



Q4

August 28, 2020

Year-end results presentation July 2019 – June 2020

Marcus Strömberg, CEO

Katarina Wilson, CFO

AcademeMedia

CEO introduction

- Covid-19 has had a continued large operational impact but limited financial effect.
- All preschools in Norway and Germany that closed in March, opened during the spring. Distance education continued in the upper secondary schools and in the adult education.
- The operating profit grew both in the fourth quarter and for the full year 2019/20, largely due to the recovery in the Adult Education Segment.
- The organic revenue growth for the full year was 5.4 percent. Adjusted EBIT-margin for the full year improved to 5.9 percent.
- The pandemic is impacting the municipalities economy and we believe that digitalisation is an important solution to find new ways of working and to reduce cost.
- Eight new units will open in the first quarter of 2020/21.
- Dividend of SEK 1.50 (1.25) proposed.



Highlights Q4

Adult Education and Upper Secondary School drive adjusted EBIT improvement

- Student numbers grew by 3.8 percent in the school segments following organic growth including 2 new units in Germany and the acquisition of an integrated compulsory school.
- Net sales increased by 2.1 percent with organic growth in all segments. Currency development impacted negatively, -1.8 percent, effecting the Preschool Segment. Organic growth adjusted for currency was 3.9 percent.
- Adjusted EBIT increased to SEK 279 million (232) and adjusted EBIT-margin increased to 8.6 percent (7.3) driven by the Adult Education and Upper Secondary School segments.
- EBIT improved 28% to SEK 279 million (218).
- Free cash flow was stronger than last year SEK 560 million (362).

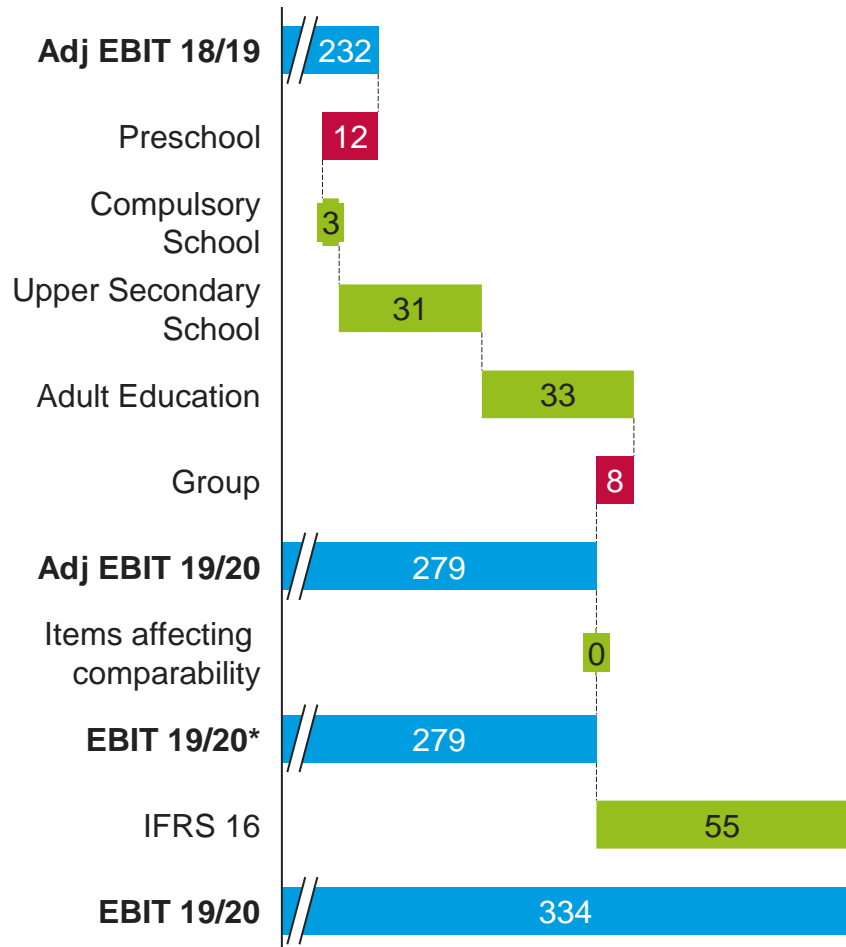
Key figures Q4 2019/20, excluding effects of IFRS 16

(MSEK)	2019/20	2018/19	Change
# of Students	82,999	79,994	3.8%
Net sales	3,227	3,162	2.1%
EBIT	279	218	28.0%
EBIT-margin	8.6%	6.9%	1.7 p.p.
Adj. EBIT	279	232	20.3%
Adj. EBIT margin	8.6%	7.3%	1.3 p.p.
Earnings after tax	206	148	39.2%
Earnings per share ¹⁾ , SEK	1.96	1.41	38.9%
Free cash flow	560	362	54.8%

1) Earnings per share before dilution and based on average number of shares during the period.

