



# VMP Plc Half-Year Report January–June 2018

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Juha Pesola, CEO

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# Content


1. VMP's Q2/18 in brief
2. Financial development
3. Outlook and financial targets



**Juha Pesola**  
CEO



**Jarmo Korhonen**  
CFO

A person wearing a white lab coat and a white beanie is smiling broadly while holding a camera up to their eye. The scene is overlaid with a semi-transparent red filter. In the background, there are some blurred objects, possibly in a kitchen or laboratory setting.

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

vmp

# Strong growth of revenue and profitability continued in Q2



- The Group's revenue was EUR 32.4 million (EUR 27.2 million in April–June 2017). Revenue increased by 19.1%.
- The Group's adjusted EBITDA was EUR 2.7 million (2.1). Adjusted EBITDA increased by 24.8%.
- The Group's earnings per share (EPS) was -0.26 euro. The result was impacted by the increased amortizations of goodwill, EUR 1.7 million, and listing expenses, EUR 3.3 million.



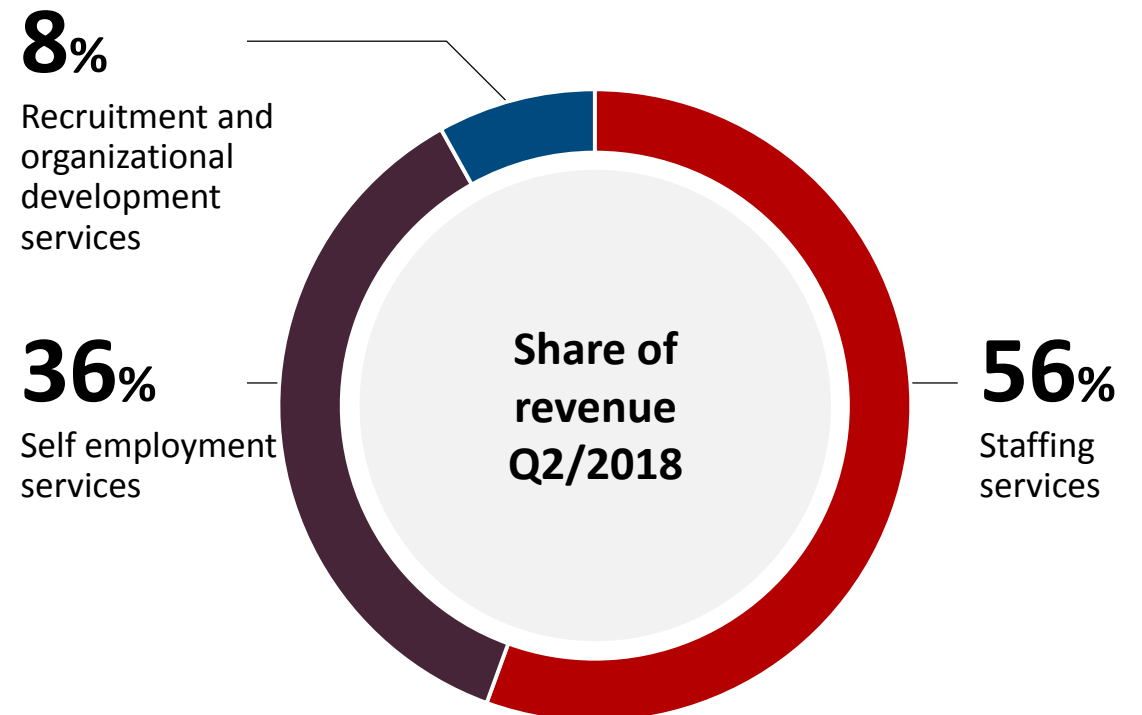
The financial statements and interim reports of VMP Plc and Varamiespalvelu-Group are made pursuant to Finnish accounting legislation (FAS).

# All service areas performed well

- In the staffing service area, revenue increased by 26.2%. The service and industry sectors saw the strongest growth.
- In the recruitment and organizational development service area, revenue increased by 14.1%. Growth was generated mainly in the areas of personnel evaluations, recruitments and executive searches.
- The revenue of the self-employment service area increased by 10.8%. Growth stemmed particularly from the increase in the service's user volume.
- VMP's share was listed on Nasdaq Helsinki's First North marketplace on June 19, 2018. With the IPO, VMP got more than 1,100 new Finnish and international shareholders.

