



VMP Plc Financial statements release 2018

February 28, 2019

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Content

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Juha Pesola
CEO



Pauliina Soinio
Interim CFO



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

VMP pursues growth organically and through acquisitions



Growth strategy implementation proceeded as planned



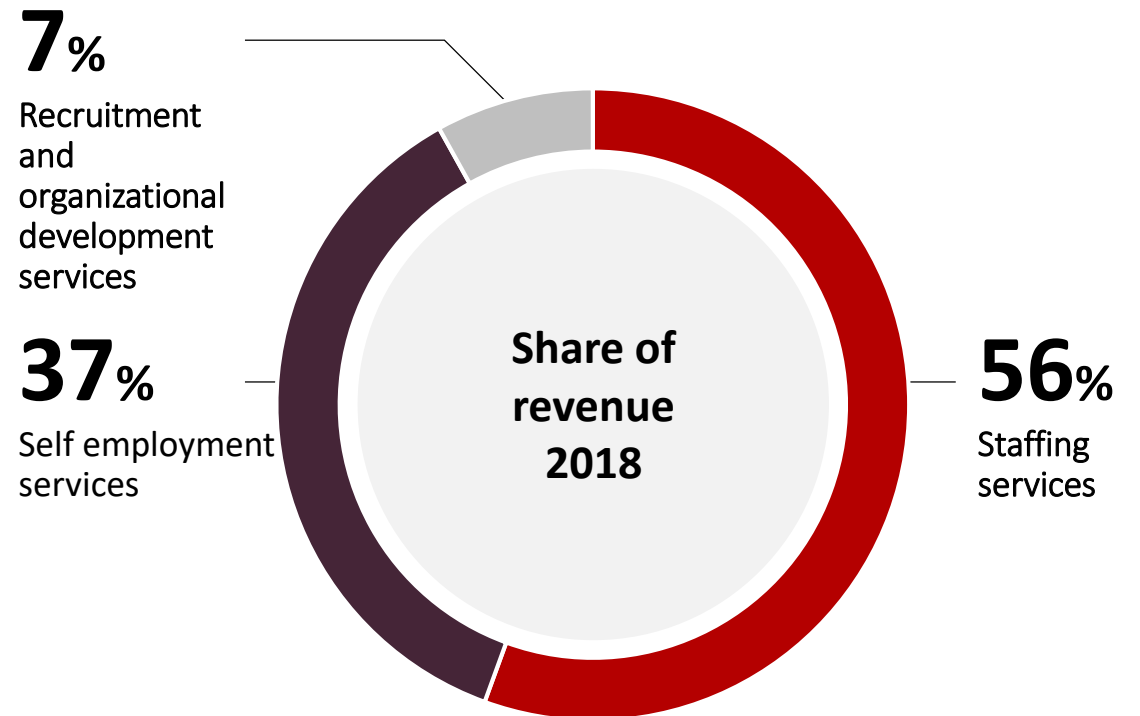
October-December 2018

- Revenue was EUR 33.3 million (31.5). Revenue increased by 5.9%.
- Adjusted EBITDA was EUR 2.4 million (2.7). Adjusted EBITDA decreased by 8.6%.
- Earnings per share (EPS) was EUR 0.03.
- Chain wide revenue was EUR 53 million (50). Chain wide revenue increased by 6%.
- VMP strengthened its market position and knowhow by acquiring HenkilöstötaVoima and the HR services company Enjoy.

January-December 2018

- Revenue was EUR 124.9 million (109.5). Revenue increased by 14.0%.
- Adjusted EBITDA was EUR 10.2 million (9.3). Adjusted EBITDA increased by 10.2%.
- Earnings per share (EPS) was EUR -0.20.
- Chain wide revenue was EUR 204 million (178). Chain wide revenue increased by 15%.

