

VMP is planning an initial public offering and listing of its shares on the Nasdaq First North Finland marketplace

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VMP Plc ("VMP" or the "Company") is planning an initial public offering ("IPO") and a listing of its shares on the Nasdaq First North Finland marketplace maintained by Nasdaq Helsinki Ltd.

VMP is a Finnish HR services company with a comprehensive offering of staffing, recruiting and organisational development and self employment services. VMP is one of the leading HR services companies in Finland as measured by chain-wide revenue¹. In 2017 VMP's revenue amounted to EUR 109.5 million and EBITDA² was EUR 9.3 million corresponding to an 8.5 per cent EBITDA margin. During the first quarter of 2018 VMP's revenue grew by 21.1 per cent, compared to the previous year, to EUR 28.0 million and adjusted EBITDA³ grew by 54.1 per cent, compared to the previous year, to EUR 2.4 million corresponding to an 8.4 per cent adjusted EBITDA margin.

The objective of the contemplated IPO is to enable VMP to implement its growth strategy and increase strategic flexibility by strengthening VMP's balance sheet. The IPO would strengthen VMP's brand awareness and recognition among customers, potential employees, investors and the overall HR services industry and thus enhance VMP's competitiveness. The IPO would also allow the Company to broaden its ownership base, increase the liquidity of its shares, and enable the use of the shares more effectively as a means of consideration in potential acquisitions and in incentive programs for key personnel.

Juha Pesola, CEO of VMP:

"VMP has 30 years of experience in the HR services industry. During that time we have grown organically and through acquisitions into one of the leading HR services companies in Finland. During the past five years our revenue has grown on average 20 per cent per year. We believe that our success lies with our comprehensive and modern offering, customer need driven approach, broad network, capable personnel, and our scalable franchise business model, which provides us flexibility and strong local presence. Our mission is to help people and companies to succeed in the changing work life and we have developed our offering to serve our customers' needs better. We believe that the contemplated IPO would support VMP's execution of its growth strategy also in the future. We are proud of the development of our Company's business and we consider we are well equipped to continue on this path of profitable growth."

Liisa Harjula, Chairman of the Board of Directors and Investment Director at Sentica:

"At Sentica, we believe an IPO at this time would advance VMP's strategy execution. VMP's objective is to consolidate the fragmented HR services market. The contemplated IPO would strengthen the Company's balance sheet, which we believe will increase flexibility in making acquisitions that strengthen VMP's offering and market position. At Sentica, we believe in VMP's future and we will remain as a significant shareholder also after the IPO."

¹ Chain-wide revenue was EUR 178m in 2017. Chain-wide revenue includes the net revenue of franchisees

² Operating profit + Depreciation and impairment

³ EBITDA + items impacting comparability

VMP in brief

VMP is a Finnish HR services company with a comprehensive offering of staffing, recruiting and organisational development and self employment services. VMP is one of the leading HR services companies in Finland as measured by chain-wide revenue.⁴

VMP has a comprehensive offering and strives to meet the changing needs of employers and employees. VMP has systematically expanded its offering, enabling the Company to act as a full HR service provider. VMP utilizes digital solutions in its operations and offers robotics process automation solutions that improve customers' operational efficiency.

In the Staffing service area, the Company provides staffing services under the VMP and Staff Plus brands. VMP offers staffing services through both its group companies and franchisees. The franchise business model enables the Company to maintain a broad network while having a strong local presence and business insight. In addition, the business model is capital light, enabling VMP to seek new business opportunities and expand into new areas without significant investments. The Staffing service area accounted for approximately 55 per cent of the Company's net sales in 2017. In the staffing service area, VMP offers also growth services, digital services such as robotics process automation and care services.

VMP's Recruitment and Organizational Development service area provides comprehensive services in training, change management, recruitment and executive search to its customers under the brands Personnel, Romana and VMP Varamiespalvelu. The Recruitment and Organizational Development service area accounted for approximately 8 per cent of the Company's net sales in 2017.

Under the Eezy brand, VMP's Self Employment service area provides its customers an opportunity to employ themselves by outsourcing invoicing and administrative tasks to VMP. The Self Employment service area accounted for approximately 38 per cent of the Company's net sales in 2017. Under FAS accounting standards, Self Employment service area revenue of EUR 41 million includes invoicing of the service's users. Net revenue generated from Self Employment service totalled about EUR 2.9 million in 2017.

VMP's strengths

VMP's operations are characterised by the following key strengths:

- Operates in a market with strong structural growth
- Comprehensive and modern HR services offering and customer need driven approach to tailoring services
- Strong market position in the HR services industry
- Fragmented customer base and broad network
- Scalable franchising business model enabling flexibility and strong local presence
- Skilled and experienced management team and personnel

VMP's strategy

VMP's objective is to become a leading player in the HR services industry, consolidate the industry and develop its service offering.

VMP's goal is to be a pioneer in the staffing services industry in utilizing digital solutions and platforms. VMP aims to grow and develop its business through launching new services. The Company considers the growth service reform, which is related to the public sectors regional

⁴ Chain-wide revenue was EUR 178m in 2017. Chain-wide revenue includes the net revenue of franchisees

government, health and social services reform, as a potential area of growth. The growth service reform would possibly increase the size of the HR services market in Finland. Other potential growth areas for VMP include the development of self employment services, robotics process automation and new electronic training and learning services in addition to utilizing the Company's network to distribute its existing services.

One key target in the implementation of VMP's strategy is the consolidation of the fragmented HR services market. Through acquisitions the Company aims to expand its service offering and enter into new sectors more rapidly. The Company also considers improved profitability, competent personnel and the scalability of operations to be potential benefits gained through acquisitions. Increasing efficiency of operations also forms a key strategic focus area, which the Company strives to achieve through centralized group functions and unifying its operations.

