



**Vision**  
The global leader in turning  
strategy into action.

## Profit increased 21 percent in 2019 and 17 percent in the fourth quarter

### Full year 2019

- Net sales amounted to MSEK 1,865 (1,598). Adjusted for changes in foreign exchange rates, growth was 10 percent.
- Operating profit (EBITA) increased by 21 percent to MSEK 245 (202).<sup>1</sup>
- Profit before tax increased by 20 percent to MSEK 216 (180).
- Profit after tax increased by 20 percent to MSEK 151 (126).
- Earnings per share increased by 18 percent to SEK 7.84 (6.67).

### Fourth quarter 2019

- Net sales amounted to MSEK 553 (494). Adjusted for changes in foreign exchange rates, growth was 6 percent.
- Operating profit (EBITA) increased by 17 percent to MSEK 89 (76).<sup>2</sup>
- Profit before tax increased by 15 percent to MSEK 80 (70).
- Profit after tax increased by 13 percent to MSEK 55 (49).
- Earnings per share increased by 11 percent to SEK 2.86 (2.58).

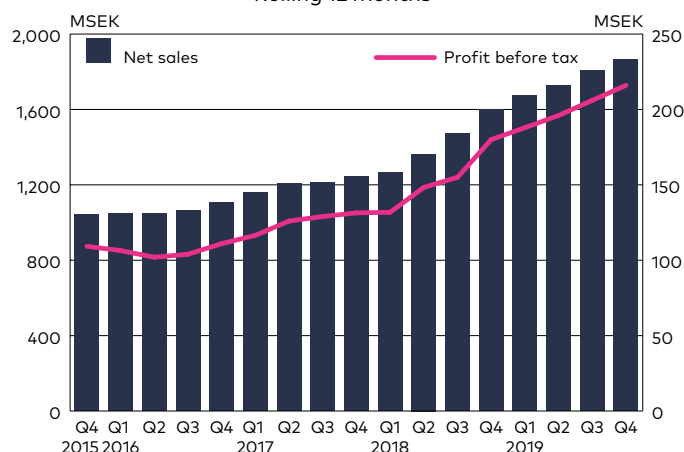
### Dividend

The proposed dividend is SEK 4.20 (3.60) per share to be paid on two occasions in the amount of SEK 2.10 per payment.

<sup>1</sup> BTS applies the new reporting standard IFRS 16 regarding leases as of January 1, 2019. Comparative figures for 2018 have not been restated. IFRS 16 had a positive effect of MSEK 4.8 on EBITA. If the new standard had not been applied, EBITA would have amounted to MSEK 241 (202). For other effects, see the separate table on pages 12–13.

<sup>2</sup> IFRS 16 had a positive effect of MSEK 1.4 on EBITA for the fourth quarter. If the new standard had not been applied, EBITA would have amounted to MSEK 87 (76).

NET SALES AND PROFIT BEFORE TAX  
Rolling 12 months



BTS is a global professional services firm headquartered in Stockholm, Sweden, with over 830 professionals in 35 offices located on six continents. We focus on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For more than 30 years, we've been designing fun, powerful experiences™ that have a profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. *It's strategy made personal.*

We serve a wide range of client needs, including: Strategy execution, Leadership development programs, Assessment, Developing business acumen, Transforming sales organizations, Coaching, and Digital solutions, events and services.

We partner with nearly 450 organizations, including over 30 of the world's 100 largest global corporations. Our major clients are e.g.: ABB, Chevron, Coca-Cola, Ericsson, EY, HP, Mercado Libre, Salesforce.com, SAP, and Tencent.

BTS is a public company listed on the Nasdaq Stockholm exchange and trades under the symbol BTS B. For more information, please visit [www.bts.com](http://www.bts.com).

**Q4**

## CEO COMMENTS

# Fourteenth consecutive record-breaking quarter – our best ever

Another record-breaking quarter!

The operating profit for the fourth quarter increased 17 percent, and we achieved the highest revenue and the largest profit ever.

It is particularly gratifying to have surpassed the robust fourth quarter from last year – which was fantastic, and led to what is known as a positive profit warning.

Overall, 2019 was a good year with an operating profit increase of a full 21 percent. The increase in our earnings has been stable over time: operating profit has risen on average 23 percent per year over the last five years.

We are particularly pleased to have achieved a 21 percent increase in earnings in 2019 despite the weak performance in one of our three regions. While both BTS North America and BTS Europe had a strong year in 2019 with healthy growth and increased margins, earnings decreased in our second biggest region, BTS Other markets.

After four years of strong performance in BTS Other markets, we invested for further growth in 2019 but grew only 4 percent. The effect on our operating margin was material, and earnings in 2019 decreased 9 percent. Our assessment for 2020 is that earnings in BTS Other markets will increase.

Our total operating margin during 2019 increased by 0.6 percentage points to 13.2 percent. The positive trend in the EBITA margin that began in the fourth quarter of 2016 is continuing.

These improvements were due to a higher share of licensing revenue, more efficient resource utilization and economies of scale – revenue growing more rapidly than overall costs. We will continue to work on raising the margin, with a target EBITA margin of 15 percent.

Anyone following BTS may note relatively large fluctuations between quarters and a more stable performance over the years. A more careful analysis shows us that lower growth during one quarter is often the consequence of a strong quarter year-on-year and vice versa. To illustrate: operating profit increased over the four quarters of 2019 by 46 percent, 13 percent, 31 percent and 17 percent. If instead we look at the average during 2018 and 2019, it is much more even between quarters; the variation is only a few percentage points. The same conclusion applies with regards to revenue growth per quarter.

BTS continues to invest approximately 3 percent of revenue in the development of digital services, and the share of BTS's revenues based on digital solutions is growing rapidly. Revenue for purely digital licenses



increased 43 percent from MUSD 10 to 14. One example is the BTS Digital Cascade tool, with which our customers can reach all their employees quickly and efficiently.

Other examples of rapid growth are the new Change & Transformation practice, which offers long-term consulting assignments for more rapid implementation of change, and our Assessment practice. We are seeing increased demand for both larger, customized development programs and shorter, general modules.

