

Annual report 2013

*"The Global Leader in
Accelerating Strategic
Alignment and Execution
– innovating how
organizations learn,
change and improve"*



Catalysts for Profitability and Growth

The BTS Group is an international co

BTS is the global leader in accelerating strategic alignment and execution, innovating how organizations learn, change and improve. BTS adds value to its clients through three practice areas: Strategic Alignment & Business Acumen, Leadership & Management and Sales. The unique BTS process offers fast strategic alignment and rapid capability-building through:

- Business simulations and experiential solutions.
- In-depth customization to what is relevant and actionable on the job.
- A results-focused approach that comprehensively and efficiently secures and measures the business impact.

Examples of BTS customers

Accenture
ANZ
AT&T
BBVA
Chevron

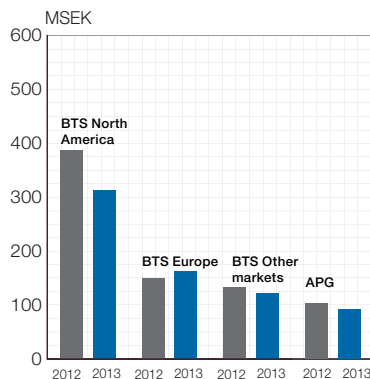
Cisco
Coca-Cola
DBS
Deloitte
Ericsson

GAP
GlaxoSmithKline
HP
Microsoft
National Australia Bank

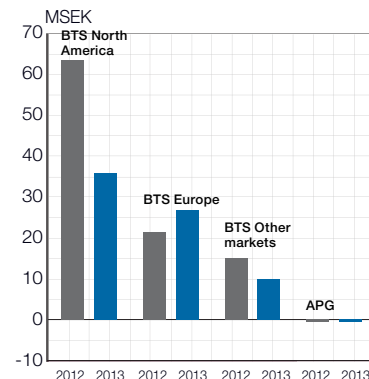
Oracle
Salesforce.com
Schindler
Sony
Standard Bank

Telefónica
Unilever
VMware
Wärtsilä
Xenel

NET TURNOVER PER OPERATIVE UNIT



OPERATING PROFIT (EBITA) PER OPERATIVE UNIT

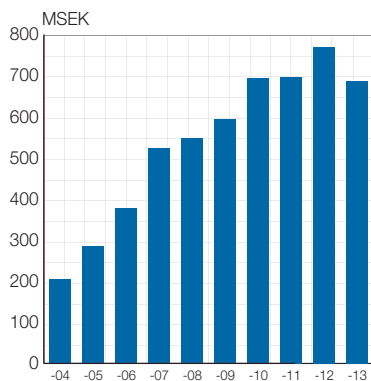


nsulting and learning company

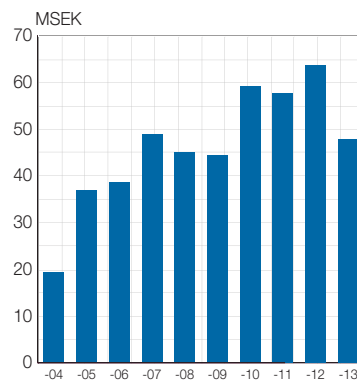
BTS has over 350 professionals serving more than 400 customers, including 40 of the US Fortune 100 companies and 30 of the Global Fortune 100 largest corporations in the world. BTS serves its clients globally from offices in all parts of the world.



NET TURNOVER



PROFIT AFTER TAX



Making execution happen

BTS believes that a business strategy, no matter how well researched and articulated, is only as good as its execution. **BTS** accelerates execution by working with leaders and managers to help them make better business decisions, faster.

BTS builds alignment around business direction and key business performance objectives. Strategy without alignment at all levels is a recipe for slow execution.

BTS builds the capabilities needed to accelerate execution. An attempt to execute rapidly without having the right individual and organizational capabilities in place is wishful thinking.

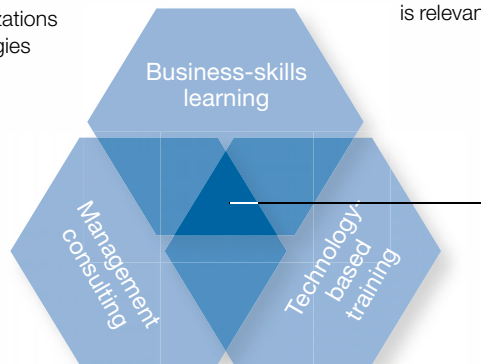
BTS' experiential learning platforms create opportunities for in-depth practice. As professional sports teams know, practice creates team alignment and builds capability and confidence.

A great plan AND great practice increases the odds of winning.

- Simulations and experiential solutions – the most effective way to help organizations understand, align and execute strategies and business initiatives.

- In-depth customization to what is relevant and actionable on the job.

- A results-focused approach that comprehensively and efficiently secures and measures the business impact.



BTS' solutions meet the needs in a business niche in the market by combining expertise from different areas such as management consulting, business-skills learning and technology-based training.

“We build commitment and capability to accelerate strategy execution and improve business results.”

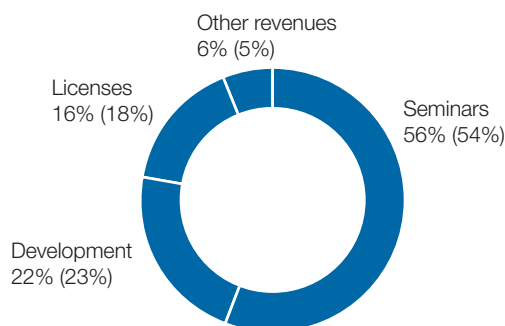
2013 in brief

- ▶ Net turnover amounted to MSEK 688.2 (770.5).
- ▶ Revenue growth was -7 percent, adjusted for changes in foreign exchange rates.
- ▶ EBITA decreased by 28 percent to MSEK 71.5 (98.8).
- ▶ Profit before tax decreased by 28 percent to MSEK 69.7 (96.7).
- ▶ Profit after tax decreased by 25 percent to MSEK 47.8 (63.7).
- ▶ Earnings per share decreased by 27 percent to SEK 2.57 (3.53).

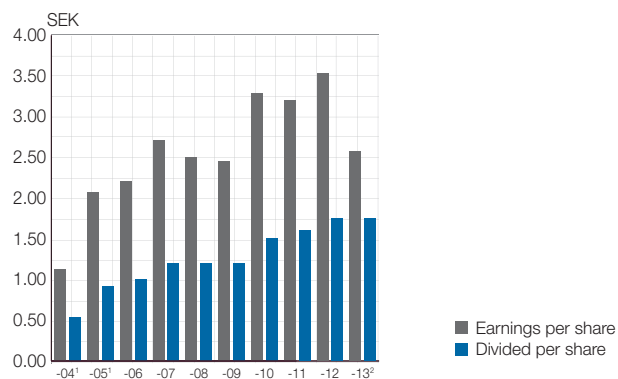
KEY RATIOS	2013	2012
Net turnover, MSEK	688.2	770.5
EBITA, MSEK	71.5	98.8
Operating profit, MSEK	69.8	97.4
Profit before tax, MSEK	69.7	96.7
Profit after tax, MSEK	47.8	63.7
EBITA margin, %	10	13
Operating margin, %	10	13
Profit margin, %	7	8
Operational capital, MSEK	246.9	229.8

KEY RATIOS, cont.	2013	2012
Return on equity, %	14	20
Return on operational capital, %	29	42
Solidity at the end of the year, %	69	63
Cash flow from current operations, MSEK	47.6	59.7
Cash flow, MSEK	19.3	17.4
Liquid funds at the end of the year, MSEK	108.8	94.9
Average number of employees	376	365
Number of employees at the end of the year	370	385
Net turnover per employee, MSEK	1.8	2.1

NET TURNOVER BY SOURCE OF REVENUE



EARNINGS AND DIVIDENDS PER SHARE



¹ The 2004–2005 earnings per share and dividend per share has been adjusted due to the split 3:1 in May 2006.

² Proposed dividend.

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Better businesses. Better planet.

The last ten years have been successful for the global economy.

We can state this conclusion despite the challenges of the global financial crisis.

The world economy has grown 40 percent over the past ten years. 700 million people have been lifted out of poverty. Since 2000, 28 countries have transitioned from being poor to being middle-income countries. In the developed world we have seen – despite many economic challenges – significant innovation and continuous productivity improvements.

Innovation and Productivity

The main engines behind this progress – making lives better in many corners of the world – are the commercial enterprises and their continuous quest for innovation and productivity improvement. As the world is becoming more open with more free markets – between countries and within countries – these commercial enterprises have increasing opportunities and can do a better job.

Innovations from the businesses of the world are bringing better and more enjoyable services and products to all of us. Productivity growth – through re-allocation of work and resources, improved processes, workforce training and capital investments – is giving us “more for less” every year.

Amazing Execution

Our company, BTS, is at the heart of these advancements for hundreds of businesses all over the planet.

In the market economy’s forces of creative destruction there are winners and losers. What differentiates winners from losers is effective execution of strategy and change.

As BTS supports businesses to enhance innovation, drive productivity, create revenue growth and develop stronger leadership – our job is to build the alignment, mindset and capabilities required for effective execution. We are passionate about our responsibilities and about achieving amazing results for our clients.

Africa

This is the world’s fastest growing continent with many of its fastest growing economies. One major bottleneck is the availability of experienced business managers. The competition for talent is fierce in Africa.

Many companies aim to become market leaders in sub-Saharan Africa; for example Standard Bank, Sabbco, Pepkor and Ecobank. BTS partners with them in many countries across Africa – supporting the execution of their African strategy and building deeper management bench strength.

The Gulf...

... is a sizable and wealthy market. Local corporations with strong balance sheets invest in the Gulf, in northern Africa and in parts of Asia. Savola is the region’s largest fast moving consumer goods business, and uses BTS to develop and align its leaders and managers in order to execute its growth strategy faster and better.

India

Accenture employs close to 90,000 people in India and is consistently ranked as one of the top companies to work for. One key reason is its extensive investment in leadership development, enabling employees to continuously grow and add greater value to the business. BTS is proud to be a key partner of Accenture India, by developing its leaders and high potential at all levels.

Latin America

With a population of 580 million and a GDP of over USD 5 Trillion, this is a region with huge opportunities for growth. BTS is supporting both global and local companies in their execution; better onboarding programs to speed up results (Telefonica and Unilever); sales force alignment and capabilities (Sodexo and Bancomer); strategic alignment and business improvement (Unicomer and Femsa).

Innovation

Increasingly, businesses and governments alike are recognizing that innovation is not a tangential activity with limited relevance to their mainstream work, but an activity that is critical to stay competitive and grow.

In 2013, BTS built innovation capability with leadership teams from 15 of the world’s 100 largest firms in industries ranging from investment banks in New York City, high-tech firms in Silicon Valley, and port operators in Hong Kong and the Middle East.

Growth

For many companies the sales force is a key revenue driver. We know that a better and more effective sales force will drive revenue growth. Do we have enough sales people? Do we have the right ones? Are they working effectively – prepared to meet today’s demanding buyers?

BTS helped a leading global manufacturing firm to create a world class sales force; resulting in the addition of 12 percent revenue growth.

Productivity...

... is the mother of progress. Every competitive business needs to enhance productivity each year.

The entire supply chain from start to finish is a major source of productivity. Many companies know what to do, but to make it happen requires the alignment, mindset and capabilities of many thousands of managers and employees.

Ericsson is enhancing its productivity together with BTS, targeting everyone involved in the supply chain to secure accelerated strategy execution and an improved understanding of the customers' business, with the objectives of reducing cost, inventory and time to market.

Leadership

For Andrew Witty, successful CEO of GSK – a world-leading science-led healthcare company – great leadership at all levels of the organization is key to creating long term sustainable value. Since 2009, BTS has partnered with GSK globally to support their commitment to differentiated development that is tailored to individuals' needs. In 2013, over 3,500 leaders completed GSK's Leading Delivery program, which helps middle-level managers translate the strategic ambition of GSK's business into meaningful action.

BTS goes digital

In July last year, BTS acquired Wizerize, a leading Danish technology and consulting company based in Copenhagen. The acquisition has given BTS new capabilities to offer market leading, digital-enabled social and mobile learning experiences and on-the-job tools.

The results of the acquisition have exceeded our expectations; we have successfully integrated the talent and technologies and we have already captured significant revenues from the new solutions.

2013 – a year with mixed results for BTS...

Results were mixed in BTS units during 2013. BTS Europe showed great results and growth during 2013, while BTS USA did not. Similarly our growth markets; BTS Asia and BTS Latin America showed good results; while BTS Australia and BTS South Africa did not.

When we summarize 2013; it was the first year in BTS' history with negative growth – minus 7 percent in revenue and a 25 percent decline in earnings after tax. At the same time we can look with pride at some of the investments and progress we made during the year.

... in 2014 we will return to growth

Our high performing units during 2013 have strong prospects for 2014.

Our troubled units during 2013 are in a different position today than one year ago:

- ▶ BTS Australia has been transformed over the last two years, and is today a strong unit – as shown by the results during the second half of 2013.
- ▶ BTS South Africa & Middle East has made significant investments in the Gulf, and will return to growth during 2014.
- ▶ BTS USA implemented improvements in the sales strategy and organization during 2013, which will yield results during 2014 in revenue and profit growth.



Our solid financial position

BTS has a positive net cash position, and a solidity of 69 percent.

Outlook

BTS for 20 years has demonstrated a capability to grow organically, while maintaining good profit levels. Today, we are the world leader in our field, with substantial opportunities to continue our growth. The result before taxes for 2014 is expected to be significantly better than last year.

Stockholm, April 2014

Henrik Ekelund
President & CEO of BTS Group AB

The global leader in accelerating strategic alignment and execution

Vision, mission, value proposition, and goals

BTS is the world leader in customized business simulations and other discovery learning solutions that enable leading organizations to learn, change and improve. The unique BTS process offers fast strategic alignment and rapid capability building to accelerate execution and to improve business results.



Vision

“The global leader in accelerating strategic alignment and execution – innovating how organizations learn, change and improve.”



Mission

“We build commitment and capability to accelerate strategy execution and improve business results.”



Value Proposition

“We deliver better results, faster. The unique BTS process offers fast strategic alignment and rapid capability building.

Our key differentiators:

- Simulations and experiential solutions – the most effective way to help organizations understand, align and execute on strategies and business initiatives.
- In-depth customization to what is relevant and actionable on the job.
- A results-focused approach that comprehensively and efficiently secures and measures business impact.”



Financial Goals

BTS’ financial goals shall over time be:

- An organic growth, adjusted for changes in exchange rates, of 20 percent.
- An EBITA margin of 15 percent.
- An equity ratio that does not fall below 50 percent over extended periods.

The BTS Group's eleven strategic principles

Strategic principles

Focus

We focus on our world-class capability to customize and deliver discovery-based solutions that give our clients superior business results and ROI. Every new solution/service we develop shall build on the core competencies of BTS.

Internationalization

BTS is a global organization, providing services around the world to a client base of mainly international organizations.

Organic growth complemented by acquisitions

BTS grows organically, building on its core competencies and customer base. Acquisitions must provide major synergies and complement new markets, new customer bases and new areas of expertise/solutions.

BTS enters new geographical markets and new sectors through a customer-driven approach – revenues and customers first, cost second.

Top clients and long-term partnerships

BTS' clients shall predominantly be high-image/large clients – and the most demanding and professional clients.

BTS establishes long-term partnerships with clients, built on delivery of top quality and highly visible results and strong customer relations.

By leveraging our portfolio of solutions and capabilities, we build suites of solutions used throughout our clients' organizations, resulting in a recurring and growing flow of revenues, over a long period of time.

Differentiation – higher value & premium position

BTS' services are differentiated through superior business results and ROI. Some differentiation factors for BTS are:

- ▶ Discovery-based learning
- ▶ Customization
- ▶ Results process
- ▶ Customer intimacy and focus
- ▶ Great people driven by excellence and quality
- ▶ Global coverage
- ▶ Broad range of solutions
- ▶ Innovation

Offer solutions and IP – not sell time

BTS' prices are generally fixed and not set per unit of time.

BTS capitalizes on its IP (Intellectual Property) – creating recurring revenues while striving to increase license revenues' share of total sales.

Network-oriented sales and marketing

BTS continuously increases the quantity and improves the quality of resources dedicated to client contacts and sales. These are key drivers of growth for BTS. Our priorities:

- ▶ Existing clients and account management
- ▶ New targets generated through the network of existing clients
- ▶ Qualified new targets that can profit from our competitive advantages

Value chain – focus on strategic assets and high value

BTS owns and sources internally:

- ▶ Intellectual Property
- ▶ Customization
- ▶ Client contacts
- ▶ High level/critical delivery

BTS uses independent resources and contractors – to gain access to expertise and for optimal resource planning – in order to maximize quality and productivity.

BTS builds partnerships in order to gain access to customers and combine capabilities.

One company – one best practice

BTS has detailed processes and best practice exchanges to ensure compatible methods throughout the Group – leveraging the company's knowledge and increasing productivity. We deliver well-coordinated and integrated services across the globe.

Innovate! And develop close to the customer

BTS invests in development to cover key needs of our clients and to provide the best solutions. BTS develops existing and new solutions in joint projects with clients to secure effective and client-needs-driven innovation.

The people and the company spirit

BTS' professionals are all very visible to the client and the spirit is a main driver of client and employee satisfaction. BTS emphasizes a positive and professional company culture expressed in six core values.

Recruitment, development and motivation of our people – creating business-focused high performers throughout the organization – are key drivers of our growth.



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Better and faster results through excellent strategy execution

Strategic Alignment & Business Acumen

Conventional wisdom holds that poor strategies rarely yield positive results. However, good strategies can fail as well. The most common reason for this failure is that firms don't recognize, or develop, the three core drivers of exceptional execution.

A highly effective strategic execution framework

During more than 25 years of working with many of the world's leading companies, BTS has developed a framework that captures the inner architecture of exceptional strategic execution.

Strategy execution is defined as the practice of bringing a strategy to fruition. The four forces that power exceptional execution: Alignment, Mindset, Capability and Pressure Dynamics. You achieve better and faster results when people understand the strategy and its implications at an individual level (alignment), they are excited and passionate about the strategy (mindset), and they have the skills and confidence (capability) to execute the strategy, together with how much pressure to perform is perceived to be within the environment.

Companies invest considerable resources and leadership time towards building alignment, mindset and capability during a strategy shift. However, town hall meetings, PowerPoint presentations and off-site events often fail to make the expected impact, as individual relevance is lost in the crowd. Traditional methods rely heavily on one-way communication and create missed opportunities for engaging at the individual level.

Customized business simulations win hearts and minds

Using customized business simulations and experiential learning tools, BTS helps organizations win the hearts and minds of their employees by engaging people more deeply in the strategy and, having achieved this state, supports the skill development and behavioral change necessary for execution. We leverage methods that lead to high retention and on the job action and include small and large group discussions, practice-by-doing and leader engagement.

The three forces driving strategy execution

Consider what execution would look like without one of these three forces:

- ▶ To execute without first coordinating Alignment is to undertake an initiative without communicating roles and responsibilities to the individuals responsible for making the initiative succeed.
- ▶ To execute without developing the right Mindset means there is limited emotional commitment, the primary source of discretionary effort and employee engagement.
- ▶ To execute without developing business and leadership Capability is to ask people to do something new without providing the tools needed to be successful.

Harness all the critical components of exceptional execution to generate better and faster results.

Strategy alignment: increase ROE by 12.5 percent

A recent study by the Boston Consulting Group showed that focusing on strategy alignment could result in an increase in Return on Equity of as much as 12.5 percent.

After 25 years of exploring the inner design of strategic alignment, we know that firms can confidently say they have coordinated alignment when leaders can answer "yes" to the following three questions:

- 1) Can you describe your strategy, and what makes it distinctive, in 30 words or less? If yes...
- 2) Do your colleagues in the leadership ranks, and their direct reports down to the front line, describe the strategy in the same way? If yes ...
- 3) Can everyone in the firm identify where and how they contribute to successful execution?

BTS solutions ensure that leaders at all levels in an organization can answer yes to all three questions. A raft of benefits awaits.

"You achieve better and faster results when people understand the strategy and its implications at an individual level (alignment), they are excited and passionate about the strategy (mindset), and they have the skills and confidence (capability) to execute the strategy, together with how much pressure to perform is perceived to be within the environment".



Mindset: drive execution

Mindset is the turbo-boost in the execution engine. Employees will only adopt a new strategy with a sense of purpose and urgency if they believe that it is the right strategy. Traditional approaches to communicating strategy (such as road shows or PowerPoint decks) have proven notoriously ineffective for winning the hearts and minds of employees. The process of discovery inherent in all BTS solutions has been used successfully by many of the Fortune 100 companies to nimbly adopt the optimal mindset for effective strategy execution.

Capability: Accelerate Mastery Through Experiential Learning

New strategies often call for the quick development of a new set of skills and behaviors. Traditional classroom approaches to capability development typically fail to develop mastery of the right capabilities fast enough to be of any use when executing strategy. BTS employs simulations and experiential-based solutions, which have been proven to accelerate the mastery of the critical capabilities that organizations need to execute their strategies effectively.

BTS helps organizations become better at executing strategy by leveraging our custom strategy and business simulations to create a workforce that is aligned behind your strategy, has the right mindset to approach it with purpose and urgency and is able to quickly master the capabilities necessary to execute the strategy. E = AMC

The Business Acumen Practice: Focusing on High Leverage Behaviors *Business Acumen Defined*

Business acumen is an intuitive understanding of how to assess the internal and external environment, identify where economic value can be made, create and choose differentiated options to make it, and then align people and resources to execute. In short, it is the skills, insights, and intuition needed to make better decisions, faster.

Few leaders would argue with the idea that more business skills are better than less. But the often surprising truth is that even the most complex business problems can usually be solved by a small number of high-leverage behaviors, and therefore by the critical business skills that make those behaviors possible. This behavioral version of the “80/20 rule” applies to job roles as these are really, after all, just behaviors at a higher level of analysis.

BTS solutions focus on identifying the high leverage behaviors firms need to succeed, and then engineer backwards to determine the right business acumen managers need to execute them – whether in Marketing, Sales, Operations, Supply Chain, Project Leadership, Finance, M&A, Innovation, or other business disciplines. To translate insight into habits that managers will develop on the job, we employ simulations and experiential-based solutions, as well as a selection of practice methodologies and performance support tools for use back on the job that have been proven to accelerate the mastery of the critical capabilities that organizations need to execute their strategies effectively.

Learning and development as a strategic differentiator

Leadership & Management

As organizations continue to navigate challenging conditions they need to do everything they can – likely with limited resources – to strengthen employees' focus on the skills needed to propel businesses forward. Recharging employees' commitment and sense of optimism will allow organizations to boost competitiveness and keep – as well as attract – great talent.

BTS sees the success differentiator as an organization's ability to turn strategy into action where implementing strategy requires leadership that aligns performers to the organization's key strategic initiatives. Leaders must also determine and build the essential capabilities for execution of the strategy in themselves and key co-workers. Finally, leaders must gain and maintain their performers' emotional commitment or mindset to achieve the organizational strategy.

Or put another way, successful strategy Execution = Alignment x Mindset x Capability

Leaders at various levels within an organization own different aspects of strategy execution. For example, at the most senior level

it is crucial that leaders are aligned on key initiatives and make available the resources to accomplish success. Moving down the leadership pipeline, focus shifts to developing specific leadership and technical capabilities critical to successful execution, and the leader's ability to positively influence the mindset of their team.

To better understand how well leaders understand the connection between business strategy and translating that into results, BTS, in association with TalentKeepers, asked people managers at 417 companies their opinions on a variety of issues related to business strategy, execution, and results in the TalentKeepers 2013 Employee Engagement and Retention Survey. According to that research:

Almost half (48 percent) of respondents agreed that their organizations have identified the behavioral capabilities required by leaders and managers to achieve business goals/results. However, only about a third (32 percent) said that their companies allocated the necessary resources to develop leadership capabilities, highlighting a significant disconnect.



Further validation of this disturbing finding was found through a 2013 study by Bersin and Associates where only 32 percent of the organizations studied actually linked their management development to strategic results. The research found that the greatest majority of companies studied rely upon a patchwork of disparate training courses linked to personal development, rather than the 26 percent who used an integrated learning approach tied to the business outcomes. This latter group demonstrated significantly greater performance and achievement of strategic goals. Additional research from McKinsey and Associates shows that companies spend far more on the development of executives and technical specialists (23 percent and 25 percent respectively of training budgets) than on this critical audience of front level and middle level leaders (9 percent). BTS' research combined with the ancillary research highlights the challenges and critical nature in developing leaders to be executors of strategy and between understanding business strategy and connecting it with day-to-day work.

