



Q2

February 3, 2021

Interim report presentation
July 2020 – December 2020

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AcademeMedia

CEO introduction

- Organic revenue growth of 7,3 percent.
- Three new preschools opened in Germany and the acquisition of Swedish Education Group was completed in the quarter.
- Adjusted operating profit (adjusted EBIT) increased to SEK 224 million (150) largely due to continued strong demand in the Adult Education Segment.
- The pandemic continued to impact operations. Distance education was resumed for the upper secondary schools in December and in Germany the growth in number of preschool children slowed down. Cancelled and postponement activities reduced cost in the quarter.
- In the latest government inquiries, proposals have been made to develop the Swedish school system. Independent and municipal providers, authorities and the Swedish Ministry of Education must continue to work together to improve Swedish student's knowledge and reduce inequalities.
- Preliminary school voucher increase in Sweden for 2021 amount to 1,7 (2,1) percent.



Highlights Q2

Adult Education volume increase, good student growth in the school segments and cancelled activities impact EBIT

- Student numbers grew by 4.4 percent in the school segments following organic growth. Three new preschools opened in Germany in the quarter. The acquisition of SEG, with 2,600 children and 1,300 adult education participants, was completed and will impact the third quarter.
- Net sales increased by 5.5 percent with organic growth in all segments. Adjusted for negative currency effects the growth was 7.3 percent.
- Adjusted EBIT increased to SEK 224 million (150) and adjusted EBIT-margin increased to 6.5 percent (4.6) mainly driven by the Adult Education Segment and more students in the school segments, but also lower expenses due to cancelled or postponed activities during the pandemic.
- EBIT excluding IFRS16 improved to SEK 214 million (150) including SEK -9 million items affecting comparability.
- Free cash flow was stronger than last year SEK 572 million (260). A combination of increased operating profit and favourable net working capital position were the main drivers.

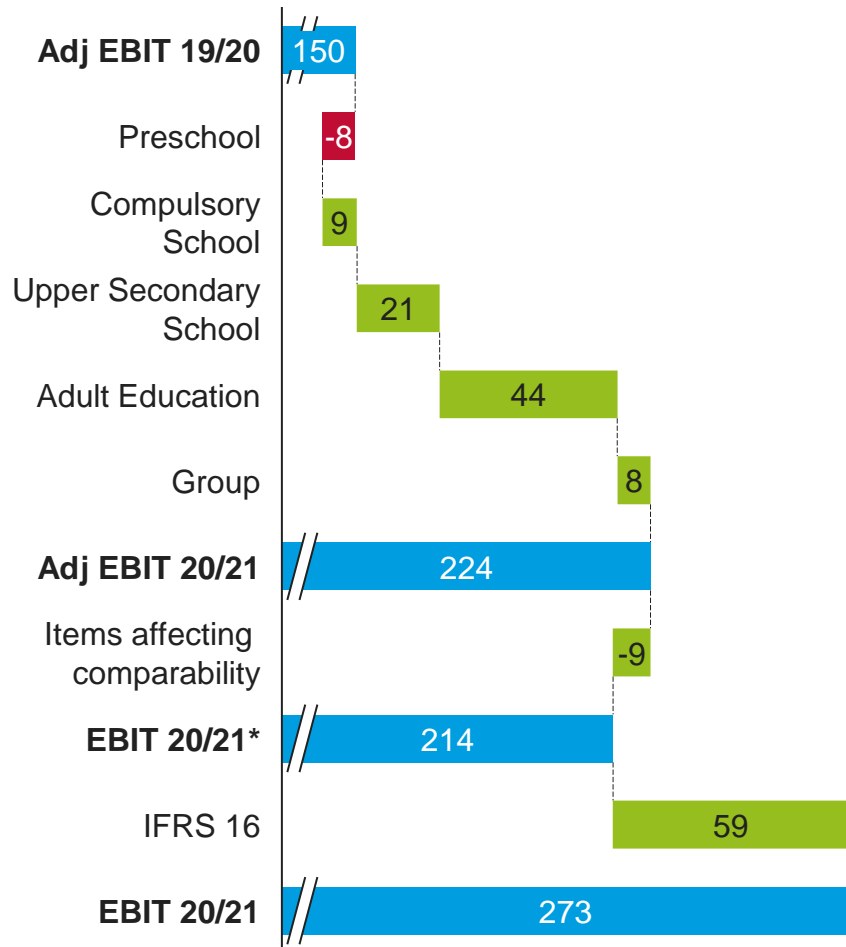
Key figures Q2 2020/21, excluding effects of IFRS 16

