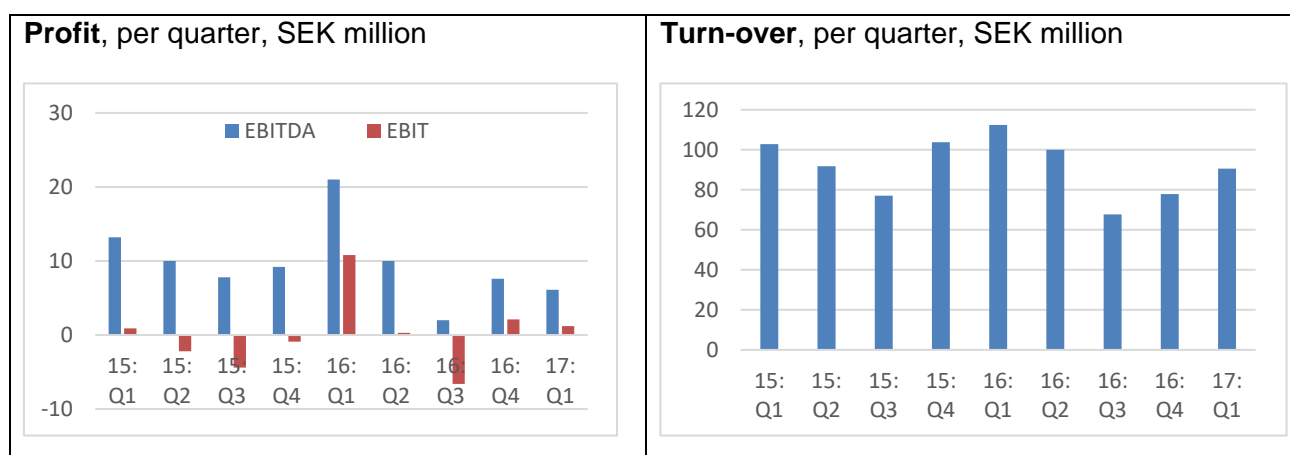


**YrkesAkademin**  
**First quarter 2017**

**FINANCIAL OVERVIEW**

**First quarter, January – March, 2017**

- Net sales decreased 19% from last year’s first quarter to SEK 90,6 million (Q1 2016: 112,4)
- EBITDA amounted to SEK 6,1 million (21), reaching an EBITDA-margin of 6.7% (18.7%)
- EBIT amounted to SEK 1.2 million (10.8), reaching an EBIT-margin of 1.3% (9.6%)
- Cash flow amounted to SEK -17.6 million (8,9).
- Net debt amounted to SEK 383.0 million (380,8)



**CEO COMMENT**

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

- As expected, the subdued results continued as a result of startup-costs in Construction and Vehicle Mechanics, relatively low number of course participants in Industry and continued adaptation costs in Transport.
- In the other challenging areas plans are launched to turn results around, partly by cost adjustments but primarily by efforts to increase the number of participants, especially among newly arrived immigrants.
- To ensure that the substantial start-up of new educations in the coming quarters will be efficient and deliver positive contribution to YrkesAkademin’s results without unnecessary delay, a special organization unit has been established, reporting to me. The unit will have focus solely on efficient start-ups. By reducing the time from contract to full courses and reducing other costs in the start-up phase, the unit has a great potential to contribute substantially to YA’s results going forward.

## MARKET DEVELOPMENT

In a recent report, The National Institute of Economic Research (Konjunkturinstitutet), shows that the deficit of skilled labor is the highest in 10 years. Close to 40 percent of the Swedish companies experience a lack of skilled labor. Within construction and transport, half of the companies' state lack of labor to be the primary reason not to grow.