Revenue by service area



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

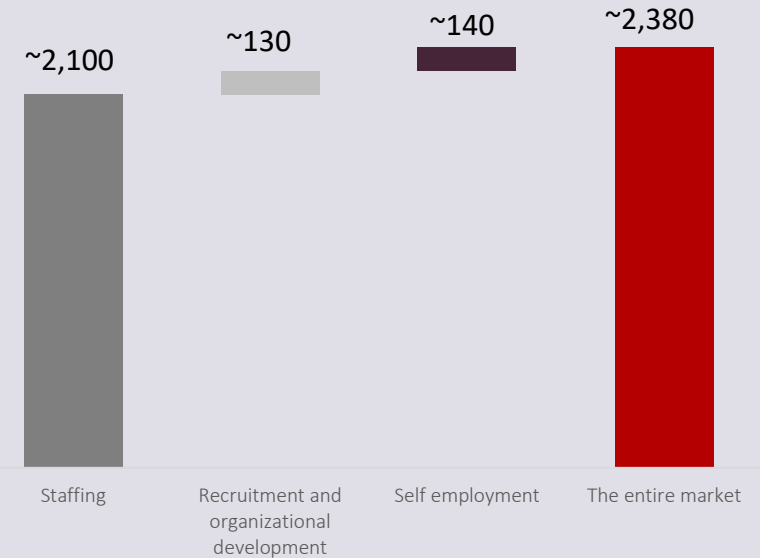


Market review

- Consolidation of the HR industry
- Workforce availability challenges in customer companies
- Demographic changes in Finland
- The growth service project relating to the social and health service and provincial reform
- Flexible forms of working becoming more prevalent

- **Staffing services:** the market has grown by approximately 10% during 2018.
- **Recruitment and organizational development services:** the recruitment market has remained on the previous year's level in 2018.
- **Self employment services:** market leaders have continued strengthening their position.
- **The Swedish HR services market** grew by approximately 3% in January–September 2018.

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





Outlook for 2019

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

Long-term financial targets

GROWTH

Revenue growth
exceeding
market growth.

PROFITABILITY

10%

10 percent 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
percent of the annual net
result adjusted with
amortization of goodwill as
dividends to shareholders.

Financial development

Pauliina Soinio, Interim CFO

Revenue

October-December 2018

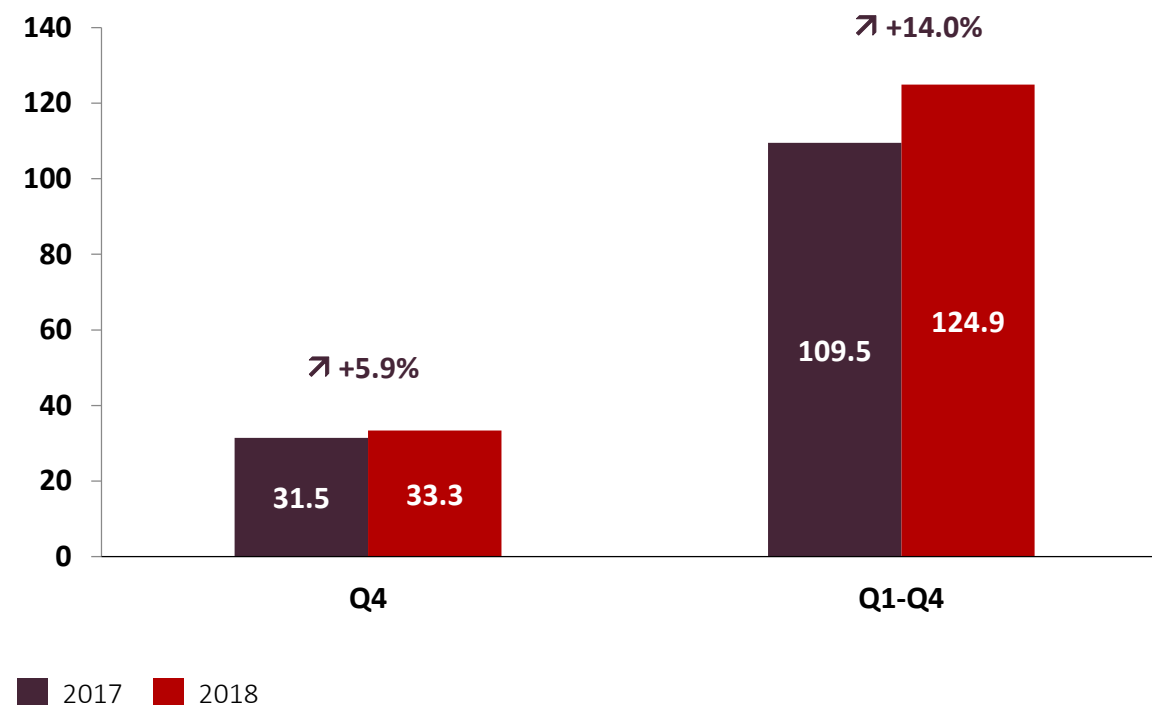
- Organic growth was -0.1%. Organic growth was weakened by 2.4 percentage points because of restructuring carried out in the business in Sweden, in which revenue was transferred from the Group companies to the Swedish franchisees.
- Revenue increased particularly strongly in the self-employment service area.