(MSEK)	2020/21	2019/20	Change
# of Students	85,927	82,325	4.4%
Net sales	3,436	3,258	5.5%
EBIT	214	150	42.7%
EBIT-margin	6.2%	4.6%	1.6 p.p.
Adj. EBIT	224	150	49.3%
Adj. EBIT margin	6.5%	4.6%	1.9 p.p.
Earnings after tax	158	104	51.9%
Earnings per share ¹⁾ , SEK	1.50	0.99	51.2%
Free cash flow	572	260	119.8%

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

Highlights Q2

Adult Education volume increase, good student growth in the school segments and cancelled activities impact EBIT



* Excluding IFRS 16

Preschool: The pandemic is impacting Germany where lower capacity utilisation is caused by difficulties recruiting staff but also parents delaying preschool starts during the pandemic.

Compulsory School: Student numbers grew 4.8 percent. Cancelled or postponed activities resulted in somewhat lower expenses, SEK 3 million.

Upper Secondary School: Student numbers grew 5.8 percent. Cancelled or postponed activities resulted in lower expenses, approximately SEK 14 million.

Adult Education: Significant volume growth in all business areas generating high capacity utilisation improved the operating profit significantly.

Group: Cost reductions initiated last year and cancelled or postponed activities resulted in lower expenses.

Items affecting comparability amounted to SEK -9 million (0) relating to the acquisition of Swedish Education Group (SEG).

12 month rolling figures Q2 2020/21

Adjusted EBIT margin reaches the profitability target of 7 percent

- 12 month rolling net sales continue to grow and is now at SEK 12.6 billion.
- Rolling 12-month adjusted EBIT at SEK 878 million and adjusted EBIT margin rolling 12-months 7.0 percent.
- The adjusted EBIT margin profitability target of 7-8 percent over time was reached.
- Rolling 12-month EBIT (ex IFRS 16) is SEK 915 million.

NB Comparison between Q2 12-month rolling figures and full year 2019/20

Key figures Q2 R12 2020/21, excluding effects of IFRS 16

(MSEK)	2020/21 R12	2019/20	Change*
Net sales	12,589	12,271	2.6%
EBIT	915	763	19.9%
EBIT-margin	7.3%	6.2%	1.1 p.p.
Adj. EBIT	878	728	20.6%
Adj. EBIT margin	7.0%	5.9%	1.1 p.p.
Earnings after tax	673	548	22.8%
Free cash flow	1,196	805	48.6%

* Change column refers to only two quarter year's growth.