After the listing, VMP's possibilities to implement its strategy are better than ever.

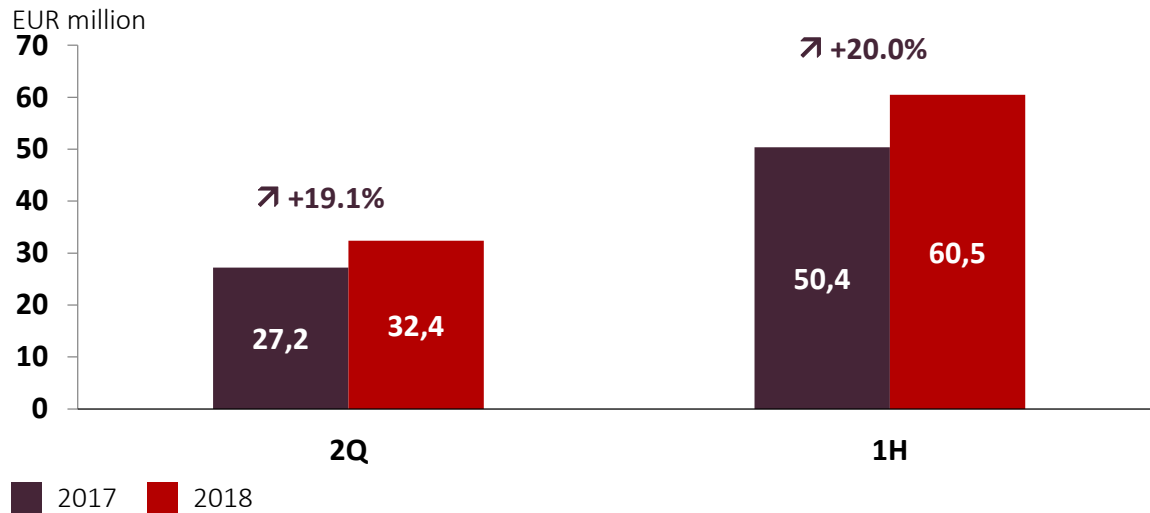
## Revenue by service area



# Revenue and adjusted EBITDA

## Revenue (EUR million)

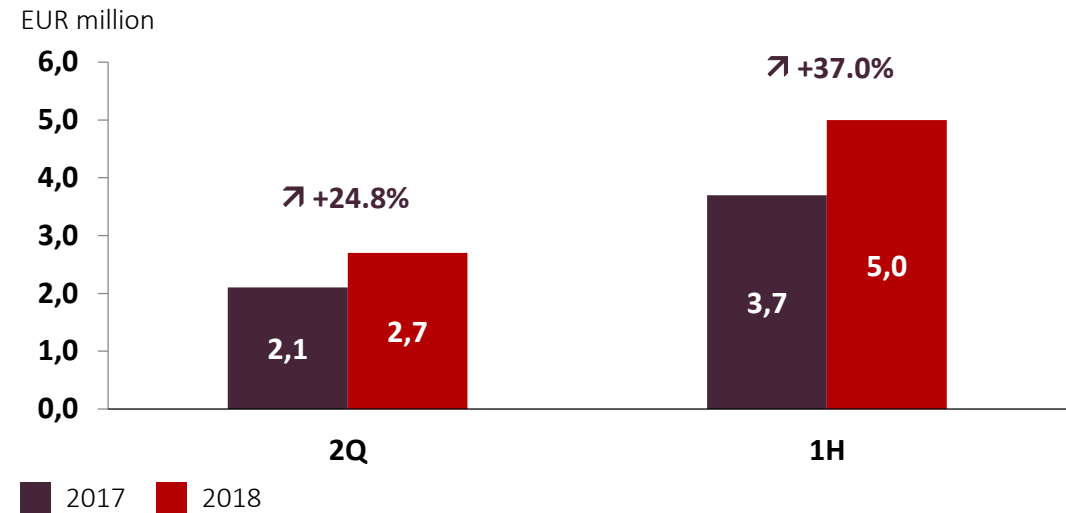
VPG Group's revenue 2017: EUR 109.5 million



- In Q2, organic growth was 10.6%.
- Revenue increased the most in the staffing service area.

