



Q3

Interim report presentation July 2020 – March 2021

Marcus Strömberg, CEO

Katarina Wilson, CFO

May 6, 2021

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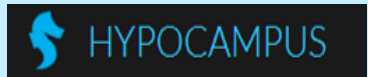






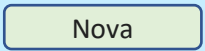
CEO introduction

- Organic revenue growth of 7.3 percent.
- Swedish Education Group, Stockholms Internationella Montessoriskola and three new preschools in Germany contributed to the growth in the quarter.
- Adjusted operating profit increased to SEK 278 million (224) with improvements in all segments. The Adult Education Segment continues to show the largest increase.
- The Upper Secondary School Segment continues its campus strategy and will open Campus Södermalm in autumn 2022 with 2,300 educational places.
- Digitalisation, an important part of our core business, has expanded to EdTech – a new business opportunity.
- The pandemic continues to impact our German preschools, both operationally and financially, and is expected to do so as long as the pandemic is ongoing.
- Our recent student and employee surveys show improved results despite the pandemic.



EdTech – a new business opportunity

A broad range of digital tools and services, developed in-house as well as acquired, create new business opportunities

Category	Existing tools and services
Marketplaces	  
Digital study support	
Digital educational services	   
Technology platforms	
Learning platforms	 

Highlights Q3

All segments contributed to the positive development

- Student numbers grew by 8.1 percent in the school segments, of which 2,500 children and students relate to the acquisition of Swedish Education Group (Segab). Stockholms Internationella Montessoriskola (Stims) and three new preschools in Germany also contributed to the growth in the quarter.
- Net sales increased by 9.3 percent with organic growth in all segments. The acquisition of Segab contributed 3.1 p.p. Adjusted for negative currency effects and the acquisition, the organic growth was 7.3 percent.
- Adjusted EBIT increased to SEK 278 million (224) and adjusted EBIT-margin increased to 7.7 percent (6.8) 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 284 million (259) including SEK 6 million (36) items affecting comparability.
- Free cash flow was stronger than last year SEK 246 million (107) due higher operating profit and positive working capital development compared to last year.

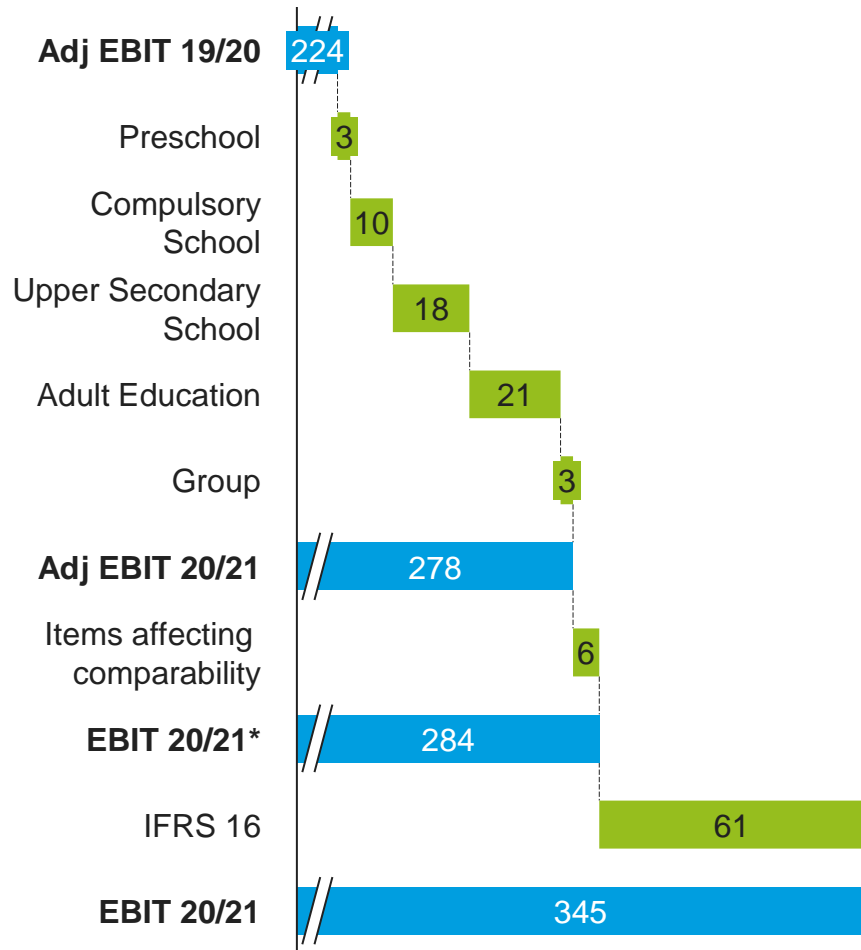
Key figures Q3 2020/21, excluding effects of IFRS 16

