

# BTS Group AB (publ)

Interim Report January 1 – December 31, 2009

## Continued growth and increase in earnings during the fourth quarter

### Full-year 2009

- Net turnover increased by 9 percent during the year and amounted to MSEK 595.1 (548.4). Adjusted for changes in foreign exchange rates, growth was -3 percent.
- Operating profit before amortization of intangible assets (EBITA) decreased by 2 percent to MSEK 78.1 (79.8).
- Profit before tax increased by 1 percent and amounted to MSEK 68.3 (67.6).
- Profit after tax decreased by 2 percent and amounted to MSEK 44.3 (45.0).
- Earnings per share decreased by 2 percent to SEK 2.45 (2.50).

### The fourth quarter 2009

- Net turnover increased by 5 percent during the fourth quarter and amounted to MSEK 162.4 (155.4). Adjusted for changes in foreign exchange rates, growth was 13 percent.
- Operating profit before amortization of intangible assets (EBITA) increased by 3 percent to MSEK 24.4 (23.7).
- Profit before tax increased by 13 percent to MSEK 23.3 (20.6).
- Profit after tax increased by 9 percent to MSEK 14.9 (13.7).
- Earnings per share increased by 9 percent to SEK 0.83 (0.76).

### Summary of BTS' and the market's development during the fourth quarter

- Demand for training and consultancy services has weakened compared to the previous year. However, demand for BTS' services has been better than for the market as a whole. Continued positive trends were noted on the US market during the fourth quarter.
- Earnings were positively impacted by increased earnings in BTS North America, APG and BTS Other markets. Earnings were negatively impacted by a decrease in earnings in BTS Europe and by changes in foreign exchange rates.
- New clients secured during the fourth quarter included Bausch & Lomb, LG Electronics, Local Insight Media, Miller Coors, Sanofi-Aventis, Schindler, Snickers Workwear and ThyssenKrupp, among others.

### Dividend

- The proposed dividend is SEK 1.20 (1.20) per share.

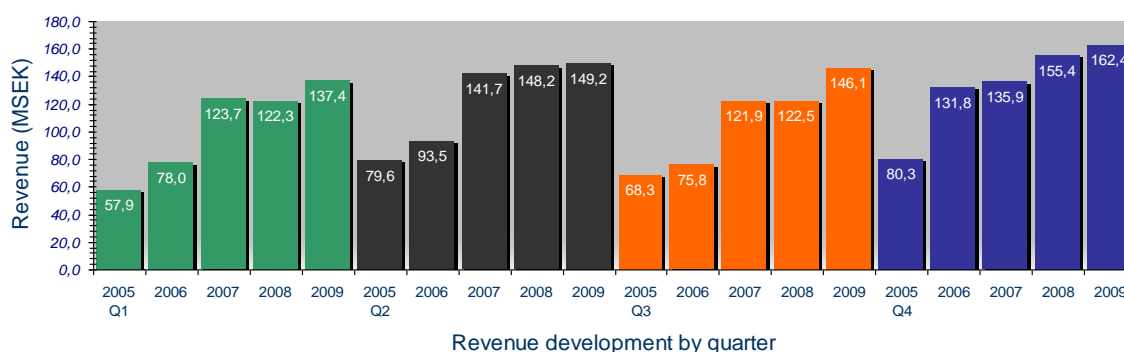
*BTS partners with leading companies to accelerate change and improve business results. BTS is the world leader in customized business simulations and discovery-based learning solutions that enable leading corporations to grow and become successful through change and improvement processes. BTS adds value to its clients through three practice areas: Strategic Alignment & Business Acumen, Leadership & Management, and Sales. BTS also has strong capabilities in Operational Excellence & Project Management and offer an innovative Engage for Change process. BTS serves its clients from Stockholm, Helsinki, Oslo, London, Madrid, Bilbao, Brussels, Johannesburg, Singapore, Beijing, Tokyo, Sydney, Melbourne, Mexico City, San Francisco, Philadelphia, Stamford, New York, Chicago and Scottsdale.*

## Turnover

BTS' net turnover increased by 9 percent during the year and amounted to MSEK 595.1 (548.4). Adjusted for changes in foreign exchange rates, growth was -3 percent.