Highlights Q4

Adult Education and Upper Secondary School drive adjusted EBIT improvement



* Excluding IFRS 16

Preschool: Increased staffing levels and higher pension costs in Norway continued to impact earnings. Lower parental fees in Germany due to Covid-19 had a net effect on earnings of -5 MSEK.

Compulsory School: Higher capacity utilization from organic growth continued to impact earnings positively.

Upper Secondary School: Improvement mainly due to marketing expenses taken earlier in the year and somewhat lower variable cost due to distance education during the Covid-19 pandemic.

Adult Education: All business areas Higher Vocational Education, Municipality Adult Education as well as the Labour Market Services contributed positively in the quarter.

Group: Increased expenses related to digitalisation.

Items affecting comparability amounted to 0 MSEK (-14).

Highlights full-year 2019/20

Adult Education drive strong improvement of operating profit

- In total, 26 new units were added during 2019/20, 20 new units opened and six units were acquired.
- Student numbers grew by 3.7 percent in the school segments following organic growth including bolt-on acquisitions and new establishments.
- Net sales increased 4.7 percent with growth in all segments. Largest increase in the Upper Secondary School and the Compulsory School Segments but also in the Adult Education Segment. Organic growth adjusted for negative currency was 5.4 percent.
- Adjusted EBIT increased to SEK 728 million (634) and adjusted EBIT-margin increased to 5.9 percent (5.4) driven mainly by the Adult Education and Compulsory School segments.
- EBIT improved to SEK 728 million (634) with items affecting comparability amounting to SEK 36 million (1).

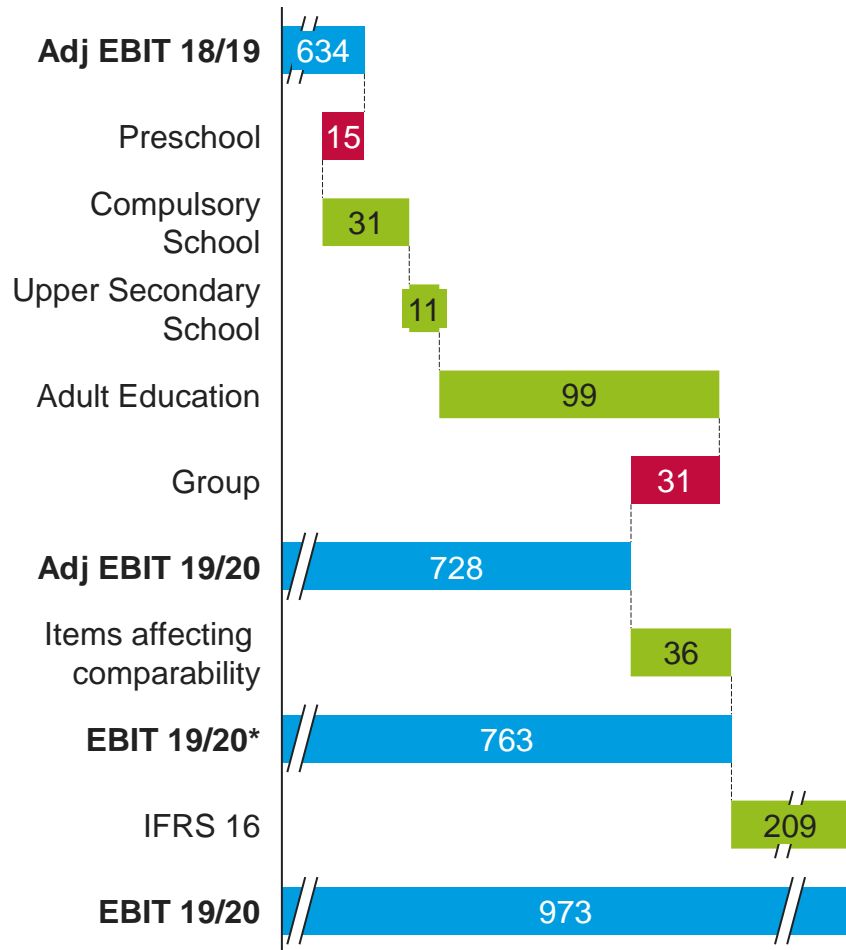
Key figures full-year 19/20 vs 18/19, excluding IFRS 16

