



VMP Plc Interim Report January—September 2019

November 12, 2019

Sami Asikainen, CEO

Hannu Nyman, CFO

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Sami Asikainen
CEO



Hannu Nyman
CFO

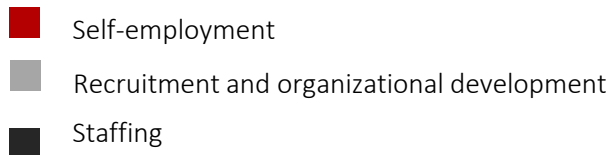
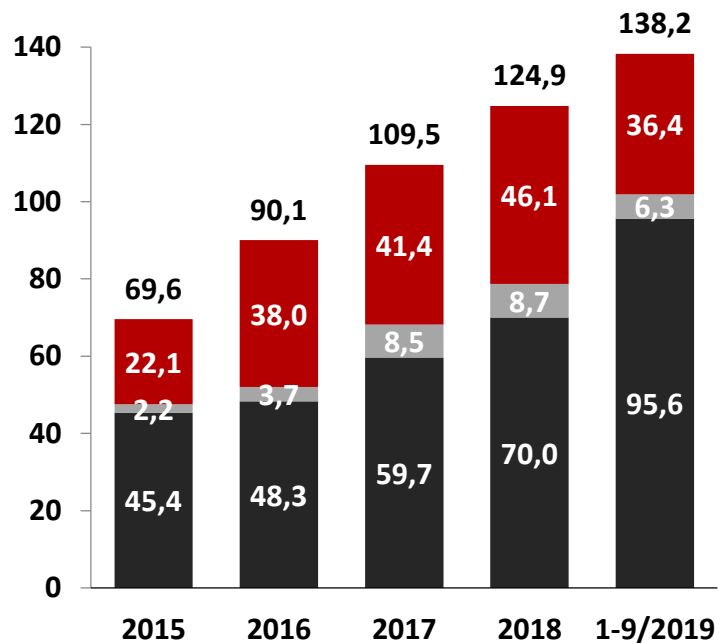
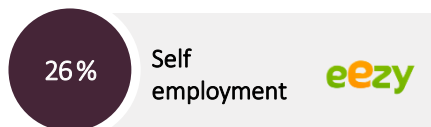
COMBINATION OF TWO
STRONG PLAYERS
PROGRESSING AT FULL
SPEED,
GOAL TO BECOME THE
MARKET LEADER



We have successfully implemented our growth strategy

Full HR service offering

% of Revenue (1-9/2019)



Q3 in brief: combining VMP and Smile



VMP and Smile combined

- Deal announced in July, completed in late August
- Smile reported in VMP's consolidated statements since September 1



Integration in progress

- Management team renewed in September, other organisation levels since then
- Strategy and brand renewal work in progress



Synergy goal EUR 5 million

- Unifying support functions, common IT systems, less brands
- Significant part during the first year, the remaining part in 2020-2021

