



YA Holding AB (publ) Investor presentation Q2 2019

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August 29, 2019

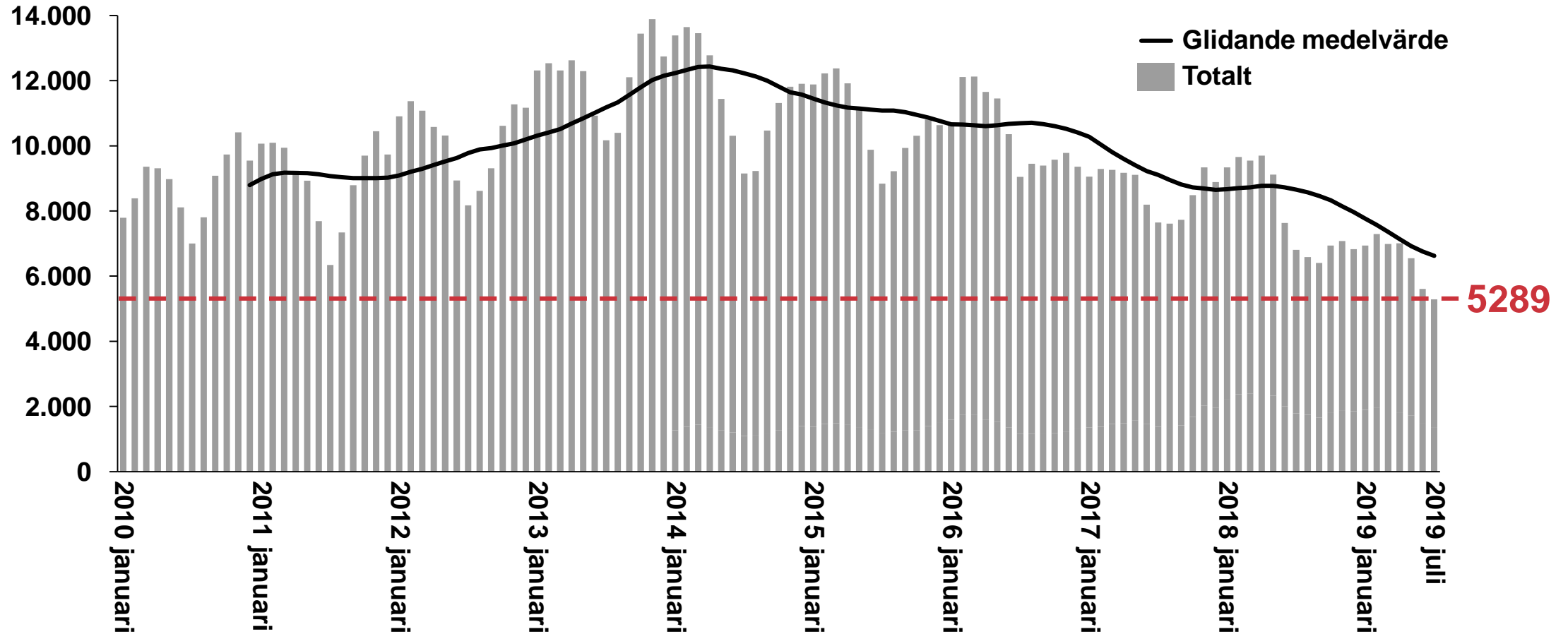
Volumes

Income development and share in employment after course



AUB-volumes in July at the lowest level ever since "The Swedish Model" was formed for the labor market in the 1950's

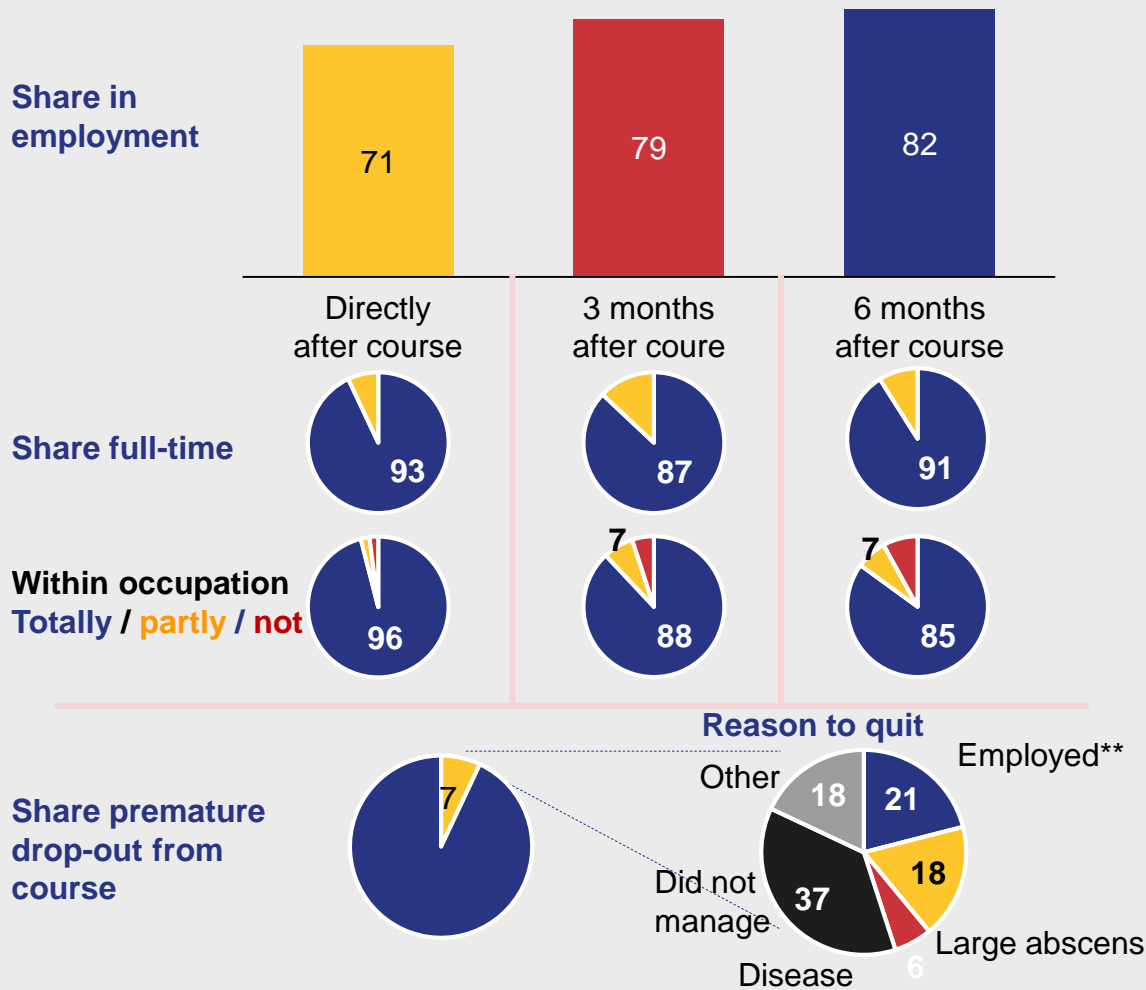
Number of people in vocational employment courses since 2010*



