

YrkesAkademin
Second quarter 2018

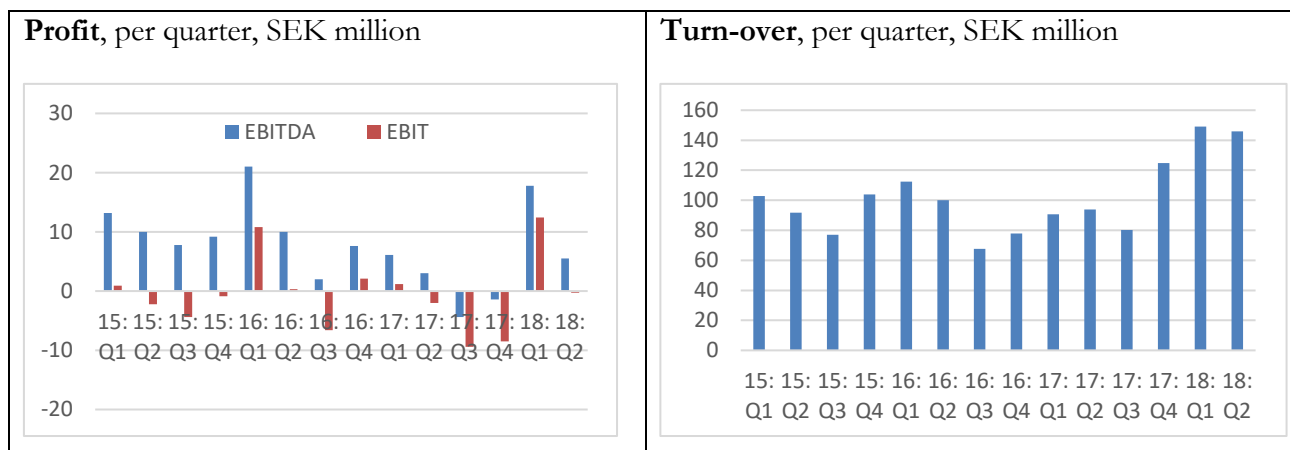
FINANCIAL OVERVIEW

Second quarter, April – June 2018

- Net sales increased 55% from last year’s second quarter to SEK 145.9 million (Q2 2017: 93.8)
- EBITDA was SEK 5.5 million (3.0), reaching an EBITDA-margin of 3.8% (3.2%)
- EBIT was SEK -0.3 million (-2.0), reaching an EBIT-margin of -0.2% (-2.1%)
- Cash flow amounted to SEK 0.5 million (7.6)
- Net debt amounted to SEK 392.4 million (374.1)

Six months period January-June 2018

- Net sales increased by 60% to SEK 295.0 million (184.4)
- EBITDA was SEK 23.3 million (9.1), or 7.9% (4.9%)
- EBIT was SEK 12.2 million (-0.8), or 4.1% (-0.4%)
- Cash flow amounted to SEK -1.1 million (-10.0)



CEO COMMENT

The new and higher level of turnover from Q1 was maintained through the second quarter, with better results and higher margins than the second quarter 2017 as a consequence.

However, the results were subdued by a decrease in turnover in May and June, due to a savings program launched by The Swedish Public Employment Service (Arbetsförmedlingen, AF) to adjust its expenses to state budget frames. The reduction in volumes already made in the spring and summer should meet the agency’s savings targets for the full year. In August 30, the Government decided to expand credit limits for AF to “ensure that people with the right prerequisites can attend employment education”. Therefore, a normalization of participant rates could be expected in the autumn.

In the quarter, YrkesAkademin took further steps to broaden its activities in Finland, in Support and Matching programs (STOM) and in Professional Swedish. Steps were also taken to deepen corporate partnerships and develop corporate sales activities to increase the corporate customer segment and broaden the customer base.



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 labor 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 April, the levels of participants in employment training continued to be higher than 2017. However, in May the Swedish Public Employment Service (Arbetsförmedlingen) published a note to education and service providers about a foreseen reduction of volumes in a broader definition of employment activities in the summer and autumn. To reach the state budget expenditure frames, the reduction of the total participants in employment courses, preparatory activities and matching was predicted to decline by 10% compared to 2017 on a full year basis.