Financial overview

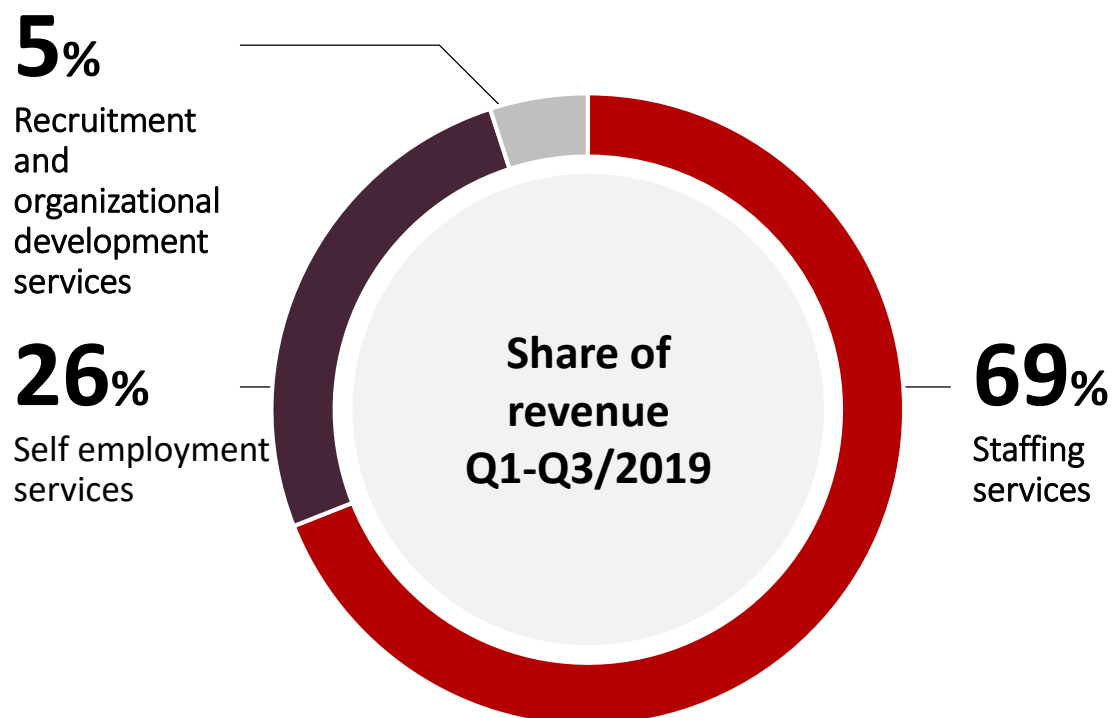
July–September 2019

- Revenue was EUR 55.7 million (31.1). Revenue increased by 79.0%.
- EBITDA was EUR 4.5 million (2.8). EBITDA increased by 61.3%.
- Adjusted EBITDA was EUR 4.7 million (2.8), increase of 68.5%.
- Earnings per share (EPS) was EUR 0.00 (0.04).
- Chain wide revenue was EUR 74 million (52), increase of 42%.
- VMP acquired Smile in August and Smile has been reported as part of VMP group since September. Contribution from Smile was approximately EUR 12 million in September.


January–September 2019

- Revenue was EUR 138.2 million (91.6). Revenue increased by 51.0%.
- EBITDA was EUR 11.1 million (7.2). EBITDA increased by 53.1%.
- Adjusted EBITDA was EUR 10.5 million (7.8), increase of 34.4%.
- Earnings per share (EPS) was EUR 0.01 (-0.23).
- Chain wide revenue was EUR 192 million (151), increase of 27%.

Revenue by service area



The financial statements and interim reports of VMP Plc are made pursuant to Finnish accounting legislation (FAS).



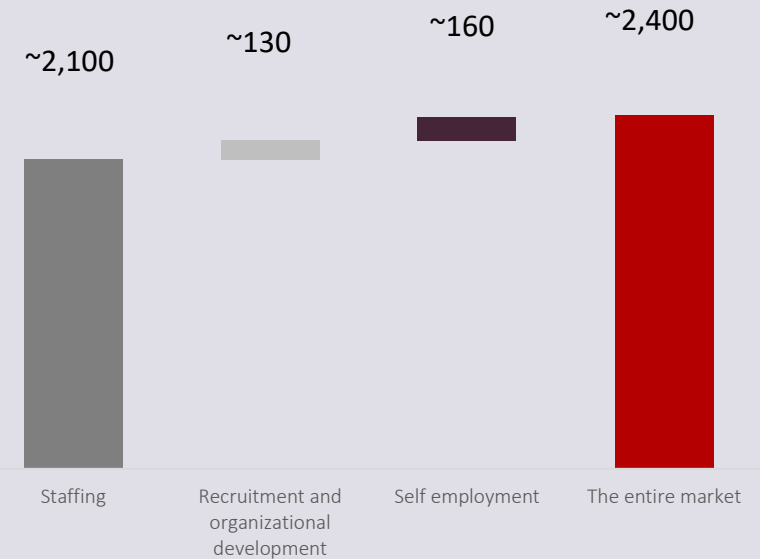
VMP's vision is to help both employers and employees succeed in the changing world of work.

