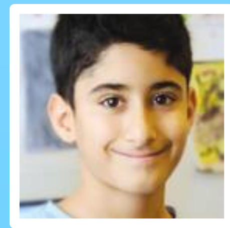
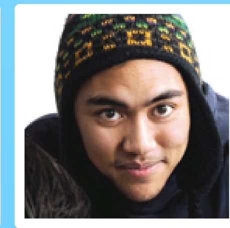
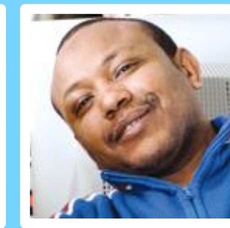
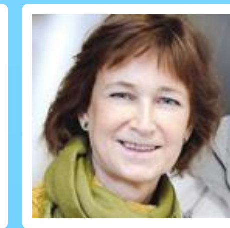
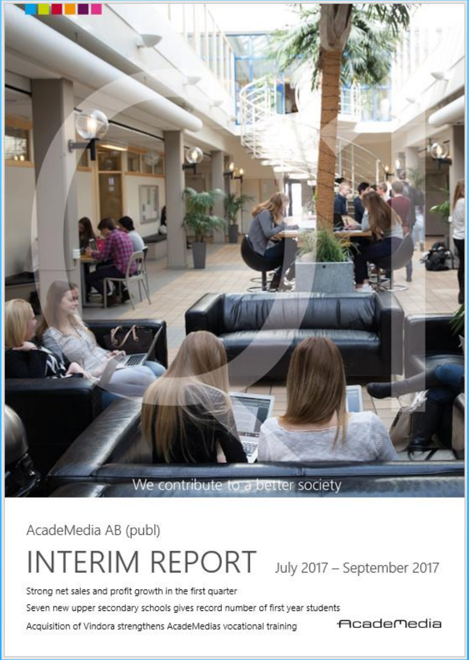
       

Interim Report

July - September 2017

2017-10-26



Today's presenters

Marcus Strömberg
Chief Executive Officer

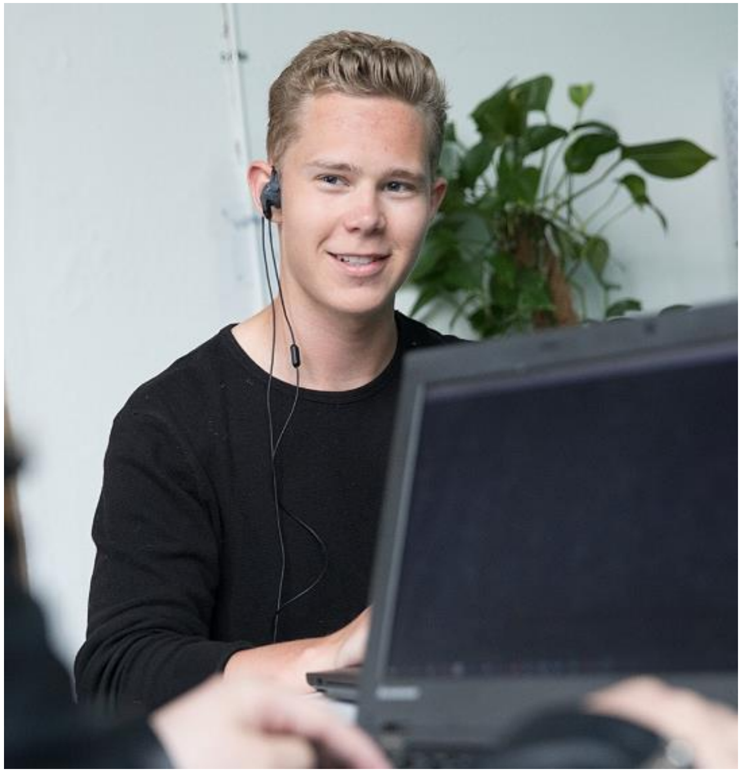
With AcadeMedia
since 2005

Eola Änggård Runsten
Chief Financial Officer

With AcadeMedia
since 2013

CEO introduction

- Strong net sales and profit growth in the first quarter
- Student numbers up 4,5 percent
- Seven new upper secondary schools gives record number of first year students
- Acquisition of Vindora strengthens AcadeMedias vocational training
- New Issue of SEK 400 million will strengthen balance sheet and support growth



