

YrkesAkademin Fourth quarter and full year interim report 2016

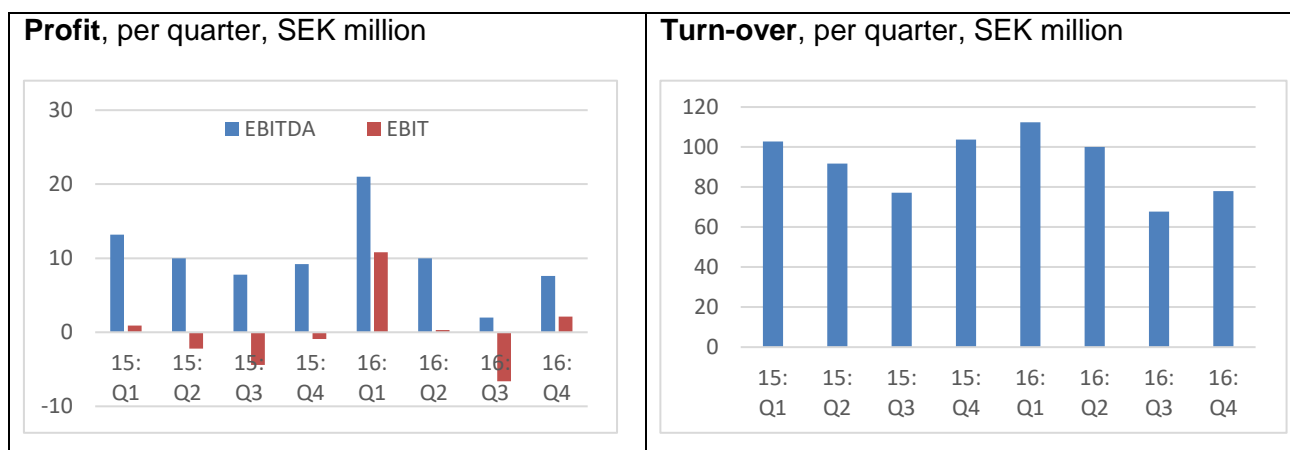
FINANCIAL OVERVIEW

Fourth quarter, October-December, 2016

- Net sales amounted to SEK 77.9 million (Q4 2015: 103.8), a decrease of 25%
- EBITDA amounted to SEK 7.6 million (9.2), reaching an EBITDA-margin of 9.8% (8.9%)
- EBIT amounted to SEK 2.1 million (-0.9), reaching an EBIT-margin of 2.7% (-0.9%)
- Operating cash flow amounted to SEK 10.4 million (10.3).
- Net debt amounted to SEK 363.2 million (392.1)

Full year 2016, January-December

- Net sales amounted to SEK 358.0 million (FY 2015: 375.5), a decrease of 4.7%
- EBITDA amounted to SEK 40.7 million (40.3), reaching an EBITDA-margin of 11.4% (10.7%)
- EBIT amounted to SEK 6.6 million (-6.6), reaching an EBIT-margin of 1.8% (-1.7%)
- Operating cash flow amounted to SEK 22.2 million (11.5).



CEO COMMENT

In a comment to the report, CEO Jan Larsson says:

- As expected, turn-over and profit remained subdued in the fourth quarter due to both the close down of truck and bus driver courses and startup costs for vehicle mechanics, construction worker courses as well as municipality governed transport education. However, the upturn from the third quarter is a positive indication of the healthy underlying business.
- We continue to execute on our profitable growth strategy, where YA maintain a high ambition in broadening its education programs and initiating efficient work processes and cost effective structures to maintain its position as a modern education and skills provider.

