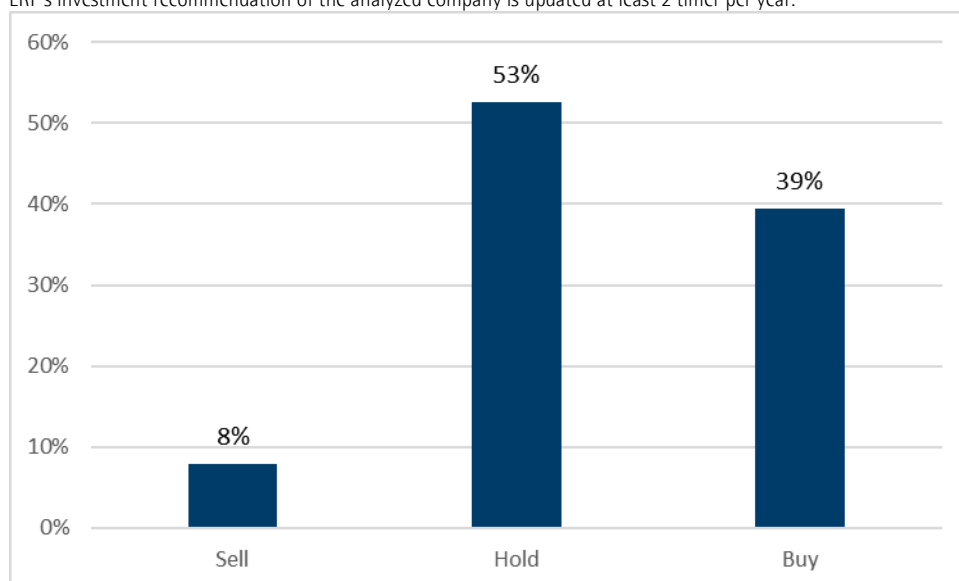
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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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August 9, 2019

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