The market for corporate training services was very weak during the year. Many of BTS' competitors displayed revenue declines of between 20 and 40 percent. BTS has succeeded in maintaining revenue levels by capturing market shares.

Growth varied among the units: BTS Other markets 8 percent, BTS USA 4 percent, BTS Europe -12 percent and APG -13 percent (growth figure measured in local currencies).



## Earnings

Operating profit before amortization of intangible assets (EBITA) decreased by 2 percent during the year and amounted to MSEK 78.1 (79.8). Operating profit during the year was affected by MSEK 8.3 (9.3) for amortization of intangible assets attributable to acquisitions. Operating profit (EBIT) decreased by 1 percent during the year and amounted to MSEK 69.8 (70.5).

The operating margin before amortization of intangible assets (EBITA margin) was 13 (15) percent. The operating margin (EBIT margin) was 12 (13) percent.

The Group's profit before tax increased by 1 percent during the year to MSEK 68.3 (67.6), which is in line with the outlook presented during the year.

Earnings were positively impacted by increased earnings in BTS North America, APG as well as by changes in foreign exchange rates. Earnings were negatively impacted mainly by a decrease in earnings in BTS Europe.

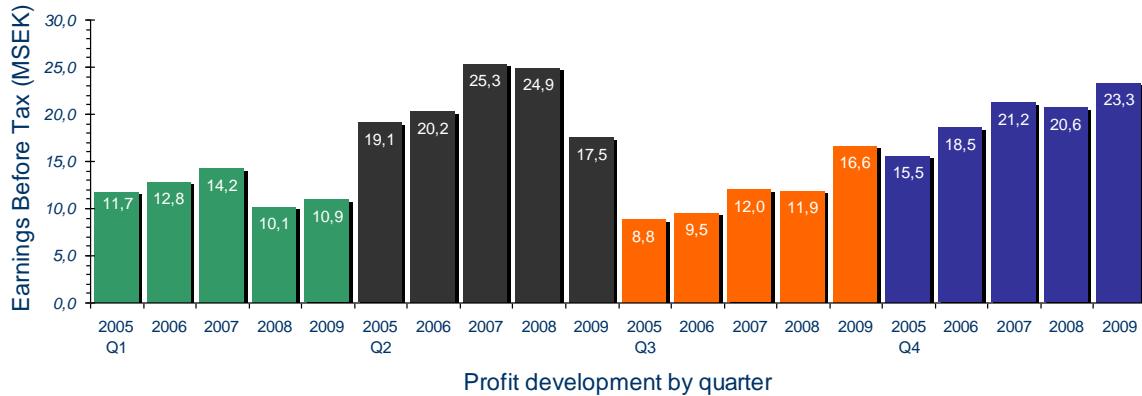
## The fourth quarter

BTS' net turnover increased by 5 percent during the fourth quarter and amounted to MSEK 162.4 (155.4). Adjusted for changes in foreign exchange rates, growth was 13 percent.

Operating profit before amortization of intangible assets (EBITA) increased by 3 percent during the fourth quarter and amounted to MSEK 24.4 (23.7). Operating profit during the fourth quarter was affected by MSEK 0.5 (2.7) for amortization of intangible assets attributable to acquisitions. Operating profit (EBIT) increased by 14 percent to MSEK 23.9 (21.0).

The operating margin before amortization of intangible assets (EBITA margin) was 15 (15) percent. The operating margin (EBIT margin) was 15 (13) percent. Profit before tax for the fourth quarter increased by 13 percent and amounted to MSEK 23.3 (20.6).

Earnings were positively impacted by increased earnings in BTS North America, APG and BTS Other markets. Earnings were negatively impacted by a decrease in earnings in BTS Europe and by changes in foreign exchange rates.



### Market development and BTS' recession strategy

Demand for training and consultancy services has weakened compared to the previous year. Demand for BTS' services has been better than for the market as a whole.

The severe recession has had a major impact on many of BTS' clients. BTS considers that it has gained a significantly better position than its competitors, through a well-diversified customer base, an underweight of clients in the most exposed sectors, very competitive solutions as well as client projects of a strategic and long-term nature.

BTS' recession strategy is based on:

- focusing sales resources on clients and projects that are considered to represent continued opportunities for growth during the recession,
- adapting the offer to the market's partly altered demand,
- raising cost efficiency,
- investing for future growth and taking advantage of the opportunities created by the economic downturn.

