

## Profitability continued to hold up

Verkkokauppa.com reported Q2 results that were overall somewhat above estimates. Top line was close to the expected levels, while the strong gross margin helped adj. EBIT to surpass estimates by some EUR 0.5m.

- Q2 revenue amounted to EUR 130.5m vs the EUR 129.8m/130.1m Evli/cons. estimates. Top line increased by 6.1% y/y, while online sales grew 15.1% and B2B sales 38.4%. Product categories like computers and cameras as well as sports equipment and home & lighting were popular.
- Gross profit was EUR 22.4m (17.2% margin), compared to our EUR 21.8m (16.8% margin) estimate. Product mix continued to move in a favorable direction.
- Adj. EBIT was EUR 5.1m (3.9% margin) vs the EUR 4.6m/4.6m (3.5% margin) Evli/cons. estimates.
- Verkkokauppa.com guides EUR 570-620m revenue and EUR 20-26m adj. EBIT for this year (unchanged).
- Verkkokauppa.com will host its first CMD on Sep 29, 2021.

Rating <span style="float: right;">+ BUY</span>				
Q2'21	Actual	Evli	Year ago	Q1'21
Revenue	130.5	129.8	123.1	134.0
Gross profit	22.4	21.8	21.4	21.7
Gross margin	17.2 %	16.8 %	17.4 %	16.2 %
Adj. EBIT	5.1	4.6	4.8	5.2
Adj. EBIT-%	3.9 %	3.6 %	3.9 %	3.9 %
Share price, EUR (Last trading day's closing price)				8.77
Target price, EUR				10.8
Latest change in				24-Apr-20
Latest report on company				13-Jul-21
Research paid by issuer:				YES
No. of shares outstanding,				44,729
No. of shares fully diluted,				44,729
Market cap, EURm				392
Free float, %				50.8
Exchange rate				-
Reuters code				VERK.HE
Bloomberg code				VERK FH
Average daily volume, EURm				0.9
Next interim report				16-Jul-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	24.0	4.0%	25.1	0.40	21.8	0.6	15.3	6.4	0.25
2022E	632.1	25.0	4.0%	17.3	0.42	20.9	0.6	14.4	4.4	0.26
2023E	673.2	27.9	4.1%	22.6	0.47	18.5	0.5	12.5	5.8	0.28
Market cap, EURm	392		BV per share 2021E, EUR		-68.0	CAGR EPS 2020-23, %		11.1		
Net debt 2021E, EURm	-26		Price/book 2021E		10.2	CAGR sales 2020-23, %		6.7		
Enterprise value, EURm	366		Dividend yield 2021E, %		2.9	ROE 2021E, %		45.7		
Total assets 2021E, EURm	183		Tax rate 2021E, %		20.2	ROCE 2021E, %		40.0		
Goodwill 2021E, EURm	0		Equity ratio 2021E, %		21.3	PEG, P/E 21/CAGR		2.4		

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

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