* Complete data series from 1950's difficult to obtain, but statistical graphs show significantly higher numbers from 1960 to 2010.

Volumes have been lowered despite successful outcome with more than 80% of AUB participants employed after 3 months

All of YA: Average last 4 months*

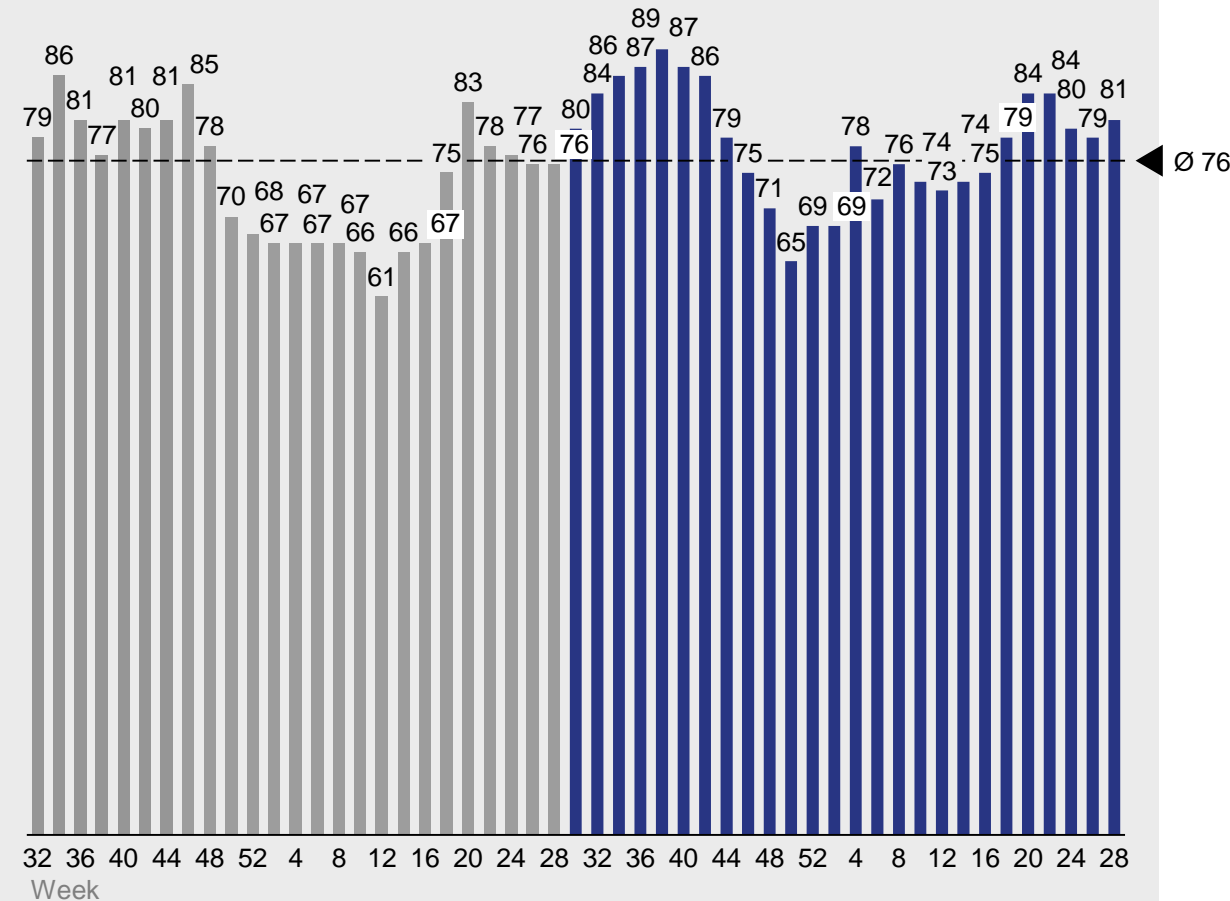


**Last year: 36% dropped out because they were employed

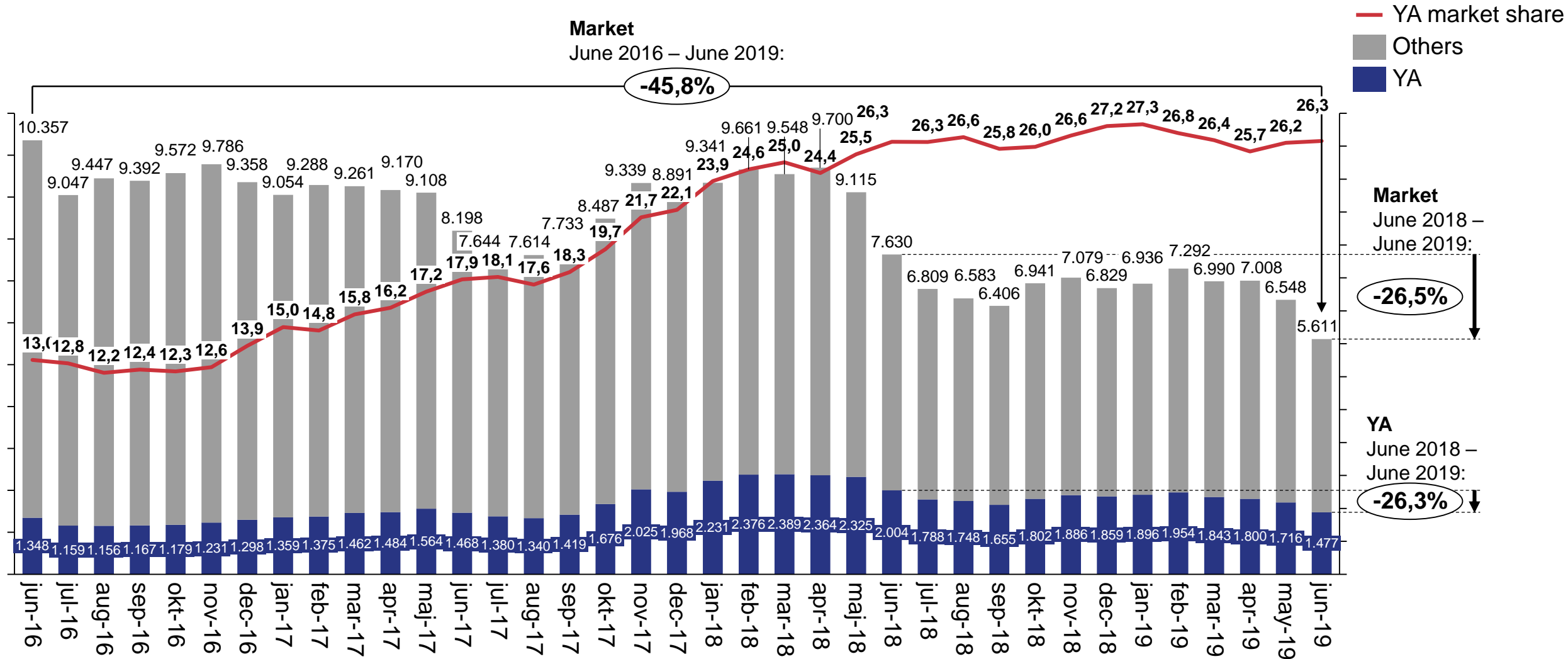
