Verkkokauppa.com

Results Reaction	Retail	Finland	06 February 2025

Dares to guide for growth in sales and EBIT in 2025

Q4 figures were pre-announced and they beat expectations on earnings despite sales continuing to decline by 7% yoy in Q4. As expected Verkkokauppa.com guides for growth in sales and adj. EBIT. This as such does not tell much as we and consensus are expecting close to a doubling in adj. EBIT. Verkkokauppa.com proposes no dividend, which we find prudent as a return to consumer activity has not been seen yet.

Outcome: Q4 pre-announced

Q4 figures pre-announced. Sales declined by 6.9%. Consumer sales declined by 8.6% and B2B by 2.9%.

Gross-margin of 16.6% is 130bp better than last year and a good achievement in a tight market. We believe this is partly a reflection of healthy inventories which has helped bargaining from sourcing partners. The underlying market was very promotional over Q4.

Fixed costs down 5.6% yoy which is a reflection of cost savings rounds Verkkokauppa.com has carried out. The organization is starting to be fairly lean and mean and this implies we should start seeing meaningful earnings growth once sales growth returns.

Inventory levels healthy and down 18% yoy. Net debt declined to EUR 10m.

No dividends paid from financial year 2024.

Q4/24 outcome vs. expectations

	Actual Q4 24	SEB Q4 24E	Deviation Act vs SEB	Cons Q424E	Deviation Act. Vs Cons	Q4 23	Growth yoy
Sales	**140.2**	**149**	**-6%**	**147**	**-5%**	**151**	**-6.9%**
Gross profit	23.3	22.1	5%	22.3	5%	23	1.0%
Gross profit-%	**16.6%**	**14.8%**		**15.1%**	**10%**	**15.3%**	
Adj. fixed costs	**-20.3**	**-19.4**	5%	**-20.6**	**-1%**	**-21.5**	-5.6%
Adj. fixed costs % of sales	**14.5%**	**13.0%**		**14.0%**		**14.3%**	
EBIT reported	3.0	**1.8**	66%	**0.8**	285%	**1.7**	72%
EO items	-0.8	-0.9		1.1%	-7113%	0.2	
EBIT adj.	**3.8**	**2.7**	**41%**	**1.7**	**126%**	**1.5**	145%
EBIT Adj. Margin	2.7%	1.8%		1.1%	138%	1.0%	
PTP reported		**1.2**	-100%	**0.8**	-100%	**1.4**	**-100%**
Net Income	2.6	0.96	170%	0.14	1769%	1.14	128%
EPS adj.	**0.06**	**0.04**	**62%**	**0.03**	**100%**	**0.02**	**177%**

Source: Verkkokauppa.com, SEB estimates, Consensus from Refinitiv

Outlook: 2025 expected to be better year

Verkkokauppa.com expects both sales and adj. EBIT to grow in 2025 vs. 2024 which is not telling much given consensus and we are forecasting close to a doubling in adj. EBIT. Verkkokauppa on guidance: "The general market demand is expected to remain cautious in the first half of the year due to the low consumer confidence. In the second half of the year, private consumption is forecasted to slowly recover as purchasing power strengthens. The purchasing power is supported by rising income levels, slowing inflation, and lower interest rates. Competition is expected to remain tight."

Impact: Shares likely flattish today

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