Market review

- Consolidation of the HR industry
- Workforce availability challenges in customer companies
- Demographic changes in Finland
- Flexible forms of working becoming more prevalent

- **Staffing services:** the largest companies have grown by approximately 6% during January–August 2019 (according to HPL), including some inorganic growth.
- **Recruitment and organizational development services:** the recruitment market has in 2019 slightly decreased from the previous year's excellent level.
- **Self employment services:** market leaders have continued strengthening their position.

The size of HR service market in Finland, 2018 (EUR million), management's estimate



Financial development 1-9/2019

Hannu Nyman, CFO

Revenue

July–September 2019

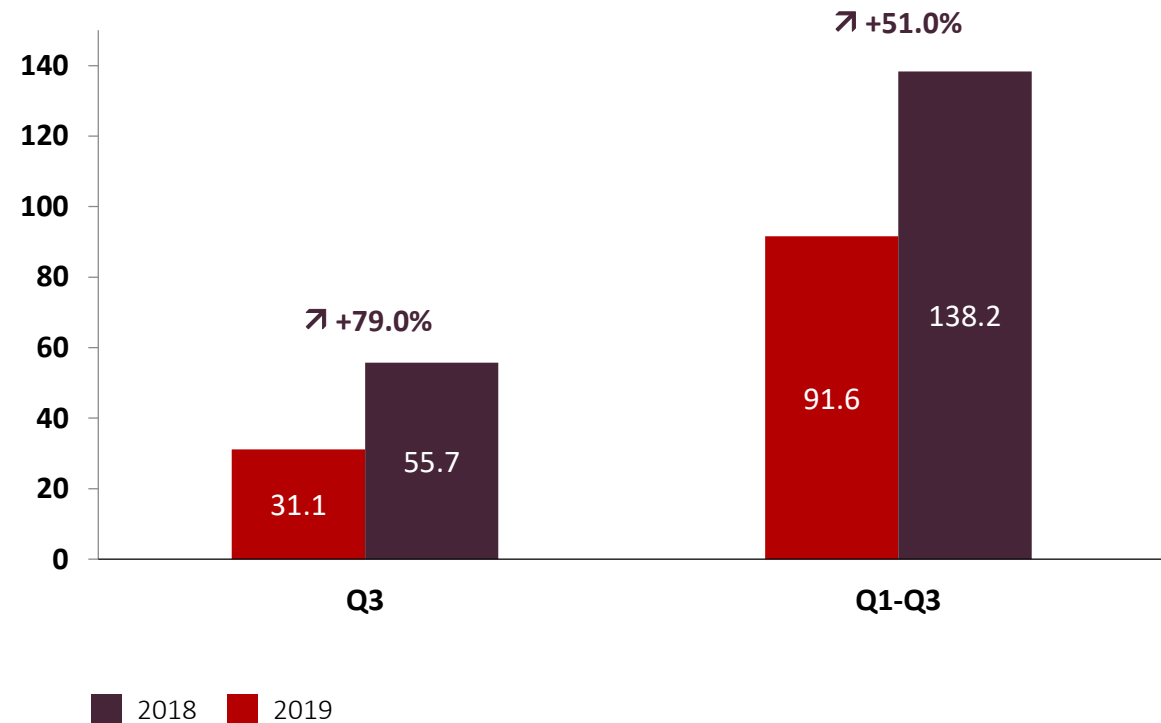
- Revenue increased particularly strongly, by 128.6%, in the staffing service area as a consequence of acquisitions realized at the end of year 2018 and during the year 2019.