Leading for Business Results™

Against this backdrop and to support our clients in maximizing the business impact of their leadership development, the BTS Leadership and Management practice launched LEADING FOR BUSINESS RESULTS™. Central to the approach is a core curriculum. LEADING FOR BUSINESS RESULTS™ is an ever-evolving solution set. Evolution of the curriculum is driven through collaboration with our clients. Content is added when new business development needs are uncovered.

As our clients are global, we turn that approach into a unified, consistent, global-reaching program, driving consistency in behavior, yet with capacity for local delivery. Unique features of our LEADING FOR BUSINESS RESULTS™ includes:

- ▶ Our experiential approach to learning: with solutions that create a real impact
- ▶ Our ability to drive learning and development to business results
- ▶ Our ability for global coverage – creating global consistency and local delivery

The core curriculum of LEADING FOR BUSINESS RESULTS™

1st Tier



Transition to Front Level leader

Individuals at this level operate and contribute to projects as individual contributors; they do not have line management responsibility for others but are accountable for their own work, development and results. They rely on their own personal influence, drive and motivation to achieve results.

2nd Tier



Front Level leader

The first transition to leadership represents potentially the most significant shift in behavior and attitude. No longer is success about individuals' performance, but rather individuals are rewarded on their ability to deliver results through other people. The characteristics of this transition include focusing time and attention on managing and developing a team, and the need to set a clear vision and hold others to account to delivering this. It requires a major shift from measuring your own results to measuring your impact on others.

3rd Tier



Experienced Front Level leader

Companies have a large number of experienced Front Level Leaders which have not been invested in for several years yet have a critical impact on the business. Leadership development is frequently missing for this critical audience to enable them to drive improvement in productivity, innovation and growth.

4th Tier



Mid Level leader

Leaders at this level set the local agenda in line with the overall strategy. They have a sense of autonomy and can drive their unit to deliver. The focus is on delivering a larger, more complex agenda through other managers, communicating and integrating activities across the business, and contributing collaboratively with other areas to achieve results.

5th Tier



Senior Level leader

Leaders are transitioning from being operational to strategic, without complete responsibility for either. Leaders have to balance the needs of the company as a whole with sensitivity to local needs and pressures. The roles involve considerable complexity and managing from a distance.

Learning and Execution Journeys

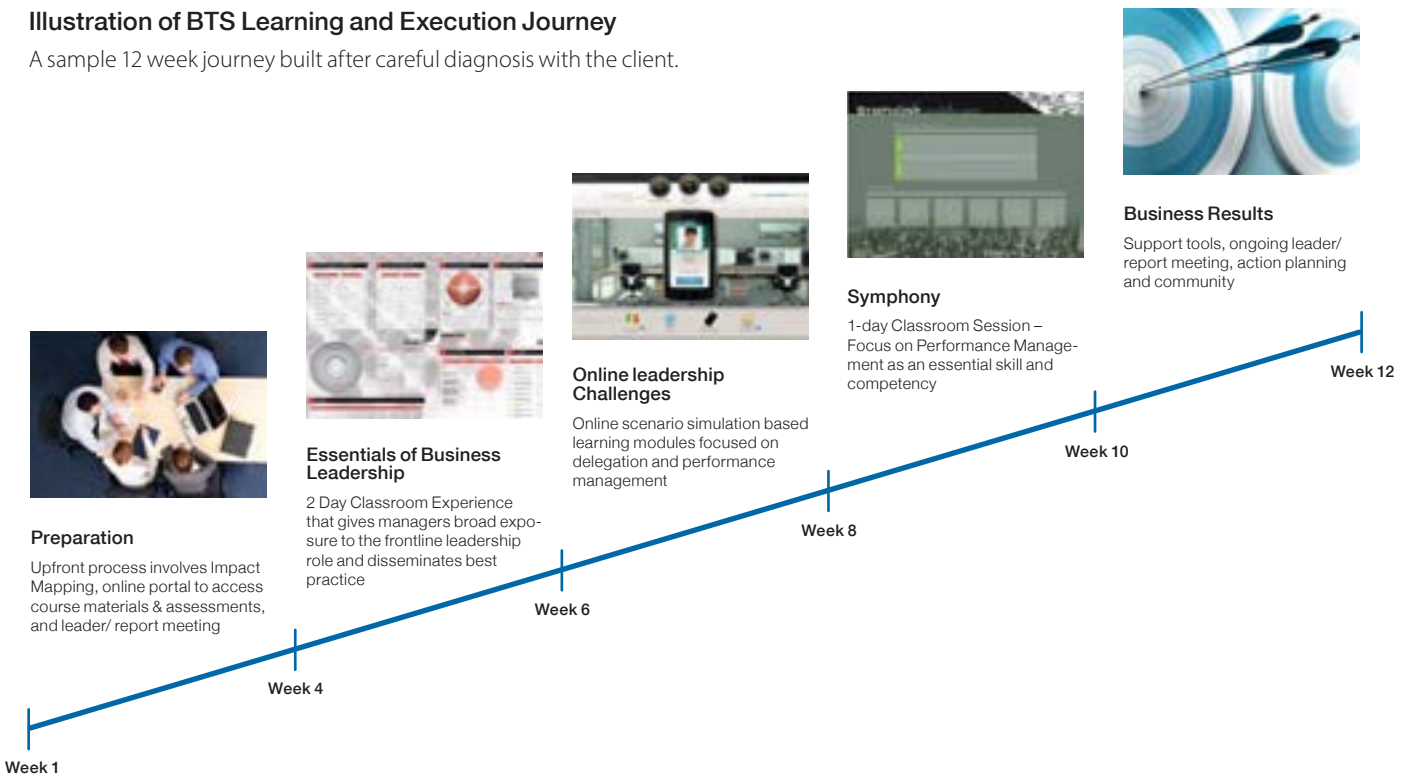
Developing leaders who grow others to accomplish at increasingly higher levels of performance does not occur through single event training. BTS Learning and Execution Journeys address building leadership and managerial capability through a holistic approach.

The Journey starts off with a “prime” phase. This prime stage is about establishing the business and personal relevance for participating in learning – creating a personal rationale for achievement and a line of sight with desired business outcomes. Leaders and managers then engage in learning and grow new capabilities (whether that is delivered through group workshops or delivered to groups of learners through virtual technology). Learning sustainment, which is about enriching, continuing and reinforcing the primary learning, follows this.

The illustration below is a sample journey. Note that there can be several cycles of “engage” and “sustain” activities over a period of time. We work with our clients to customize the learning journey with just the right blend of activities over the most desirable timeframe to maximize on the job behavior application and behavior change.

Illustration of BTS Learning and Execution Journey

A sample 12 week journey built after careful diagnosis with the client.



Accelerated revenue growth

Sales

How does a bank add one billion dollars in net new funds? How does a manufacturer increase its sales by seven percent, while simultaneously increasing its margins? The answer to both questions is by working with BTS.

That bank grew its asset base by deploying a cross-selling simulation designed and delivered by BTS for its top one thousand client-facing bankers. That manufacturer used a combination of selling skills programs from BTS, including multiple simulations; on topics ranging from customer understanding to sales call execution to sales management.

Three factors that drive faster results

What makes the BTS Sales Practice unique is our ability to accelerate time to execution for sales organizations. We do that by weaving together three critical threads into a sales execution program:

- ▶ Top performers: We study what our clients' top performing salespeople and sales managers do differently.
- ▶ BTS research: We lead quantitative and qualitative research into what customers expect from salespeople today.
- ▶ Client strategy: We incorporate our clients' strategies into the learning, so that our programs drive alignment and mindset, as well as capability.

Together, these three threads define a set of best practices behaviors that form the core of our learning programs and consulting services. Each thread is critical to accelerating execution. By studying top performers, we are able to identify and replicate the behaviors that drive success in each client's environment. By conducting independent

research, we stay close to the changing buying patterns and preferences of customers, so that the learning is focused on what customers expect today, not what they wanted a decade or more ago. By incorporating our clients' strategies directly into the training, we ensure that our training supports the execution of the overall corporate strategy.

New research identifies ways to accelerate revenue growth

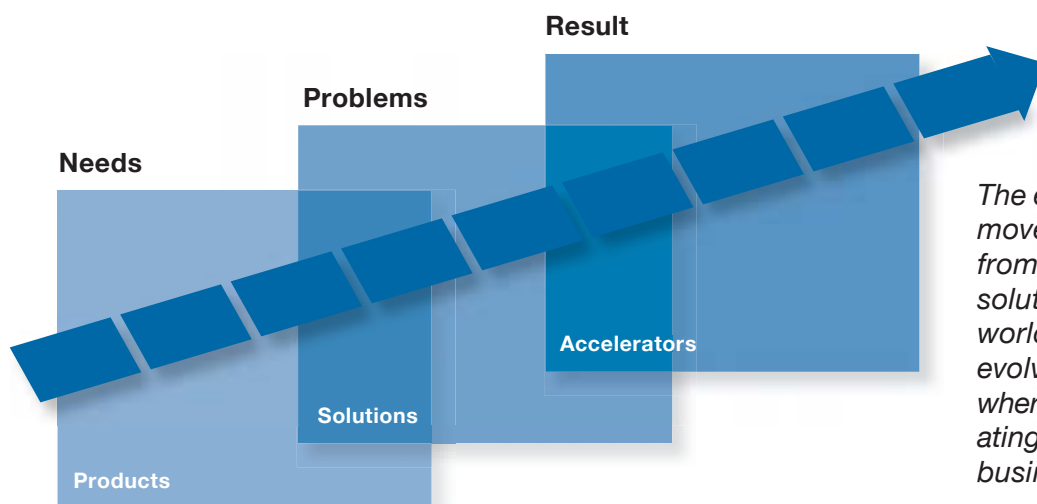
Despite all the seemingly legitimate reasons for why selling is harder today, it turns out that customers are actually willing to buy more and at a premium, if salespeople engage those customers in ways that better align with what customers truly want.

For two years, BTS has been conducting a major research study that surveys customers around the world about their buying behaviors. Our data suggests some important conclusions:

- ▶ Customers want salespeople to help drive their overall business results.
- ▶ A significant gap exists between what customers want from salespeople and what they are getting.
- ▶ Many of the steps that sales leaders are taking to drive more revenue and profitability do not address this gap.

By helping sales forces to focus on what really matters to their customers, BTS is able to speed up revenue growth.

Product-selling approaches were the norm until commoditization occurred from new market entrants and the internet made product knowledge readily available. Solution selling, wrapping together bundles of products and services to solve a customer



The emphasis in sales moved over the last decade from a focus on products to solution selling. Today's world-class sales forces are evolving to the next stage, where they focus on accelerating the customer's overall business results.

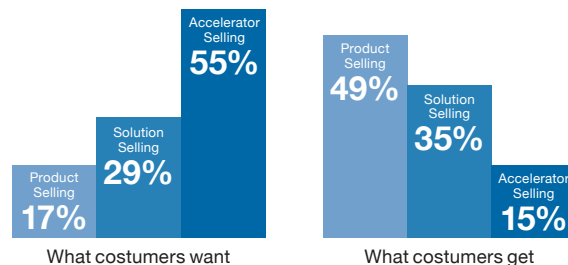
problem, came next. But today, it too has become commoditized. Everyone offers solutions, and they provide no differentiating value to the customer.

In 2006, BTS was the first to identify the next wave in selling, which emphasizes accelerating the customer's desired overall business results. That means not just filling a need or solving a problem (though salespeople still have to be able to do that, too), but finding ways that their products or services can directly enable the customer to accelerate the desired performance. When salespeople practice Accelerator Selling, they are developing a deep understanding of the customer's overall business strategy, priorities and objectives. Then they use all of their company's capabilities (certainly products, services and solutions, but also data, information, insights, expertise and experience) to help that customer achieve the desired business results, faster.

Our data shows that a clear majority of customers want an approach where the salesperson is working to accelerate their overall business results, not just solve problems or fill product needs. Solution Selling is insufficient to reach these customers, and Product Selling does not connect with their requirements. Customers seek salespeople who have moved on from only discussing business process problems and solutions to discussing the overall business results the customer's company is trying to achieve.

The data points to a bigger issue that is directly affecting the ability of companies to grow revenue today. The sales approaches that customers want are not what they are getting. Customers tell us they would buy more, and at a premium, if they could get salespeople to sell in a way that aligns with the way they want to buy.

Customers' desired approach and rating of typical sales behavior they see



What customers typically encounter are salespeople who focus on filling product needs or, in some cases, salespeople who focus on finding and solving problems. The vacuum between what customers want and what they are getting represents a significant competitive opportunity for sales forces that can shift the way they sell to better align with what customers want.

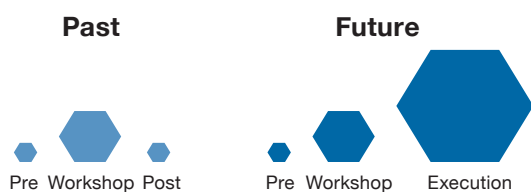
Giving customers what they want

Leading sales forces are focused on achieving the revenue and profitability growth the data above suggests is possible. To do that, they are focused on a series of behaviors required to properly execute an accelerator-selling approach. BTS has identified seven behaviors for salespeople and three for sales managers that are critical to accelerator selling. They are defined in the chart below.



A workshop is simply pre-work for execution

Historically, learning events were preceded by a small amount of pre-work and followed by some reinforcement activities. Today, sales leaders tell us that the value they obtain is not well captured by that model. What they seek is the bulk of time and energy devoted to execution. That means a major change in thinking about learning programs. A shift is needed from thinking about “pre” and “post” workshop to one much less focused on the workshop as the center of activity. Now the focus should be on execution in the field. The workshop becomes *pre-work for execution*.



At BTS, we start by helping our clients shape and refine the execution plan, rather than by designing the workshop. Then we work backwards to what execution activities the workshop must support.

An execution focus requires results measurement

Another critical factor in accelerating execution is a constant eye toward the measurement of results. There are two critical ideas to be aware of here:

- (1) The measurement cannot be designed and implemented after the initiative. Choosing what is to be measured and how must occur during the initial design of the program.
- (2) Measurement should include not just lagging results (revenue growth, market share, margins) but also leading indicators that show progress toward the desired results.

The Learning and Execution Journey

BTS helps companies grow revenue through sales transformations. Successful sales transformations always involve the execution of a sales strategy. To enable that execution, salespeople must be aligned to the strategy, possess the right mindset, and have the capabilities to engage in the right activities with the customer. The process that supports this change is often a multi-year effort involving the entire sales force and supporting functions.

Typically, the work of BTS begins with assessment. Identifying “what great looks like,” has become a powerful and efficient way of enabling average performers to become top performers. BTS’s assessment capabilities are second-to-none in defining the behaviors that allow salespeople and sales managers to succeed. These assessments drive both individual development and the selection process.

Next, we assist the client in creating alignment and mindset change around the go-to-market strategy. This often takes the form of Engage Maps, in which participants explore and deepen their understanding of the new strategy, and simulations, in which the

“We create the alignment, mindset, and capabilities that our clients need to become business accelerators for their customers.”

salespeople temporarily adopt the mindset required by the new strategy and build their comfort and belief in it.

The effort to build capabilities usually occurs over a period of years. Often, the starting point is the development of stronger sales management skills. Our *Delivering Business Results* program is a multi-day solution that enables sales managers to be more effective at leadership, people development, and sales execution.

The first step for the front-line salespeople is typically to build business acumen, so that they better understand their customers. This often is accomplished through one of the more than a dozen industry simulations that BTS offers. These simulations are typically mixed with other BTS solutions to enable participants to practice applying what they just learned in the context of conversations with their customers, particularly those at the executive level.

With a deeper level of customer business acumen in place, the next step for salespeople is to build the core skills required to sell in a way that accelerates the customer’s business results. This is where our foundational, and best-selling, program, *Sales Accelerator*, comes in. In this program participants learn to leverage their customer understanding in planning for customer conversations, to ask questions using a proprietary BTS-developed sales questioning model, and to align their activities to the customer’s buying process. This two-day classroom program extensively utilizes both Engage Maps and simulations.

Next, salespeople learn how to quantify the value they create for their customers, through our Aligning Value program, taking with them after the program new tools they can use with customers. Then, they experience our Communicating Value program, where they learn to lead interactive sales discussions that move the customer forward in their buying processes. In our Collaborative Negotiations program and simulation, salespeople learn a series of techniques for discovering what the customer values beyond just price and negotiating on those dimensions.

Finally, the focus shifts to sales strategy. In our Sales Blueprint program, salespeople learn a fast and efficient way to create account strategies. This is the only offering on the market that focuses on visual planning and which is built on a premise that encourages joint planning with the customer. Typically, at the end of this set of programs, salespeople will go through a capstone experience, like our SalesTeam offering, that pulls together everything they have learned.

Across and between all of these programs are online opportunities to deepen knowledge in particular areas, practice online or in virtual teams using scenario simulations, and access online tools.



Customers and market

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Long-term relationships based on real value and results

Customers

Valuable client base

The largest companies in the world

At present, more than 400 companies trust BTS for their strategic processes to change, grow and succeed in an increasingly challenging global business environment. We build commitment and capability to accelerate strategy execution and improve business results.

More than 30 of the world's 100 largest companies, measured by market capitalization, are customers of BTS.

Important customer relationships

The pressure of constant change creates continuous demand for business training in almost all industries worldwide. BTS sees considerable growth potential in its existing client base.

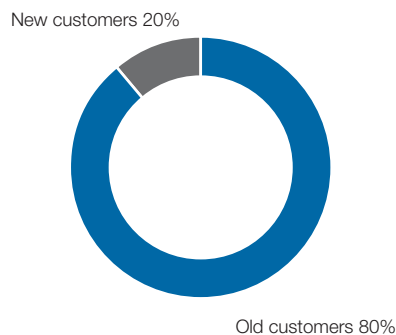
Global customers in several sectors

During the 1990s, BTS grew rapidly in the Manufacturing, Telecom and Information Technology Industries – with major global companies such as Philips, Ericsson, and HP as valued customers.

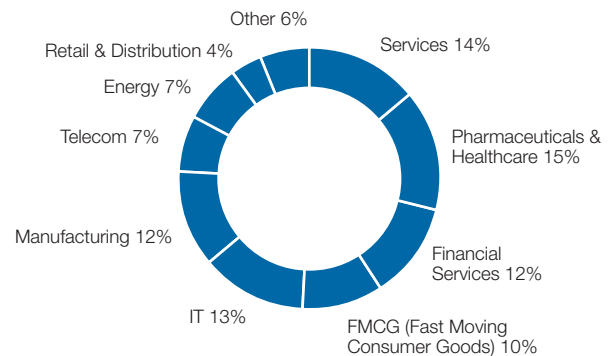
During the recession in the early 2000s, BTS expanded its positions by entering four additional industries: Financial Services, Pharmaceuticals & Healthcare, Retail & Logistics and Energy. Over the past couple of years, BTS has also grown quickly in the Fast Moving Consumer Goods and Service sectors.

With these recent additions, BTS now has built strong market positions within nine industries.

CUSTOMER RELATIONS



REVENUE SOURCE PER SECTOR



About 80 percent of annual revenues normally come from customers BTS worked with during the previous year. Typical customer relationships range from 6 to 8 years – often longer.

IT	Telecom	Financial Services	Pharmaceuticals & Healthcare	Retail & Distribution	Manufacturing	Energy	FMCG	Services
HP	Ericsson	Bancomer	GSK	Federated	Honeywell	Chevron	Coca-Cola	Deloitte
VMware	Comcell	Standard Bank	Pfizer	Nike	Eaton	Repsol	Mondelez	Sodexo
Microsoft	Telefónica	ANZ	UCB	U.S. Postal	Atlas Copco	Iberdrola	Unilever	Accenture

"More than 30 of the world's 100 largest companies are customers of BTS. Typical customer relationships range from 6 to 8 years – often longer".

Practice Leads to High Performance as Nike Executes Global Strategy



NIKE

Athletes are always looking for an edge and Nike—the world’s leading athletic shoes, apparel and equipment brand—is no different. As it has grown from a US-based footwear company in the early 1970s to the number one sport brand in the world today, Nike’s mission “to bring inspiration and innovation to every athlete in the world” has held true throughout the company’s history. Known for bringing the best innovations to athletes at every level, it is no surprise that Nike continuously strives for excellence. As it faces increased competition and is challenged to grow market share, the company is making a strategic shift to build an even stronger retail organization.

Though Nike had consistently grown earnings over the past few years, management believed the key to future success began at the storefront, where consumers experience the brand every day. Translating the new company strategy into reality, the retailer challenged its global stores to deliver a meaningful consumer experience and convert traffic into sales. With a heightened focus on driving conversion and empowering the field, Nike needed a solution to better equip its store managers, known as Head Coaches, and District Managers for the transition.

To be successful, Nike Head Coaches and District Managers needed to build alignment and understand the business levers necessary to effectively develop people, improve consumer experience, and drive sales and profitability. Nike partnered with BTS to bring this global initiative to life.

A Highly Customized Development

To accelerate the execution of Nike’s retail strategy and build the capabilities critical for success, BTS created two fully customized experiential-based programs targeting Nike’s Head Coaches and District Managers. Two scenario-based solutions— one modeling retail store for Head Coaches, the other

a sales district for District Managers— defined the core of each one-day program.

“As it faces increased competition and is challenged to grow market share, Nike is making a strategic shift to build an even stronger retail organization.”

In each competitive business simulation, teams of employees were challenged to balance priorities, react to unexpected events, and make trade-offs as they executed their brand strategy and grew profitability in a simulated retail store or sales district. Through the high-impact program, teams of participants experienced first-hand the impact their decisions had on revenues, costs, consumer experience, employee capability, and contribution to the brand’s overall strategy.

An online portal, business acumen course and compelling virtual engage map primed participants for the simulation workshop. To continue the learning and provide support back on the job, BTS developed a desktop planning tool for Head Coaches. This tool, updated on a regular basis and made available through the online program portal, enabled Head Coaches to test assumptions and create a plan for achieving KPI targets on a weekly, monthly or quarterly basis. First introduced during the workshop, participants practiced utilizing the parameters before returning to their stores and accessing the tool on their personal desktop.

To enable the execution of Nike’s strategy across the corporation, the program was implemented on a global scale—across North America, Europe, Asia and Latin America—and translated into and facilitated in local languages.

Result: Practice Leads to High Performance

According to participating Nike employees, the program was highly impactful. Head Coaches found value in the customized business simulation: 51 percent indicated a

deeper understanding of the store levers and another 40 percent indicated a shift in mindset to own the store and its performance.

District Managers reactions were even better: 71 percent noted a deeper understanding of how to pull different store levers and 57 percent felt an improved capability of analyzing, filtering and prioritizing information.

As Nike continues to execute its strategy globally, the impact of the program is already showing tangible results. In one case, store revenue increased 22 percent based on the changes implemented by the Head Coach upon returning from the BTS program. A follow-up survey and interviews also indicate that participants, applying the tools from the simulation experience in their stores and regions, are realizing increases in revenue based on new behaviors. By coaching store associates (also known as Athletes) on product knowledge, the KPIs that they can control, and how they impact store revenue, Nike Head Coaches and District Managers are improving the consumer experience by bringing the brand to life.

As Nike proves once again, practice leads to high performance.

<http://www.bts.com/docs/case-studies/BTS-Nike-Case-Study>



"In stores that went back and applied what they learned, we saw a significant uplift in conversions from 1-14%. We also saw the average sale increase. I knew simulations would get results and I knew it would resonate with the learners at Nike."

Joseph Campbell
Director of Talent Development, Nike Retail

SHUTTERSTOCK/TESTING

Client Success

AT&T

"Seven of your participants flew home with me after the strategy alignment initiative. They were genuinely energized, grateful, stretched, enthusiastic, motivated and exhausted. You hit it out of the park. This will make a difference in this company. This is one of my top priorities for AT&T- Well done."

Randall Stephenson, CEO, AT&T

To hold its position of the largest integrated communications companies on the planet, AT&T was challenged to break down silos and shift its culture toward more innovative and collaborative thinking. AT&T and BTS partnered to develop Leading with Distinction, a strategy execution initiative first introduced to top executives and later cascaded to more than 6,500 leaders worldwide. Interviewing over 25 senior executives, the customized solution enabled leaders to practice the successful execution of the company's 3-year plan.

CHEVRON

"I was skeptical at first about the value of the simulation, but I am now a strong believer in how much a simulation can provide a rich and efficient learning platform for our high potential leaders."

