

Interim report third quarter July 1 – September 30, 2014

FINANCIAL OVERVIEW

Financial information in the interim report refers, unless otherwise stated, to the YA Holding Group. The comparative figures (in parentheses) are pro forma and show comparison with previous year as if YA Holding Group was consolidated as of January 1, 2013.

THIRD QUARTER JULY–SEPTEMBER 2014

- Net sales amounted to SEK 80.5 million (81.6), a decrease of -1.3%
- EBITDA amounted to SEK 10.3 million (10.4), reaching an EBITDA-margin of 12.8% (12.7%)
- EBITA amounted to SEK 0.2 million (0.6), reaching an EBITA-margin of 0.2% (0.7%)
- Operating cash flow amounted to SEK 38.0 million (14.4).
- Net debt amounted to SEK 398.1 million.

NINE-MONTH PERIOD JANUARY–SEPTEMBER 2014

- Net sales amounted to SEK 280.0 million (288.9), a decrease of -3.1%
- EBITDA amounted to SEK 42.5 million (58.2), reaching an EBITDA-margin of 15.2% (20.2%)
- EBITA amounted to SEK 11.7 million (27.9), reaching an EBITA-margin of 4.2% (9.7%)
- Operating cash flow amounted to SEK 46.1 million (45.0).

ABOUT THE BUSINESS

YA Holding, including subsidiaries is a Sweden based educational company. The business is primarily conducted in YrkesAkademin, the largest subsidiary. YrkesAkademin is one of the leading companies in the vocational education and labour market training industry. YrkesAkademin conducts training in several areas, including professional drivers, machine operators, technology, restaurant and health care. Under the name of Study Abroad, YrkesAkademin mediate Swedish students to foreign universities.



FINANCIAL INFORMATION IN SUMMARY

(SEK million)	Quarter		Full-year 2013 *
	(July - September) 2014 *	(July - September) 2013 *	
Net sales	80.5	81.6	383.6
EBITDA	10.3	10.4	82.7
EBITDA margin, %	12.8%	12.7%	21.5%
EBITA	0.2	0.6	42.4
EBITA margin, %	0.2%	0.7%	11.0%
Operating cash flow	38.0	14.4	98.9
Net debt	398.1	133.4	104.6

* The Group was formed on June 23, 2014. For the assumptions used in the pro forma accounts for comparable periods, see Accounting policies, Pro forma accounting.

MARKET DEVELOPMENT

Public market

The change of government in Sweden is expected to have a neutral to positive impact on Yrkesakademin's ("YA") main customer Arbetsförmedlingen ("AF"). In addition, the new management at AF will going forward focus more on quality as well as measurement and control. In the long run this is expected to have a positive impact on YA.

At the moment, the number of students is on about the same level as previous year and the number of students in labour market training programs is increasing week by week.

Private and corporate market

The private and corporate market were slower during the summer but has started to show more activity in September. There is a significant potential for YA related to the large infrastructure projects in Stockholm and Gothenburg.

Sales, marketing and tenders

At the end of September a road show started with visits to several cities in the middle of Sweden in order to market our training courses to potential students. The road show will continue during Q4 mainly in the northern part of Sweden. About 500 sales visits have been made during Q3 which covers most of our customers.

Applications for 34 Yrkesakademin programs were submitted in the quarter. YA currently operates 11 YH programs.

BUSINESS DEVELOPMENT DURING THE THIRD QUARTER

Net Sales

THIRD QUARTER JULY–SEPTEMBER 2014

Revenue amounted to SEK 80.5 million (81.6) for the quarter. Sales are in line with Q3 the previous year. The main business unit (Professional Drivers) increased sales compared to previous year.

NINE-MONTH PERIOD JANUARY–SEPTEMBER 2014

Revenue amounted to SEK 280.0 million (288.9) for the nine month period. Sales for Professional Drivers has increased during the year. The negative deviation compared to previous year is mainly related to an expired contract for the business unit Machine Operators.