pysslingen

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Q2 Segment reporting

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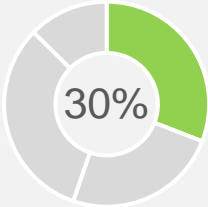
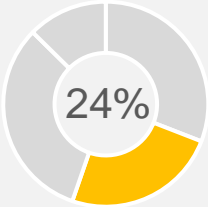
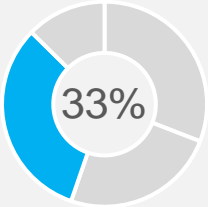
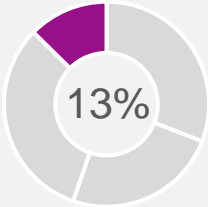
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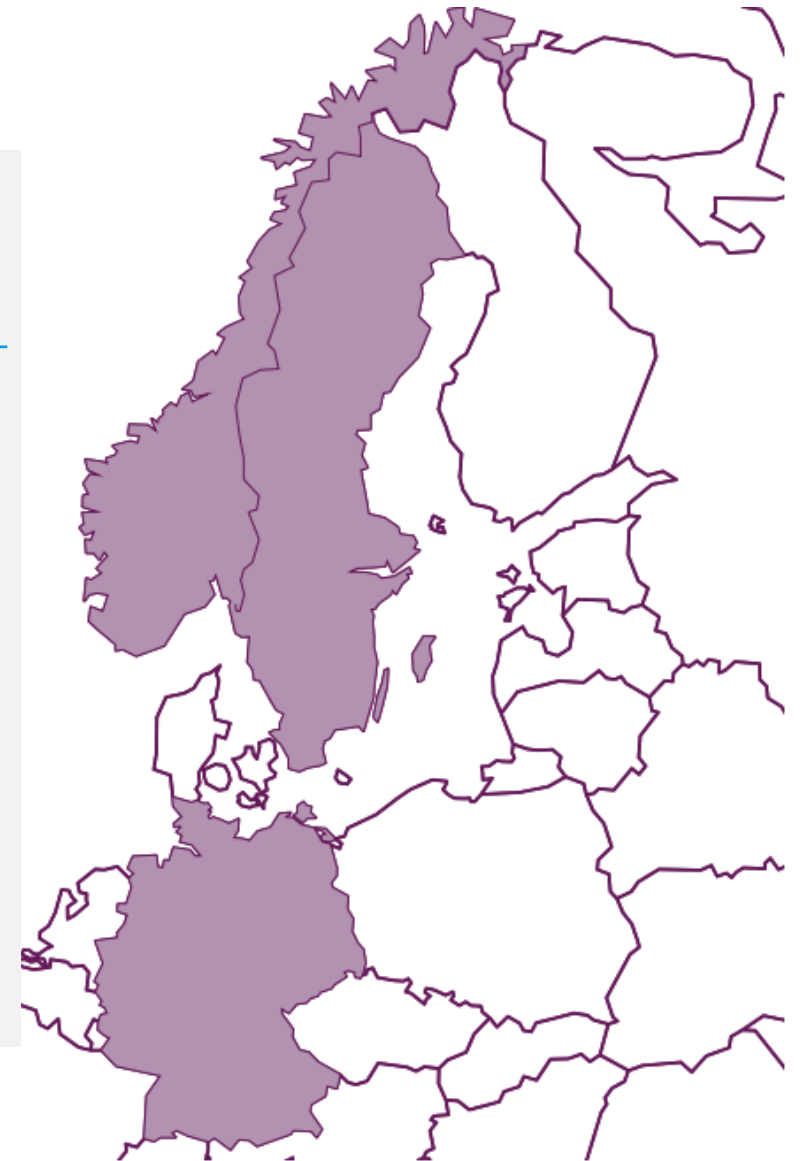
Hermod's

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

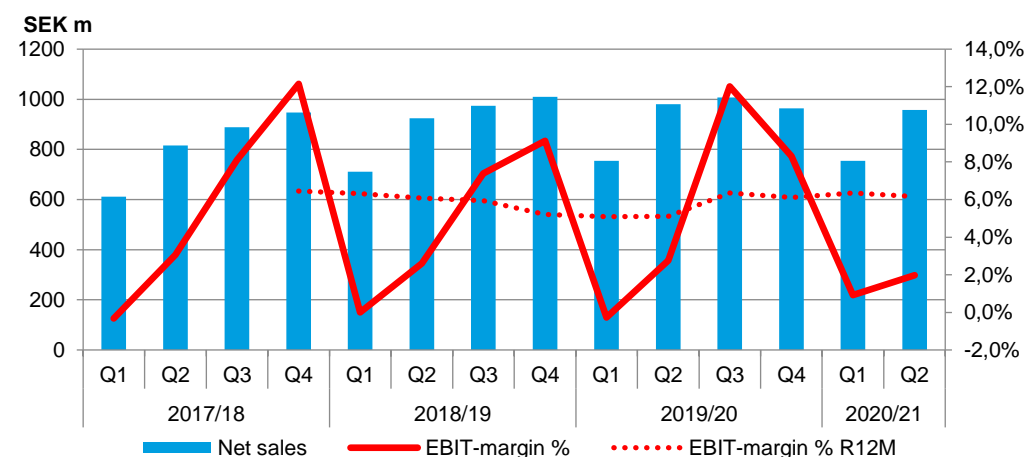


Preschool Segment

Lower capacity utilisation in Germany due to the pandemic impact earnings negatively