John Watson, Chairman & CEO, Chevron

As a large integrated energy company, Chevron faces many difficult challenges in order to maintain its status as a leader in the space. To keep their competitive edge, Chevron partnered with BTS to develop a program that would accelerate the development of high potential leaders. Over the course of the two day experience, 30 leaders were immersed in a competitive business simulation that was customized to Chevron's business and strategic priorities.

COCA-COLA

"Winning is going to require new capabilities, models and innovations."

**Muhtar Kent, CEO,
The Coca-Cola Company**

While the secret recipe for the taste of Coke has remained unchanged for decades, the Coca-Cola Company is transforming to meet future needs. Captured in the company's 2020 Roadmap for Growth, Coca-Cola is shifting its management model to fit evolving markets and new competition. BTS worked with more than 470 of Coca-Cola's most senior managers to create a customized program designed to change manage-

ment culture from the top down. Holding more than 60 sessions of the strategy execution initiative around the world, the results achieved are striking. *"The impact that the simulation created is changing the way we work,"* reflected Kandy Anand, Vice President, Global Revenue Growth Management and Commercial Leadership, The Coca-Cola Company

LENOVO

"As a result of the strategy execution initiative, our leaders had a unique and highly engaging opportunity to develop and practice the strategic leadership skills our Chairman believes will position us to achieve our business objectives."

Chetan Borkhetaria, Director, People & Organizational Capability, Lenovo

The world's dominant producer of PCs, Lenovo has consistently outpaced competitors, achieving significant growth and capturing market share. Striving to sustain its

competitive advantage, Lenovo remains focused on implementing its strategy, but first needed to develop the execution capabilities of 300 high level leaders. BTS collaborated with Lenovo to develop a one day experience enabling leaders to practice execution over six simulated years. Immersing leaders in industry shifts and the company strategy, the customized initiative was subsequently deployed to additional layers of senior managers in Europe, Asia and North America.

SONY

"Success, it's truly the passion for my business. It's the passion that BTS teams show for Sony and the Sony business."

Debby Swanson, National Director, Learning & Organizational Development, Sony

Recent years have proven to be some of the most difficult in Sony's long history. To recapture the spirit of innovation once deeply embedded in the corporate culture,

the company would have to undergo a massive strategic change. To move the company forward, Sony engaged leaders in the strategic shift, built alignment around the company strategy and developed critical capabilities. In two months, 600 leaders participated in a customized experiential learning program in 10 locations. The initiative allowed leaders to make the connection between the company's strategic objectives and their day-to-day work.

VMware

"BTS is unique in the investment they make in getting to really understand your situation and challenges and in seeking to enable your organization to develop its own responses, as opposed to providing simplistic answers that will have short half-lives."

Paul Maritz, CEO (former), VMware

The largest provider of virtualization software, VMware, has grown rapidly by moving beyond basic hardware consolidation and making dramatic advances in the efficiency, availability and manageability of IT resources. To be successful in these tactical

shifts, the executives engaged BTS to support strategy execution among the 500 person management team. Ultimately, a high-impact experiential learning initiative built the confidence and expertise to deliver on the new strategy while furthering alignment and capability. Modeling the company's business challenges and future evolution, *"the experience allowed leaders to not just see the new strategy, but to practice making our strategy and vision a reality"*, said Tod Nielsen, former VMware Co-President, Application Platform.

BTS core markets continues to grow

Market

BTS targets a growing 10 billion USD global market with 1 percent market share

The total US corporate learning market grew faster in 2013 than it did in 2012. The market for Learning & Development related services increased 15 (12) percent to USD 81.5 billion in 2013 (including salaries to companies' internal training resources), according to a Bersin by Deloitte industry report (The Corporate Learning Factbook 2014).

US based companies spend approximately 30 percent of their L&D budgets in BTS core competence areas; corporate learning services for executives, managers and sales organizations. The size of this segment is estimated by BTS to exceed USD 10 billion globally, which means that BTS has a global market share of approximately 1 percent.

The US corporate Learning and Development services market has shown healthy, continuous growth since the decline in 2009. The average growth since 2009 has been in excess of 8 percent. The corporate learning and development market is cyclical with sensitivity to recessions. The market in rapidly growing developing economies – such as East Asia, Brazil and Mexico – is estimated to grow significantly faster.

A more complex business environment demands a more flexible leader

Global forces are reshaping the future of business and society. The majority of CEOs find today's economic environment challengingly

complex, and that complexity will only grow. The best performing companies according to the IBM study, "Capitalizing on Complexity: Insights from the Global Chief Executive Officer," are able to act in the face of uncertainty and complexity.

More than three in four executives running global companies consider development programs to be the most important way to overcome challenges to global management in order to achieve operational excellence, accelerate change, and improve business results.

Technology, meanwhile, is upending traditional business models and forcing more open development. For many companies, emerging-market countries are expected to contribute more growth than the developed markets.

The large gap in skills creates opportunity for BTS

Most executives recognize the large skills gap in their workforces; with scarcity of skilled talent in the labor market, companies realize that they cannot solve their skills shortage by recruiting from the outside. For example, a 2009 report showed that only 32 percent of U.S. college graduates have "excellent" skills as they enter the working world. In addition many jobs are becoming much more specialized. This means that many job seekers must develop new skills to gain competitive employment in today's market. The situation has made hiring difficult, requiring executives to make a commitment to building the right skills for competitive advantage in their internal talent.



Human capital: the biggest challenge

Optimizing human capital will be the biggest challenge over the next 10 years. According to research by the Society for Human Capital Resource Management, 47 percent of respondents agreed that obtaining and optimizing human capital investments was the biggest investment challenge. That was more than the next two answers (financial capital and intellectual capital) combined.

Adding complexity to urgency, organizations are managing a talent pool spread across the globe, rather than a handful of leaders at headquarters. According to a report from The Economist Intelligence Unit, the greatest challenges that top executives consider important to successful companies are as follows:

- ▶ Understanding customers in multiple territories (45 percent)
- ▶ Finding high-quality people in multiple territories (35 percent)
- ▶ Communicating a single strategic vision (34 percent)
- ▶ Managing teams effectively across borders (33 percent)

Companies need a common language for strategy and business. With strategies sometimes lasting less than 24 months, the urgency to get them into the market faster is increasing. BTS is adapting to the needs of these global organizations.

In the last decade, learning programs that would once have been initiated in the United States and then rolled out to other markets are now starting in markets outside the US. With 32 offices covering all continents, BTS is well positioned to create and deliver programs in the client's native language that reflect local cultural norms.

The strategy execution gap

The majority of corporate strategies are never implemented the way they are supposed to be. Many companies suffer from a strategy execution gap.

Often, this happens because most employees find the strategy too abstract and do not understand how it really applies to their job.

As long as employees do not clearly understand which actions they need to take for coworkers and customers to achieve the best results, it will be difficult to implement changes fast enough in order to remain competitive.

This strategy-execution gap is a leadership issue, on top-, mid- and first-line management levels, as well as an engagement issue in the whole organization.

Efficient learning and development investments to increase strategic alignment and capability to execute are key if corporations want to be successful at managing and implementing their strategies.

BTS' discovery-based, simulation technology learning solutions support change processes and strategy execution by helping to bridge the strategy-execution gap.

This is where BTS and its learning and development solutions can play a transformational role: leaders and employees learn how to make the right decisions and take efficient actions that increase corporate performance and bottom-line results.

The 2008 EIU Report findings show that the core issue in most change management processes is people.

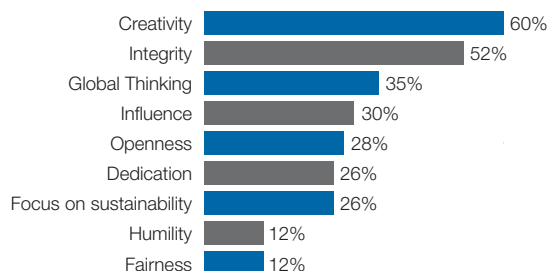
Why companies focus on building capabilities

% of respondents, n = 1,375

Reason an organization focused on a specific skill (e.g., sales and pricing, leadership)



The top leadership qualities required for the next five years



The new leader: creative, empowered and in touch with customer opportunities

“The model of the hero leader, of a CEO sitting on top of a pyramid being decisive and making decisions is a thing of the past,” said Dominic Barton, McKinsey managing director. “We need to obviously have decisions, but we’re going to need to have more of a leadership team. You’ve got to be able to empower people to be able to make decisions when information’s changing, without telling them and pushing them.” Standout companies are focusing on the following:

- ▶ Encouraging creative leadership: creating an innovative platform to engage more effectively with customers, partners and employees.
- ▶ Transforming customer relationships: new channels, new technology and new approaches mean that organizations can better understand, interact with and serve their customers and citizens.
- ▶ Building operating dexterity: complexity can be an advantage for organizations that are flexible, fast and innovative.

The best leaders are not the ones who dictate their plans, but those who bring vision, inspire people with a sense of urgency, and then help them bring their own creativity, to a project. Consistent with that focus on creativity, the IBM Global Chief Executive Study found that, of all the top leadership qualities required for the next five years, CEOs cited creativity as the most important.

The empowered front-line leader

There is an urgency for redirecting focus of front-line leaders as executors of strategy. Those companies poised to capitalize on their markets are those that have invested in developing their “Front-Line Execution” – preparing the mid- and front-line managers to understand their role in strategy execution.

Continuous improvements are coming from the front lines, not headquarters. An empowered manager does not sit still at the bottom of a command-and-control organization. Time and response are of the essence. Line managers are responsible for day-to-day decisions, so they need to be aligned to strategy, the mindset, and the capabilities to execute on that strategy.

Leadership development beginning to mature

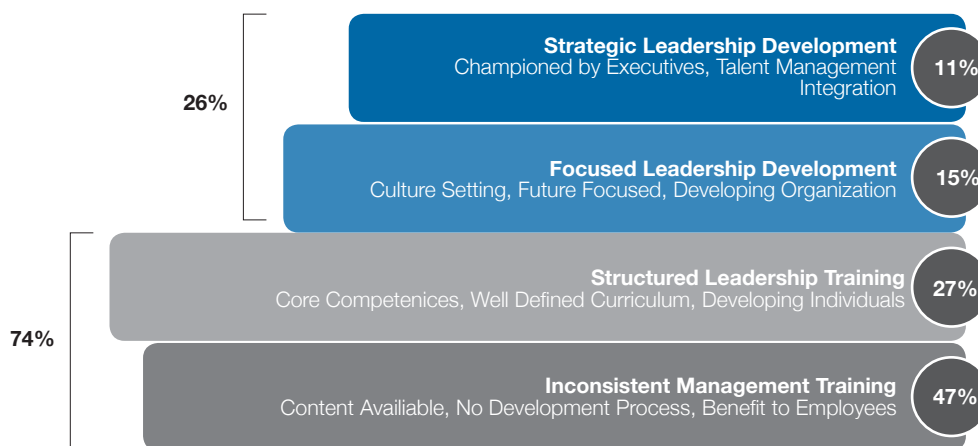
Bersin & Associates Research classifies companies into one of four stages in their organization’s leadership development maturity level. Just under one-half of U.S. companies have no leadership development programs or use an inconsistent approach. Approximately one-quarter (26 percent) have a focused or strategic approach to leadership development.

BTS is poised to support the organizations that have moved to this “mature” approach to learning and development, now a majority of corporations.

According to a 2010 McKinsey study, 1,440 executives surveyed said they are not very good at executing. “Only one-quarter say their companies’ training programs are ‘extremely’ or ‘very’ effective in preparing various employee groups to drive business performance or improve the overall performance of their companies.”

Leadership Development – A Strategic Differentiator

(with percent breakdowns by maturity level)



Leadership development, no longer a “nice to have” tool, is being linked to business outcomes. Leadership development is still immature within most companies, many organizations are making progress in moving toward more effective leadership initiatives.

More than one-quarter (26 percent) of companies surveyed have a focused or strategic approach to leadership development.

Just under one-half of U.S. companies have no leadership development programs or use an inconsistent approach.

Source: Bersin & Associates.

Business Model and Processes

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World-leading capabilities are shaped in partnership with our clients

Business Model

The foundation for growth lies in BTS' ability to create long-lasting customer relationships at different levels in the customer organization. An initial BTS assignment is often designed for and implemented with the client's senior executives and managers. This customization process is carried out in close cooperation with the client.

Outstanding results, well over the clients' expectations in an initial project, lead to customized solutions for managers and employees at different levels throughout the organization.

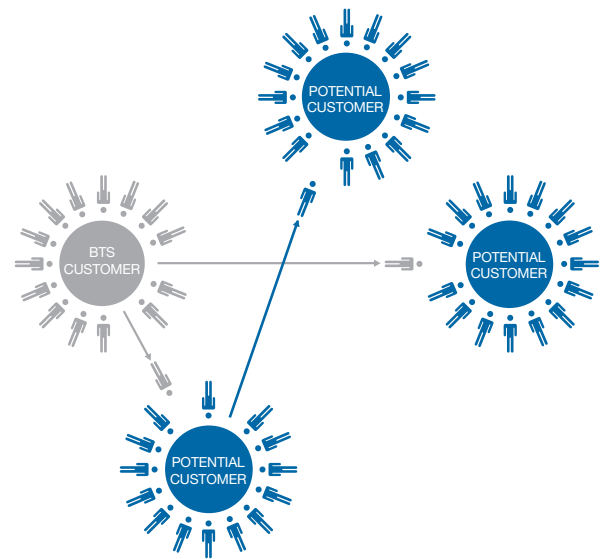
Network-based marketing

BTS employs a network-based marketing approach covering a number of selected industries.

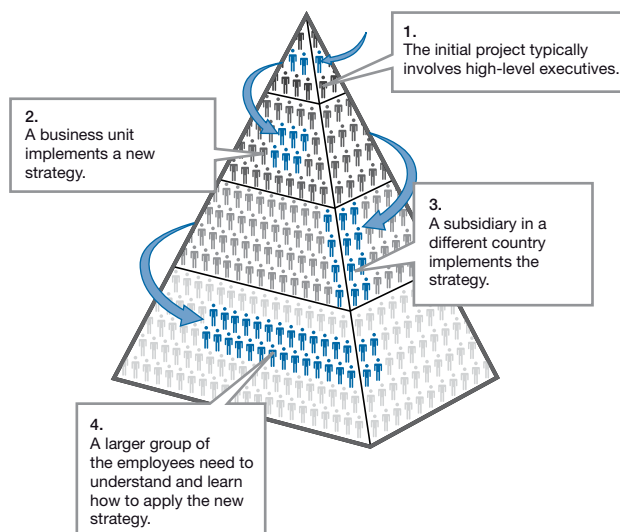
The network, composed of both those executives who make strategic decisions about change and learning initiatives and those who actually purchase solutions, helps generate opportunities for new assignments and customers. When BTS approaches a new industry, it initially focuses on a few leading companies. Once these assignments are completed, they will serve as reputation-building reference projects for new sales to other organizations in the same industry.

Multi-market expansion with limited risk

BTS continuously expands its business operations to new markets around the world. BTS works with multinational clients and implements projects in a large number of countries without necessarily having an established local office in every market.



BTS values its customer relations. Participants in the company's business programs are important future customers. New assignments come mostly from former buyers and program participants changing jobs or companies – and calling on BTS from their new positions.



BTS builds relationships at different levels in the clients' organizations. Through these relationships, new projects are continuously generated.

Existing customer relationships make up the base when BTS starts up operations in a new market – a fact that reduces the expansion risk. In addition, BTS works hard to nurture relationships with other large corporations active in the targeted markets.

Once business has grown to sufficient volumes in a new market and the future potential appears attractive, BTS can take the logical step and establish a new, local office.

Acquisition strategy

BTS' growth strategy is primarily built on organic growth. Over the past few years, the company has made a number of acquisitions in different countries.

BTS' strategy for acquisitions is built on creating a broader base for future organic growth while at the same time finding complementary acquisitions. The goal is to offer more services to both existing and new customers. All acquisitions have resulted in cross-selling. This is a result of conscious efforts to identify new business opportunities based on needs within the extended customer base. The training of account managers as well as needs-focused discussions with individual clients have played an important role in this process.

Development

Developing the revenue mix

BTS' revenues originate from three areas:

- ▶ Customization
- ▶ Instructor-led seminars
- ▶ Licenses

BTS works continuously to develop and combine different methods of training delivery to ensure optimal, value-added customer benefits, and at the same time strengthen its own revenue streams and profitability.

"BTS works continuously to develop and combine different methods of training".

Efficient customizations

In collaboration with customers, BTS customizes both the content and the form of its business programs. The company has successfully improved its profitability by increasing the efficiency of the customization process. This improvement is a result of advancements and fine-tuning of development methods as well as increased reuse of previous development work.

When BTS develops solutions for corporations in new industries, the cost of customization is initially high. With the later reuse of experience and skills, however, these costs subsequently fall.

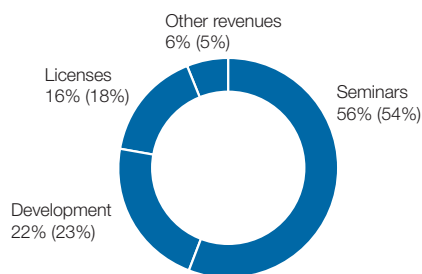
Seminars – the majority of revenues

Instructor-led seminars still comprise the greatest source of revenue for BTS and are the dominant form of business delivery. The BTS consultants are very much involved throughout the whole customization process, and, during delivery, they facilitate these solutions in seminars.

Increased licensing revenue

BTS also delivers its solutions via e-Learning, CD-ROM, and as manual board solutions. The long-term goal is to increase license revenues. License-based business simulations are very efficient learning tools for customers; they make it possible to reach larger groups of employees in organizations, all over the world and at all levels. At the same time, it is a profitable line for BTS.

NET TURNOVER BY SOURCE OF REVENUE



World-leading simulations and experiential learning platforms

Solution technologies

Our platforms incorporate innovative learning content and cutting-edge methodologies whose efficacy has been proven through successful implementation with leading organizations around the world. Our simulation tools allow companies to develop the skills and capabilities within all levels of their organization, and these competencies ultimately drive improved business results.

Fact

Computer-Based Business Simulations

We build customized, computer-based business simulations to reflect our clients' key strategic and financial priorities. Our simulations are created to be competitively dynamic so that the decisions made by one team have a direct impact on the other teams' results. We reinforce the programs' learning objectives by combining the simulation with instructor-led discussions and feedback. The blending of our customized simulation technology and content curriculum offers participants a risk-free opportunity to test out a range of relevant strategies to drive business results.

In 2010, BTS launched its Mini-Master Platform 3.0 that enables rapid and cost-effective development of customized business simulations.

Computer-Based Scenario Simulations

Also known as "best-practice" simulations, scenario simulations are used to build leadership, project management and sales capabilities. The simulations leverage decision-tree structures in realistic case settings, enhanced with text, audio, still photography and video. Participants read and observe real-world business situations in the simulation and they then have the opportunity to react to the issues presented. Upon choosing a course of action, the simulation immediately presents the impacts of the participant's decisions on the ultimate goals.

In 2006, BTS launched a version of its "Project Leadership Live" simulation, translated into Chinese.



Fact

Board Simulations

Board simulations, also known as “board games,” represent a company’s operations and simulate its business. During the simulation rounds, participants literally pick up and move “money” chips through the different areas of their company. This hands-on approach allows participants to visualize the cash flow cycle in action.

BTS offers hybrid board-computer simulations that create a dynamic competitive marketplace.

Engage Maps

This highly experiential learning methodology is utilized to provide participants thoughtful processes to self-discover and implement the skills and capabilities necessary to drive desired behavioral changes. As a facilitated learning experience, these customized programs utilize the power of small groups, peer dialogue, and strategic relevance to ensure both long-term retention as well as immediate application back on the job. These interactive maps create opportunities for large numbers of executives, managers, and employees to understand the reasons for organizational change and to experience its implications. Through jointly developed, pre-designed formats, these maps assist participants in transitioning to the organization’s new environment and allow them to try out new behaviors.

Engage Maps have become one of the fastest growing areas of new solutions being deployed by our clients. Engage Maps combined with BTS’ computer-based business simulations provide a powerful combination to align and implement new strategic initiatives and change at all levels of an organization.

**E-Learning Solutions
Online & Virtual Solutions**

Our Web-based business and scenario simulations engage participants in highly interactive learning that employs the same BTS’ do-reflect-apply approach used in the classroom. In these competitive, game-style programs, managers and employees participate as teams or individually in a self-paced format. As participants and teams set their own pace throughout the simulations, they receive feedback on their performance and experience the impacts of their decisions on leadership, operational and financial performance.

***Why Finance Matters!* is considered by many to be the industry standard finance-for-non-financial-managers programs and is one of BTS’ most popular online solutions, with approximately 20,000 participants experiencing it annually.**

Tournaments

Tournaments are multi-team, competitive simulations conducted via the Internet with support and coaching from BTS’ consultants. Teams from various companies or from within the same company participate virtually in these open or in-house learning experiences. The ultimate goal for all participants is to enhance their business acumen and strategy execution skills within a dynamic and competitive environment. Companies entering teams in BTS’ open and custom tournaments save on travel and facilities cost while retaining benefits of experiential learning. To learn more, please visit our tournament website at www.btstournaments.com.

BTS’ Global Tournament is the largest business tournament in the world. Each year our global tournament attracts hundreds of teams from companies around the globe.

Growth and profit year after year

Growth, Profitability, and Acquisitions

Growth has averaged 17 percent the last 10 years, of which 12 percent has been organic. Acquisitions have built synergies with new solutions, new markets and new talents and helped to drive growth.

Continuous growth and profit

BTS has delivered profit every year irrespective of market conditions and despite substantial costs for acquisitions and investments in product development and market establishment around the world.

This development is a result of BTS' growth strategy, dynamic business model and the entrepreneurial organization.

In the 1990s, BTS successfully managed to achieve continuous profitable growth. Good market conditions, new product initiatives as well as new offices in the US, UK, Finland and South Africa played a major role in the company's growth during this period. When the market conditions worsened between 2001 and 2003, BTS managed to maintain a healthy level of revenues, despite the unfavorable business climate (particularly in the IT, Telecom, and Manufacturing

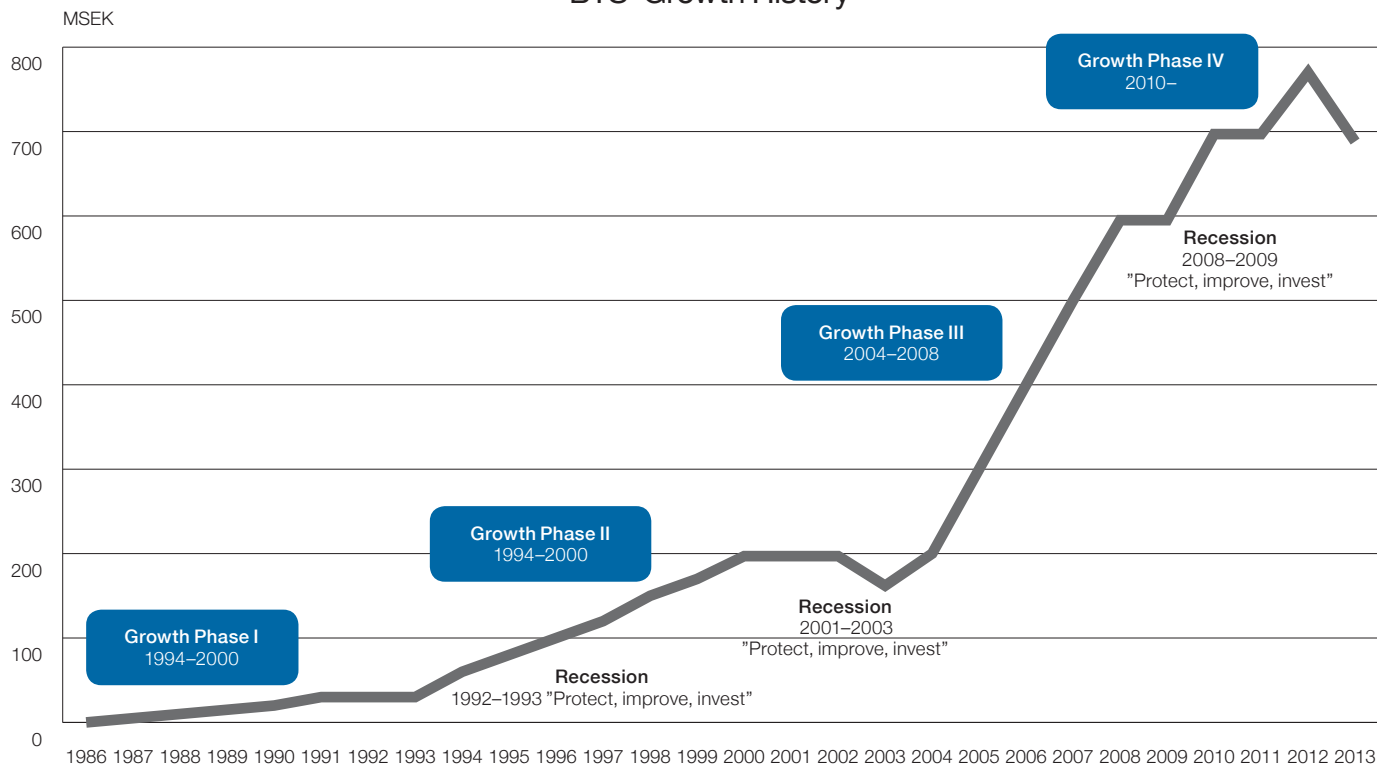
industries, where BTS was predominantly active) through adhering to its successful long-term strategy.

