

Press Release, Tuesday, February 7, 2017

## AcadeMedia's interim report July - December 2016

### Second quarter (October 2016 – December 2016)

- Net sales increased by 12.0 percent to SEK 2,508 million (2,239).
- Operating profit (EBIT) increased by 57.8 percent to SEK 142 million (90). Adjusted for non-recurring items, operating profit was SEK 142 million (97).
- Net profit for the period was SEK 89 million (48).
- Cash flow from operating activities amounted to SEK 260 million (267).
- The average number of children and students in preschool, compulsory school and upper secondary school during the quarter was 65,633 (62,443), which was an increase of 5.1 percent.
- Earnings per share amounted to SEK 0.95 (0.57) before/after dilution.

### First six months (July 2016 – December 2016)

- Net sales increased by 11.5 percent to SEK 4,370 million (3,918).
- Operating profit (EBIT) increased by 73.6 percent to SEK 210 million (121). Adjusted for non-recurring items, operating profit was SEK 211 million (131).
- Net profit for the period amounted to SEK 130 million (50).
- Cash flow from operating activities amounted to SEK 391 million (254).
- The average number of children and students in preschool, compulsory school and upper secondary school amounted to 65,388 (62,273), which was an increase of 5.0 percent.
- Earnings per share amounted to SEK 1.38 (0.60) before/after dilution.

### Significant events after the end of the reporting period

On January 11, it was announced that Martin Sandgren, deputy CEO and COO will leave the company on June 30. Martin will remain as chairman of the board of Schoolido, a company partially owned by AcadeMedia. Kristofer Hammar has assumed a new role as Business Development Director and joined the Group Management team as of February 1st.

Preliminary voucher increases in Sweden for 2017 amount to 2.3 percent. Voucher increases in Norway will amount to 1.9 percent. The voucher increases are based on municipality announcements to date and are calculated as a weighted average based on AcadeMedia's student mix in each country.

*The complete report will be made available at*

<https://corporate.academedias.se/en/financials/reports-presentations/>

### Comments from CEO Marcus Strömberg

*AcadeMedia's second quarter 2016/17 continues to show solid revenue growth of 12 percent (11.5 percent year to date). In Adult education, participant numbers continue to be stable and are noticeably higher than the previous year. The growth is also driven by the increasing number of students, acquisitions and new establishments that largely took place in the spring of 2016*

### Growth in all segments

The stable growth is partly due to acquisitions and new establishments in the spring and fall of 2016. We opened four new preschools and acquired three preschools in Sweden and Norway during the first half of the financial year. We have also enrolled more children and students in existing preschools and schools. Acquisitions and new establishments during January-July 2016 have also boosted the growth figures which as a result will decline in the spring of 2017. Another



reason for the favorable financial development is the adult education segment, where participant numbers have been significantly higher than the weak fall in 2015. Operating profit in adult education has also improved as a result of the capacity adjustment measures that were implemented about a year ago. The improved results that followed in the adult education segment in the spring of 2016 will impact the comparable numbers over the coming periods. The Group's adjusted operating profit improved substantially and totaled SEK 142 million (97).

Demand for new schools as well as demand for adult education, is strong in the three countries where AcadeMedia operates. Our German preschool operation, Joki, is adapting the Norwegian preschool concept, Espira, to the German market and sees opportunities for continued growth, both by launching Espira in Germany and through complementary acquisitions.

## **Quality**

In Norway growth is also based on opening new preschools and carrying out complementary acquisitions. In addition, growth is supported by strong quality performance and high parent satisfaction, as shown in the results of Espira's annual parent survey, which was published during the second quarter. Over the past four years, the survey has shown increasing satisfaction levels. This positive trend continues and the rating is now 5.3 on a six-point scale.

In the Swedish school segments, a lot of focus in the quarter has been to meet with inspectors from the Swedish Schools Inspectorate. The outcome of these inspections is positive.

## **PISA-survey**

An important event for compulsory schools in the second quarter was the publication of the PISA survey results on December 6. The PISA survey is carried out by the OECD and assesses the knowledge of 15-year-olds in math, science and reading. The downward trend which Sweden has experienced, was broken in the survey that was reported in December, and Sweden now ranks above OECD average in math and reading, and average in science. While the improvement in results is both gratifying and relevant, we cannot be satisfied with average or slightly above average scores. Pyslingen Skolor (compulsory schools) have implemented a reading-writing-math guarantee, a concept which the Swedish government is also proposing throughout the Swedish school system. This is just one of many ways to improve student performance.

One area where the PISA survey shows negative results for Sweden is the equity in educational outcome. The gap between low-performing and high-performing students is growing. This is a trend that must be reversed. AcadeMedia has a clear strategy for improving equity in educational outcome. We must work together to stop segregation in society and schools are an important part of this effort.

## **Profits in the welfare sector**

A major topic in the Swedish debate during the second quarter was Ilmar Reepalu's government-commissioned report on profits in the welfare sector. The report was submitted to the government on November 8. The report's key proposal is a cap on operating profit in relation to working capital amounting to 7 percentage points plus the risk-free rate multiplied by operating net assets. However, in practice, this would mean a ban on profits since working capital in service based firms like AcadeMedia usually is very low. If implemented, the strongly criticized model would have major consequences for Swedish society, as well as for diversity and freedom of choice for the residents of Sweden.

## **Conclusion**

The number one priority for AcadeMedia is to provide a good education to everyone who chooses to attend one of our preschools, compulsory schools, upper secondary schools or adult education units, each and every day. We also want to improve Swedish schools, which we have been doing since Hermods began in 1898. We are convinced that we will continue to do so for many years to come.



**Marcus Strömberg**

President and CEO  
AcadeMedia AB (publ)

**Presentation of the report**

A web-cast telephone conference will be held at 09:30 CET today, where CEO Marcus Strömberg and CFO Eola Änggård Runsten will present the report.

You can follow the presentation and the conference on the following page:

<https://wonderland.videosync.fi/academedia-q2-report-2017>

Or call one of the following numbers at least ten minutes before the start of the call:

- SE: +46 8 5664 2662
- UK: +44 20 3008 9806
- US: +1 85 5831 5945

The presentation material will be available before the conference begins on AcadeMedia web via <https://corporate.academedia.se/en/financials/reports-presentations/>

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**About AcadeMedia**

AcadeMedia is the leading and single largest independent education provider in northern Europe. In 2015/16, approximately 63 000 children and students attended AcadeMedia's preschools, compulsory schools and upper secondary schools. An additional 80 000 individuals participated in AcadeMedia's adult education courses. In 2015/16, AcadeMedia had approximately 425 preschools, compulsory schools and upper secondary schools in Sweden and Norway and approximately 150 adult education units in Sweden. Since February 2016 AcadeMedia also operates seven preschools in the Munich region of Germany. AcadeMedia has operations throughout the education chain, from preschool, compulsory school and upper secondary school to adult education. More information about AcadeMedia is available on [www.academedia.se](http://www.academedia.se)

*This information is information that AcadeMedia AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on 7 February 2017.*

