

## YrkesAkademin

### Fourth quarter and full year interim report

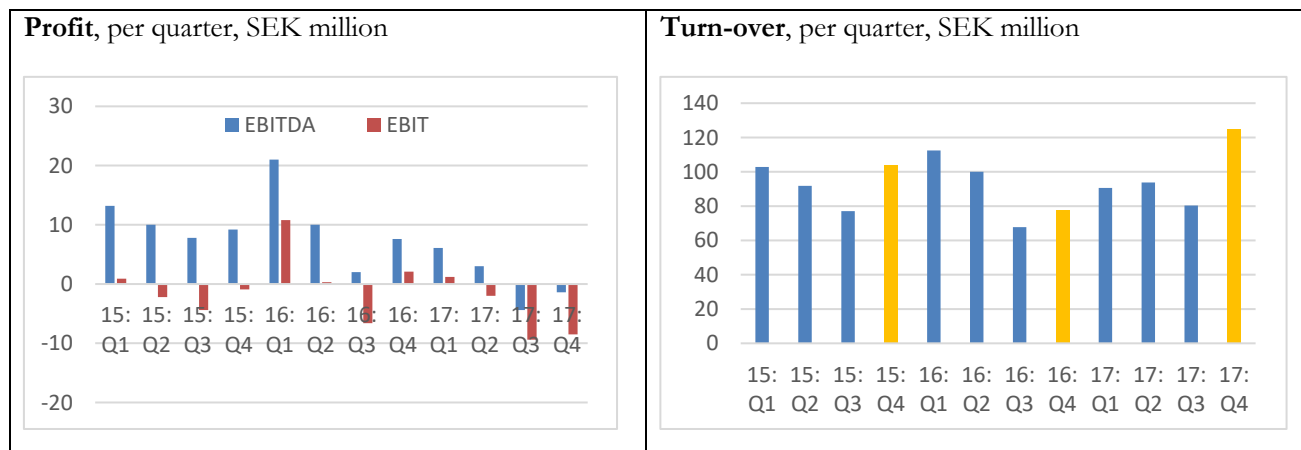
#### FINANCIAL OVERVIEW

##### Fourth quarter, October – December 2017

- Net sales increased 60% from last year's fourth quarter to SEK 124.8 million (Q4 2016: 77.9)
- EBITDA was SEK -1.4 million (7.6), or an EBITDA-margin of -1.1%(9.8%)
- The EBITDA-margin increased from -5.5% in the third quarter to -1.1 (9.8% in Q4 2016).
- EBIT was SEK -8.5 million (2.1), or an EBIT-margin of -6.8% (2.7%)
- Cash flow amounted to SEK 1.0 million (3.9)

##### Full Year January-December 2017

- Net sales increased by 8.8% to SEK 389.4 million (358.0)
- EBITDA was SEK 3.3 million (40.7), or 0.9% (11.4%)
- EBIT was SEK -18.8 million (6.6), or -4.8% (1.8%)
- Cash flow amounted to SEK -16.4 million (10.5)



#### CEO COMMENT

2017 was a dramatic year for YrkesAkademin. The shut-down of transport education, the successful legal process and the rapid expansion of turn-over in the autumn in all customer segments, have been both operationally and financially challenging. But the efforts have laid the foundation of a more diverse, stable and profitable company in the years to come.

The rapid expansion of primarily transport education, but also in other business areas, has successfully been conducted in the fourth quarter. From the start in early autumn, we grew to 900 course participants enrolled before Christmas, leading to an all-time-high of 3.350 course participants across customer segments in total. Average weekly number of participants in Employment Training increased by 50 percent from Q3 to Q4.

As expected, start-up and expansion costs continued to subdue results not only in the fourth quarter but had a substantial impact also on the full year results. However, we see a clear pick-up in the results at the end of the fourth quarter as income from new participants increase and match the cost structure of the new courses.

