

YrkesAkademin Fourth quarter and full year report 2015

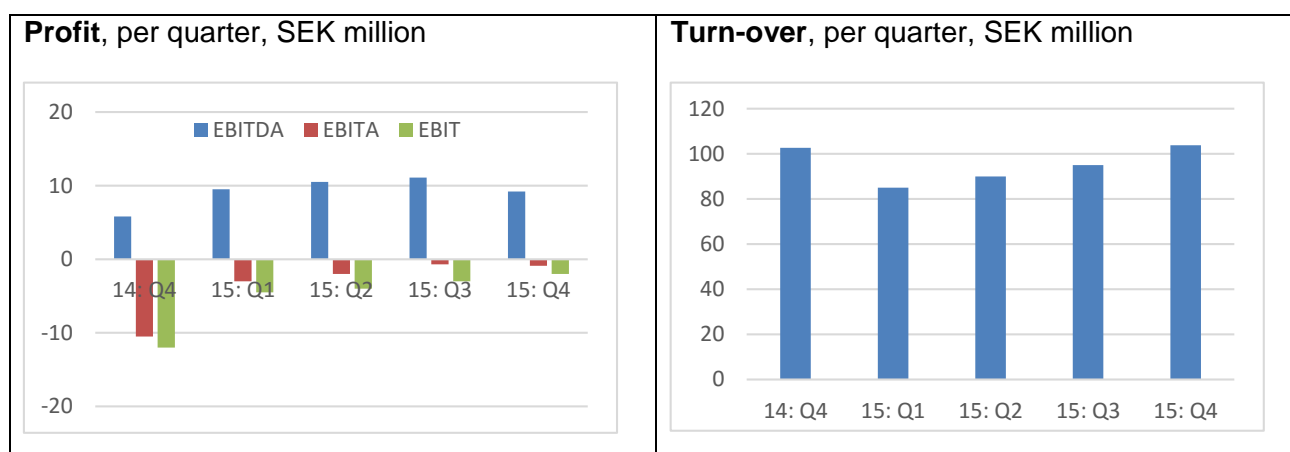
FINANCIAL OVERVIEW¹

Fourth quarter, October-December, 2015

- Net sales amounted to SEK 103.8 million (Q4 2014: 102.7), an increase of 1.1%
- EBITDA amounted to SEK 9.2 million (5.8), reaching an EBITDA-margin of 8.9% (5.6%)
- EBITA amounted to SEK -0.9 million (-10.5), reaching an EBITA-margin of -0.9% (-10.2%)
- Operating cash flow amounted to SEK 10.3 million (3.5).
- Net debt amounted to SEK 392.1 million (377.0)

Full year 2015, January-December

- Net sales amounted to SEK 375.5 million (FY 2014: 382.7), a decrease of 1.9%
- EBITDA amounted to SEK 40.3 million (48.3), reaching an EBITDA-margin of 10.7% (12.6%)
- EBITA amounted to SEK -6.6 million (1.3), reaching an EBITA-margin of -1.8% (0.3%)
- Operating cash flow amounted to SEK 11.5 million (35.6).



CEO COMMENT

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

- The efforts in the third quarter to increase the number of participants and adapt running costs to the lower than expected growth rate has contributed to somewhat higher sales, EBITDA and operating cash flow in the quarter than in 2014.
- Despite a disappointing development in the number of participants in employment programmes, YrkesAkademin increased its number of participants in training financed by Arbetsförmedlingen, AF (The Swedish Public Employment Service). Consequently our market shares increased in the quarter and over the full year 2015.

¹ 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, 2014.

