

YrkesAkademin
Second quarter 2017

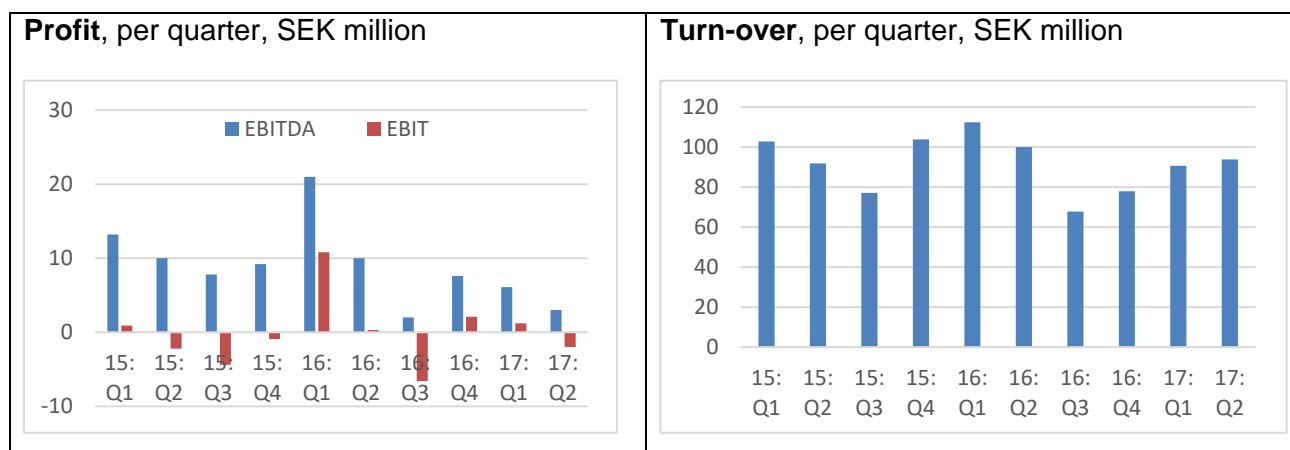
FINANCIAL OVERVIEW

Second quarter, April – June, 2017

- Net sales decreased 6% from last year’s second quarter to SEK 93.8 million (Q2 2016: 100.0)
- EBITDA was SEK 3.0 million (10.0), reaching an EBITDA-margin of 3.2% (10.0%)
- EBIT was SEK -2.0 million (0.3), reaching an EBIT-margin of -2.1% (0.3%)
- Cash flow amounted to SEK 7.6 million (8,0)
- Net debt amounted to SEK 374.1 million (370,7)

Six months period January-June 2017

- Net sales decreased by 13.2% to SEK 184.4 million (212.4)
- EBITDA was SEK 9.1 million (31.0), or 4.9% (14.6%)
- EBIT was SEK -0.8 million (11.1), or -0.4% (5.2%)
- Cash flow amounted to SEK -10.0 million (16.9)



CEO COMMENT

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

- Despite positive contributions from new labour market courses in Auto Mechanics and Constructions, the first half year has as expected been challenging due to:
 - Investments in new applications for courses in the Vocational University Education (Yrkeshögskola) and costs for start-up of new courses in the autumn.
 - Subdued participation rates in some new secondary vocational courses (Yrkesvux).
 - The restructuring of the transport area has continued to affect financial results.
- In the quarter we have prepared for start-up of ten new Vocational University courses that should start to deliver income in September 2017.
- Also the new Bus and Truck driver courses will start in September, affecting income positively, but also imposing start-up costs such as salaries and rents before course starts.
- The court overruled the appeal of the Professional Swedish Education (Yrkessvenska), which means YA can start courses in four regions end 2017 / beginning 2018.



