

No surprises with Q1 result

Verkkokauppa.com's Q1 result was in line with expectations. Q1'21 revenue grew by 7% y/y and was EUR 134m vs. Evli EUR 135m and consensus of EUR 134m. Adj. EBIT was EUR 5.2m vs. EUR 5.0m/4.8m Evli/consensus. EPS was EUR 0.09 vs. EUR 0.08 Evli and consensus. Verkkokauppa.com reiterated its guidance.

- Q1 revenue was EUR 134m (7% y/y) vs. EUR 135m Evli view and EUR 134m consensus. Growth was good especially in major domestic appliances, small domestic appliances, office & supplies, gaming & entertainment and sports. Online sales increased by 33%. Also, sales to B2B customers increased by 12%.
- Q1 gross profit was EUR 21.7m (16.2% margin) vs. EUR 21.4m (15.9% margin) Evli view. Gross margin was driven by increased share of product categories with higher profit margins.
- Q1 adj. EBIT was EUR 5.2m (3.9% margin) vs. EUR 5.0m (3.7% margin) Evli view and EUR 4.8m (3.6% margin) consensus.
- Q1 eps was EUR 0.09 vs. EUR 0.08/0.08 Evli/cons.
- The company also decided on a quarterly dividend of EUR 0.057 per share.
- 2021E guidance: revenue of EUR 570–620m and adj. EBIT of EUR 20–26m.

Rating

BUY

Verkkokauppa.com

Q1'21	Actual	Evli	Cons.*	Year ago
Net Sales	134	135	134	125
Gross Profit	21.7	21.4	na.	19.4
Gross - %	16.2 %	15.9 %	na.	15.5 %
EBIT ex NRIs	5.2	5.0	4.8	3.8
EBIT-margin	3.9 %	3.7 %	3.6 %	3.0 %
EPS	0.09	0.08	0.08	0.05

**Source: Factset (5 est. mean)*

Share price, EUR (Last trading day's closing price) 10.00

Target price, EUR 10.5

Latest change in rating 24-Apr-20

Latest report on company 19-Apr-21

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 447

Free float, % 50.8

Exchange rate 1.000

Reuters code VERK.HE

Bloomberg code VERK FH

Average daily volume, EURm na.

Next interim report 23-Apr-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
2019	504.1	11.3	2.2%	7.4	0.17	20.4	0.3	12.4	4.6	0.21
2020	553.6	20.4	3.7%	12.7	0.34	20.7	0.5	14.6	4.0	0.45
2021E	594.1	23.6	4.0%	26.2	0.40	25.2	0.7	17.8	5.9	0.25
2022E	632.1	25.0	4.0%	17.2	0.42	23.8	0.7	16.6	3.9	0.26
2023E	673.2	27.9	4.1%	22.5	0.47	21.2	0.6	14.4	5.0	0.28

Market cap, EURm 447 BV per share 2021E, EUR -71.4 CAGR EPS 2020-23, % 11.1

Net debt 2021E, EURm -27 Price/book 2021E 11.7 CAGR sales 2020-23, % 6.7

Enterprise value, EURm 420 Dividend yield 2021E, % 2.5 ROE 2021E, % 45.1

Total assets 2021E, EURm 182 Tax rate 2021E, % 20.0 ROCE 2021E, % 39.8

Goodwill 2021E, EURm 0 Equity ratio 2021E, % 21.3 PEG, P/E 21/CAGR 2.6

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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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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