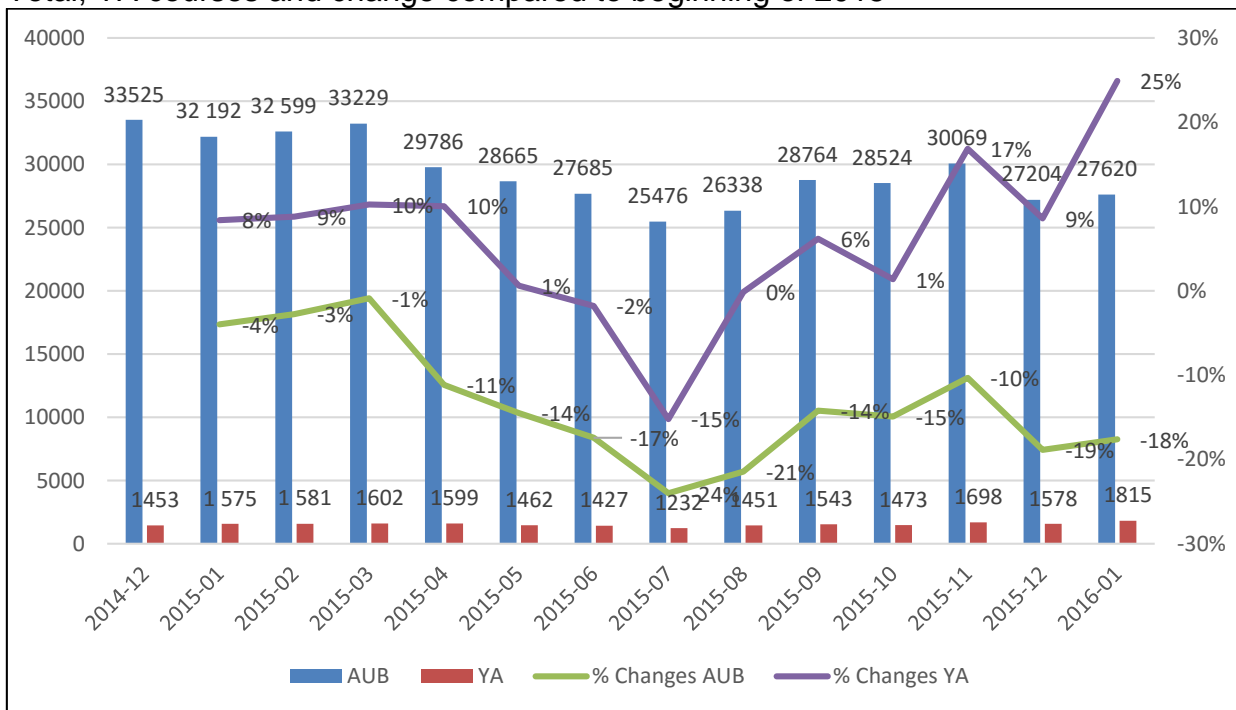
MARKET DEVELOPMENT

The official unemployment numbers, reported by the Employment Service (Arbetsförmedlingen, AF), are largely unchanged over the quarter. In December, 381,000 people, equivalent to 8.0% of the labour force, were unemployed.

The number of people in employment training (arbetsmarknadsutbildning, AUB) was down by 19% in December 2015 compared to December 2014. Within the fourth quarter the volume has fluctuated between -10% and -19%. However, the number of participants in YrkesAkadamin (YA) courses increased by 9% December to December, leading to an increase in market shares for YA.

Number of people in employment training

Total, YA courses and change compared to beginning of 2015



In November it was first announced that the warehouse and terminal worker training programmes would not continue in their present form after the termination of the contract end of March. That will result in an income loss of approximately SEK 15-20 million for YA. The effect will be counteracted by an expected increase in revenue from the industry programmes that were established in the quarter.

During the quarter, YA agreed with the national postal service PostNord to educate more than 2,000 truck drivers in the skills required to get the YKB-certificate that from September 2016 will be mandatory for any professional truck driver. Smaller agreements have been reached with e. g. UPS, Skellefteå buss and Kyl- och Frysexpressen on YKB education.

During the quarter a large inflow of refugees came to Sweden before the Government imposed stricter border controls and harsher migration rules. Approximately 200,000 refugees are today waiting for decisions on residence and work permits. At least half that number is expected to get a permission to stay in Sweden, which will affect the demand on vocational training. However, with today's rules it is not allowed to get vocational training without a residence permit, and the expected waiting time for permits are now well beyond a year, potentially increasing to more than two years on average.