(MSEK)	2019/20	2018/19	Change
# of Students	82,433	79,493	3.7%
Net sales	12,271	11,715	4.7%
EBIT	763	635	20.2%
EBIT-margin	6.2%	5.4%	0.8 p.p.
Adj. EBIT	728	634	14.8%
Adj. EBIT margin	5.9%	5.4%	0.5 p.p.
Earnings after tax	549	431	27.4%
Earnings per share ¹⁾ , SEK	5.21	4.09	25.0%
Free cash flow	805	356	126.1%

1) Earnings per share before dilution and based on average number of shares during the period.

Highlights full-year 2019/20

Adult Education drive strong improvement of operating profit



* Excluding IFRS 16

Preschool: Increased staffing levels and higher pension costs in Norway impacted earnings. Moreover, lower parental fees in Germany due to Covid-19 had a net effect of -8 MSEK. Lower cost for temporary staff in Sweden partially offset lower profitability in Germany and Norway.

Compulsory School: Higher capacity utilization from organic growth was key driver in improved earnings.

Upper Secondary School: Strong student number increase, successful efforts to strengthen quality in the Praktiska schools, investment in digitalization and opening of new units impacted results.

Adult Education: A strong development where the business areas Higher Vocational Education and Municipality Adult Education delivered profitable growth. Labour Market Services contributed positively during H2 and now only make up 10 percent of the total segment.

Group: Increased expenses related to a new digitalisation organisation and real estate projects due to expansion.

Items affecting comparability amounted to 36 MSEK (1) mainly attributable to a one-off pension plan adjustment in Norway in the third quarter.

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Q4 Segment reporting

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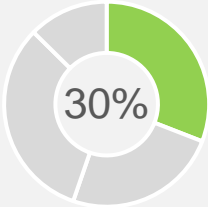
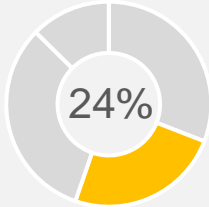
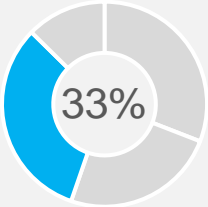
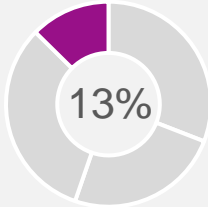
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4 business segments and presence in 3 countries

We operate throughout the education chain

	Preschool	Compulsory School	Upper Secondary School	Adult Education
Age group	0-6 yrs	6-16 yrs	16-18 yrs	18+ yrs
Geography				
# FTE*	4 788	3 083	3 292	1 331
Net sales split*				

*) 2019/20

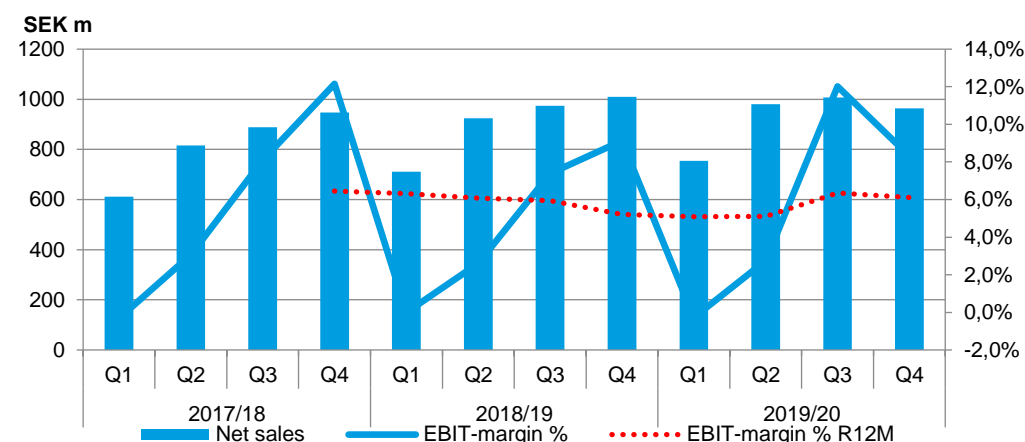


Preschool Segment

Covid-19 impact SEK -5 million on EBIT and new openings in Germany are delayed. New staffing regulation in Norway on plan