(MSEK)	2020/21	2019/20	Change
# of Students	89,691	82,940	8.1%
Net sales	3,591	3,284	9.3%
EBIT	284	259	9.7%
EBIT-margin	7.9%	7.9%	0 p.p.
Adj. EBIT	278	224	24.1%
Adj. EBIT margin	7.7%	6.8%	0.9 p.p.
Earnings after tax	213	193	10.4%
Earnings per share ¹⁾ , SEK	2.02	1.83	10.5%
Free cash flow	246	107	129.9%

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

Highlights Q3

All segments contributed to the positive development



* Excluding IFRS 16

Preschool: The German operation is still impacted by the pandemic, offset by increased operating profits in Norway following higher school voucher and staff planning in Sweden.

Compulsory School: Student numbers grew 6.7 percent, of which the Segab and Stims acquisitions contributed with 3.0 p.p. Cancelled or postponed activities gave somewhat lower expenses.

Upper Secondary School: Student numbers grew 12.3 percent. Segab contributed with 6.4 p.p. Cancelled or postponed activities resulted in lower expenses, approximately SEK 10 million.

Adult Education: Volume growth in all business areas generating high capacity utilisation and improved operating profit. Sales increased 19 percent where the Segab acquisition contributed 5.2 p.p. to the growth.

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

Items affecting comparability amounted to SEK 6 million (36) relating to retroactive revenue from previous years and restructuring expenses related to the Upper Secondary School Segment.

12 month rolling figures Q3 2020/21

Adjusted EBIT margin improved for the eighth consecutive quarter

- 12 month rolling net sales continue to grow and is now at SEK 12.9 billion.
- Rolling 12-month adjusted EBIT at SEK 933 million and adjusted EBIT margin rolling 12-months 7.2 percent.
- Adjusted EBIT margin improved for the eighth consecutive quarter much due to the development in the Adult Education Segment.
- Adjusted EBIT margin profitability target of 7-8 percent over time is met for the second quarter running.
- Rolling 12-month EBIT (ex IFRS 16) is SEK 940 million.

NB Comparison between Q3 12-month rolling figures and full year 2019/20

Key figures Q3 R12 2020/21, excluding effects of IFRS 16

(MSEK)	2020/21 R12	2019/20	Change*
Net sales	12,896	12,271	5.1%
EBIT	940	763	23.2%
EBIT-margin	7.3%	6.2%	1.1 p.p.
Adj. EBIT	933	728	28.2%
Adj. EBIT margin	7.2%	5.9%	1.3 p.p.
Earnings after tax	693	548	26.5%
Free cash flow	1,335	805	65.9%

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

pyslingen

FÖRSKOLOR

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INTERNATIONELLA
HOTELL- OCH RESTAURANGSKOLAN



HAGSTRÖMSKA GYMNASIET



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Q3 Segment reporting

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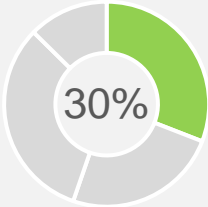
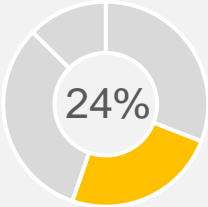
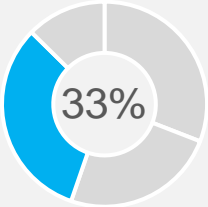
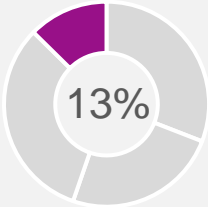
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ACADEMY

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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