January-December 2018

- Record high revenue.
- Organic growth was 6.7%. Organic growth was weakened by 2.3 percentage points because of restructuring carried out in the business in Sweden, in which revenue was transferred from the Group companies to the Swedish franchisees.
- Revenue increased particularly in the staffing service area.

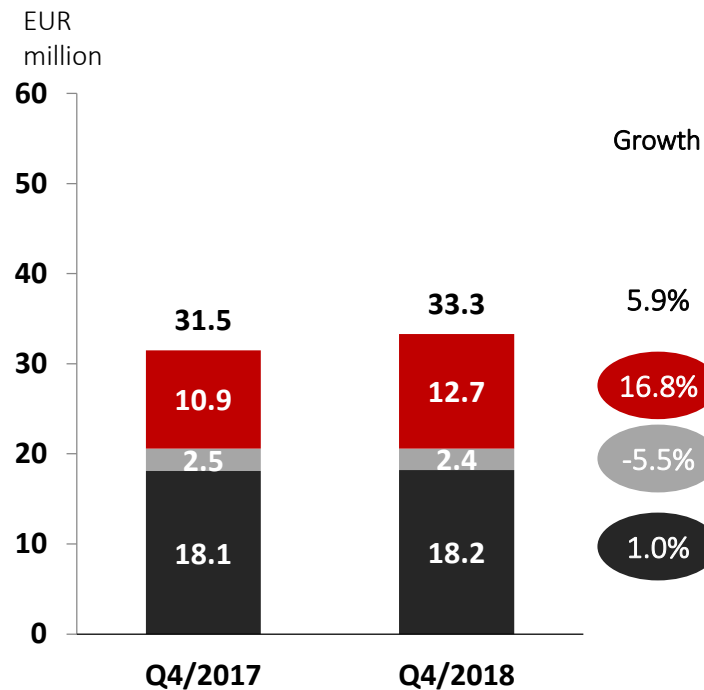
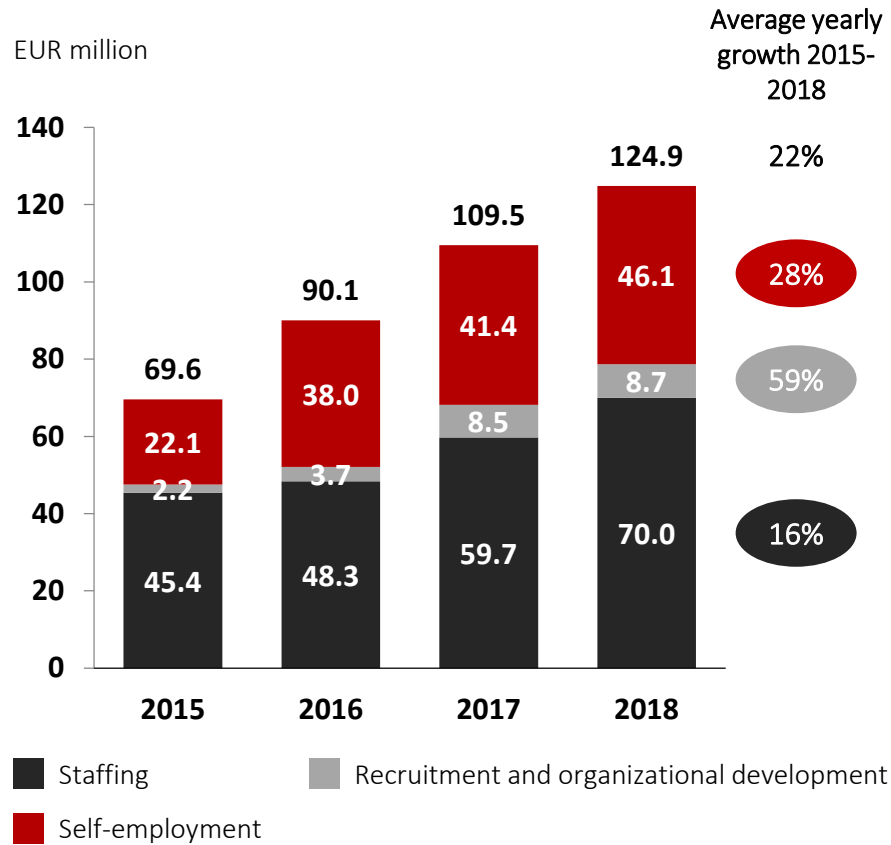
Revenue

EUR million



Development of revenue by service area

Revenue by service area



Financial years 2015-2018

- Strong growth in all service areas
- Particular strong growth in recruitment and organizational development service area, which grew by 59%.