January–September 2019

- Revenue increased particularly strongly, by 84.6%, in the staffing service area as a consequence of acquisitions realized at the end of year 2018 and during the year 2019.

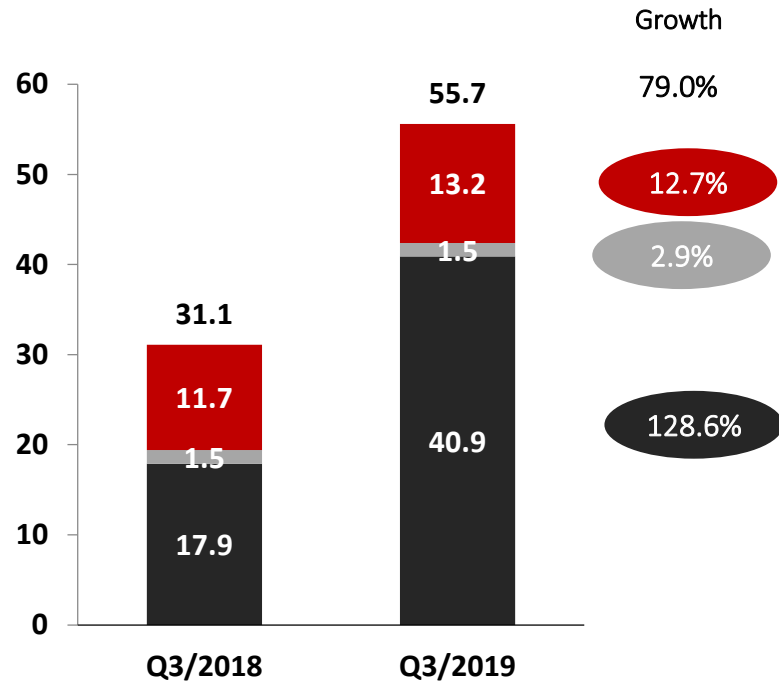
Revenue

EUR million



Development of revenue by service area

EUR million



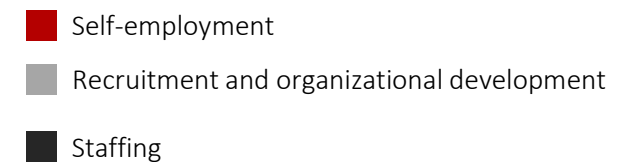
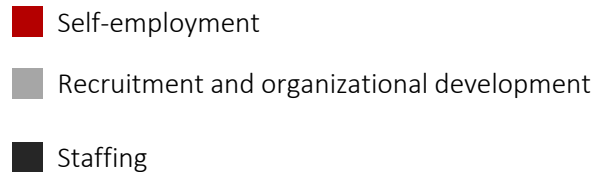
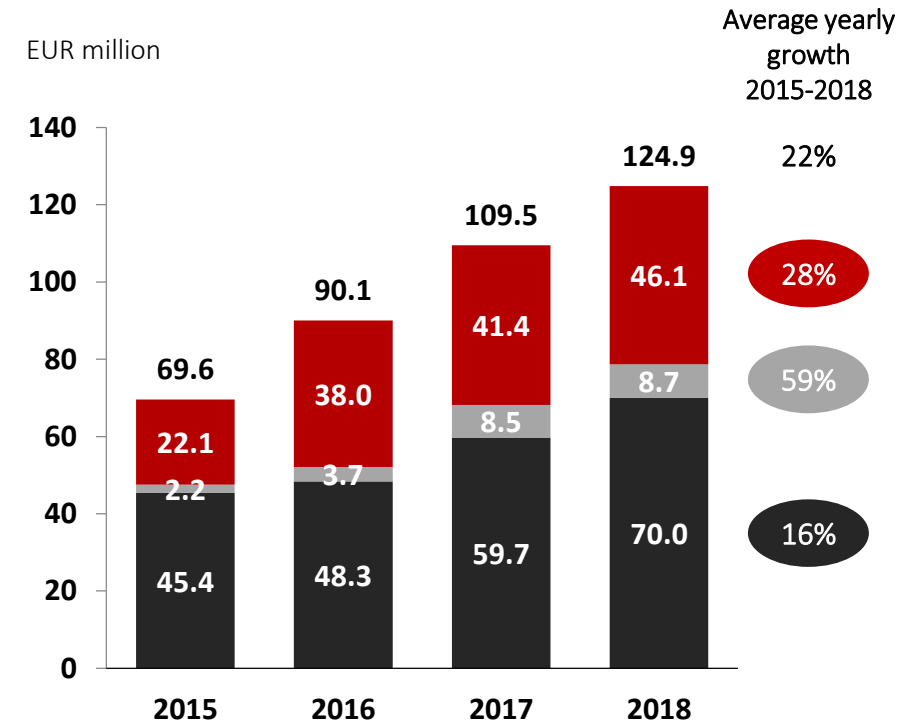
July–September 2019

