

YrkesAkademin
Third quarter 2017

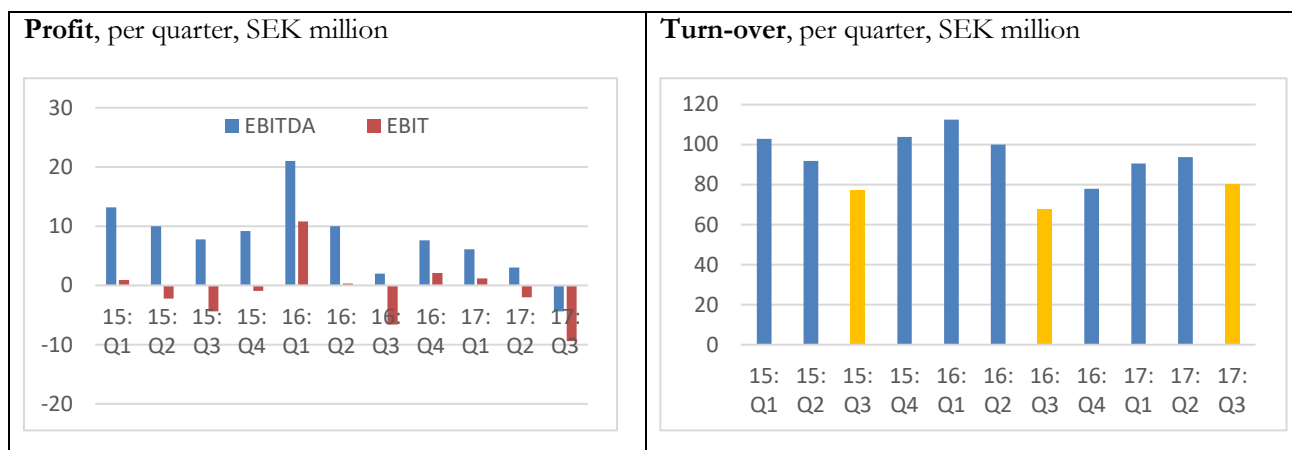
FINANCIAL OVERVIEW

Third quarter, July – September 2017

- Net sales increased 19% from last year’s third quarter to SEK 80.3 million (Q3 2016: 67.7)
- EBITDA was SEK -4.4 million (2.0), or an EBITDA-margin of -5.5% (3.0%)
- EBIT was SEK -9.4 million (-6.6), or an EBIT-margin of -11.8% (-9.7%)
- Cash flow amounted to SEK -7.4 million (-10,3)

Nine months period January-September 2017

- Net sales decreased by 5.5% to SEK 264.6 million (280.1)
- EBITDA was SEK 4.7 million (33.1), or 1.8% (11.8%)
- EBIT was SEK -10.2 million (4.5), or -3.9% (1.6%)
- Cash flow amounted to SEK -17.4 million (6.6)



CEO COMMENT

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

- As expected, income grew but results fell in the quarter compared to last year. The negative EBITDA stems from start-up investments in primarily Transport education across Sweden, but also in Vocational University and Support and Matching programs and construction education in Umeå.
- The fast increase of participants in Transport, in addition to income from the new Vocational University in the end of the quarter meant that the negative results development evened out towards the end of the quarter.
- In the quarter, the engineering course contracts were renewed, and YrkesAkademin won all four tenders, making it possible for us to continue this education but with somewhat lower price and a possibility to develop distance learning methods for Employment Training.
- According to YA’s monthly barometers, 84% of our participants agreed or strongly agreed that they appreciated their education (grade 4 or 5 where 5 is maximum). 80 percent were convinced that the education brought them closer to a job. 80% of our participants were employed within three months after the education. A vast majority had a job in the field of their training and full time employment. 28% did not complete the training. The most common reason (44%) was that the participant got a job.



About YrkesAkademin: YA Holding, including subsidiaries, is a Sweden based educational company. The business is primarily conducted in YrkesAkademin, the largest subsidiary. YrkesAkademin is one of the leading companies in the vocational education and labour market training industry. YrkesAkademin conducts training in several areas, including professional drivers, machine operators, industry, restaurant, real estate maintenance, construction and vehicle mechanics as well as higher vocational Education.

MARKET DEVELOPMENT

The state budget content in the field of education and labour market was presented in September. Labour market will receive only marginally more funds the coming years, but adult vocational training will see substantially increased funding.

