

# BTS Group AB (publ)

Interim Report January 1 – March 31, 2009

## BTS stands strong in a difficult market

- Net sales increased by 12 percent during the first quarter and amounted to MSEK 137.4 (122.3). Adjusted for changes in exchange rates, growth was -9 percent.
- Operating profit before amortization of intangible assets (EBITA) increased by 4 percent to MSEK 14.1 (13.5).
- Profit before tax for the first quarter increased by 8 percent and amounted to MSEK 10.9 (10.1).
- Profit after tax for the first quarter increased by 7 percent and amounted to MSEK 7.2 (6.7).
- Earnings per share increased by 7 percent to SEK 0.40 (0.37)
- Demand for training and consultancy services weakened during the first quarter compared to the previous year. Demand for BTS' services has been better than the market as a whole, apart from APG which continued to develop negatively during the first quarter. More positive trends were noted on the US' market at the end of the quarter.
- An office was opened in Bangkok, Thailand.
- New clients secured during the first quarter included Deloitte, Fabege, HSBC, Indra, LRF, McDonalds, Munters and Sodexo, among others.

*BTS Group AB is an international consultancy and training company active in the field of business acumen. BTS uses tailor-made simulation models to support company managers in implementing change and improving profitability. BTS solutions and services train the entire organization to analyze and to take decisions centered on the factors that promote growth and profitability. This generates increased emphasis on profitability and market focus, and supports day-to-day decision-making, which in turn leads to tangible, sustainable improvements in profits. BTS customers are often leading major companies*

## Turnover

BTS' net turnover increased by 12 percent during the first quarter and amounted to MSEK 137.4 (122.3). Adjusted for changes in exchange rates, growth was -9 percent. Growth varied significantly among the units: BTS Other markets +22 percent, BTS Europe +/- 0 percent, BTS USA -8 percent and APG -27 percent (growth figure calculated using local currencies).



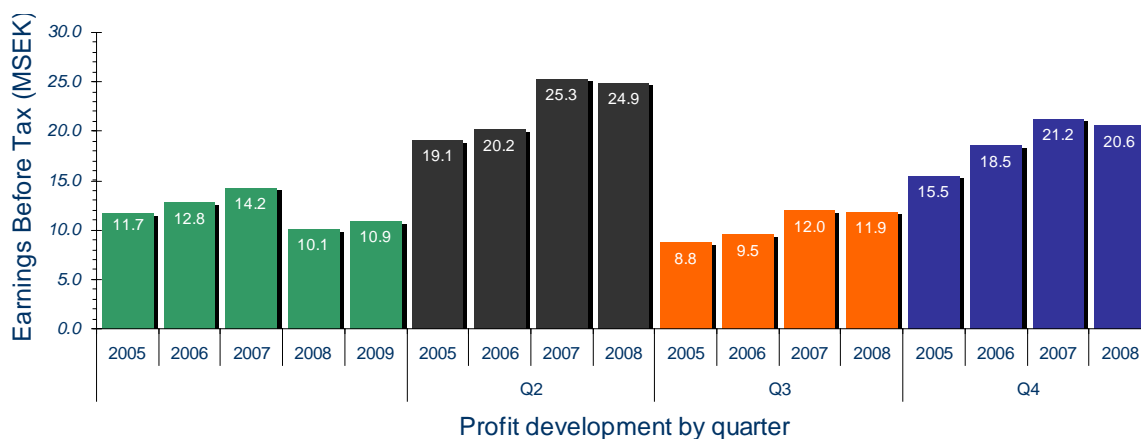
## Earnings

Operating profit before amortization of intangible assets (EBITA) increased by 4 percent during the first quarter and amounted to MSEK 14.1 (13.5). Operating profit during the first quarter was affected by MSEK 2.8 (2.2) for amortization of intangible assets attributable to acquisitions. The increase is due to a higher dollar rate. Operating profit (EBIT) amounted to MSEK 11.3 (11.3).

The operating margin before amortization of intangible assets (EBITA margin) was 10 (11) percent. The operating margin (EBIT margin) was 8 (9) percent.

The Group's profit before tax for the first quarter increased by 8 percent to MSEK 10.9 (10.1).

Earnings were positively impacted by a higher dollar rate, improved earnings in Other markets and by an improved net interest earnings. Earnings were negatively impacted by deterioration in earnings in APG and BTS Europe.



## **Market development and BTS' recession strategy**

Demand for training and consultancy services weakened during the first quarter compared to the previous year. Demand for BTS' services has been better than the market as a whole, apart from APG which also continued to develop negatively during the first quarter. APG has been more exposed to the deterioration in market conditions on account of its client and product mix.