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Largest independent education provider in Northern Europe

Overview

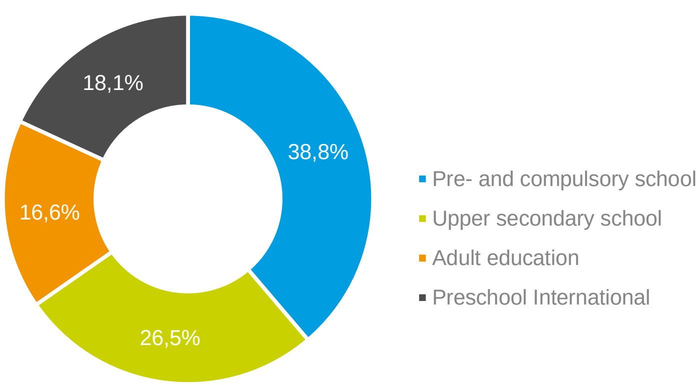
- Largest independent educational services provider in Northern Europe
- Comprehensive educational offering
- Unique quality assurance model – key for sustainable growth
- Multi-brand strategy
- International expansion initiated in 2014 through the acquisition of Espira and continued in 2016 and 2017 as AcadeMedia entered the German market through its acquisition of Munich based preschool operator Joki and through Stepke in Brandenburg and Nordrhein-Westfalen

Geographical presence and selected brands (Q1)

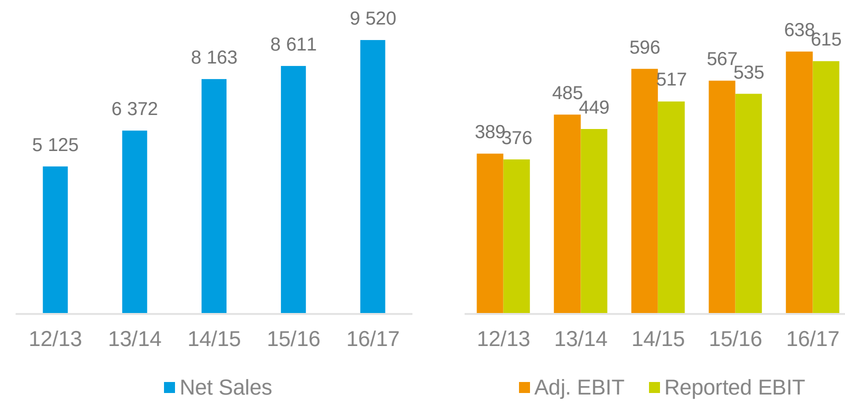
Country				**Total**
Students	~158.0k[(1)]	~8.8k	~1.3k	**~168.1k[(1)]**
FTEs	~8.4k	~2.1k	~0.3k	**~10,8k**
Units	332	96	18	**446**

Financial overview

Net Sales Split 16/17²



SEKm Financial Development 12/13-16/17



Note: 1) ~100,000 of which are students within adult education during a specific year, but not necessarily full-year students (due to shorter courses). 2) Excl. group related revenue of SEK 4 million.