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

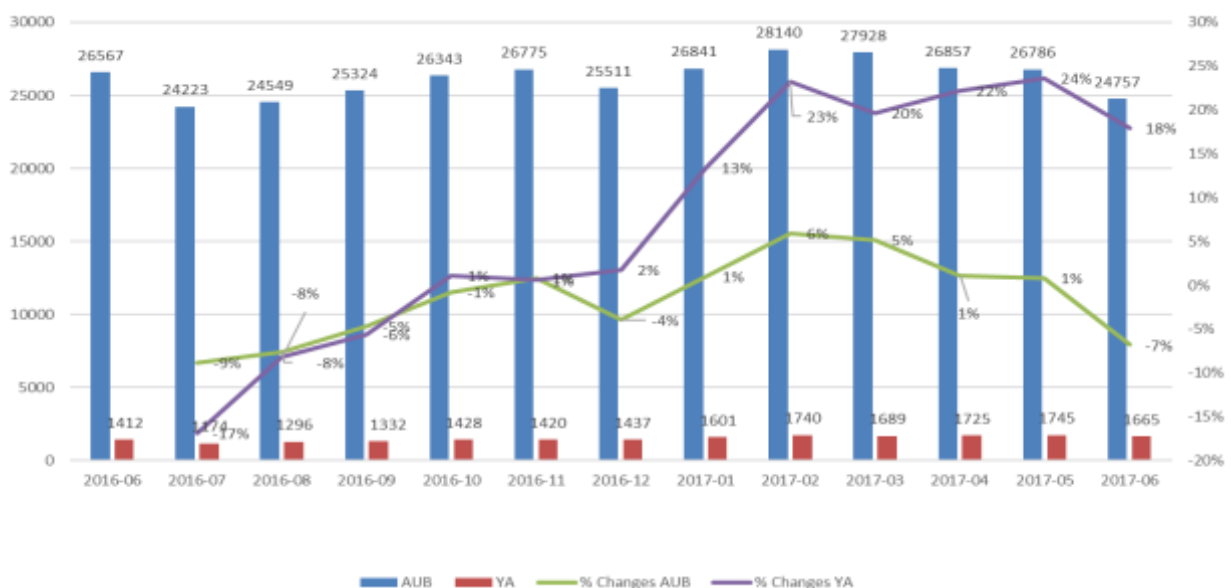
In the summer, the Confederation of Swedish Enterprise (Svenskt Näringsliv), the Confederation of Professional Employees (TCO) and the Confederation of Installer Companies (Installationsföretagen) among others have published reports and statements showing an increasing lack of skilled labour in Sweden. The Stockholm Chamber of Commerce confirm the lack of skilled labour in their Stockholm barometer for June, as does the Public Employment Service (Arbetsförmedlingen) in their report “Var Finns Jobben?”. For example, the agency find that four out of ten construction companies have difficulties in recruiting labour with the right skills.

Lack of skills as a potential obstacle for continued growth was also one of the leading themes in this year’s Political Week in Almedalen. Many seminars dealt with the problem and voices from Government to opposition parties, from unions to employer organisations, from companies to authorities were all raised to stress the importance of more vocational training, not least in connection to the ongoing discussion on integration and establishment of recently arrived refugees.

The number of total participants in labour market education has been lower through the spring than last year and was in June 7 percent lower than June 2016. For YA, the number of participants in Transport education peaked in February and March 2016, leading to participant numbers above 1900, compared to this year’s level of approximately 1700. For April, the number of participants was higher than in 2016, following increases in other professional fields than Transport. In June, we had 250 more participants than in 2016, an increase of 18 percent. However, lower average price due to the reduction of Transport participants, led to a lower total revenue for the quarter, even if the income for June was somewhat higher than in 2016.

Number of people in Employment Training

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



In the quarter

In the second quarter, YrkesAkademin primarily focused on preparing for establishing new future business:

- A large establishment project was initiated for Transport education start-ups in the 24 locations where we won contracts. The first few participants will be accepted early August in Bus training in Stockholm, followed by Uppsala, Falkenberg, Malmö, Sundsvall, Luleå and Umeå in late August. The first Truck Driver education will start in September in Stockholm. By the turn of the year, the education is expected to be running at full capacity.
- Within Vocational University courses, the establishment of ten brand new courses as well as the five re-starts of existing courses, was in focus.
- Following a court decision not to accept an appeal on Construction education, we have initiated Construction start-ups in Borlänge during the second quarter and planned the establishment of an education also in Umeå.
- New Secondary Vocational educations have been initiated within Transport, and we will expand further as the new semester starts.
- Within Industry education, a successful pilot has been carried out in industrial training where a smaller group from Ethiopia engaged in an Establishment program (Etableringsuppdraget) during the second quarter. The pilot has already led to a second establishment group in Ludvika and the education will be used as a positive example in discussions with local Public Employment Service offices to spread the successful way of working.

The Machine Operator courses and the service oriented courses are all steadily delivering high levels of participants and a healthy surplus in the business.

During the quarter an increasing share of our participants have gotten a job. In the end of the quarter – just before vacation times, 80 percent had been employed within three months from the end of their course.

In the education participator satisfaction surveys, close to 77 percent are convinced that the education will help them get a job, and 80 percent say they are satisfied or very satisfied with the education.

Events after the second quarter

Following the second quarter the start-up of the first Bus Driver course in the new contract with the Public Employment Service. Because of the vacation time this was a minor start based on an earlier local initiative between the Public Employment office and a bus company.

KEY FINANCIAL INFORMATION

(MSEK)	Quarter		Full Year	
	(Apr-Jun)	(Apr-Jun)	(Jan - Jun)	(Jan - Jun)
	2017	2016	2017	2016
Net sales	93.8	100.0	184.4	212.4
EBITDA	3.0	10.0	9.1	31.0
EBITDA margin, %	3.2%	10.0%	4.9%	14.6%
EBIT	-2.0	0.3	-0.8	11.1
EBIT margin, %	-2.1%	0.3%	-0.4%	5.2%
Net debt	374.1	374.1	370.7	370.7

KEY RATIOS

Leverage (net debt/EBITDA)	19.9x
Interest coverage (EBITDA/Net finance charges)	0.7x

BUSINESS DEVELOPMENT DURING THE SECOND QUARTER

Revenues

Second quarter April-June 2017

Revenue amounted to SEK 93.8 million (100.0) for the quarter. The average number of students in AUB was 1732 (1624) for the period. The decline versus prior year is due to terminated business within Truck and Bus driver education.