## MARKET DEVELOPMENT

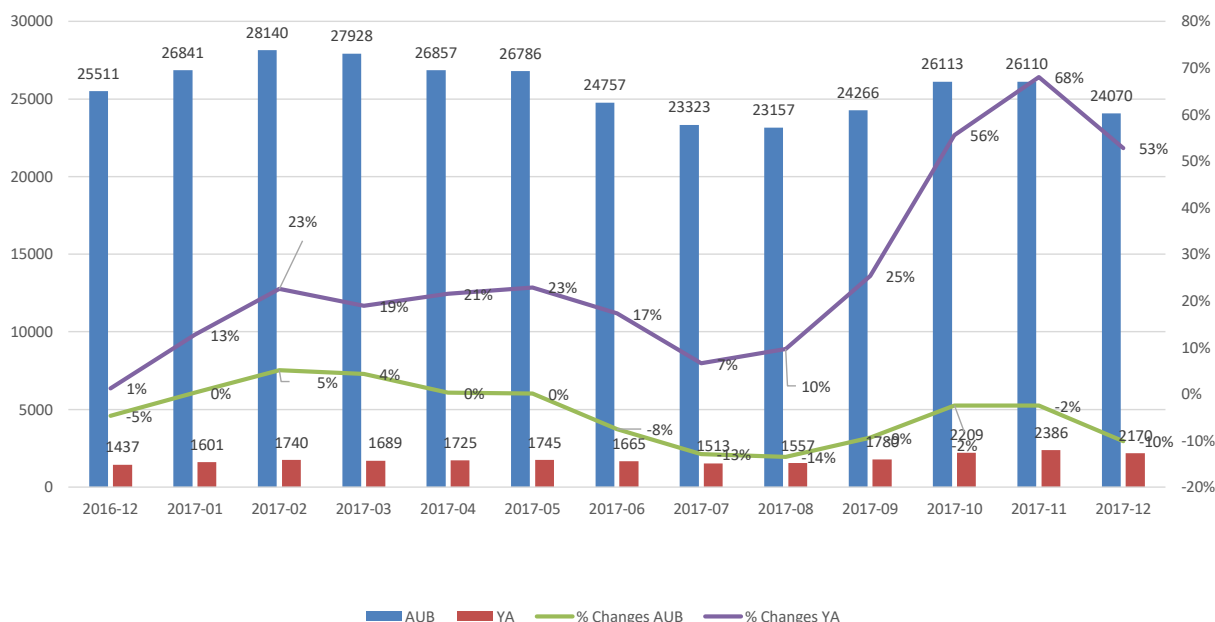
The Government's Adult Education Initiative has started to affect the vocational education market positively in most notably the volumes of Vocational Secondary School (vux). For YrkesAkademin, the number of enrolled pupils has increased by 50% from end of the spring semester to end of the autumn semester.

Despite the increase in transport education, the total number of participants in the Public Employment Service vocational training has decreased by 10% between December 2016 and December 2017. In the same time, YA have increased its number of participants by more than 600, or 53 percent, leading to a rapid increase in market shares.

Average weekly revenue from the Public Employment Service has increased by 48 percent from the third to the fourth quarter 2017.

### Number of people in Employment Training

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



### Tenders

In the fourth quarter, YrkesAkademin has won new contracts in the following public tenders:

- Engineering modules in Stockholm, Göteborg, Malmö, Umeå and distance learning
- Excavator, secondary vocational training in Kalix
- Transport, mechanics and real estate maintenance, secondary vocational training in Växjö
- Transport, mechanics and construction, hotel and tourism, industry, restaurant, real estate maintenance and care, secondary vocational training in Göteborg
- Transition education for TSL, a "Security fund" established to ensure resources for employed in down-sizing companies.
- Validation, real estate maintenance, for the Public Employment Service.

## Establishment

During the quarter, YrkesAkademin has established new educations within the following occupations:

- Construction: secondary vocational education in Borlänge and Örebro.
- Construction: Labour market training in Umeå
- Support and matching (STOM) in Kristianstad, Gävle and Sundsvall
- Professional Swedish in Örebro
- Engineering modules in Stockholm, Göteborg and Malmö

In addition, preparatory actions were taken to enable a swift establishment of professional Swedish in eastern Skåne, Karlskrona, Kalmar, Västernorrland and the city of Örebro.

