

## Q3 result in line with expectations

Verkkokauppa.com's Q3'20 revenue grew by 7.3% y/y and was EUR 129m vs. Evli EUR 126m and consensus of EUR 127m. Adj. EBIT was EUR 5.6m vs. EUR 5.3m/5.3m Evli/cons. 2020 guidance: the company expects revenue to be 525-550 million euros and comparable operating profit to be 17-21 million euros.

- Q3 revenue was EUR 129m (7.3% y/y) vs. EUR 126m Evli view and EUR 127m consensus. Growth was good especially in mid-sized and evolving categories.
- Q3 gross profit was EUR 20.9m (16.2% margin) vs. EUR 20.7m (16.4% margin) Evli view.
- Q3 adj. EBIT was EUR 5.6m (4.3% margin) vs. EUR 5.3m (4.2% margin) Evli view and EUR 5.3m (4.2% margin) consensus.
- Q3 eps was EUR 0.09 vs. EUR 0.09/0.09 Evli/cons.
- 2020 guidance: the company expects revenue of EUR 525-550m and comparable operating profit of EUR 17-21m.
- The company also decided on a quarterly dividend of EUR 0.055 per share.

### Rating

BUY

#### Verkkokauppa.com

Q3'20	Actual	Evli	Cons.*	Year ago
Net Sales	129	126	127	120.7
Gross Profit	20.9	20.7	na.	18.9
Gross -%	16.2 %	16.4 %	na.	15.7 %
EBIT ex NRIs	5.6	5.3	5.3	4.3
EBIT-margin	4.3 %	4.2 %	4.2 %	3.6 %
EPS	0.09	0.09	0.09	0.07

\*Source: Infront (4 est. mean)

Share price, EUR (Last trading day's closing price) 5.60

Target price, EUR 6.3

Latest change in rating 27-Apr-20

Latest report on company 28-Sep-20

Research paid by issuer: YES

No. of shares outstanding, '000's 44,712

No. of shares fully diluted, '000's 44,712

Market cap, EURm 250

Free float, % 42.2

Exchange rate 1.000

Reuters code VERK.HE

Bloomberg code VERK FH

Average daily volume, EURm na.

Next interim report 23-Oct-20

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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
2018	477.8	13.3	2.8%	6.4	0.21	19.8	0.3	12.3	3.5	0.20
2019	504.1	11.3	2.2%	7.4	0.17	20.4	0.3	12.4	4.6	0.21
2020E	542.8	19.8	3.7%	13.4	0.33	16.7	0.4	11.5	5.4	0.23
2021E	563.4	18.9	3.4%	14.9	0.31	18.1	0.4	11.8	5.9	0.24
2022E	582.0	19.8	3.4%	13.6	0.33	17.2	0.4	11.1	5.4	0.25

Market cap, EURm 250 BV per share 2020E, EUR -55.7 CAGR EPS 2019-22, % 23.5

Net debt 2020E, EURm -23 Price/book 2020E 6.1 CAGR sales 2019-22, % 4.9

Enterprise value, EURm 228 Dividend yield 2020E, % 4.1 ROE 2020E, % 38.5

Total assets 2020E, EURm 170 Tax rate 2020E, % 18.5 ROCE 2020E, % 32.0

Goodwill 2020E, EURm 0 Equity ratio 2020E, % 24.7 PEG, P/E 20/CAGR 24.5

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

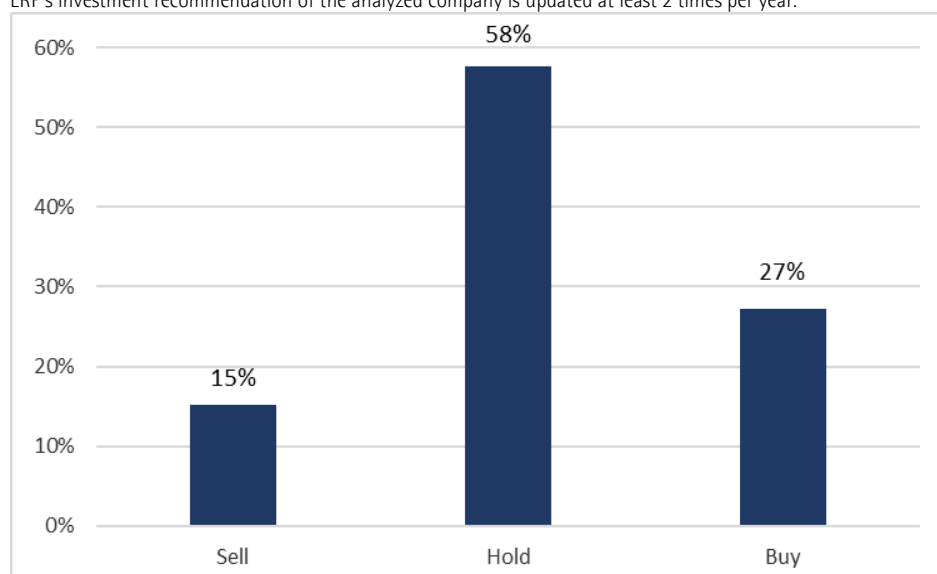
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Investment recommendations are defined as follows:

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 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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