Many of BTS' clients are significantly affected by the severe recession. But BTS stands strong in a difficult market and assess that it is in a much better position than its competitors, through a well-diversified customer base, an underweight of clients in the most exposed sectors, very competitive solutions as well as client projects of a strategic and long-term nature.

BTS has a small market share and the company sees good opportunities to increase this during the recession. BTS' recession strategy is based on:

- focusing sales resources on clients and projects that are considered to represent continued opportunities for growth during the recession
- adapting the offer to the market's partly altered demands
- raising cost efficiency.

This strategy worked during 2008 and during the first quarter of 2009, when BTS is considered to have developed better than the total market.

More positive trends were noted on the US' market at the end of the first quarter.

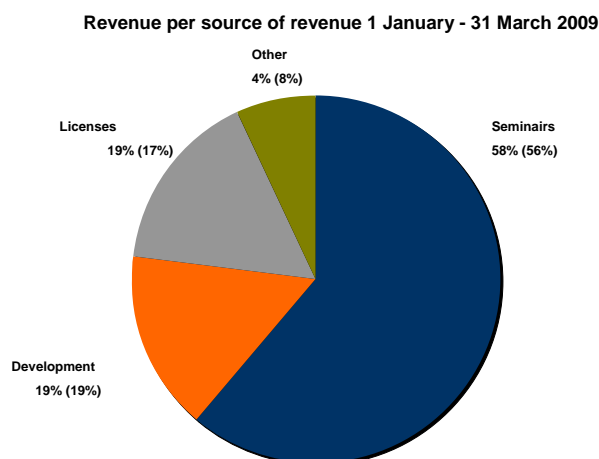
BTS' offering has broadened considerably through product development and completed acquisitions and apart from world-leading business simulations also includes leading solutions within strategically important areas such as e.g. sales and management development and internet-based training solutions.

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

## **Assignments and new clients**

New clients secured during the first quarter included Deloitte, Fabege, HSBC, Indra, LRF, McDonalds, Munters and Sodexo, among others.

## Revenue development



## Operative units

Net turnover per operative unit	Jan-Mar		rolling 12 month	Full-year
MSEK	<u>2009</u>	<u>2008</u>	<u>2008/2009</u>	<u>2008</u>
North America*	97.1	84.9	381.6	369.4
Europe	30.2	29.1	139.3	138.2
Other markets	10.1	8.3	42.6	40.8
<b>Total</b>	<b>137.4</b>	<b>122.3</b>	<b>563.5</b>	<b>548.4</b>
<i>*North America</i>				
BTS	68.5	55.8	266.9	254.2
APG	28.6	29.1	114.7	115.2
<b>Total</b>	<b>97.1</b>	<b>84.9</b>	<b>381.6</b>	<b>369.4</b>

Operating profit before amortization of intangible assets (EBITA) per operative unit	Jan-Mar		rolling 12 month	Full-year
MSEK	<u>2009</u>	<u>2008</u>	<u>2008/2009</u>	<u>2008</u>
North America*	10.7	9.6	47.8	46.7
Europe	3.2	3.9	29.8	30.5
Other markets	0.2	0.0	2.8	2.6
<b>Total</b>	<b>14.1</b>	<b>13.5</b>	<b>80.4</b>	<b>79.8</b>
<i>*North America</i>				
BTS	11.0	8.3	46.5	43.8
APG	- 0.3	1.3	1.3	2.9
<b>Total</b>	<b>10.7</b>	<b>9.6</b>	<b>47.8</b>	<b>46.7</b>

## **North America**

### **BTS**

Net turnover for BTS' North American operations amounted to MSEK 68.5 (55.8) during the first quarter. Adjusted for currency effects, revenue decreased by 8 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 11.0 (8.3) during the first quarter. The operating margin before amortization of intangible assets (EBITA margin) was 16 (15) percent.

The deterioration in US' market conditions has impacted revenue in BTS USA negatively but the company is considered to have performed better than the market as a whole. More positive trends were noted on the market at the end of the quarter.

The operating margin increased due to increased cost efficiency, notwithstanding the negative growth.

### **APG**

Net turnover for APG amounted to MSEK 28.6 (29.1) during the first quarter. Adjusted for currency effects, revenue decreased by 27 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK -0.3 (1.3) during the first quarter. The operating margin before amortization of intangible assets (EBITA margin) was -1 (5) percent.

The deterioration in US' market conditions has had a significant adverse effect on APG on account of the company's client and product mix. An action program is carried out in order to raise the gross margin and reduce costs.

## **Europe**

Net turnover for Europe amounted to MSEK 30.2 (29.1) during the first quarter. Adjusted for currency effects, revenue was unchanged. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 3.2 (3.9) during the first quarter. The operating margin before amortization of intangible assets (EBITA margin) was 11 (13) percent.