## Events after the fourth quarter

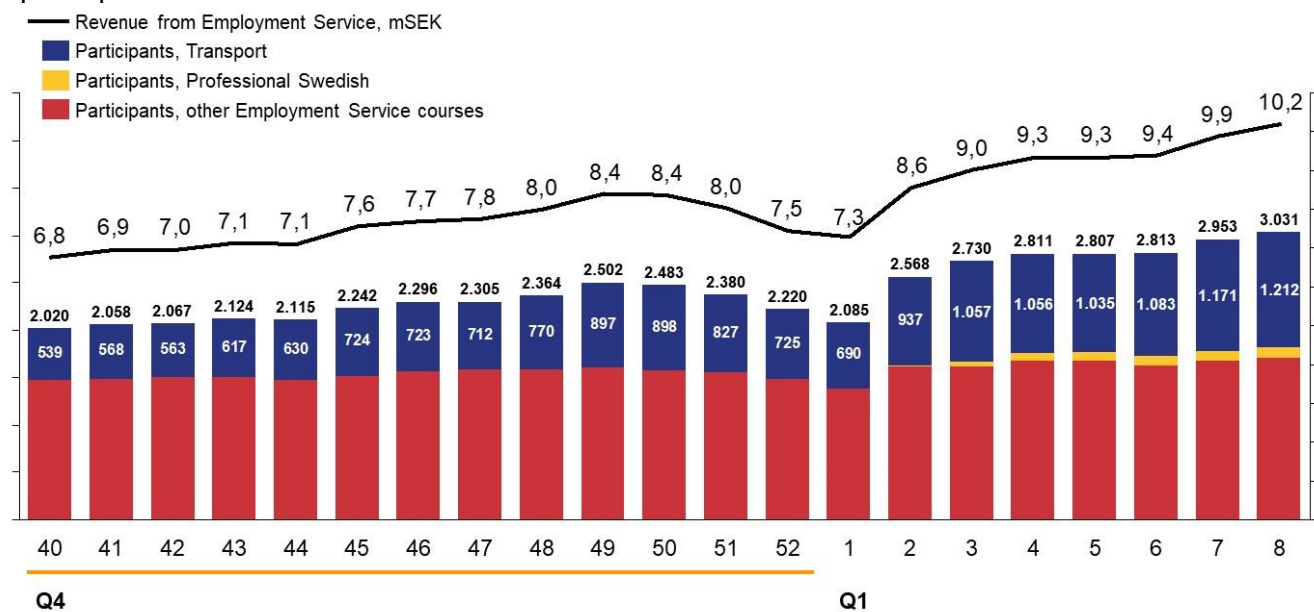
After the fourth quarter YA has won 14 new Vocational University educations from Myndigheten för Yrkehögskola (MYH). Four out of five existing educations were prolonged and in addition ten brand new courses will be established over the course of 2018. In total, the courses will give close to 1000 students, spread over the coming years, an opportunity to grow in competence that is highly demanded in the labour market. In 2019 and 2020 the courses are estimated to contribute with approximately SEK 40 million annually in revenue.

In addition, YrkesAkademin won a tender for Inspection Engineer education in Malmö for the Labour Agency, primarily aiming at providing the national car inspection system with qualified labour. In February, YrkesAkademin won three education areas in the municipalities of Norrköping and Järfälla respectively, with a total potential contract value of SEK 15 million annually.

In the beginning of 2018, the number of participants and revenue have continued to increase. Half way through the first quarter, after the first 8 weeks, average weekly revenue from the Employment Service in the first quarter 2018 was more than 20 percent higher than average in the fourth quarter 2017, and the trend is increasing.

## Employment Training

– participation and income



In addition to reaching over 3000 participants in February in these programs, YA had more than 600 students in Vocational University courses and more than 400 in Vocational secondary school.