New initiatives

In the difficult market conditions of 2001–2003, BTS successfully managed to reinforce the business for future growth and profitability by implementing a range of new initiatives:

- ▶ New tailor-made business simulations were developed and sold to companies in four additional industries: Financial Services, Pharma-ceuticals & Biotechnology, Retail & Distribution and Energy.
- ▶ Expansion to two new markets occurred: Australia and Spain.
- ▶ The sales organization was strengthened, as was the collaboration with strategically important external partners.
- ▶ The customer base was significantly expanded.

BTS' Growth History





Increasing profits

BTS constantly strives to improve profitability. The changes and initiatives implemented during the period of consolidation between 2001 and 2003 have, in combination with focus on raising the proportion of revenues from licensing, led to a significant improvement in margins.

Organic growth

BTS' expansion strategy is primarily built on organic growth. During 2002 and 2003, BTS opened businesses in Australia and Spain, which today have grown substantially, as well as served as starting points for our offices in Asia and Latin America.

Acquisitions in 2005 and 2006

BTS' strategy for acquisitions aims to create a broader base for future organic growth by adding new markets, new value-adding products and services and new talent.

BTS acquired The Strategic Management Group Learning Solutions in 2005 and The Advantage Performance Group and The Real Learning Company in 2006.

The new companies have added new technologies and delivery methods, a broader customer base and a wealth of new talent.

The 2008–2009 recession

The recession during 2008–2009 has had significant negative impact on our industry. Most of the companies within it saw their revenues decline 20–40 percent in 2009.

Our recession strategy was based on two key factors: our low market share and our highly competitive offering. By focusing our resources on highly prioritized accounts, we were able to maintain our revenue and profit levels.

At the same time, BTS has made strategic investment and progress during the recession, creating a strong foundation for growth as of 2010 and onwards.

Growth 2010–2013

During the four years 2010–2013 BTS' revenues grew by an average of 10 percent annually (currency adjusted) with growth in all regions and at high speed in Asia and Latin America.

We grow the average size of our projects, by offering global services and more complete solutions delivering increased results for our customers.

During 2013, BTS acquired all the business operations in the Danish company Wizerize A/S. The acquisition creates new opportunities to offer digital-enabled solutions that are built on current and future social and mobile IT platforms. These solutions supplement and strengthen BTS' existing offer very well.

Internal efficiency drives excellence

Processes

Product development

Efficient product development

Continuous, state-of-the-art product development is crucial to BTS' growth and market-leading role in the field of discovery-based learning. BTS maintains valuable structural capital in the form of solutions, platforms and processes.

Also, BTS has assimilated this experience into its systems and processes. New experience and knowledge are introduced successively as the business activities of its customers change. At the same time, BTS develops new services based on the latest advances in methodology and technology. Product development at BTS has two parts: external and internal development.

External product development

External product development involves developing new learning solutions in the areas of business acumen, leadership, sales and operational excellence. It also encompasses solutions for new media – for example, Web-based business simulations.

BTS strives to conduct its product development efforts in close collaboration with its customers.

Internal product development

Internal product development refers to internal work with BTS development platforms and methodologies, which forms the foundation for creating new learning solutions. BTS' solutions are based on technologies that are generally available on the market: Excel, Visual Basic and Flash, for example. Internal product development is directed towards the following tools:

- ▶ BTS Mini Master is a common development environment for all computer-based simulations which, through a high degree of reuse, results in shorter development times and higher quality.
- ▶ BTS Document Platform is used for searching and reusing existing documents.
- ▶ BTS Flash Platform is used for Web-based simulations.

Quality measurement

To ensure delivery quality, BTS uses two types of follow-up:

- ▶ Initial Quality Survey – This survey is completed by seminar participants at the conclusion of each business simulation to assess the quality of the program. On a scale of 1 to 5, BTS' internal goal is to achieve a score of at least 4.6.
- ▶ Verification of Knowledge Transfer & Application – BTS provides a process to verify that participants are applying the skills and knowledge they have acquired. BTS offers customers the opportunity to measure the long-term results of the training. This follow-up shows that 50–90 percent of participants have retained knowledge that they now apply in their everyday work. It also shows that the improvements in business results pay for the customer's investment in the training many times over.

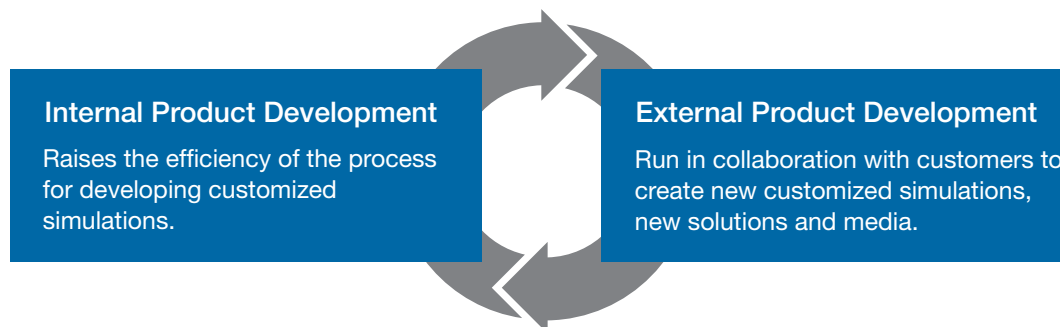
Quality assurance

In order to reduce dependence on individual employees and to assure the long-term quality of BTS' training courses, all methods, technologies and business simulations are well documented.

Rights

BTS owns all the rights to all the solutions it develops for customers. This means that the company is free to reuse both general skills and intellectual property – for example, software and adaptations – when developing new business simulations.

“BTS works systematically to develop and apply efficient processes that improve quality and productivity.”



Organization and Corporate Social Responsibility

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Problems become opportunities to BTS employees

Organization

BTS Organization

BTS Group's four Operational Units

BTS Group's operative activities are run through four units, in which the executive management has full business and P&L responsibility for their respective geographical markets.

BTS North America

Austin, Chicago, Los Angeles, New York, Philadelphia, San Francisco, Scottsdale and Stamford.

BTS Europe

Amsterdam, Bilbao, Brussels, Helsinki, London, Madrid, Munich, Paris, Rome and Stockholm.

BTS Other markets

Bangalore, Bangkok, Dubai, Johannesburg, Melbourne, Mexico City, Mumbai, Sao Paolo, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Advantage Performance Group (APG)

APG operates in the US market and delivers performance improvement through sales and leadership training that result in meaningful business impact using its Advantage WaySM implementation process.

Product-Specific Units

BTS has two product-specific units that work with new concepts and the production of solutions, as well as provide active sales support to the customers of the three operational units.

BTS Digital

BTS Digital is responsible for connected learning, on-line and virtual solutions as well as tournaments.

BTS Board Simulations

BTS Board Simulations is responsible for manual board business simulations.

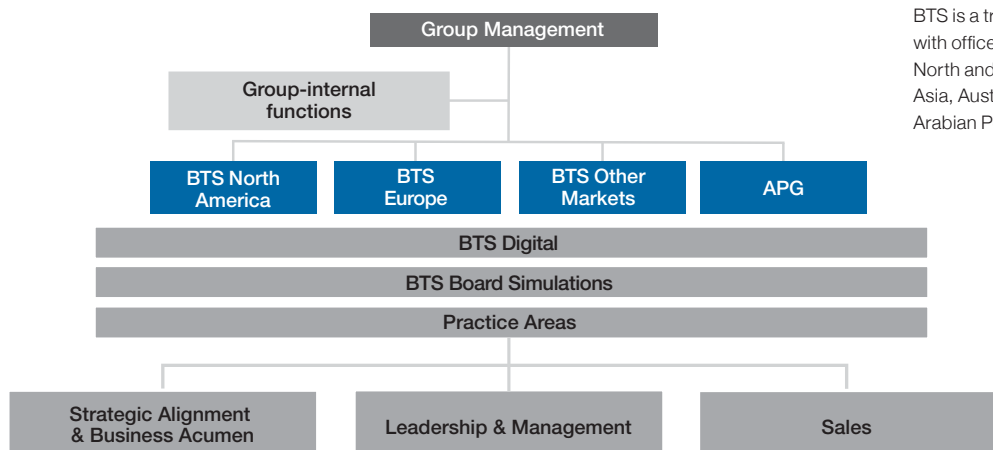
Practice Areas

BTS has three practice areas. Specialists and thought leaders have been gathered within each practice area and are responsible for developing new concepts and solutions as well as the use of best practices across the BTS Group:

- ▶ Strategic Alignment & Business Acumen
- ▶ Leadership & Management
- ▶ Sales

Group-Internal Functions

Group-internal departments cover Group Finance, Investor Relations, Corporate Communications and global operations development.



BTS is a truly global organization with offices close to our clients in North and South America, Europe, Asia, Australia, Africa and the Arabian Peninsula.

The most powerful aspects of our culture

Employees

Freedom & responsibility

BTS gives freedom and autonomy to our consultants. They have the freedom to manage their own time when they are on the road, at client sites and in the office. The flip side of this freedom is an enormous amount of client-facing responsibility. Our consultants lead managers and executives at world-class companies through BTS' simulations and experiential learning solutions.

Achievement & excellence

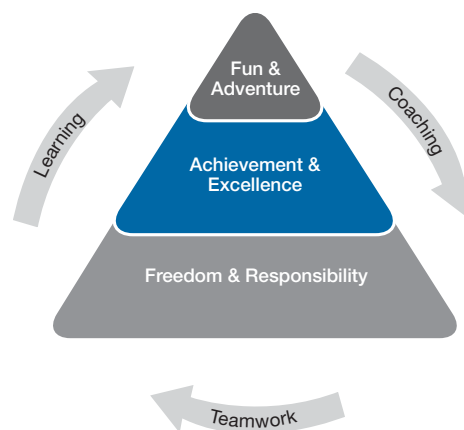
We believe that if you find the right people, give them freedom and responsibility, they will achieve great results. Our consultants work with the top talent of world-class corporations. Whether we are on stage in front of senior executives, engaged in a client development meeting with a C-level executive or creating an innovative new simulation application, we believe in delivering excellence. Our unique culture nurtures consultants who are highly motivated to pursue high levels of achievement and excellence.

Fun & adventure

The very nature of our work is fun. We literally engage in sophisticated, bottom-line-oriented business simulations with highly experienced and capable people from the business world; our clients are managers and executives of leading companies across the globe. Leading 25 top executives through a two- to three-day simulation experience is an adventure that BTS likens to being a tour guide on an "intellectual adventure trip."

Learning organization

Teamwork is the foundation upon which BTS is built – and learning is our top priority. We work hard to develop our employees through coaching, mentoring, teamwork and training programs. BTS believes that an organization can grow and improve by "leaders teaching future leaders." BTS' employees help each other develop new skills and overcome challenges.



Built on diversity

We value the diverse background of our employees. Our success is built upon teams of highly talented and diverse professionals who develop and deliver innovative solutions to our global client base. Diversity makes our team environment rich with new perspectives and capabilities.

Career roadmap

Employees at BTS are evaluated on the value they deliver for the organization – and for our clients. Opportunities are based on merit and employees have the opportunity to move up the career roadmap once they have obtained and demonstrated the necessary skills.

New recruitment

BTS' success is largely attributed to recruiting, developing and retaining the best and most engaged employees. The average tenure of a BTS consultant is six to seven years with the company. We believe this is a result of investing heavily in determining a mutual fit. BTS has a clearly defined process for identifying, attracting and retaining top talent with strong potential for development.

KEY FIGURES, EMPLOYEES	2013	2012	2011	2010	2009
Number of employees at the end of the year	370	385	335	299	252
Of whom women, % ¹	40	38	37	36	34
Net turnover per employee, KSEK	1,830	2,111	2,147	2,517	2,289

¹ Yearly average number

True north

Core values

Positive spirit and fun

- ▶ We believe that a “can do” attitude and humor enhance a successful business.
- ▶ We believe in looking at problems openly and view them as opportunities.
- ▶ We strive to maintain a good spirit.

Honesty and integrity

- ▶ We believe in being loyal to those who are not present.
- ▶ We believe in giving and receiving feedback constructively.
- ▶ We believe in treating people as equals and in respecting others’ differences.

Opportunities based on merit

- ▶ We reward and provide people with opportunities based on results and competencies.
- ▶ We make decisions and evaluate ideas based on their facts and merits.
- ▶ We achieve success through hard and effective work.

Putting the team first

- ▶ We believe that BTS’ success depends on teamwork and if the team needs support we do our very best to provide it.
- ▶ We believe in putting the team first in individual decisions and in thinking of the individual in team decisions.

Lasting value for clients and people

- ▶ We strive to build up long-term relationships with our clients to create a legacy for the client and his staff.
- ▶ We focus on driving results forward – in learning, improved behavior and business performance.
- ▶ We encourage the learning, development and rewarding of BTS and its staff.
- ▶ We create our growth through our clients’ success and our active business generation.

Excellence through professionalism

- ▶ We strive to deliver top quality solutions and services, within deadlines, to exceed client expectations.
- ▶ We balance clients’ and BTS’ competencies, best practices and methods to achieve optimal results.



Reducing the impacts of climate change

Sustainability

Corporate social responsibility has long been a fundamental part of BTS's company culture and values. This belief has guided us for more than 25 years, and continues to shape our environmental and social responsibility.

At BTS, corporate social responsibility is an active company-wide initiative and a dynamic grassroots affair. As a company, we strive to practice environmental sustainability, promote economic development, empower our employees' personal volunteering activities, and develop thought leadership. As individuals, our people at all levels pursue the causes that empower them most and motivate the rest of us to get involved and make a difference.

Sustainability: Offsetting Our Carbon Footprint

Climate change is recognized as a compelling international issue with many national governments committed to taking coordinated action and reducing greenhouse gas emissions. We identify environmental sustainability as a pressing priority and we are taking action. BTS is committed to reducing greenhouse gas emissions from daily operations and embedding sustainability into our communities.

The BTS Global Environmental Committee is devoted to identifying, promoting and enabling sustainable business practices to advance the environmental impact of our firm and our professionals. Through company-wide participation and local office contribution, the Committee aims to apply our collective resources, reduce our carbon emissions, and build a culture of environmental preservation.

To further this commitment to sustainability, BTS has partnered with the environmental non-profit and rainforest conservation specialist World Land Trust to purchase and protect 100 acres of South America's threatened tropical rainforest annually. Through this effort, BTS is assisting in establishing the Las Tangaras Nature Reserve in Colombia, one of the most vital rainforest sites on earth and home to a high concentration of biodiversity. In addition to safeguarding the habitat and exotic species, the Las Tangaras Nature Reserve will also protect the watershed of the Rio Atrato the region's most important river which serves as a vital economic resource for tens of thousands of inhabitants living in poor rural communities.

World Land Trust-US (WLT-US) is a conservation organization dedicated to preserving biodiversity through strategic land purchases, working with local partners to acquire and save threatened rainforests and other critical habitats. Over the past 22 year, WLT-US has secured almost 2 million acres for biodiversity conservation. Currently, the Las Tangaras Nature Reserve is a critical initiative for the environmental non-profit.

Dr. Paul Salaman, director of conservation at World Land Trust-US, reflected, "Our partnership with BTS has been vital in achieving the goal of building one of the most vitally-needed rainforest corridors and protected areas for wildlife in South America."



Education and entrepreneurship creates jobs

Corporate Social Responsibility

At BTS, we are convinced that companies have the same moral responsibilities to a community as individuals have. This belief has guided us for more than 25 years, and continues to shape our social and environmental responsibility.

BTS adopted a community-related policy as part of its overall Corporate Social Responsibility (CSR) policy. The BTS social work shall focus on projects aimed at improving living conditions for people in some countries where we operate, or might operate, in the future.

The purpose of these initiatives is primarily to contribute financially to projects in the community and to contribute by making technology and human resources available to these projects, thus acting as catalysts to improve the daily lives of people.

The investments in time and money will primarily focus on initiatives, organizations and projects that share our vision where we see great opportunities for positive development and change through learning processes and skill transfer.

BTS believes that real change in people's lives and to communities must not only be based on financial aid, but the combination of financial support and knowledge transfer. BTS policy is to select and support organizations and projects based on the following main principles:

- ▶ BTS shall only select and engage in organizations and projects where the organization is truly efficient and can ensure, and show, that the investment is channeled to the project directly.
- ▶ BTS will not tolerate that donations are used for administrative purposes or that any investments are used for non-charitable work or good.
- ▶ BTS contributions, being financial or through making other resources available, shall focus on projects where the learning process plays a material role and is fundamental for the way the organization works.

Pro Bono Work

Hand in Hand was founded more than 20 years ago by the teaching couple Gunnel and Olle Blomqvist from Sweden, with the objective of fighting poverty and child labor. After approximately 10 years the well-known industry leader Percy Barnevik and the Indian Professor Kalpana Sankar dedicated themselves in the project. Together they drew up the guidelines for what is today an important part of combating poverty and child labor. Hand In Hand built its business on creating opportunities for people to get out of poverty, move children out from child labor, and strengthen women roles in the villages. Not primarily through funding, but to create conditions that create self-sufficiency in projects called "Village Upliftment Program", mainly through organizing women in villages into self-helping groups responsible for different village improvement projects like health, education, and environment. The organization helps projects to establish schools to bring children out from labor, and health and nutrition education for women. Hand-in-hand supports the establishment of citizen centers in the villages where they operate. A citizen center aims to serve as a common junction in the village where residents can for example learn to use a computer, get cellphone services, borrow books, teach women health issues. The number of new centers has increased rapidly, with aggressive targets of new centers. Each center will have a manager responsible for a center's operations and financial development. As a center is financed by Hand in Hand microloans with a payback scheme, the managers need to know how their decisions and different events impact their center and the money in and out flow streams, to secure a financially sound development.





BTS sponsored Village in Thenputhur, Tamil Nadu, India

All selected villages that are ready to develop their society require funding from donators. BTS has financed one village one and half year ago, and the results are impressive, where a vast number of women are engaged and healthier (280 women in 21 self-helping groups), 20 children are now off the fields and moved into the classrooms. Quality in the village is fast improving. The journey of helping more villages continues.

BTS supporting Citizen Center entrepreneurs

BTS has also developed and delivered a customized citizen center learning solution, a manual board simulation, that helps the women responsible for the citizen center to learn how to financially plan and budget their cash flow as they are growing their business and attract new customers.

Understanding what it means in revenues and costs, when adding more services, bring new people into their business, and handling all kinds of incidents that impacts their money balance.

A next ambition is to support individual women entrepreneurs, who normally run a small workshop, goat farm, milk production, or

home retail shop outside their front door, to better understand how their money status is changing day to day and what they need to plan better.

BTS provides the whole development work and the material pro bono.

Hand in Hand fights poverty by helping women to start their own businesses. It's all about help to self-help. The women are offered education and training, which give them the right tools to change their life situation in the long run. The Hand-in-Hand model is tried and tested and the results are striking. More than 940.000 women have, so far, been trained, which in turn have resulted in 1.010.000 micro-businesses.

By the started businesses, more than 3 million people have achieved better living conditions. Hand-in-Hand was founded in its present form by Percy Barnevik and Dr. Kalpana Sankar, and operates mainly in India, but also in the southern and eastern Africa as well as in Afghanistan.





Advantage Performance Group

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BTS Advantage WaySM System 48

Poised to help clients accelerate positive business results

Advantage Performance Group

Advantage Performance Group (APG) specializes in helping their clients accelerate business results, optimize their sales organizations and create an engaged and effective talent pool.

Advantage Performance Group (APG) specializes in helping organizations accelerate positive business results by focusing on two main areas:

1. Sales Optimization: Helping sales organizations define the culture, tools and the cadence that drive stellar performance.
2. Talent Optimization: Ensure that leaders and employees not only understand the business strategy, but believe in it and can execute it as well.

In order to succeed in these two areas, we believe that you need to have:

- ▶ the Right people in the organization,
- ▶ the Right processes to support them
- ▶ the Right capabilities and mindset at the right point in time to deliver desired business results.

Creating positive business results

APG is uniquely positioned to capture the business of organizations that are emerging from the recent downturn with strong momentum as well as those that continue to struggle. The primary reason is that the Advantage WaySM methodology creates measurable business impact from every learning initiative.

When clients implement the Advantage WaySM system, their organizations achieve documented business results as well as improved job performance. They are able to measure the business impact of the implementation of various solutions—solid proof of its value to their organization.

A partnership with APG results in accelerated performance and provides the solid metrics to secure success for our clients.

Network model

Acquired by the BTS Group in 2006, APG has more than 400 client relationships. Many of these partnerships span more than a decade. APG is a network of approximately 40 full-time consultants located across the U.S. These highly experienced performance consultants have joined APG because they share the values and the culture of the organization as well as the opportunities to act as true business partners with clients. Their independence within the APG model allows them to truly focus upon the process and solutions to match each individual client's unique needs and desired results. The network also includes more than 100 seasoned facilitators who deliver learning both virtually and on-site across client organizations.

APG has longstanding alliance relationships with a large team of global thought leaders (such as BTS) who provide unparalleled expertise in a variety of areas including:

- ▶ Business Acumen
- ▶ Leadership Development
- ▶ Sales Leadership and Strategy
- ▶ Strategy Alignment and Execution
- ▶ Sales Effectiveness
- ▶ Digital Platforms
- ▶ Change Leadership
- ▶ Organizational Assessment
- ▶ Executive Coaching
- ▶ Communications (Large Meetings, Organizational Messaging/Alignment, Customer Events/Initiatives, etc.)

"A partnership with APG results in accelerated performance and provides the solid metrics to secure success for our clients."



Differentiators

Advantage Performance Group's differentiators are:

- ▶ An ability to create a positive bottom-line impact from learning initiatives or other strategic initiatives: APG is able to commit its clients to a complete alignment with business results from the very beginning.
- ▶ An ability to provide a continuous stream of broad and deep consulting and learning solutions: Thought Leaders such as BTS allow APG to provide solutions that have a strategic focus and are uniquely relevant to every level and function of the organization.
- ▶ An ability to deliver proven, best-practice expertise based on decades-long relationships and experiences.

Strategic direction for 2014

APG's 2014 strategic direction will focus on three aspects of the current business environment that are a particularly fit for the firm:

1. Need for improved leadership and strategy execution: Every organization is experiencing change at some level. APG has particular expertise in this area. In 2014, APG will be partnering with clients to help them implement these shifts in their business process and overall strategy and embed them into their culture so they can achieve their desired business results. Not every organization has the same needs when it comes to leading change, thus APG's value proposition begins with our customers rather than the thought leadership to which we have access to bring tremendous value.
2. Continued need for sales organizations – especially in the mid-market – to optimize their performance: even leading sales teams are ready to retool and optimize their organizations to equip their sales people and sales managers to capture – or recapture – much-needed market share. APG has outstanding sales best practices, research, tools, systems, and processes for this purpose. APG's unique Sales Leadership CadenceSM gives sales organizations a consistent, standardized approach to managing sales – whatever their sales strategy is. By using this approach companies find that they also obtain consistent and increased results.
3. Need for the overall organization to improve the performance of their people- from individual contributors to senior executives: Our Talent Optimization approach utilizes a Talent ArchitectureSM which paints a 3-5 year roadmap for the entire organization. It especially focuses on the significant steps of the leadership pipeline and clarifies the performance and development needs as an individual progresses through his or her career. This also includes the need for employees to make better business decisions: Supported by innovative simulations and learning experiences of business acumen thought leaders such as BTS, APG is well equipped to make sure every employee knows how their actions affect the bottom line – and how to make smarter, more informed decisions that will help their organizations succeed.

Link your investment directly to business results

The BTS Advantage WaySM System

Research shows that 85 percent of all training has zero impact on job performance. BTS decided to help its clients beat those odds.