- Particular strong growth in staffing service area.
- In self-employment service area, increase in revenue stemmed mainly from the increase in the service's user volume.
- In the recruitment and organizational development service area, increase in revenue stemmed from the acquisition of Corporate Spirit realized in the service area.

Financial years 2015–2018

- Strong growth in all service areas.

EUR million



Adjusted EBITDA

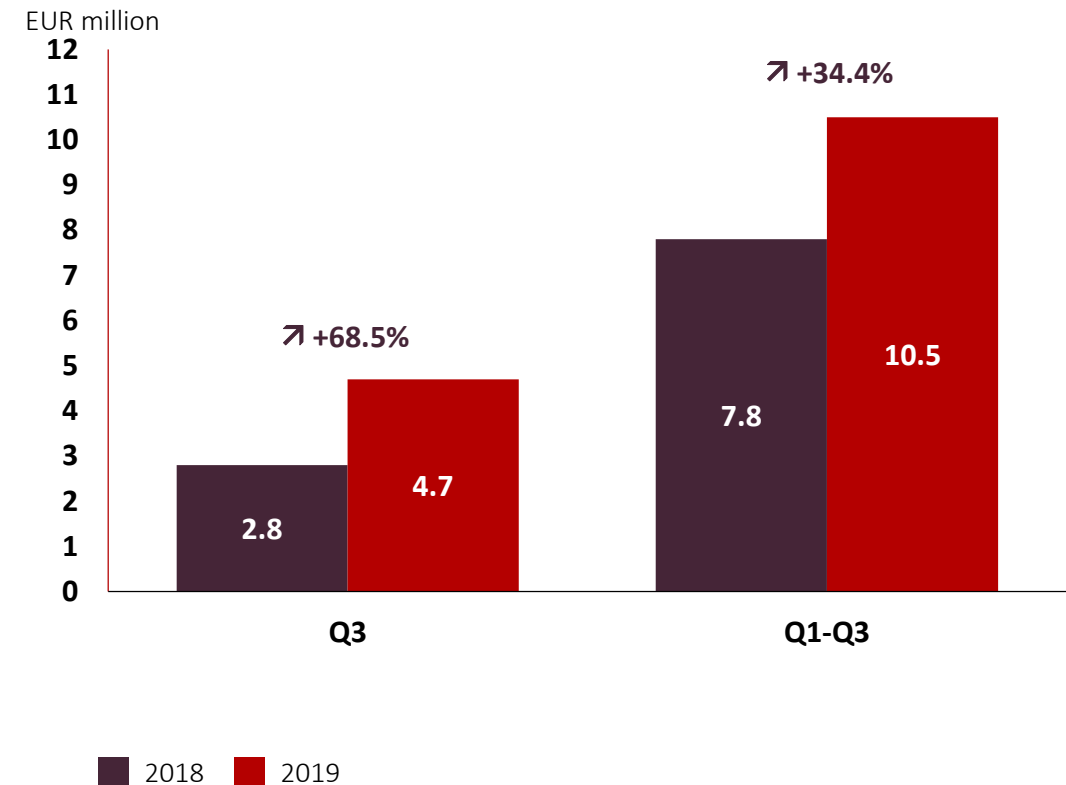
July–September 2019

- EBITDA was EUR 4.5 million (2.8).
- Adjusted EBITDA was EUR 4.7 million. EUR 0.2 million of personnel expenses relating to severance payments were entered as items affecting comparability.
- The change in the adjusted EBITDA margin from 8.9% to 8.4% was due to changed sales mix after acquisitions.

January–September 2019

- EBITDA was EUR 11.1 million (7.2).
- Adjusted EBITDA of EUR 10.5 million is less than EBITDA by EUR 0.6 million, mainly due to the capital gain of EUR 1.2 million from Alina divestment, entered in other operating income, and personnel expenses of EUR 0.6 million relating to severance payments.
- The change in the adjusted EBITDA margin from 8.5% to 7.6% was due to sales mix changes after acquisitions.