## Adjusted EBITDA (EUR million)

VPG Group's adjusted EBITDA 2017: EUR 9.3 million



- The increase of the EBITDA was mainly due to the revenue growth generated by organic growth and acquisitions, the company's scalable business model and good demand of recruitment services.
- During the second quarter, VMP also invested in marketing activities to support growth.
- In Q2, EUR 0.2 million (0.0) in items affecting comparability were entered into books, consisting of personnel expenses relating to severance payments.

# Market review

## FINLAND

- The **staffing** market continued its growth during the first half of the year (compared to the corresponding period in the previous year).
  - According to the management's estimate, VMP's **staffing** service growth in both Group and franchised companies exceeded market growth in Finland during the time period in question.
- **Recruitment and organizational development services:** the company management estimates that VMP's market share increased in the first half of 2018.
- **Self employment services:** the company management estimates that VMP grew its market share in the first half of 2018 compared to the previous year, resulting from increasing market consolidation.

The size of HR service market in Finland, 2017 (EUR million), management's estimate



## SWEDEN

- The size of the Swedish staffing market in 2017 was approximately EUR 3.0 billion.

## ESTONIA

- In VMP's Estonian operations, a business model change is in progress. As part of the change, VMP ends its own business operations in Estonia and continues cooperation to implement recruitment services that support VMP's business.
  - The arrangement does not have a material impact on VMP's results.

# Factors supporting VMP's growth

- Industry consolidation
- Labor scarcity challenges in customer companies
- Demographic changes in Finland
- The growth service project related to the Finnish health, social services and regional government reform





# Financial development

Jarmo Korhonen, CFO

# Key figures

EUR million	4–6/2018	4–6/2017	Change	1–6/2018	1–6/2017	Change	2017
Revenue	32.4	27.2	19.1%	60.5	50.4	20.0%	109.5
Adjusted EBITDA	2.7	2.1	24.8%	5.0	3.7	37.0%	9.3
Adjusted EBITDA margin,%	8.2%	7.8%	-	8.3%	7.3%	-	8.5%
EBITDA	2.5	2.1	15.7%	4.5	3.7	22.2%	9.3
Earnings per share, EUR	-0.26	-	-	-0.29	-	-	-