- The segment includes preschools in Sweden (109 units), Norway (104) and Germany (49). Two new units opened in Germany in the period which gives a total of 262.
- Overall child numbers increased 0.4 percent. Adjusted for 12 divestments/closures in Sweden last year, the growth was 4.2 percent.
- Net sales decline 4.5 percent to SEK 964 million due to negative currency development. Adjusted for FX-effects, net sales increased 1.1 percent.
- Adjusted EBIT and margin was primarily impacted by the new staffing regulation in Norway and financial effects have been as indicated including higher pension cost. Lower parental fees in Germany during the closure impacted net sales with SEK 12 million. Lower costs mitigated the effect and resulted in a negative EBIT impact of SEK 5 million.
- Some of the planned openings in Germany during 2020/21 are delayed because of the Covid-19 outbreak. The revised plan is to open 10-15 units during 2020/21.

Quarter results (MSEK)	2019/20	2018/19	Change
Net sales	964	1,009	-4.5%
EBIT	80	92	-13.0%
EBIT-margin	8.3%	9.1%	-0.8 p.p.
Adj. EBIT	80	92	-13.0%
Adj. EBIT-margin	8.3%	9.1%	-0.8 p.p.
# of children	21,404	21,319	0.4%

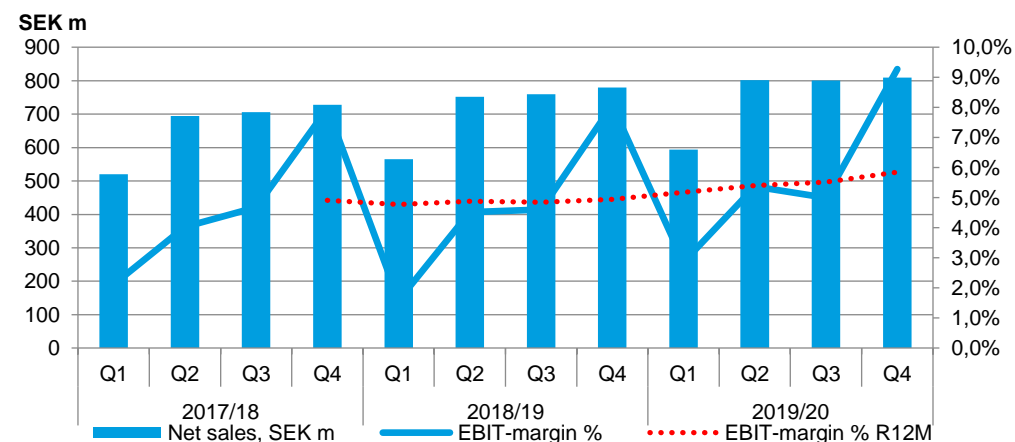


Compulsory School Segment

Strong organic growth continued to delivered improved margins

- The segment includes 111 compulsory schools and integrated preschools in Sweden under three brands.
- Number of students increased by 5.0 percent due to more students in existing units as well as two smaller acquisitions during 2019/20.
- Sales grew 3.7 percent as a result of increased number of students and annual voucher revisions.
- Adjusted EBIT and adjusted EBIT-margin improved. Main reason was volume growth in existing schools generating improved capacity utilization.
- EBIT-margin continued to improve and was 9.3 percent in the quarter.
- One integrated compulsory school with 524 students was acquired in quarter.

