

Interim report for the fourth quarter, October 1 – December 31, 2014

FINANCIAL OVERVIEW

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, 2013.

FOURTH QUARTER OCTOBER - DECEMBER 2014

- Net sales amounted to SEK 102.7 million (94.7), an increase of 8.4%
- EBITDA amounted to SEK 5.8 million (24.4), reaching an EBITDA-margin of 5.6% (25.8%)
- EBITA amounted to SEK -10.4 million (14.8), reaching an EBITA-margin of -10.1% (15.6%)
- Operating cash flow amounted to SEK 12.3 million (54.0).
- Net debt amounted to SEK 388.6 million (130.4)

TWELVE MONTH PERIOD JANUARY–DECEMBER 2014

- Net sales amounted to SEK 382.7 million (383.6), a decrease of -0.2%
- EBITDA amounted to SEK 48.3 million (82.7), reaching an EBITDA-margin of 12.6% (21.5%)
- EBITA amounted to SEK 1.3 million (42.7), reaching an EBITA-margin of 0.3% (11.1%)
- Operating cash flow amounted to SEK 35.6 million (92.8).

ABOUT THE BUSINESS

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, technology, restaurant and health care. Under the name of Study Abroad, YrkesAkademin mediate Swedish students to foreign universities.



FINANCIAL INFORMATION

(MSEK)	Quarter		Full Year	
	(Oct - Dec)	(Oct - Dec)	(Jan - Dec)	(Jan - Dec)
	2014 *	2013 *	2014 *	2013 *
Net sales	102,7	94,7	382,7	383,6
EBITDA	5,8	24,4	48,3	82,7
EBITDA margin, %	5,6%	25,8%	12,6%	21,5%
EBITA	-10,4	14,8	1,3	42,7
EBITA margin, %	-10,1%	15,6%	0,3%	11,1%
Net debt	388,6	130,4	388,6	130,4

* 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.

MARKET DEVELOPMENT

Public market

The change of government in Sweden and the uncertain political situation has not had any major impact on Yrkesakademin's ("YA") main customer Arbetsförmedlingen ("AF") so far. AF has started with supplier meetings and YA has participated in all of the meetings related to YA operations.

The number of students started to increase towards the end of the year. In December, the number of students in YA's labour market training programs was close to 20% higher than in December 2013.

Private and corporate market

A reorganisation has been made in order to focus more on sales to the private and corporate market. A business area manager for the private and corporate market has been appointed and the sales force works more closely with the business areas and closer to the market.

Sales, marketing and tenders

At the end of the year an offer worth about SEK 80 million on a yearly basis related to training courses for machine operators was submitted to AF.

BUSINESS DEVELOPMENT DURING THE FOURTH QUARTER

REVENUES

FOURTH QUARTER OCTOBER-DECEMBER 2014

Revenue amounted to SEK 102.7 million (94.7) for the quarter. The number of students increased during the quarter and reached the highest level of the year in December. In addition to the general increase the new training courses for the real estate industry has started to generate revenue.

TWELVE-MONTH PERIOD JANUARY–DECEMBER 2014

Revenue amounted to SEK 382.7 million (383.6) for the twelve month period. Sales for Transport and Construction has decreased during the year, mainly due to an expired contract for machine operators. This is compensated with an increase for the Service and Industrial segment which includes the new courses for the real estate industry.

EARNINGS

FOURTH QUARTER OCTOBER-DECEMBER 2014

EBITDA amounted to SEK 5.8 million (24.4) for the quarter. The positive development of revenue is offset by higher costs in the quarter. One major explanation for the negative deviation compared to previous year is the transaction cost (SEK 7.9 million) of the acquisition of the YA group, see "Adjustment of acquisition analysis" below. Increased employee costs are partly an effect of the start up of the new training courses for the real estate industry and partly related to increased wages. Lower income from sales of machinery and equipment are also a major explanation for the decrease in EBITDA versus the same quarter the previous year.

