

BTS Group AB (publ)

Interim report January 1 – September 30, 2009

Strong development in earnings during the third quarter

- Net turnover increased by 10 percent during the nine-month period and amounted to MSEK 432.7 (393.0). Adjusted for changes in exchange rates, growth was -8 percent.
- Operating profit before amortization of intangible assets (EBITA) decreased by 4 percent to MSEK 53.7 (56.1).
- Profit before tax for the nine-month period decreased by 4 percent and amounted to MSEK 45.0 (46.9).
- Profit after tax for the nine-month period decreased by 6 percent and amounted to MSEK 29.3 (31.3).
- Earnings per share decreased by 6 percent to SEK 1.63 (1.74).

Third quarter 2009

- Net turnover increased by 19 percent during the quarter and amounted to MSEK 146.1 (122.5) during the third quarter. Adjusted for changes in exchange rates, growth was 6 percent.
- Operating profit before amortization of intangible assets (EBITA) increased by 29 percent to MSEK 19.3 (15.0).
- Profit after tax increased by 39 percent to MSEK 10.8 (7.7).
- Earnings per share increased by 39 percent to SEK 0.60 (0.43).

Summary of BTS' and the market's development during the third quarter

- Demand for training and consultancy services has weakened compared to the previous year. Demand for BTS' services has been better than the market as a whole, apart from APG. Continued positive trends were noted on the US market during the third quarter, whereas the market in Europe developed negatively.
- Earnings were positively impacted by improved earnings in BTS North America, APG and parts of BTS Europe and by changes in exchange rates. However, earnings were negatively impacted by an overall decrease in earnings in other parts of BTS Europe and in BTS Other markets.
- New clients secured during the third quarter included Belgacom, Bombardier, Genpact, GSK, McAfee, Orange, Pfizer Mexico and Vattenfall Germany, 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 10 percent during the nine-month period and amounted to MSEK 432.7 (393.0) Adjusted for changes in exchange rates, growth was -8 percent. Growth varied significantly among the units: BTS Other markets 3 percent, BTS Europe -11 percent, BTS USA -3 percent and APG -21 percent (growth figure calculated in local currencies).



Earnings

Operating profit before amortization of intangible assets (EBITA) decreased by 4 percent during the nine-month period and amounted to MSEK 53.7 (56.1).

Operating profit during the nine-month period was affected by MSEK 7.7 (6.6) for amortization of intangible assets attributable to acquisitions; the increase is due to a higher dollar rate. Operating profit (EBIT) decreased by 7 percent and amounted to MSEK 46.0 (49.5).

The operating margin before amortization of intangible assets (EBITA margin) was 12 (14) percent. The operating margin (EBIT margin) was 11 (13) percent.

The Group's profit before tax for the nine-month period decreased by 4 percent and amounted to MSEK 45.0 (46.9).

Earnings were positively impacted by improved earnings in BTS North America, APG and parts of BTS Europe and by changes in exchange rates. However, earnings were negatively impacted by an overall decrease in earnings in other parts of BTS Europe and in BTS Other markets.

Third quarter

BTS' net turnover increased by 19 percent and amounted to MSEK 146.1 (122.5) during the third quarter. Adjusted for changes in exchange rates, growth was 6 percent.

Operating profit before amortization of intangible assets (EBITA) increased by 29 percent during the third quarter and amounted to MSEK 19.3 (15.0). Operating profit during the third quarter was affected by MSEK 2.4 (2.3) for amortization of intangible assets attributable to acquisitions. Operating profit (EBIT) increased by 33 percent to MSEK 16.9 (12.7). The operating margin before amortization of intangible assets (EBITA margin) was 13 (12) percent. The operating margin (EBIT margin) was 12 (10) percent. Profit before tax for the third quarter increased by 39 percent and amounted to MSEK 16.6 (11.9).

Earnings were positively impacted by improved earnings in BTS North America, APG, parts of BTS Europe and by changes in exchange rates. However, earnings were negatively impacted by an overall decrease in earnings in other parts of BTS Europe and in BTS Other markets.



Market development and BTS' recession strategy

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

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

BTS 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 demand
- raising cost efficiency.

This strategy was successful during 2008 and 2009, as BTS is considered to have performed significantly better than the overall market.

Continued positive trends were noted on the US market during the third quarter, whereas the market in Europe developed negatively.