* Response frequency 78% (3 months), 408 answers

Development 2017-2019

Share in employment 3 months after end of course
- Average last 8 weeks



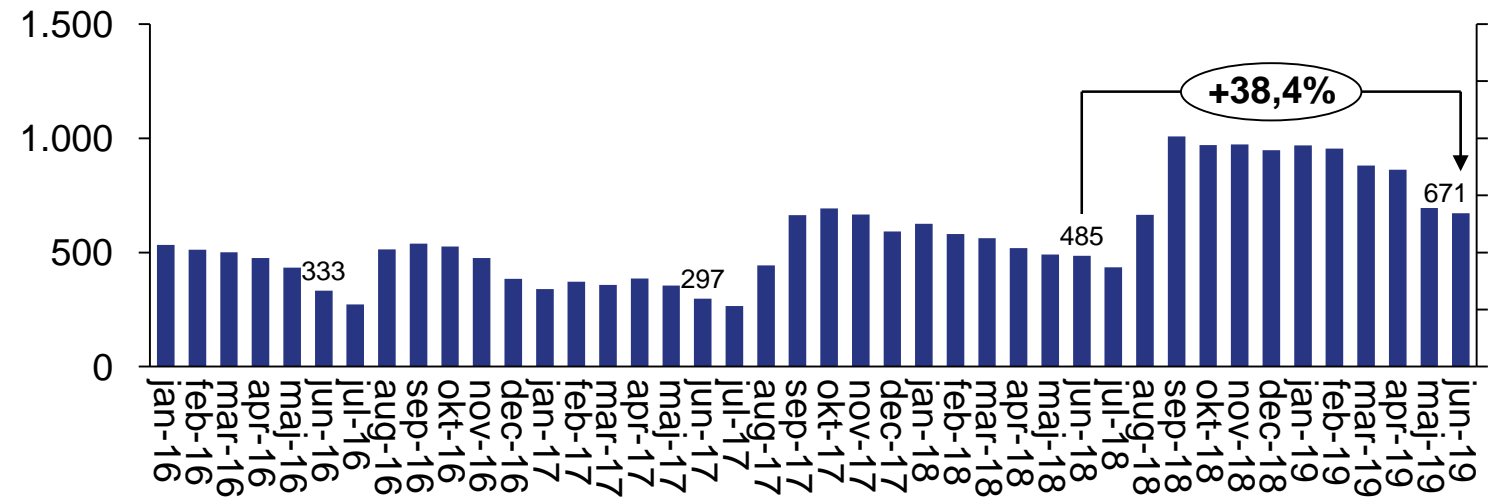
YA's market share of AUB is fairly stable despite earth-moving machine operator close down reducing # by 400 since January



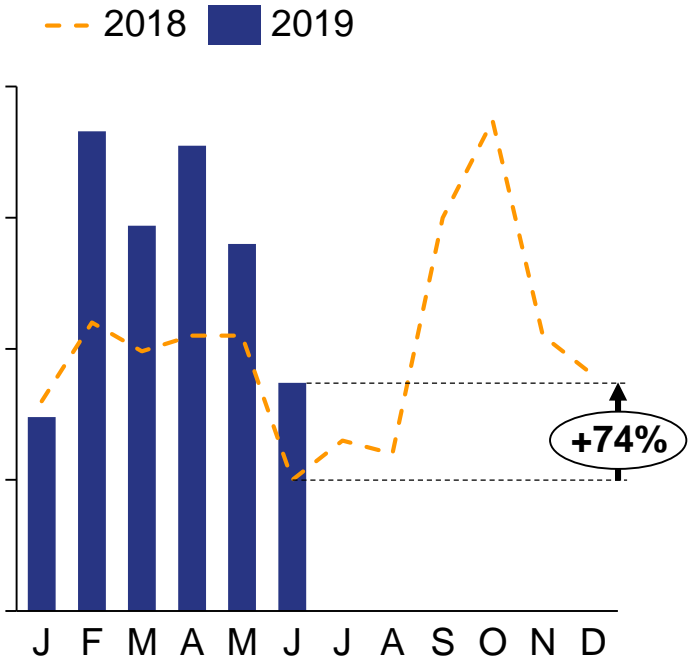
Source: Public Employment Service, Monthly statistics