TWELVE-MONTH PERIOD JANUARY–DECEMBER 2014

EBITDA amounted to SEK 48.3 million (82.7) for the twelve month period. Compared to the previous year EBITDA is affected negatively mainly by higher costs for employees, less income from sales of fixed assets and the transaction costs for the acquisition. The costs for employees during the first half of the year were not reduced to reflect the lower volumes, however, adjustments have been made during the second half of the year and costs for employees are lower than for the first half. During Q4, and to some extent Q3, the new courses aimed at the real estate industry imply an increased number of employees and higher costs. The negative deviation in EBITDA compared to the previous year amounts to SEK -34.4 million and approximately SEK -15.0 million can be classified as non-recurring.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities amounted to SEK 12.3 million (54.0) during the quarter and of the total decrease (-41.7) relates SEK -25.2 million to lower operating profit and SEK -21.4 million to a change in working capital. For the twelve-month period operating cash flow amounted to SEK 35.6 million (92.8), a decrease with SEK -57.2 million. For the twelve-month period the main part of the decrease (-41.4) relates to operating profit but also a change in working capital (-15.5) has influenced the cash flow from operating activities. The deviation in change in working capital is due to a significant decrease in accounts receivables at the end of 2013.

Cash flow from investing activities amounted to SEK 7.3 million (-18.1) during the quarter and SEK -535.4 million (-31.8) during the twelve-month period. For the twelve-month period investments primarily consist of the acquisition of the YA group. Investments in machinery and equipment are stable during the year and also compared to previous year.

Cash flow from financing activities amounted to SEK -15.7 million (-31.6) during the quarter and SEK 519.4 million (-57.8) during the twelve-month period. For the twelve-month period financial activities mainly consist of new financing for the acquisition of the YA group.

The change in cash and cash equivalents for the twelve-month period amounted to SEK 19.6 million (3.2). As per 31 December 2014 cash and cash equivalents amounted to SEK 26.6 million (7.0), whereas interest-bearing debt amounted to SEK -415.2 million (-137.4).

OTHER DISCLOSURES

Events after the fourth quarter

Yrkesakademin has won nine contracts (with a possibility of another seven) in a major tender from AF related to training courses for machine operators. The yearly value of the contract is about SEK 80 million, however as Yrkesakademin operates the main part of the courses today this will have a limited impact on the company's financials going forward.

YA has received a permission to start six new programs for higher vocational education with start in August/September 2015. Six new training courses aimed for the real estate industry will start during Q1. YA participated in a tender for adult education ("Komvux") in the region of Sörmland aimed at machine operators. YA won all municipalities and the new training courses will be conducted in cooperation with YA's current operation in the region.

AF has started a major reorganization and the new organization is planned to start working from April. A consequence for YA is lower activity in general, it is more difficult to get decisions and it is a risk that it will have a negative impact on the number of participants sent to YA's training sessions.

Average number of employees in the Group

For the period the average number of employees (FTE) in the Group was 279 (251).

Reporting dates

Annual report 2014	April 30, 2015
Interim report Q1, 2015	May 29, 2015
Interim report Q2, 2015	August 28, 2015
Interim report Q3, 2015	November 30, 2015
Interim report Q4, 2015	February 29, 2016

Accounting principles

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

Goodwill should be 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.

Corrections

An error was made in the previous interim financial statements. A dividend from Hagströmska Gymnasiet (SEK 10.0 million) was not eliminated in the Q2 and Q3 reports but it is corrected in this interim report. The correction of this errors also affected the calculation of deferred and current tax and the reported tax has also been adjusted.

During Q4 an adjustment in the acquisition analysis of the YA-group has been made. Assets and liabilities have been revaluated and a surplus value for machinery and equipment has been identified (SEK 74.8 million). The surplus value has been

recorded in the balance sheet and will be depreciated during its economic life. The original goodwill has been reduced with the corresponding amount. As a consequence, a deferred tax liability has also been recorded (SEK 16.2 million) in the balance sheet and will be resolved during the economic life of the assets. The depreciation in Q4 amounts to SEK -7.4 million and the change in deferred tax to SEK 1.6 million.

The final transaction cost for the acquisition of YA-bolagen has been determined and recorded (SEK -7.9 million) in the profit and loss statement during the fourth quarter.