Quarter results (MSEK)	2019/20	2018/19	Change
Net sales	809	780	3.7%
EBIT	75	63	19.0%
EBIT-margin	9.3%	8.1%	1.2 p.p.
Adj. EBIT	75	71	5.6%
Adj. EBIT-margin	9.3%	9.1%	0.2 p.p.
# of children	25,706	24,482	5.0%

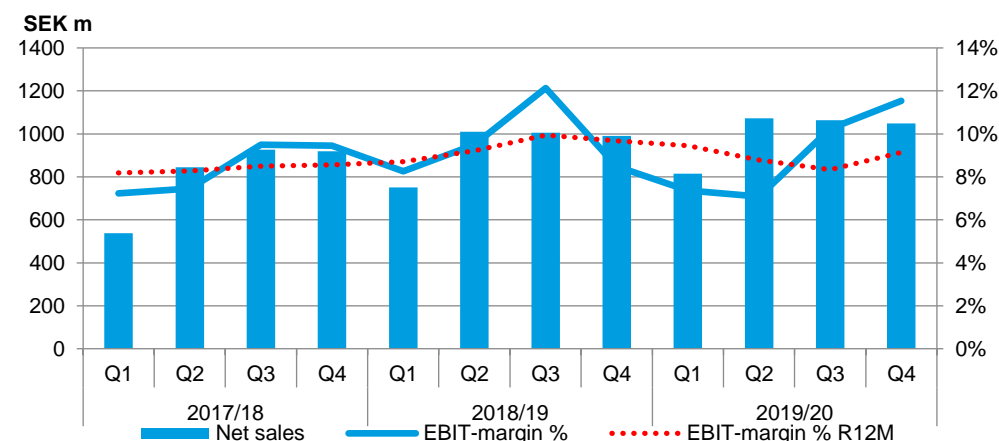


Upper Secondary School Segment

Strong fourth quarter driven by temporary effects

- The segment includes 143 upper secondary schools in Sweden under 14 brands.
- All upper secondary schools have conducted distance education since 18 March but will resume classroom teaching in the autumn.
- Student numbers increased by 5.0 percent as a result of 14 new schools that in total started over the last three years of which four started in the autumn of 2019.
- Net sales increased by 6.0 percent.
- Adjusted EBIT and margin developed strongly in the quarter mainly as a result of marketing expenses taken in earlier quarters, but also somewhat lower variable costs due to distance education during the Covid-19 outbreak.
- Four new schools are opening in the autumn 2020.

Quarter results (MSEK)	2019/20	2018/19	Change
Net sales	1,049	990	6.0%
EBIT	121	84	44.0%
EBIT-margin	11.5%	8.5%	3.0 p.p.
Adj. EBIT	121	90	34.4%
Adj. EBIT-margin	11.5%	9.1%	2.4 p.p.
# of children	35,889	34,194	5.0%

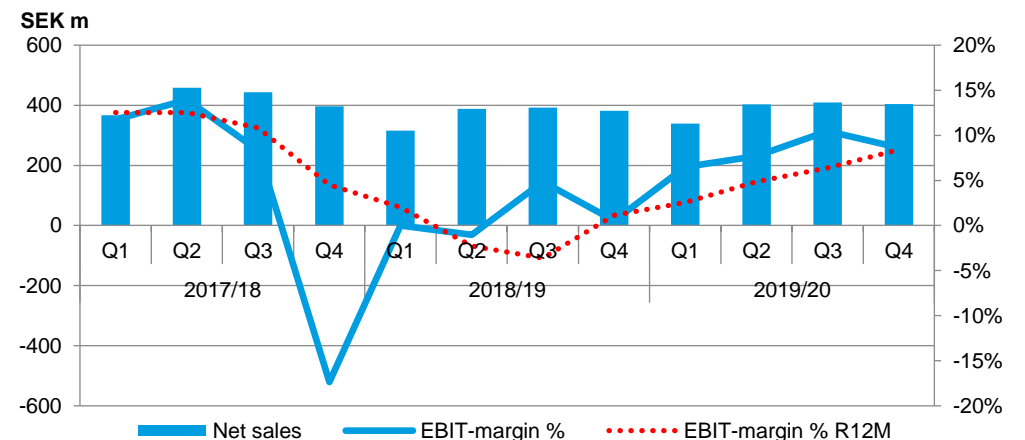


Adult Education Segment

Profitable growth and continued positive margin development

- All adult education transitioned to distance education in March but will gradually return to normal during the autumn.
- Net sales increased by 6.0 percent in the quarter.
- EBIT and EBIT-margin improved albeit from a very low level. All business areas contributed in the period. On a 12-month rolling basis the margin continues to improve.
- The volume-sensitive contract for vocational and preparatory modules will be terminated during the second quarter 20/21.
- During and after the quarter new contracts were secured creating stability and growth opportunities in coming periods.
 - Contracts for adult municipal education with the City of Stockholm are signed as the appeal was rejected.
 - AcadeMedia's Higher Vocational business was awarded 1,506 additional educational places, gaining market share.
- Rising unemployment will create an even higher demand for adult education.