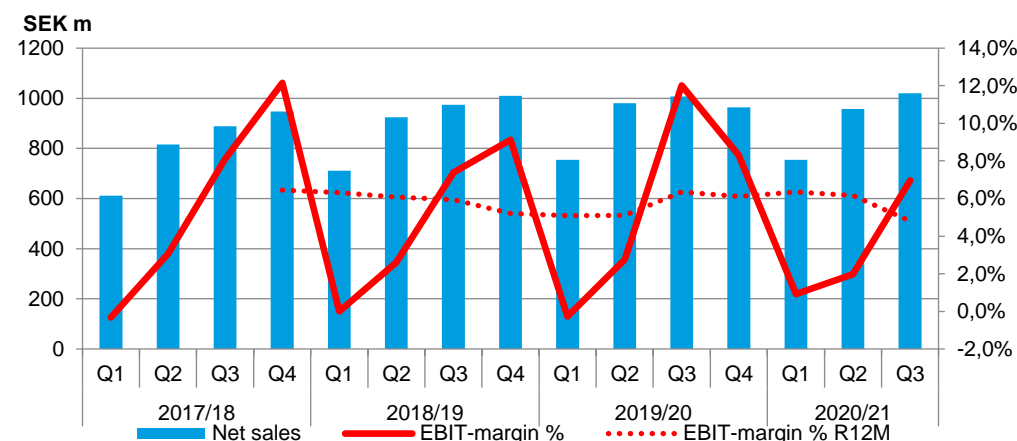


Preschool Segment

Lower capacity utilisation in Germany due to the pandemic offset by higher earnings in Norway and Sweden

- Three new units in Germany opened in the quarter, which gives a total of 270 units in this segment. The number of children increased by 2.7 percent.
- Net sales increased by 1.3 percent to SEK 1,020 million (1,007). Adjusted for negative currency development, SEK -31 million, net sales increased by 4.5 percent.
- Adjusted EBIT and margin increased due to higher school voucher in Norway and staff planning in Sweden. The German operation is still impacted by the pandemic, causing lower capacity utilisation.
- Two further unit is planned to open in Germany in the fourth quarter, which gives a revised plan of 9 units this fiscal year. The plan for 2021/22 is to open 15 units in Germany. In Norway the municipality of Oslo cancelled the agreement for Espira to operate two units with 310 children. This will reduce sales and EBIT with NOK 54 million and NOK 8 million annually.
- The average voucher increase for AcadeMedia's Swedish and Norwegian preschools for 2021 are estimated at 1.9 (1.4) percent and 4.4 percent (3.7).

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	1,020	1,007	1.3%
EBIT	71	121	-41.3%
EBIT-margin	7.0%	12.0%	-5 p.p.
Adj. EBIT	71	68	4.4%
Adj. EBIT-margin	7.0%	6.8%	0.2 p.p.
# of children	21,891	21,310	2.7%

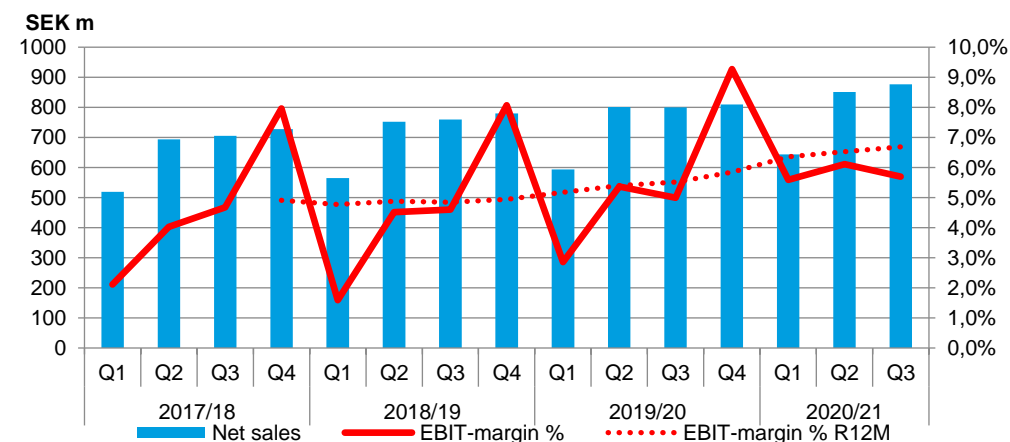


Compulsory School Segment

Acquisitions drive student numbers and revenue growth

- The segment includes 116 compulsory schools and integrated preschools in Sweden, of which the acquisition of Swedish Education Group and Stockholms Internationella Montessoriskola contributed four additional units.
- The number of children and students increased by 6.7 percent, of which Segab and Stims together contributed with 1,030 children and students.
- Net sales grew 9.5 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 2 million in the quarter.
- The average voucher increase for AcadeMedia's compulsory schools is calculated to 2.6 (2.3) percent for 2021.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	877	801	9.5%
EBIT	50	40	25.0%
EBIT-margin	5.7%	5.0%	0.7 p.p.
Adj. EBIT	50	40	25.0%
Adj. EBIT-margin	5.7%	5.0%	0.7 p.p.
# of children and students	27,046	25,339	6.7%