One trend in the market place is that major international companies prefer to work with fewer partners and are looking for more strategic and long-term collaborations. BTS is well positioned here, and we are winning several global, long-term agreements with broader services.

The digital acquisitions completed in 2019 – SwissVBS – and early 2020 – Rapid Learning Institute – are of strategic importance for BTS and are expected to make a positive contribution to earnings in 2020.

We see excellent opportunities for continued attractive acquisitions in several areas.

The so-called coronavirus (COVID-19) leads, mainly in China and Asia, to certain cancelled or deferred projects. The total effect during the first quarter is expected to be marginal. We believe that the first quarter will, overall, show good growth and improved earnings.

For 2020, we expect a profit before tax that is better than in the preceding year.

Stockholm, February 18, 2020

**Henrik Ekelund**

*President and CEO of BTS Group AB (publ)*

## OPERATIONS

### Sales

Net sales in BTS for the year amounted to MSEK 1,865 (1,598). Adjusted for changes in foreign exchange rates, growth was 10 percent, of which 9 percent was organic.

Growth varied between the units: BTS Europe 18 percent, BTS North America 13 percent, BTS Other markets 4 percent and APG -5 percent (growth measured in local currency).

### Earnings

Operating profit (EBITA) increased by 21 percent during the year to MSEK 245 (202). The operating margin (EBITA margin) was 13.2 (12.6) percent. IFRS 16 had a positive effect of MSEK 4.8 on EBITA. If IFRS 16 had not been applied, EBITA would have amounted to MSEK 241 (202).

Operating profit (EBIT) increased by 23 percent during the year to MSEK 226 (183). The operating margin (EBIT margin) was 12.1 percent (11.5). Operating profit for the year was charged with MSEK 19.7 (18.7) for amortization of intangible assets attributable to acquisitions.

The Group's profit before tax increased by 20 percent to MSEK 216 (180). IFRS 16 resulted in a higher interest expense of MSEK 8.0. If IFRS 16 had not been applied, the Group's profit before tax would have amounted to MSEK 220 (180).

The Group's profitability was positively affected by improved profit in BTS North America, BTS Europe and APG, while weaker earnings in BTS Other markets had a negative effect.

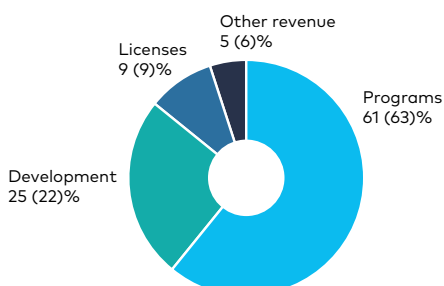
### Fourth quarter

Fourth-quarter net sales in BTS amounted to MSEK 553 (494). Adjusted for changes in foreign exchange rates, growth was 6 percent, of which 5 percent was organic.

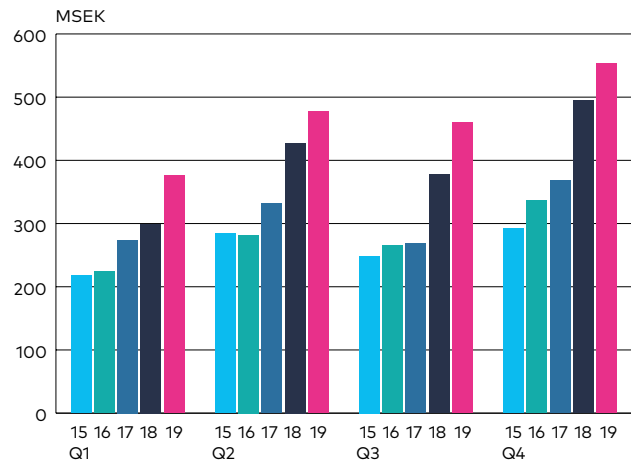
Operating profit (EBITA) increased by 17 percent in the fourth quarter to MSEK 89 (76). The operating margin (EBITA margin) was 16.1 (15.3) percent. IFRS 16 had a positive effect of MSEK 1.4 on EBITA. If IFRS 16 Leases had not been applied, EBITA would have amounted to MSEK 87 (76).

Operating profit (EBIT) increased by 17 percent to MSEK 83 (71). The operating margin (EBIT margin) was 15.1 percent (14.4). Operating profit (EBIT) for the fourth quarter was charged with MSEK 5.4 (4.6) for amortization of intangible assets attributable to acquisitions.

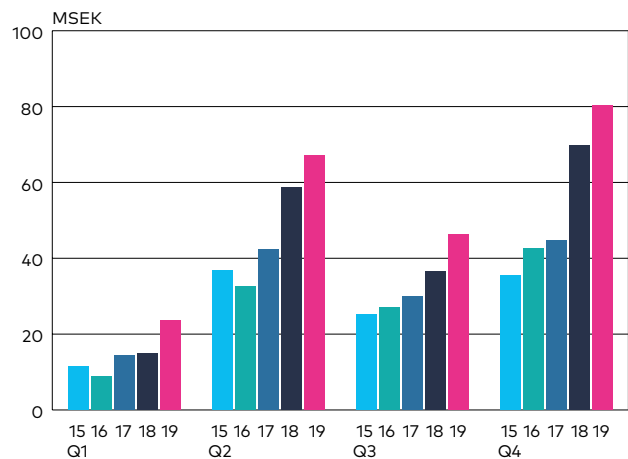
NET SALES BY SOURCE OF REVENUE  
JANUARY 1–DECEMBER 31, 2019 (2018)