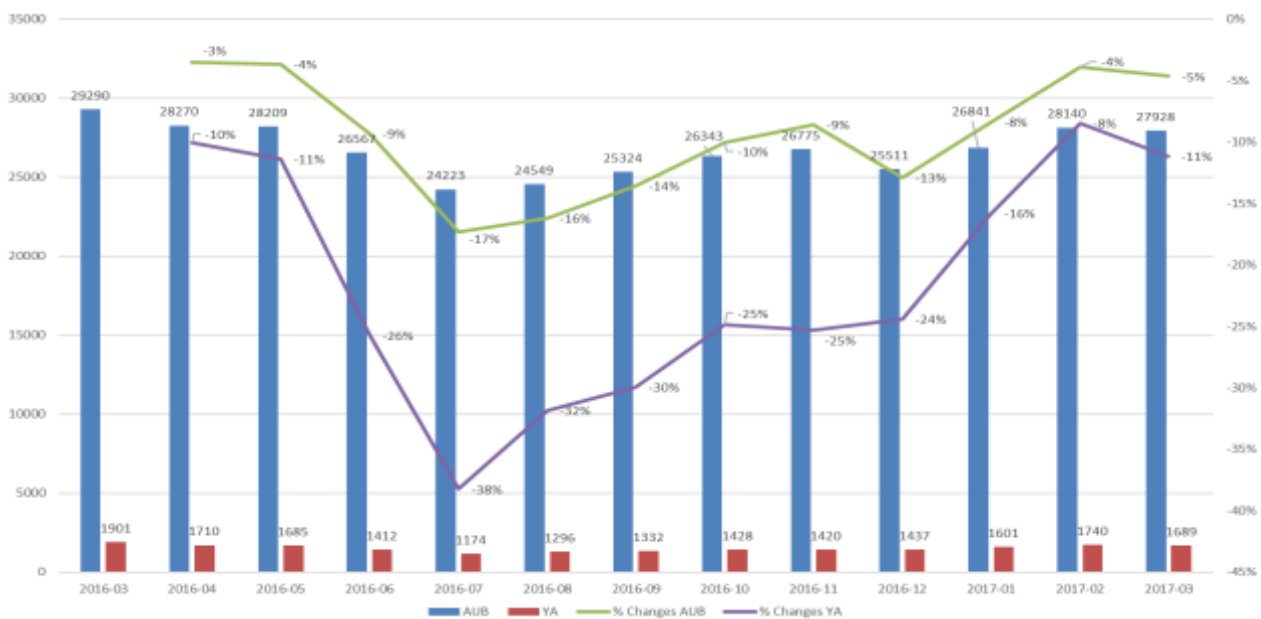
Consequently, the number of vacant positions on the labor market has increased by 7 percent from March 2016 to 137 000 at the end of the quarter. The number of unemployed has stabilized at a level around 370 000 people (7.7%) according to official statistics from the Employment Service (Arbetsförmedlingen, AF).

The division in the labor market continues. Unemployment is 4.1% among people born in Sweden, whereas it is 22.2% among those born in other countries. Youth unemployment continues down, from 12.2% in March 2016 to 10.5% in March 2017.

Despite the lack of skilled labor and high unemployment, not least among newly arrived refugees with work permits, the volumes of people in employment training (arbetsmarknadsutbildning, AUB) continues to decrease compared to earlier years.

### Number of people in employment training

Total AUB, YA courses and change compared to March 2016 to March 2017.



### In the quarter

In the first quarter, YrkesAkademin continued to execute on its profitable growth strategy.

- *Support and Matching.* YrkesAkademin was accredited to conduct labour programmes within the Support and Matching program (Stöd och matchning, STOM), in the regions of Dalarna and Örebro.

- *Taxi education.* YrkesAkademin won contracts for taxi driver education for the Employment Service 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, YH). In total five renewed educations and 10 new courses were approved to start in the second half of 2017.
- *Truck and bus driver education.* The appeal court ruled in favor of YrkesAkademin in the appeal of the tender process for truck and bus drivers.

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

The restructuring of Truck and Bus Driver training to smaller volumes and a more diversified customer base continues to burden the result also in the first quarter. Despite new courses and a growing number of participants in the municipality based vocational training, the business area delivered a negative result.

