

## YrkesAkademin Third quarter 2016

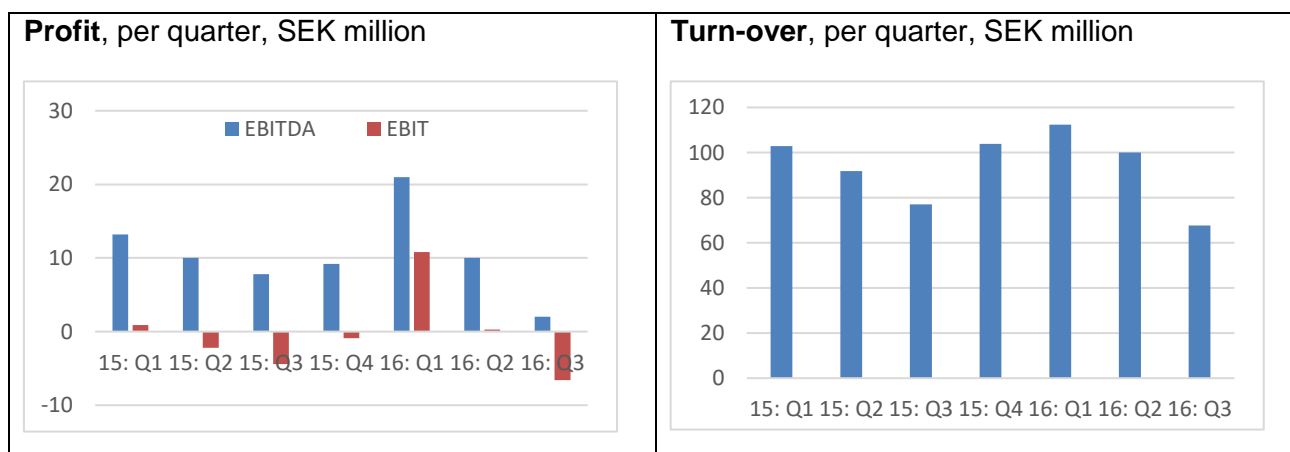
### FINANCIAL OVERVIEW

#### Third quarter, July-September, 2016

- Net sales amounted to SEK 67.7 million (77.1), a decrease of 13.0%
- EBITDA was SEK 2.0 million (7.8), or 3.0% (10.2%).
- EBIT was SEK -6.6 million (-4.4), or -9.7% (-5.7%)
- Operating cash flow amounted to SEK -9.9 million (-0.4).
- Net debt amounted to SEK 378.2 million (403.2)

#### Nine months period January-September 2016

- Net sales amounted to SEK 280.1 million (271.7), an increase of 3.1%
- EBITDA was SEK 33.1 million (31.1), or 11.8% (11.4%).
- EBIT was SEK 4.5 million (-5.6), or 1.6% (-2.1%)
- Operating cash flow amounted to SEK 11.8 million (1.2).



### CEO COMMENT

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

- As expected, the third quarter results were lower than previous quarters. July and August are normally weak months and in September, we finalized the last bus and truck driver courses with few participants and thus low levels of income despite remaining costs.
- Despite the poor quarter, aggregate results so far this year exceed last year both regarding turn-over and profits, with EBIT exceeding last year by SEK 10m.
- Even though new contracts amounting to a turn-over value of some SEK 75m were won in Q2 and Q3, none of those courses started in the third quarter and thus did not generate any additional income or profit. Additional tender bids have been made, in e. g. professional Swedish and Support and Matching activities, but are not yet evaluated or decided on by the The Swedish Public Employment Service, Arbetsförmedlingen (AF).