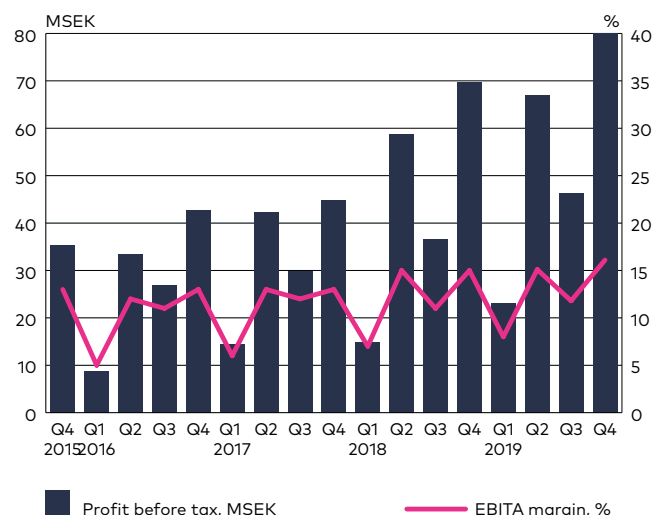
REVENUE BY QUARTER



PROFIT BEFORE TAX BY QUARTER



PROFIT BEFORE TAX AND OPERATING MARGIN  
(EBITA) BY QUARTER



Profit before tax for the fourth quarter increased by 15 percent to MSEK 80 (70). IFRS 16 resulted in a higher interest expense of MSEK 2.6. If IFRS 16 had not been applied, the Group's profit before tax would have amounted to MSEK 81 (70).

The Group's profitability was positively affected by improved profit in BTS North America, BTS Europe and APG, while weaker earnings in BTS Other markets had a negative effect.

## Market development

The market continued to grow rapidly. The rate of change in the global business sector is high, which is favorable for demand. BTS holds a strong competitive position through our global organization, our digital services and our track record on creating earnings for our customers. We can see an increase in inquiries into major projects and an increased win ratio for BTS.

## SEGMENT REPORTING

The effects of IFRS 16 are not included in the BTS Operating units reporting. These effects are recognized as Group adjustments and presented in a separate table.

### Operating units

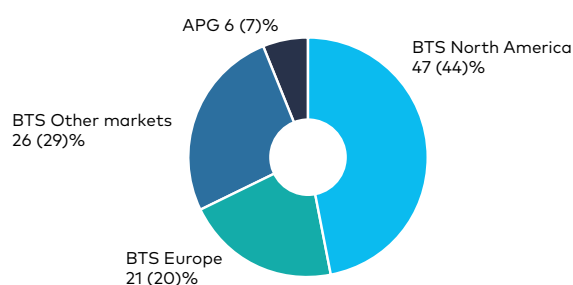
**BTS North America** consists of BTS's operations in North America, excluding APG but including SwissVBS with its operations in Canada and Switzerland.

**BTS Europe** consists of operations in France, Germany, the Netherlands, the UK and Sweden.

**BTS Other markets** consists of operations in Argentina, Australia, Brazil, China, Costa Rica, India, Italy, Japan, Mexico, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand and the United Arab Emirates.

**APG** consists of operations in Advantage Performance Group in North America.

NET SALES PER OPERATING UNIT  
JANUARY 1–DECEMBER 31, 2019 (2018)



## NET SALES PER OPERATING UNIT

MSEK	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
BTS North America	243	210	877	714
BTS Europe	129	105	386	316
BTS Other markets	149	155	490	460
APG	31	24	112	109
<b>Total</b>	<b>553</b>	<b>494</b>	<b>1 865</b>	<b>1 598</b>

## OPERATING PROFIT (EBITA) PER OPERATING UNIT

MSEK	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
BTS North America	32.2	24.5	118.6	93.4
BTS Europe	29.8	26.9	63.3	44.9
BTS Other markets	23.9	24.1	57.2	62.8
APG	1.5	0.4	1.5	0.9
<b>Total</b>	<b>87.5</b>	<b>75.9</b>	<b>240.5</b>	<b>202.1</b>

## BTS North America

Net sales for BTS operations in North America amounted to MSEK 877 (714) for the year. Adjusted for changes in foreign exchange rates, revenue grew by 13 percent. Operating profit (EBITA) totaled MSEK 119 (93) for the year. The operating margin (EBITA margin) was 13.5 (13.1) percent.

Net sales for the fourth quarter amounted to MSEK 243 (210). Adjusted for changes in foreign exchange rates, revenue grew by 9 percent. Operating profit (EBITA) amounted to MSEK 32 (25) in the fourth quarter. The operating margin (EBITA margin) was 13.2 (11.7) percent.

BTS North America had a strong 2019, the third consecutive such year. Over the last three years, revenue has increased 14 percent per year on average and earnings by 26 percent per year on average. Innovative solutions, winning messages on the market and continual work to increase internal efficiency created these results.

## BTS Europe

Net sales for BTS Europe amounted to MSEK 386 (316) for the year. Adjusted for changes in foreign exchange rates, revenue grew by 18 percent. Operating profit (EBITA) totaled MSEK 63 (45) for the year. The operating margin (EBITA margin) was 16.4 (14.2) percent.

Net sales for the fourth quarter amounted to MSEK 129 (105). Adjusted for changes in foreign exchange rates, revenue grew by 17 percent. Operating profit (EBITA) amounted to MSEK 30 (27) in the fourth quarter. The operating margin (EBITA margin) was 23.0 (25.6) percent.

BTS Europe had an excellent 2019, the second consecutive strong year. BTS Europe strengthened its position in all its geographical markets and won many new customers in parallel with successful efforts to increase internal efficiency.

## BTS Other markets

Net sales for BTS Other markets amounted to MSEK 490 (460) for the year. Adjusted for changes in foreign exchange rates, revenue grew by 4 percent. Operating profit (EBITA) totaled MSEK 57 (63) for the year. The operating margin (EBITA margin) was 11.7 (13.7) percent.

Net sales for the fourth quarter amounted to MSEK 149 (155). Adjusted for changes in foreign exchange rates, revenue declined by 6 percent. Operating profit (EBITA) amounted to MSEK 24 (24) in the fourth quarter. The operating margin (EBITA margin) was 16.0 (15.6) percent.

BTS Other markets had four strong years in a row – 2015, 2016, 2017 and 2018 – but 2019 was weaker. We invested for continued rapid growth during the year but achieved only 4 percent growth, and the effect on operating margin was material. Earnings fell 9 percent during the year. Our assessment for 2020 is that earnings in BTS Other markets will increase.

