

## Tough Q4, acquisition caught the attention

Verkkokauppa.com's Q4 topline fell short of our expectations. Net sales declined by 4% y/y to EUR 168.9m, while adj. EBIT amounted to EUR 5.3m (3.2% margin). The company acquired e-ville.com online store to strengthen its private label offering.

- Q4 revenue declined by 4% y/y, totaling EUR 168.9m vs. 183.4m/183.7m Evli/cons. Growth was good in B2B, Computers, Games, Sports and Toys, while core categories suffered from weak demand. Gross margin improved to 15.5% (prev. 15.1%).
- Online sales represented 63% (prev. 62%) of total sales.
- Consumer segment represented 72% of total sales. B2B sales increased by 11% y/y, representing 20% of total sales. Exports segment is still lacking and represented 7% of total sales.
- Adj. EBIT amounted to EUR 5.3m (3.2% margin) vs. 5.5m/5.5m Evli/cons.
- EPS was EUR 0.09 vs. 0.09/0.12 Evli/cons.
- Board of Directors proposes dividend of EUR 0.246 vs. 0.25/0.25 Evli/cons.
- **2022 guidance:** Net sales of EUR 590-640m and EBIT of EUR 19-25m.
- Last night, the company announced its acquisition of Finnish e-retailer e-ville.com. The acquisition supports Verkkokauppa.com's strategy to strengthen and expand its assortment in its own brands. E-ville.com generated net sales of EUR 10m and EBIT of EUR 0.5m (5% margin) during 4/2020-3/2021. The preliminary purchase price amounts to EUR 5.3m and is financed with cash (EUR 3.3m) and a special offering (EUR 2.0m). The parties have also agreed to additional purchase price installments of up to EUR 6.7m if certain sales-related terms are met. The preliminary purchase price is valued at approx. same multiples as Verkkokauppa.com is trading (EV/S: 0.5x vs. 0.5x and EV/EBIT: 11x vs. 14x). We will open the acquisition more in our company update (published tomorrow).

### Rating

 HOLD

Q4'21	Actual	Evli	Consensus*	Q4'20
Net sales	168.9	184.3	183.7	176.0
Adj. EBIT	5.3	5.5	5.5	6.2
Adj. EBIT-margin	3.2%	3.0%	3.0%	3.5%
EPS	0.09	0.09	0.12	0.10

\* Consensus estimate from Infront

Share price, EUR (Last trading day's closing price) 6.80

Target price, EUR 6.5

Latest change in 04-Feb-22

Latest report on company 04-Feb-22

Research paid by issuer: YES

No. of shares outstanding, 44,729

No. of shares fully diluted, 44,729

Market cap, EURm 304

Free float, % 50.8

Exchange rate 1.000

Reuters code VERK.HE

Bloomberg code VERK FH

Average daily volume, EURm 0.0

Next interim report 10-Feb-22

Web site verkkokauppa.com/en/investors/

Analyst Arttu Heikura

E-mail arttu.heikura@evli.com

Telephone

 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
2019	504.1	11.3	2.2%	7.7	0.17	20.4	0.3	12.4	4.9	0.21
2020	553.6	20.4	3.7%	12.8	0.34	20.7	0.5	14.6	4.0	0.45
2021E	589.8	20.5	3.5%	22.2	0.34	20.0	0.5	13.7	7.3	0.25
2022E	632.2	23.2	3.7%	16.3	0.39	17.5	0.4	11.9	5.3	0.26
2023E	683.4	29.0	4.2%	23.9	0.49	13.8	0.4	9.1	7.9	0.28
Market cap, EURm		304	BV per share 2021E, EUR			-65.1	CAGR EPS 2020-23, %			12.6
Net debt 2021E, EURm		-23	Price/book 2021E			8.6	CAGR sales 2020-23, %			7.3
Enterprise value, EURm		281	Dividend yield 2021E, %			3.7	ROE 2021E, %			40.0
Total assets 2021E, EURm		182	Tax rate 2021E, %			20.4	ROCE 2021E, %			34.2
Goodwill 2021E, EURm		0	Equity ratio 2021E, %			19.9	PEG, P/E 21/CAGR			1.0

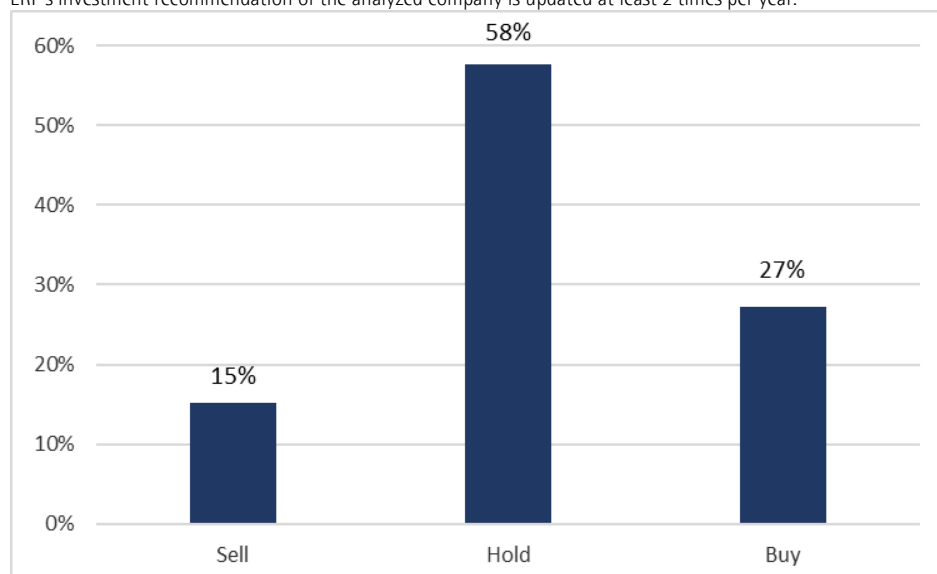
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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## Contact information

### SALES, TRADING AND RESEARCH

#### Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123  
Ari Laine +358 9 4766 9115  
Kimmo Lilja +358 9 4766 9130

#### Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120  
Pasi Väisänen +358 9 4766 9120  
Antti Kässi +358 9 4766 9120  
Miika Ronkanen +358 9 4766 9120

#### Structured Investments

Heikki Savijoki +358 9 4766 9726  
Aki Lakkisto +358 9 4766 9123

#### Equity Research

Jonas Forslund +358 9 4766 9314  
Joonas Ilvonen +358 44 430 9071  
Jerker Salokivi +358 9 4766 9149  
Teemu Reiman +358 40 352 6175

#### Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



**EVLI BANK PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Fax +358 9 634 382  
Internet [www.evli.com](http://www.evli.com)  
E-mail [firstname.lastname@evli.com](mailto:firstname.lastname@evli.com)

**EVLI BANK PLC,  
STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
[stockholm@evli.com](mailto:stockholm@evli.com)  
Tel +46 (0)8 407 8000  
Fax +46 (0)8 407 8001