

Strong quarter, as expected

Verkkokauppa.com's Q4'20 revenue grew by 10% y/y and was EUR 176m vs. Evli EUR 171m and consensus of EUR 170m. Adj. EBIT was EUR 6.2m vs. EUR 6.6m/6.3m Evli/cons. Dividend proposal was EUR 0.45 (incl. additional dividend of EUR 0.22) vs. EUR 0.23/0.23 Evli/cons.

- Q4 revenue was EUR 176m (10% y/y) vs. EUR 171m Evli view and EUR 170m consensus. Growth was good especially in mid-sized product categories, especially in major domestics appliances (MDA) and sports equipment.
- Q4 gross profit was EUR 26.7m (15.1% margin) vs. EUR 25.0m (14.6% margin) Evli view. Gross margin was driven by strong performance of mid-sized, higher margin categories.
- Q4 adj. EBIT was EUR 6.2m (3.5% margin) vs. EUR 6.6m (3.9% margin) Evli view and EUR 6.3m (3.7% margin) consensus.
- Q4 eps was EUR 0.10 vs. EUR 0.11/0.10 Evli/cons.
- 2020 dividend proposal is EUR 0.45 (EUR 0.23 in quarterly installments and an additional dividend of EUR 0.22) vs. EUR 0.23/0.23 Evli/cons.
- 2021E guidance: revenue of EUR 570–620m and adj. EBIT of EUR 20–26m.

Rating

BUY

Verkkokauppa.com

Q4'20	Actual	Evli	Cons.*	Year ago
Net Sales	176	171	170	160
Gross Profit	26.7	25.0	na.	22.2
Gross - %	15.2 %	14.6 %	na.	13.9 %
EBIT ex NRIs	6.2	6.6	6.3	4.5
EBIT-margin	3.5 %	3.9 %	3.7 %	2.8 %
EPS	0.10	0.11	0.10	0.07
2020 DPS	0.45	0.23	0.23	0.21

*Source: Factset (5 est. mean)

Share price, EUR (Last trading day's closing price) 7.58

Target price, EUR 8.3

Latest change in rating 27-Apr-20

Latest report on company 9-Feb-21

Research paid by issuer: YES

No. of shares outstanding, '000's 44,707

No. of shares fully diluted, '000's 44,707

Market cap, EURm 339

Free float, % 50.5

Exchange rate 1.000

Reuters code VERK.HE

Bloomberg code VERK FH

Average daily volume, EURm na

Next interim report 12-Feb-21

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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	548.7	20.8	3.8%	14.3	0.35	21.6	0.6	15.2	4.2	0.23
2021E	567.6	19.5	3.4%	15.3	0.32	23.7	0.5	15.9	4.5	0.25
2022E	588.4	20.8	3.5%	14.5	0.34	22.1	0.5	14.8	4.3	0.26

Market cap, EURm 339 BV per share 2020E, EUR -56.6 CAGR EPS 2019-22, % 25.6

Net debt 2020E, EURm -24 Price/book 2020E 8.1 CAGR sales 2019-22, % 5.3

Enterprise value, EURm 315 Dividend yield 2020E, % 3.0 ROE 2020E, % 40.1

Total assets 2020E, EURm 172 Tax rate 2020E, % 18.6 ROCE 2020E, % 33.5

Goodwill 2020E, EURm 0 Equity ratio 2020E, % 24.9 PEG, P/E 20/CAGR -41.0

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

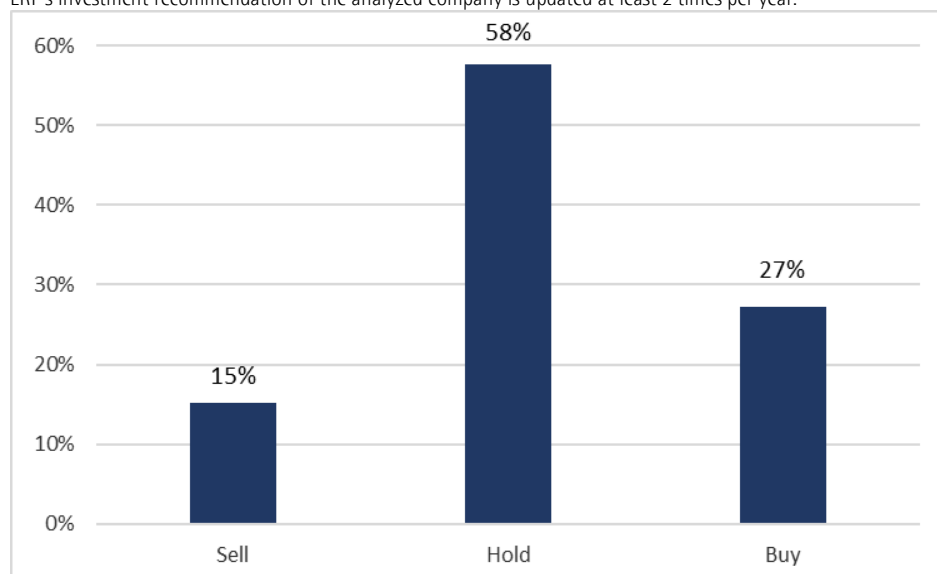
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Investment recommendations are defined as follows:

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

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