



# The Combination of VMP and Smile

July 5, 2019

# Agenda and presenters

1. Introduction and rationale for the Combination
2. Combination from NoHo's point of view
3. Q&A



**Liisa Harjula**  
Chairman of the Board, VMP



**Timo Laine**  
Chairman of the Board, NoHo Partners



**Juha Pesola**  
CEO, VMP



**Sami Asikainen**  
CEO, Smile

# Summary of the Transaction

## Structure

- VMP has signed a share purchase agreement with NoHo Partners and the other owners of Smile in which they agreed to combine the operations of VMP and Smile as share consideration
- The Transaction will be executed as a share exchange, in which Smile's shareholders will receive 0.8087 new shares in VMP as share consideration for each share in Smile owned by them, corresponding to a debt-free purchase price of approximately EUR 82 million (based on the closing price EUR 4.92 of VMP as at 4 July, 2019)
- The number of new VMP shares to be issued is expected to be 10,050,177 shares
- The Board of Directors of VMP will propose to the EGM of VMP a dividend and capital repayment amounting to EUR 3.5 million in total to be paid to its shareholders before the closing of the Transaction

## Holdings

- The current shareholders of VMP and Smile will hold approximately 59.6% and 40.4%, respectively, of the shares in VMP after the Transaction

## Conditionality

- The completion of the Transaction is subject to approval by VMP's shareholders in the EGM of VMP by a majority of two-thirds at the EGM and the approvals and commitments from the financing banks

## Shareholder support

- Sentica and Meissa-Capital, who together hold approximately 58.1% of shares and votes in VMP, have committed with certain typical terms to participate in the EGM of VMP and to vote in favour of the Transaction

## Governance

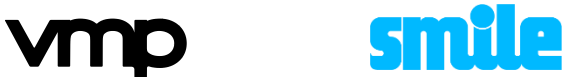
- Sami Asikainen will act as the CEO of the combined company and Hannu Nyman as the CFO
- The Board of Directors of the combined company will include board members from both companies, and it is proposed that the Chairman will be Tapio Pajuharju

## Timetable

- The EGM of VMP is expected to be held in August 2019
- The Transaction is expected to be completed during the third quarter of 2019
- The combined company intends to release further information on strategy and integration plan during the autumn after the completion of the Transaction

# The combined company is the front-runner in the HR services industry

Companies' key information and the combined company's business location network



HR service offering	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: #0070c0; color: white; padding: 5px; border: 1px solid #0070c0;">Staffing</div> <div style="background-color: #808080; color: white; padding: 5px; border: 1px solid #808080;">Recruitment and organisational development</div> <div style="background-color: #d3d3d3; padding: 5px; border: 1px solid #d3d3d3;">Self employment</div> </div>	
	Revenue 2018 (EURm, FAS)	124.9
Adjusted EBITDA 2018 (EURm, FAS)	10.2	11.5
Number of staffed employees 2018	~19,400	~10,000
Number of business locations (June 2019)	58	23



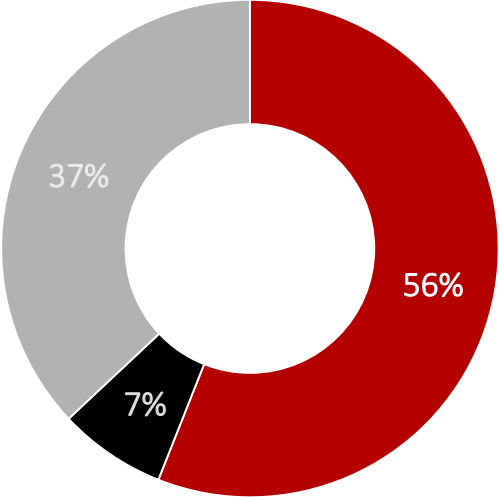
- The Transaction brings together two industry leading HR services companies, who together have a stronger market position and a better ability to reform working life
- The company will have a wide service offering and a significant number of staffed employees
- The company will have a nationwide network in Finland through its own group companies and franchising chain