- Three new units in Germany opened in the quarter and two units in Sweden were closed, which gives a total of 267 units. Sweden (109 units), Norway (105) and Germany (53).
- The number of children increased by 1.4 percent.
- Net sales declined compared to last year to SEK 958 million. Adjusted for negative currency development, SEK -54 million, net sales increased by 3.3 percent.
- Adjusted EBIT and margin declined due to lower capacity utilisation in Germany as a result of difficulties to recruit staff but also to parents delaying preschool starts during the pandemic.
- The pandemic has impacted the planned openings in Germany during 2020/21, as communicated in the last quarter. The revised plan, to open 11 in total during the financial year, remains unchanged. 7 further units are planned to open during the remainder of 2020/21.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	958	981	-2.3%
EBIT	19	27	-29.6%
EBIT-margin	2.0%	2.8%	-0.8 p.p.
Adj. EBIT	19	27	-29.6%
Adj. EBIT-margin	2.0%	2.8%	-0.8 p.p.
# of children	20,969	20,686	1.4%

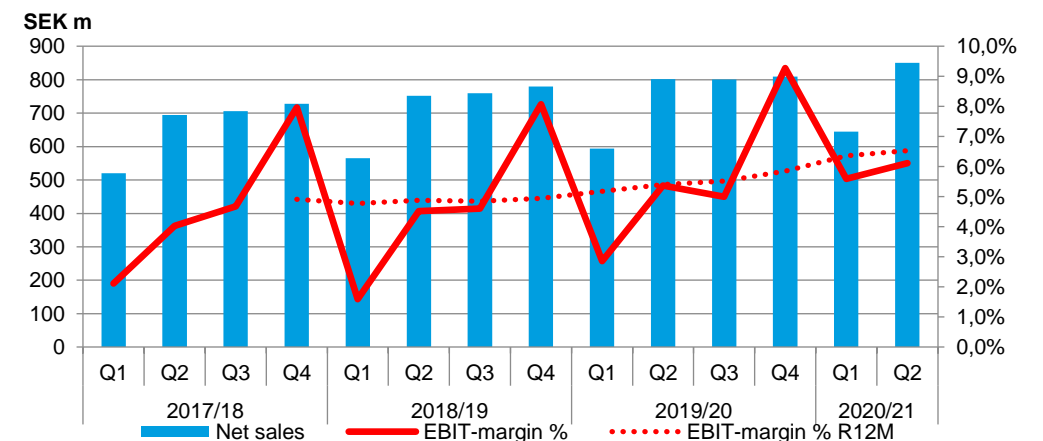


Compulsory School Segment

Number of students increased by 4.8%

- The segment includes 112 compulsory schools and integrated preschools in Sweden under five brands.
- Number of children and students increased by 4.8 percent due to more students in existing units as well as two smaller acquisitions during 2019/20.
- Net sales grew 6.2 percent as a result of increased number of students and annual voucher revisions.
- Adjusted EBIT and adjusted EBIT-margin improved due to a higher number of students. In addition, cancelled and postponed activities resulted in somewhat lower expenses of SEK 3 million.
- The acquisition after the reporting period of one of Sweden's leading Montessori schools, Stockholms Internationella Montessoriskola, with approximately 800 children and students will strengthen our Montessori profile.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	851	801	6.2%
EBIT	52	43	20.9%
EBIT-margin	6.1%	5.4%	0.7 p.p.
Adj. EBIT	52	43	20.9%
Adj. EBIT-margin	6.1%	5.4%	0.7 p.p.
# of children and students	26,193	24,983	4.8%