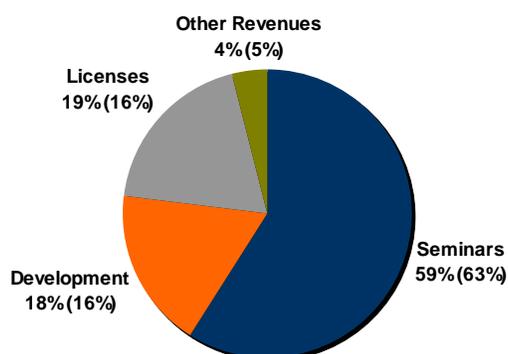
BTS offers the most comprehensive range of tailored simulation solutions on the market today, a well developed sales organisation and at the same time, is the only company in the world that can serve large international companies on a global basis within this area. BTS to a greater extent, can satisfy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

Assignments and new clients

New clients secured during the nine-month period included Belgacom, Bombardier, Burger King, Deloitte, Genpact, GSK, HSBC, Huhtamaki, McAfee, McDonalds, MetLife, Orange, Pfizer Mexico, SingTel, Sodexo, Vattenfall Germany, Vestas and Woolworths Ltd, among others.

Revenue development

Net turnover by source of revenue Jan 1 - Sept 30, 2009



Operative units

Net turnover per operative unit

	Jul-Sept 2009	Jul-Sept 2008	Jan-Sept 2009	Jan-Sept 2008	Rolling 12 month 2008/2009	Full-year 2008
MSEK						
North America*	105.9	83.4	311.2	267.1	413.5	369.4
Europe	27.1	25.4	84.9	92.6	130.5	138.2
Other markets	13.1	13.7	36.6	33.3	44.1	40.8
Total	146.1	122.5	432.7	393.0	588.1	548.4

*North America

BTS	76.2	59.6	224.9	181.4	297.7	254.2
APG	29.7	23.8	86.3	85.7	115.8	115.2
Total	105.9	83.4	311.2	267.1	413.5	369.4

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

	Jul-Sept 2009	Jul-Sept 2008	Jan-Sept 2009	Jan-Sept 2008	Rolling 12 month 2008/2009	Full-year 2008
MSEK						
North America*	19.6	10.0	51.8	35.1	63.4	46.7
Europe	-1.9	1.8	-1.6	16.0	12.9	30.5
Other markets	1.6	3.2	3.5	5.0	1.1	2.6
Total	19.3	15.0	53.7	56.1	77.4	79.8

*North America

BTS	18.0	10.3	48.3	32.6	59.5	43.8
APG	1.6	-0.3	3.5	2.5	3.9	2.9
Total	19.6	10.0	51.8	35.1	63.4	46.7

North America

BTS

Net turnover for BTS' operations in North America amounted to MSEK 224.9 (181.4) during the nine-month period. Adjusted for changes in exchange rates, revenue decreased by 3 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 48.3 (32.6) during the nine-month period. The operating margin before amortization of intangible assets (EBITA margin) was 21 (18) percent.

Net turnover amounted to MSEK 76.2 (59.6) during the third quarter. Adjusted for changes in exchange rates, revenue increased by 10 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 18.0 (10.3) during the third quarter. The operating margin before amortization of intangible assets (EBITA margin) was 24 (17) percent.

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

The operating margin has increased due to improved cost efficiency.

APG

Net turnover for APG amounted to MSEK 86.3 (85.7) during the nine-month period. Adjusted for changes in exchange rates, revenue decreased by 21 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 3.5 (2.5) during the nine-month period. The operating margin before amortization of intangible assets (EBITA margin) was 4 (3) percent.

Net turnover amounted to MSEK 29.7 (23.8) during the third quarter. Adjusted for changes in exchange rates, revenue increased by 8 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 1.6 (-0.3) during the third quarter. The operating margin before amortization of intangible assets (EBITA margin) was 5 (-1) percent.

The deterioration in US' market conditions has had a significant adverse effect on APG due to the company's client and product mix. The action program that was carried out during the first half year in order to increase the gross margin, reduce fixed costs and improve sales efficiency has led to an increase in revenues and earnings during the third quarter in conjunction with an improved market.

Europe

Net turnover for Europe amounted to MSEK 84.9 (92.6) during the nine-month period. Adjusted for changes in exchange rates, revenue decreased by 11 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK -1.6 (16.0) during the nine-month period. The operating margin before amortization of intangible assets (EBITA margin) was -2 (17) percent.

Net turnover amounted to MSEK 27.1 (25.4) during the third quarter. Adjusted for changes in exchange rates, revenue increased by 5 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK -1.9 (1.8) during the third quarter. The operating margin before amortization of intangible assets (EBITA margin) was -7 (7) percent.