Other customer segments increase rapidly

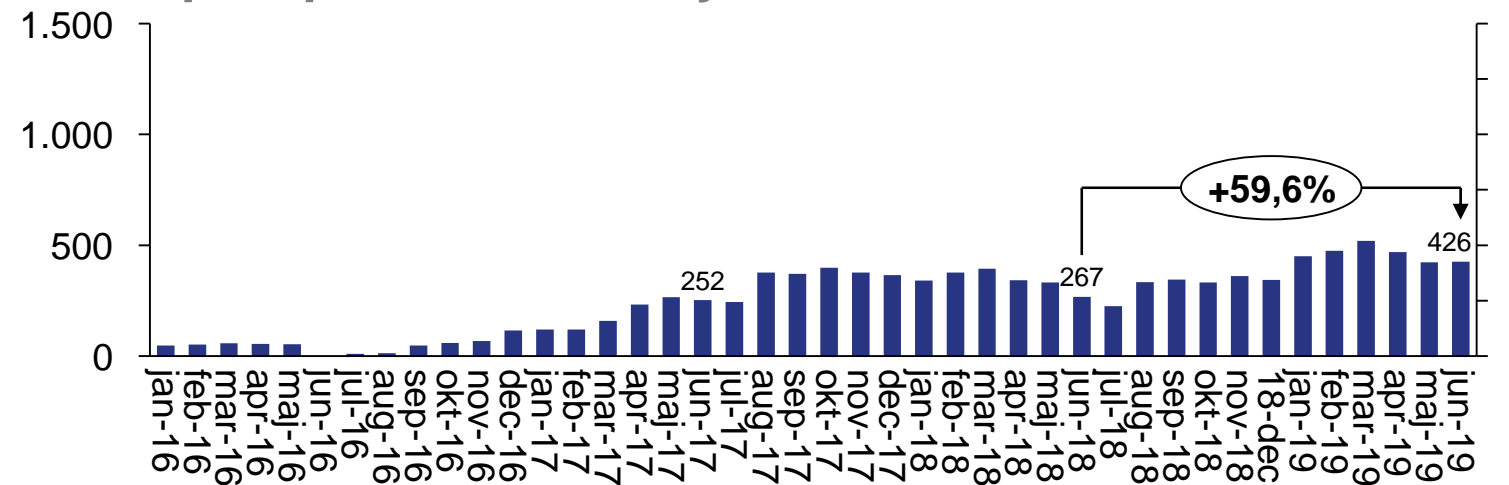
YH up 40 percent on last year



Corporate sales up 70 percent on last year



VUX up 60 percent on last year

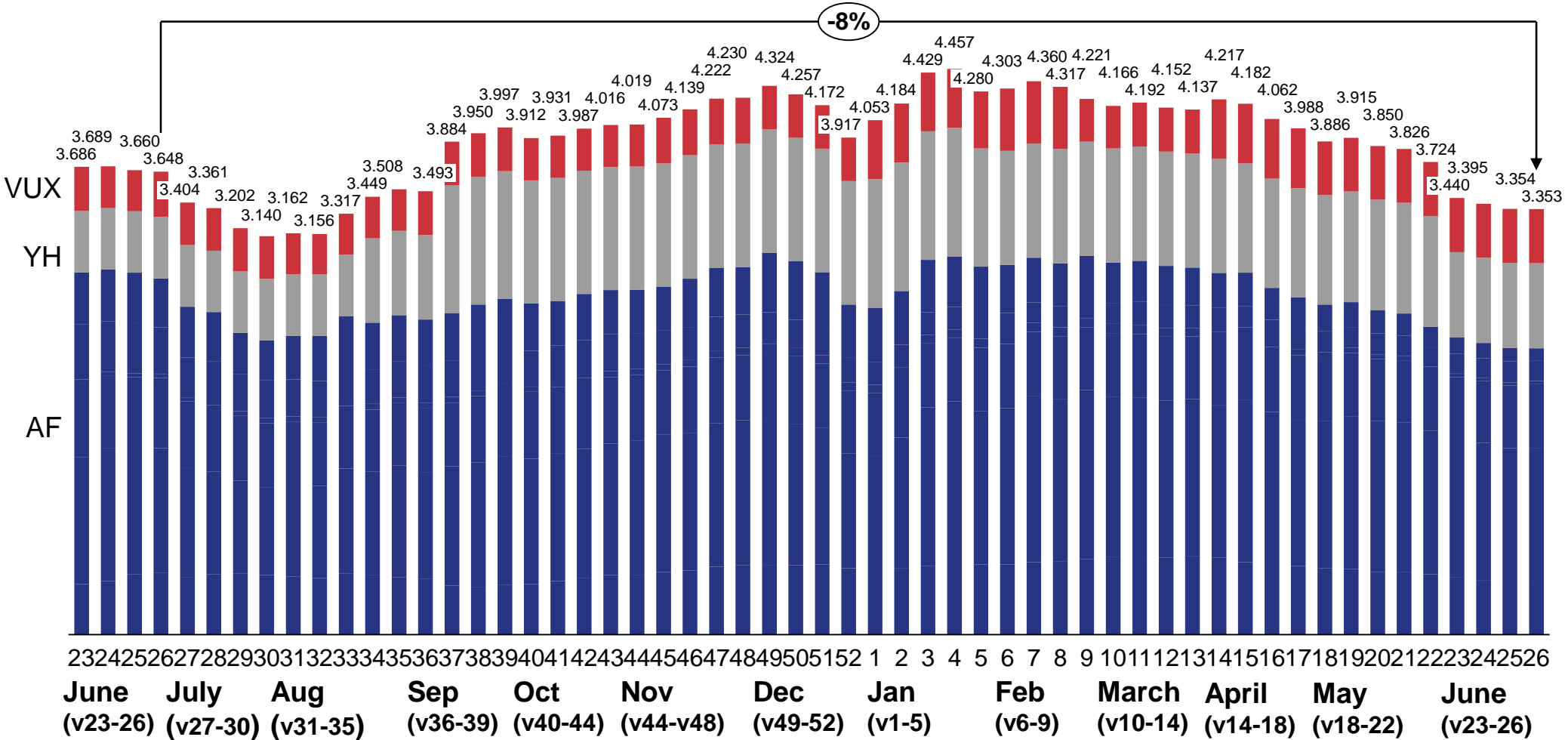


The decrease in volumes of AUB is partly compensated by growing number of students and income from VUX and YH