## APG

Net sales for APG amounted to MSEK 112 (109) for the year. Adjusted for changes in foreign exchange rates, revenue declined by 5 percent. Operating profit (EBITA) totaled MSEK 1.5 (0.9) for the year. The operating margin (EBITA margin) was 1.4 (0.9) percent.

Net sales amounted to MSEK 31 (24) in the fourth quarter. Adjusted for changes in foreign exchange rates, revenue grew by 18 percent. Operating profit (EBITA) amounted to MSEK 1.5 (0.4) in the fourth quarter. The operating margin (EBITA margin) was 5.0 (1.6) percent.

Due to the strong fourth quarter, APG improved its earnings in 2019. Our review of operations continues.

## OTHER INFORMATION

### Financial position

Cash flow from operating activities in BTS for the year amounted to MSEK 217.7 (158.2). IFRS 16 had a positive effect of MSEK 47.6 on cash flow from operating activities.

Available cash and cash equivalents amounted to MSEK 316 (262) at the end of the period. The company's interest-bearing loans attributable to completed acquisitions amounted to MSEK 76 (103) at the end of the period.

The equity ratio for BTS was 45 percent (46) at the end of the period. If IFRS 16 had not been applied, the equity ratio would have been 50 percent.

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

### Employees

At December 31, the number of employees at BTS was 832 (701).

The average number of employees for the year was 779 (645).

### Parent Company

The Parent Company's net sales amounted to MSEK 2.9 (3.0) and profit before tax totaled MSEK 41.9 (68.9). Cash and cash equivalents amounted to MSEK 1.9 (4.5).

### Related party transactions

A limited number of transactions with related parties, with the exception of transactions between Group companies, has taken place at prevailing market conditions.

### Outlook for 2020

Profit before tax is expected to be better than last year.

### Annual General Meeting and proposed dividend

The Annual General Meeting will be held on May 14, 2020 at 2:00 p.m. in the BTS offices at Grevgatan 34, Stockholm, Sweden.

The Board proposes a dividend of SEK 4.20 per share, disbursed in two payments of SEK 2.10 each.

## Acquisitions

As previously communicated in a press release on the same day, BTS acquired Polaris Assessment Systems on February 28, 2019. The acquisition encompasses a small cash remuneration and newly issued BTS shares equivalent to MUSD 0.1 in exchange for the rights to all of Polaris's operations including employees, technology, intellectual property, customer relations, brands and equipment.

Through the acquisition of Polaris, BTS gains two business advantages: new industry-leading services that give access to a new market segment worth approximately USD 2 billion globally, and secondly, bringing on board three influential thought leaders in this market segment.

As previously communicated in a press release on the same day, BTS acquired shares in Swiss Virtual Business School VBS AG on July 15, 2019, at which point 100 percent of the voting rights had been acquired. The acquisition encompasses all operations including talent, technology, intellectual property, customer relations, brands and equipment.

Of the initial purchase price, approximately 10 percent was paid in new BTS shares. An additional payment will be paid out in 2021 provided the business meets specific targets 2019-2021 based on the entire measurement period.

SwissVBS provides high impact digital learning solutions for the modern corporate learner. It operates primarily in the European and North American markets, bringing thought leadership and creative solutions to clients through digital journeys as well as learning reinforcement methods. The SwissVBS team will bring world class expertise in digital learning and performance support. This means that BTS can offer clients a wider range of solutions and become even more competitive as an end-to-end talent partner. SwissVBS will also bring clients with whom the company has developed strong relationships and won awards, making BTS stronger in the Canadian and German-speaking markets.

SwissVBS was established in St. Gallen in 2001 as an offspring of the University of St. Gallen. Since then it has successfully grown into a respected provider of customized digital learning to some of the world's largest corporations.

As previously communicated in a press release on the same day, BTS acquired shares in Samsari AB on September 2, 2019, at which point 100 percent of the voting rights were acquired. The acquisition encompasses all operations including talent, technology, intellectual property, customer relations, brands and equipment.

The acquisition of Samsari brings years of experience to BTS through a strong and dynamic team with skills in change management, transformation projects and communication – skills that will become increasingly important and will thus strengthen the BTS service offering as a whole. The acquisition will also contribute to broadening the BTS customer base in the Nordic market.

## Ratification of acquisition analyses

The preliminary acquisition analyses regarding the year's acquisitions of Polaris Assessment Systems, Swiss Virtual Business School VBS AG and Samsari AB have been ratified. The effect of the ratification is an increase in goodwill and a provision for deferred tax liability of MSEK 3.4.

The acquisition calculations ratified at the date of acquisition translated at the exchange rate on the balance sheet date at December 31, 2019:

MSEK	SwissVBS	Other	Total
Tangible assets	0.1	0.0	0.1
Intangible assets	16.0	0.9	16.9
Financial assets	0.1	0.0	0.1
Receivables	5.5	0.3	5.7
Cash and cash equivalents	0.1	1.1	1.2
Current liabilities	-5.7	-0.2	-5.8
Non-current liabilities	-9.7	-0.2	-9.8
<b>Identifiable assets</b>	<b>6.4</b>	<b>2.0</b>	<b>8.4</b>
Goodwill	54.2	7.5	61.7
<b>Total purchase prices</b>	<b>60.6</b>	<b>9.5</b>	<b>70.1</b>
Fair value of issued shares	-0.7	-0.9	-1.6
Estimated additional cash purchase price	-	-0.8	-0.8
Provision for conditional purchase prices	-53.0	-2.0	-55.0
<b>Purchase prices paid in cash for 2019 acquisitions</b>	<b>6.9</b>	<b>5.8</b>	<b>12.7</b>

Goodwill consists of expected future synergy effects in the form of an expanded product range and services. Alongside synergy effects, the addition of qualified employees and future profitability components are included in the goodwill item.

The provisions for conditional earnouts is included in the balance sheet under Provisions in the amount of MSEK 55.0. These earnouts can amount to anywhere between MSEK 0 and a maximum of MSEK 58.5.

No acquisition costs were capitalized, but were instead expensed in their entirety. Expenses for completing the acquisitions including issue costs are included in the Group's operating expenses for 2019 in the amount of MSEK 2.8.

