YA Holding AB (publ)

Investor presentation Q1 2016

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Participants

CEO
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CFO
Mikael Vesterlund
Unemployment slowly down to 360,000 or 7.5% in April

Continued need for matching and training:
- # of vacant positions up 32,000 to 128,000
- Long term unemployed (>12 months) up 6,000 to 145,000
- Youth unemployment (18-24) down 15% in one year to 61,000
- # of unemployed born out of Europe up 16,000 to 146,000
- # of unemployed born in Sweden down 19,000.

Source: The Swedish Public Employment Service, Arbetsförmedlingen
Inflow of new asylum seekers stay low, but rapidly increasing handling time at Migration Board

Delayed effect on market:
- Average handling time in April was 331 days, increasing 74 days since January 2016
- Proportion granted 43% in April, avg 39% first 4 months
- >160,000 asylum seekers still waiting for permit decision
- If average # of decisions ~5-6,000 / months => todays que could take 2-3 years

Source: The Swedish Migration Board, Migrationsverket
Employment education (AUB) volumes are historically low, but YA maintains growing volumes and market shares.

**Volume growth**
- AUB market remains stable at low levels
- YA’s market share increased from 4.8 to 6.5% in one year
- Close down of warehouse and terminal worker programs and decrease in professional driver courses will affect numbers in coming quarters

Source: The Swedish Public Employment Service, Arbetsförmedlingen
Profit & loss Q1 2016

- Revenues were SEK 112.4 million (102.8) in the quarter.
- Sales have increased in all business areas during the period due to higher activity within AUB.
- The average number of students in AUB has been 1817 (1601) in the quarter.
- EBITDA amounted to SEK 21.0 million (13.2).
- Increased revenue has generated a better result during the quarter.
## Normalized EBITDA

<table>
<thead>
<tr>
<th>EBITDA (SEK million)</th>
<th>Q1 2015</th>
<th>Q2 2015</th>
<th>Q3 2015</th>
<th>Q4 2015</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported EBITDA</td>
<td>13.2</td>
<td>10.0</td>
<td>7.8</td>
<td>9.2</td>
<td>21.0</td>
</tr>
<tr>
<td>Non recurring cost</td>
<td>+1.6</td>
<td></td>
<td>+2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normalized EBITDA</td>
<td>14.8</td>
<td>10.0</td>
<td>7.8</td>
<td>11.3</td>
<td>21.0</td>
</tr>
</tbody>
</table>
Cash balance amounted to SEK 20.8 million (9.6) at the end of the quarter, bank overdraft facility (SEK 30 million) not used.

Cash flow amounted to SEK 8.9 million (-17.0).

Cash flow from operating activities amounted to SEK 10.5 million (-4.7).

Change in Working capital was SEK -2.4 million (-6.8).

Net debt amounted to SEK 380.8 million (402.4).
## Cash flow Q1 2016

<table>
<thead>
<tr>
<th>(SEK millions)</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>21,0</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-2,4</td>
</tr>
<tr>
<td>Cash flow before interest and taxes</td>
<td>18,6</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-6,7</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>-1,4</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>10,5</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>1,1</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-2,7</td>
</tr>
<tr>
<td>Cash flow for the period</td>
<td>8,9</td>
</tr>
</tbody>
</table>
Covenants

Leverage (Net debt/EBITDA) 7.5x
Interest coverage (EBITDA/Net finance charges) 1.9x
Lost tender in truck and bus driver programs

**Our offer**
- Estimated cost increase: +15%
- Price reduction range: 0 - -15%
- Estimated efficiency gain demand: 15-30%

**Main competitor’s offer**
- Average price reduction range: ~ -20%
- Efficiency gain demand: 30-45%

**Target:**
To gain 3-6 new education sites with reasonable margins

**Problem:**
Difficult to see how we could have maintained education quality at that price level.
Tender appealed due to inconsistent and unclear quality evaluation

**Structure of the tender**

Best ”economic value”

- **Price offer**
- **Price deductions** due to:
  - Environment class
  - Quality grade 1-10
- No reference cases or corporate approvals demanded

**Reasons to appeal**

1. **Inconsistent criteria:**
   - *In RfP* ” how education will enable fast and efficient ways to make unemployed employable”
   - *In desicion*: ”how education will support participants with special needs”

2. **Unclear grading**
   - Lack of clarity on what determines grade of quality

3. **Lack of process**
   - No protocol or list of participants in the evaluation process

Positive outcome would mean new procurement process
Actions have been taken last month to counteract potential income losses

Cost reductions:

- **Staff:** 75% of staff has shorter notice period than 4 months
- **Vehicles:** As course participants become fewer, vehicles will be divested according to plan
- **Premises:** Rental contracts ended apart from three premises with longer contracts than one year

Actions to grow income:

- **Income at risk mSEK**
  - New markets; 130
  - New programs; 20
  - Excess potential

- **New offers in May mSEK**
  - Programs and markets; 20
  - New markets; 130

Income breakdown:

- **Truck; 80**
- **Bus; 45**
Even if truck and bus driver programs are excluded from the Q1-numbers, EBITDA is better than average quarter in 2015

### Profit margins w/ and w/o transport (truck and bus driver programs), SEK m

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016 excl tp</th>
<th>2015 avg Q incl tp</th>
<th>Q1 2015 incl tp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct cost</td>
<td>13%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Indirect cost</td>
<td>10</td>
<td>25</td>
<td>13</td>
</tr>
<tr>
<td>EBITDA</td>
<td>10</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>EBITDA-margin</td>
<td></td>
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#### Consequences if decision on tender is maintained:

- Excluding bus and truck driver programs, EBITDA was SEK 10m in Q1, in line with the total EBITDA in an average quarter 2015.
- Compared to total Q1 2015, 2016 EBITDA excluding transport is ~23% lower.
- In addition, debt will be reduced by approximately SEK 15m due to reduction of leased vehicles.
- Adaption costs to new situation in BA Transport are primarily due to lags in adjustment of staff and venues. They are expected to be more than counteracted by sale of vehicles.
Thank You!