## KEY FINANCIAL INFORMATION

(MSEK)	Quarter		Full Year	
	(Oct-Dec)	(Oct-Dec)	(Jan - Dec)	(Jan - Dec)
	2017	2016	2017	2016
Net sales	124,8	77,9	389,4	358,0
EBITDA	-1,4	7,6	3,3	40,7
EBITDA margin, %	-1,1%	9,8%	0,9%	11,4%
EBIT	-8,5	2,1	-18,8	6,6
EBIT margin, %	-6,8%	2,7%	-4,8%	1,8%
Net debt	378,2	363,2	378,2	363,2

## KEY RATIOS

Leverage (net debt/EBITDA)	114.8x
Interest coverage (EBITDA/Net finance charges)	0.1x

## BUSINESS DEVELOPMENT DURING THE FOURTH QUARTER

### Revenues

#### Fourth quarter October-December 2017

Revenue amounted to SEK 124.8 million (77.9) for the quarter. The average number of students in AUB was 2286 (1291) for the period. The increase versus prior year is primarily due to the start-up of transport education.

#### Full Year January - December 2017

Revenue amounted to SEK 389.4 million (358.0) for the period. The average number of students in AUB has been 1767 (1464) for the period. The increase versus prior year is primarily due to the start-up of transport education.

### Earnings

#### Fourth quarter October-December 2017

EBITDA amounted to SEK -1.4 million (7.6) for the quarter.

The result in the period are subdued by the start-up costs required to initiate transport educations.

#### Full Year January - December 2017

EBITDA amounted to SEK 3.3 million (40.7) for the period.

The result in 2017 are subdued by primarily decreased income from the conversion of transport education from labour education to private license education as well as increased cost from starting the business up again during Q3 and Q4.

## **Cash flow and financial position**

Cash flow from operating activities amounted to SEK 21.6 million (10.5) for the quarter.

For the full year 2017 operating cash flow amounted to SEK 0.6 million (22.2).

Cash flow from investing activities amounted to SEK -5.0 million (4.8) during the quarter and SEK -12.7 million (6.8) for the full year 2017.

Cash flow from financing activities amounted to SEK -15.7 million (-11.4) during the quarter and SEK -4.2 million (-18.5) for the full year 2017.

Total cash flow amounted to SEK 1.0 million (3.9) during the quarter and SEK -16.4 million (10.5) for the full year 2017.

## **OTHER DISCLOSURES**

The group has during the quarter entered into several rental agreements for buses and trucks. These agreements have been classified as operational leases according to IAS17, meaning that the lease payments are expensed on a straight-line basis. The group has, without success, tried to obtain enough information to be able to finally assess whether these lease agreements are financial or operating leases. Since not enough information has been obtained, all lease agreement has been classified as operating leases.

New accounting policies (IFRS 16) valid from 2019 will have the effect that substantially all lease contracts will be capitalised. Hence lease payments in the profit or loss will be reduced and replaced by depreciation and interest. EBITDA will therefore increase, and the value of the rental agreement will be recorded as both an asset and liability in the balance sheet. The group will calculate the full effect of transitioning into IFRS 16 in the financial statements for 2018.

If this accounting treatment had been applicable already in the fourth quarter 2017, EBITDA would have been positively affected with SEK 3 million and the balance sheet impacted with SEK 88 million.

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

For the period, the average number of employees (FTE) in the Group was 410 (260).