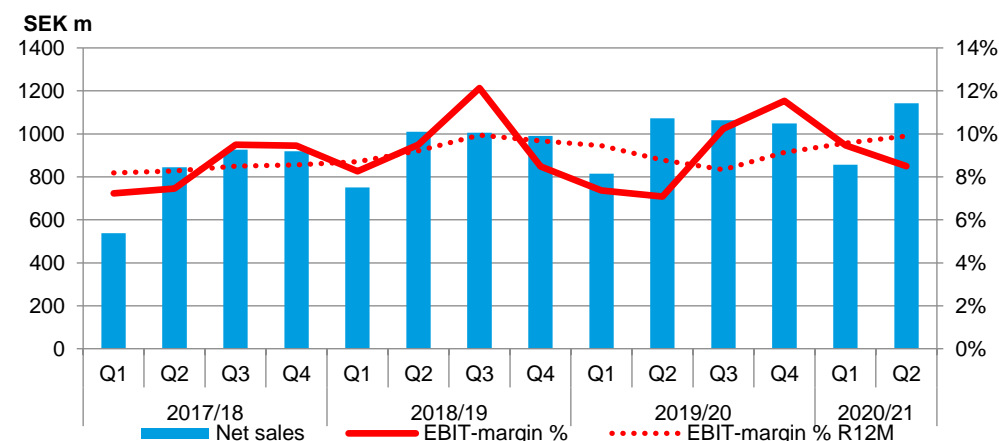


Upper Secondary School Segment

Number of students increased by 5.8%

- The Upper Secondary School Segment includes 146 schools in Sweden. Four units opened at the beginning of this financial year and 18 units have opened in total over the last four years. Another 2-3 schools are planned to open in the autumn 2021.
- Student numbers increased by 5.8 percent and net sales increased by 6.5 percent.
- Distance education was resumed for the upper secondary schools in December.
- Adjusted EBIT and adjusted EBIT-margin increased due to more students. In addition, cancelled or postponed activities resulted in lower expenses, approximately SEK 14 million. Adjusted EBIT-margin was 8.5 percent in the quarter.
- The acquisition of Swedish Education Group was completed in December and will strengthen the upper secondary school segment further.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	1,142	1,072	6.5%
EBIT	97	76	27.6%
EBIT-margin	8.5%	7.1%	1.4 p.p.
Adj. EBIT	97	76	27.6%
Adj. EBIT-margin	8.5%	7.1%	1.4 p.p.
# of children	38,765	36,656	5.8%