Share of income in June 2018

6,5%

6,5%



Share of income in June 2019

14,6%

11,7%

Financial information

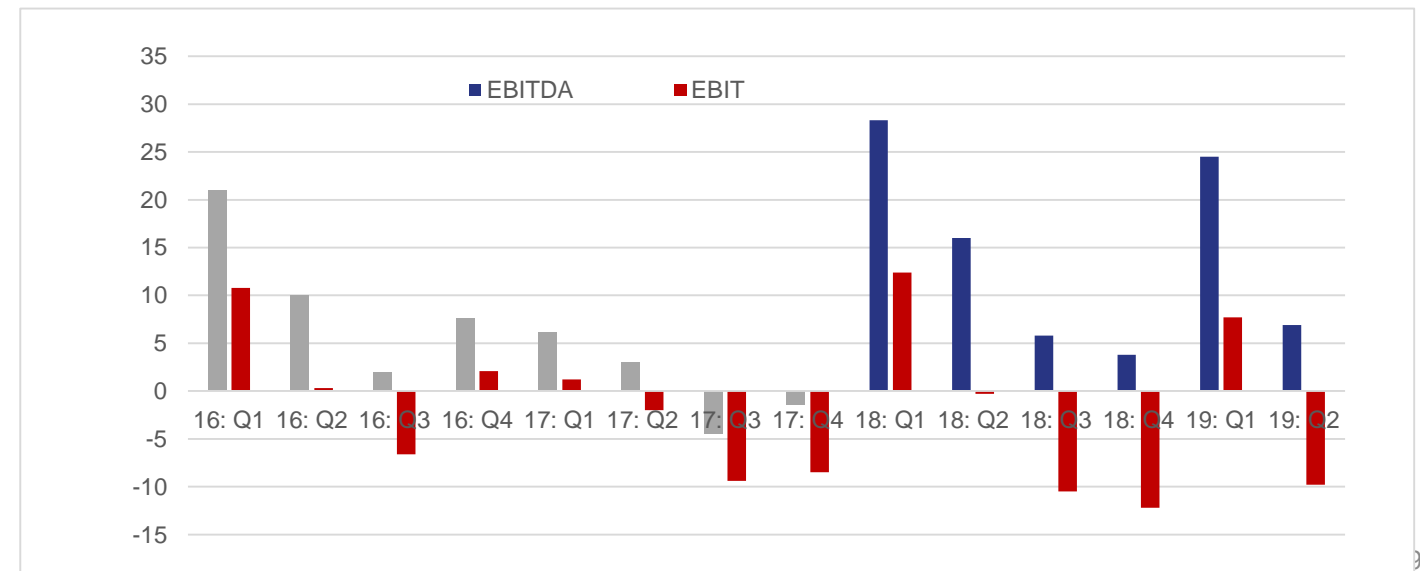
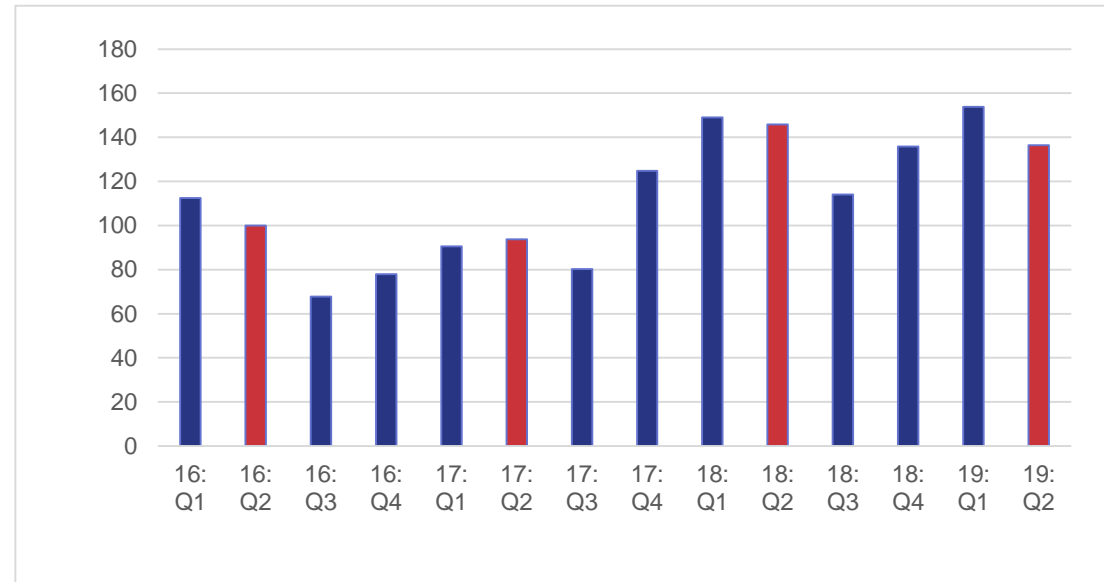
Income statement, balance sheet and cash-flow



Income Statement

- ▶ Revenues were SEK 136.4 million (145.9) in the quarter.
- ▶ Q2 includes
 - ▶ 2.4 million retrospectively invoiced revenues
 - ▶ 11.8 million one-time cost (refinancing & restructuring).
- ▶ EBITDA was SEK 6.9 million (16.0) or 5.1% (11.0%).
- ▶ EBIT was SEK -9.8 million (-0.3) or -7.2% (-0.2%).
- ▶ EBITDA in graf is according to:
 - ▶ IFRS16 in 2018/2019
 - ▶ IAS17 before 2018
- ▶ Start-up of Vocational University and discontinuing the earth-moving machine operator education are affecting the Q2 results (not included in one-time cost above).
- ▶ Leasing cost of 33.3 million is treated as depreciations and interest expenses according to IFRS16.