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Key highlights Q1 2017/18

Sound revenue growth in the three school segments

Comments for Q1 2017/18

- Student numbers increased in all segments.
- Revenue growth boosted by acquisitions (mainly Stepke) but also from new establishments as well as high volumes in the Adult education segment
- Seven new upper secondary schools opened with approx. 370 students
- Two new preschools, (Ger + Norw) started during the quarter
- EBIT increased by SEK 12 million (17,6%) compared to the same period last year explained by the upper secondary segment

Key figures for Q1 2017/18

	2017/18	**2016/17**	**Change**
# of Students	68,098	65,143	4.5%
Net Sales	2,037	1,862	9.4%
EBIT	80	68	17.6%
EBIT-margin	3.9%	3.7%	0.2 p.p.
Adj. EBIT	82	69	18.8%
Adj. EBIT margin	4.0%	3.7%	0.3 p.p.
Earnings after Tax	51	41	24.4%
Earnings per share [1], SEK	0.54	0.44	22.7%
Cash Flow from Operations	142	131	n/a

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

Pre- and Compulsory Schools (Sweden)

Growth could not fully compensate for increased staff costs

Comments for Q1 2017/18

- Overall student numbers increased by 1.6%
- One preschool and two smaller compulsory schools with approximately 310 children were closed or divested before the start of 2017/18. Adjusted for divestments, the number of children and students increased by 2.7%
- Revenue grew 6.0% following increased number of students and annual voucher adjustments.
- EBIT-margin was 0.7 percentage points lower than last year mainly due to higher personnel costs, not yet compensated by school vouchers

Key figures for Q1 2017/18

	2017/18	2016/17	Change
Net Sales	760	717	6.0%
EBIT	3	8	-62.5%
EBIT-margin	0.4%	1.1%	-0.7 p.p.
Adj. EBIT	3	8	-62.5%
Adj. EBIT-margin	0.4%	1.1%	-0.7 p.p.
# of Students	31,111	30,613	1.6%

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Upper Secondary Schools (Sweden)

Increased capacity utilization. Seven new schools started

Comments for Q1 2017/18

- Seven new schools started with some 370 students
- Overall student numbers increased by 4.3% with an all-time-high of first year students
- Revenues increased by 7.6% compared to the same quarter following the volume increase as well as higher revenue per student
- EBIT and EBIT-margin improved compared to the same period the previous year as a result higher capacity utilization

Key figures for Q1 2017/18

	2017/18	2016/17	Change
Net Sales	539	501	7.6%
EBIT	39	26	50.0%
EBIT-margin	7.2%	5.2%	2.0 p.p.
Adj. EBIT	39	26	50.0%
Adj. EBIT-margin	7.2%	5.2%	2.0 p.p.
# of Students	26,918	25,802	4.3%

Adult Education (Sweden)

Financial result for the year at all-time high

Comments for Q1 2017/18

- Revenues increased by 10.2% mainly attributed to higher volumes within Basic Modules, Swedish for immigrants (SFI) and Komvux
- EBIT improvement is a result of higher volumes. However, many larger contracts are coming to an end and new contracts overall have a lower price level, which affects margins negatively
- Margins are also affected by new contracts being delayed by some salary inflation in certain teacher categories

Key figures for Q1 2017/18

	2017/18	2016/17	Change
Net Sales	366	332	10.2%
EBIT	43	41	4.9%
EBIT-margin	11.7%	12.3%	-0.6 p.p.
Adj. EBIT	43	41	4.9%
Adj. EBIT-margin	11.7%	12.3%	-0.6 p.p.

Preschools (International)

Acquisition of Stepke expands German operations substantially

Comments for Q1 2017/2018

- Child numbers increased by 15.4%
- Revenue growth for the quarter 19.6%
- Growth mainly attributed to the acquisition of the German operation Stepke, as well as new establishments and acquisitions in Norway. Currency did not notably affect sales in the quarter
- Roughly same EBIT level as previous year although negative effects of timing of facility maintenance in Norway
- Espira in Norway opened one new preschool during the quarter and one new preschool was opened in Germany under the Stepke brand.
- Stepke has secured the establishment of nine new preschools estimated to open before the end of 2018

Key figures for Q1 2017/18

	2017/18	2016/17	Change
Net Sales	372	311	19.6%
EBIT	5	7	-28.6%
EBIT-margin	1.3%	2.3%	-1.0 p.p.
Adj. EBIT	5	7	-28.6%
Adj. EBIT-margin	1.3%	2.3%	-1.0 p.p.
# of Students	10,069	8,727	15.4%