Our solution is the BTS Advantage WaySM system. We guarantee that when you implement Advantage WaySM, your organization will achieve documented business results as well as improved job performance. And for the first time, you will be able to measure the business impact of training – solid proof of its value to your organization.

The Advantage WaySM is the result of a strategic alliance with Robert O. Brinkerhoff, Ed.D., world-renowned authority on training effectiveness and evaluation. It is based on more than 30 years of research and practice, and has been proven with leading organizations such as Limited Brands, Boeing, Anheuser-Busch, Children’s Healthcare of Atlanta, and many others.

Direct link to business results

The BTS Advantage WaySM system:

- ▶ Gives each employee a clear “line of sight” to the business impact he or she must make after learning concludes.
- ▶ Engages managers at all levels in ongoing coaching conversations with their people, to ensure that learners continue to use new behaviors that will help them achieve agreed-to business results.
- ▶ Includes APG’s proprietary Success Case Evaluation MethodSM that measures and demonstrates behavioral and bottom-line results of learning.

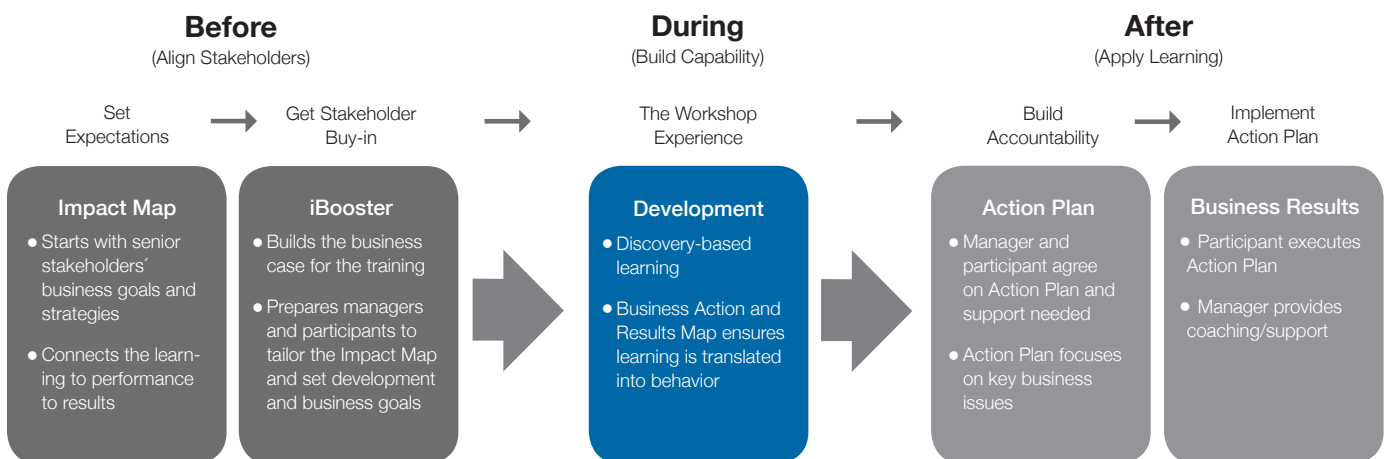
The BTS Advantage WaySM system includes cutting-edge development for HRD professionals and easy-to-use tools for managers and learners, all aimed at the goal of delivering better business results from training. The system is easy to implement, enabling organizations to convert learning consistently, quickly, and effectively into meaningful business results.

Benefits to the organization

When the BTS Advantage WaySM system becomes an integral part of the learning culture, organizations will find that:

- ▶ The business impact derived from learning investments consistently doubles or triples.
- ▶ Learning initiatives are more tightly aligned to specific business challenges.
- ▶ Productivity improves.
- ▶ Learning and Development professionals are seen as valued business partner consultants, and evaluated on their contribution to the success of the organization.
- ▶ Cultural or systemic obstacles that may impede learners’ success back on the job are identified and removed.
- ▶ There is organization-wide commitment to the strategies and processes that reinforce new behaviors after training, including coaching and measurement.

“When the BTS Advantage WaySM system becomes an integral part of the learning culture, the business impact from learning investments consistently doubles or triples.”



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BTS' Share

On June 6, 2001, the BTS share was floated on NASDAQ OMX Stockholm in connection with the issue of new stock, raising capital for the Company of SEK 78.1 million after issue expenses.

The share capital totals SEK 6,196,623, distributed among 853,800 Class A shares and 17,736,070 Class B shares, each with a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes, each Class B share one vote. All shares carry equal rights to participate in the Company's assets and profits.

At December 31, 2013, there were 682 (685) shareholders in the Company. Since 2002, BTS Group AB has worked to promote depth in share trading. As part of this strategy, a market maker has been engaged to work to increase interest and trading in BTS' shares.

Dividend policy

The Company's goal is to distribute 30%–50% of profit after tax in the long run.

SEK	2009	2010	2011	2012	2013
Share price at December 31	38.70	59.00	46.00	61.25	59.00
Earnings per share	2.45	3.28	3.20	3.53	2.57
Price/earnings ratio, December 31	15.8	18.0	14.4	17.4	23.0
Cash and cash equivalents per share, December 31	4.18	4.90	4.68	5.25	5.85
Equity per share, December 31	14.38	15.50	17.19	18.08	19.14
Dividend per share	1.20	1.50	1.60	1.75	1.75 ¹

¹ Proposed dividend.

BTS Group AB share price 2009–2013



Share capital

Change in capital

Year	Transaction	Increase in share capital, SEK	Share capital, SEK	Class A shares	Class B shares	Total no. of shares	Par value per share, SEK
1999	Formation of the Company	100,000	100,000	439,900	560,100	1,000,000	0.10
1999	New issue	8,200	108,200		82,000	1,082,000	0.10
2001	Stock dividend issue	4,219,800	4,328,000			1,082,000	4.00
2001	4:1 split		4,328,000	1,319,700	1,926,300	4,328,000	1.00
2001	Conversion of Class A to Class B shares			-1,475,000	1,475,000	4,328,000	1.00
2001	New issue	1,500,000	5,828,000		1,500,000	5,828,000	1.00
2002	New issue	69,300	5,897,300		69,300	5,897,300	1.00
2006	3:1 split		5,897,300	569,200	11,225,400	17,691,900	0.33
2006	New issue	118,800	6,016,100		356,400	18,048,300	0.33
2012	New issue	5,922	6,022,022		17,765	18,066,065	0.33
2013	New issue	174,601	6,196,623		523,805	18,589,870	0.33

10 largest shareholders

Name	No. of Class A shares	No. of Class B shares	Holding	Pctg. holding	Pctg. votes
Henrik Ekelund incl companies	816,000	3,149,034	3,965,034	21.3	43.0
Stefan af Petersens incl companies	37,800	2,293,095	2,330,895	12.5	10.2
Placeringsfond Småbolagsfond Norden		1,737,942	1,737,942	9.4	6.6
Swedbank Robur Småbolagsfond Sverige		1,321,230	1,321,230	7.1	5.0
Lannebo Micro Cap		1,264,383	1,264,383	6.8	4.8
Stefan Hellberg incl companies		893,994	893,994	4.8	3.4
Jonas Åkerman		885,900	885,900	4.8	3.4
Lannebo Microcap II		880,598	880,598	4.7	3.4
SEB Sverigefond Småb. Ch/Risk		553,693	553,693	3.0	2.1
Nordea Småbolagsfond Sverige		402,838	402,838	2.2	1.5
10 Största Aktieägarna	853,800	13,382,707	14,236,507	76.6	83.4
Totalt resterande ägare	0	4,353,363	4,353,363	23.4	16.6
Summa alla ägare	853,800	17,736,070	18,589,870	100.0	100.0

Five-Year Summary

Income statement

Consolidated income statements in summary

SEK millions	2013	2012	2011	2010	2009
Net turnover	688.2	770.5	697.7	694.6	595.1
Operating expenses	-610.4	-666.0	-602.1	-592.2	-513.8
Depreciation of property, plant, and equipment	-6.3	-5.8	-4.0	-3.4	-3.2
Amortization of intangible assets	-1.7	-1.4	-2.4	-7.0	-8.3
Operating profit	69.8	97.4	89.2	92.0	69.8

Balance sheet

Consolidated balance sheets in summary

SEK millions	2013	2012	2011	2010	2009
<i>Assets</i>					
Non-current assets	181.4	174.0	174.4	169.9	185.1
Accounts receivable	156.0	158.5	196.9	167.1	150.6
Other current assets	72.6	91.1	61.9	57.6	32.0
Cash and bank balances	108.8	94.9	84.4	88.4	75.4
Total assets	518.9	518.5	517.6	483.0	443.1
<i>Equity and liabilities</i>					
Equity	355.8	326.6	310.2	280.1	259.6
Interest-bearing liabilities	-	-	9.3	28.0	52.5
Other non-interest-bearing liabilities	163.1	191.9	198.1	174.9	131.0
Total equity and liabilities	518.9	518.5	517.6	483.0	443.1

Cash flow

Consolidated cash flow in summary

SEK millions	2013	2012	2011	2010	2009
Cash flow from operating activities	47.6	59.7	49.3	65.1	61.3
Cash flow from investing activities	-15.7	-14.4	-7.9	-4.6	-4.4
Cash flow from financing activities	-12.6	-27.9	-45.3	-44.4	-46.1
Cash and cash equivalents, start of year	94.9	84.4	88.4	75.4	65.9
Cash flow for the year	19.3	17.4	-3.9	16.1	10.8
Translation differences in cash and cash equivalents	-5.4	-6.9	-0.1	-3.1	-1.3
Cash and cash equivalents, end of year	108.8	94.9	84.4	88.4	75.4

Financial ratios for the Group

SEK millions	2013	2012	2011	2010	2009
Net turnover	688.2	770.5	697.7	694.6	595.1
Operating profit (EBIT)	69.8	97.4	89.2	92.0	69.8
Operating margin (EBIT margin), %	10.1	12.6	12.8	13.2	11.7
Operating profit before amortization of intangible assets (EBITA)	71.5	98.8	91.6	99.0	78.1
Operating margin before amortization of intangible assets (EBITA margin), %	10.4	12.8	13.1	14.3	13.1
Profit margin, %	7.0	8.3	8.3	8.5	7.4
Earnings per share, SEK	2.57	3.53	3.20	3.28	2.45
Return on equity, %	14.0	19.6	19.6	22.0	17.3
Return on operating capital, %	29.3	42.4	40.1	40.3	27.8
Operating capital	246.9	229.8	222.6	219.7	236.7
Equity	355.8	326.6	310.2	280.1	259.6
Equity per share, SEK	19.14	18.08	17.19	15.50	14.38
Equity/assets ratio, %	68.6	63.0	60.0	58.0	58.6
Dividend per share, SEK	1.75 ¹	1.75	1.60	1.50	1.20
Cash flow	19.3	17.4	-3.9	16.1	10.8
Cash and cash equivalents	108.8	94.9	84.4	88.4	75.4
Number of employees at year-end	370	385	335	299	252
Average number of employees	376	365	325	276	260
Annual net turnover per employee	1.8	2.1	2.1	2.5	2.3

¹ Proposed dividend.

Definitions**Operating margin**

Operating profit after amortization/depreciation as a percentage of net turnover.

Operating margin before amortization of intangible assets (EBITA margin)

Operating profit before amortization of intangible assets as a percentage of net turnover.

Profit margin

Profit for the period as a percentage of net turnover.

Earnings per share

Earnings attributable to the Parent Company's shareholders divided by the number of shares.

Return on equity

Profit after tax on an annual basis as a percentage of average equity.

Return on operating capital

Operating profit as a percentage of average operating capital.

Operating capital

Balance sheet total less cash and cash equivalents, other interest-bearing assets, and non-interest-bearing liabilities.

Equity per share

Equity excluding non-controlling interests divided by the number of shares at the end of the year.

Equity/assets ratio

Equity as a percentage of the balance sheet total.

Dividend per share

Dividends proposed or adopted, divided by the number of shares at year-end.

Annual net turnover per employee

Net turnover for the whole year, divided by the average number of employees.

Price/earnings ratio

Price per share divided by earnings per share.

Management Report

The Board of Directors and CEO of BTS Group AB (publ), corporate identity number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the fiscal year 2013. The consolidated income statement and balance sheet as well as the Parent Company's income statement and balance sheet will be submitted to the Annual General Meeting for adoption.

Operations

BTS Group AB is an international consulting firm active in learning and development. BTS uses customized simulation models to support executive management in executing change and improving profitability using customized simulation models. BTS solutions and services train the entire organization to analyze and make decisions centered on the factors that promote growth and profitability. This enhances the market focus and profit awareness in day-to-day decision-making, which leads to measurable and sustainable profit growth. Most BTS clients are major corporations.

Revenue and profit

BTS's net sales decreased 11% during the year, to SEK 688,2 million (770,5). Adjusted for changes in exchange rates, revenues decreased 7%.

Operating profit before amortization of intangible assets (EBITA) decreased 28% during the year, to SEK 71.5 million (98.8). Operating profit was charged SEK 1.7 million (1.4) for amortization of intangible assets attributable to acquisitions. Operating profit decreased 28% in 2013, to SEK 69.8 million (97.4).

The operating margin before amortization of intangible assets (EBITA margin) was 10% (13). The operating margin (EBIT margin) was 10% (13). Consolidated profit before tax for the year decreased 28%, to SEK 69.7 million (96.7).

Net sales for BTS's operations in North America totaled SEK 311,5 million (385,8) in 2013. Adjusted for changes in exchange rates, revenues decreased 16%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 35.6 million (63.2). The operating margin before amortization of intangible assets (EBITA margin) was 11% (16).

Net sales for Europe totaled SEK 162.8 million (150.2) in 2013. Adjusted for changes in exchange rates, revenues increased 10%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 26.7 million (21.3) in 2013. The operating margin before amortization of intangible assets (EBITA margin) was 16% (14).

Net sales for BTS Other markets totaled SEK 122.4 million (131.9) in 2013. Adjusted for changes in exchange rates, revenues increased 2%. Operating profit before amortization of intangible assets (EBITA)

totaled SEK 9.8 million (14.9) in 2013. The operating margin before amortization of intangible assets (EBITA margin) was 8% (11).

Net sales for APG reached SEK 91.5 million (102.6) in 2013. Adjusted for changes in exchange rates, revenues decreased 7%. Operating profit before amortization of intangible assets (EBITA) totaled SEK -0.6 million (-0.6) in 2013. The operating margin before amortization of intangible assets (EBITA margin) was -1% (-1).

Financial position

At the end of the period, cash and cash equivalents were SEK 108.8 million (94.9). The Group's interest-bearing loans, attributable to previously completed acquisitions, totaled SEK 0.0 million (0.0) at the end of the period. Equity totaled SEK 355.8 million (326.6) at year-end, and the equity/assets ratio was 69% (63). BTS's cash flow from operating activities for the year was SEK 47.6 million (59.7).

The Board's proposed guidelines for determining salaries and other compensation to senior executives

The Board of Directors proposes that the 2014 Annual General Meeting does not change the guidelines for determining salaries and other compensation to the CEO and other senior executives. For the guidelines decided by the 2013 AGM, see Note 7.

Employees

The number of employees in BTS Group AB at December 31, 2013 was 370 (385). The average number of employees during the year was 376 (365).

Shareholders

The total number of shares outstanding is 18,589,870, consisting of 853,800 Class A and 17,736,070 Class B shares. Each Class A share entitles the holder to 10 votes per share, each Class B one vote per share. The Company's articles of association contain no restrictions on the transfer of shares. The Company has two shareholders, Henrik Ekelund and Stefan af Petersens, whose holdings each exceeded 10% of votes at year-end 2013. Some employees own shares in the Company, but the employees as a whole have no investment through any pension fund or the like. The Company is not aware of any agreements between shareholders that would restrict the right to transfer shares. Neither is there any agreement to which the Company is a party that would take effect, be changed, or cease to apply if control of the Company changed as a result of a public takeover bid.

Parent Company

The activities of the Parent Company, BTS Group AB, consist exclusively of tasks internal to the Group. The assets of the Parent Company consist primarily of shares in subsidiaries and cash and cash equivalents. The Company's net sales totaled SEK 1.8 million (2.0), and profit after financial items SEK 14.3 million (27,1). Cash and cash equivalents were SEK 5.0 million (1.0).

Outlook for 2014

Profit before tax is expected to be significantly better than the preceding year's.

Market trends

During 2013, the market was characterized by caution by companies in terms of investments.

Information about risk and uncertainty

Market risks

Sensitivity to economic conditions

Demand for training is sensitive to economic fluctuations. Slower growth and costcutting programs affect corporate training budgets negatively. Similarly, economic recovery increases willingness to invest in training.

Dependence on individual customers

BTS's ten largest customers accounted for 28% of its sales in 2013. By striving for a broad customer base, BTS limits its dependence on individual customers.

No sector dominates

BTS customers are mainly active in nine business sectors: Manufacturing, Telecommunications, Information Technology, Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution, Services, Energy, and Fast-Moving Consumer Goods (FMCG). The global distribution of its customers' operations helps reduce BTS's exposure to fluctuations in specific industries.

Geographical spread

45% of BTS's sales in 2013 were in the North America operative unit, Europe represented 24%, Other markets accounted for 18% and APG 13%. In recent years, BTS has enhanced its presence in markets in Asia, Australia, South Africa, and Latin America, which in the long run will reduce dependency on North American and European markets.

Fragmented competitive situation

The market for corporate training and management is fragmented. BTS encounters different competitors in different markets and has no global competitor.

Operational risks

Quality and brands

BTS builds its marketing on network-based sales developed over the years by good customer relationships, which are brought about by high demands on the quality of BTS deliveries. BTS minimizes the risk of dissatisfied customers by recruiting and cultivating qualified consultants and by ensuring that all development and all deliveries adhere to established processes. BTS also follows up on quality in every project.

Intellectual property

BTS owns all rights to the business simulations it develops for clients, thus retaining the right to reuse general intellectual property, such as software and adaptations, when developing new simulations. For license-based products and solutions, the client purchases the number of licenses needed for the employees participating.

Securing human resources

Rapid growth requires intensive recruiting and training of employees. At the same time, it is essential to retain competent personnel. To meet these requirements, BTS follows an established model for recruiting and skills development.

Dependence on key personnel

To reduce dependence on individual employees and to insure the long-term quality of BTS training courses, methods, technologies, and business simulations are well documented.

Financial risks

Effective and systematic assessments of financial and commercial risks are vital to BTS. The Group's financial policy specifies guidelines and objectives for managing financial risks within the Group. Financing and risk management have been gathered under the Group finance function. The subsidiaries manage all foreign exchange dealings and credit to clients within the framework of the policy. For details, see Note 2, Significant accounting policies, and Note 20, Financial instruments and financial risk management.

Foreign exchange risks

The currencies with the greatest impact on BTS's earnings are the U.S. dollar (USD), the euro (EUR), and the pound Sterling (GBP). The day-to-day exposure to fluctuations in exchange rates is limited, as revenues and expenses are primarily in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits of changes in the value of USD, EUR, and GBP in relation to the Swedish krona (SEK), when one of these currencies varies while the other rates are unchanged.

	Percentage change	Change, SEK thousands, full-year 2013
SEK/USD	+/-10%	4,304
SEK/EUR	+/-10%	1,053
SEK/GBP	+/-10%	1,516

Credit risks

BTS only accepts creditworthy counterparties. BTS's accounts receivable are distributed among a large number of companies operating in different sectors. The maximum credit risk at year-end was SEK 14,318 thousand (8,540), which corresponds to the largest credit exposure to any single group.

Multiple-year review

Performance for the past five fiscal years is presented below.

SEK thousands	2013	2012	2011	2010	2009
Net turnover	688,234	770,548	697,730	694,650	595,062
Operating expenses	-610,439	-665,972	-602,116	-592,285	-513,755
Depreciation of property, plant, and equipment	-6,267	-5,761	-4,036	-3,342	-3,176
Amortization of intangible assets	-1,685	-1,418	-2,409	-6,981	-8,268
Operating profit	69,842	97,396	89,169	92,042	69,863
Operating margin, EBIT, %	10	13	13	13	12
Number of employees at year-end	370	385	335	299	252
Average number of employees	376	365	325	276	260
Net turnover per employee	1,830	2,111	2,147	2,517	2,289

Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents and a reserve in the form of an approved overdraft facility. BTS may borrow funds only with the approval of the Board of Directors. Any excess liquidity in subsidiaries is initially to be used to repay loans. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in market rates that could adversely affect BTS, either through increased costs of borrowing for the Company or through fluctuations in returns on the funds invested at variable interest rates.

Research and development

The development that BTS has conducted during the year is essentially related to customer-specific product development, which has been expensed directly. Any research, as defined by IAS 38, has not occurred. For a more detailed description, see Note 2 Accounting principles.

Events after the close of the fiscal year

No material events occurred after the close of the fiscal year up until the Board's signing of the annual report, thus none have affected the preparation of the balance sheets and income statements.

Proposed appropriation of earnings Parent Company

The following funds are at the disposal of the Annual General Meeting:

	SEK
Profit brought forward	43,815,223
Profit for the year	13,596,011
Total	57,411,234

The Board of Directors proposes that earnings be appropriated as follows.

	SEK
To be distributed to shareholders: SEK 1.75 per share totaling	32,532,272
To be carried forward	24,878,962
Total	57,411,234

It is proposed that the dividend be paid on May 21, 2014.

Statement from the Board of Directors on the proposed dividend

The proposed dividend to shareholders will reduce the Parent Company's equity/assets ratio one percentage points, to 97%, and the Group's equity/assets ratio 3 percentage points, to 66%. The equity/assets ratio as well as the cash situation is considered satisfactory.

The Board of Directors is of the opinion that the proposed dividend will not prevent the Company from fulfilling its obligations in the short or long run nor from making the requisite investments. Thus the proposed dividend is justifiable in terms of the provisions of Chapter 17, section 3, paragraphs 2-3 of the Swedish Companies Act (prudence rule).

Regarding the operations of the Group and the Parent Company in other respects, please refer to the following income statements and balance sheets and to the cash flow statements and accompanying notes.