This strategy was successful during 2009, as BTS is considered to have performed significantly better than the overall market. The majority of BTS' competitors displayed revenue declines of between 20 and 40 percent.

Continued positive trends were noted on the US market during the fourth quarter.

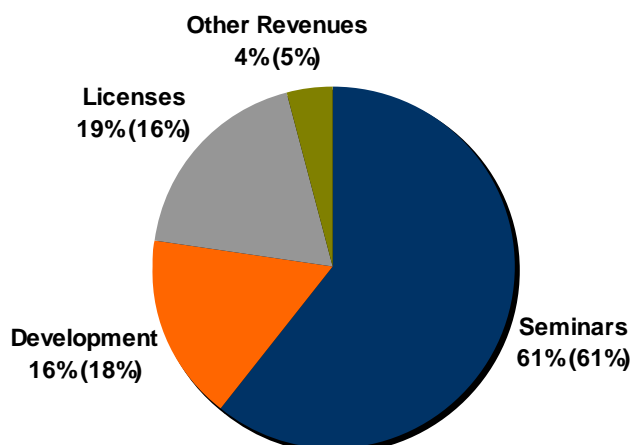
BTS offers the most comprehensive range of tailored simulation solutions on the market today, a well developed sales organisation and at the same time, is the only company in the world that can serve large international companies on a global basis within this area. BTS to a greater extent, can satisfy existing clients' needs for additional services and solutions, which generates good growth opportunities both in the near-term and long-term.

### Assignments and new clients

New clients secured during the year included Bayer, Bombardier, Burger King, Deloitte, GSK, HSBC, Huhtamaki, McDonalds, MetLife, Orange, PepsiCo, Pfizer Mexico, Schindler, SingTel, Snickers Workwear, ThyssenKrupp, Vattenfall Germany and Vestas.

## Revenue development

### Net turnover by source of revenue Jan 1 - Dec 31, 2009



#### Operative units

Net turnover per operative unit	Oct-Dec 2009	Oct-Dec 2008	Full-year 2009	Full-year 2008
<b>MSEK</b>				
North America*	112.4	102.3	423.6	369.4
Europe	38.4	45.6	123.3	138.2
Other markets	11.6	7.5	48.2	40.8
<b>Total</b>	<b>162.4</b>	<b>155.4</b>	<b>595.1</b>	<b>548.4</b>
*North America				
BTS	82.7	72.8	307.6	254.2
APG	29.7	29.5	116.0	115.2
<b>Total</b>	<b>112.4</b>	<b>102.3</b>	<b>423.6</b>	<b>369.4</b>

#### Operative units

Operating profit before amortization of intangible assets (EBITA) per operative unit

	Oct-Dec 2009	Oct-Dec 2008	Full-year 2009	Full-year 2008
<b>MSEK</b>				
North America*	16.6	11.6	68.4	46.7
Europe	8.3	14.5	6.7	30.5
Other markets	-0.5	-2.4	3.0	2.6
<b>Total</b>	<b>24.4</b>	<b>23.7</b>	<b>78.1</b>	<b>79.8</b>
*North America				
BTS	15.5	11.2	63.8	43.8
APG	1.1	0.4	4.6	2.9
<b>Total</b>	<b>16.6</b>	<b>11.6</b>	<b>68.4</b>	<b>46.7</b>

## **North America**

### **BTS**

Net turnover for BTS' North American operations amounted to MSEK 307.6 (254.2) during the year. Adjusted for changes in foreign exchange rates, revenue increased by 4 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 63.8 (43.8) during the year. The operating margin before amortization of intangible assets (EBITA margin) was 21 (17) percent.

Net turnover amounted to MSEK 82.7 (72.8) during the fourth quarter. Adjusted for changes in foreign exchange rates, revenue increased by 26 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 15.5 (11.2) during the fourth quarter. The operating margin before amortization of intangible assets (EBITA margin) was 19 (15) percent.

The deterioration in US' market conditions has impacted BTS USA negatively but the company is considered to have performed significantly better than the market as a whole. Continued positive trends were noted on the market during the fourth quarter.

The operating margin has increased due to improved cost efficiency.