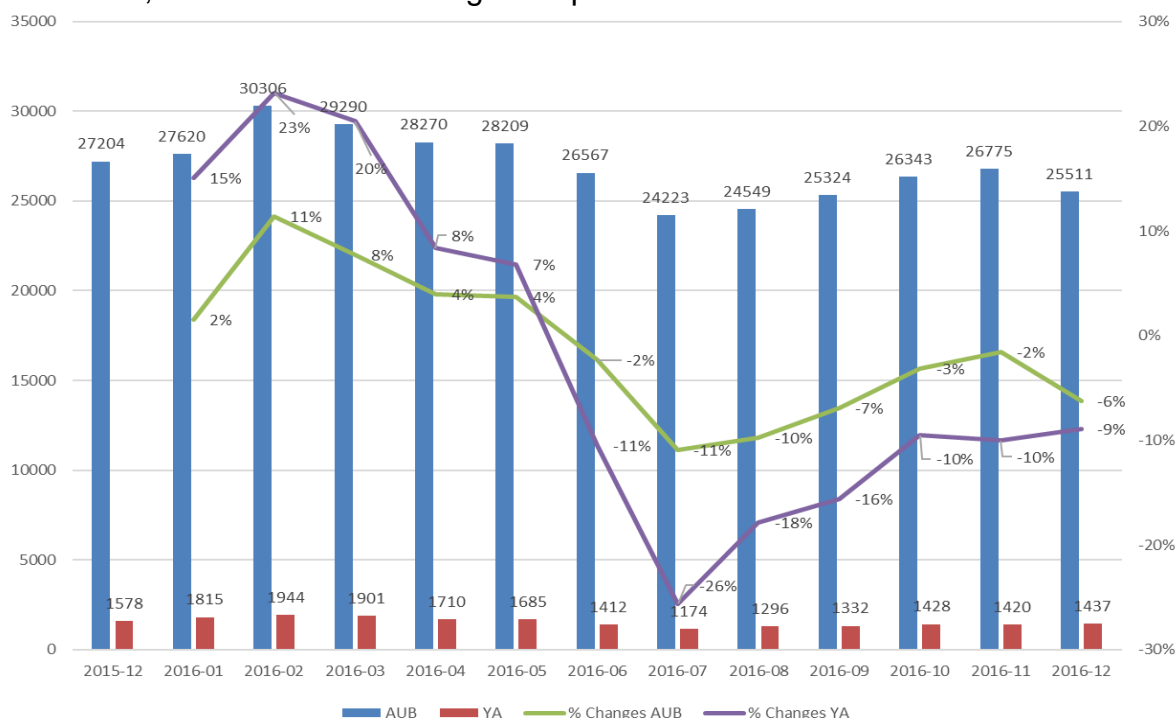
MARKET DEVELOPMENT

The unemployment statistics reported by the Employment Service (Arbetsförmedlingen, AF), shows a continued decrease of unemployment in Sweden. In December, 372,000 people or 7.8%, were unemployed, which is 9,000 fewer than a year earlier.

The total number of people in employment training (arbetsmarknadsutbildning, AUB) decreased by approximately 1,700 people, or 6% from December 2015 to 2016. Despite YA's close down of the truck and bus driver education, as well as the warehouse worker education, YrkesAkademin's number of participants decreased by 9%, just above the market. To a large extent, the decreased number of participants in lost courses have been compensated by a growing number of participants, primarily in real estate and machine operator courses, and new established courses in construction and mechanics.

Number of people in employment training

Total AUB, YA courses and change compared to end of 2015.



In the quarter

During the last quarter of 2016, YrkesAkademin won tenders worth some SEK 60m in turn-over, including Professional Swedish for Arbetsförmedlingen, industrial courses for the penitential of Västervik and vocational training in the municipality of Örebro and Falun.

The restructuring of truck and bus driver training to smaller volumes and a more diversified customer base did affect the result in the quarter negatively, only partly compensated by income from divestment of vehicles. Losses from transport education have steadily decreased through the quarter and in the first quarter of 2017 a number of courses will start which should make it possible to maintain competence in the transport education and generate positive results.

In parallel, the start-up costs of construction and vehicle mechanics education have affected the results negatively. Some of the construction educations have been appealed and we are waiting for the court decision before we can start the full range of new courses, indicating some further start-up costs also in 2017.

Other business areas – vocational university, machine operation (excavator) and services are all delivering healthy results and relatively steady participation rates.