Increase of YA relevant funded course participants in State budget, in persons

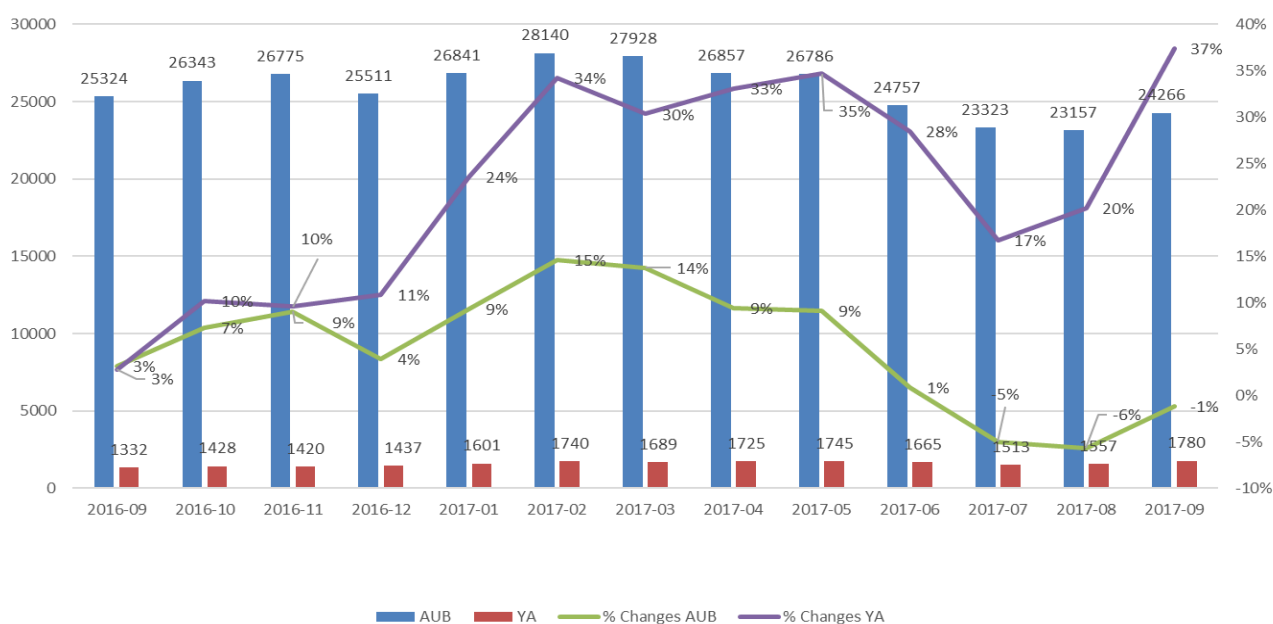
New funded places	2018	2019	2020	2021
Vocational Secondary School (Yrkesvux)	6 750	6 250	6 250	6 250
Professional Transport training by municipalities (Yrkesförarutbildning)	1 000	1 000	1 000	1 000
Vocational college (Yrkehögskolan)	1 100	5 000	9 700	12 800
Total	8 750	12 750	16 950	20 050

In the areas where YA is active, the budget would mean – if it is approved and maintained by the Parliament in the years to come – an increase in the present market by approximately 20 000 participants to 57 000 within the government program “The Adult Education Initiative” (Kunskapslyftet). Today, YA has approximately 400 students in municipality governed vocational training and some 600 students in Vocational University, with an ambition to grow in these areas that are now expanding.

Despite the increase in transport education, the total number of participants in labour market education in Sweden is still lower (by 6%) than a year ago. The increase in transport education over the quarter has led to a rapid increase in number of participants in YA educations. In the end of September 2017 YA had 450 – or 37% - more participants than in September 2016, leading to a monthly increase in revenue from Arbetsförmedlingen by 28% from September last year.

Number of people in Employment Training

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



In the quarter

In the third quarter, YrkesAkademin primarily focused on starting up new courses:

- In Vocational University training, we started 15 new courses and have now grown to more than 650 students.
- In Transport, the establishment of 20 bus driver, 15 truck driver and 7 taxi driver education sites resulted in 381 participants by end of September, equivalent to a weekly income of SEK 1.3m.
- Support and Matching has been formally established throughout the country in the autumn and focus will now be on information and efforts to grow the business.

In addition YA has won renewed trust in arranging engineering education in all four regions, with educational bases in Stockholm, Göteborg, Malmö and Umeå. The contracts were re-won at a somewhat lower price and with the opportunity to provide participants with distance educational methods expanding the recruitment area.