# The new company has a comprehensive service offering

**vmp**

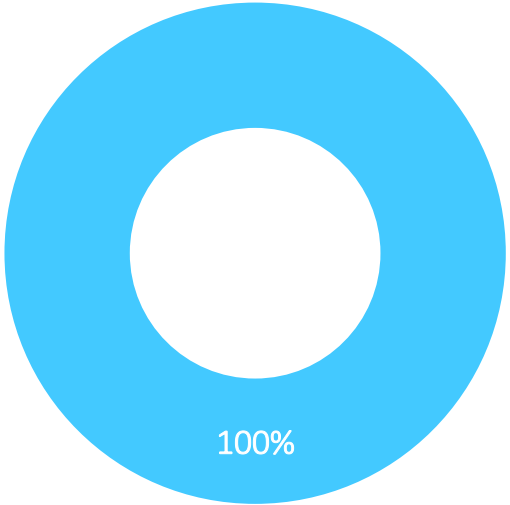
Distribution of revenue  
2018



- Staffing
- Recruitment and organisational development
- Self employment

**smile**

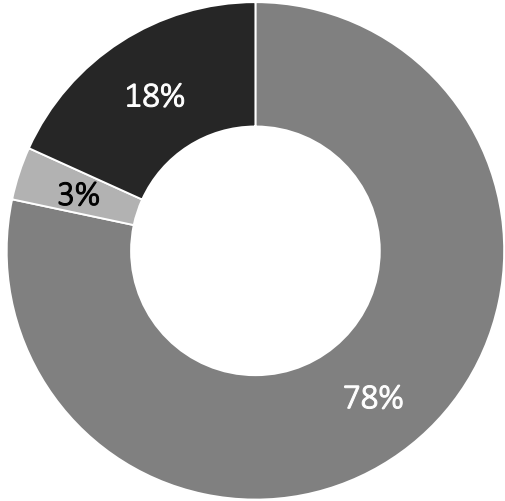
Distribution of revenue  
2018



- Staffing

**vmp smile**

Distribution of revenue



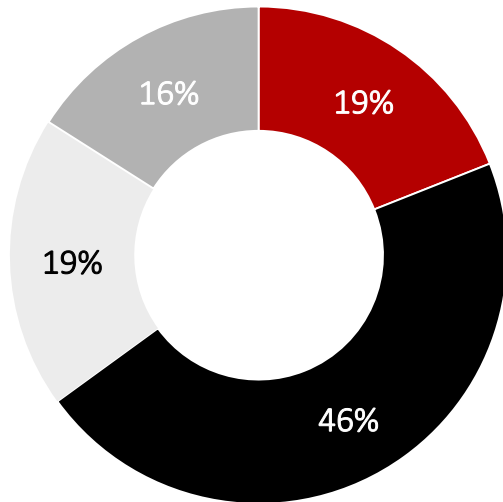
- Staffing
- Recruitment and organisational development
- Self employment

Combined numbers are based on revenue according to FAS for both companies, of which Smile's FAS figures are unaudited

# The company serves customers in various different industries

**vmp**

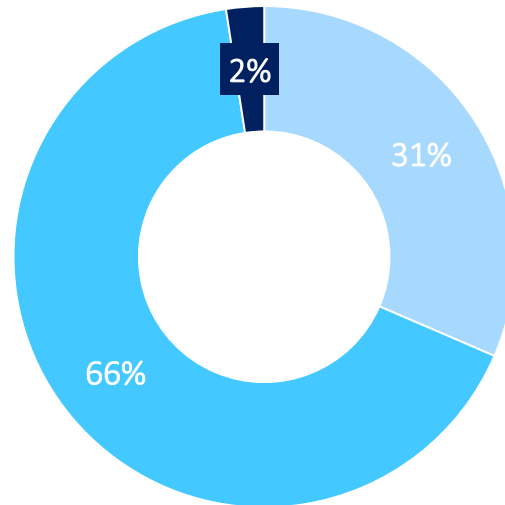
Distribution of chain-wide staffing revenue 2018