Start-up costs from low participant rates in Construction and Vehicle Mechanics courses are gradually reduced as the number of pupils increase. However, the challenges will be somewhat prolonged by the three new education sites opening in Q2 and Q3. Despite the positive development in the new areas, the number of participants attending courses within industrial skills – basic competence, welders and CNC operators – continues to be subdued. Together with the Employment Service, YrkesAkademin tries to develop courses within the so called “establishment program” (etableringsuppdraget) specially designed for newly arrived refugees. So far very few newly arrived immigrants have attended the industry courses despite the lack of manufacturing labor.

Within Service and Machine Operator education, the mature courses continue to deliver solid and stable results and good participation rates.

## KEY FINANCIAL INFORMATION

	Quarter		Full Year
	(Jan-Mar)	(Jan-Mar)	(Jan - Dec)
<b>(MSEK)</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Net sales	90,6	112,4	358,0
EBITDA	6,1	21,0	40,7
EBITDA margin, %	6,7%	18,7%	11,4%
EBIT	1,2	10,8	6,6
EBIT margin, %	1,3%	9,6%	1,8%
Net debt	383,0	380,4	363,2

## KEY RATIOS

Leverage (net debt/EBITDA)	13.2x
Interest coverage (EBITDA/Net finance charges)	1.1x

## BUSINESS DEVELOPMENT DURING THE FIRST QUARTER

### Revenues

Revenue amounted to SEK 90.6 million (112.4) for the quarter. The average number of students in AUB was 1,433 (1,817) for the period. The decline versus prior year is due to terminated business within truck and bus driver education.

### Earnings

EBITDA amounted to SEK 6.1 million (21.0) for the quarter.

The result compared to prior year has been effected by terminated business within truck and bus driver education.

### Cash flow and financial position

In the quarter, cash flow from operating activities amounted to SEK -24.0 million (10.5).

Cash flow from investing activities amounted to SEK -4.0 million (1.1) during the quarter.

Cash flow from financing activities amounted to SEK 10.4 million (-2.7) during the quarter.

Total cash flow amounted to SEK-17.6 million (8.9)

## OTHER DISCLOSURES

### Events after the first quarter

Following the first quarter, a few major events have affected YrkesAkademin:

- *Win in the Transport tender.* The new tenders have resulted in YA winning 21 education sites (out of 23) on Bus Driver education and 13 sites in Truck Driver education. The total turnover from the courses are expected to be approximately SEK 200m. YA's ambition is to start a number of education sites already before the summer, but that is dependent on AF's ambition level ability to attract applicants for the education.
- *Restructuring of rest of Transport initialized.* With the establishment of education sites all over Sweden, an adaptation process is initialized to ensure that the existing private and VUX courses will benefit from scale and synergies with Bus, Truck and Taxi Driver education for AF, and contribute positively going forward.
- *Win of Insulation Fitter (isoleringsmontör) for AF.* Yet another new profession is thus added to YA's course portfolio. YA will have the only employment training within this profession, located to Gävle. Start-up will be as soon as possible.
- *The previously appealed contracts in Construction are now signed.* After a long time, the legal processes on the tenders for construction worker courses in Umeå and

Borlänge have ended and YA have signed contracts and will open the sites as soon as possible.

### **Average number of employees in the Group**

For the period the average number of employees (FTE) in the Group was 288 (355).

### **Reporting dates**

Interim report Q2, 2017	August 31, 2017
Interim report Q3, 2017	November 30, 2017
Interim report Q4, 2017	February 28, 2018

### **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 2016. 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 2016.

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

Falun, May 26, 2017

The Board of Directors

### **For further information, please contact**

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## FINANCIAL REPORTS

### Income statement and other comprehensive income

(SEK thousands)	2017-01-01	2016-01-01	2016-01-01
	2017-03-31	2016-03-31	2016-12-31
Net sales	90 581	112 407	358 034
Other operating income	482	930	17 508
<b>Total</b>	<b>91 063</b>	<b>113 337</b>	<b>375 542</b>
<i>Operating expenses</i>			
Other external costs	-45 310	-48 930	-170 697
Employee benefit expenses	-39 529	-43 413	-161 010
Amortisation and depreciation of intangible and tangible fixed assets	-4 945	-10 197	-34 133
Other operating expenses	-117		-3 149
<b>Operating result</b>	<b>1 162</b>	<b>10 797</b>	<b>6 553</b>
<i>Profit/loss from financial items</i>			
Profit from participations in group companies		2 950	3 529
Other interest income and similar profit items	14	23	101
Interest expense and similar loss items	-7 308	-7 057	-28 351
<b>Result after financial items</b>	<b>-6 132</b>	<b>6 713</b>	<b>-18 168</b>
Tax on profit for the period	1 943	-1 544	5 638
<b>Net result for the period</b>	<b>-4 190</b>	<b>5 169</b>	<b>-12 530</b>