Six months period January - June 2017

Revenue amounted to SEK 184.4 million (212.4) for the period. The average number of students in AUB has been 1672 (1720) for the period. The decline versus prior year is due to terminated business within Truck and Bus driver education.

Earnings

Second quarter April-June 2017

EBITDA amounted to SEK 3.0 million (10.0) for the quarter. The result compared to prior year has been effected by terminated business within Truck and Bus driver education and with start-up costs for new business.

Six months period January - June 2017

EBITDA amounted to SEK 9.1 million (31.0) for the period. The result compared to prior year has been effected by terminated business within Truck and Bus driver education and with start-up costs for new business.

Cash flow and financial position

Cash flow from operating activities amounted to SEK 18.8 million (11.1) during the quarter. For the six months-period operating cash flow amounted to SEK -5.2 million (21.6).

Cash flow from investing activities amounted to SEK -1.0 million (-0.4) during the quarter and SEK -5.0 million (+0.6) for the six months-period.

Cash flow from financing activities amounted to SEK -10.2 million (-2.6) during the quarter and SEK 0.1 million (-5.4) for the six months-period.

Total cash flow amounted to SEK 7.6 million (8.0) during the quarter and SEK -10.0 million (16.9) for the six months-period.

OTHER DISCLOSURES

Average number of employees in the Group

For the period, the average number of employees (FTE) in the Group was 312 (317).

Reporting dates

Interim report Q3, 2017 November 30, 2017

Interim report Q4, 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, August 31, 2017

The Board of Directors

For further information, please contact

Mikael Vesterlund, CFO

YA Holding AB

Pelle Bergs backe 3

PO Box 127

SE-791 23 Falun, Sweden

www.ya.se

+43 23 585 00

FINANCIAL REPORTS

Income statement and other comprehensive income

(SEK thousands)	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2017-01-01 2017-06-30	2016-01-01 2016-06-30
Net sales	93 782	99 967	184 363	212 374
Other operating income	461	1 705	943	2 635
Total	94 243	101 672	185 306	215 009
<i>Operating expenses</i>				
Other external costs	-47 377	-42 894	-92 687	-91 824
Employee benefit expenses	-43 011	-48 708	-82 540	-92 121
Amortisation and depreciation of intangible and tangible fixed assets	-4 969	-9 762	-9 914	-19 959
Other operating expenses	-838	-43	-955	-43
Operating result	-1 952	265	-790	11 062
<i>Profit/loss from financial items</i>				
Profit from participations in group companies	-	-	-	2 950
Other interest income and similar profit items	20	2	34	25
Interest expense and similar loss items	-7 046	-7 051	-14 354	-14 108
Result after financial items	-8 978	-6 784	-15 110	-71
Tax on profit for the period	2 558	1 439	4 501	-105
Net result for the period	-6 419	-5 345	-10 609	-176

BALANCE SHEET

(SEK thousands)	2017-06-30	2016-06-30	2016-12-31
Non-current assets			
<i>Intangible assets</i>	489 706	490 400	490 233
<i>Tangible fixed assets</i>	74 360	99 062	78 780
<i>Financial assets</i>	66	38	60
Current assets			
<i>Inventories etc.</i>	-	664	-
<i>Current receivables</i>	51 260	49 978	40 590
Cash and bank balances	12 390	28 815	22 399
Total assets	627 782	668 957	632 062
Equity	172 247	195 815	182 850
Liabilities			
<i>Deferred tax</i>	6 906	12 585	8 537
<i>Other provisions</i>	-	175	653
<i>Long-term interest-bearing debt</i>	379 028	384 395	374 941
Bond loans	335 000	335 000	335 000
Other non-current liabilities	44 028	49 395	39 941
<i>Short-term interest-bearing debt</i>	7 477	15 100	10 699
<i>Current liabilities</i>	62 124	60 887	54 382
Total equity and liabilities	627 782	668 957	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			-10 609	-10 609
Closing balance as of June 30, 2017	500	241 700	-69 959	172 241

CASH-FLOW STATEMENT

	2017-04-01	2016-04-01	2017-01-01	2016-01-01
(SEK thousands)	2017-06-30	2016-06-30	2017-06-30	2016-06-30
Operating profit (EBIT) for the period	-1 952	265	-790	11 062
Depreciation/amortization	4 969	9 763	9 914	19 959
Interest paid/received	-7 026	-7 383	-14 320	-14 083
Income tax paid	-821	-167	-1 249	-1 564
Cash flow from operating activities before change in operating capital	-4 830	2 478	-6 445	15 374
Change in operating working capital	23 633	8 621	1 261	6 233
Cash flow from operating activities	18 803	11 099	-5 184	21 607
Cash flow from investing activities	-1 010	-447	-4 969	636
Cash flow from financing activities	-10 236	-2 636	144	-5 369
Cash flow for the period	7 557	8 016	-10 009	16 874
Cash and cash equivalents, opening balance	4 833	20 799	22 399	11 941
Cash and cash equivalents, closing balance	12 390	28 815	12 390	28 815

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