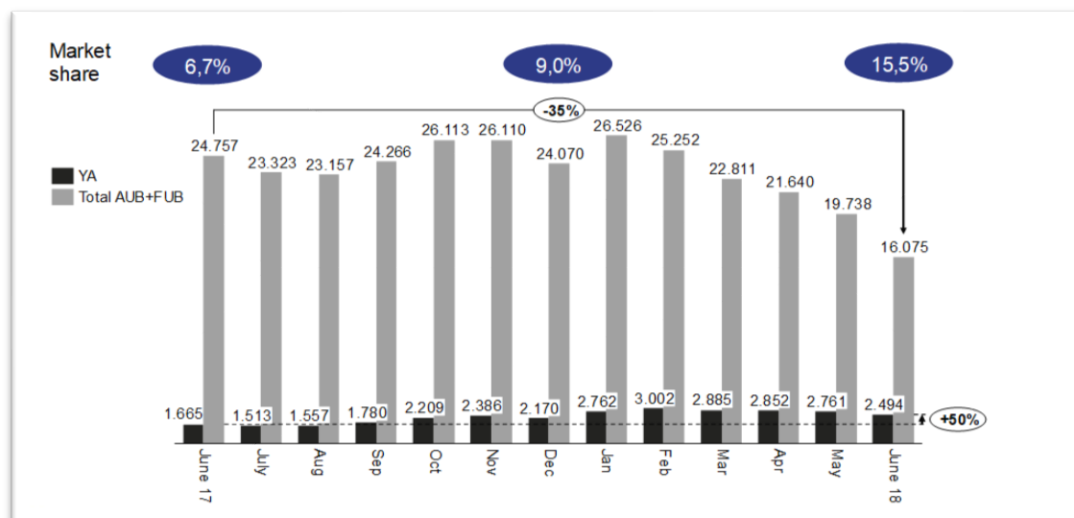
The effect was a drop in the total number of participants in employment courses (AUB) by 2000 people or 21% from end April to end June. There is a normal reduction of volumes between spring and summer, but The Employment Service's savings program increased the drop so that the number of participants went from levels above 2017 in the spring to 7% below 2017 in June.

The decline of the number of participants in preparatory and matching activities has been larger and was in June down by more than 30% compared to 2017. On average, participation rates in the employment activities where statistics is available have been 16 percent lower so far in 2018 than in the same period 2017.

For YA, the drop was 360 participants, or 15% between April and June.

Number of people in Employment Activities

Total participants in Employment courses (AUB) and preparatory courses (FUB), YA and market



The governmental focus on vocational secondary education (yrkesvux) and Vocational University (Yrkeshögskola) has been maintained. However, the actual increases in participants has been slower than expected in the total market, with increased challenges to fill up Vocational University courses and continued relatively small number of applicants to secondary vocational courses. For YA, the historical contract wins have meant that the number of university students is about 10% higher and secondary pupils some 40% higher than in June 2017.

The Finish market for vocational training is still subdued due to legislative changes and uncertainty but the market situation is expected to stabilize in the autumn and through 2019. In addition, the economic upturn should have a positive effect on the demand for vocational education and competence development in 2019.

In the quarter

Even though YA had 50% more participants in Employment Service programs in June 2018 than in 2017, the fall in volumes in May and June affected the results in the quarter.

A cost adaptation program with focus on rapid effects via a decrease in the number of consulting teachers and rented vehicles and machines was initiated in May. Preparations are made to take further actions if volumes would continue to be subdued. However, the number of participants is still expected to increase in the autumn.

Actions were also taken in the quarter to mitigate effects from the termination of assistant nurse education in the end of Q2 and real estate maintenance contracts through the autumn. The turnover from the assistant nurse courses has approximately been SEK 10m per year, and real estate courses SEK 25m. In both education areas, new contracts are not expected to be in place before the old educations end, why structural measures have been made to reduce staff and end location contracts as courses end.

The professional Swedish courses are still in a start-up and expansion phase where income is lagging behind costs of staff and locations. The number of students exceeded 400 in the end of the quarter. In addition, the starts of YA's new Vocational University courses have been prepared. In total, growth plans in Vocational University and professional Swedish have had a negative effect on the results in the quarter by SEK 5m.

