

Press Release, Saturday, July 8, 2017

Change in AcadeMedia's contract portfolio in Adult Education leads to lower margins, but with potential for increased volumes

AcadeMedia has had a strong increase in sales in the Adult Education segment in 2016/17, due to high volumes within the contract for Basic Modules (Swedish National Employment Agency). The adult education market has been strong and this development is expected to continue. AcadeMedia's adult education has a leading position in all important market segments.

Contract for Professional and Preparatory Modules replaces Basic Modules

One of the most significant contracts is that for Basic Modules ("grundläggande moduler"). This contract for Basic Modules expires on January 8, 2018. The tender process for the next two year period with an option for a two year extension has been ongoing during the spring. The allocations for Professional and Preparatory modules ("yrkes- och studieförberedande moduler, YSM") which will replace Basic Modules have now been published. AcadeMedia has been awarded 45 contract areas of a total of 70, which is in line with the current sales volume. The allocation is currently preliminary during a ten day appeal period, during which other parties can appeal the outcome. It is only after finalized appeals that contracts are signed. Therefore, it is too early to assess the final outcome for AcadeMedia.

If the allocation is finalized at the currently awarded level, and the healthy market conditions prevail, the agreement will result in stable turnover. A lower price per participant will, however, have a negative impact on contract margins compared to the current agreement. The negative impact on the whole Adult Education segment's EBIT-margin is estimated to one to three percent on an annual basis, when YSM has fully replaced Basic Modules.

Contract for vocational Swedish

At the same time, the allocation in the vocational Swedish agreement has been confirmed by the Administrative Court, although this can be appealed to a higher court before contracts are finally signed. This means that current contract volumes, that have been worth over SEK 100 million per year, will be maintained and have a potential to increase. The EBIT-margin is expected to continue at the current level. Note that these two contract areas have the same target group and that the volumes are partially interdependent.

If contracts are signed for both Professional and Preparatory Modules as well as Basic Modules AcadeMedia's position in the Adult Education market will be strengthened.

The need for adult education in Sweden continues to be strong and new tender processes are being conducted continuously.

Below follows a brief description of AcadeMedia's Adult Education, more in-depth information about the segment, its driving forces and contract portfolio are described in the interim report for quarter 3, which is available on our website for financial information <https://corporate.academedia.se>.



AcadeMedia

Description of AcadeMedia's Adult Education

AcadeMedia's Adult Education segment is Sweden's largest provider of adult education and has solid expertise in working with, integrating and educating adults. Our task is to help people develop and reach their goals, whether they are studying or working. That people have employment that creates meaning is crucial for building a good future, not just for the individual but for the whole community. Every year around 100,000 students and participants attend one of our programs in approximately 150 locations around the country. The segment includes the brands like Hermods, NTI-skolan, Plushögskolan, Eductus and KompetensUtvecklingsInstitutet.

Description of AcadeMedia's contract portfolio

AcadeMedia's contract portfolio consists of agreements with the Public employment agency, municipalities and the Authority for Higher Vocational Education to provide education services. In total, the segment has more than 300 agreements, of which the ten largest contracts or contract groups account for 70 percent of net sales. About 25 percent of agreements in the contract portfolio are renewed each year and the availability of new agreements determines the market development in relation to the different areas of agreement. The average term of these contracts is three to four years.

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About AcadeMedia

AcadeMedia creates opportunities for people to develop. The 12,500 employees at our 550 preschools, compulsory schools, upper secondary schools and adult education centres share a common focus on quality and development. Our 140,000 children and students are provided with a high quality education, giving them the best conditions to attain both learning objectives and their full potential as individuals. AcadeMedia is Northern Europe's largest education company, with locations/facilities/presence in Sweden, Norway and Germany. Our size gives us the capacity to be a robust, long term partner to the communities we serve. More information about AcadeMedia is available on www.academedia.se.

This information is information that AcadeMedia AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 16:00 CET on July 8, 2017.