### **APG**

Net turnover for APG amounted to MSEK 116.0 (115.2) during the year. Adjusted for changes in foreign exchange rates, revenue decreased by 13 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 4.6 (2.9) during the year. The operating margin before amortization of intangible assets (EBITA margin) was 4 (3) percent.

Net turnover amounted to MSEK 29.7 (29.5) during the fourth quarter. Adjusted for changes in foreign exchange rates, revenue increased by 12 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 1.1 (0.4) during the fourth quarter. The operating margin before amortization of intangible assets (EBITA margin) was 4 (1) percent.

The deterioration in US' market conditions has had a negative impact on APG. The action program that was carried out during the first half-year in order to increase the gross margin, reduce fixed costs and improve sales efficiency has led to an increase in revenues and earnings during the fourth quarter in conjunction with an improved market.

## **Europe**

Net turnover for Europe amounted to MSEK 123.3 (138.2) during the year. Adjusted for changes in foreign exchange rates, revenue decreased by 12 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 6.7 (30.5) during the year. The operating margin before amortization of intangible assets (EBITA margin) was 5 (22) percent.

Net turnover amounted to MSEK 38.4 (45.6) during the fourth quarter. Adjusted for changes in foreign exchange rates, revenue decreased by 13 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 8.3 (14.5) during the fourth quarter. The operating margin before amortization of intangible assets (EBITA margin) was 22 (32) percent.

The negative earnings trend in BTS Europe was mainly due to a significant deterioration in earnings for BTS' operations in Northern Europe. Fixed costs have been reduced and a program to improve sales efficiency has been implemented in order to increase earnings.

## **Other markets**

Net turnover for Other markets amounted to MSEK 48.2 (40.8) during the year. Adjusted for changes in foreign exchange rates, revenue increased by 8 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 3.0 (2.6) during the year. The operating margin before amortization of intangible assets (EBITA margin) was 6 (6) percent.

Net turnover amounted to MSEK 11.6 (7.5) during the fourth quarter. Adjusted for changes in foreign exchange rates, revenue increased by 35 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK -0.5 (-2.4) during the fourth quarter. The operating margin before amortization of intangible assets (EBITA margin) was -4 (-32) percent.

BTS invested in increased sales resources in East Asia and Latin America during 2009.

## **Financial position**

BTS' cash flow from operating activities amounted to MSEK 61.3 (37.5) during the year.

Cash and cash equivalents amounted to MSEK 75.4 (65.9) at the end of the period. The company's interest-bearing loans, which relate to previously completed acquisitions, amounted to MSEK 52.3 (81.7) at the end of the period.

BTS' solidity was 59 (56) percent at the end of the period.

The company had no outstanding conversion loans at the balance sheet date.

## **Employees**

The number of employees in BTS Group AB as of December 31 was 252 (267).

The average number of employees during the year was 260 (249).

## **The Parent Company**

The Company's net turnover amounted to MSEK 2.5 (2.2) and profit after net financial items amounted to MSEK 16.8 (10.3). Cash and cash equivalents amounted to MSEK 0.1 (0).

## **Outlook for 2010**

The result before tax is expected to be better than last year.

## **Annual General Meeting and proposed dividend**

The Annual General Meeting will be held on Thursday, April 29, 2010 at 09.30 a.m. in BTS' offices at Grevgatan 34, Stockholm.

The Board has proposed a dividend of SEK 1.20 per share.

## **Post balance sheet events**

No significant events occurred after the end of the period.

## **Risks and uncertainties**

BTS is exposed to a number of risks and uncertainties in its operations, which are mentioned and commented on in the Annual Report 2008. Apart from these, it is assessed that no new significant risks or uncertainties have arisen during 2009. Market conditions and the company's strategy for handling the severe recession are commented on in page 3 above.

## **Significant estimates and assessments**

In order to prepare the financial statements in conformity with IFRS the Corporate Management is required make estimates and assumptions that affect the application of the accounting principles and the recognized amounts of assets, liabilities, income and costs. The estimates and assumptions are based on historical experience and a number of other factors that are regarded as reasonable under the existing circumstances. Actual outcomes can deviate from these estimates and assessments. Estimates and assumptions are reviewed regularly.

## **Accounting principles**

This interim report is prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the following reference to Chapter 9 of the Swedish Annual Accounts Act. The accounting principles and calculation methods applied are in line with the accounting principles used in the preparation of the most recent financial statements.