Acquisitions in 2019 contributed MSEK 19.5 to the Group's net sales and MSEK 2.3 to the Group's profit after tax. If the acquisitions had been completed on January 1, 2019, they would have contributed approximately MSEK 38.6 to net sales and approximately MSEK 4.3 to profit after tax.

### Events after the end of the period

To further strengthen its digital customer offerings, BTS signed an agreement in January 2020 regarding the acquisition of the Rapid Learning Institute in the US. Details regarding the acquisition were communicated in a press release on January 6, 2020.

### Risks and uncertainties

The Group's material risks and uncertainties include market and business risks, operational risks and financial risks. Business and market risks may relate to greater customer exposure for specific sectors and companies as well as sensitivity to market conditions. Operational risks include dependence on individuals, skills supply and intellectual property as well as BTS meeting the high quality demands of its clients. Financial risks mainly relate to foreign exchange and credit risks.

The management of risks and uncertainties is described in the 2018 Annual Report. BTS is considered to have a good spread of risks across companies and sectors, and operational risks are handled in a structured manner through well-established processes. Day-to-day exposure to currency fluctuations is limited since revenue and costs are mainly in the same currency in each market, and credit risk is limited since BTS only accepts creditworthy counterparties. No new material risks or uncertainties are deemed to have arisen during 2019.

### Critical accounting estimates and assumptions

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

### Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU, RFR 1 Supplementary Accounting Rules for Groups, and the Swedish Annual Accounts Act. The Parent Company's statements have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act.

### New accounting policies for 2019

#### IFRS 16 Leases

BTS applies IFRS 16 Leases as of January 1, 2019. IFRS 16 is applied retrospectively without restating comparative figures. Accordingly, the opening balance for 2019 has been restated in accordance with the new standard. The standard has impacted BTS's accounting of the Group's operating leases, which mostly comprise premises.

The Group recognizes a right-of-use asset in the balance sheet and a lease liability at the present value of future lease payments, adjusted for any prepaid or accrued payments attributable to the lease. The leased asset is depreciated straight-line over the lease term or over the useful life of the underlying asset if it is deemed to be probable that the Group will take over ownership at the end of the lease term. The lease expense is recognized as depreciation in EBITA and interest expenses in net financial items.

The implementation of the new lease standard results in increased assets and interest-bearing liabilities in the balance sheet, which thus impact the net financial position. The implementation also had a positive impact on EBITA in profit or loss based on a portion of the lease expenses being recognized as interest expenses in net financial items. In the cash flow statement, lease payments are distributed between interest paid in the operating cash flow and repayment of lease liabilities in the financing activities. Since the main payment is recognized in financing activities, cash flow from financing activities is reduced by the corresponding increase in cash flow from operating activities.

The average interest rate for the transition calculation was 4 percent. The Group applies the modified retrospective approach, meaning that the asset is recognized at the same amount as the lease liability, and for this reason no transition effect is presented in equity. Accordingly, comparative information continues to be recognized in accordance with IAS 17 Leases.

The opening effect on the consolidated balance sheet on January 1, 2019 was a reported lease asset (right-of-use asset) of MSEK 170 and a lease liability of MSEK 167 were added, of which MSEK 3 was reclassified from prepaid rent. The implementation effects are summarized in the table "Comparison between IAS 17 and IFRS 16." More details about the implementation, restated financial information and a description of new accounting principles are presented in BTS's 2018 Annual Report.

#### IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 is a new interpretation that clarifies the accounting for uncertainty in income taxes under the framework of IAS 12 Income Taxes. For BTS, this entails a change to

the classification of identified income-tax related risks that were previously recognized as a provision for tax expenses that are probable for setting the commitment. The uncertainty in the treatment of income taxes is recognized as a tax liability going forward.

IFRIC 23 is applied retrospectively without restating comparative figures. Accordingly, the opening balance for 2019 has been restated in accordance with the new interpretation. Income-tax related risks that were previously recognized as short and long-term provisions are reclassified to tax liabilities at an amount totaling MSEK 48 on January 1, 2019. Accordingly, no transition effect is presented in equity.

### Financial calendar

Annual report 2019	April 2020
Interim report Jan–March 2020	May 14, 2020
Interim report Jan–June 2020	August 18, 2020
Interim report Jan–Sept 2020	November 11, 2020

Stockholm, February 18, 2020

Henrik Ekelund  
President and CEO

### Contact information

Henrik Ekelund	CEO	Tel: +46 8 587 070 00
Stefan Brown	CFO	Tel: +46 8 587 070 62
Michael Wallin	Head of Investor Relations	Tel: +46 8 587 070 02 Mobile: +46 70 878 80 19

For further information, visit our website [www.bts.com](http://www.bts.com)

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

Tel. +46 8 587 070 00  
Company registration number: 556566-7119

## Auditor's Review Report

### Introduction

We have reviewed the condensed interim financial information (interim report) of BTS Group AB (publ) as of December 31, 2019, and the twelve-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### The scope and extent of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Company. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope and extent than an audit conducted in accordance with International Standards on Auditing, ISA and the generally accepted auditing standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, the opinion we express does not have the assurance as an opinion based on an audit would have.