### **Reporting dates 2018**

Annual report 2017	April 28, 2018
Interim report Q1	May 26, 2018
Interim report Q2	August 31, 2018
Interim report Q3	November 30, 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, February 28, 2018

The Board of Directors

**For further information, please contact**

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## FINANCIAL REPORTS

### Income statement and other comprehensive income

	2017-10-01	2016-10-01	2017-01-01	2016-01-01
(SEK thousands)	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Net sales	124 804	77 931	389 437	358 034
Other operating income	564	12 923	1 835	17 508
<b>Total</b>	<b>125 368</b>	<b>90 854</b>	<b>391 272</b>	<b>375 542</b>
<i>Operating expenses</i>				
Other external costs	-69 694	-43 096	-206 705	-170 697
Employee benefit expenses	-56 401	-37 023	-179 413	-161 010
Amortisation and depreciation of intangible and tangible fixed assets	-7 157	-5 538	-22 108	-34 133
Other operating expenses	-656	-3 106	-1 810	-3 149
<b>Operating result</b>	<b>-8 540</b>	<b>2 091</b>	<b>-18 764</b>	<b>6 553</b>
<i>Profit/loss from financial items</i>				
Profit from participations in group companies	-	579	-	3 529
Other interest income and similar profit items	7	45	55	101
Interest expense and similar loss items	-7 052	-6 245	-28 747	-28 351
<b>Result after financial items</b>	<b>-15 585</b>	<b>-3 530</b>	<b>-47 456</b>	<b>-18 168</b>
Tax on profit for the period	2 107	2 704	10 819	5 638
<b>Net result for the period</b>	<b>-13 478</b>	<b>-826</b>	<b>-36 637</b>	<b>-12 530</b>

## BALANCE SHEET

(SEK thousands)	2017-12-31	2016-12-31
<b>Non-current assets</b>		
<i>Intangible assets</i>	489 178	490 233
<i>Tangible fixed assets</i>	71 129	78 780
<i>Financial assets</i>	2 485	60
<b>Current assets</b>		
<i>Current receivables</i>	67 202	40 590
<b>Cash and bank balances</b>	5 995	22 399
<b>Total assets</b>	<b>635 989</b>	<b>632 062</b>
<b>Equity</b>	<b>146 209</b>	<b>182 850</b>
<b>Liabilities</b>		
<i>Deferred tax</i>	-	8 537
<i>Other provisions</i>	-	653
<i>Long-term interest-bearing debt</i>	370 212	370 541
Bond loans	335 000	335 000
Other non-current liabilities	35 212	35 541
<i>Short-term interest-bearing debt</i>	13 948	15 100
<i>Current liabilities</i>	105 620	54 381
<b>Total equity and liabilities</b>	<b>635 989</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, 2017</b>	<b>500</b>	<b>241 700</b>	-	<b>59 350</b>	<b>182 850</b>	
Net profit			-	36 637	-	<b>36 637</b>
Exchange rate difference of foreign subsidiaries			-	4	-	<b>4</b>
<b>Closing balance as of December 31, 2017</b>	<b>500</b>	<b>241 700</b>	-	<b>95 991</b>	<b>146 209</b>	



## CASH-FLOW STATEMENT

	2017-10-01	2016-10-01	2017-01-01	2016-01-01
(SEK thousands)	2017-12-31	2016-12-31	2017-12-31	2016-12-31
<b>Operating profit (EBIT) for the period</b>	-8 540	2 091	-18 764	6 553
Depreciation/amortization	7 157	5 538	22 108	34 133
Interest paid/received	-7 045	-6 200	-28 692	-28 250
Income tax paid	2 107	6 910	39	4 728
<b>Cash flow from operating activities before change in operating capital</b>	-6 321	8 339	-25 309	17 164
Change in operating working capital	27 928	2 108	25 877	5 033
<b>Cash flow from operating activities</b>	21 607	10 447	568	22 197
<b>Cash flow from investing activities</b>	-4 962	4 801	-12 747	6 792
<b>Cash flow from financing activities</b>	-15 659	-11 385	-4 225	-18 531
<b>Cash flow for the period</b>	986	3 863	-16 404	10 458
<b>Cash and cash equivalents, opening balance</b>	5 009	18 536	22 399	11 941
<b>Cash and cash equivalents, closing balance</b>	5 995	22 399	5 995	22 399

## 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	Average number of employees for the period
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
Yrkesvux	Vocational Secondary School Education
Yrkesvenska	Professional Swedish Education