October-December 2018

- Particular strong growth in self-employment service area, which stemmed mainly from the increase in the service's user volume.
- In staffing, the organic growth came mainly from the industry sector.
- In the recruitment and organizational development service area, revenue decreased mainly due to a change in market demand.

Adjusted EBITDA

October-December 2018

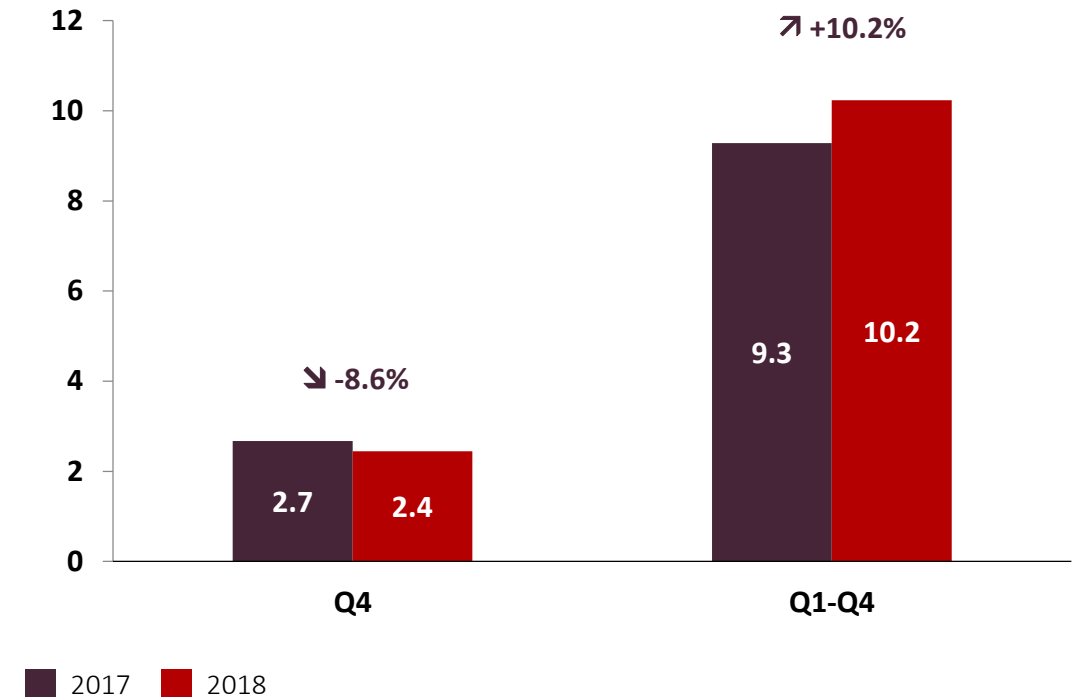
- EUR -0.1 million (0.0) of personnel expenses relating to bonus payments for the corporate acquisition were entered as items affecting comparability.
- Comparative figures do not include expenses of the parent companies of the Group, which amount to EUR 0.1 million. Considering this, EBITDA for comparative period is EUR 2.5 million.
- The slight decrease in EBITDA was due to a change in the sales distribution.

January-December 2018

- The increase in EBITDA was mainly due to the cumulative effects of organic growth, corporate acquisitions and the company's scalable business. The decrease in EBITDA margin was due to a change in the sales distribution.
- EUR 0.5 million (0.0) of personnel expenses relating to severance payments and bonus payments for the corporate acquisition were entered as items affecting comparability.
- Comparative figures do not include expenses of the parent companies of the Group, which amount to EUR 0.1 million. Considering this, EBITDA for 2017 is EUR 9.2 million.

Adjusted EBITDA

EUR million



Key figures

EUR million	10–12/2018	10–12/2017	Change %	1–12/2018	1–12/2017	Change %
Revenue	33.3	31.5	5.9%	124.9	109.5	14.0%
Adjusted EBITDA	2.4	2.7	-8.6%	10.2	9.3	10.2 %
Adjusted EBITDA margin, %	7.3%	8.5%	-	8.2%	8.5%	-
EBITDA	2.5	2.7	-6.3%	9.8	9.3	5.0%
Earnings per share (EPS), EUR	0.03	-	-	-0.20	-	-

VMP's revenue by service area

EUR million	10–12/2018	10–12/2017	Change %	1–12/2018	1–12/2017	Change %
Staffing	18.2	18.1	1.0%	70.0	59.7	17.3%
Recruitment and organizational development	2.4	2.5	-5.5%	8.7	8.5	3.3%
Self-employment	12.7	10.9	16.8%	46.1	41.4	11.5%
Total	33.3	31.5	5.9%	124.9	109.5	14.0 %