Earnings

THIRD QUARTER JULY–SEPTEMBER 2014

EBITDA amounted to SEK 10.3 million (10.4) for the quarter. EBITDA as well as EBITDA margin is on the same level as Q3 the previous year. Compared to previous year, other external costs decreased, mainly related to lower leasing fees and lower charges for maintenance of equipment. This is partly offset by higher costs for employees. Increased employee costs are primarily an effect of the build up of the organization in preparation for the new training courses for the real estate industry. The previously communicated delay in start up of the courses for students, caused by repeated appeals now determined, has a negative effect on the result in Q3 and it will be a loss for 2014.

NINE-MONTH PERIOD JANUARY–SEPTEMBER 2014

EBITDA amounted to SEK 42.5 million (58.2) for the nine month period. Compared to the previous year EBITDA is affected negatively by lower volumes and higher costs for employees. The costs for employees during the first half of the year were not reduced to reflect the lower volumes, however, adjustments have been made during Q3. Other external costs, mainly related to lower leasing fees and lower charges for maintenance of equipment decreased during the year.

Cash flow and financial position

Cash flow from operating activities amounted to SEK 38.0 million (14.4) during the quarter and the main part of it (+24.5 MSEK) relates to a change in working capital. The reason for the change in working capital is mainly related to the change in the process for payments from AF. The change has a positive impact on YA's cash flow, as payments are received earlier and also more regular. Cash flow from operating activities during the first nine months was SEK 46.1 million (45.0). The decrease in EBITDA is compensated by a positive working capital development.

Cash flow from investing activities amounted to SEK -8.2 million (-4.9) during the quarter and SEK -542.7 million (-13.7) during the nine-month period. Investments during the quarter mainly consist of machinery and equipment used in our training courses. For the nine-month period investments primarily consist of the acquisition of YA. Investments in machinery and equipment are stable during the year and also compared to previous year.

Cash flow from financing activities during the quarter amounted to SEK -19.9 million (-7.9) during the quarter and SEK 512.4 million (-32.4) during the nine-month period. Financial activities during the quarter includes amortization of the bank overdraft facility utilized and interest payment on the bond. For the nine-month period financial activities mainly consist of new financing for the acquisition of YA.

The change in cash and cash equivalents for the nine-month period amounted to SEK 15.8 million (-1.1). Cash and cash equivalents amounted to SEK 22.8 million (2.8). Interest-bearing debt amounted to SEK -420.9 million (-136.1).

OUTLOOK FOR THE FULL YEAR 2014

Based on the outcome in the first nine months of the year, it is estimated that the full year revenue will be somewhat below previous year.

OTHER DISCLOSURES

Events after the third quarter

The new training courses for the real estate industry have started to generate revenues from October. At the time of publishing this report, 4 out of 17 courses had started and before year end the plan is that 7 courses shall have started.

Average number of employees in the Group

For the period the average number of full-time employees in the Group was 341 (330).

Reporting dates

Interim report Q4, 2014	February 27, 2015
Annual report 2014	April 30, 2015
Interim report Q1, 2015	May 29, 2015

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company's accounts are prepared according to the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

Goodwill is handled according to IFRS principles. In the Q2 report, goodwill was incorrectly amortized. This has been corrected in the Q3 report, affecting both the P&L and the balance sheet. Moreover, the tax calculation has been corrected, partly reflecting the corrected treatment of goodwill amortization and also reflecting that the dividend received from Hagströmska Gymnasiet in connection with the transaction is not liable to tax.

Pro forma accounting

The Group was formed on June 23, 2014. Pro forma figures for comparative periods have been prepared in accordance with the Swedish Annual Accounts Act. Pro forma statements are based on reported earnings for the previous Group.

This interim report has not been reviewed by the Company's auditors.