The deterioration in market conditions has impacted revenue in BTS Europe negatively, but the outcome varies significantly among different markets. The decrease in the operating margin is due to an increase in the number of employees compared with the previous year.

## **Other markets**

Net turnover for Other markets amounted to MSEK 10.1 (8.3) during the first quarter. Adjusted for currency effects, revenue increased by 22 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 0.2 (0.0) during the quarter. The operating margin before amortization of intangible assets (EBITA margin) was 2 (0) percent.

The trend in all markets (Australia, South Asia and South Africa) was positive during the first quarter.

An office was opened in Bangkok, Thailand.

## **Financial position**

BTS' cash flow from operating activities amounted to MSEK -24.1 (-17.0) during the first quarter. The weak cash flow during the first quarter corresponds well with the seasonal variations of BTS' cash flow with a weaker first half year and a stronger second half year. The deterioration compared with the previous year relates exclusively to a decrease in current liabilities.

Cash and cash equivalents amounted to MSEK 44.9 (43.4) at the end of the period. The company's interest-bearing loans, which relate to previously completed acquisitions, amounted to MSEK 87.7 (74.4) at the end of the period. Loans denominated in Swedish kronor have increased due to the change in the dollar rate on December 31, 2008 compared with the previous year. No currency risk is considered to exist as amortization and interest payments are made with cash flow generated in the US.

BTS solidity was 62 (54) percent at the end of the period.

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

## **Employees**

The number of employees in BTS Group AB as of March 31 was 268 (243). The average number of employees during the first quarter was 267 (241).

## **The Parent Company**

The Company's net turnover amounted to MSEK 1.3 (0.5) and the profit after net financial items amounted to MSEK 5.4 (0.7). Cash and cash equivalents amounted to MSEK 4.8 (0.9).

## **Outlook for 2009**

The current market conditions mean that the estimates for 2009 are more uncertain than normal. Profit before tax is expected to be in line with the previous year.

## **Risks and uncertainties**

BTS is exposed to a number of risks and uncertainties in its operations, which are mentioned in the Annual Report 2008. As of March 31, 2009, it is assessed that no new significant risks or uncertainties have arisen.

## **Critical accounting estimates and assumptions**

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

## Accounting principles

This interim report is prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles and calculation methods applied are in line with the accounting principles used in the preparation of the most recent financial statements.

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

IFRS 8 – Operating Segments is effective for annual periods starting from January 1, 2009 but BTS has early adopted the standard. The new standard means that the segment information is presented on the basis of a management approach, which means that it is presented in the way used in the internal reporting. The application of IFRS 8 does not imply any difference in relation to classification of operating segments compared with previous reporting under IAS 14.

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

## Future reporting dates

Interim Report Apr – Jun  
Interim Report Jul – Sep  
Year-end Report

August 18, 2009  
November 5, 2009  
February, 2010

Stockholm, April 29, 2009

Henrik Ekelund  
CEO

This report has not been the subject of separate examination by BTS' auditor.

### Contact information

Henrik Ekelund CEO  
Stefan Brown CFO  
Thomas Ahlerup  
Senior Vice President Corporate Communications

Phone: 08-587 070 00  
Phone: 08-587 070 62  
Phone: 08-587 070 02  
Mobile: 076-800 5755

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

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

Phone. +46 8 587 070 00  
Fax. +46 8 587 070 01  
Corporate registration number: 556566-7119