Consolidated Income Statement

SEK thousands	NOTE	2013	2012
Net turnover	10	688,234	770,548
<i>Operating expenses</i>			
Other external expenses	3, 4, 5, 6	-284,910	-315,679
Employee benefit expenses	7	-325,529	-350,294
Depreciation of property, plant, and equipment and amortization of intangible assets	8, 9	-7,953	-7,179
Total operating expenses		-618,392	-673,152
OPERATING PROFIT	10	69,842	97,396
<i>Financial income and expense</i>			
Financial income	11	565	467
Financial expenses		-724	-1,141
Total gain/loss on financial income and expense		-159	-674
PROFIT AFTER FINANCIAL INCOME AND EXPENSE		69,683	96,722
Tax on profit for the year	12	-21,848	-32,981
PROFIT FOR THE YEAR		47,835	63,741
Profit for the year attributable to:			
Parent Company's shareholders		47,835	63,741
Earnings per share (profit for the year attributable to Parent Company shareholders)			
Basic earnings per share, SEK	13	2.57	3.53
No. of shares at year-end		18,589,870	18,066,065
Diluted earnings per share, SEK		2.57	3.41
Proposed dividend per share, SEK	14	1.75	1.75

Consolidated Statement of Comprehensive Income

SEK thousands	NOTE	2013	2012
PROFIT FOR THE YEAR		47,835	63,741
Other comprehensive income			
<i>Items that later could be recycled to the Income Statement</i>			
Translation differences in equity	19	-6,409	-19,220
Other comprehensive income for the year, net after tax		-6,409	-19,220
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		41,426	44,521
portion attributable to Parent Company shareholders		41,426	44,521

Consolidated Balance Sheet

SEK thousands	NOT	2013-12-31	2012-12-31
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	8	143,033	134,684
Other intangible assets	8	16,603	15,141
<i>Property, plant, and equipment</i>			
Equipment	9	13,716	16,296
<i>Financial assets</i>			
Deferred tax assets	17	1,201	1,054
Other non-current receivables	20	6,888	6,830
Total non-current assets		181,441	174,005
Current assets			
<i>Current receivables</i>			
Accounts receivable	20	155,980	158,479
Other receivables	20	4,855	6,530
Prepaid expenses and accrued income	18	67,759	84,597
Total current receivables		228,594	249,606
Cash and cash equivalents		108,833	94,910
Total current assets		337,427	344,516
TOTAL ASSETS		518,868	518,521

SEK thousands	NOTE	2013-12-31	2012-12-31
EQUITY AND LIABILITIES			
Equity	19		
Share capital		6,197	6,022
Other paid-in capital		60,015	40,213
Reserves		-58,142	-51,733
Retained earnings, including profit for the year		347,713	332,061
Total equity		355,783	326,563
Non-current liabilities			
Other liabilities	20	213	703
Current liabilities			
Accounts payable	20	16,971	21,741
Tax liabilities		19,189	15,703
Other current liabilities	20, 21	11,462	13,365
Accrued expenses and prepaid income	22	115,250	140,446
Total current liabilities		162,873	191,255
TOTAL EQUITY AND LIABILITIES		518,868	518,521
Pledged assets	23	10,000	10,000
Contingent liabilities	24	-	-

Consolidated Cash Flow Statement

SEK thousands	NOTE	2013	2012
Operating activities			
Operating profit		69,842	97,396
Adjustments for non-cash items			
Depreciation and amortization		7,953	7,179
Other items	16		
Interest received		565	467
Interest paid		-546	-765
Foreign change losses		-178	-376
Tax paid for the year		-18,615	-30,996
<i>Cash flow from operating activities before changes in working capital</i>		<i>59,021</i>	<i>72,905</i>
<i>Cash flow from changes in working capital</i>			
Change in accounts receivable		2,499	29,707
Change in other operating receivables		18,478	-33,296
Change in accounts payables and other operating liabilities		-32,364	-9,607
<i>Cash flow from changes in working capital</i>		<i>-11,386</i>	<i>-13,196</i>
Cash flow from operating activities		47,635	59,709
Investing activities			
Change in depositions	16	-76	-1,946
Acquisition of property, plant, and equipment	9	-3,948	-7,761
Acquisition of intangible assets	8	-11,650	-4,724
Cash flow from investing activities		-15,674	-14,431
Financing activities			
Change in loans		-431	278
New issue		19,977	672
Dividends to shareholders		-32,184	-28,877
Cash flow from financing activities		-12,638	-27,927
Cash flow for the year		19,323	17,351
Cash and cash equivalents, start of year		94,910	84,419
Exchange rate differences in cash and cash equivalents		-5,399	-6,860
Cash and cash equivalents, end of year		108,833	94,910

Parent Company's Income Statement

SEK thousands	NOTE	2013	2012
Net turnover	3	1,825	1,980
<i>Operating expenses</i>			
Other external expenses	3, 4, 6	-841	-1,121
Employee benefit expenses	7	-973	-972
Total operating expenses		-1,813	-2,093
OPERATING PROFIT		12	-113
<i>Financial income and expense</i>			
	11		
Gains/losses on other securities and receivables held as non-current assets		14,299	27,888
Interest income and similar profit/loss items		10	170
Interest expenses and similar profit/loss items		-43	-845
Total gain/loss on financial income and expense		14,266	27,213
PROFIT AFTER FINANCIAL INCOME AND EXPENSE		14,278	27,100
Tax on profit for the year	12	-682	-555
PROFIT FOR THE YEAR		13,596	26,545

Parent Company's statement of comprehensive income

SEK thousands	NOTE	2013	2012
PROFIT FOR THE YEAR		13,596	26,545
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		13,596	26,545
Attributable to Parent Company shareholders		13,596	26,545

The parent company is recording group contributions in its income statement beginning in 2012.

Parent Company's Balance Sheet

SEK thousands	NOTE	2013-12-31	2012-12-31
ASSETS			
Non-current assets			
<i>Financial assets</i>			
	15		
Participations in Group companies		101,976	101,976
Total non-current assets		101,976	101,976
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		-	935
Other receivables		-	24
Prepaid expenses and accrued income	18	52	112
Total current receivables		52	1 071
Cash and cash equivalents		5,013	1,040
Total current assets		5,066	2 111
TOTAL ASSETS		107,042	104 087

SEK thousands	NOTE	2013-12-31	2012-12-31
EQUITY AND LIABILITIES			
Equity	19		
<i>Restricted equity</i>			
Share capital		6,197	6,022
Statutory reserve		41,390	41,390
Total restricted equity		47,586	47,412
<i>Non-restricted equity</i>			
Retained earnings		43,815	29,652
Profit for the year		13,596	26,545
Total non-restricted equity		57,411	56,197
Total equity		104,998	103,609
Current liabilities			
Accounts payable		263	65
Liabilities to Group companies		1,141	-
Tax liabilities		103	-
Other current liabilities		16	25
Accrued expenses and prepaid income	22	521	388
Total current liabilities		2,045	478
TOTAL EQUITY AND LIABILITIES		107,042	104,087
Pledged assets	23	-	-
Contingent liabilities	24	3,661	3,665

Parent Company's Cash Flow Statement

SEK thousands	NOTE	2013	2012
Operating activities			
Operating profit		12	-113
Financial income and expense	16	-32	-675
Tax paid for the year		-630	-565
<i>Cash flow from operating activities before changes in working capital</i>		-651	-1,353
<i>Cash flow from changes in working capital</i>			
Change in operating receivables		1,018	19,045
Change in accounts payables and other operating liabilities		1,514	-7,030
<i>Cash flow from changes in working capital</i>		2,532	12,015
Cash flow from operating activities		1,881	10,662
Investing activities			
Dividends received from subsidiaries		11,199	24,988
Cash flow from investing activities		11,199	24,988
Financing activities			
Group contributions		3,100	2,900
Changes in loans		-	-9,301
New issue		19,977	668
Dividends to shareholders		-32,184	-28,877
Cash flow from financing activities		-9,107	-34,610
Cash flow for the year		3,973	1,040
Cash and cash equivalents, start of year		1,040	0
Cash and cash equivalents, end of year		5,013	1,040

Changes in Consolidated Equity

Attributable to Parent Company

SEK thousands	Share capital	Other paid-in capital	Reserves	Retained earnings	Total equity
Opening balance at January 1, 2012	6,016	39,547	-32,513	297,197	310,247
<i>Comprehensive income</i>					
Profit for the year				63,741	63,741
Other comprehensive income					
Translation differences			-19,220		-19,220
<i>Total comprehensive income</i>	0	0	-19,220	63,741	44,521
<i>Transactions with shareholders</i>					
Share-based payments as per IFRS 2	6	666			672
Dividends to shareholders				-28,877	-28,877
<i>Total transactions with shareholders</i>	6	666	0	-28,877	-28,205
Closing balance at December 31, 2012	6,022	40,213	-51,733	332,061	326,563
Opening balance at January 1, 2013	6,022	40,213	-51,733	332,061	326,563
<i>Comprehensive income</i>					
Profit for the year				47,835	47,835
Other comprehensive income					
Translation differences			-6,409		-6,409
<i>Total comprehensive income</i>	0	0	-6,409	47,835	41,426
<i>Transactions with shareholders</i>					
New issue	175	19,802			19,977
Dividends to shareholders				-32,184	-32,184
<i>Total transactions with shareholders</i>	175	19,802	0	-32,184	-12,207
Closing balance at December 31, 2013	6,197	60,015	-58,142	347,713	355,783

Also see Note 19 Equity.

Changes in Parent Company's Equity

SEK thousands	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
Opening balance at January 1, 2012	6,016	40,728	34,119	24,410	105,273
<i>Appropriation of earnings according to AGM</i>					
Transfer to retained earnings			24,410	-24,410	0
Total comprehensive income for the period				26,545	26,545
Transactions with shareholders					
Dividends to shareholders			-28,877		-28,877
Share-based payments as per IFRS 2	6	662			668
Closing balance at December 31, 2012	6,022	41,390	29,652	26,545	103,609
Opening balance at January 1, 2013	6,022	41,390	29,652	26,545	103,609
<i>Appropriation of earnings according to AGM</i>					
Transfer to retained earnings			26,545	-26,545	0
Total comprehensive income for the period				13,596	13,596
Transactions with shareholders					
Dividends to shareholders			-32,184		-32,184
New issue	175		19,802		19,976
Closing balance at December 31, 2013	6,197	41,390	43,815	13,596	104,998

Also see Note 19 Equity.

Notes to the Annual Report

NOTE 1 – General information

The Parent Company is a public limited liability company registered and headquartered in Stockholm, Sweden, at Grevgatan 34, SE-114 53 Stockholm. The Parent Company is listed on NASDAQ OMX Stockholm. BTS uses customized simulation models to support executive management in executing change and improving profitability using customized simulation models. BTS solutions and services train the entire organization to analyze and make decisions centered on the factors that promote growth and profitability. This enhances the market focus and profit awareness in day-to-day decisionmaking, which leads to measurable and sustainable profit growth. Most BTS clients are major corporations.

The annual report and consolidated financial statements were approved by the Board of Directors on April 8, 2014.

NOTE 2 – Significant accounting policies

Amounts are stated in SEK thousands unless otherwise indicated.

BTS prepares its consolidated financial statements in compliance with the Annual Accounts Act (ÅRL), the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Regulations for Groups, and the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union.

Unless otherwise stated, these principles were also applied for the multiple year reviews presented.

The Parent Company has followed the provisions of the ÅRL and RFR 2, Accounting for Legal Entities. The Parent Company's shareholdings in subsidiaries are reported using the cost method.

The most important accounting policies applied in the preparation of the consolidated financial statements are described below. These policies were applied consistently for all years presented, unless otherwise stated.

Changes in accounting policies and disclosures

New and amended standards applied by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning 1 January 2013 and have a material impact on the group:

In IAS 1, "Presentation of financial statements" amendments have been adopted relating to other comprehensive income. The most significant change in the amended IAS 1 is the requirement that items reported in "other comprehensive income" must be presented in two groups. The division is based on whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IFRS 13 "Fair value measurement" aims to improve consistency and reduce complexity in the application of fair value measurement by providing a precise definition and a shared source in IFRS for fair value measurements and the associated disclosures. The standard provides guidance on fair value measurement of all types of assets and liabilities, both financial and non-financial. The requirements do not expand the area of application for when fair value shall apply but provide guidance on how it is to be applied where other IFRS already require or allow fair value measurement.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 10 "Consolidated financial statements" is based on already existing principles defining control as the decisive factor in determining whether a company is to be included in the consolidated accounts. The standard provides further guidance that can be of assistance when it is difficult to determine control. The Group intends to implement IFRS 10 for the financial year commencing 1 January 2014 and has not yet evaluated the full effect on the financial statements.

IFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for subsidiaries, joint arrangements, associated companies and unconsolidated structured entities. The Group intends to implement IFRS 12 for the financial year commencing 1 January 2014 and has not yet evaluated the full effect on the financial statements.

IFRS 9 "Financial instruments" addresses the classification, valuation and accounting for financial liabilities and assets. IFRS 9 was issued in November 2010 for financial assets and in October 2011 for financial liabilities and replaces those sections of IAS 39 related to classification and measurement of financial instruments. IFRS 9 states that financial assets have to be classified in two measurement categories: measurement at fair value or measurement at amortized cost. The classification is determined at initial recognition based on the company's business model and the characteristic conditions in the contractual cash flows. For financial liabilities, no major changes will take place compared with IAS 39. The most significant change relates to liabilities identified at fair value. For these, the portion of the fair value change arising from own credit risk has to be recognized in other comprehensive income instead of profit and loss provided that this does not give rise to accounting mismatch. The group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

Consolidated financial statements

The consolidated financial statements include as subsidiaries companies where the parent company holds more than 50 percent of the votes either directly or indirectly, as well as companies over which the parent company otherwise exercises control, i.e. the right to form the company's financial and operating strategies in order to derive economic benefits.

The Group's annual accounts have been prepared according to the acquisition method. A subsidiary's purchase price consists of the fair value of the transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all the assets or liabilities that result from a contingent purchase price agreement. Acquisition-related costs are expensed as they occur. Identifiable acquired assets and assumed liabilities in a business combination are initially valued at fair value on the acquisition date, based on a market evaluation performed at the time of the acquisition.

The acquired subsidiaries' equity is completely eliminated, which means that only the portion of the subsidiary's equity that was gained after the acquisition is included in Group equity.

If the consolidated acquisition value of the subsidiary's shares exceed the net value of identified acquired assets and assumed liabilities recorded in an acquisition analysis, the difference is recognized as goodwill.

Companies acquired during the fiscal year are included in the consolidated financial statements beginning on the date the Group began to exercise control over the company, with the amounts referring to the period after this date.

Subsidiaries that have been sold are excluded from the Group's consolidated financial statements beginning on the date that control ceases.

Intra-group transactions and balance sheet items, as well as intra-group profits or losses are eliminated in full.

All transactions with minority shareholders in Group member companies are recognized directly in equity as long as they do not cause any change in control. These transactions do not create goodwill or profits or losses.

The accounting principles for subsidiaries have been amended where appropriate in order to guarantee the consistent application of the Group's principles.

Exchange rates for currencies relevant to the Group

	2013 average	December 31, 2013	2012 average	December 31, 2012
USD	6.51	6.51	6.76	6.52
EUR	8.65	8.94	8.70	8.62
GBP	10.20	10.73	10.69	10.49
AUD	6.30	5.76	7.03	6.77
SGD	5.21	5.13	5.40	5.33
ZAR	0.68	0.62	0.83	0.77
MXN	0.51	0.50	0.51	0.50

Other currencies have not had a material effect on the consolidated balance sheets or income statements.

Income/Assignments in progress

Income is recognized on delivery of services to clients based on agreements signed. Sales are recognized net of value-added tax. Income from completed customization/development assignments and the expenses attributable to these assignments are recognized as income and expenses, respectively, in proportion to the degree of completion of the assignment at end of the reporting period (percentage of completion method). The degree of completion of an assignment is determined by comparing the expenses paid up to the end of the reporting period with the estimated total expenses. If the outcome of a service assignment cannot be reliably calculated, the income from that assignment is recognized only to the extent corresponding to the assignment expenses incurred that are likely to be covered by the client. Anticipated losses on assignments are recognized directly as expenses.

When educational courses ("seminars") are delivered to a customer, they are recognized as revenue as soon as the course is completed.

Revenues for licenses, i.e. the customer's right to independently use the materials and solutions for a certain period and/or a certain number of occasions, are recognized when a binding agreement has been reached and

BTS has fulfilled its obligations to the customer, and the amount of the revenue is known.

Research and development

Expenditure for customer-specific product development is expensed directly. Expenditure related to development projects (attributable to the development and testing of new or improved products) is capitalized as an intangible asset to the extent such expenditure can be expected to generate future economic benefits. The Company has not conducted any research or development as defined by IAS 38. The development normally conducted by BTS is customer-specific product development.

Employee benefits

Pensions

The Group has different pension plans in different countries. All are defined-contribution plans, and the assets are managed by external parties. The Company pays fixed fees and has thereby fulfilled its obligations. The costs are charged to consolidated earnings as pension rights are vested.

Share-based payment

BTS Group AB issued employee stock options to the Group's employees in 2009. The plan enables employees to acquire stock in the Company. The fair value of the allocated stock options is recognized as an employee benefit expense with a corresponding increase in equity. The fair value is calculated at the time of allocation and is distributed over the vesting period. The fair value of the allocated stock options is calculated using the Black and Scholes model and taking into consideration the conditions prevailing at the time of allocation. The cost recognized corresponds to the fair value of the estimated number of stock options and shares expected to be vested. Social security contributions attributable to share-based payments to employees as compensation for purchased services are expensed and distributed over the periods during which the services are performed. Provisions for social security contributions are based on the stock options' fair value at the time of the report. The fair value is calculated using the same valuation model and parameter values used when the stock options were issued.

Provisions

A provision is recognized when the Company has a legal or other obligation that it deems will need to be settled, the amount of which can be estimated reliably, and settlement is likely to require resources. Provisions are measured at the present value of what is judged to be required to settle the obligation. The calculation applies a pretax discount rate that reflects current market assessments of the time value of money and the risks associated with the obligation.

Borrowing

Borrowing expenses are charged to earnings for the period to which they refer, except if the funds were borrowed to acquire an asset, in which case borrowing expenses are included in the asset's acquisition cost.

Borrowings are recognized initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at

amortized cost as per the effective interest method. The effective interest method distributes interest income and expenses over the relevant period. The effective interest is the interest rate that exactly discounts the estimated future receipts and disbursements to the financial asset's or liability's net carrying amount. Non-current liabilities are liabilities with an anticipated duration longer than 12 months. All others are current liabilities.

Income taxes

Income taxes recognized comprise taxes for the current year that are to be paid or received as well as changes in deferred tax. All tax liabilities and claims are measured at their nominal amounts according to the tax rules and tax rates that have been decided or announced and that most probably will be adopted. Tax effects associated with items recognized in the income statement are also recognized in the income statement. Tax effects associated with items recognized in equity are also recognized in equity.

Current tax is the tax to be paid or received for the current year. This includes adjustments of current tax attributable to prior periods.

According to the balance sheet method, deferred tax is calculated on all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax assets relating to loss carryforwards or other future tax-effective deductions are recognized to the extent that it is likely they can be used to offset profits for future taxation.

Segment reporting

The Group's risks and opportunities are affected by its being active in different countries. BTS's operating segments consist of the operating units BTS North America, BTS Europe, BTS Other markets and APG. Operations are managed and reported within the Group based on these segments. Each subsidiary's share of consolidated turnover is used as a weight for allocating Group-wide overhead

Leases and rental agreements

When a lease entitles the Company as lessee to all financial benefits and risks attributable to the leased asset, the asset is recognized as a non-current asset in the balance sheet. The corresponding obligation to pay lease charges in the future is recognized as a liability. Assets are depreciated at a rate corresponding to their expected useful life.

A lease in which a significant portion of the risks and benefits associated with ownership are retained by the lessor is classified as an operating lease. Payments made during the term of the lease are expensed in the income statement on a straight-line basis over the period of the lease.

Property, plant, and equipment

Property, plant, and equipment are recognized at acquisition cost less accumulated depreciation and impairment losses, if any. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Planned depreciation is charged on a straight-line basis based on the acquisition cost and the estimated useful life. The following depreciation periods apply for existing assets.

- Equipment and installations, 3–6 years.

The residual value and useful life of the assets are tested annually and adjusted as necessary.

Intangible assets

Goodwill

Goodwill is initially valued as the amount by which a total purchase price of the acquired assets exceed the fair value of the identifiable acquired assets and assumed liabilities. If the purchase price is lower than the fair value of acquired net assets, the difference is recorded directly in the income statement. Impairment tests are conducted annually or more frequently if there are indications of a decline in value.

Products, technology, and software

Acquired products, technology, and software have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (2–9 years).

Franchise contracts

Acquired franchise contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated period of use (10 years).

Customer contracts

Acquired customer contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (2–15 years).

Brands

Acquired brands with an indefinite useful life are recognized at acquisition cost less accumulated impairment losses as required. Impairment tests are performed annually or more frequently if impairment is indicated.

Acquired brands with a limited useful life are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (10 years).

Impairment

When there are indications that the carrying amount of any property, plant, equipment, or intangible asset, exceeds its recoverable amount, an impairment test is performed. The recoverable amount is the higher of an asset's net realizable value and value in use. If it cannot be determined for an individual asset, the recoverable amount of the smallest cash-generating unit to which the asset belongs is calculated.

Each year the Group performs impairment tests on goodwill or brands as follows. The recoverable amounts are based on value in use, calculated as the present value of future growth and earnings forecasts during multiple years, taking into account extrapolated cash flows beyond this multiyear period. Impairment tests are carried out on the operating segment level, which is the lowest level in the company at which goodwill is monitored.

Critical estimates and judgments

To prepare the financial statements in accordance with IFRS, executive management must make judgments, estimates, and assumptions that affect the application of the accounting policies and the amounts recognized as assets, liabilities, income, and expenses. The estimates and assumptions are based on historical experience and various other factors that appear reasonable in the prevailing circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities that would not be evident from other sources. Actual outcomes may deviate from these estimates and judgments. Estimates and judgments are periodically reviewed. Changes in estimates are recognized in the period in which the change is made if the change affected only that period.

Impairment tests on goodwill and intangible assets with indefinite useful life

Each year the Group performs impairment tests on goodwill and intangible assets with indefinite useful life in accordance with the principle described above. Recoverable amounts for cash-generating units have been determined by calculating the value in use. Certain estimates must be made for these calculations; please see Note 8.

Determination of additional consideration

To determine anticipated additional consideration, the Group makes realistic estimates of future growth and earnings for multiple years, separately for each subsidiary acquired.

Financial instruments

Financial assets and liabilities are recognized in the balance sheets whenever there is a contractual right or obligation to receive or remit cash or other financial assets from or to another party, or to exchange one financial instrument for another that proves favorable or unfavorable.

The Group classifies and measures financial instruments in the following categories.

Loan and accounts receivable

Refers to non-derivative financial assets that are not listed on an active market but have payments that can be determined. These items are included in current assets unless due more than 12 months after the end of the reporting period, in which case they are recognized as non-current assets. BTS's loan and trade receivables are recognized at amortized cost using the effective interest method, less any provisions for impairment. Current receivables such as accounts receivable are deemed as nominal value and as reasonably approximate to their fair value, so they are not discounted to present value.

A provision is made for impairment of an account receivable when objective evidence indicates that BTS will not be able to secure payment of the entire amount due as per the original terms of the receivable. Significant financial difficulties of a debtor – for example the probability of the debtor declaring bankruptcy or undergoing a financial reconstruction – are regarded as indications of the possible impairment of an account receivable. The size of the provision is based on the difference between the carrying

amount of the asset and the estimated future cash flows. Provisions are made for doubtful accounts receivable after tests in each individual case.

Cash and cash equivalents

Cash and cash equivalents are cash and demand deposits at banks and similar institutions, plus current liquid investments with a duration less than three months from the date of acquisition.

Financial liabilities

Financial liabilities held during the year are measured at amortized cost using the effective interest method. Current liabilities such as trade payables are deemed reasonably approximate to their fair value, so they are not discounted to present value.

Transactions in foreign currencies

Items in the financial statements for each Group company are measured in the currency used where that subsidiary conducts its main business activities (functional currency). Swedish krona (SEK), the Parent Company's functional currency and presentation currency, is used in the consolidated accounts.

Receivables and liabilities denominated in foreign currency are measured at the exchange rate at the end of the reporting period, and any resulting differences are recognized in profit or loss. Exchange rate differences on operating receivables and liabilities are recognized in operating profit, while exchange rate differences attributable to financial assets and liabilities are recognized as financial income and expense.

Cash flow analysis

The cash flow analysis is prepared according to the indirect method. The reported cash flow comprises only transactions that entail incoming and outgoing payments. Cash flow is reported divided into continuing operations, investing activities and financing activities.

Cash and cash equivalents are cash and demand deposits at banks and similar institutions, plus current liquid investments with a duration less than three months from the date of acquisition.

NOTE 3 – Transactions with related parties

The Parent Company has a close relationship with its subsidiaries; see Note 15.

Group

Purchases and sales between Group companies

Market terms and conditions apply to the supply of services between subsidiaries. The value of these are shown in Note 10. There have been no other transactions with related parties.

Parent Company

Of the Parent Company's total purchasing expenses and sales income, 0% (0) of purchases and 100 (100) percent of sales refer to other Group companies.

NOTE 4 – Information about auditors' fees

Fees and remuneration

SEK thousands	Group		Parent Company	
	2013	2012	2013	2012
<i>Öhrlings PricewaterhouseCoopers</i>				
Audit assignments	486	539	301	281
Other assignments	-	-	-	-
<i>Other auditors</i>				
Audit assignments	624	697	-	-
Other assignments	312	186	-	-
	1,422	1,422	301	281

NOTE 5 – Leases and rental agreements

Group

The Group has no financial leases. Expenses for operating leases totaled till 23,456 (21,349) for the year. Future leasing and rental fees for operating leases are as follows.

SEK thousands	
2014	21,628
2015	16,096
2016	9,625
2017	2,214
2018	1,570
Later	329
Total	51,463

The majority of the Group's lease agreements concern premises and office and IT equipment. The Group's operating lease agreements do not contain any variable fees of material value. The agreements do not contain any restrictions.

NOTE 6 – Exchange rate differences in operating profit

SEK thousands	Group		Parent Company	
	2013	2012	2013	2012
Impact of exchange rate differences on operating profit	-174	-850	1	0

NOTE 7 – Average number of employees, salaries, other compensation, social security contributions, etc.