Financial standing and cash flow

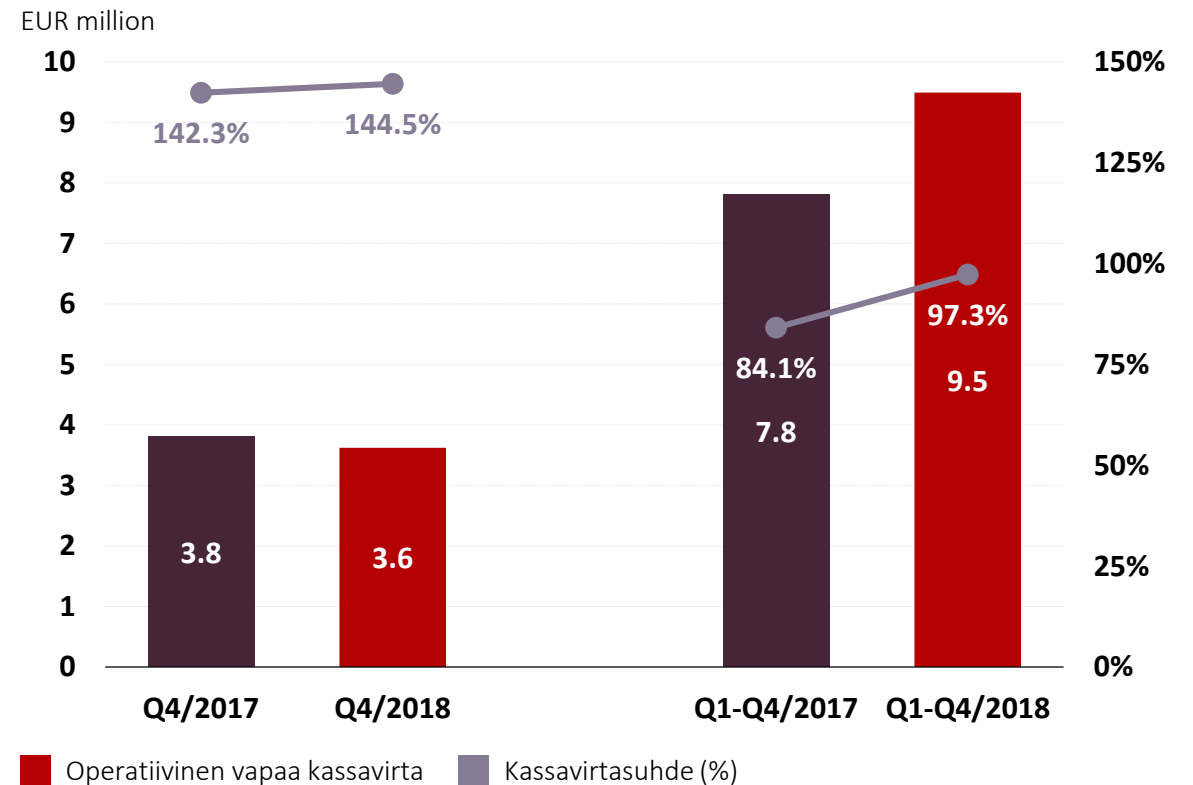
October-December 2018

- Operative free cash flow amounted to EUR 3.6 million (3.8).
- Cash conversion was 144.5% (142.3%).

January-December 2018

- Operative free cash flow amounted to EUR 9.5 million (7.8).
- Cash conversion was 97.3% (84.1%).
- Equity-to-assets ratio stood at 55.4% (18.9%).
- Net debt on December 31, 2018 amounted to EUR 11.8 million (10.5).
- The net debt / adjusted EBITDA ratio was 1.2 x.

Operative free cash flow and cash conversion



VMP's 10 largest shareholders

On December 31, 2018

Shareholder	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	240,000	1.62
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	10,796,307	72.95

Dividend proposal

The parent company's distributable funds in the financial statement on December 31, 2018, was EUR 63.1 million, of which profit for the financial period was EUR 3.7 million.

The Board's proposal to the Annual General Meeting is that dividends be paid EUR 0.08 per share, corresponding to a total of EUR 1.2 million.

0.08 €
per share

The Board proposes paying dividends in full on April 8, 2019.

A black and white photograph of a woman with blonde hair tied back, smiling and resting her chin on her hand. She is sitting at a desk with a laptop in front of her. The background shows a window with blinds and some indoor plants. A large red square is overlaid on the right side of the image, and a red diagonal shape is in the bottom left corner.

Questions?

vmp



Thank you!

Juha Pesola, CEO

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