Falun, February 27, 2015

The Board of Directors

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FINANCIAL REPORTS

Income statement and other comprehensive income

(SEK thousands)	Group - Pro forma *				Parent company
	2014-10-01	2013-10-01	2014-01-01	2013-01-01	2014-01-01
	2014-12-31	2013-12-31	2014-12-31	2013-12-31	2014-12-31
Net sales	102 687	94 732	382 689	383 634	2 819
Own work capitalised	-280	329	0	1 500	
Other operating income	1 652	9 330	5 228	11 319	
Total	104 059	104 391	387 917	396 453	2 819
<i>Operating expenses</i>					
Other external costs	-52 341	-37 246	-169 132	-162 339	-1 799
Employee benefit expenses	-45 755	-42 453	-170 170	-151 145	-848
Amortisation and depreciation of intangible and tangible fixed assets	-16 188	-9 636	-46 955	-39 997	
Other operating expenses	-163	-262	-356	-304	-173
Operating profit/ loss	-10 388	14 794	1 304	42 668	-1
<i>Profit/loss from financial items</i>					
Profit from participations in group companies	-10 100		-100	0	
Other interest income and similar profit items	18	261	42	1 001	2 335
Interest expense and similar loss items	-7 892	-3 443	-21 555	-9 795	-15 369
Profit after financial items	-28 362	11 612	-20 309	33 874	-13 035
Tax on profit for the period	-3 633	-3 168	-51	-7 576	2 868
Net profit for the period	-31 995	8 444	-20 360	26 298	-10 167

* 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

BALANCE SHEET (CONDENSED)

(SEK thousands)	Group - Pro forma *		Parent company
	2014-12-31	2013-12-31	2014-12-31
Non-current assets			
<i>Intangible assets</i>	562 017	173 934	-
<i>Tangible fixed assets</i>	153 755	103 067	-
<i>Financial assets</i>	37	10	524 538
Current assets			
<i>Inventories etc.</i>	1 099	1 946	-
<i>Current receivables</i>	56 358	62 598	69 107
Cash and bank balances	26 588	7 032	8 072
Total assets	799 854	348 587	601 717
Equity	294 563	137 797	229 165
Liabilities			
<i>Deferred tax</i>	21 471	9 472	-
<i>Long-term interest-bearing debt</i>	415 227	111 596	349 754
Bond loans	335 000	-	335 000
Other non-current liabilities	80 227	111 596	14 754
<i>Short-term interest-bearing debt</i>	-	25 838	-
<i>Current liabilities</i>	68 593	63 884	22 798
Total equity and liabilities	799 854	348 587	601 717

STATEMENT OF CHANGES IN EQUITY - Pro forma

(SEK thousands)	Share capital	Other paid in capital	Reserves	Retained earnings	Total
Opening balance as of January 1, 2014	205		16 526	121 066	137 797
Net profit				-20 360	-20 360
Formation of YA Holding group	295			-64 869	-64 574
Shareholder's contribution		241 700			241 700
Closing balance as of December 31, 2014	500	241 700	16 526	35 837	294 563

* 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.

CASH-FLOW STATEMENT (CONDENSED)

	2014-10-01	2013-10-01	2014-01-01	2013-01-01
(SEK thousands)	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Operating profit (EBIT) for the period	-10 388	14 794	1 304	42 668
Depreciation/amortization	16 188	9 636	46 955	39 997
Interest paid/received	-8 264	-3 182	-20 677	-8 794
Income tax paid	125	-3 173	-1 062	-5 641
Cash flow from operating activities before change in operating capital	-2 339	18 075	26 520	68 230
Change in operating working capital	14 603	35 973	9 097	24 571
Cash flow from operating activities	12 264	54 048	35 617	92 801
Cash flow from investing activities	7 251	-18 147	-535 454	-31 846
Cash flow from financing activities	-15 735	-31 620	519 393	-57 773
Cash flow for the period	3 780	4 281	19 556	3 182
Cash and cash equivalents, opening balance	22 808	2 751	7 032	3 850
Cash and cash equivalents, closing balance	26 588	7 032	26 588	7 032

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.