## BALANCE SHEET

(SEK thousands)	2017-03-31	2016-03-31	2016-12-31
<b>Non-current assets</b>			
<i>Intangible assets</i>	489 969	490 647	490 233
<i>Tangible fixed assets</i>	78 057	107 011	78 780
<i>Financial assets</i>	63	38	60
<b>Current assets</b>			
<i>Inventories etc.</i>	-	664	-
<i>Current receivables</i>	54 943	61 387	40 590
<b>Cash and bank balances</b>	4 833	20 799	22 399
<b>Total assets</b>	<b>627 865</b>	<b>680 546</b>	<b>632 062</b>
<b>Equity</b>	<b>178 661</b>	<b>201 161</b>	<b>182 850</b>
<b>Liabilities</b>			
<i>Deferred tax</i>	7 722	13 398	8 537
<i>Other provisions</i>	263	344	653
<i>Long-term interest-bearing debt</i>	387 829	401 231	370 541
Bond loans	335 000	335 000	335 000
Other non-current liabilities	52 829	66 231	35 541
<i>Short-term interest-bearing debt</i>	8 648	11 669	15 100
<i>Current liabilities</i>	44 743	52 743	54 381
<b>Total equity and liabilities</b>	<b>627 865</b>	<b>680 202</b>	<b>632 062</b>

## STATEMENT OF CHANGES IN EQUITY

(SEK thousands)	Share capital	Other paid in capital	Retained earnings	Total
<b>Opening balance as of January 1, 2016</b>	<b>500</b>	<b>241 700</b>	<b>-46 208</b>	<b>195 992</b>
Net profit			-4 190	-4 190
<b>Closing balance as of December 31, 2016</b>	<b>500</b>	<b>241 700</b>	<b>-50 398</b>	<b>191 803</b>

## CASH-FLOW STATEMENT

	2017-01-01	2016-01-01	2016-01-01
(SEK thousands)	2017-03-31	2016-03-31	2016-12-31
<b>Operating profit (EBIT) for the period</b>	1 162	10 797	6 553
Depreciation/amortization	4 945	10 196	34 133
Interest paid/received	-7 294	-6 700	-28 250
Income tax paid	-428	-1 397	4 728
<b>Cash flow from operating activities before change in operating capital</b>	-1 615	12 896	17 164
Change in operating working capital	-22 372	-2 388	5 033
<b>Cash flow from operating activities</b>	-23 987	10 508	22 197
<b>Cash flow from investing activities</b>	-3 959	1 083	6 792
<b>Cash flow from financing activities</b>	10 380	-2 733	-18 531
<b>Cash flow for the period</b>	-17 566	8 858	10 458
<b>Cash and cash equivalents, opening balance</b>	22 399	11 941	11 941
<b>Cash and cash equivalents, closing balance</b>	4 833	20 799	22 399



## DEFINITIONS

<b>EBIT</b>	Earnings before interest and tax.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization.
<b>EBIT-margin</b>	EBIT as a percentage of net sales.
<b>EBITDA-margin</b>	EBITDA as a percentage of net sales.
<b>Net debt</b>	Interest-bearing liabilities less cash balances excluding shareholder loans.
<b>Number of annual employees</b>	The total number of hours of attendance divided by the normal working hours.
<b>Lease contracts</b>	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.
<b>Translation</b>	
Arbetsförmedlingen, AF	The Swedish Public Employment Service
Yrkeshögskola	Vocational university
Arbetsmarknadsutbildning, AUB	Employment training
Kunskapslyftet	Adult education initiative
Komvux	Vocational secondary school education