Q2 2019



Balance sheet and cash flow Q2 2019

- ▶ Cash balance amounted to SEK 3.1 million (4.9) at the end of the quarter.
- ▶ Cash flow amounted to SEK 1.8 million (0.5).
- ▶ Cash flow from operating activities amounted to SEK 5.2 million (11.1).
 - ▶ Leasing payments treated as financing activities and interests.
- ▶ Change in working capital was SEK 13.6 million (3.0).
- ▶ Net debt amounted to SEK 544 million (545).
 - ▶ Including leasing liability of SEK 181 million (188).
- ▶ Start-up costs of Vocational University, close-down of earth-moving machine operator education and cost of refinancing are affecting liquidity in Q2.
- ▶ Capital injection of SEK 40 million fully paid in July.

Cashflow Q2

	Q2
EBITDA	6,9
Change in working capital	13,6
Amortizations / other non-cash items	-7,5
Cash flow before interest and taxes	13,0
Interest paid	-6,9
Income tax paid	-0,8
Cash flow from operating activities	5,2
Cash flow from investing activities	2,6
Cash flow from financing activities	-6,1
Cash flow for the period	1,8

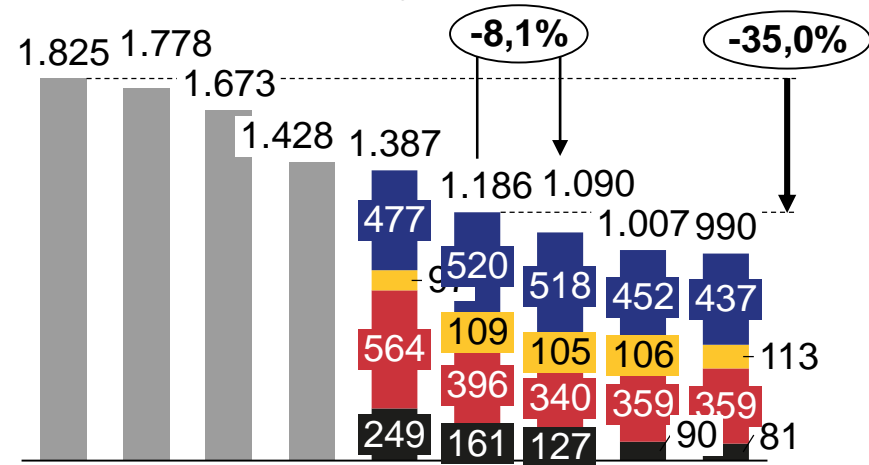
Market

AF forecasts, business cycle impact and guidance



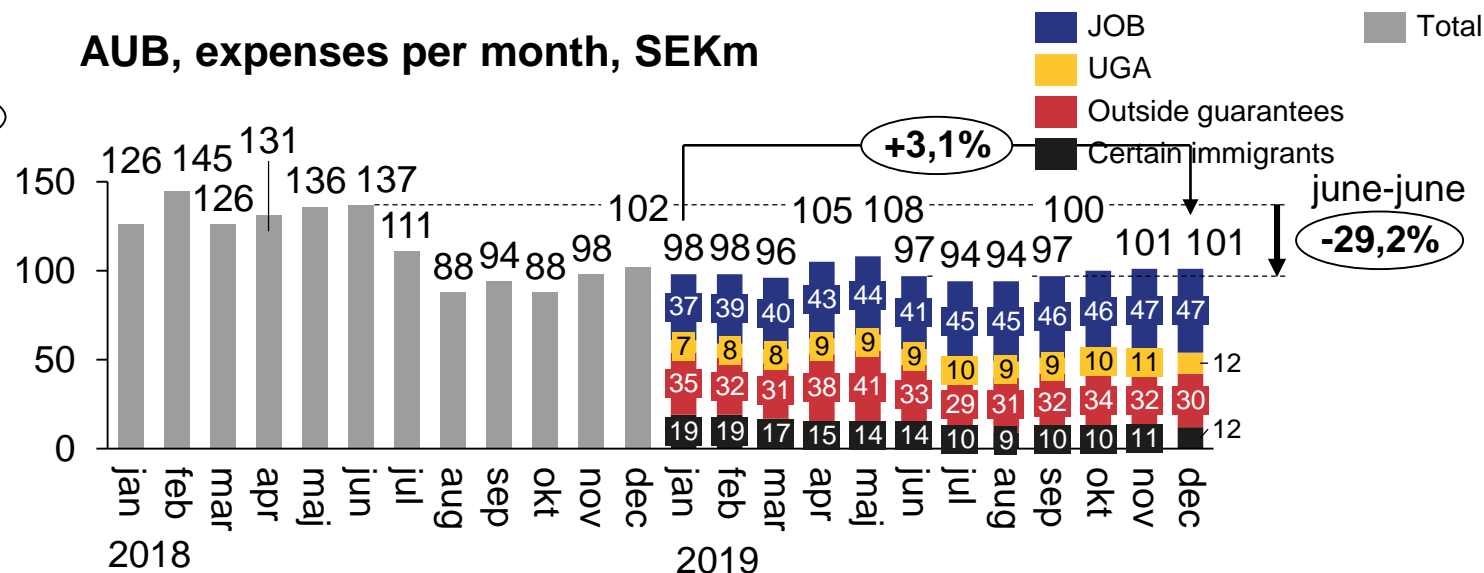
In July, AF reduced its spend forecast for 2019 but increased it for coming years from extremely low levels

AUB, expenses per year, SEKm



Year	2019	2020	2021	2022
Comp to May forecast:	-12	+54	+23	+27

AUB, expenses per month, SEKm



Month	2019
Compared to May forecast:	+3 +4 -5 -6 -6 -3 -1 - +1

Forecast of total purchased services by AF, SEKm

	2017	2018	2019	2020	2021	2022
AUB	1428	1388	1187	1090	1008	990
FUB	1699	858	444	450	403	391
KA	2046	1979	1191	1523	1522	1480
Purchased services	4225	4225	2822	3063	2933	2860
Change from May			-264	-91	-60	-37