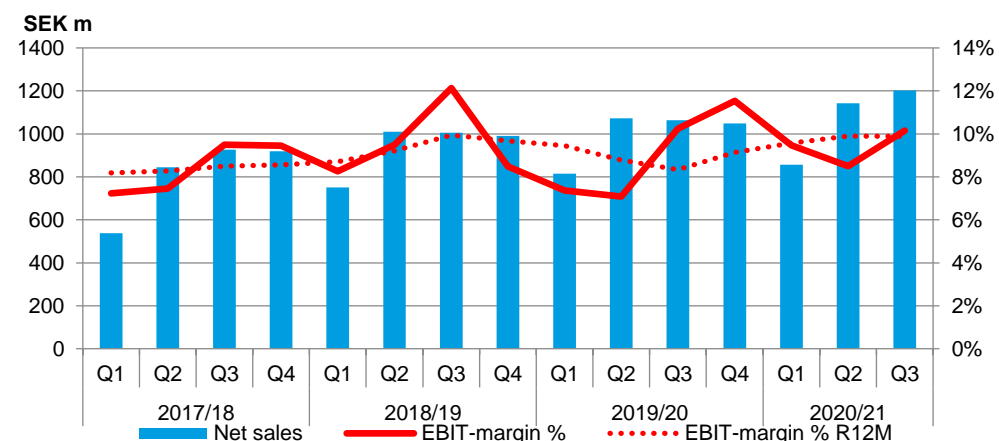


Upper Secondary School Segment

Student numbers increased by 12.3% driven by the acquisition of Segab

- The Upper Secondary School Segment includes 150 schools in Sweden. The acquisition of Segab added four units in the period.
- Student numbers increased by 12.3 percent. Segab contributed with 2,300 students, 6.4 percentage points. Net sales increased by 13.0 percent.
- Adjusted EBIT and adjusted EBIT-margin increased due to a higher number of students. In addition, cancelled or postponed activities reduced cost by approximately SEK 10 million. Adjusted EBIT-margin was 9.7 percent in the quarter.
- Items affecting comparability was SEK 6 million comprising retroactive revenue (11) and restructuring expenses (-5).
- The average voucher increase for AcadeMedia's upper secondary schools is calculated at 1.0 (2.3) percent for 2021.
- National recommendations on distance education ended on April 1st, and are now at the principal organiser's decision.
- Three additional schools are planned to open in the autumn

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	1,202	1,064	13.0%
EBIT	122	109	11.9%
EBIT-margin	10.1%	10.2%	-0.1 p.p.
Adj. EBIT	116	98	18.4%
Adj. EBIT-margin	9.7%	9.2%	0.5 p.p.
# of children	40,753	36,291	12.3%

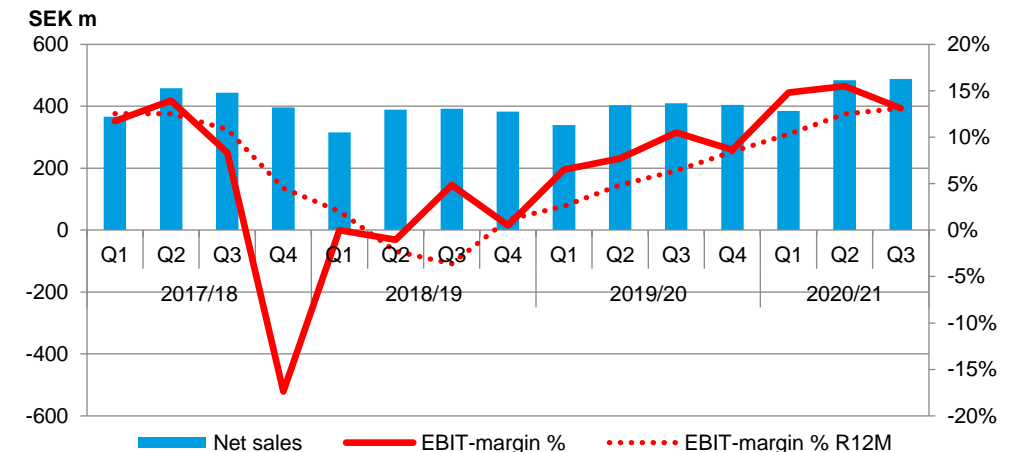


Adult Education Segment

High volume and capacity utilization continue to impact earnings and margin. The acquisition of Segab contributed to the growth.