### Conclusion

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

Stockholm, February 18, 2020

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling  
*Authorized Public Accountant*



## GROUP INCOME STATEMENT, SUMMARY

KSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	552,505	494,426	1,865,499	1,598,399
Operating expenses	-444,627	-414,405	-1,554,314	-1,384,450
Depreciation of property, plant, and equipment	-18,993	-4,131	-65,855 <sup>1</sup>	-11,835
Amortization of intangible assets	-5,416	-4,644	-19,670	-18,713
<b>Operating profit</b>	<b>83,469</b>	<b>71,246</b>	<b>225,660</b>	<b>183,401</b>
Net financial items	-3,080	-783	-9,771 <sup>1</sup>	-3,130
Associated company, profit after tax	-123	-733	585	-477
<b>Profit before tax</b>	<b>80,267</b>	<b>69,729</b>	<b>216,475</b>	<b>179,794</b>
Estimated tax	-25,080	-20,808	-65,726 <sup>1</sup>	-53,660
<b>Profit for the period</b>	<b>55,187</b>	<b>48,921</b>	<b>150,748</b>	<b>126,134</b>
attributable to the shareholders of the parent company	55,187	48,921	150,748	126,134
Earnings per share, before dilution of shares, SEK	2.86	2.58	7.84	6.67
Number of shares at end of the period	19,318,292	19,013,916	19,318,292	19,013,916
Average number of shares before dilution	19,318,292	18,989,343	19,221,242	18,905,124
Earnings per share, after dilution of shares, SEK	2.86	2.53	7.84	6.56
Average number of shares after dilution	19,318,292	19,316,565	19,221,242	19,232,346
Dividend per share, SEK			4.20 <sup>2</sup>	3.60

<sup>1</sup>The IFRS effect appears in a separate table on page 12.

<sup>2</sup>Proposed dividend

## GROUP STATEMENT OF COMPREHENSIVE INCOME

KSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Profit for the period</b>	<b>55,187</b>	<b>48,921</b>	<b>150,748</b>	<b>126,134</b>
<b>Items that will not be reclassified to profit or loss</b>	-	-	-	-
	-	-	-	-
<b>Items that may be reclassified to profit or loss</b>				
Translation differences in equity	-34,849	5,323	26,111	39,747
<b>Other comprehensive income for the period, net of tax</b>	<b>-34,849</b>	<b>5,323</b>	<b>26,111</b>	<b>39,747</b>
<b>Total comprehensive income for the period</b>	<b>20,337</b>	<b>54,244</b>	<b>176,859</b>	<b>165,881</b>
attributable to the shareholders of the parent company	20,337	54,244	176,859	165,881

## GROUP BALANCE SHEET, SUMMARY

KSEK	Dec 31, 2019	Dec 31, 2018
<b>Assets</b>		
Goodwill	535,916	455,268
Other intangible assets	82,467	72,026
Tangible assets	219,778 <sup>1</sup>	38,803
Financial assets	13,147	15,082
<b>Total non-current assets</b>	<b>851,308</b>	<b>581,179</b>
Trade receivables	514,132	512,468
Other current assets	186,983	172,006
Cash and cash equivalents	316,388	262,357
<b>Total current assets</b>	<b>1,017,503</b>	<b>946,831</b>
<b>TOTAL ASSETS</b>	<b>1,868,812</b>	<b>1,528,010</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>839,678</b>	<b>704,203</b>
Provisions	134,052	220,608
Non-current liabilities	230,245 <sup>1</sup>	62,893
Current liabilities	664,838 <sup>1</sup>	540,307
<b>Total liabilities</b>	<b>1,029,134</b>	<b>823,807</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,868,812</b>	<b>1,528,010</b>

<sup>1</sup> The IFRS effect for the period January to December 2019 appears in a separate table on page 13

## GROUP CASH FLOW STATEMENT, SUMMARY

KSEK	Jan–Dec 2019	Jan–Dec 2018
Cash flow before changes in working capital	235,809 <sup>1</sup>	160,097
Cash flow from changes in working capital	-18,096	-1,934
<b>Cash flow from operating activities</b>	<b>217,712</b>	<b>158,163</b>
Acquisition related	-14,260	-15,055
Other	-23,405 <sup>2</sup>	-22,266
<b>Cash flow from investing activities</b>	<b>-37,665</b>	<b>-37,321</b>
Dividend	-69,231	-53,010
New issue	22,899	5,800
Other	-85,743 <sup>1</sup>	-23,366
<b>Cash flow from financing activities</b>	<b>-132,074</b>	<b>-70,576</b>
<b>Cash flow for the period</b>	<b>47,973</b>	<b>50,266</b>
Cash and cash equivalents, opening balance	262,357	199,876
Translation differences in cash and cash equivalents	6,058	12,215
<b>Cash and cash equivalents, closing balance</b>	<b>316,388</b>	<b>262,357</b>

<sup>1</sup> The IFRS effect for the period January to December 2019 appears in a separate table on page 13

<sup>2</sup> Acquisition of assets

## GROUP CHANGES IN CONSOLIDATED EQUITY

KSEK	Total equity Dec 31, 2018	Total equity Dec 31, 2018
Opening balance	704,203	580,555
Dividend to shareholders	-69,231	-53,010
New issue	26,657	10,943
Other	1,190	-166
Total comprehensive income for the period	176,859	165,881
<b>Closing balance</b>	<b>839,678</b>	<b>704,203</b>

## PARENT COMPANY'S INCOME STATEMENT, SUMMARY

KSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	615	630	2,930	2,955
Operating expenses	-1,474	-1,256	-1,146	-1,756
<b>Operating profit</b>	<b>-859</b>	<b>-626</b>	<b>1,784</b>	<b>1,199</b>
Net financial items	16,191	48,728	40,077	67,739
<b>Profit before tax</b>	<b>15,332</b>	<b>48,102</b>	<b>41,861</b>	<b>68,939</b>
Estimated tax	-878	-827	-878	-827
<b>Profit for the period</b>	<b>14,454</b>	<b>47,275</b>	<b>40,983</b>	<b>68,112</b>

## PARENT COMPANY'S BALANCE SHEET, SUMMARY

KSEK	Dec 31, 2019	Dec 31, 2018
<b>Assets</b>		
Financial assets	302,332	301,983
Other current assets	21,905	41,517
Cash and cash equivalents	1,883	4,509
<b>Total assets</b>	<b>326,120</b>	<b>348,010</b>
<b>Equity and liabilities</b>		
Equity	155,290	156,881
Non-current liabilities	40,000	147,802
Current liabilities	130,830	43,327
<b>Total equity and liabilities</b>	<b>326,120</b>	<b>348,010</b>