The Government is exploring various methods to increase the integration speed of refugees to the society and labour market. Further on, the Government has in the quarter revealed more information on the Adult Education Initiative (Kunskapslyftet), which will increase the funding for Vocational University (Yrkeshögskola) and vocational secondary school education (Komvux).

KEY FINANCIAL INFORMATION

(MSEK)	Quarter		Full Year	
	(Oct-Dec)	(Oct-Dec)	(Jan - Dec)	(Jan - Dec)
	2015	2014 *	2015	2014 *
Net sales	103,8	102,7	375,5	382,7
EBITDA	9,2	5,8	40,3	48,3
EBITDA margin, %	8,9%	5,6%	10,7%	12,6%
EBITA	-0,9	-10,5	-6,6	1,3
EBITA margin, %	-0,9%	-10,3%	-1,7%	0,3%
Net debt	392,1	377,0	392,1	377,0

* 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.

KEY RATIOS

Leverage (net debt/EBITDA)	9.1x
Interest coverage (EBITDA/Net finance charges)	1.6x

BUSINESS DEVELOPMENT DURING THE FOURTH QUARTER

Revenues

Fourth quarter October - December 2015

Revenues amounted to SEK 103.8 million (102.7) for the quarter. The average number of students in AUB has been 1,545 (1,478) for the period. Sales has increased in all business areas during the period due to higher activity within AUB.

Twelve months period January - December 2015

Revenue amounted to SEK 375.5 million (382.7) for the period. The average number of students in AUB has been 1,450 (1,410). Lower revenue in Business area Transport and Construction is compensated by higher sales in business area Service due to increasing volume in new real estate based courses.

Earnings

Fourth quarter October - December 2015

EBITDA amounted to SEK 9.2 million (5.8) for the quarter. Increased revenues have generate a better result during the quarter. Ongoing cost saving program have impacted on the profit by SEK 2.1 million in non-recurring cost.

Twelve months period January - December 2015

EBITDA amounted to SEK 40.3 million (48.3) for the period. The lower profit compared to prior year is explained by the change in sales mix and the increased cost driven by the ramp-up of new sites for real estate courses. The low activity in the beginning of the year for AF vocational training had negative impact on the full year result. EBITDA was affected by SEK 3.7 million non-recurring cost.

Cash flow and financial position

In the quarter, cash flow from operating activities amounted to SEK 10.3 million (3.5). The increase compared to prior year is explained by a positive working capital movement. For the twelve-months-period operating cash flow amounted to SEK 11.5 million (35.6).

Cash flow from investing activities amounted to SEK -0.7 million (6.4) during the quarter and SEK -18.7 million (-519.4) for the full year.

Cash flow from financing activities amounted to SEK -7.5 million (-6.1) during the quarter and SEK -18.7 million (519.4) for the full year.

Prior year was affected by the acquisition and forming of the Group.

OTHER DISCLOSURES

Events after the third quarter

In early 2016 YrkesAkademin signed a first e-learning based industrial labour skills certificate training with Volvo. In addition we develop our cooperation other leading industrial companies such as SKF Mekan and Atlas Copco to build a stronger presence in the industrial skills development market.

YrkesAkademin further won a competitive tender process in Wasa, Finland, on traffic education in the regional employment training schemes.

YrkesAkademin was further permitted to conduct vocational university education in seven new courses, leading to the following planned start-ups in the autumn of 2016:

- 3 Real estate technician
- 1 Sterile technician
- 1 Specialist nurse
- 1 Study tutor, multi language
- 2 Real estate engineer
- 1 Traffic school teacher
- 1 CNC technician
- 1 .net software developer
- 1 Green surface manager
- 1 Dental nurse

Average number of employees in the Group

For the period the average number of employees (FTE) in the Group was 343 (336). The increase is related to the start-up of new locations for real estate courses.

Reporting dates

Annual report 2015	April 29, 2016
Interim report Q1, 2016	May 27, 2016
Interim report Q2, 2016	August 26, 2016
Interim report Q3, 2016	November 25, 2016
Interim report Q4, 2016	February 28, 2017

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Goodwill is tested annually for impairment in accordance with IAS 36.