Revised IAS 1 – Presentation of Financial Statements has been applied from January 1, 2009. Among other things, the amendment means that income and expenses previously recognized as changes in equity shall now be recognized in a separate statement directly after the income statement. Another change is that new terms for the financial statements may, but are not required to be used. BTS has elected to use the old terms.

IFRS 8 – Operating Segments became effective from and including January 1, 2009. The new standard means that the segment information is presented on the basis of the management approach, which means that it is presented in the way used in the internal reporting. The application of IFRS 8 does not imply any difference in relation to classification of operating segments compared with previous reporting under IAS 14.

IFRS 2 (Amendment) – Share-Based Payment is applied from January 1, 2009. The amendment of the standard has not had any material impact on the consolidated financial statements.

## **Future reporting dates**

Annual Report 2009	Released in April 2010
Interim Report Jan – Mar	April 29, 2010
Interim Report Apr - Jun	August 19, 2010
Interim Report Jul – Sep	November 11, 2010

Stockholm February 18, 2010

Henrik Ekelund  
Chief Executive Officer

## Review report

We have conducted a review of the accompanying interim report for BTS Group AB for the period January 1 to December 31, 2009. The board of directors and the president are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, February 18, 2010

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling  
Auditor in charge

### Contact information

Henrik Ekelund	CEO	Phone:	08-587 070 00
Stefan Brown	CFO	Phone:	08-587 070 62
Thomas Ahlerup		Phone:	08-587 070 02
Senior Vice President Corporate Communications		Mobile:	076-800 5755

For additional information visit our home page [www.bts.com](http://www.bts.com)

**BTS Group AB (publ)**  
**Grevgatan 34**  
**114 53 Stockholm**  
**SWEDEN**

Phone. +46 8 587 070 00  
Fax. +46 8 587 070 01

Corporate registration number: 556566-7119



**GROUP INCOME STATEMENT, Summary**

KSEK	3 months ended		12 months ended	
	Dec 31	Dec 31	Dec 31	Dec 31
	2009	2008	2009	2008
Revenue	162 361	155 382	595 062	548 370
Operating expenses	-137 112	-131 036	-513 755	-466 183
Depreciation tangible assets	-822	-639	-3 176	-2 369
Amortization intangible assets	-527	-2 731	-8 268	-9 356
<b>Operating result</b>	<b>23 900</b>	<b>20 976</b>	<b>69 863</b>	<b>70 462</b>
Financial income and expenses	-576	-336	-1 564	-2 876
<b>Result before tax</b>	<b>23 324</b>	<b>20 640</b>	<b>68 299</b>	<b>67 586</b>
Taxes	-8 381	-6 925	-24 009	-22 548
<b>Result for the period</b>	<b>14 943</b>	<b>13 715</b>	<b>44 290</b>	<b>45 038</b>
attributable to equity holders of the parent	14 943	13 715	44 290	45 038
Earnings per share, before dilution of shares, SEK	0.83	0.76	2.45	2.50
Number of shares at end of the period	18 048 300	18 048 300	18 048 300	18 048 300
Average number of shares before dilution of shares	18 048 300	18 048 300	18 048 300	18 048 300
Earnings per share, after dilution of shares, SEK	0.83	0.76	2.45	2.50
Average number of shares after dilution of shares	18 110 822	18 048 300	18 110 822	18 048 300
Proposed dividend per share			1.20	1.20

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

KSEK	3 months ended		12 months ended	
	Dec 31	Dec 31	Dec 31	Dec 31
	2009	2008	2009	2008
<b>Result for the period</b>	<b>14 943</b>	<b>13 715</b>	<b>44 290</b>	<b>45 038</b>
<b>Other comprehensive income:</b>				
Conversion differences in shareholders' equity	8 872	20 566	-14 433	28 342
<b>Other comprehensive income for the period, net of tax</b>	<b>8 872</b>	<b>20 566</b>	<b>-14 433</b>	<b>28 342</b>
<b>Total comprehensive income for the period</b>	<b>23 815</b>	<b>34 281</b>	<b>29 857</b>	<b>73 380</b>
attributable to equity holders of the parent	23 815	34 281	29 857	73 380