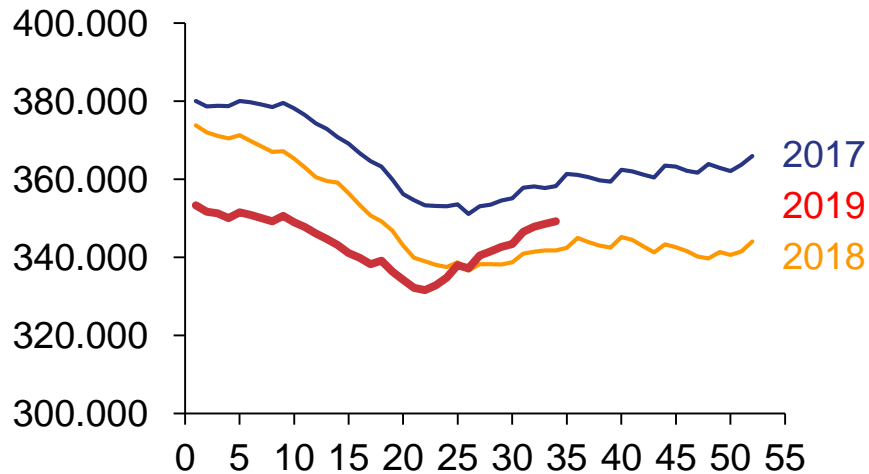
Forecasts of purc service in 2019 halved since 2017

Forecast date	Forecas FY 2019	Change since last
January 2017	7300	
January 2019	3518	-200
February 2019	3211	-307
May 2019	3087	-124
July 2019	2822	-264
Total since:	2017: -4478 (-61%)	Jan 2019:-695 (-20%)

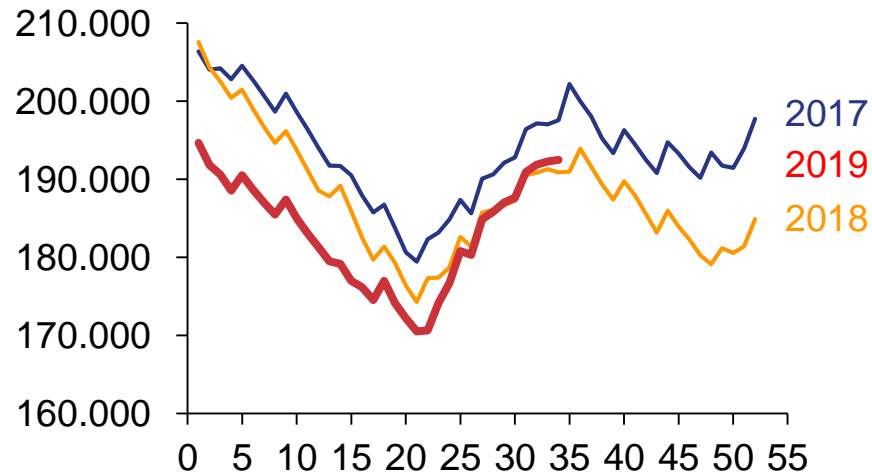
Source: AF's "Prognos för utbetalningar, maj 2019 samt juli 2019, <https://www.arbetsformedlingen.se/Om-oss/Statistik-och-publikationer/Rapporter/Ekonomiska-prognoser-och-utfall/Rapporter/2019-05-03-Prognos-for-utbetalningar-2019-2022-maj-2019.html> sam <https://www.arbetsformedlingen.se/Om-oss/For-leverantorer-/For-leverantorer-av-upphandlade-arbetsformedlingstjanster/Nyhetsarkiv/Nyheter-for-leverantorer/2019-05-03-Utvecklingen-med-nagot-minskande-volymer-fortsatter.html>

The down-turn in the economy visible on labor market, but not yet in labor education (AUB) volumes