- HoReCa
- Industry, construction and logistics
- Retail
- Others

**smile**

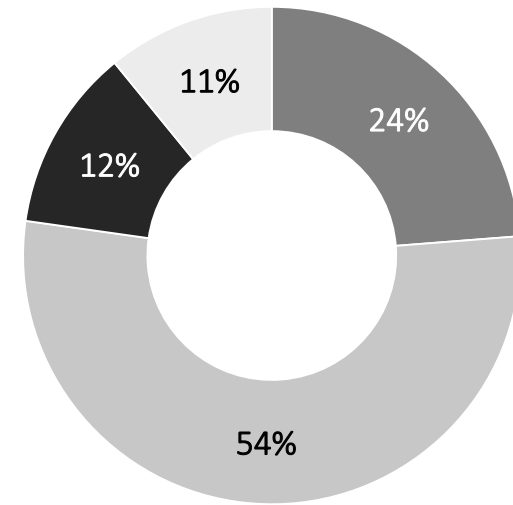
Distribution of revenue 2018



- HoReCa
- Industry, construction and logistics
- Others

**vmp smile**

Distribution of chain-wide staffing revenue



- HoReCa
- Industry, construction and logistics
- Retail
- Others

The combined numbers are based on: For VMP, chain-wide staffing FAS revenue, assuming that the acquisitions of Henkilöstöratkaisu Extraajat Oy, Extremely Nice Job Oy (Enjoy), Henkilöstötalo Voima and Arja Raukola Oy were completed in the beginning of 2018. For Smile, unaudited FAS revenue, assuming that all of Smile's revenue comes from staffing and that FAS revenue distribution is the same as IFRS revenue distribution

# Key success factors of the combined company

1

The Transaction brings together two industry leading HR services companies, creating a significant player with a stronger market position and increased competitiveness

2

The combined company has a nationwide network in Finland through its own group companies and the franchising chain, and a larger number of staffed employees to serve the changing customer needs

3

The company's comprehensive service offering from staffing to recruiting, organisational development and self-employment can be offered to a larger clientele

4

For employees, the company can offer a wider range of work opportunities and more options, thus being a more attractive employer

5

The combined company will have stronger resources and capabilities to invest in digitalisation and in the development of new services, with which the company can respond even better to the changing needs of the labour market

6

The combined company is the front-runner in its field with a mission to actively reform working life in Finland

# Sources of synergies

## Operative strategic synergies

- Providing comprehensive service offering for a larger clientele
- Utilising the combined pool of staffed employees in filling vacancies
- Utilising both companies' know-how, resources and data in developing new services

## Cost synergies

- Combining organisations
- Enhancing operational efficiency
- Sharing best practices

The combination is expected to create significant value through synergies arising from unifying operations and the increasing amount of business opportunities

# Illustrative combined income statement information (FAS)

FAS	1-3/2019			1-12/2018		
EURm	Combined	VMP	Smile	Combined	VMP	Smile
Revenue	68.9	38.2	30.7	253.5	124.9	128.6
Adjusted EBITDA	5.0	2.6	2.5	21.8	10.2	11.5
<i>Adjusted EBITDA-%</i>	<b>7.3 %</b>	6.7 %	8.0 %	<b>8.6 %</b>	8.2 %	9.0 %
Adjusted EBITA	4.7	2.3	2.4	20.6	9.2	11.3
<i>Adjusted EBITA-%</i>	<b>6.8 %</b>	6.0 %	7.8 %	<b>8.1 %</b>	7.4 %	8.8 %
EBITDA	6.1	3.7	2.5	20.5	9.8	10.7
<i>EBITDA -%</i>	<b>8.9 %</b>	9.6 %	8.0 %	<b>8.1 %</b>	7.8 %	8.3 %
EBITA	5.8	3.4	2.4	19.3	8.8	10.5
<i>EBITA-%</i>	<b>8.4 %</b>	8.8 %	7.8 %	<b>7.6 %</b>	7.0 %	8.2 %