INCOME STATEMENT, Summary KSEK	3 months ended		12 months ended	
	Mar 31	Mar 31	Mar 31	Dec 31
	2009	2008	2009	2008
Revenue	137,414	122,316	563,468	548,370
Operating expenses	-122,492	-108,324	-480,350	-466,183
Depreciation tangible assets	-787	-506	-2,650	-2,369
Amortization intangible assets	-2,787	-2,226	-9,917	-9,356
<b>Operating result</b>	<b>11,348</b>	<b>11,260</b>	<b>70,550</b>	<b>70,462</b>
Financial income and expenses	-455	-1,126	-2,205	-2,876
<b>Result before tax</b>	<b>10,893</b>	<b>10,134</b>	<b>68,345</b>	<b>67,586</b>
Taxes	-3,717	-3,415	-22,850	-22,548
<b>Result for the period</b>	<b>7,176</b>	<b>6,719</b>	<b>45,495</b>	<b>45,038</b>
attributable to equity holders of the parent	7,176	6,719	45,495	45,038
Earnings per share, before dilution of shares, SEK	0.40	0.37	2.52	2.50
Number of shares at end of the period	18,048,300	18,048,300	18,048,300	18,048,300
Average number of shares before dilution of shares	18,048,300	18,048,300	18,048,300	18,048,300
Earnings per share, after dilution of shares, SEK	0.40	0.37	2.52	2.50
Average number of shares after dilution of shares	18,048,300	18,048,300	18,048,300	18,048,300
Proposed dividend per share				1.20
<b>GROUP STATEMENT OF COMPREHENSIVE INCOME</b> KSEK	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>Mar 31</b>	<b>Mar 31</b>	<b>Mar 31</b>	<b>Dec 31</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Result for the period</b>	<b>7,176</b>	<b>6,719</b>	<b>45,495</b>	<b>45,038</b>
<b>Other comprehensive income:</b>				
Income/expenses in shareholders' equity	-	-	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>7,176</b>	<b>6,719</b>	<b>45,495</b>	<b>45,038</b>
attributable to equity holders of the parent	7,176	6,719	45,495	45,038
<b>BALANCE SHEET, Summary</b> KSEK	<b>03/31/09</b>	<b>03/31/08</b>	<b>12/31/08</b>	
<b>Assets</b>				
Goodwill	171,397	135,124		161,216
Other intangible assets	27,786	28,350		28,612
Tangible assets	9,624	5,381		8,727
Other fixed assets	4,946	4,149		5,003
Accounts receivable	124,730	108,835		147,184
Other current assets	49,089	29,481		34,904
Cash and bank	44,864	43,449		65,887
<b>Total assets</b>	<b>432,436</b>	<b>354,769</b>		<b>451,533</b>
<b>Equity and liabilities</b>				
Equity	269,800	192,179		250,908
Interest bearing - non current liabilities	452	90		450
Non interest bearing - non current liabilities	157	-		166
Interest bearing - current liabilities	87,737	74,394		81,690
Non interest bearing - current liabilities	74,290	88,106		118,319
<b>Total equity and liabilities</b>	<b>432,436</b>	<b>354,769</b>		<b>451,533</b>
<b>CASH FLOW STATEMENT, Summary</b> KSEK	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Jan-Dec</b>	
	<b>2009</b>	<b>2008</b>	<b>2008</b>	
Cash flow from current operations	-24,056	-17,030	37,506	
Cash flow from investment activities	-1,205	-18,787	-28,572	
Cash flow from financing operations	536	16,857	-15,967	
<b>Change in liquid funds</b>	<b>-24,725</b>	<b>-18,960</b>	<b>-7,033</b>	
Liquid funds, opening balance	65,887	67,473	67,473	
Effect of exchange rate changes on cash	3,702	-5,064	5,447	
<b>Liquid funds, closing balance</b>	<b>44,864</b>	<b>43,449</b>	<b>65,887</b>	



**CHANGES IN EQUITY**

<b>KSEK</b>	<b>Total Equity 03/31/09</b>	<b>Total Equity 03/31/08</b>	<b>Total Equity 12/31/08</b>
<b>Opening balance</b>	250,908	198,603	198,603
Dividend to shareholders	-	-	-21,658
Conversion differences	11,605	-13,394	28,342
Miscellaneous	111	251	583
Result for the period	<u>7,176</u>	<u>6,719</u>	<u>45,038</u>
<b>Closing balance</b>	269,800	192,179	250,908

**KEY RATIOS**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>Mar 31 2009</b>	<b>Mar 31 2008</b>	<b>Mar 31 2009</b>	<b>Dec 31 2008</b>
Revenues, KSEK	137,414	122,316	563,468	548,370
EBITA (Earnings before interest, tax and amortisation), KSEK	14,135	13,486	80,467	79,818
EBIT (Operating result), KSEK	11,348	11,260	70,550	70,462
EBITA margin (Earnings before interest, tax and amortisation margin), %	10	11	14	15
EBIT margin (Operating margin), %	8	9	13	13
Profit margin, %	5	5	8	8
Operational capital, KSEK			312,830	266,877
Return on equity, %			17	20
Return on operational capital, %			24	31
Solidity at end of the period, %	62	54	62	56
Cash flow, KSEK	-24,725	-18,960	-12,798	-7,033
Liquid funds at end of the period, KSEK	44,864	43,449	44,864	65,887
Average number of employees	267	241	255	249
Number of employees at end of the period	268	243	268	267
Revenues for the year per employee, KSEK			2,210	2,202

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

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

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

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

**EBIT margin (Operating margin)**

Operating result after depreciation as a percentage of revenues.

**Profit margin**

Result for the period as a percentage of revenues.

**Operational capital**

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

**Return on equity**

Result for the period (converted into whole year) as a percentage of average equity.

**Return on operational capital**

Operating result as a percentage of average operational capital.

**Solidity**

Equity as a percentage of total balance sheet.

**Organic growth**

Growth excluding acquisition