Events after the third quarter

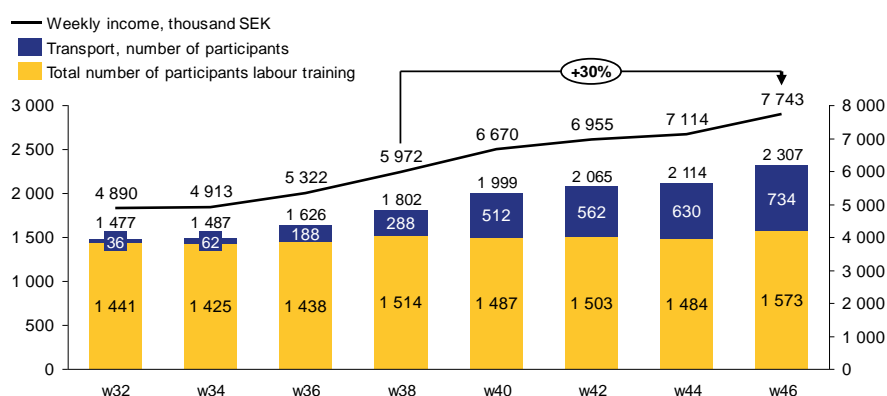
Following the third quarter YA has won a tender for a frame agreement with TSL, which is a “Security fund” established to ensure resources for employed in down-sizing companies to get alternative professional training. YA will establish shorter courses in 40 places across Sweden. The total turn-over is expected to be relatively small in 2018, but has a potential to grow in an economic downturn as more employees then will require conversion competence courses.

Start-up plans has been initiated for courses in Professional Swedish, where contracts will be signed and education starts in the winter.

The number of participants in Transport education has continued to increase to over 700 at the end of week 46 (mid November), leading to a rapid increase of total income from the Employment Training programmes. In total turn-over from these programmes amounted to close to SEK 8m in the week 46 alone. From week 38, (late September) weekly income from Employment Training in total increased by 30%.

Employment Training

– participation and income



In addition to 2300 participants in these programs, which by far is an all-time-high level, YA had an additional 650 students in Vocational University and 300 in Vocational secondary school, reachin the highest number of participants ever.

KEY FINANCIAL INFORMATION

(MSEK)	Quarter		Full Year	
	(Jul-Sep) 2017	(Jul-Sep) 2016	(Jan - Sep) 2017	(Jan - Sep) 2016
Net sales	80,3	67,7	264,6	280,1
EBITDA	-4,4	2,0	4,7	33,1
EBITDA margin, %	-5,5%	3,0%	1,8%	11,8%
EBIT	-9,4	-6,6	-10,2	4,5
EBIT margin, %	-11,8%	-9,7%	-3,9%	1,6%
Net debt	393,1	378,2	393,1	378,2

KEY RATIOS

Leverage (net debt/EBITDA)	30.2x
Interest coverage (EBITDA/Net finance charges)	0.5x

BUSINESS DEVELOPMENT DURING THE THIRD QUARTER

Revenues

Third quarter July-September 2017

Revenue amounted to SEK 80.3 million (67.7) for the quarter. The average number of students in AUB was 1475 (1125) for the period. The increase versus prior year is primarily due to the start-up of transport education.

Nine months period January - September 2017

Revenue amounted to SEK 264.6 million (280.1) for the period. The average number of students in AUB has been 1607 (1522) for the period. The decline versus prior year is due to the termination of transport education in the first half of 2017.

Earnings

Third quarter July-September 2017

EBITDA amounted to SEK -4.4 million (2.0) for the quarter.

The result in 2017 are subdued by the start-up costs required to initiate both transport and Vocational University courses.

Nine months period January - September 2017

EBITDA amounted to SEK 4.7 million (33.1) 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 in Q3.

Cash flow and financial position

Cash flow from operating activities amounted to SEK -15.9 million (-9.9) for the quarter. For the nine months-period operating cash flow amounted to SEK -21.0 million (11.8). Cash flow from investing activities amounted to SEK -2.8 million (1.3) during the quarter and SEK -7.8 million (2.0) for the nine months-period. Cash flow from financing activities amounted to SEK 11.3 million (-1.8) during the quarter and SEK 11.4 million (-7.1) for the nine months-period. Total cash flow amounted to SEK -7.4 million (-10.3) during the quarter and SEK -17.4 million (6.6) for the nine months-period.