Financial targets and dividend policy

VMP has the following long-term financial targets:

- **Growth:** revenue growth exceeding market growth
- **Profitability:** adjusted EBITDA margin of 10 per cent
- **Leverage:** net debt to adjusted EBITDA of 1.5x
- **Dividend policy:** Target to distribute 30 – 50% of adjusted net income (adjusted for goodwill amortisations) as dividends

Outlook for 2018

Adjusted EBITDA is expected to clearly grow in the year ending December 31, 2018 compared to the year ended December 31, 2017.

VMP's key performance indicators

VMP's revenue grew by 21.6 per cent to EUR 109.5 million in 2017 and EBITDA was EUR 9.3 million corresponding to a 8.5 per cent EBITDA margin. The Company's revenue CAGR was 25.5 per cent between 2015 and 2017. VMP's revenue grew in the three months ended March 31, 2018 by 21.1 per cent compared to the previous year to EUR 28.0 million and adjusted EBITDA was EUR 2.4 million corresponding to a 8.4 per cent adjusted EBITDA margin.

VMP Plc is the parent company of the group which fully owns Varamiespalvelu-Group Oy and its fully owned subsidiaries. VMP Plc was incorporated on September 8, 2017 and as a result, VMP Plc's consolidated financial statements include the business operations of VMP for two months only. The table below includes VMP Plc's key figures for the three months ended March, 31, 2018 and Varamiespalvelu-Group Oy's key figures for the three months ended March 31, 2017 and for the years ended December 31, 2017, December 31, 2016 and December 31, 2015:

	For the three months ended March 31		For the year ended December 31		
	2018	2017	2017	2016	2015
	(unaudited)		(unaudited unless otherwise indicated)		
	(FAS)		(FAS)		
EUR 1 000 (unless otherwise indicated)	VMP Plc	Varamies-palvelu - Group	Varamiespalvelu -Group		
Revenue	28 025	23 134	109 519 ^b	90 057 ^b	69 589 ^b
Organic growth, % ^b	14.6%	-	15.2%	8.6%	-
EBITDA ⁷	2 010	1 531	9 286	5 143	3 275
EBITDA margin, %	7.2%	6.6%	8.5%	5.7%	4.7%
EBITA ⁸	1 785	1 295	8 327	4 288	2 807
EBITA margin, %	6.4%	5.6%	7.6%	4.8%	4.0%
Adjusted EBITDA ⁹	2 359	1 531	9 286	5 143	3 275
Adjusted EBITDA margin	8.4%	6.6%	8.5%	5.7%	4.7%
Adjusted EBITA ¹⁰	2 134	1 295	8 327	4 288	2 807
Adjusted EBITA margin, %	7.6%	5.6%	7.6%	4.8%	4.0%
Investments in tangible and intangible assets ¹¹	-88	-107	-637	-508	-1 127
Acquired shares of subsidiaries ¹²	-752	-500	-4 324	-5 192	-2 020
Operating free cash flow ¹³	2 173	1 225	7 808	4 285	476
Cash conversion, % ¹⁴	108.1%	80.0%	84.1%	83.3%	14.5%
Chain-wide revenue (EUR million) ¹⁵	46	37	178	144	114

Information on the contemplated IPO

The contemplated IPO is expected to consist of a primary offering, in which the Company would issue new shares. The shares would be offered to private individuals and entities in Finland, institutional investors in Finland and internationally, pursuant to the applicable legislation, and office employees employed by the Company or its group companies during the subscription period in Finland, the Company's franchise entrepreneurs in Finland, the Company's Board of Directors and Management team and the Company's CEO.

Funds managed by Sentica ("Sentica") own 60.5 per cent, Meissa-Capital Oy 30.0 per cent, the Company's Management team 6.0 per cent and the Company's Board of Directors 3.5 per cent of the

⁵ Audited

⁶ The revenue growth of companies and businesses that have been a part of the Group for over 12 months (for the staffing services in Finland, the impact of transfer of service area assets between Group companies and franchisees on the organic growth has been eliminated)

⁷ Operating profit + Depreciation and impairment

⁸ Operating profit + Depreciation of goodwill

⁹ EBITDA + Items impacting comparability

¹⁰ EBITA + Items impacting comparability

¹¹ Investments in tangible and intangible assets presented in the cash flow statement

¹² Acquired shares of subsidiaries presented in the cash flow statement

¹³ Cash flow from operating activities presented in the cash flow statement before financial items and taxes – Investments in tangible and intangible assets

¹⁴ Operating free cash flow divided by EBITDA

¹⁵ Consolidated net sales + Net sales of franchisees – Franchising fees (and other significant intra-chain net sales)

share capital. The Company's largest shareholders Sentica and Meissa-Capital Oy would remain as significant shareholders also after the IPO.

Danske Bank A/S, Finland branch is acting as the sole lead manager in the contemplated IPO. Roschier Attorneys Ltd is acting as the legal adviser to the Company. Borenium Attorneys Ltd is acting as the legal adviser to the sole lead manager.

Press event

VMP will host a press conference today, 4 June 2018 at Nasdaq Helsinki (Fabianinkatu 14, Helsinki) at 11:00 a.m. EET.

Further enquiries

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Forward-looking statements in this release are based on various assumptions, many of which in turn are based on assumptions. By their very nature, forward-looking statements involve inherent risks, uncertainties and assumptions, both general and specific, and the risk exists that the predictions, forecasts, projections, plans and other forward-looking statements will not be achieved. Given these risks, uncertainties and assumptions, you are cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements contained herein speak only as at the date of this release. Save as required by law, the Company and the Sole Lead Manager do not intend and do not assume any obligation, to update or correct any forward-looking statement contained herein.