To continue the diversification of business, a plan to increase education to corporate customers has been developed, with the aim to grow license educations and develop more strategic corporate partnerships within education and upskilling. A targeted plan to increase the participation levels in support and matching (STOM) was launched.

YA has in the quarter won new contracts within GIS (Geographic Information Systems) in Stockholm, Measurement technology in Stockholm and Göteborg and industrial production in Karlskoga. In all, the turn-over value of the contracts is expected to be SEK 10-15m.

The average level of participants that were employed three months after a YA-course was 75% in the quarter, 74% through the last 12 months.

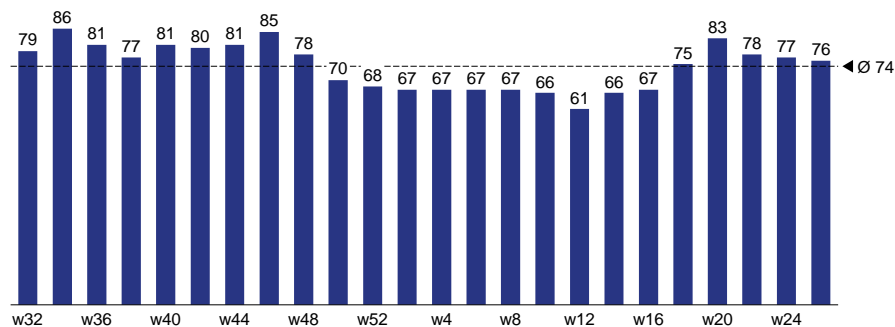
A majority of participants are born outside Europe and a large share has language challenges. Still, the economic up-turn and demand for labor – in addition to a close cooperation with local companies both on the content of the courses and the participants – mean that today, a large majority get a job even without perfect skills in Swedish.

Share of participants in employment

August 2017- June2018

Share of participants employed 3 months after the end of an employment course

- Average last 8 weeks



Events after the second quarter

In July and August, YA has continued to mitigate the falling income from the Employment Service without undermining the chances to scale up again as the volumes increase.

In a number of meetings and activities, not least during the “Political week” in Almedalen, YA has engaged in discussions about volumes, savings targets and efficiency in its educations.

YA has won a few smaller contracts in Secondary Vocational Training in Karlstad, as well as an earth construction machine operation contract in northern Finland. At the same time, YA lost the Employment Service contract for welders and CNC-operators in Söderhamn. The net effect should be close to zero from those events.

KEY FINANCIAL INFORMATION

(MSEK)	Quarter		Full Year	
	(Apr-Jun) 2018	(Apr-Jun) 2017	(Jan - Jun) 2018	(Jan - Jun) 2017
Net sales	145,9	93,8	295,0	184,4
EBITDA	5,5	3,0	23,3	9,1
EBITDA margin, %	3,8%	3,2%	7,9%	4,9%
EBIT	-0,3	-2,0	12,2	-0,8
EBIT margin, %	-0,2%	-2,1%	4,1%	-0,4%
Net debt	401,2	374,1	401,2	374,1

KEY RATIOS

Leverage (net debt/EBITDA)	22.3x
Interest coverage (EBITDA/Net finance charges)	0.7x

BUSINESS DEVELOPMENT DURING THE SECOND QUARTER

Revenues

Second quarter April-June 2018

Revenue amounted to SEK 145.9 million (93.8) for the quarter. The average number of students in AUB was 3006 (1732) for the period. The increase versus prior year is due to new Truck and Bus driver education.

Six months period January - June 2018

Revenue amounted to SEK 295.0 million (184.4) for the period. The average number of students in AUB has been 2847 (1672) for the period. The increase versus prior year is due to new Truck and Bus driver education.

Earnings

Second quarter April-June 2018

EBITDA amounted to SEK 5.5 million (3.0) for the quarter. The improved result in the period is due to increased transport education.

Six months period January - June 2018

EBITDA amounted to SEK 23.3 million (9.1) for the period. The improved result in the period is due to increased transport education.

Cash flow and financial position

Cash flow from operating activities amounted to SEK 0.6 million (18.8) during the quarter. For the six months-period operating cash flow amounted to SEK 4.0 million (-5.2).

Cash flow from investing activities amounted to SEK -9.0 million (-1.0) during the quarter and SEK -26.4 million (-5.0) for the six months-period.