OTHER DISCLOSURES

Average number of employees in the Group

For the period, the average number of employees (FTE) in the Group was 359 (309).

Reporting dates

Interim report Q4 and full year, 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, November 30, 2017

The Board of Directors

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FINANCIAL REPORTS

Income statement and other comprehensive income

	2017-07-01	2016-07-01	2017-01-01	2016-01-01
(SEK thousands)	2017-09-30	2016-09-30	2017-09-30	2016-09-30
Net sales	80 270	67 729	264 633	280 103
Other operating income	328	1 950	1 271	4 585
Total	80 598	69 679	265 904	284 688
<i>Operating expenses</i>				
Other external costs	-44 324	-35 777	-137 011	-127 601
Employee benefit expenses	-40 472	-31 866	-123 012	-123 987
Amortisation and depreciation of intangible and tangible fixed assets	-5 037	-8 636	-14 951	-28 595
Other operating expenses	-199		-1 154	-43
Operating result	-9 434	-6 600	-10 224	4 462
<i>Profit/loss from financial items</i>				
Profit from participations in group companies	-	-	-	2 950
Other interest income and similar profit items	14	31	48	56
Interest expense and similar loss items	-7 341	-7 998	-21 695	-22 106
Result after financial items	-16 761	-14 567	-31 871	-14 638
Tax on profit for the period	4 211	3 039	8 712	2 934
Net result for the period	-12 550	-11 528	-23 159	-11 704

BALANCE SHEET

(SEK thousands) **2017-09-30** **2016-09-30** **2016-12-31**

Non-current assets

<i>Intangible assets</i>	489 442	490 153	490 233
<i>Tangible fixed assets</i>	72 655	90 440	78 780
<i>Financial assets</i>	209	37	60

Current assets

<i>Inventories etc.</i>	-	664	-
<i>Current receivables</i>	63 403	44 117	40 590

Cash and bank balances

5 009	18 536	22 399
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Total assets

630 718	643 947	632 062
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Equity

159 693	184 288	182 850
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Liabilities

<i>Deferred tax</i>	6 091	11 773	8 537
<i>Other provisions</i>	-	2 238	653
<i>Long-term interest-bearing debt</i>	391 649	381 611	374 941
Bond loans	335 000	335 000	335 000
Other non-current liabilities	56 649	46 611	39 941
<i>Short-term interest-bearing debt</i>	6 476	15 100	10 699
<i>Current liabilities</i>	66 809	48 937	54 382
Total equity and liabilities	630 718	643 947	632 062

STATEMENT OF CHANGES IN EQUITY

(SEK thousands)	Share capital	Other paid in capital	Retained earnings	Total		
Opening balance as of January 1, 2017	500	241 700	-	59 350	182 850	
Net profit			-	23 159	-	23 159
Exchange rate difference of foreign subsidiaries				2		2
Closing balance as of June 30, 2017	500	241 700	-	82 507	159 693	

CASH-FLOW STATEMENT

	2017-07-01	2016-07-01	2017-01-01	2016-01-01
(SEK thousands)	2017-09-30	2016-09-30	2017-09-30	2016-09-30
Operating profit (EBIT) for the period	-9 434	-6 600	-10 224	4 462
Depreciation/amortization	5 037	8 636	14 951	28 595
Interest paid/received	-7 327	-7 967	-21 647	-22 050
Income tax paid	-819	-618	-2 068	-2 182
Cash flow from operating activities before change in operating capital	-12 543	-6 549	-18 988	8 825
Change in operating working capital	-3 312	-3 308	-2 051	2 925
Cash flow from operating activities	-15 855	-9 857	-21 039	11 750
Cash flow from investing activities	-2 816	1 355	-7 785	1 991
Cash flow from financing activities	11 290	-1 777	11 434	-7 146
Cash flow for the period	-7 381	-10 279	-17 390	6 595
Cash and cash equivalents, opening balance	12 390	28 815	22 399	11 941
Cash and cash equivalents, closing balance	5 009	18 536	5 009	18 536

DEFINITIONS

EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortization.
EBIT-margin	EBIT 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
Yrkehögskola	Vocational University
Arbetsmarknadsutbildning, AUB	Employment Training
Kunskapslyftet	Adult Education Initiative
Yrkesvux	Vocational Secondary School Education
Yrkesvenska	Professional Swedish Education