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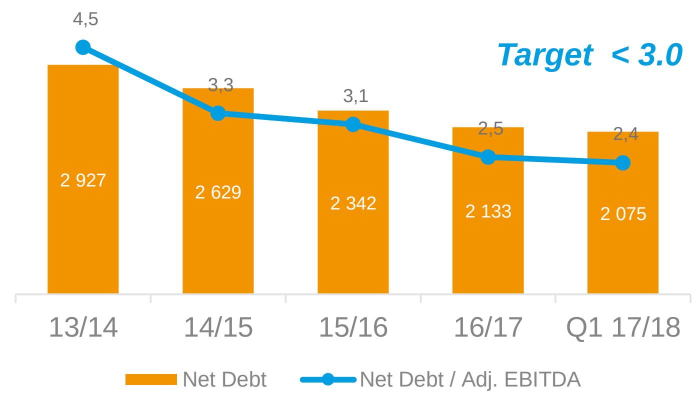
Financial position

Improved net debt and leverage ratio below maximum target

- Capital employed has increased during the last 12 months by SEK 454 million due to growth mainly acquisitions, preschool buildings in Norway and other investments
- Net debt decreased by SEK 281 million despite investments made. This is the result of improved EBIT as well as improved net working capital.
- Net Debt excluding real estate debt has decreased by SEK 348 million
- Leverage ratio dropped to 2.4x which is below the target level of 3.0x.

1) Adjusted Net Debt excludes real estate loans, purpose being to show the amount of net debt required to finance operations

Net Debt and Net Debt / Adj. EBITDA



Key figures for Q1 2017/18

	2017/18 30 Sep	2016/17 30 Sep	Change
Total Equity	3,487	3,013	15.7%
Net Debt	2,075	2,356	-11.9%
Adj. Net Debt[1)]	1,488	1,836	-19.0%
Capital Employed	6,202	5,748	7,9%
Equity Ratio	42.6	40.8	1.8 p.p.

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Seasonality varies between segments

Q1 shows normal seasonality in school segments

Quarterly seasonality – Net sales and adj. EBIT 2014/15 - 2016/17

Comments

- School segments continue to show normal seasonality
- First quarter margin improvement primarily due to the upper secondary segment where increased efficiency in existing units contributed positively
- Adult segment is volatile and fluctuations are determined by contract portfolio

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Financial performance according to plan

		Financial targets	Q1/R12M (FY 16/17)
Growth	**5-7%**	• Annual revenue growth rate of 5-7% including organic growth and smaller bolt-on acquisitions but excluding larger strategic acquisitions	**9.4%** (10.6%)
Profitability	**7-8%**	• Adj. EBIT margin of 7-8% over time	**6.7%** (6.7%)
Capital structure	**<3.0x**	• Net debt / adj. EBITDA below 3.0x • Leverage may temporarily, exceed the target level	**2.4** (2.5x)
Use of free cash flow	**n.a.**	• Free cash flow primarily to be reinvested • Excess cash distributed to the shareholders while still maintaining quality and leverage targets	No dividend proposed

A unique combination of sustainability, growth and cash flow generation

A. Sustainable and predictable business model

- ✓ Favorable demographic trends with high predictability
- ✓ Attractive "recurring revenue model" – a student will likely remain in AcadeMedia schools for several years
- ✓ Student base and revenue levels known at the beginning of each year
- ✓ Pricing is based on municipality costs – no price competition from independent providers

B. Multi-layered and scalable growth ahead

- ✓ Secular growth drivers in the underlying market
- ✓ Increasing market share for independent providers
- ✓ Best-in-class offering
- ✓ Substantial consolidation opportunities
- ✓ Attractive international expansion opportunities
- ✓ Significant operating leverage due to high degree of centralized operations and low incremental costs for adding additional students

C. Strong cash flow generation

- ✓ Limited capex requirements
- ✓ Negative working capital profile
- ✓ Capacity to fund growth and deleveraging
- ✓ Very limited cyclicality

Thank you – Any questions?