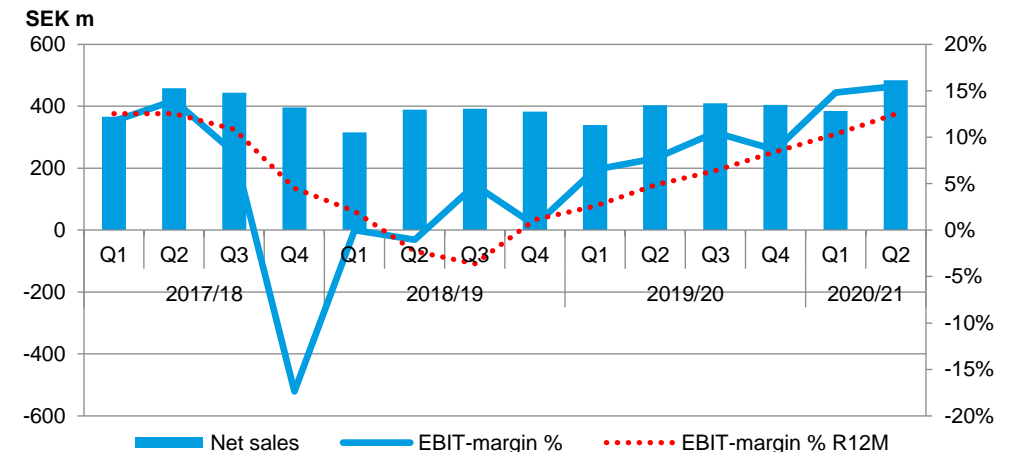


Adult Education Segment

High volumes and good capacity utilization impact earnings and margin

- Rising unemployment has continued to create high demand for adult education with continued volume increase.
- Net sales increased by 20.1 percent in the quarter and all business areas contributed to the growth.
- EBIT and EBIT-margin improved significantly due to the volume increase and higher capacity utilisation. The previously loss making contract with the Swedish Employment Agency (YSM) was terminated in the quarter.
- The margin in this segment should over a longer period be 9-11 percent.
- The pandemic has increased the demand for digital teaching. The Adult Education segment has a long experience from digitalisation and is well positioned to meet the increased demand.
- After the reporting period, the higher vocational education business was awarded a record number of training programmes for the autumn 2021 and is gaining market share.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	484	403	20.1%
EBIT	75	31	141.9%
EBIT-margin	15.5%	7.7%	7.8 p.p.
Adj. EBIT	75	31	141.9%
Adj. EBIT-margin	15.5%	7.7%	7.8 p.p.



Q2

Financial position

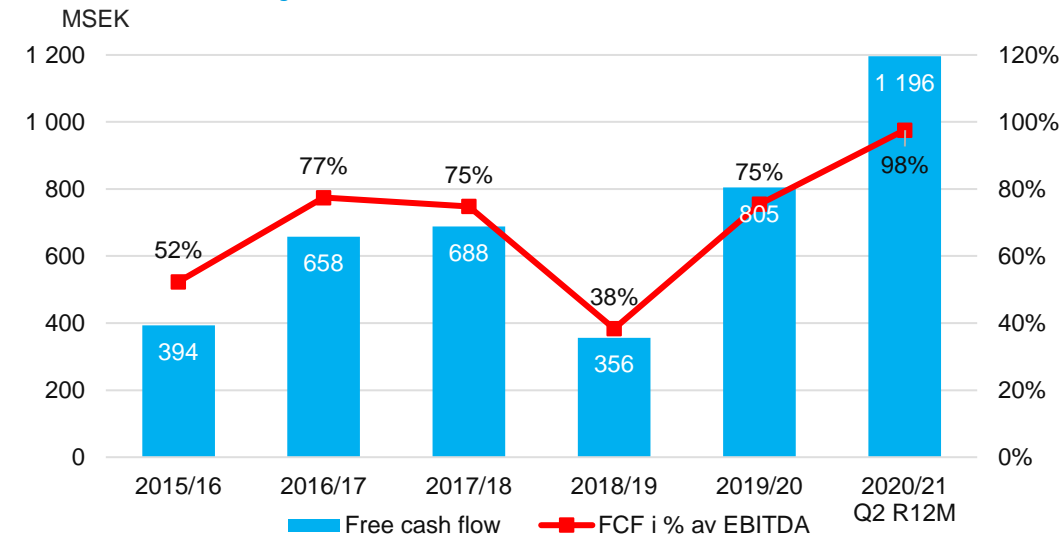
2020/21

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Free cash flow and investments

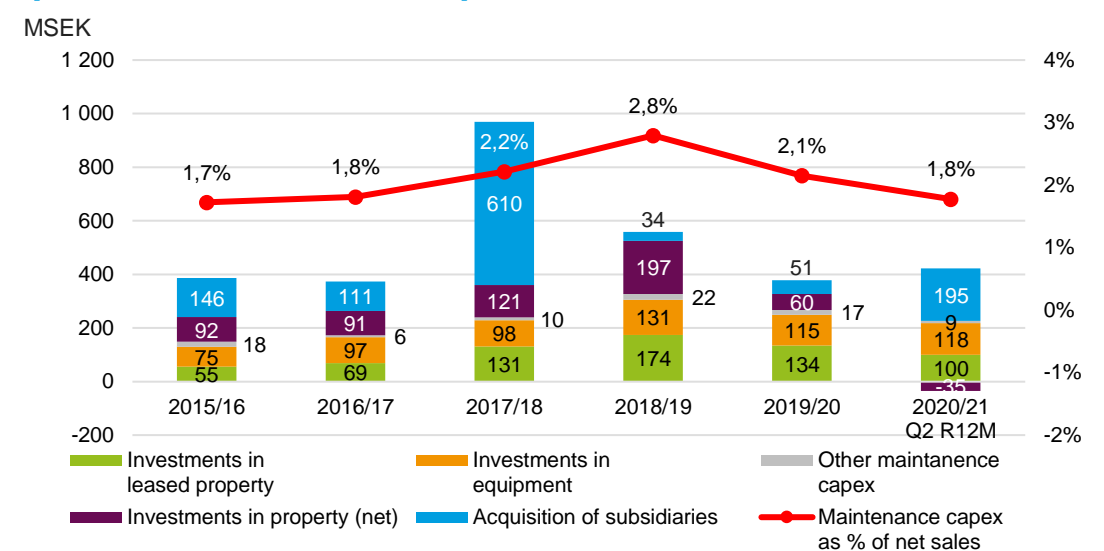
Strong free cash flow can fund investments in current operations and growth