- Rising unemployment has continued to create high demand for adult education with continued volume increase and high capacity utilisation.
- Net sales increased by 19.0 percent, the acquisition of Segab, under the brand name KYH, contributed 5.2 percentage points to the growth.
- EBIT and EBIT-margin improved and the EBIT-margin was 13.1 percent (10.5). Increased number of participants in all business areas, driven by continued high unemployment, generated higher capacity utilisation and margin. The acquisition of KYH also contributed to the improvement.
- In May 2021, the Swedish public employment service has initiated the expansion of the new matching service “Rusta och matcha”. AcadeMedia is one of the leading providers and is now preparing to participate in the coming tender processes.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	488	410	19.0%
EBIT	64	43	48.8%
EBIT-margin	13.1%	10.5%	2.6 p.p.
Adj. EBIT	64	43	48.8%
Adj. EBIT-margin	13.1%	10.5%	2.6 p.p.



Q3

Financial position

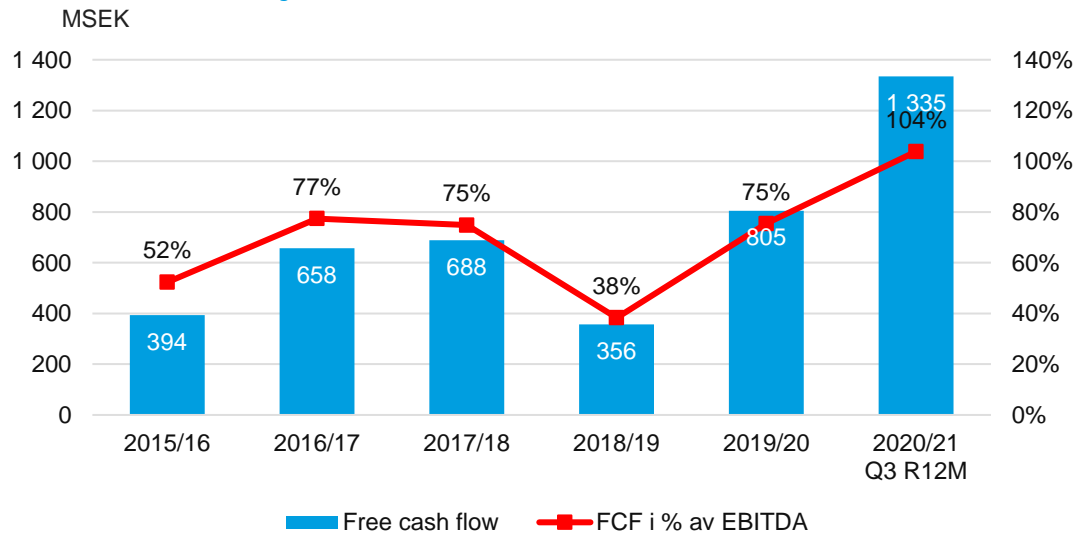
2020/21

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Free cash flow and investments