## GROUP CONSOLIDATED KEY RATIOS

KSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	552,505	494,426	1,865,499	1,598,399
Operating profit (EBITA)	88,885	75,890	245,330	202,114
Operating margin (EBITA margin), %	16.1	15.3	13.2	12.6
Operating profit (EBIT)	83,469	71,246	225,660	183,401
Operating margin (EBIT margin), %	15.1	14.4	12.1	11.5
Profit margin, %	10.0	9.9	8.1	7.9
Operating capital <sup>1</sup>			599,687	544,686
Return on operating capital, %			39	35
Return on equity, %			20	20
Equity ratio, at end of the period, %	45	46	45	46
Cash flow	54,872	32,020	47,973	50,266
Cash and cash equivalents, at end of the period	316,388	262,357	316,388	262,357
Average number of employees	826	691	779	645
Number of employees at end of the period	832	701	832	701
Revenues for the year per employee			2,393	2,478

<sup>1</sup>The calculation included the item of non-interest-bearing liabilities amounting to 952,737 (720,967) KSEK

## COMPARISON BETWEEN IFRS 16 AND IAS 17

### Excerpt from Group income statement

KSEK	IFRS 16		IAS 17	
	Jan-Dec 2019	Change	Jan-Dec 2019	Jan-Dec 2018
<b>EBITDA</b>	<b>311,185</b>	<b>56,018</b>	<b>255,167</b>	<b>213,949</b>
Depreciation of property, plant, and equipment	-65,855	-51,218	-14,637	-11,835
<b>EBITA</b>	<b>245,330</b>	<b>4,800</b>	<b>240,530</b>	<b>202,114</b>
Amortization of intangible assets	-19,670	-	-19,670	-18,713
<b>EBIT</b>	<b>225,660</b>	<b>4,800</b>	<b>220,860</b>	<b>183,401</b>
Net financial items	-9,771	-7,995	-1,776	-3,130
Associated company, profit after tax	585	-	585	-477
<b>EBT</b>	<b>216,475</b>	<b>-3,195</b>	<b>219,669</b>	<b>179,794</b>
Estimated tax	-65,726	946	-66,672	-53,660
<b>Profit for the period</b>	<b>150,748</b>	<b>-2,249</b>	<b>152,997</b>	<b>126,134</b>

### Group balance sheet

KSEK	IFRS 16	Change	IAS 17	
	Dec31, 2019		Dec31, 2019	Dec31, 2018
<b>ASSETS</b>				
Goodwill	535,916	–	535,916	455,268
Other intangible assets	82,467	–	82,467	72,026
Tangible assets	219,778	177,308	42,471	38,803
Financial assets	13,147	–	13,147	15,082
<b>Total non-current assets</b>	<b>851,308</b>	<b>177,308</b>	<b>674,000</b>	<b>581,179</b>
Trade receivables	514,132	–	514,132	512,468
Other current assets	186,983	–2,138	189,120	172,006
Cash and cash equivalents	316,388	–	316,388	262,357
<b>Total current assets</b>	<b>1,017,503</b>	<b>–2,138</b>	<b>1,019,641</b>	<b>946,831</b>
<b>TOTAL ASSETS</b>	<b>1,868,812</b>	<b>175,170</b>	<b>1,693,642</b>	<b>1,528,010</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>839,678</b>	<b>–2,216</b>	<b>841,894</b>	<b>704,203</b>
Provisions	134,052	–	134,052	220,608
Non-current liabilities	230,245	130,224	100,021	62,893
Current liabilities	664,838	47,163	617,675	540,307
<b>Total liabilities</b>	<b>1,029,134</b>	<b>177,387</b>	<b>851,747</b>	<b>823,807</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,868,812</b>	<b>175,170</b>	<b>1,693,642</b>	<b>1,528,010</b>

### Group cash flow statement

KSEK	IFRS 16	Change	IAS 17	
	Jan–Dec 2019		Jan–Dec 2019	Jan–Dec 2018
Cash flow before changes in working capital	235,809	48,023	187,786	160,097
Cash flow from changes in working capital	–18,096	–462	–17,635	–1,934
<b>Cash flow from operating activities</b>	<b>217,712</b>	<b>47,561</b>	<b>170,151</b>	<b>158,163</b>
<b>Cash flow from investing activities</b>	<b>–37,665</b>	<b>–</b>	<b>–37,665</b>	<b>–37,321</b>
<b>Cash flow from financing activities</b>	<b>–132,074</b>	<b>–47,561</b>	<b>–84,513</b>	<b>–70,576</b>
<b>Cash flow for the period</b>	<b>47,973</b>	<b>–</b>	<b>47,973</b>	<b>50,266</b>
Cash and cash equivalents, opening balance	262,357	–	262,357	199,876
Translation differences in cash and cash equivalents	6,058	–	6,058	12,215
<b>Cash and cash equivalents, closing balance</b>	<b>316,388</b>	<b>–</b>	<b>316,388</b>	<b>262,357</b>

## NET SALES ACCORDING TO BUSINESS MODEL

MSEK	Jan–Dec 2019					Jan–Dec 2018				
	BTS North America	BTS Europe	BTS Other markets	APG	Total	BTS North America	BTS Europe	BTS Other markets	APG	Total
Programs	453	230	357	89	<b>1,129</b>	398	190	333	87	<b>1,008</b>
Development	279	106	79	0	<b>464</b>	190	79	75	0	<b>344</b>
Licenses	88	27	32	23	<b>170</b>	78	24	27	22	<b>150</b>
Other revenue	57	24	22	0	<b>103</b>	48	23	25	0	<b>96</b>
<b>TOTAL</b>	<b>877</b>	<b>386</b>	<b>490</b>	<b>112</b>	<b>1,865</b>	<b>714</b>	<b>316</b>	<b>460</b>	<b>109</b>	<b>1,598</b>

BTS applies *IFRS 15 Revenue from contracts with customers* from 2018. For more information, see *Note 2 Significant accounting policies* and *Note 9 Segment reporting* in the Annual Report 2018.

## DEFINITIONS

### Earnings per share

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

### Operating margin (EBITA margin)

Operating profit before interest, tax and amortization as a percentage of net sales.

### Operating margin (EBIT margin)

Operating profit after depreciation as a percentage of net sales.

### Profit margin

Profit for the period as a percentage of net sales.