Adjusted EBITDA



Key figures

EUR million	7–9/2019	7–9/2018	Change %	1–9/2019	1–9/2018	Change %	2018
Revenue	55.7	31.1	79%	138.2	91.6	51%	124.9
Adjusted EBITDA	4.7	2.8	69%	10.5	7.8	34%	10.2
Adjusted EBITDA margin, %	8.4%	8.9%	-	7.6%	8.5%	-	8.2%
EBITDA	4.5	2.8	61%	11.1	7.2	53%	9.8
Earnings per share, EUR	0.00	0.04	-	0.01	-0.23	-	-0.20
Earnings per share without amortization, EUR	0.17	0.16	-	0.47	0.11	-	0.27
Net debt / Adjusted EBITDA (net leverage)	-	-	-	2.3 x	1.1 x	-	1.4 x
Operative free cash flow	3.0	1.5	-	6.4	5.9	-	9.5
Chain wide revenue	74	52	42%	192	151	27%	204

Balance sheet September 30, 2019

EUR million	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Intangible assets	155.0	64.6	69.7
Tangible assets	1.4	0.4	0.7
Investments	0.5	0.2	0.3
Non-current receivables	2.6	0.2	0.4
Current receivables	47.9	17.8	21.0
Cash at bank and in hand	3.8	10.3	8.6
Total assets	211.3	93.5	100.7
Equity	102.1	55.3	55.7
Minority shares	0.4	0.1	0.0
Non-current liabilities	52.7	20.4	20.4
Current liabilities	56.1	17.7	24.6
Total equity and liabilities	211.3	93.5	100.7

- Total balance sheet has grown significantly due to acquisitions
- Group goodwill EUR 151.0 million
- Net debt EUR 56.8 million