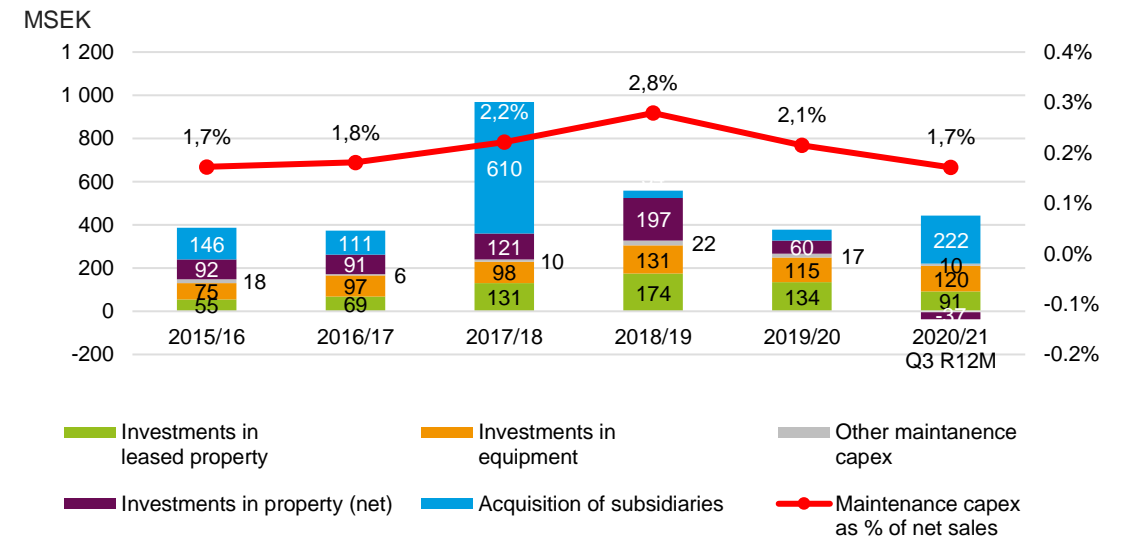
Strong free cash flow can fund investments in current operations and growth

FCF as % of adj. EBITDA



- AcadeMedia has a strong free cash flow (FCF) and swings between years and quarters are mainly an effect of changes in working capital.
- FCF 2020/21 Q3 R12M was strong following high operating profit and a strong net working capital position at the end of March 2021.

Capex and Maintenance capex as % of net sales



- Capex in current operations ("maintenance capex") was lower compared to last year.
- Growth capex can largely be funded by free cash flow except for large acquisitions.
- The acquisition of Swedish Education Group and Stims has impacted capex.

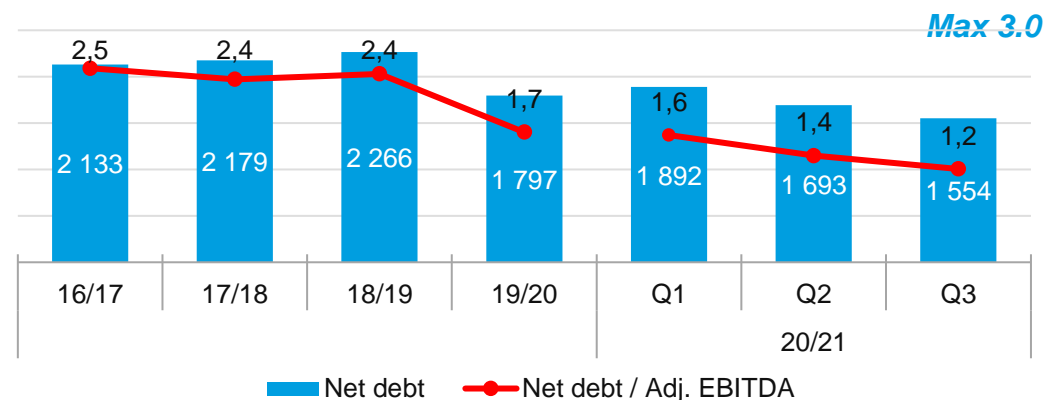
Financial position

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 1.2x (2.3) and well below AcadeMedia's financial target of maximum 3.0x.
- In the second quarter 20/21, 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 7,462 million as per 31 March 2021 (7,190), mainly due to the acquisitions of Segab and Stims that contributed with SEK 385 million.
- Book value of property in Norway and Germany in line with last year, SEK 1,061 million (1,066). The effects from depreciation and divesture of a property in Oslo was offset by a stronger Norwegian krona.

SEK m	2020/21 31 Mar	2019/20 31 Mar	Change
Total equity	5,335	4,741	12.5%
Net debt	1,554	2,320	-33.0%
Adj. net debt ¹⁾	836	1 623	-48.5%
Property (BV)	1,061	1,066	-0.5%
Property related lease liabilities	7,462	7,190	3.8%

Net debt and Net debt / Adj. EBITDA



Financial performance vs targets

All targets are met for the 2nd quarter running

Q3 R12M
(FY 19/20)

Financial targets are unchanged

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 	7.3%¹ (5.4%)
Profitability²	7-8%	<ul style="list-style-type: none"> Adj. EBIT margin of 7-8% over time 	7.2% (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 	1.2x (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 Q3R12 20/21 vs Q3R12 19/20

² Defined excluding effects of IFRS 16



Thank you,
questions?

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