Total unemployment increases

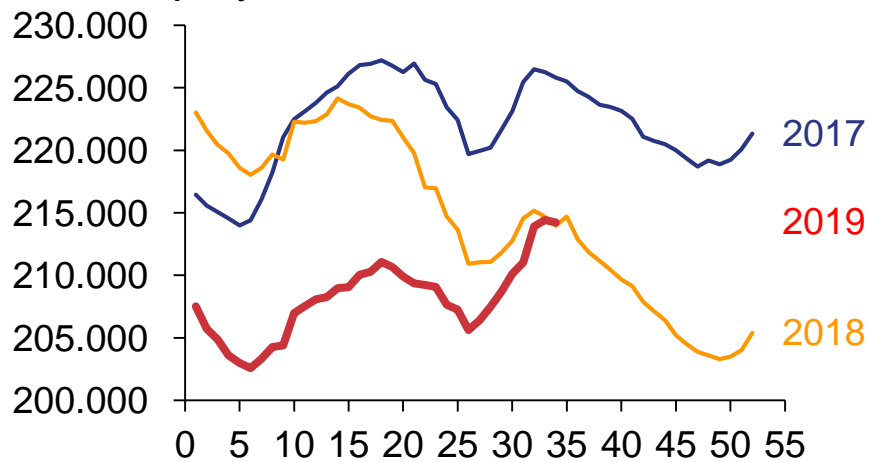


Open unemployment increases



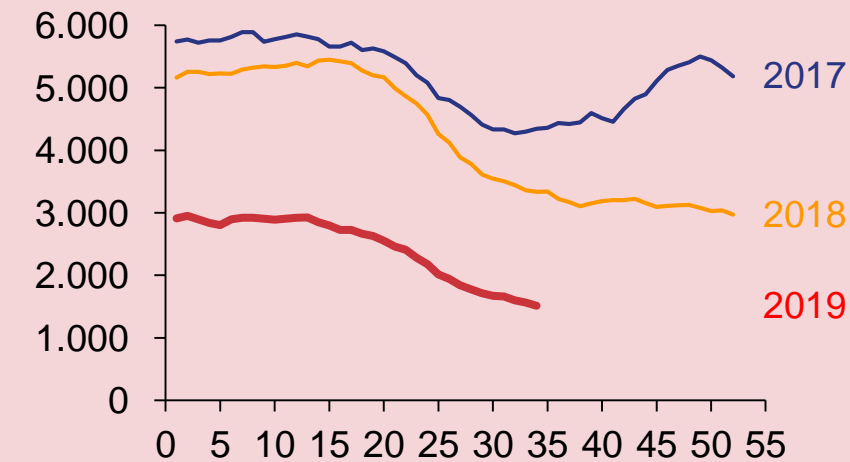
Long term unemployment increases

- Unemployed > 6 months



But employment education decreases

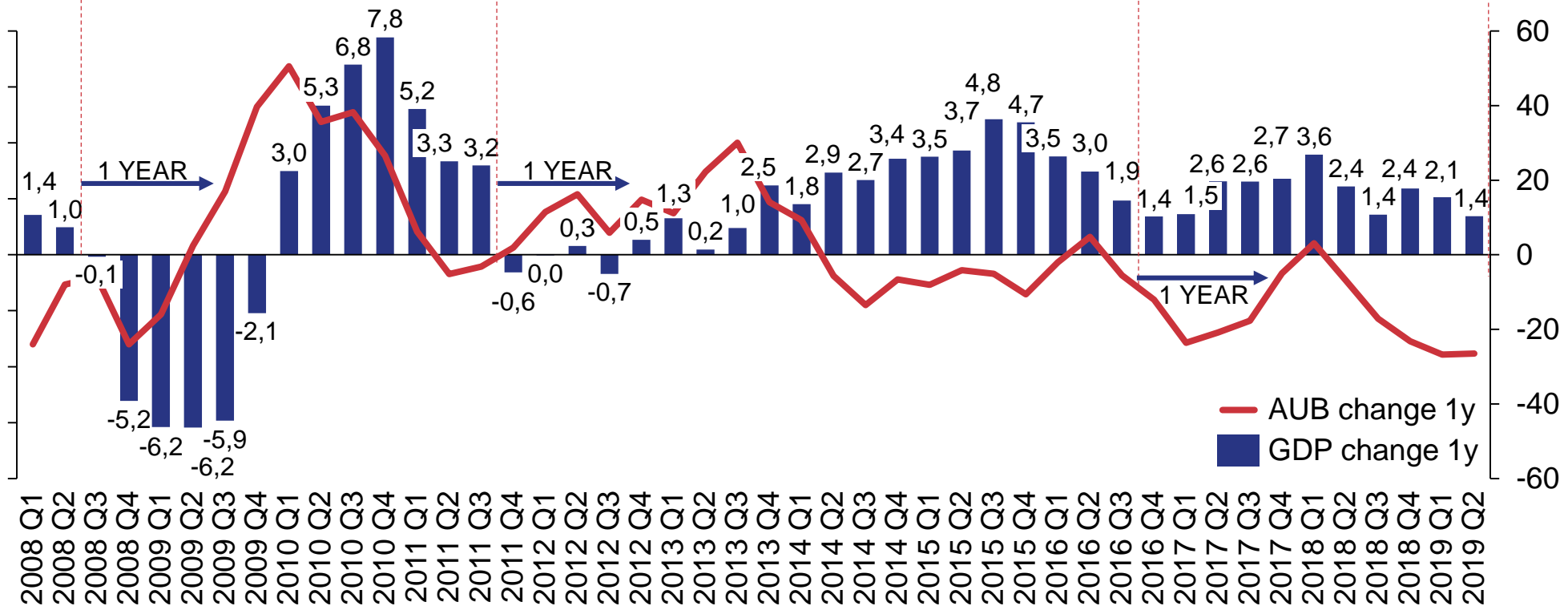
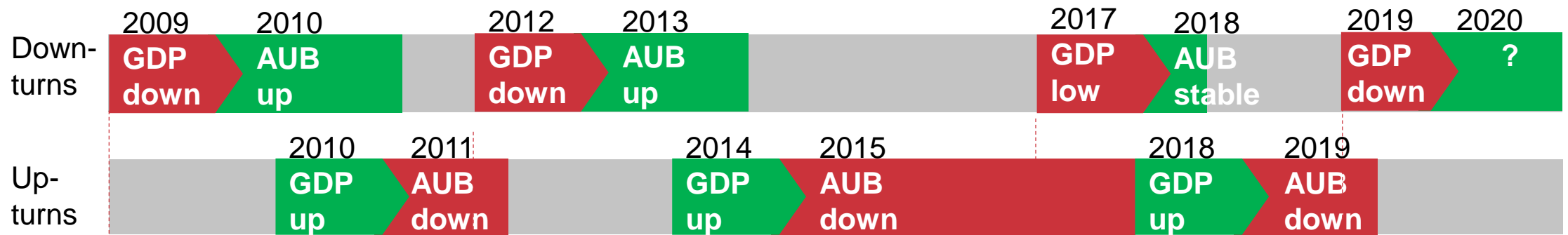
Volumes outside of "Guaranties"*



- Economic slowdown is announced by Swedish Finance minister and backed up by economic statistics including unemployment figures
- Historically, increasing unemployment leads to increasing AUB volumes
- That effect is not yet visible, due to
 - The down-sizing of AF
 - The organizational changes
 - Uncertainty around new GD and minister
- Vital to increase volumes to manage reform of AF and maintain economic strength

*Guaranties are youth, long term unemployed and certain immigrants. Total employment education not available as weekly statistics

When GDP growth falls below 1 percent, AUB volumes normally start to grow within a year



- Correlation between AUB and GDP-growth strong and intuitive
- However, new Labour policy regime and AF-reform may change causality to the better or worse

Uncertain future

External

Opportunities

- Down-turn in economy
- New SEK Bn-market after AF-reform
- Signs of political awakening on need for AUB

Internal

- More diversified income base
- New financing in place
- Most of cost for YH growth and machine operator close down taken
- Efficient organisation

Challenges

- No future Minister for Labor or DG for AF appointed
- Uncertainty of how AUB will fit in new reform
- Reorganisation and downsize in AF with continued lower volumes
- Cost structure of the business model – large share of fixed or semi-fixed cost

Uncertain forecast for YA

Together with the decision of AF to withdraw the tender process for earth-moving machine operator courses and a lower than forecasted volume of AUB in June and July, these exogenous factors mean that YA most likely will not reach the forecasted turnover for 2019, but will probably reach a somewhat lower turn-over and somewhat higher EBITDA than the full year of 2018.



Thank you!

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**Yrkes
Akademin**

Vi hjälper dig att lyckas!