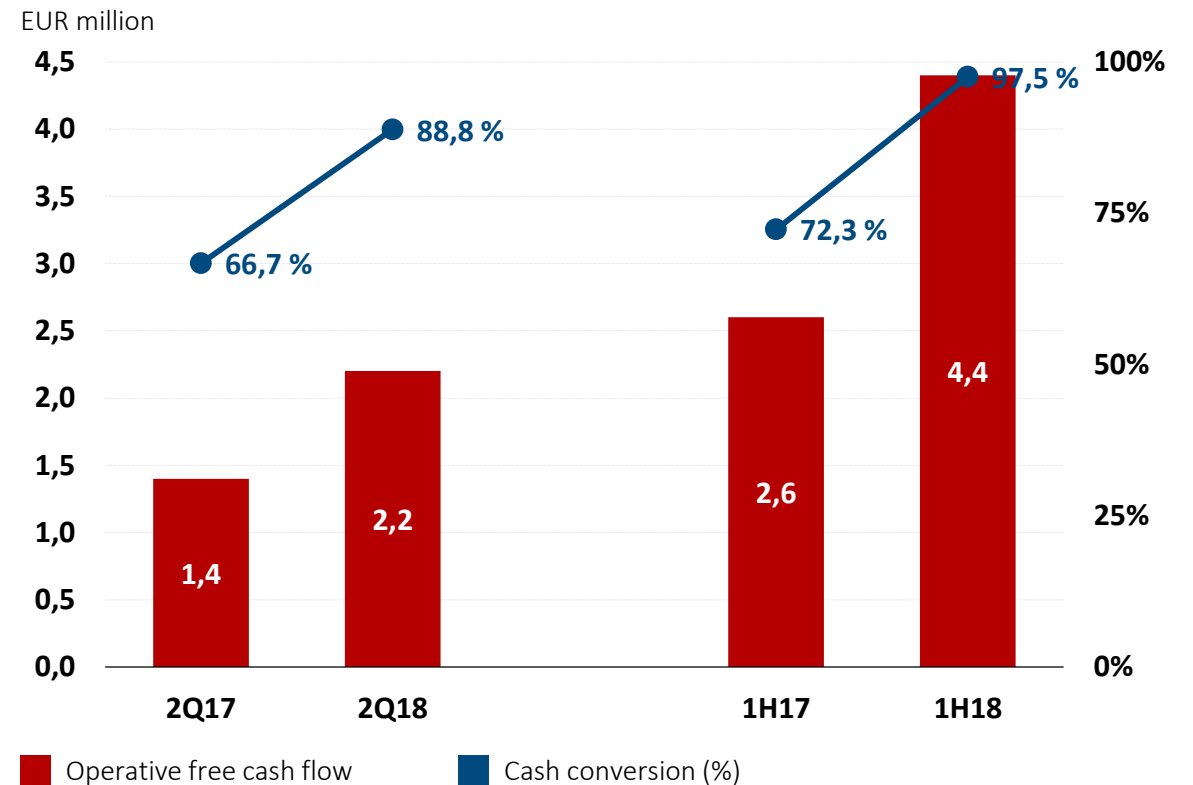
# VMP's revenue by service area

EUR million	4–6/2018	4–6/2017	Change	1–6/2018	1–6/2017	Change	2017
Staffing services	18.0	14.2	26.2%	33.9	26.0	30.5%	59.7
Recruitment and organizational development services	2.7	2.3	14.1%	4.9	4.3	13.1%	8.5
Self employment services	11.8	10.6	10.8%	21.7	20.1	8.0%	41.4
<b>Total</b>	<b>32.4</b>	<b>27.2</b>	<b>19.1%</b>	<b>60.5</b>	<b>50.4</b>	<b>20.0%</b>	<b>109.5</b>

# Financial standing and cash flow

- Operative free cash flow and cash conversion increased in Q2.
- Equity ratio stood at 54.6% (14.3%).
- Net debt on June 30, 2018 amounted to EUR 14.6 million (10.8).
- The net debt/adjusted EBITDA ratio was 1.4 x.

## Operative free cash flow and cash conversion



# VMP's 10 largest shareholders

On July 31, 2018

Shareholders	Number of shares	% of shares
1.Sentica Buyout V Ky	5,523,072	37.32
2.Meissa-Capital Oy	2,852,307	19.27
3.Ilmarinen Mutual Pension Insurance Company	450,000	3.04
4.Odin Finland	397,000	2.68
5.Sijoitusrahasto Taaleritehdas Mikro Markka	380,000	2.57
6.Säästöpankki Pienyhtiöt	270,000	1.82
7.Evli Finnish Small Cap Fund	255,000	1.72
8.Danske Invest Finland Opportunities	230,000	1.55
9.Sentica Buyout V Co-investment Ky	228,928	1.55
10.Veritas Pension Insurance Company Ltd.	200,000	1.35
10 largest shareholders total	10,786,307	72.88



# Outlook for 2018 (unchanged)

VMP expects adjusted EBITDA to grow clearly during the financial period ending December 31, 2018, compared to the financial period ended December 31, 2017.

# Long-term financial objectives

## GROWTH

Revenue growth  
exceeding market growth.

## PROFITABILITY

**10%**

10 per cent adjusted EBITDA  
margin.

## LEVERAGE

**1.5 x**

Net debt / adjusted EBITDA  
ratio of 1.5x.

## DIVIDEND POLICY

**30-50%**

The goal is to pay out 30–50  
per cent of the annual net  
result adjusted with  
amortization of goodwill as  
dividends to shareholders.

\*The Board of Directors has set the following financial objectives in connection with the Offering.  
The financial objectives are forward-looking statements and are not guarantees of future financial performance.



# Thank you!

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*This presentation comprises of the most important factors from VMP's Half-Year Report.  
The entire Half-Year Report is available on the company's website at  
[www.vmpgroup.fi/en](http://www.vmpgroup.fi/en).*

The logo for VMP, consisting of the lowercase letters 'vmp' in a bold, white, sans-serif font, positioned in the bottom right corner of the slide against a red background.