FCF as % of adj. EBITDA



- AcadeMedia has a strong free cash flow (FCF) and swings between years are mainly an effect of changes in working capital.
- FCF 2020/21 Q2 R12M was strong following a high operating profit and a strong net working capital position at the end of December 2020.

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.
- The acquisition of Swedish Education Group impacted cash flow by SEK 171 million in the quarter.

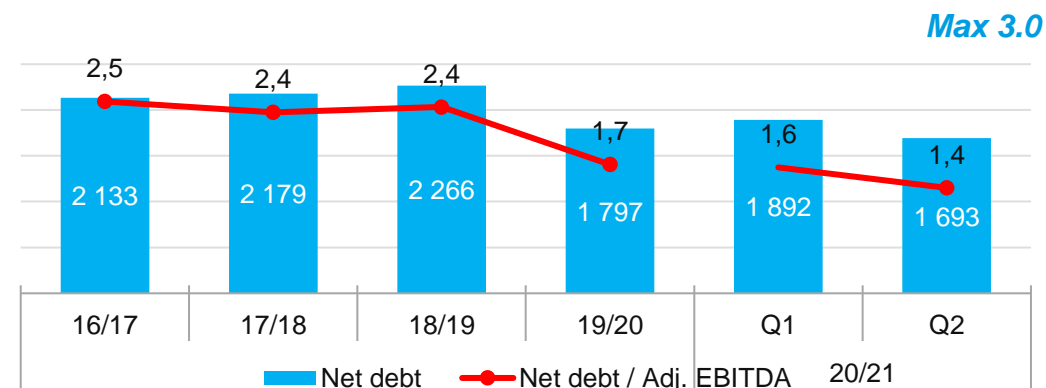
Financial position

Financial position continues to improve

- Net debt is significantly lower than the same period last year. Cash position improved.
- Leverage ratio improved from previous quarter and is lower than the same period last year 1.4x (2.6) and well below AcadeMedia's financial target of maximum 3.0x.
- In the period, a dividend of 1.50 SEK (1.25) per share was paid, corresponding to SEK 158 million (132).
- Property related lease liabilities increase to SEK 7,656 million as per 31 December 2020 (7,295) mainly due to the acquisition of SEG that contributed with SEK 273 million.
- Book value of property in Norway and Germany is lower at SEK 998 million (1,170) due to currency as well as the divestiture of a property in Oslo.

SEK m	2020/21 31 Dec	2019/20 31 Dec	Change
Total equity	5,041	4,594	9.7%
Net debt	1,693	2,490	-32.0%
Adj. net debt ¹⁾	1,016	1,716	-40.8%
Property (BV)	998	1,170	-14.7%
Property related lease liabilities	7,656	7,295	4.9%

Net debt and Net debt / Adj. EBITDA



Financial performance vs targets

Profitability target achieved. All targets are now reached

			Q2 R12M (FY 19/20)
Growth	5-7%	<p>Financial targets are unchanged</p> <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 	5.9%¹ (5.4%)
Profitability²	7-8%	<ul style="list-style-type: none"> Adj. EBIT margin of 7-8% over time 	7.0% (5.9%)
Capital structure²	<3.0x	<ul style="list-style-type: none"> Net debt / adj. EBITDA below 3.0x Leverage may temporarily, exceed the maximum level 	1.4x (1.7x)
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 Q2R12 20/21 vs Q2R12 19/20

² Defined excluding effects of IFRS 16



Thank you,
questions?

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