Average number of employees

Group	2013		2012	
	Number of employees	Of which men	Number of employees	Of which men
<i>Subsidiaries</i>				
Sweden	22	15	26	20
Denmark	1	1	-	-
Finland	4	3	4	3
Belgium	3	2	3	2
Germany	3	1	-	-
France	4	2	3	2
Switzerland	2	1	1	-
Spain	27	15	24	14
United Kingdom	30	14	28	17
The Netherlands	4	4	3	3
United States	187	114	189	115
Australia	16	12	17	12
Mexico	13	7	11	7
Brazil	9	4	7	4
Singapore	11	5	9	5
South Africa	16	5	18	7
Japan	3	3	3	3
India	11	8	9	7
South Korea	2	1	1	1
Taiwan	3	1	3	1
China	6	3	5	3
Thailand	1	1	1	1
Total for the Group	376	221	365	227

Distribution of senior executives by sex, %

	2013		2012	
	Women	Men	Women	Men
CEO and other senior executives (excl. the Board)	0	100	0	100
Board Parent Company	20	80	20	80
Board Group	8	92	8	92

In this context, "other senior executives" refers to the two people (two in 2012) who, together with the CEO, constitute the Group management team.

Parent Company

The Parent Company had no employees in 2013.

Salaries, other compensation, and social security contributions

Group	2013		2012	
	SEK thousands	Salaries and compensation	Salaries and compensation	Social security contributions of which pension expenses
Subsidiaries	275,292	38,400	298,309	41,520
		8,602		8,541

Pension expenses for employees who are president of or a member of the board of a Group company totaled 1,867 (1,882). All pension plans are defined-contribution plans.

Parent Company

The CEO is a member of the Board but receives no Board fee. Other members of the Board in the Parent Company have received compensation only in the form of Board fees.

SEK thousands		2013	2012
Michael Grindfors	Chairman of the Board	275	275
Mariana Burenstam Linder	Member	125	125
Stefan Gardefjord	Member	170*	170*
Dag Sehlin	Member	170*	170*
Total		740	740

* of which committee fee 45 (45)

For the CEO, see the figures for compensation to senior executives below.

Salaries and other compensation by country and divided between Board/CEO and other employees

Group	2013		2012	
	Board and CEO	Other employees	Board and CEO	Other employees
SEK thousands				
In Sweden				
Parent Company	740	-	740	-
Subsidiaries	3,422	19,784	3,483	16,688
Total Sweden	4,162	19,784	4,223	16,688
Outside Sweden				
United States	4,367	158,967	7,516	179,535
Europe	12,984	26,360	12,457	31,008
Other	4,874	43,795	5,001	41,881
Total outside Sweden	22,224	229,122	24,974	252,424
Total for the Group	26,386	248,906	29,197	269,112

Terms of employment and compensation for senior executives

Guidelines for compensation and

other terms of employment for senior executives

The Company shall employ persons under conditions and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's objectives. When employing persons outside Sweden, the Company shall comply with each country's generally accepted terms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 30% of the fixed basic salary. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs. The Board is entitled to deviate from the above policies in individual cases under special circumstances. The Board intends to propose to the AGM that the policies remain unchanged in 2014.

Compensation and benefits of the senior executives

Compensation includes basic salary, other benefits, variable compensation, and pension expenses.

Other benefits consist exclusively of company cars. The sum total of compensation paid to senior executives was 8,728 (14,141), of which pension expenses were 1,395 (1,432). All pension plans are defined-contribution plans.

The CEO Henrik Ekelund was paid salary and other benefits totaling 3,004 (4,310), including 0 (1,254) in variable compensation. Variable compensation is calculated using a model that triggers payment when

Group earnings exceed predefined profitability targets. The CEO has a defined-contribution pension entitlement equal to 25 (25) percent of his fixed salary, paid in the form of pension insurance entitling the CEO to a pension from the age of 65.

The CEO's employment contract states a mutual period of notice of six months. In addition, if the Company terminates the CEO's employment contract, the CEO is entitled to a severance package corresponding to 12 months' salary. None of the other senior executives is entitled to a severance package.

Other senior executives have been paid salaries and other benefits totaling 4,329 (8,398), of which variable remuneration was 87 (4,060). Variable compensation is based on targets achieved by the Company and the individual. Provisions to pensions are made individually at 13–20 percent of the fixed salary and paid in the form of pension insurance entitling the executive to a pension from the age of 65.

Share-based payment

The 2009/2013 employee stock option plans

The 2009 Annual General Meeting voted on the 2009/2013 employee stock option plan. A maximum of 50,000 employee stock options per person may be allocated to senior executives, and a maximum of 25,000 per person to other employees. No more than 150 people in all may be allocated employee stock options. No options shall be allocated to Board members elected by the AGM who are not employees of the Company or any other Group company or to the CEO of the Parent Company.

The 2009/2013 employee stock option plan comprises a maximum of 840,000 employee stock options, entitling employees in the United States to acquire a maximum of 495,000 Class B shares and employees in other countries, including Sweden, a maximum of 345,000 Class B shares.

Each employee stock option allocated to an employee entitled the holder to acquire one Class B share in BTS at an exercise price of SEK 37.70. Each employee stock option was valid for four years. The options had vesting conditions, such that a portion could be exercised each of the three years following allocation. Normally one-third of the total number allocated vests each year, provided that certain financial goals set by the Company's Board had been attained. For all employee stock options in any particular year to be exercisable, the Company's Board determined that the operating margin before amortization of intangible assets (EBITA margin) must be no less than 14% in that year. If the EBITA margin falls short of 14%, fewer options can be exercised. If the EBITA margin falls short of 10%, none can be exercised. Employee stock options that cannot be exercised are forfeited.

Holders must be employed by the Company when they exercise their stock options, which can be done after the options have been vested, from September 1, 2010, through June 30, 2013, inclusive.

Changes in the number of options on issue and their average exercise price are as follows.

	2013		2012	
	Average exercise price per share, SEK	Options (thousands)	Average exercise price per share, SEK	Options (thousands)
At January 1	37.70	630	37.70	671
Allocated	-	-	-	-
Utilized	37.70	-512	37.70	-18
Forfeited	37.70	-118	37.70	-23
At December 31	37.70	0	37.70	630

The value of the employee stock options was calculated using the Black and Scholes model based on the share price and other market conditions at August 31, 2009, without taking into account vesting limitations. Considering the performance conditions and assuming annual staff turnover of 5%, the accounting charge was estimated at a total of SEK 1.6 million, which is being expensed in annual installments over the vesting period as per IFRS 2. The expense for the fiscal year was 0 (0). Other important parameters in the model include the volume-weighted share price paid on the 10 trading days preceding allocation (SEK 29.00), the exercise price stated above, volatility of 33%, the anticipated dividend of SEK 1.20, and risk-free interest rates of 1.28%, 1.56%, and 1.85% for maturities of 2.5, 3.0, and 3.5 years, respectively.

Social security contributions will be recognized as expenses during the vesting period. During the vesting period, provisions for social security contributions will be accumulated as necessary. The amounts for these provisions and thus the expense recognized will be remeasured continuously based on changes in the value of the employee stock options. The employee stock options allocated to U.S. employees may be incentive stock options (ISOs), so that under current legislation they will not be subject to social security contributions.

To be able to carry out the employee stock option plan in a cost-effective and flexible manner and to cover future expenses (mainly social security contributions), the AGM of April 29, 2009, also approved a private placement of warrants with the wholly owned Swedish subsidiary BTS Sverige AB, corp. id. no. 556566-7127. These warrants entitle BTS Sverige AB to subscribe for a maximum of 943,500 Class B shares, with the company having the right and obligation to transfer or in some other way dispose of the warrants in order to secure the obligations of the Company or of another company employing people in the employee stock option plan to cover any resulting future expenses.

A total of 529,570 warrants as stated above have been used for subscription of new shares, which increased the Company's share capital by SEK 176,523 and resulted in a dilution equivalent to 3 percent of the share capital and 2 percent of voting rights for all shares.

NOTE 8 – Intangible assets

Group		
Goodwill		
SEK thousands	12-31-13	12-31-12
Accumulated acquisition cost, opening balance	138,410	146,204
Purchases	8,487	
Translation difference	-138	-7,794
Accumulated acquisition cost, closing balance	146,759	138,410
Accumulated impairments, opening balance	-3,726	-3,726
Impairments for the year	-	-
Accumulated impairments, closing balance	-3,726	-3,726
Carrying amount, closing balance	143,033	134,684

Other intangible assets		
SEK thousands	12-31-13	12-31-12
Franchise contracts		
Accumulated acquisition cost, opening balance	8,056	8,560
Translation difference	-9	-504
Accumulated acquisition cost, closing balance	8,047	8,056
Accumulated amortization, opening balance	3,368	3,008
Amortization for the year	536	557
Translation difference	-4	-197
Accumulated amortization, closing balance	3,901	3,368
Carrying amount, closing balance	4,147	4,688

SEK thousands	12-31-13	12-31-12
Technology, products & software		
Accumulated acquisition cost, opening balance	32,951	29,993
Purchases	1,898	4,724
Translation difference	-36	-1,766
Accumulated acquisition cost, closing balance	34,812	32,951
Accumulated amortization, opening balance	28,227	29,993
Amortization for the year	190	-
Translation difference	-31	-1,766
Accumulated amortization, closing balance	28,386	28,227
Carrying amount, closing balance	6,427	4,724

SEK thousands	12-31-13	12-31-12
Customer contracts		
Accumulated acquisition cost, opening balance	3,386	3,606
Purchases	633	
Translation difference	-4	-220
Accumulated acquisition cost, closing balance	4,015	3,386
Accumulated amortization, opening balance	2,051	1,617
Amortization for the year	210	190
Translation difference	-2	244
Accumulated amortization, closing balance	2,259	2,051
Carrying amount, closing balance	1,756	1,335

SEK thousands	12-31-13	12-31-12
Brands		
Accumulated acquisition cost, opening balance	9,183	9,320
Purchases	633	
Translation difference	-10	-137
Accumulated acquisition cost, closing balance	9,805	9,183
Accumulated amortization, opening balance	4,789	4,306
Amortization for the year	749	670
Translation difference	-5	-187
Accumulated amortization, closing balance	5,532	4,789
Carrying amount, closing balance	4,273	4,394

Total closing balance, carrying amount of other intangible assets	16,603	15,141
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Impairment tests

Goodwill and other intangible assets are allocated among the cash-generating units expected to benefit from the synergies of business acquisitions. The recoverable amounts are based on the value in use, calculated as the present value of future growth and earnings forecast for four years, and on cash flows extrapolated beyond that four-year period. Impairment tests are carried out on the operating segment level, which is the lowest level in the company at which goodwill is monitored.

Material assumptions used to calculate values in use:

- budgeted operating margin
- growth rate to extrapolate cash flows beyond the budget period
- discount rate applied for estimated future cash flows.

The budgeted operating margin has been determined based on previous performance and expectations of future market trends. To extrapolate cash flows beyond the budget period, a growth rate of 3–4 (3–4) percent was assumed, which is judged to be a conservative estimate. Also, an average discount rate in local currency after tax was used for the calculations. The discount rate used is 9.5 (9.5) percent.

Following impairment tests and sensitivity analyses, no impairment was indicated at December 31, 2013.

A sensitivity analysis was performed for each cash-generating unit, the results of which are given below.

- If the estimated operating margin was 10 percent less than the basic assumption, the overall recoverable amount would decrease 10 (11) percent.
- If the estimated growth rate for extrapolating cash flows beyond the budget period was 10 percent less than the basic assumption of 3–4 percent, the overall recoverable amount would decrease 4 (4) percent.
- If the estimated weighted cost of capital used for the discounted cash flows for the Group was 10 percent more than the basic assumption of 9.5 (9.5) percent, the overall recoverable amount would decrease 14 (14) percent.

These calculations are hypothetical and should not be seen as any indication that these factors are more or less likely to change. The sensitivity analyses should therefore be interpreted with caution. None of the cases above would indicate impairment of any individual unit.

Distribution of goodwill and other intangible assets by segment

Group

SEK thousands 12-31-13	North America	Europe	Other markets	APG	Total
Goodwill	110,772	6,912	3,238	22,111	143,033
Franchise contracts				4,147	4,147
Customer contracts	1,756				1,756
Technology, Products & Software	6,427				6,427
Brands	4,273				4,273
Total	123,228	6,912	3,238	26,258	159,636

SEK thousands 12-31-12	North America	Europe	Other markets	APG	Total
Goodwill	102,399	6,912	3,238	22,135	134,684
Franchise contracts				4,688	4,688
Customer contracts	1,335				1,335
Technology, Products & Software	4,724				4,724
Brands	4,394				4,394
Total	112,852	6,912	3,238	26,823	149,825

NOTE 9 – Property, plant, and equipment

Group

Equipment

SEK thousands	12-31-13	12-31-12
Accumulated acquisition cost, opening balance	42,236	36,649
Purchases	3,948	7,761
Disposals	-759	-1,529
Translation difference	-818	-645
Accumulated acquisition cost, closing balance	44,608	42,236
Accumulated depreciation, opening balance	25,940	21,096
Disposals	-750	-667
Depreciation for the year	6,267	5,761
Translation difference	-566	-250
Accumulated depreciation, closing balance	30,891	25,940
Carrying amount, closing balance	13,716	16,296

NOTE 10 – Segment reporting

Group

The Group's operations are managed and reported by the operating units BTS North America, BTS Europe, BTS Other markets, and APG, who are the Group's segments. Operating units invoice one another for services based on time expended and on market terms.

Shared Group expenses are invoiced, and amortization of intangible assets is distributed among the operating units.

SEK thousands	North America		Europe		Other markets		APG		Eliminations & unallocated		Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Income												
External sales	311,484	385,872	162,797	150,179	122,418	131,910	91,535	102,586			688,234	770,548
Internal sales	47,563	49,205	55,121	52,030	18,968	16,340	440	596	-122,091	-118,171	0	0
Total income	359,047	435,077	217,918	202,209	141,385	148,250	91,975	103,182	-122,091	-118,171	688,234	770,548
Operating profit	36,069	62,290	16,324	21,349	14,666	14,927	2,783	-1,169			69,842	97,396
Financial income									565	467	565	467
Financial expenses									-724	-1,141	-724	-1,141
Tax on profit for the year									-21,848	-32,981	-21,848	-32,981
Profit for the year											47,835	63,741
Other information												
Assets	307,021	292,452	112,677	106,757	73,975	71,694	28,527	44,881	-3,333	2,737	518,868	518,521
Liabilities	97,405	81,730	43,386	72,390	15,345	17,176	16,626	26,955	-9,677	-6,293	163,086	191,958
Investments	14,789	9,845	339	2,448	469	2,138	78	-			15,674	14,431
Depreciation of property, plant, and equipment	-3,663	3,124	-1,422	1,332	-1,162	1,279	-20	26			-6,267	5,761
Amortization of intangible assets	-1,149	861	-	-	-	-	-537	557			-1,685	1,418

The Group's total sales are distributed by the following sources of revenue: Development 154,159 (178,386), Seminars 385,472 (415,691), Licenses 105,440 (134,858) and Other revenues 43,163 (41,612).

41,180 (35,166) of the Group's total revenue refers to the domicile country, Sweden. The value of the Group's assets in Sweden amounted to 39 (108).

NOTE 11 – Financial income and expense

Group

SEK thousands	2013	2012
Interest income	565	467
Foreign exchange losses	-546	-376
Interest expenses	-178	-765
Total gain/loss on financial income and expense	-159	-674

Parent Company

SEK thousands	2013	2012
Gains/Losses on other securities and receivables held as non-current assets		
Dividends from subsidiaries	11,199	24,988
Interest income from subsidiaries	3,100	2,900
Impairment loss on loan in subsidiary	0	154
Foreign exchange losses	1	-376
	14,300	27,666
Interest income and similar profit/loss items	10	15
Interest expenses and similar profit/loss items	-44	-468
Total gain/loss on financial income and expense	14,266	27,213

NOTE 12 – Tax on profit for the year

Group		
SEK thousands	2013	2012
Current tax for the year	-21,848	-32,981

Parent Company		
SEK thousands	2013	2012
Current tax for the year	-682	-555

Reconciliation of effective tax

Group		
SEK thousands	2013	2012
Profit before tax	69,683	96,722
Tax expense based on Swedish income tax rates	-15,330	-25,438
Effects of different tax rates	-5,799	-7,867
Non-deductible expenses	-658	-1,623
Non-taxable income	123	1,953
Tax attributable to previous years	-182	-6
Effective tax recognized	-21,848	-32,981
Effective tax rate	31.4%	34.1%

Parent Company		
SEK thousands	2013	2012
Profit before tax	14 278	27 100
Tax expense based on Swedish income tax rates	-3 141	-7 127
Dividends from subsidiaries	2 464	6 572
Effective tax recognized	-682	-555
Effective tax rate	4,8%	2,0%

NOTE 13 – Earnings per share

Group

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to Parent Company shareholders with the weighted average number of common stock on issue during the period.

	2013	2012
Profit for the year attributable to Parent Company shareholders, SEK thousands	47,835	63,741
Average number of shares, basic (thousands)	18,590	18,057
Basic earnings per share, SEK	2.57	3.53

Diluted earnings per share

In calculating the diluted earnings per share, the weighted average number of common stock on issue is adjusted for the dilution effect of all potential common stock. Impact on 2012 came from the 2009 share program. The stock options gave rise to a dilution effect when the average price of common stock during the period exceeded the exercise price for the options. The stock option program expired 30 June 2013 and therefore no potential ordinary shares are outstanding and the average number of shares out-standing before dilution is consistent with the number after dilution for 2013.

	2013	2012
Profit for the year attributable to Parent Company shareholders, SEK thousands	47,835	63,741
Average number of shares, diluted (thousands)	18,590	18,707
Diluted earnings per share, SEK	2.57	3.41

NOTE 14 – Dividend per share

Dividends paid in 2013 totaled SEK 32,184 thousand (SEK 1.75 per share). Dividends paid 2012 totaled SEK 28,877 thousand (SEK 1.60 per share). At the AGM to be held May 13, 2014, a dividend for fiscal 2013 of SEK 1.75 per share, totaling SEK 32,532 thousand, will be proposed. The proposed dividend was not recognized as a liability in these financial statements.

NOTE 15 – Financial assets

Participations in Group companies

Parent Company

SEK thousands	No. of shares	Pctg. equity	Carrying amount 12-31-13	Carrying amount 12-31-12
Parent Company holdings				
BTS Sverige AB Corp. id. no. 556566-7127 Domicile: Stockholm	5,000	100	7,456	7,456
BTS USA, Inc. Corp. id. no. 06-1356708 Domicile: Connecticut	1,000	100	77,430	77,430
BTS in London Ltd. Corp. id. no. 577 1376 13 Domicile: London	5,000	100	6,833	6,833
Business Training Systems AS Corp. id. no. 957 694 187 Domicile: Oslo	100	100	94	94
Catalysts for profitability and growth Ltd Corp. id. no. 1998/010779/07 Domicile: Centurion	1,000	100	1	1
BTS Finland AB Corp. id. no. 556583-1673 Domicile: Stockholm	1,000	100	100	100
BTS Asia Pacific PTE Ltd Corp. id. no. 2008114642 Domicile: Singapore	50,000	100	237	237
Business Training Solutions S.L. Corp. id. no. B95138160 Domicile: Bilbao	1,031	100	7,911	7,911
BTS Management SA Corp. id. no. 01 73.802 11 Domicile: Geneva	1,000	100	673	673
Business Game Factory Oy Corp. id. no. 1807788-2 Domicile: Helsinki	90,750	100	654	654
BTS Brussels NV Corp. id. no. 878.155.648 Domicile: Brussels	620,000	100	587	587
Total shares in subsidiaries			101,976	101,976
Acquisition cost, opening balance			110,077	110,077
Share-based payments as per IFRS 2			-	-
Investments			-	-
Accumulated divestments/impairments			-8,101	-8,101
The year's divestments/impairments			-	-
Closing acquisition cost			101,976	101,976

Parent Company

SEK thousands	2013	2012
<i>Receivables from Group companies</i>		
Carrying amount, opening balance	0	19,105
<i>Change for the year</i>		
Repayments	-	-18,729
Translation differences	-	-376
Carrying amount, closing balance	0	0

NOTE 16 – Cash flow information

SEK thousands	Group		Parent Company	
	2013	2012	2013	2012
<i>Financial income and expense</i>				
Interest income	565	467	10	169
Foreign exchange losses	-546	-376	1	-376
Interest expenses	-178	-765	-44	-468
Total	-159	-674	-32	-675

SEK thousands	2013	2012
<i>Investing activities</i>		
Deposits (refers to rental deposits)	-76	-1,946

NOTE 17 – Deferred tax assets and liabilities**Group**

SEK thousands	2013	2012
Deferred tax assets that can be applied within 12 months	1,201	1,054

The amount concerns unused loss carry-forwards in subsidiaries, and is unchanged in the local currency. The change for the year consists of a translation difference.

No deferred tax liability has been recorded for temporary differences attributable to shares and interest in subsidiaries, because BTS can determine the date the temporary differences are cancelled, and it is probable that such a cancellation will not take place in the foreseeable future.

NOTE 18 – Prepaid expenses and accrued income**Group**

SEK thousands	12-31-13	12-31-12
Accrued income	47,332	58,066
Prepaid rent	2,687	2,901
Other items	17,740	23,630
Total	67,759	84,597

Parent Company

SEK thousands	12-31-13	12-31-12
Other items	52	112

NOTE 19 – Equity

The share capital consists of 853,800 Class A shares and 17,736,070 Class B shares, totaling 18,589,870 shares with a total value of SEK 6,196,623. Each share has a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

The equity in all Group companies that have a functional currency different from the reporting currency is translated into the reporting currency (SEK). Translation differences arise if the SEK exchange rate for a functional currency at the end of the period is different from its rate at the start of the period. These translation differences have no effect on taxes. Closing accumulated translation differences recognized directly in equity totaled -58,142. Opening accumulated differences totaled -51,733.

NOTE 20 – Financial instruments and financial risk management

Policies for financing and financial risk management

The Board directs and monitors BTS's financing activities and financial risks. Financing and risk management are gathered under the Group finance function and conducted in compliance with a financial policy adopted by the Board of Directors that stresses low risk. The aim of the Company's risk management is to optimize the Group's cost of capital and, in a deliberate manner, to manage and control the Group's financial risks. Hedging instruments may be used within given parameters. Future payments are not normally hedged. Cash and cash equivalents may be invested in interest-bearing accounts or in interest-bearing securities carrying low credit risk. The duration of the investment portfolio must not exceed nine months.

During the year, BTS's holdings of financial instruments were limited to primary instruments such as accounts receivable, trade payables, and the like. Customer contracts contain no currency clauses or anything that could be considered embedded derivatives. No hedging instruments are held or have been purchased or sold during the year, the same applies for the previous year.

Fair value of financial assets and liabilities

Group

SEK thousands	12-31-13	12-31-12
Other non-current receivables	6,888	6,830
Accounts receivable	155,980	158,479
Other current receivables	-	1,260
Cash and cash equivalents	108,833	94,910
Total financial assets	271,701	261,479
Other non-current liabilities	213	703
Accounts payable	16,971	21,741
Other current liabilities	-	-
Total financial liabilities	17,184	22,444

Financial assets

Loan and accounts receivable

During the year, BTS held no non-derivative financial assets with payments that can be determined and that were not listed on an active market.

Other non-current receivables chiefly consist of rental deposits and interest-bearing financial claims on various counterparts.

Rental deposits have a maturity corresponding to their respective leases. Reported value is deemed equivalent to the fair value.

Accounts receivable denominated in foreign currencies are measured at the closing rate. Accounts receivable in the BTS North America operating unit constitute 44 (44) percent of the Group's total accounts receivable. The table below shows the distribution of accounts receivable by currency.

Group

SEK thousands	12-31-13	12-31-12
SEK	9,836	10,570
USD	79,001	84,539
GBP	21,263	22,145
EUR	21,726	15,886
Other currencies	24,155	25,339
Total accounts receivable	155,980	158,479

Accounts receivable are recognized after deductions for doubtful and uncollectible debts. Provisions are made for doubtful receivables after testing in each individual case. During the year, credit losses on accounts receivable had an impact of 0 (0) on earnings. There are no provisions for doubtful accounts receivable, the same as last year.

At December 31, 2013, accounts receivable totaling 26,870 (21,779) were more than 30 days past due; this excludes accounts receivable for which provisions had been made. The structure of due dates is shown in the table below.

Group

SEK thousands	12-31-13	12-31-12
Total accounts receivable	155,980	158,479
more than 30 days overdue	14,889	11,856
more than 60 days overdue	11,981	9,923

Cash and cash equivalents

At the end of the reporting period, there was only cash in hand and bank balances.

Financial liabilities

Financial liabilities held during the year are measured at the amortized cost using the effective interest method. At year-end 2013 the financial liabilities consisted of accounts payable.

Accounts payable are deemed reasonably approximate to their fair value. All accounts payable fall due within 12 months, of which a vast majority are due within a month, why they are not discounted to present value.