Falun, November 28, 2014

The Board of Directors

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FINANCIAL REPORTS

INCOME STATEMENT

(SEK thousands)	Group - Pro forma *				
	2014-07-01 2014-09-30	2013-07-01 2013-09-30	2014-01-01 2014-09-30	2013-01-01 2013-09-30	2013-01-01 2013-12-31
Net sales	80 542	81 617	280 002	288 902	383 634
Work performed by the company for its own use and capitalized	8	0	280	1 171	1 500
Other operating income	1 202	1 941	3 576	1 989	11 319
Total	81 752	83 558	283 858	292 062	396 453
<i>Operating expenses</i>					
Other external costs	-34 634	-38 669	-116 791	-125 093	-162 339
Employee benefit expenses	-36 792	-34 525	-124 415	-108 692	-151 145
Depreciation of property, plant, equipment and intangible assets	-10 092	-9 720	-30 767	-30 361	-39 997
Other operating expenses	0	0	-193	-42	-304
Operating profit/ loss	234	644	11 692	27 874	42 668
<i>Profit/loss from financial items</i>					
Profit from participations in group companies	0		10 000		
Other interest income and similar profit items	-13	115	24	740	1 001
Interest expense and similar loss items	-8 338	-2 028	-13 663	-6 352	-9 795
Profit after financial items	-8 117	-1 269	8 053	22 262	33 874
Tax on profit for the period	4 882	990	428	-4 408	-7 576
Net profit for the period	-3 235	-279	8 481	17 854	26 298

* The Group was formed on June 23, 2014. For the assumptions used in the pro forma accounts for comparable periods, see Accounting policies, Pro forma accounting.

BALANCE SHEET (CONDENSED)

	Group - Pro forma *			Parent company
(SEK thousands)	2014-09-30	2013-09-30	2013-12-31	2014-09-30
Non-current assets				
<i>Intangible assets</i>	513 568	131 943	132 009	-
<i>Tangible fixed assets</i>	97 513	97 360	103 067	-
<i>Financial assets</i>	3	4	10	516 633
Current assets				
<i>Inventories etc.</i>	1 946	1 734	1 946	-
<i>Current receivables</i>	57 640	88 373	61 609	72 529
Cash and bank balances	22 808	2 752	7 032	8 614
Total assets	693 478	322 166	305 673	597 776
Equity	210 113	90 970	95 872	234 902
Liabilities				
<i>Provisions</i>	9 472	8 663	9 472	-
<i>Non-current liabilities</i>				
Bond loans	335 000			335 000
Other non-current liabilities	85 862	136 121	111 596	20 000
<i>Current liabilities</i>	53 031	86 412	88 733	7 874
Total equity and liabilities	693 478	322 166	305 673	597 776

STATEMENT OF CHANGES IN EQUITY - Pro forma

(SEK thousands)	Share capital	Other paid in capital	Reserves	Retained earnings	Total
Opening balance as of January 1,	205		16 526	60 311	77 042
Net profit				8 481	8 481
Formation of YA Holding group	295			-117 405	-117 110
Shareholder's contribution		241 700			241 700
Closing balance as of September	500	241 700	16 526	-48 613	210 113

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CASH-FLOW STATEMENT (CONDENSED)

	2014-07-01	2013-07-01	2014-01-01	2013-01-01
(SEK thousands)	2014-09-30	2013-09-30	2014-09-30	2013-09-30
Operating profit (EBIT) for the period	234	644	11 692	27 874
Depreciation/amortization	10 092	9 720	30 767	30 361
Interest paid/received	0	0		
Other non-cash items	0	0		
Income tax paid	3 171	-371	-1 187	-2 468
Cash flow from operating activities before change in operating capital	13 497	9 993	41 272	55 767
Change in operating working capital	24 474	4 402	4 813	-10 756
Cash flow from operating activities	37 971	14 395	46 085	45 011
Cash flow from investing activities	-8 196	-4 949	-542 705	-13 699
Cash flow from financing activities	-19 889	-7 904	512 396	-32 410
Cash flow for the period	9 886	1 542	15 776	-1 098
Cash and cash equivalents, opening balance	12 922	1 210	7 032	3 850
Cash and cash equivalents, closing balance	22 808	2 752	22 808	2 752

DEFINITIONS

EBITA	Earnings before interest, tax and amortization.
EBITDA	Earnings before interest, tax, depreciation and amortization.
EBITA-margin	EBITA as a percentage of net sales.
EBITDA-margin	EBITDA as a percentage of net sales.
Net debt	Interest-bearing liabilities less cash balances excluding shareholder loans.
Number of annual employees	The total number of hours of attendance divided by the normal working hours.
Lease contracts	Finance lease contracts are recorded as asset on the balance sheet and the value of the lease payments as debt. Depreciation is charged on the asset over the useful economic life.