## MARKET DEVELOPMENT

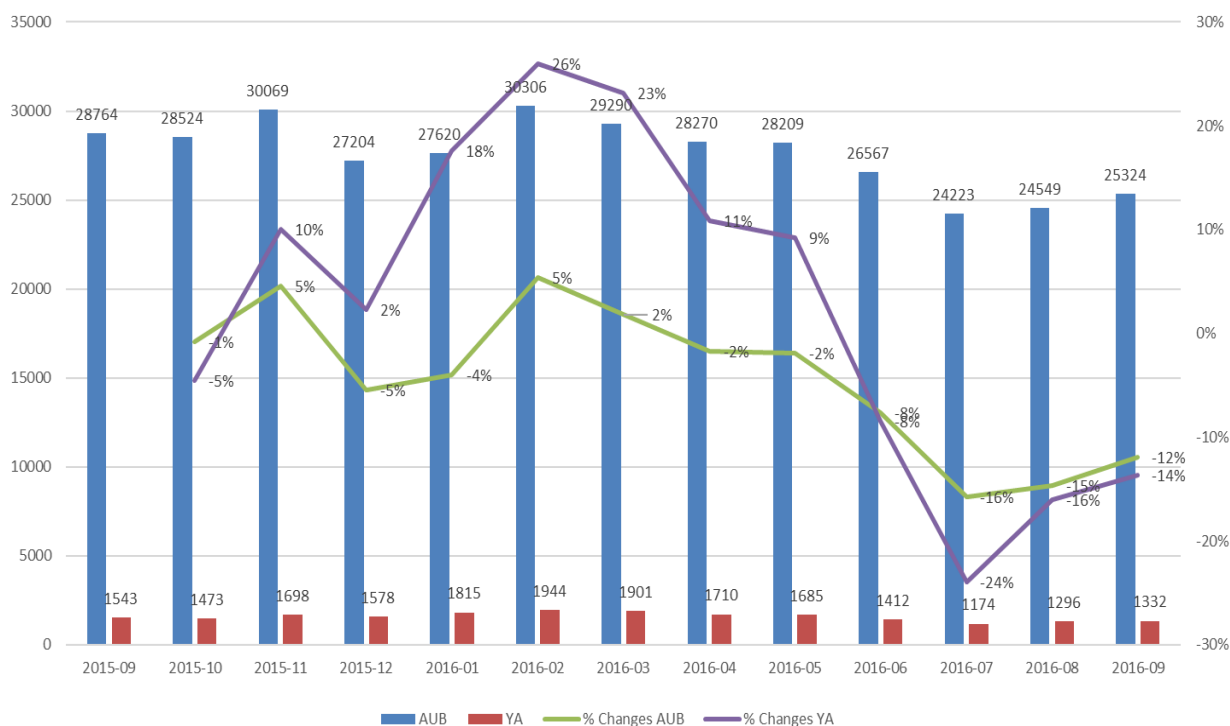
The Swedish labor market continues to improve. In the third quarter 4 974 000 people were employed, which is 49 000 more than the same quarter 2015. The entire increase (53 000) was among people born abroad. At the same time, the number of unemployed born abroad increased by 14 000 to 159 000, reflecting the increasing number of issued residence permits following last autumn's large refugee inflow to Sweden. Among residents born in Sweden, unemployment continues down by 24 000 to 175 000. Unemployment rate was 6.3% in the quarter.

In September 104.000 new vacant positions were reported to Arbetsförmedlingen (AF, National Employment Authority) (+15%), but the number of unemployed who got a job in September fell five percent to 40.000, indicating an increasing mismatch between skills among unemployed and skills required by employers. Youth unemployment is the lowest since 2008, 11.7%.

The inflow from the migration system to the unemployment system continues. In the third quarter, approximately 17.500 residence permits were granted. Still, there are close to 140.000 people in the immigration system. So far in 2016, the average number of granted permits has been above 50%, suggesting 70.000-100.000 of granted permits in the upcoming year. In September, the average handling time in the permission process was close to a year and increasing.

### Number of people in employment training

Total and YA arranged courses, number of people and 12 months change



In the quarter, the last participants in bus and truck driver training ended their training. Earlier in the spring, the warehouse courses were shut down after a closure by AF. More than half of the participant drop in those courses was counteracted by an increase of participants in other courses, especially machine operator training, real estate maintenance and welding. In the quarter, the previously won tenders in vehicle mechanics and construction had not been started.

Altogether, the number of participants in YA training for AF has decreased by 210 from September 2015, which is equivalent to 14 percent. Still, the market shares were almost maintained since the total number of participants in decreased by 12%.