Foreign exchange risk

The Group is exposed to foreign exchange risks associated with the translation of foreign subsidiaries, thus influencing profit and equity in the Group. The currencies that have the greatest influence are USD, EUR, and GBP. Transaction exposure is limited, because revenues and expenses are primarily denominated in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits based on BTS's 2013 income statement and should only be seen as an indication of the significance of the different currencies.

	Percentage change	Change, SEK thousands, full-year 2013
SEK/USD	+/-10%	4,304
SEK/EUR	+/-10%	1,053
SEK/GBP	+/-10%	1,516

Credit risk

Credit risk refers to companies not getting paid for their accounts receivable from customers. BTS only accepts creditworthy counterparties in financial transactions, and the limit is determined individually for each customer. Creditworthy refers to companies that have undergone customary credit checks. The intention is for credit limits to reflect the solvency of each customer. BTS has sufficiently diversified risk. BTS's accounts receivable and sales are spread among a large number of companies operating in a variety of sectors.

The maximum credit risk at year-end was 14,318 (8,540), which corresponds to the largest credit exposure to any single group.

Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents and an unutilized approved overdraft facility. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in the market interest rate that affect BTS negatively by increasing the cost of the Company's borrowing. The sensitivity analysis below shows the increase and decrease in interest expense resulting from a change in the market interest rate.

	Percentage change in market interest rate	Change in interest expense 2013, SEK thousands
Interest on bank overdraft facility	+/- 10%	18

BTS's policy is to allow borrowing with the Board's approval. Any surplus cash in subsidiaries should first of all be used to repay loans, which was done during the year. Interest risk is limited to the fluctuating return on cash and cash equivalents invested at variable rates.

Group

SEK thousands	12-31-13	12-31-12
Cash and cash equivalents	108,833	94,910
Unutilized portion of bank overdraft facility	18,181	18,187
Cash and cash equivalents available	127,014	113,097

Managing capital risk

BTS's goal for its capital structure is to safeguard the Group's ability to continue and expand its operations, so that they continue to generate a return for shareholders and benefit other stakeholders, at the same time as the cost of capital is kept at a reasonable level.

To maintain or change the capital structure, the dividend can be raised or lowered, shares can be issued, shares can be repurchased, and assets can be sold.

BTS's financial objective – and a measure of its capital risk – is that its equity/assets ratio never remains less than 50%. At year-end, the Company's equity/assets ratio was 69 (63) percent.

NOTE 21 – Bank overdraft facility

Group		
SEK thousands	12-31-13	12-31-12
Approved credit limit	18,181	18,187
Unutilized portion	-18,181	-18,187
Credit utilized	0	0

Parent Company		
SEK thousands	12-31-13	12-31-12
Approved credit limit	3,300	3,300
Unutilized portion	-3,300	-3,300
Credit utilized	0	0

NOTE 22 – Accrued expenses and prepaid income

Group		
SEK thousands	12-31-13	12-31-12
Accrued salaries	36,085	54,432
Accrued social security contributions	2,731	4,176
Prepaid income	57,615	57,060
Other items	18,819	24,778
Total	115,250	140,446

Parent Company		
SEK thousands	12-31-13	12-31-12
Other items	521	388

NOTE 23 – Pledged assets

Group		
SEK thousands	12-31-13	12-31-12
<i>Assets pledged for debts to credit institutions</i>		
Company mortgages	10,000	10,000

NOTE 24 – Contingent liabilities on behalf of Group companies

Parent Company		
SEK thousands	12-31-13	12-31-12
Guarantee commitments on behalf of subsidiaries	3,661	3,665

The Board of Directors and Chief Executive Officer affirm that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and that the annual report was prepared in accordance with generally accepted accounting principles in Sweden. The annual report and consolidated financial statements, respectively, provide a true and fair view of the Parent Company's and the Group's financial positions and earnings.

The management report for the Parent Company and the Group provides a fair review of developments in the Parent Company's and the Group's operations, financial position, and earnings and describes the material risks and uncertainties facing the Parent Company and the companies that are part of the Group.

The consolidated income statement and balance sheet as well as the Parent Company's income statement and balance sheet will be submitted for adoption to the Annual General Meeting of May 13, 2014.

Stockholm, Sweden, April 8, 2014

Michael Grindfors
Chairman of the Board

Henrik Ekelund
Chief Executive Officer

Mariana Burenstam Linder
Member of the Board

Stefan Gardefjord
Member of the Board

Dag Sehlin
Member of the Board

Our audit report was submitted on April 10, 2014
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Audit Report

To the Annual General Meeting of
BTS Group AB (publ)
Corp. id. no. 556566-7119

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of BTS Group AB (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 54–85.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated

accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of BTS Group AB (publ) for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way,

acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, April 10, 2014
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant



Governance and management

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2013 Corporate Governance Report

BTS Group AB is a public limited liability company based in Stockholm, Sweden, and listed on NASDAQ OMX Stockholm. Consequently the BTS Group's corporate governance is based on Swedish legislation and regulations such as the Companies Act, the listing agreement, the Swedish Code of Corporate Governance, and the Company's own articles of association.

The Swedish Code of Corporate Governance (the Code) is a set of rules and regulations for listed companies and complements legislation, companies' own articles of association, and other rules by specifying a norm for good corporate governance. The Code deals with the systems and corporate and decision-making bodies through which owners directly or indirectly control their company and is intended to safeguard the investments of shareholders and the assets of a group as well as to insure that the financial information provided by a company is reliable. Any deviations from the Code are explained in the pertinent section.

This corporate governance report does not constitute a part of the formal financial statements and has not been reviewed by the Company's auditors.

Corporate governance structure

The corporate bodies of BTS Group AB comprise the following.

Annual General Meeting (AGM)	– highest decision-making body
Board of Directors	– has ultimate responsibility for the Company's organization and management
Chief Executive Officer (CEO)	– has responsibility for day-to-day management
Auditors	– audit the Board of Directors' and CEO's management at the request of the shareholders/Annual General Meeting.

Shareholders

The total number of shares outstanding is 18,589,870, consisting of 853,800 Class A and 17,736,070 Class B shares. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

At December 31, 2013, BTS Group AB had approximately 682 shareholders. The ten largest shareholders had total shareholdings corresponding to 76,6% of shares and 83,4% of votes. A list of the largest shareholders is found on page 51 of the annual report.

Annual General Meeting

BTS's highest decision-making body is the Annual General Meeting (AGM). Notice of the AGM shall be published no earlier than six weeks and no later than four weeks before the AGM and shall appear in Post och Inrikestidningar and Svenska Dagbladet. All shareholders entered in the share register on the record date who have notified the Company in time of their intention to participate in the AGM may do so.

Shareholders unable to attend can be represented by proxy.

The AGM elects the Company's Board and the Chairman of the Board. The business of the AGM includes

- adopting the income statement and balance sheet,
- determining the appropriation of the Company's earnings,
- determining whether to discharge the members of the Board and the CEO from liability to the Company,
- electing auditors, and
- determining fees to be paid to the Board and auditors.

2013 Annual General Meeting

The 2013 AGM was held on Tuesday, May 14, 2013, at the Company's offices in Stockholm. Nineteen shareholders attended, representing 77.1% of the number of shares outstanding and 83.9% of the votes. All members of the Board and the Company's auditor participated in the AGM. Decisions made included the following.

- The income statement and balance sheet and the consolidated income statement and balance sheet for fiscal 2013 were adopted.
- The proposed dividend of SEK 1.75 per share was approved.
- The Board of Directors and CEO were discharged from liability for management during the fiscal year as recommended by the auditors.
- A total of SEK 650,000 in fees was approved to be paid to members of the Board who receive no salary from the Company or any subsidiary, of which SEK 275,000 shall be paid to the Chairman and SEK 125,000 each to other members. For work on Board committees, fees totaling SEK 90,000 shall be paid.
- Auditors' fees were approved to be paid based on approved invoices.
- Mariana Burenstam Linder, Henrik Ekelund, Stefan Gardefjord, Michael Grindfors and Dag Sehlin were re-elected to the Board for the period until the next AGM. Michael Grindfors was re-elected Chairman of the Board.
- Instructions for the nominating committee, such that the committee be made up of representatives from the two shareholders controlling the most votes, based on Euroclear Sweden AB's data at September 30, 2013, and the Chairman of the Board.
- Guidelines for remuneration and other terms of employment for senior executives were determined.
- The Board of Directors was authorized to decide, during the period until the next AGM, whether to issue shares or convertible instruments that would result in a maximum of 1,200,000 Class B shares being issued for capital contributed in kind or as offsets. This authorization referred to corporate acquisitions.

Nominating committee

The nominating committee has the task of preparing and submitting proposals to the AGM concerning the following, when relevant.

- Election of a president for the AGM.
- Election of the Chairman of the Board and other members of the Board.

- Board fees: in total and divided among the Chairman and other members of the Board as well as compensation for work on committees, when relevant.
- Audit fees.
- Election of auditor and deputy auditor, when relevant.
- Adoption of a policy for appointing the nominating committee.

A nominating committee for BTS Group AB was appointed on October 24, 2013. BTS's two largest shareholders in consultation with Michael Grindfors, Chairman of the Board, appointed Anders Dahl (representing Henrik Ekelund), Stefan af Petersens, and Michael Grindfors to the committee. Anders Dahl was appointed chairman of the nominating committee.

Shareholders in BTS Group AB have been able to contact the nominating committee to propose candidates to the Board.

All of the nominating committee's candidates based on the above will be announced in the notice for the 2014 AGM. The nominating committee's statement supporting its proposal for the Board of Directors of BTS Group AB as well as the information about the candidates recruited by the committee will be published on BTS's web site when the proposal is announced.

Board of Directors

The Board of Directors has ultimate responsibility for the Company's organization and management and is appointed by the shareholders at each AGM for the period from that AGM until the end of the next. BTS's Board decides on issues such as strategic direction, acquisitions, investments, financing, and Group-wide policies. BTS's Board shall also insure proper disclosure to BTS's various stakeholders.

The articles of association specify that BTS's Board shall consist of no fewer than three and no more than eight members. The AGM held on May 14, 2013, decided that for the period until the next AGM the Board would consist of five members and no deputy members.

Once each fiscal year, the work of the Board is assessed, either by the Board alone or with external assistance, providing a basis for the Board's procedures in the future.

The Board is deemed to comply with the Nasdaq OMX Stockholm marketplace rules and the Swedish Code of Corporate Governance regarding requirements on independence of members of the Board in relation to the Company and Company management.

Information about the Board of Directors is to be found on page 94 in the Annual Report.

The work of the Board of Directors

In addition to legislation and recommendations, a written set of procedures adopted annually governs the work of the Board. The Board's set of procedures is intended to clarify and regulate the Board's tasks and how it works as well as the division of responsibilities among the Chairman, other Board members, and the CEO. According to these procedures, the Board shall normally hold a minimum of four ordinary meetings. At each of these meetings, the Board deals with issues of material significance to the Company. In addition, the Board receives reports from senior management about current business conditions in the Group's market segments.

Board meetings are held periodically in connection with the Company's financial reports. The Board deals with the year-end report and proposed appropriation of earnings in February, interim reports in April, August, and October–November, and the budget for the coming year in December. Occasionally, an issue is delegated to the Chairman of the Board and the CEO for joint deliberation. The Company's CFO serves as Board secretary. During the past year, ten meetings were held.

Every year the Board makes an evaluation of the work of the Board. The Nomination Committee has been informed of the contents in the 2013 evaluation. It is e.g. used as basic data when next year's work of the Board is planned.

Compensation to the Board

The AGM held on May 14, 2013, approved a total of SEK 650,000 in fees to be paid to those Board members who receive no salary from the Company or any of its subsidiaries, such that SEK 275,000 be paid to the Chairman and SEK 125,000 each to the members. The AGM also approved a total of SEK 90,000 in fees for work on Board committees.

Composition and independence of the 2013 Board

Member	Position	Elected	Committee work	Independent	Board meeting attendance
Michael Grindfors	Chairman of the Board	2009		Yes	10/10
Mariana Burenstam Linder	Member	2004		Yes	9/10
Henrik Ekelund	Member	1986		No ¹	10/10
Stefan Gardefjord	Member	2003	Audit Committee	Yes	9/10
Dag Sehlin	Member	2003	Audit Committee	Yes	10/10

¹ Henrik Ekelund is the largest shareholder and is President and CEO of BTS Group.

The AGM also determined that auditors' fees will be paid based on approved invoices.

Members of the Board in the Parent Company have received compensation only in the form of Board fees. The Members of the Board are not included in any incentive programs for Group employees that are based on shares or share prices.

Compensation committee

The compensation committee has the task of reviewing and recommending to the Board policies for compensation, including performance-based payments and pension benefits for the Company's senior executives. Issues concerning the CEO's terms of employment, compensation, and benefits are prepared by the compensation committee and decided by the Board. The duties of the compensation committee were performed during the year by the Board as a whole excluding the CEO.

The Board will propose policies for compensation and other terms of employment for the Company's senior executives for the approval of the AGM on May 13, 2014.

More information about compensation to senior executives is found in Note 7 of the annual report.

Audit committee

The task of the audit committee is to prepare the Board's work assuring the quality of the Company's financial reports. The audit committee also adopts guidelines on services other than auditing that the Company may purchase from the Company's auditors. The committee is also tasked with providing the nominating committee with an assessment of the audit work and of assisting the nominating committee in preparing the nominating committee's proposal to the AGM for the election of auditors as well as the size of the audit fee. The Company's CFO, also the Board secretary, prepared the business for the meetings.

Auditors

The auditors examine the management of the Company by the Board and CEO and the quality of the Company's accounts and they report the results of their audit to the shareholders through the audit report, which is submitted at the AGM. In addition, the auditor participates in the Board meeting when the final accounts are presented and submits a report on the audit of the Company's earnings, financial position, and internal control. The Company's auditor may also submit a statement of his/her findings directly to the Chairman of the Board, if deemed necessary.

The auditor is elected by the AGM for a period of four years. The 2013 AGM re-elected the registered public accounting firm Öhrlings PricewaterhouseCoopers and managing auditor Magnus Thorling for the period until the end of 2014 AGM.

More information about compensation to auditors is found in Note 4 of the annual report.

For 2013, the Company's auditors did not review BTS's semiannual report or the nine-month interim report, which deviates from the Code.

The Board has determined to date that the additional costs of such reviews have not been justifiable.

Senior executives

BTS's senior executives include:

Henrik Ekelund, President & CEO of BTS Group AB, Stefan Brown, CFO and Vice President of BTS Group AB, and Jonas Åkerman, President of BTS USA Inc.

More information about senior executives is found on page 96 of the annual report.

Guidelines for compensation and other terms of employment for senior executives

The AGM held on May 14, 2013, adopted policies for compensation to senior executives such that BTS shall employ persons on terms and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's goals. When employing persons in different countries, the Company shall comply with each country's generally accepted forms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 30% of the fixed basic salary. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs. Only the CEO in the Parent Company is entitled to a severance package, corresponding to 12 months' salary if the Company terminates his employment contract.

The Board is entitled to deviate from the principles above in individual cases under special circumstances.

Information and communication

The overall goal of BTS's communication is to provide shareholders and employees, actors in the market, and other stakeholders with an up-to-date, true, and fair view of the Company and its business operations. Communication shall be correct, credible, characterized by close relationships with the Company's stakeholders, and based on frequent contact, clarity, and good ethics. BTS believes that high-quality communication efforts actively help bolster confidence in the Company and management, making it easier to achieve business objectives.

BTS publishes up-to-date information about the Company on its web site. Interim reports and annual reports are published in Swedish and English. Events that could be expected to affect the share price are announced in press releases. In addition, the Company communicates with mass media, capital markets, and shareholders when interim reports are published and also participates in other activities on an ongoing basis.

The Board of Directors' description of internal control concerning financial reports

Good corporate governance is about organization and routine, the proper handling of financial information, and minimizing risk. A good control environment is also based on an organizational structure with explicit and documented delegation of decision-making authority, straightforward guidelines and policies, and a corporate culture with common values.

Control environment

Internal control at BTS is based on a control environment embracing the organization, lines of decision-making, authority, and responsibility. The Board of Directors has a written set of procedures that clarifies the Board's responsibility and regulates how Board tasks are delegated. The set of procedures also specifies which issues are submitted to the Board for a decision. How roles are divided between the Board and the CEO is described in the Board's set of procedures and its instructions to the CEO. The CEO also manages the business with reference to the Companies Act, other laws and regulations, rules and regulations for stock market companies, and the Code, for example.

The Company has established policies in areas such as financial reporting, IT and IT security, and human resources (compensation to senior executives, the work environment, equal opportunity). The Board's instructions to the CEO specify financial responsibilities and authority, as do procedures adopted for signing off. To limit and control financial risk, the Board has adopted a financial policy.

The Company's operating organization is communicated through an organization chart augmented by the assignment of roles and responsibilities.

The Board of Directors follows up to insure that policies adopted for financial reporting and internal control are adhered to and maintains appropriate relationships with the Company's auditors. Company management is responsible for the system of internal controls required for managing significant risks in operating activities.

Risk assessment and control activities

The Board of Directors has ultimate responsibility for risk management. A well-defined organization and decision-making procedure are intended to foster prudent risk taking and good awareness of risk among employees. To insure that internal routines and controls have worked adequately and uniformly, the most important processes have procedural descriptions. Built-in checkpoints also minimize the risk of errors in accounting. Likewise, procedures for the Company's accounting and consolidation systems have been documented. Ongoing activities aim at maintaining good internal control, thus avoiding and detecting risks.

Information and communication

Significant guidelines, manuals, and such that affect financial reporting are updated and communicated on an ongoing basis to personnel in the Group affected. Formal as well as informal channels to Company management and the Board exist to transmit significant information from employees. For external communication, the Company follows the governing regulations discussed above.

Follow-up

The Board of Directors continuously evaluates the information provided by Company management. The work of the Board includes insuring that actions are taken concerning any deficiencies or proposals for corrective action arising from external audits.

BTS has no internal audit unit of its own, based on the assessment that there are no special circumstances in operating activities according to Group size, organization and reporting structure or other conditions to justify such a unit.

Auditor's report on the corporate governance report

To the annual meeting of the shareholders of BTS Group AB (publ) corporate identity number 556566-7119

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2013 on pages 90–93 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, April 10, 2014
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

The Board of Directors and Auditor

Michael Grindfors

Born 1956.

Chairman of the Board of directors of BTS Group AB since 2009.

Shareholdings in BTS Group AB: 50 420 class B shares.

Michael Grindfors is senior advisor to AlixPartners where he previously was CEO. He has also held senior executive positions in New York and the Nordic countries in companies such as Boston Consulting Group, Goldman Sachs and Puma-Etonic-Tretorn. Michael Grindfors graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

Mariana Burenstam Linder

Born 1957.

Member of the Board of BTS Group AB since 2004.

Managing Partner in Burenstam & Partners AB.

Other assignments: Chairman of the board of Advisa AB. Member of the board of Latour AB.

Shareholdings in BTS Group AB: 22,100 Class B shares.

Mariana Burenstam Linder has extensive experience from management positions in several Swedish companies. Former positions include CEO of Ainax, Head of Enskilda Banken with global responsibility for Private Banking, deputy CEO of SEB, CIO of Trygg-Hansa and later the SEB group, CEO of ABB Financial Consulting and CEO of Nordic Management AB. Mariana Burenstam Linder graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

Henrik Ekelund

Born 1955.

President and CEO of BTS Group AB.

Shareholdings in BTS Group AB (including companies): 816,000 Class A shares, 3,149,034 Class B shares.

Henrik Ekelund is the founder of BTS and has been its CEO since its inception in 1986.

Henrik Ekelund has comprehensive experience as a board member and owner of high-growth enterprises, including Jobline AB, Image Publications AB and Universum AB. Henrik Ekelund graduated in business administration at the Stockholm School of Economics.

Not independent of the Company or its major shareholders.

Stefan Gardefjord

Born 1958.

Member of the Board of BTS Group AB since 2003.

President and CEO of Swedish Space Corporation.

Shareholdings in BTS Group AB: 15,000 Class B shares.

Stefan Gardefjord has been CEO of Logica Sverige AB and member of the executive management of Logica. He has since 1987 held several senior positions in the WM-data group, including CEO of different subsidiaries, business area head, and group director of marketing, sales, and information. Stefan Gardefjord graduated upper secondary school in business.

Independent of the Company and its major shareholders.

Dag Sehlin

Born 1945.

Member of the Board of BTS Group AB since 2003, Chairman of the Board 2003–2008.

Shareholdings in BTS Group AB (including related parties): 16,000 Class B shares.

Dag Sehlin has long-term experience in senior positions in the Swedish financial sector. Previous positions include CFO and deputy CEO of Posten AB, deputy CEO of the OM Group, and prior to that various positions in accounting and finance at several Swedish companies. He also has long-term experience from work as an independent consultant and member of the board of various listed companies and other enterprises. Dag Sehlin graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

AUDITOR

Öhrlings PricewaterhouseCoopers AB.

Managing auditor:

Magnus Thorling

Authorized Public Accountant.

The above information on shareholdings was correct at December 31, 2013.



Left to right: Stefan Gardefjord, Michael Grindfors (Chairman of the Board), Henrik Ekelund (President and CEO), Mariana Burenstam Linder and Dag Sehlin.

Senior Executives



Henrik Ekelund

Born 1955.
President and CEO of BTS Group AB.
See Board of Directors on the preceding page.



Jonas Åkerman

Born 1963.
Executive Vice President.
President and CEO of BTS USA.
Employed by BTS since 1991.
Options and shareholdings in BTS Group AB: 885,900 Class B shares.



Stefan Brown

Born 1963.
CFO and Vice President of BTS Group AB.
Employed by BTS since 1990.
Options and shareholdings in BTS Group AB:
21 190 Class B shares.

The above information on options and shareholdings was correct at December 31, 2013.

Global Partners in BTS



Henrik Ekelund

Born 1955.
President and CEO of BTS Group AB.
See Board of Directors on the preceding page.



Stefan Hellberg

Born 1957.
Executive Vice President.
Employed by BTS since 1986.



Jonas Åkerman

Born 1963.
Executive Vice President.
President and CEO of BTS USA.
Employed by BTS since 1991.



Rommin Adl

Born 1964.
Executive Vice President.
Employed by BTS since 1994.



Peter Mulford

Born 1968.
Executive Vice President.
Employed by BTS since 1997.



Dan Parisi

Born 1968.
Executive Vice President.
Employed by BTS since 1995.



Todd Ehrlich

Born 1968.
Executive Vice President.
Employed by BTS since 1995.



Philios Andreou

Born 1967.
Executive Vice President.
President and CEO of BTS Southern Europe and Latin America.
Employed by BTS since 2003.



Lou Schachter

Born 1964.
Executive Vice President.
Employed by BTS since 2006.

Advantage Performance Group Inc.

Annika McCrea

Born 1968.
President and CEO of APG until March 31, 2014.
Employed by BTS since 1995.



Jonathan Hodge

Born 1972.
President and CEO of APG as of April 1, 2014.
Employed by BTS since 2006.



Shareholder Information

Annual General Meeting 2014

Shareholders in BTS Group AB (publ) are invited to the AGM on Tuesday, May 13, 2014, at 9:30 am at the Company's premises, Grevgatan 34, 5th floor, Stockholm.

Shareholders wishing to participate must be entered in the share register maintained by Euroclear Sweden AB no later than Wednesday, May 7, 2014, and must have notified BTS Group AB no later than Wednesday, May 7, 2014.

Notify the Company by phone at +46 8 58 70 70 00, fax +46 8 58 70 70 01, or e-mail at ir@bts.com.

In the notification, please include the shareholder's name, personal identification number or corporate identification number, address, phone number, and the number of shares held.

To participate in the AGM, shareholders who have registered shares under the name of a trustee must temporarily register them with Euroclear Sweden AB under their own name. Any such request to transfer registration should be made well in advance of Wednesday, May 7, 2014.

Dividend

The Board of Directors proposes a dividend of SEK 1.75 per share.

2014 reports and financial information

Interim reports:

January–March	May 13, 2014
April–June	August 19, 2014
July–September	November 6, 2014
Year-end report	February 2015

The reports above can be ordered from BTS Group AB, Grevgatan 34, SE-114 53 Stockholm, phone +46 8 58 70 70 00, fax +46 8 58 70 70 01, or e-mail ir@bts.com. Financial information from BTS Group AB is also published at www.bts.com.

Definitions

BTS Group AB, BTS Group AB (publ), BTS, the Company BTS Group AB with or without the Group's subsidiaries (unless otherwise indicated by the context).

Every care has been taken in the translation of this Annual Report. In the event of discrepancies, however, the Swedish original will supersede the English translation.



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