Pro forma accounting

The Group was formed on June 23, 2014. Pro forma figures for comparative periods are based on reported numbers for the acquired YA Group prepared in accordance with K3.

Hagströmska Gymnasiet is excluded from the reported numbers. An adjustment has been made to adopt the reported numbers for comparative periods to IFRS, amortization of goodwill has been reversed.

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

Falun, February 26, 2016

The Board of Directors

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FINANCIAL REPORTS

Income statement and other comprehensive income

	*			
	2015-10-01	2014-10-01	2015-01-01	2014-01-31
(SEK thousands)	2015-12-31	2014-12-31	2015-12-31	2014-12-31
Net sales	103 763	102 687	375 461	382 689
Other operating income	1 139	1 372	9 726	5 228
Total	104 902	104 059	385 187	387 917
<i>Operating expenses</i>				
Other external costs	-49 557	-52 148	-172 643	-169 132
Employee benefit expenses	-46 114	-45 755	-172 219	-170 170
Amortisation and depreciation of intangible and tangible fixed assets	-10 174	-16 336	-46 892	-46 955
Other operating expenses		-356		-356
Operating profit/ loss	-943	-10 536	-6 567	1 304
<i>Profit/loss from financial items</i>				
Profit from participations in group companies		-100		-100
Other interest income and similar profit items		18	26	42
Interest expense and similar loss items	-7 062	-7 892	-28 468	-21 555
Profit after financial items	-8 005	-18 510	-35 009	-20 309
Tax on profit for the period	1 614	-1 908	6 717	-51
Net profit for the period	-6 392	-20 418	-28 292	-20 360

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

BALANCE SHEET

(SEK thousands)	2015-12-31	2014-12-31
Non-current assets		
<i>Intangible assets</i>	490 894	491 739
<i>Tangible fixed assets</i>	115 400	153 755
<i>Financial assets</i>	116	37
Current assets		
<i>Inventories etc.</i>	664	1 099
<i>Current receivables</i>	57 734	56 358
Cash and bank balances	11 941	26 588
Total assets	676 749	729 576
Equity	195 992	224 284
Liabilities		
<i>Deferred tax</i>	14 288	21 472
<i>Long-term interest-bearing debt</i>	388 902	403 558
Bond loans	335 000	335 000
Other non-current liabilities	53 902	68 558
<i>Short-term interest-bearing debt</i>	15 100	11 669
<i>Current liabilities</i>	62 467	68 593
Total equity and liabilities	676 749	729 576

STATEMENT OF CHANGES IN EQUITY

(SEK thousands)	Share capital	Other paid in capital	Retained earnings	Total
Opening balance as of January 1, 2015	500	241 700	-17 916	224 284
Net profit			-28 292	-28 292
Closing balance as of December 31, 2015	500	241 700	-46 208	195 992

CASH-FLOW STATEMENT

*

	2015-10-01	2014-10-30	2015-01-01	2014-01-31
(SEK thousands)	2015-12-31	2014-12-31	2015-12-31	2014-12-31
Operating profit (EBIT) for the period	-943	-10 388	-6 567	1 304
Depreciation/amortization	10 174	16 188	46 892	46 955
Interest paid/received	-8 012	-7 038	-28 442	-20 677
Income tax paid	-1 959	448	-9 417	-1 062
Cash flow from operating activities before change in operating capital	-740	-790	2 466	26 520
Change in operating working capital	11 022	4 284	9 015	9 097
Cash flow from operating activities	10 282	3 494	11 481	35 617
Cash flow from investing activities	-661	6 435	-7 469	-535 454
Cash flow from financing activities	-7 526	-6 149	-18 659	519 393
Cash flow for the period	2 234	3 780	-14 647	19 556
Cash and cash equivalents, opening balance	9 707	22 808	26 588	7 032
Cash and cash equivalents, closing balance	11 941	26 588	11 941	26 588

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

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.

Translation

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