


Profitability improved in Q3

Verkkokauppa.com's Q3'19 revenue grew by 3% and was EUR 120.6m vs. Evli EUR 126.7m and consensus of EUR 125.8m. Gross profit was EUR 18.9m (15.7% margin) vs. EUR 18.6m (14.7% margin) Evli view. EBIT was EUR 4.3m vs. EUR 3.7m/3.0m Evli/cons. The company updated its 2019E guidance and expects revenue of EUR 500-525m and EBIT of EUR 11-15m.

- Q3 revenue was EUR 120.6m vs. EUR 126.7m Evli view and EUR 125.8m consensus. Sales grew by 3% while market growth was 2.5% (GfK estimate). Revenue growth in Q3 was boosted by successful season sales, campaigns and increased marketing.
- Q3 gross profit was EUR 18.9m (15.7% margin) vs. EUR 18.6m (14.7% margin) Evli view. The improvement was due to a positive sales mix and better terms and conditions from suppliers.
- Q3 EBIT was EUR 4.3m (3.6% margin) vs. EUR 3.7m (2.9% margin) Evli view and EUR 3.0m (2.4% margin) consensus. EBIT improvement was mainly due to higher gross margin.
- Q3 eps was EUR 0.07 vs. EUR 0.06/0.05 Evli/cons.
- 2019 guidance updated: The company expects 2019E revenue of EUR 500-525m and EBIT of EUR 11-15m.
- The company also decided on a quarterly dividend of EUR 0.051 per share.

Rating

 **HOLD**

Verkkokauppa.com

Q3'19	Actual	Evli	Cons.*	Year ago
Net Sales	120.6	126.7	125.8	117
Gross Profit	18.9	18.6	na.	17.4
Gross -%	15.7%	14.7%	na.	14.9%
EBIT ex NRIs	4.3	3.7	3.0	3.7
EBIT-margin	3.6%	2.9%	2.4%	3.2%
EPS	0.07	0.06	0.05	0.06

*Source: Bloomberg (4 est. median)

Share price, EUR (Last trading day's closing price) 3.14

Target price, EUR 3.3

Latest change in rating 12-Aug-19

Latest report on company 18-Oct-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 142

Free float, % 50.0

Exchange rate 1.000

Reuters code VERK.HE

Bloomberg code VERK FH

Average daily volume, EURm na.

Next interim report 25-Oct-19

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 BUY  HOLD  SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	431.9	13.5	3.1%	17.0	0.21	33.8	0.7	22.0	5.3	0.18
2018	477.8	13.3	2.8%	6.5	0.21	19.8	0.3	12.3	3.5	0.20
2019E	519.3	12.2	2.3%	11.4	0.19	16.7	0.2	9.7	8.0	0.21
2020E	566.0	15.3	2.7%	25.0	0.24	12.8	0.2	6.8	17.7	0.22
2021E	616.9	18.7	3.0%	15.2	0.31	10.2	0.2	5.2	10.8	0.24

Market cap, EURm	142	BV per share 2019E, EUR	-61.4	CAGR EPS 2018-21, %	14.0
Net debt 2019E, EURm	-23	Price/book 2019E	3.8	CAGR sales 2018-21, %	8.9
Enterprise value, EURm	119	Dividend yield 2019E, %	6.7	ROE 2019E, %	22.8
Total assets 2019E, EURm	180	Tax rate 2019E, %	20.1	ROCE 2019E, %	18.9
Goodwill 2019E, EURm	0	Equity ratio 2019E, %	21.1	PEG, P/E 19/CAGR	0.6

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

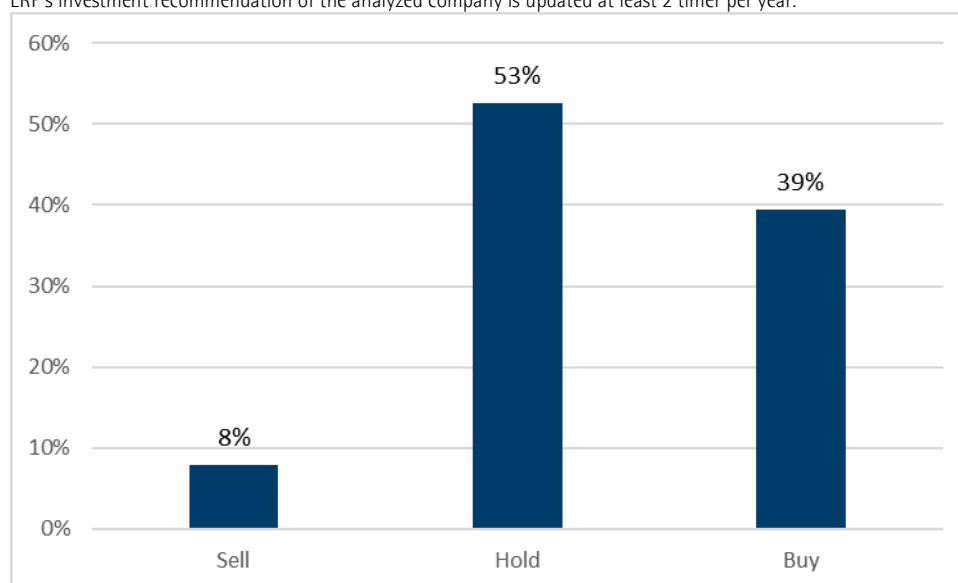
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Investment recommendations are defined as follows:

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

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