Financial standing and cash flow

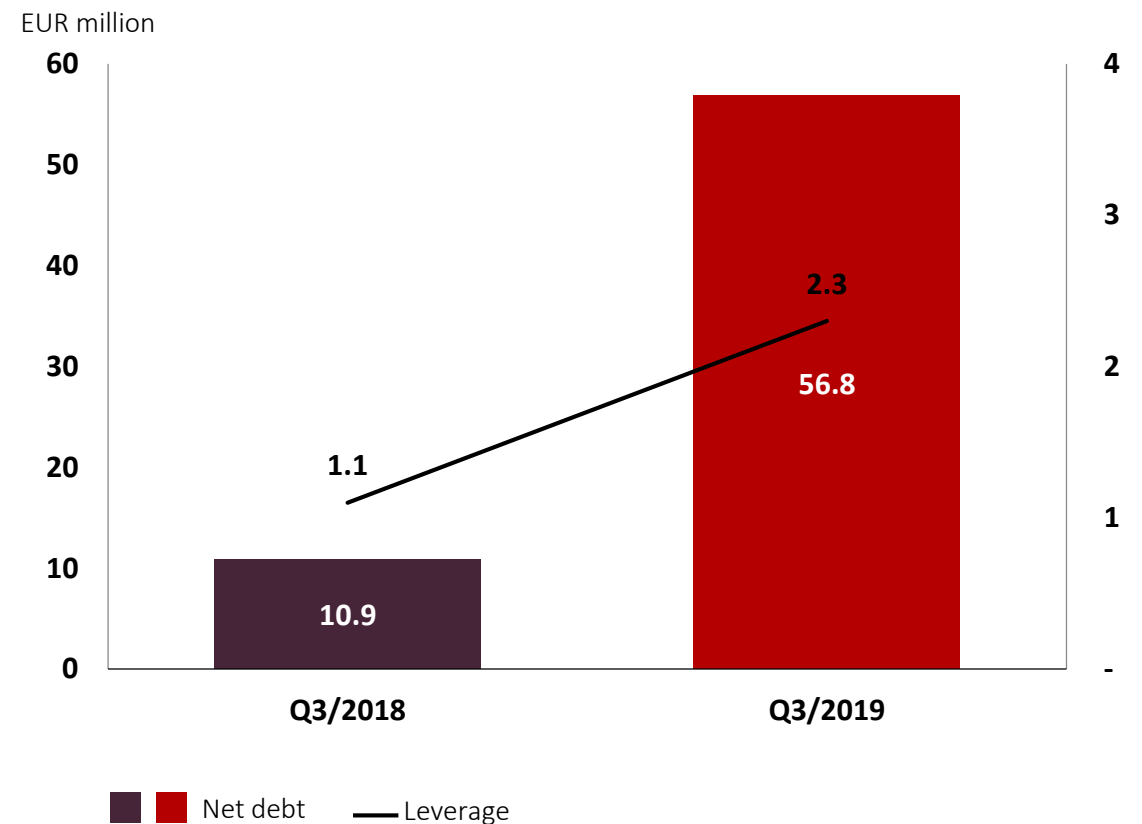
July–September 2019

- Operative free cash flow amounted to EUR 3.0 million (1.5).
- Cash conversion was 65.9% (46.1%).

January–September 2019

- Operative free cash flow amounted to EUR 6.4 million (5.9).
- Cash conversion was 57.3% (81.0%).
- Equity-to-assets ratio stood at 48.3% (59.2%).
- Net debt on September 30, 2019 amounted to EUR 56.8 million (10.9).
- The net debt / adjusted EBITDA ratio was 2.3 x (1.1 x).

Net debt and leverage



VMP's 10 largest shareholders

On September 30, 2019

Shareholder	Number of shares	% of shares
1. Noho Partners Oyj	7,520,910	30.27
2. Sentic Buyout V Ky	6,105,458	24.57
3. Meissa-Capital Oy	3,153,071	12.69
4. Evli Suomi Pienyhtiöt Fund	412,165	1.66
5. Asikainen Sami Matias	404,350	1.63
6. Odin Finland	397,000	1.60
7. Taaleritehdas Mikro Markka Fund	380,000	1.53
8. Ilmarinen Mutual Pension	274,261	1.10
9. Oy Jobinvest Ltd	259,835	1.05
10. Sentic Buyout V Co-Investment Ky	253,068	1.02
Ten largest shareholders total	19,160,118	77.11

Outlook for 2019 (unchanged)

VMP expects adjusted EBITDA to grow significantly during the financial period ending December 31, 2019 compared to the financial period ended December 31, 2018.

Current activities at VMP

- VMP progresses with the integration of Smile
- Information on strategy renewal to be annouced later this year



Questions?

vmp



Thank you!

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