BTS Europe has displayed negative earnings during the past two quarters; MSEK -1.9 during the third quarter compared to MSEK -2.9 during the second quarter. The deterioration in earnings in BTS Europe compared with the previous year was MSEK -3.7 during the third quarter compared to MSEK -13.2 during the second quarter. BTS Europe is expected to generate positive earnings during the fourth quarter of the year.

Other markets

Net turnover for Other markets amounted to MSEK 36.6 (33.3) during the nine-month period. Adjusted for changes in exchange rates, revenue increased by 3 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 3.5 (5.0) during the nine-month period. The operating margin before amortization of intangible assets (EBITA margin) was 10 (15) percent.

Net turnover amounted to MSEK 13.1 (13.7) during the third quarter. Adjusted for changes in exchange rates, revenue decreased by 13 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 1.6 (3.2) during the third quarter. The operating margin before amortization of intangible assets (EBITA margin) was 13 (23) percent.

The operating margin has deteriorated due to recruitments, marketing investments and lower cost efficiency.

Financial position

BTS' cash flow from operating activities amounted to MSEK 53.3 (21.2) during the nine-month period. The cash flow from operating activities amounted to MSEK 33.4 (13.1) during the third quarter.

Cash and cash equivalents amounted to MSEK 86.5 (61.5) at the end of the period. The company's interest-bearing loans, which relate to previously completed acquisitions, amounted to MSEK 70.0 (84.1) at the end of the period.

BTS' solidity was 56 (53) 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 September 30 was 253 (255). The average number of employees during the nine-month period was 261 (243).

The Parent Company

The Company's net turnover amounted to MSEK 2.5 (0.5) and the profit after net financial items amounted to MSEK 15.2 (3.4). Cash and cash equivalents amounted to MSEK 0 (0).

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 September 30, 2009, it is assessed that no new significant risks or uncertainties have arisen.

Significant estimates and assessments

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, but does not have to, be used. BTS, however, has elected to use the old names.

IFRS 8 – Operating Segments effective for annual periods as of January 1, 2009. 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 Payment is applied from January 1, 2009. The amendment of the standard has not had any material impact on the consolidated financial statements.

Nominating Committee

As announced previously, a Nominating Committee has been appointed. BTS' two largest shareholders, in consultation with the Chairman of the Board, Michael Grindfors have appointed the following persons to serve on the Nominating Committee:

- Anders Dahl, Master of Business Administration, representing Henrik Ekelund
- Michael Grindfors, Chairman of the Board, BTS Group AB
- Stefan af Petersens, BTS Group AB, representing himself

Anders Dahl has been appointed Chairman of the Nominating Committee.

The Nominating Committee is tasked with making recommendations on candidates for the board of directors as well as submitting proposals concerning remuneration to board members and auditors.

Shareholders in BTS Group AB are welcome to submit proposals to the Chairman of the Nominating Committee at the following address: BTS Group AB, Grevgatan 34, 114 53 Stockholm, Sweden.

It is intended to announce nomination of board members in the notice convening the next Annual General Meeting.

Future reporting dates

Year-end Report

February 18, 2010

Stockholm, November 5, 2009

Henrik Ekelund
President

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

Contact information

Henrik Ekelund CEO	Phone:	+46 8 587 070 00
Stefan Brown CFO	Phone:	+46 8 587 070 62
Thomas Ahlerup	Phone:	+46 8 587 070 02
Senior Vice President Corporate Communications	Mobile:	+46 76 800 5755