**GROUP BALANCE SHEET, Summary**

KSEK	12-31-2009	12-31-2008
<b>Assets</b>		
Goodwill	151 787	161 216
Other intangible assets	18 830	28 612
Tangible assets	9 174	8 727
Other fixed assets	5 310	5 003
Accounts receivable	150 552	147 184
Other current assets	32 031	34 904
Cash and bank	75 412	65 887
<b>Total assets</b>	<b>443 096</b>	<b>451 533</b>
<b>Equity and liabilities</b>		
Equity	259 623	250 908
Interest bearing - non current liabilities	164	166
Non interest bearing - non current liabilities	317	450
Interest bearing - current liabilities	52 334	81 690
Non interest bearing - current liabilities	130 658	118 319
<b>Total equity and liabilities</b>	<b>443 096</b>	<b>451 533</b>

**GROUP CASH FLOW STATEMENT, Summary**

<b>KSEK</b>	<b>Jan-Dec 2009</b>	<b>Jan-Dec 2008</b>
Cash flow from current operations	61 320	37 506
Cash flow from investment activities	-4 431	-28 572
Cash flow from financing operations	-46 054	-15 967
<b>Change in liquid funds</b>	<b>10 835</b>	<b>-7 033</b>
Liquid funds, opening balance	65 887	67 473
Effect of exchange rate changes on cash	-1 310	5 447
<b>Liquid funds, closing balance</b>	<b>75 412</b>	<b>65 887</b>

**GROUP CHANGES IN EQUITY**

<b>KSEK</b>	<b>Total Equity 12-31-2009</b>	<b>Total Equity 12-31-2008</b>
<b>Opening balance</b>	250 908	198 603
Dividend to shareholders	-21 658	-21 658
Miscellaneous	516	583
Total comprehensive income for the period	29 857	73 380
<b>Closing balance</b>	<b>259 623</b>	<b>250 908</b>

**KEY RATIOS**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>Dec 31 2009</b>	<b>Dec 31 2008</b>	<b>Dec 31 2009</b>	<b>Dec 31 2008</b>
Revenues, KSEK	162 361	155 382	595 062	548 370
EBITA (Earnings before interest, tax and amortization), KSEK	24 427	23 707	78 131	79 818
EBIT (Operating result), KSEK	23 900	20 976	69 863	70 462
EBITA margin (Earnings before interest, tax and amortization margin), %	15	15	13	15
EBIT margin (Operating margin), %	15	13	12	13
Profit margin, %	9	9	7	8
Operational capital, KSEK			236 709	266 877
Return on equity, %			17	20
Return on operational capital, %			28	31
Solidity at end of the period, %	59	56	59	56
Cash flow, KSEK	-12 752	-941	10 835	-7 033
Liquid funds at end of the period, KSEK	75 412	65 887	75 412	65 887
Average number of employees	253	259	260	249
Number of employees at end of the period	252	267	252	267
Revenues for the year per employee, KSEK			2 289	2 202

**PARENT COMPANY'S BALANCE SHEET, Summary**

<b>KSEK</b>	<b>12-31-2009</b>	<b>12-31-2008</b>
<b>Assets</b>		
Financial assets	152 025	193 684
Other current assets	2 435	1 392
Cash and bank	<u>129</u>	<u>3</u>
<b>Total assets</b>	<b>154 589</b>	<b>195 079</b>
<b>Equity and liabilities</b>		
Equity	95 499	100 307
Liabilities	<u>59 090</u>	<u>94 772</u>
<b>Total equity and liabilities</b>	<b>154 589</b>	<b>195 079</b>

**DEFINITIONS****Earnings per share**

Earnings attributable to the parent company's shareholders divided by number of shares.

**EBITA margin (Earnings before interest, tax and amortization margin)**

Operating result before interest, tax and amortization as a percentage of revenues.

**EBIT margin (Operating margin)**

Operating result after depreciation as a percentage of revenues.

**Profit margin**

Result for the period as a percentage of revenues.

**Operational capital**

Total balance sheet reduced by liquid funds and other interest bearing assets and reduced by non-interest bearing liabilities.

**Return on equity**

Result for the period as a percentage of average equity.

**Return on operational capital**

Operating result as a percentage of average operational capital.

**Solidity**

Equity as a percentage of total balance sheet.