Cash flow from financing activities amounted to SEK 8.9 million (-10.2) during the quarter and SEK 21.3 million (0.1) for the six months-period.

Total cash flow amounted to SEK 0.5 million (7.6) during the quarter and SEK -1.1 million (-10.0) 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 485 (312).

Reporting dates

Interim report Q3, 2018 November 30, 2018

Interim report Q4, 2018 February 28, 2019

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 2017.

This interim report has not been reviewed by the Company's auditors.

Falun, August 31, 2018

The Board of Directors

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FINANCIAL REPORTS

Income statement and other comprehensive income

(SEK thousands)	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2018-01-01 2018-06-30	2017-01-01 2017-06-30
Net sales	145 931	93 782	295 020	184 363
Other operating income	366	461	1 016	943
Total	146 297	94 243	296 036	185 306
<i>Operating expenses</i>				
Other external costs	-73 636	-47 377	-143 664	-92 687
Employee benefit expenses	-67 157	-43 011	-129 005	-82 540
Amortisation and depreciation of intangible and tangible fixed assets	-5 735	-4 969	-11 087	-9 914
Other operating expenses	-27	-838	-115	-955
Operating result	-258	-1 952	12 165	-790
<i>Profit/loss from financial items</i>				
Other interest income and similar profit items	5	20	18	34
Interest expense and similar loss items	-7 028	-7 046	-14 216	-14 354
Result after financial items	-7 281	-8 978	-2 033	-15 110
Tax on profit for the period	1 613	2 558	589	4 501
Net result for the period	-5 668	-6 419	-1 444	-10 609

BALANCE SHEET

(SEK thousands)	2018-06-30	2017-06-30	2017-12-31
Non-current assets			
<i>Intangible assets</i>	488 660	489 706	489 178
<i>Tangible fixed assets</i>	87 023	74 360	71 129
<i>Financial assets</i>	3 324	66	2 485
Current assets			
<i>Current receivables</i>	79 765	51 260	67 202
Cash and bank balances	4 933	12 390	5 995
Total assets	663 705	627 782	635 989
Equity	144 745	172 247	146 209
Liabilities			
<i>Deferred tax</i>	-	6 906	-
<i>Long-term interest-bearing debt</i>	395 637	379 028	370 212
Bond loans	335 000	335 000	335 000
Other non-current liabilities	60 637	44 028	35 212
<i>Short-term interest-bearing debt</i>	10 458	7 477	13 948
<i>Current liabilities</i>	112 865	62 124	105 620
Total equity and liabilities	663 705	627 782	635 989

STATEMENT OF CHANGES IN EQUITY

(SEK thousands)	Share capital	Other paid in capital	Retained earnings	Total		
Opening balance as of January 1, 2018	500	241 700	-	95 991	146 209	
Net profit			-	1 444	-	1 444
Results relating to foreign subsidiaries			-	20	-	20
Closing balance as of June 30, 2018	500	241 700	-	97 455	144 745	

CASH-FLOW STATEMENT

	2018-04-01	2017-04-01	2018-01-01	2017-01-01
(SEK thousands)	2018-06-30	2017-06-30	2018-06-30	2017-06-30
Operating profit (EBIT) for the period	-258	-1 952	12 165	-790
Depreciation/amortization	5 735	4 969	11 087	9 914
Interest paid/received	-7 023	-7 026	-14 198	-14 320
Income tax paid	-848	-821	-1 624	-1 249
Cash flow from operating activities before change in operating capital	-2 394	-4 830	7 430	-6 445
Change in operating working capital	3 000	23 633	-3 404	1 261
Cash flow from operating activities	606	18 803	4 026	-5 184
Cash flow from investing activities	-9 008	-1 010	-26 353	-4 969
Cash flow from financing activities	8 930	-10 236	21 265	144
Cash flow for the period	528	7 557	-1 062	-10 009
Cash and cash equivalents, opening balance	4 405	4 833	5 995	22 399
Cash and cash equivalents, closing balance	4 933	12 390	4 933	12 390

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	Average number of employees for the period
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
Yrkeshögskola	Vocational University
Arbetsmarknadsutbildning, AUB	Employment Training
Kunskapslyftet	Adult Education Initiative
Yrkesvux	Vocational Secondary School Education
Yrkesvenska	Professional Swedish Education