Quarter results (MSEK)	2019/20	2018/19	Change
Net sales	405	382	6.0%
EBIT	35	2	1,650%
EBIT-margin	8.6%	0.5%	8.1 p.p.
Adj. EBIT	35	2	1,650%
Adj. EBIT-margin	8.6%	0.5%	8.1 p.p.



Q4

Financial position

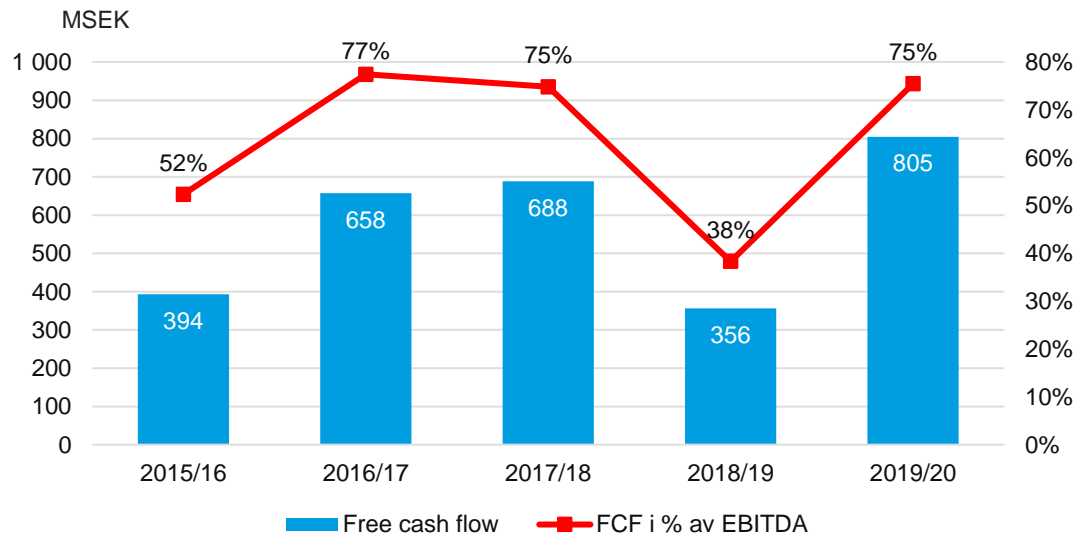
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Free cash flow and investments

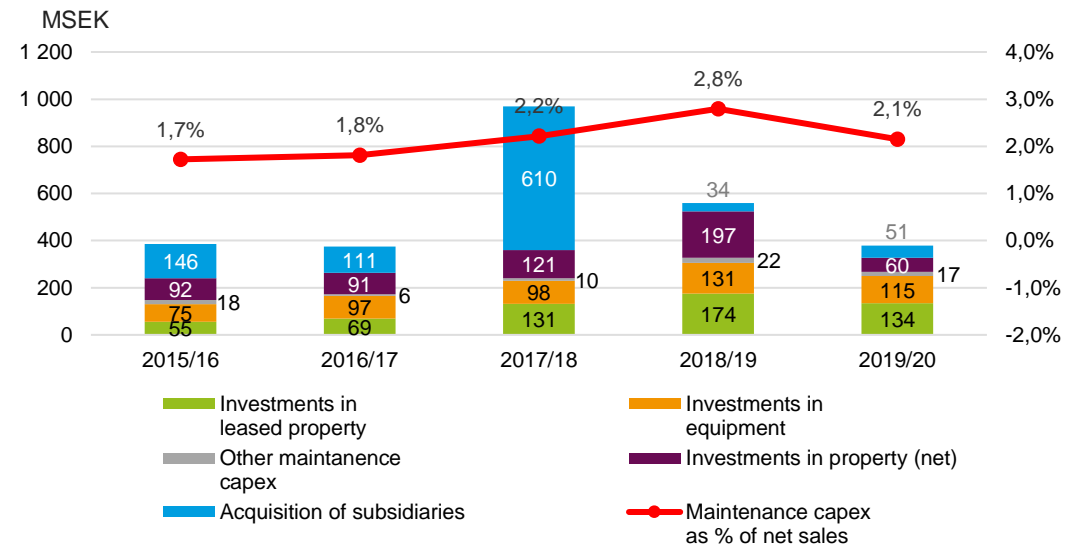
Strong free cash flow can fund investments in current operations and growth

FCF as % of adj. EBITDA



- AcadeMedia has a strong Free cash flow.
- Swings between years are mainly an effect of changes in net working capital. Free cash flow for 2017/18 and 2018/19 were distorted by an unusually strong net working capital position at the end of June 2018.