### Operating capital

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

### Return on operating capital

Operating profit (EBIT) as a percentage of average operating capital.

### Return on equity

Profit after tax as a percentage of average equity.

### Equity ratio

Equity as a percentage of total balance sheet.

## **THE GLOBAL LEADER IN TURNING STRATEGY INTO ACTION**

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For more than 30 years, we've been designing fun, powerful experiences™ that have a profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success.

*It's strategy made personal.*

### **Vision**

The global leader in turning strategy into action.

### **Purpose**

We inspire and equip people to do the best work of their lives, creating better businesses and a better world.

### **Value proposition**

We make strategy personal and drive great execution. Our unforgettable experiences create levels of alignment, mindset, and capability that deliver better results, faster.

### **Financial goals**

BTS's financial goals over time are to reach:

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

## SWEDEN

### Head Office

Grevgatan 34  
114 53 Stockholm  
SWEDEN  
Tel. 08 58 70 70 00

## ARGENTINA

Reconquista 657  
PB 3 CP1003 CABA.  
Buenos Aires  
Tel. +54 1157955721

## AUSTRALIA

198 Harbour Esplanade,  
Suite 404  
Docklands VIC 3008  
Tel. +61 3 9670 9850

Level 6  
10 Barrack St  
Sydney NSW 2000  
Tel. +61 02 8243 0900

## BRAZIL

Rua Geraldo Flausingo Gomes,  
85, cj 42  
04575-060 São Paulo – SP  
Tel. +55 (11) 5505 2070

## CANADA

SwissVBS  
460 Richmond Street West  
Suite 700  
Toronto, ON M5V 1Y1  
Tel. +1 416 848 3744

## CHINA

1376 West Nanjing Road  
Suite 531, East Office Tower  
Shanghai Centre  
Shanghai 200040  
Tel. +86 21 6289 8688

## COSTA RICA

Office 203  
Prisma Business Center  
San Jose  
Tel. +506 22 88 48 19

## FRANCE

57 Rue de Seine  
75006 Paris  
Tel. +33 1 40 15 07 43

## GERMANY

Ritterstraße 12  
D-50668 Cologne  
Tel. +49 221 270 70 763

## INDIA

Vatika Business Center  
Divyashree Chambers,  
2nd Floor, Wing A  
O'Shaugnessy Road,  
Langford Town  
Bangalore 560025  
Tel. +91 80 4291 1111 Ext 116

801, 8th Floor, DHL Park  
Opposite MTNL,  
Staff quarters,  
S.V. Road, Goregaon (West).  
Mumbai - 400062  
Maharashtra,  
Tel. +91 22 6196 6800

## ITALY

Viale Fulvio Testi 223  
20162 Milan  
Tel. +39 02 6611 6364

BTS Design Innovation  
Viale Abruzzi, 13  
20131 Milan  
Tel. +39 02 69015719

## JAPAN

TS Kojimachi Bldg. 3F  
6-4-6 Kojimachi Chiyoda-ku  
Tokyo 102-0083  
Tel. +81 (3) 6272 9973

## MEXICO

Edificio Torre Moliere  
Calle Moliere 13 – PH  
Col Chapultepec Polanco  
C. P. 11560 México, D.F.  
Tel. +52 (55) 52 81 69 72

## THE NETHERLANDS

Barbara Strozziilaan 201  
1083 HN Amsterdam  
Tel. + 31 (0)20 615 15 14

## SINGAPORE

1 Finlayson Green  
Suite 16-01  
Singapore 049246  
Tel. +65 6304 3032

## SPAIN

Simon Bolivar 27-1,  
Office No. 4  
Bilbao 48013  
Tel. +34 94 423 5594

Calle José Abascal 55,  
piso 3ºDcha  
28003 Madrid  
Tel. +34 91 417 5327

## SOUTH AFRICA

267 West Avenue, 1st Floor  
Centurion 0046,  
Gauteng  
Tel. +27 12 663 6909

## SOUTH KOREA

Room 103, 1st Floor  
Wonseo Building  
13, Changdeokgung 1-gil  
Jongnogu  
Seoul 03058  
Tel. +82 2 539 7676

## SWITZERLAND

SwissVBS  
Winkelriedstrasse 35  
9000 St. Gallen  
Tel. +41 71 845 5936

## TAIWAN

7 F, No. 307,  
Dun-Hua, North Road  
Taipei 105  
Tel. +886 2 8712 3665

## THAILAND

128/27 Phyathai Plaza  
Building (4th Floor)  
Phyathai Rd. Kwaeng Thung  
Phyathai  
Khet Ratchathewi  
Bangkok 10400  
Tel. +66 2 216 5974

## UK

1 Queen Caroline Street  
London W6 9YN  
Tel: +44 20 7368 4180

Holbrook Court,  
Cumberland Business Centre,  
Hampshire, PO5 1DS  
Portsmouth  
Tel: +44 2393 162686

## UNITED ARAB EMIRATES

10th Floor, Swiss Tower  
Jumeirah Lakes Towers  
Dubai  
Tel. +971 4 279 8341

## USA

Frost Bank Building  
401 Congress Avenue  
Suite 2740  
Austin, Texas 78701  
Tel. +1 512 474 1416

200 South Wacker Drive  
Suite 925  
Chicago, IL 60606  
Tel. +1 312 509 4750

101 West Elm Street  
Suite 310  
Conshohocken, PA 19428  
Tel. (toll free) +1 800 445 7089  
Tel. +1 484 391 2900

350 Fifth Avenue  
Suite 5020  
New York, NY 10118  
Tel. +1 646 378 3730

4742 North 24th Street  
Suite 120  
Phoenix, AZ 85016  
Tel. +1 480 948 2777

222 Kearny Street  
Suite 1000  
San Francisco, CA 94108  
Tel. +1 415 362 4200

## ADVANTAGE

## PERFORMANCE GROUP

100 Smith Ranch Road,  
Suite 306  
San Rafael, CA 94903  
USA  
Tel. +1 800 494 6646

Strategy made personal

We create powerful experiences that help  
leaders build the future of their business



www.bts.com