KEY FINANCIAL INFORMATION

(MSEK)	Quarter		Full Year	
	(Oct-Dec) 2016	(Oct-Dec) 2015	(Jan - Dec) 2016	(Jan - Dec) 2015
Net sales	77,9	103,8	358,0	375,5
EBITDA	7,6	9,2	40,7	40,3
EBITDA margin, %	9,8%	8,9%	11,4%	10,7%
EBIT	2,1	-0,9	6,6	-6,6
EBIT margin, %	2,7%	-0,9%	1,8%	-1,7%
Net debt	363,2	392,1	363,2	392,1

KEY RATIOS

Leverage (net debt/EBITDA)	8.3x
Interest coverage (EBITDA/Net finance charges)	1.6x

BUSINESS DEVELOPMENT DURING THE FOURTH QUARTER

Revenues

Fourth quarter October - December 2016

Revenue amounted to SEK 77.9 million (103.8) for the quarter. The average number of students in AUB has been 1,291 (1,545) for the period. The decline versus prior year is due to terminated business within truck and bus education.

Twelve months' period January - December 2016

Revenue amounted to SEK 358.0 million (375.5) for the period. The average number of students in AUB has been 1,464 (1,450). The terminated business within truck and bus education has impacted the revenues with 46 SEK million compared to prior year. Higher sales in business areas Service and Machine operation have compensated for part of the lost volume.

Earnings

Fourth quarter October - December 2016

EBITDA amounted to SEK 7.6 million (9.2) for the quarter. The result has been effected by cost for terminated business and startup cost for new educations. Divestures of excess vehicles has been made during the period which have offset the costs above. The result is also positively impacted by the divesture of Fastighetsakademin.

A new assessment has been done regarding the useful economic life for tangible fixed assets based on the divestures of vehicles during the quarter. The useful economic life has been changed from in average 5 to 7 years. This have impacted depreciation positively during the quarter with SEK 2.8 million.

Twelve months' period January - December 2016

EBITDA amounted to SEK 40.7 million (40.3) for the period. The termination of truck and bus education have strongly impacted profit negatively compared to prior year but has been compensated by better results in other business areas. EBITDA was affected by SEK 3.0 million in non-recurring cost in relation to the close down of truck and bus educations.

Cash flow and financial position

In the quarter, cash flow from operating activities amounted to SEK 10.4 million (10.3). For the twelve-months-period operating cash flow amounted to SEK 22.2 million (11.5).

Cash flow from investing activities amounted to SEK 4.8 million (-0.7) during the quarter and SEK 6.8 million (-7.5) for the full year.

Cash flow from financing activities amounted to SEK -11.4 million (-7.5) during the quarter and SEK -18.5 million (-18.7) for the full year.

OTHER DISCLOSURES

Events after the fourth quarter

In the beginning of the year, a number of events have had effect on YrkesAkademin:

- *Support and matching.* YA has been accredited to conduct labour programmes within the Support and Matching program (Stöd och matchning, STOM). Operational start is expected during the first quarter in 2017, in the regions of Dalarna and Örebro.
- *Taxi education.* YrkesAkademin won contracts for taxi driver education for Arbetsförmedlingen, in 15 districts, including the large urban areas of Stockholm, Göteborg and Malmö.
- *Vocational university.* YrkesAkademin doubled its win rate of new courses within the national program for higher vocational training, Yrkeshögskolan. In total five renewed educations and 10 new courses were approved.
- *Truck and bus driver education.* The appeal court has ruled in favor of YrkesAkademin in the ongoing process on the tender process for truck and bus drivers. The Employment Agency have subsequently announced that a new procurement process will be initiated in February.

In addition, an efficiency program has been initiated to increase efficiency and quality in the operations. One visible part of the program is that YA have launched a new web-shop that adds an additional revenue stream which facilitates sales to small and medium sized enterprises.

Average number of employees in the Group

For the period the average number of employees (FTE) in the Group was 260 (343).

Reporting dates

Annual report 2016	April 28, 2017
Interim report Q1, 2017	May 26, 2017
Interim report Q2, 2017	August 31, 2017
Interim report Q3, 2017	November 30, 2017

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. For a description of the Group's accounting policies, reference is made to the annual report for 2015. Goodwill is tested annually for impairment in accordance with IAS 36.