Capex and Maintenance capex as % of net sales



- Capex in current operations (“maintenance capex”) has declined compared to last year.
- Growth capex can largely be funded by free cash flow except for large acquisitions.

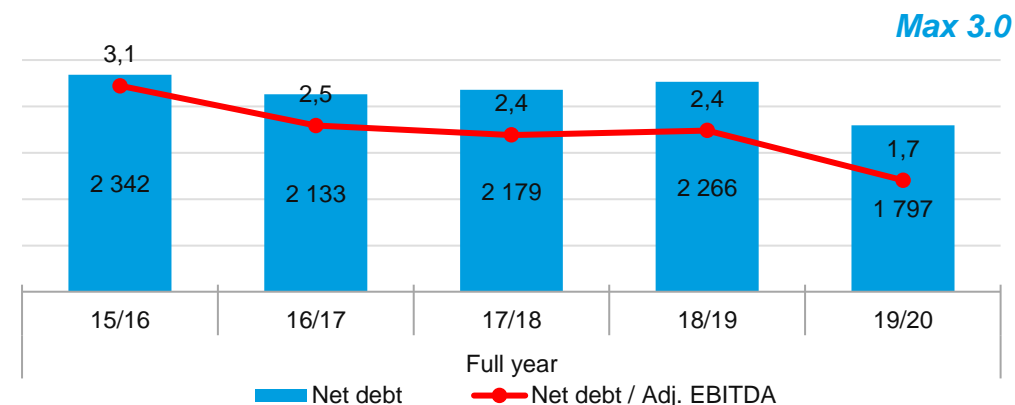
Financial position

Financial position continues to improve

- Net debt is lower than last year and has decreased since the last quarter. Cash position unchanged.
- Leverage ratio improved from previous quarter and is lower than the same period last year 1.7x (2.4) and well below AcadeMedia's financial target of maximum 3.0x.
- In the second quarter, a dividend of 1.25 SEK per share was paid out, corresponding to SEK 132 million.
- Debt related to right-of-use assets has been included as of 2019/20 and amounted to SEK 7,214 million as per 30 June 2020.
- Book value of property in Norway and Germany is SEK 1,001 million (1,129).
- In the quarter, one property in Norway was sold to the municipality of Oslo for NOK 65 million. Positive impact on EBIT SEK 3 million. Cash flow will be impacted the first quarter 2020/21.

SEK m	2019/20 30 June	2018/19 30 June	Change
Total equity	4,925	4,589	7.3%
Net debt	1,797	2,266	-20.7%
Adj. net debt ¹⁾	1,138	1,533	-25.8%
Property (BV)	1,001	1,129	-11.3%
Lease liabilities	7,214	-	-

Net debt and Net debt / Adj. EBITDA



Financial performance vs targets

Dividend of SEK 1.50 (1.25) per share proposed, corresponding to 29 percent (31) of net profit excluding IFRS 16

Financial targets are unchanged			Q4 (FY 18/19)
Growth	5-7%	<ul style="list-style-type: none"> Annual revenue growth rate of 5-7% including organic growth and smaller bolt-on acquisitions but excluding larger strategic acquisitions and FX 	5.4% (4.4%)
Profitability	7-8%	<ul style="list-style-type: none"> Adj. EBIT margin of 7-8% over time 	5.9% (5.4%)
Capital structure¹	<3.0x	<ul style="list-style-type: none"> Net debt / adj. EBITDA below 3.0x Leverage may temporarily, exceed the maximum level 	1.7x (2.4x)
Use of free cash flow	n.a.	<ul style="list-style-type: none"> Free cash flow primarily to be reinvested Excess cash distributed to the shareholders while still maintaining quality and leverage targets 	1.50 SEK/ share (1.25)

¹ Defined excluding effects of IFRS 16



Thank you,
questions?

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