For additional information visit our home page 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		9 months ended		12 months ended	
	Sept 30	Sept 30	Sept 30	Sept 30	Sept 30	Dec 31
	2009	2008	2009	2008	2009	2008
Revenue	146 145	122 458	432 701	392 988	588 083	548 370
Operating expenses	-126 089	-106 785	-376 643	-335 147	-507 679	-466 183
Depreciation tangible assets	-751	-686	-2 354	-1 730	-2 993	-2 369
Amortization intangible assets	-2 400	-2 264	-7 741	-6 625	-10 472	-9 356
Operating result	16 905	12 723	45 963	49 486	66 939	70 462
Financial income and expenses	-327	-837	-988	-2 539	-1 325	-2 876
Result before tax	16 578	11 886	44 975	46 947	65 614	67 586
Taxes	-5 809	-4 141	-15 628	-15 624	-22 552	-22 548
Result for the period	10 769	7 745	29 347	31 323	43 062	45 038
attributable to equity holders of the parent	10 769	7 745	29 347	31 323	43 062	45 038
Earnings per share, before dilution of shares, SEK	0,60	0,43	1,63	1,74	2,39	2,50
Number of shares at end of the period	18 048 300	18 048 300	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	18 048 300	18 048 300
Earnings per share, after dilution of shares, SEK	0,60	0,43	1,63	1,74	2,39	2,50
Average number of shares after dilution of shares	18 048 300	18 048 300	18 048 300	18 048 300	18 048 300	18 048 300
Dividend per share						1,20
GROUP STATEMENT OF COMPREHENSIVE INCOME KSEK	3 months ended		6 months ended		12 months ended	
	Sept 30	Sept 30	Sept 30	Sept 30	Sept 30	Dec 31
	2009	2008	2009	2008	2009	2008
Result for the period	10 769	7 745	29 347	31 323	43 062	45 038
Other comprehensive income:						
Income/expenses in shareholders' equity	-	-	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	10 769	7 745	29 347	31 323	43 062	45 038
attributable to equity holders of the parent	10 769	7 745	29 347	31 323	43 062	45 038
BALANCE SHEET, Summary KSEK	09-30-09		09-30-08		12-31-08	
Assets						
Goodwill	147 862		142 558		161 216	
Other intangible assets	18 992		27 448		28 612	
Tangible assets	9 309		7 164		8 727	
Other fixed assets	4 725		4 368		5 003	
Accounts receivable	96 760		122 716		147 184	
Other current assets	58 036		42 161		34 904	
Cash and bank	86 477		61 536		65 887	
Total assets	422 161		407 951		451 533	
Equity and liabilities						
Equity	235 565		216 517		250 908	
Interest bearing - non current liabilities	333		88		450	
Non interest bearing - non current liabilities	137		-		166	
Interest bearing - current liabilities	69 987		84 218		81 690	
Non interest bearing - current liabilities	116 139		107 128		118 319	
Total equity and liabilities	422 161		407 951		451 533	
CASH FLOW STATEMENT, Summary KSEK	Jan-Sep		Jan-Sep		Jan-Dec	
	2009		2008		2008	
Cash flow from current operations	53 261		21 243		37 506	
Cash flow from investment activities	-3 936		-23 907		-28 572	
Cash flow from financing operations	-25 738		-3 428		-15 967	
Change in liquid funds	23 587		-6 092		-7 033	
Liquid funds, opening balance	65 887		67 473		67 473	
Effect of exchange rate changes on cash	-2 997		155		5 447	
Liquid funds, closing balance	86 477		61 536		65 887	

CHANGES IN EQUITY**KSEK**

	Total Equity 09-30-09	Total Equity 09-30-08	Total Equity 12-31-08
Opening balance	250 908	198 603	198 603
Dividend to shareholders	-21 658	-21 658	-21 658
Conversion differences	-23 305	7 777	28 342
Miscellaneous	273	472	583
Result for the period	29 347	31 323	45 038
Closing balance	235 565	216 517	250 908

KEY RATIOS

	3 months ended		9 months ended		12 months ended	
	Sept 30 2009	Sept 30 2008	Sept 30 2009	Sept 30 2008	Sept 30 2009	Dec 31 2008
Revenues, KSEK	146 145	122 458	432 701	392 988	588 083	548 370
EBITA (Earnings before interest, tax and amortization), KSEK	19 306	14 987	53 705	56 111	77 411	79 818
EBIT (Operating result), KSEK	16 905	12 723	45 963	49 486	66 939	70 462
EBITA margin (Earnings before interest, tax and amortization margin), %	13	12	12	14	13	15
EBIT margin (Operating margin), %	12	10	11	13	11	13
Profit margin, %	7	6	7	8	7	8
Operational capital, KSEK					219 212	266 877
Return on equity, %					19	20
Return on operational capital, %					29	31
Solidity at end of the period, %	56	53	56	53	56	56
Cash flow, KSEK	32 864	10 256	23 587	-6 092	22 646	-7 033
Liquid funds at end of the period, KSEK	86 477	61 536	86 477	61 536	86 477	65 887
Average number of employees	257	249	261	243	261	249
Number of employees at end of the period	253	255	253	255	253	267
Revenues for the year per employee, KSEK					2 253	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 amortization margin)

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

EBIT margin (Operating margin)

Operating result after depreciation as a percentage of revenues.

Profit margin

Result for the period as a percentage of revenues.

Operational capital

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

Return on equity

Result for the period (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.