Significant risks and uncertainty factors

Significant risks and uncertainties are described in the annual report for 2015.

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

Falun, February 24, 2017

The Board of Directors

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FINANCIAL REPORTS

Income statement and other comprehensive income

	2016-10-01	2015-10-01	2016-01-01	2015-01-01
(SEK thousands)	2016-12-31	2015-12-31	2016-12-31	2015-12-31
Net sales	77 931	103 763	358 034	375 461
Other operating income	12 923	1 139	17 508	9 726
Total	90 854	104 902	375 542	385 187
<i>Operating expenses</i>				
Other external costs	-43 096	-49 557	-170 697	-172 643
Employee benefit expenses	-37 023	-46 114	-161 010	-172 219
Amortisation and depreciation of intangible and tangible fixed assets	-5 538	-10 174	-34 133	-46 892
Other operating expenses	-3 106		-3 149	
Operating result	2 091	-943	6 553	-6 567
<i>Profit/loss from financial items</i>				
Profit from participations in group companies	579		3 529	
Other interest income and similar profit items	45		101	26
Interest expense and similar loss items	-6 245	-7 062	-28 351	-28 468
Result after financial items	-3 530	-8 005	-18 168	-35 009
Tax on profit for the period	2 704	1 614	5 638	6 717
Net result for the period	-826	-6 392	-12 530	-28 292

BALANCE SHEET

(SEK thousands)	2016-12-31	2015-12-31
Non-current assets		
<i>Intangible assets</i>	490 233	490 894
<i>Tangible fixed assets</i>	78 780	115 400
<i>Financial assets</i>	60	116
Current assets		
<i>Inventories etc.</i>	-	664
<i>Current receivables</i>	40 590	57 734
Cash and bank balances	22 399	11 941
Total assets	632 062	676 749
Equity	182 850	195 992
Liabilities		
<i>Deferred tax</i>	8 537	14 288
<i>Other provisions</i>	653	-
<i>Long-term interest-bearing debt</i>	370 541	404 002
Bond loans	335 000	335 000
Other non-current liabilities	35 541	69 002
<i>Short-term interest-bearing debt</i>	15 100	11 669
<i>Current liabilities</i>	54 381	50 798
Total equity and liabilities	632 062	676 749

STATEMENT OF CHANGES IN EQUITY

(SEK thousands)	Share capital	Other paid in capital	Retained earnings	Total
Opening balance as of January 1, 2016	500	241 700	-46 208	195 992
Net profit			-12 530	-12 530
Closing balance as of December 31, 2016	500	241 700	-58 738	183 462

CASH-FLOW STATEMENT

	2016-10-01	2015-10-01	2016-01-01	2015-01-01
(SEK thousands)	2016-12-31	2015-12-31	2016-12-31	2015-12-31
Operating profit (EBIT) for the period	2 091	-943	6 553	-6 567
Depreciation/amortization	5 538	10 174	34 133	46 892
Interest paid/received	-6 200	-8 012	-28 250	-28 442
Income tax paid	6 910	-1 959	4 728	-9 417
Cash flow from operating activities before change in operating capital	8 339	-740	17 164	2 466
Change in operating working capital	2 108	11 022	5 033	9 015
Cash flow from operating activities	10 447	10 282	22 197	11 481
Cash flow from investing activities	4 801	-661	6 792	-7 469
Cash flow from financing activities	-11 385	-7 526	-18 531	-18 659
Cash flow for the period	3 863	2 234	10 458	-14 647
Cash and cash equivalents, opening balance	18 536	9 707	11 941	26 588
Cash and cash equivalents, closing balance	22 399	11 941	22 399	11 941

DEFINITIONS

EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortization.
EBIT-margin	EBIT 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.

Translation

Arbetsförmedlingen, AF	The Swedish Public Employment Service
Yrkeshögskola	Vocational university
Arbetsmarknadsutbildning, AUB	Employment training
Kunskapslyftet	Adult education initiative
Komvux	Vocational secondary school education