The tender process on bus and truck driver education is now in the second instance court (Kammarrätten) after the contradicting ruling by two different units of the first instance court (Förvaltningsrätten) who ruled in YA's favor in the bus driver tender and in AF's favor in the truck driver tender, even though the tenders were close to identical.

During the third quarter, YA has submitted bids in a number of labor courses and municipality vocational training, in for example national professional Swedish and Individual Support (IPSU). The decisions in these tenders have not yet been made by AF. The total turnover value of the tenders is estimated to be close to a billion SEK, but there will be a large number of bidders why it is very difficult to forecast the outcome.

## KEY FINANCIAL INFORMATION

(MSEK)	Quarter		Full Year	
	(Jul-Sep) <b>2016</b>	(Jul-Sep) <b>2015</b>	(Jan - Sep) <b>2016</b>	(Jan - Sep) <b>2015</b>
Net sales	67,7	77,1	280,1	271,7
EBITDA	2,0	7,8	33,1	31,1
EBITDA margin, %	3,0%	10,2%	11,8%	11,4%
EBIT	-6,6	-4,4	4,5	-5,6
EBIT margin, %	-9,7%	-5,7%	1,6%	-2,1%
Net debt	378,2	403,2	378,2	403,2

## KEY RATIOS

Leverage (net debt/EBITDA)	8.0x
Interest coverage (EBITDA/Net finance charges)	1.8x

## **BUSINESS DEVELOPMENT DURING THE THIRD QUARTER**

### **Revenues**

#### **Third quarter, July-September, 2016**

Revenue amounted to SEK 67.7 million (77.1) for the quarter. The average number of students in AUB has been 1125 (1171) for the period. A decline in truck and bus education compared to prior year due to terminated business.

#### **Nine months period January-September 2016**

Revenue amounted to SEK 280.1 million (271.7) for the period. The average number of students in AUB has been 1522 (1421) for the period. The increased volume comes from higher number of students in education for machine operators and facility services.

### **Earnings**

#### **Third quarter, July-September, 2016**

EBITDA amounted to SEK 2.0 million (7.8) for the quarter. Decreased revenues due to terminated business has generated a lower result during the quarter.

#### **Nine months period January-September 2016**

EBITDA amounted to SEK 33.1 million (31.1) for the period. Increased revenues have generated a better result for the period. EBITDA is affected by SEK 3 million in non-recurring cost.

### **Cash flow and financial position**

Cash flow from operating activities amounted to SEK -9.8 million (-0.4) during the quarter. For the nine months-period operating cash flow amounted to SEK 11.8 million (1.2).

Cash flow from investing activities amounted to SEK 1.3 million (-4.8) during the quarter and SEK 2.0 million (-6.8) for the nine months-period.

Cash flow from financing activities amounted to SEK -1.8 million (5.3) during the quarter and SEK -7.1 million (-11.3) for the six months-period.

Total cash flow amounted to SEK -10.3 million (0.1) during the quarter and SEK 6.9 million (-16.7) for the nine months-period.

## **OTHER DISCLOSURES**

### **Events after the third quarter**

YA won several professional drivers' license courses (YKB) for the armed forces in October and started a new machine operator site in Nyköping to educate for the construction of railroads from Stockholm through Södermanland and Östergötland (Ostlänken).

In November YA won tenders for restaurant service education for AF in the region of Dalarna (where we in Falun have previously been a sub-contractor to Lernia), where two sites may

open courses; Falun and Malung. We have also been sub-contractors in Söderhamn, and it is still unsure if we can continue to operate there and potentially in other places on a sub-contractor basis.

YA further won a contract on professional training of already employed cleaning staff in the municipality of Helsingborg, opening up a new area of corporate education.

Fastighetsakademin (two YH-educations in Gotheburg) was divested in October to FABUR, (FastighetsBranschens Centrum för Utbildning och Rekrytering)

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

For the period the average number of employees (FTE) in the Group was 309 (360).