The combined financial information is presented for illustrative purposes only and should not be viewed as pro forma financial information. The combined financial information gives an indication of the combined revenue and earnings, assuming the activities were included in the same group of companies from the beginning of each period, and assuming that the financial information was reported according to FAS. Smile reports its financial information according to IFRS; therefore, Smile's IFRS figures have been adjusted to correspond to FAS (please see VMP company release July 5, 2019 for the adjustments). Smile's financials presented according to FAS are unaudited. The adjustments made to the adjusted EBITDA and the adjusted EBITA of VMP are based on VMP's published annual and interim reports. Smile's adjusted EBITDA and adjusted EBITA for 2018 include an adjustment for IPO expenses (EUR 818 thousand).

# Shareholder structure after the Transaction

Shareholder	Number of shares	% of shares
1. NoHo Partners Oyj	7,520,910	30.27
2. Sentic Buyout V Ky	5,523,072	22.23
3. Meissa-Capital Oy	2,852,307	11.48
4. Eteläaho Pasi Antero	627,946	2.53
5. Ilmarinen Mutual Pension Insurance Company	450,000	1.81
6. Asikainen Sami Matias	404,350	1.63
7. Odin Finland	397,000	1.60
8. Evli Finnish Small Cap Fund	385,000	1.55
9. Sijoitusrahasto Taaleritehdas Mikro Markka	380,000	1.53
10. Eteläaho Anu-Maria	279,344	1.12
11. Oy Jobinvest Ltd	259,835	1.05
12. Sentic Buyout V Co-investment Ky	228,928	0.92
13. Pajuharju Tapio Olavi	182,077	0.73
14. Viitala Teemu Ilmari	158,388	0.64
15. Pesola Juha Olavi	140,030	0.56
15 largest in total	19,789,187	79.64
Others	5,060,188	20.36
<b>Total</b>	<b>24,849,375</b>	<b>100.00</b>

- Shareholder structure after the Transaction has been calculated using the latest information about the shareholders (VMP as of 30 June 2019) and the share exchange ratio of 0.8087 shares in VMP for each share in Smile
- The current shareholders of VMP and Smile will hold approximately 59.6% and 40.4%, respectively, of the shares in VMP after the Transaction

# Timetable (estimated)

August 2019

The EGM of VMP

Q3 2019

The Transaction is expected to be completed

In the autumn 2019, after the completion of the Transaction

The combined company releases more information on its strategy and integration plan


# Timo Laine

Chairman of the Board, NoHo Partners



## Significant strategic step

- NoHo Partners has been part of building Smile's exceptional growth story since 2014
  - Revenue under 7 MEUR in 2014 → revenue over 128 MEUR in 2018 (FAS)
- Incredible opportunity for the next step in the HR services business
- The combined company's stronger market position and expected synergies create significant benefits and value
- The combined company has remarkable growth potential and opportunities for value creation
- As a consequence of the Transaction, NoHo Partners strengthens its financial position, lowers its leverage, focuses on its core business and creates significant shareholder value
- NoHo Partners aims to stay as a long-term owner of the company



# NoHo Partners focuses on developing the restaurant service business

- Restaurant service business has favourable growth prospects
  - Stronger focus on developing, growing and improving the profitability of the business, both in Finland and abroad
- As the company's largest owner, NoHo Partners is positioned at the forefront of building the future of the HR services industry
- The potential effect of the Combination on NoHo Partners' guidance, prospects and strategy will be announced later after the completion of the Transaction

Questions?





# Thank you!

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