### **Reporting dates**

Interim report Q4, 2016

February 28, 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, November 25, 2016

The Board of Directors

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## FINANCIAL REPORTS

### Income statement and other comprehensive income

	2016-07-01	2015-07-01	2016-01-01	2015-01-01
(SEK thousands)	2016-09-30	2015-09-30	2016-09-30	2015-09-30
Net sales	67 729	77 059	280 103	271 698
Other operating income	1 950	5 117	4 585	8 587
<b>Total</b>	<b>69 679</b>	<b>82 176</b>	<b>284 688</b>	<b>280 285</b>
<i>Operating expenses</i>				
Other external costs	-35 777	-38 076	-127 601	-123 086
Employee benefit expenses	-31 866	-36 255	-123 987	-126 105
Amortisation and depreciation of intangible and tangible fixed assets	-8 636	-12 200	-28 595	-36 718
Other operating expenses			-43	
<b>Operating result</b>	<b>-6 600</b>	<b>-4 355</b>	<b>4 462</b>	<b>-5 624</b>
<i>Profit/loss from financial items</i>				
Profit from participations in group companies			2 950	
Other interest income and similar profit items	31	5	56	26
Interest expense and similar loss items	-7 998	-7 245	-22 106	-21 406
<b>Result after financial items</b>	<b>-14 567</b>	<b>-11 595</b>	<b>-14 638</b>	<b>-27 004</b>
Tax on profit for the period	3 039	3 849	2 934	5 104
<b>Net result for the period</b>	<b>-11 528</b>	<b>-7 747</b>	<b>-11 704</b>	<b>-21 901</b>

## BALANCE SHEET

(SEK thousands)	2016-09-30	2015-09-30	2015-12-31
<b>Non-current assets</b>			
<i>Intangible assets</i>	490 153	491 141	490 894
<i>Tangible fixed assets</i>	90 440	124 444	115 400
<i>Financial assets</i>	37	37	116
<b>Current assets</b>			
<i>Inventories etc.</i>	664	1 099	664
<i>Current receivables</i>	44 117	61 483	57 734
<b>Cash and bank balances</b>	18 536	9 846	11 941
<b>Total assets</b>	<b>643 947</b>	<b>688 050</b>	<b>676 749</b>
<b>Equity</b>	<b>184 288</b>	<b>202 384</b>	<b>195 992</b>
<b>Liabilities</b>			
<i>Deferred tax</i>	11 773	19 035	14 288
<i>Other provisions</i>	2 238	-	
<i>Long-term interest-bearing debt</i>	381 611	413 005	388 902
Bond loans	335 000	335 000	335 000
Other non-current liabilities	46 611	78 005	53 902
<i>Short-term interest-bearing debt</i>	15 100	11 669	15 100
<i>Current liabilities</i>	48 937	41 957	62 467
<b>Total equity and liabilities</b>	<b>643 947</b>	<b>688 050</b>	<b>676 749</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			-11 704	-11 704
<b>Closing balance as of September 30, 2016</b>	<b>500</b>	<b>241 700</b>	<b>-57 912</b>	<b>184 288</b>

## CASH-FLOW STATEMENT

	2016-07-01	2015-07-01	2016-01-01	2015-01-01
(SEK thousands)	2016-09-30	2015-09-30	2016-09-30	2015-09-30
<b>Operating profit (EBIT) for the period</b>	-6 600	-4 355	4 462	-5 624
Depreciation/amortization	8 636	12 200	28 595	36 718
Interest paid/received	-7 967	-7 080	-22 050	-20 430
Income tax paid	-618	-2 135	-2 182	-7 458
<b>Cash flow from operating activities before change in operating capital</b>	-6 549	-1 370	8 825	3 206
Change in operating working capital	-3 308	971	2 925	-2 007
<b>Cash flow from operating activities</b>	-9 857	-399	11 750	1 199
<b>Cash flow from investing activities</b>	1 355	-4 755	1 991	-6 808
<b>Cash flow from financing activities</b>	-1 777	5 293	-7 146	-11 133
<b>Cash flow for the period</b>	-10 279	139	6 595	-16 742
<b>Cash and cash equivalents, opening balance</b>	28 815	9 707	11 941	26 588
<b>Cash and cash equivalents, closing balance</b>	18 536	9 846	18 536	9 846



## **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