

BTS GROUP AB (PUBL)
INTERIM REPORT, JANUARY 1–MARCH 31, 2010

CONTINUED GROWTH DURING THE FIRST QUARTER, FOREIGN EXCHANGE EFFECTS WEIGH ON EARNINGS

- Net turnover amounted to MSEK 137.5 (137.4) during the first quarter. Adjusted for changes in foreign exchange rates, growth was 12 percent.
- Profit before tax decreased by 8 percent to MSEK 10.0 (10.9). Changes in foreign exchange rates impacted earnings negatively by MSEK 2.8.
- Profit after tax decreased by 11 percent to MSEK 6.4 (7.2).
- Earnings per share decreased by 11 percent to SEK 0.36 (0.40).
- New clients during the first quarter include Rio Tinto, Salesforce.com and Schindler Electric, among others.

	Jan–Mar 2010	Jan–Mar 2009	Rolling 12 months 2009/10	Full-year 2009
Net turnover, MSEK	137.5	137.4	595.2	595.1
EBITA (Profit before interest, tax and amortization), MSEK	11.0	14.1	75.0	78.1
EBIT (Operating profit), MSEK	10.2	11.3	68.7	69.8
Profit before tax, MSEK	10.0	10.9	67.4	68.3
Profit after tax, MSEK	6.4	7.2	43.5	44.3
EBITA margin (Profit before interest, tax and amortization margin), %	8	10	13	13
EBIT margin (Operating margin), %	7	8	12	12
Earnings per share, SEK	0.36	0.40	2.41	2.45

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.

CEO COMMENTS

2010 is expected to be better than previous year

We can state that BTS is continuing the growth phase which began during the third quarter; revenues increased by 12 percent (currency adjusted) during the first quarter, and market demand developed in a positive direction.

The positive turnaround in APG was strengthened during the first quarter; revenues increased by 47 percent and earnings improved significantly.

Profit before tax decreased during Q1 by MSEK 1 due to changes in foreign exchange rates (negative effect MSEK 2.8) and significantly weaker earnings in BTS Europe (negative effect MSEK 3.8).

Our action program in BTS Europe is working, and BTS Europe is expected to achieve higher earnings during the second quarter compared with the previous year.

The outlook for 2010 is still that profit before tax is expected to be better than the previous year.



ACTIVITIES

Group

► Turnover

BTS' net turnover amounted to MSEK 137.5 (137.4) during the first quarter. Adjusted for changes in foreign exchange rates, growth was 12 percent. Growth varied among the units: BTS Other markets 5 percent, BTS USA 9 percent, BTS Europe –10 percent and APG 47 percent (growth figure measured in local currencies).

► Earnings

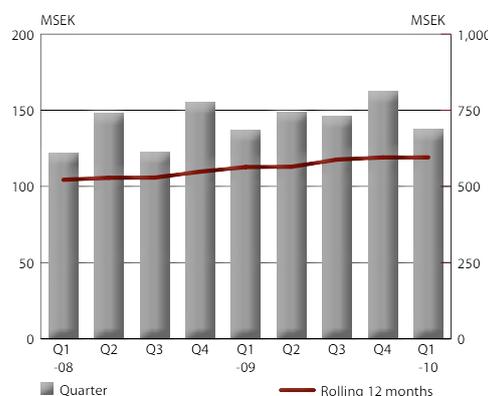
Operating profit before amortization of intangible assets (EBITA) decreased by 22 percent during the first quarter and amounted to MSEK 11.0 (14.1). Operating profit (EBIT) decreased by 10 percent during the quarter and amounted to MSEK 10.2 (11.3). Operating profit during the quarter was affected by MSEK 0.8 (2.8) for amortization of intangible assets attributable to acquisitions.

The operating margin before amortization of intangible assets (EBITA margin) was 8 (10) percent. The operating margin (EBIT margin) was 7 (8) percent.

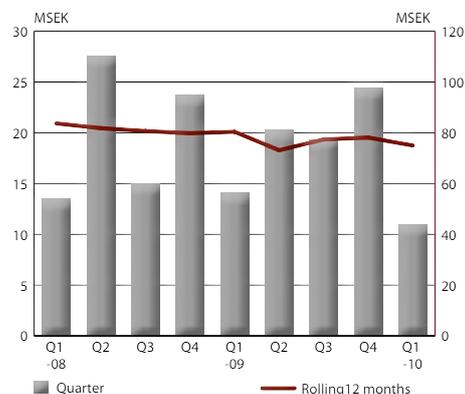
The group's profit before tax for the first quarter decreased by 8 percent to MSEK 10.0 (10.9).

Earnings were positively impacted by improved earnings in APG. Earnings were impacted negatively by changes in foreign exchange rates (negative effect MSEK 2.8 M) and by a decrease in earnings in BTS Europe (negative effect MSEK 3.8) and BTS Other markets.

NETTURNOVER



OPERATING PROFIT (EBITA)



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

Demand for training and consultancy services weakened during 2009 compared to the previous year. Demand for BTS' services has been better than for the market as a whole.

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

BTS' recession strategy has been based on:

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

This strategy was successful during 2009, as BTS is considered to have performed significantly better than the overall market. Many of BTS' competitors displayed revenue declines during 2009 of between 20 and 40 percent, whereas BTS' revenues only fell by 3 percent (currency adjusted).

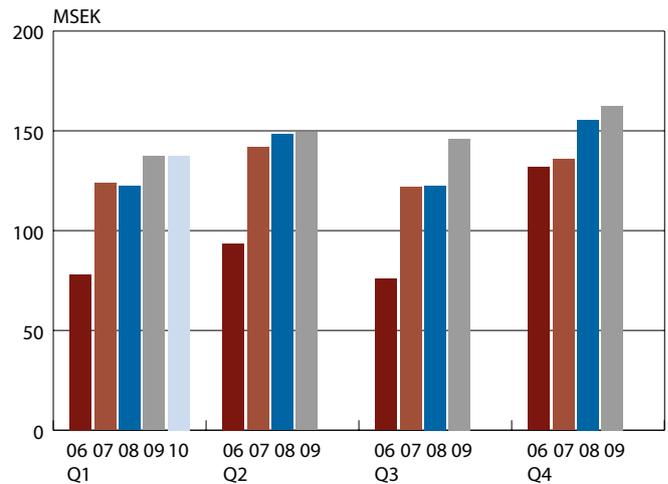
The improvement during 2009 relative to the competitors has placed BTS in a stronger market position during 2010. At the same time, market demand developed positively during the first quarter.

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

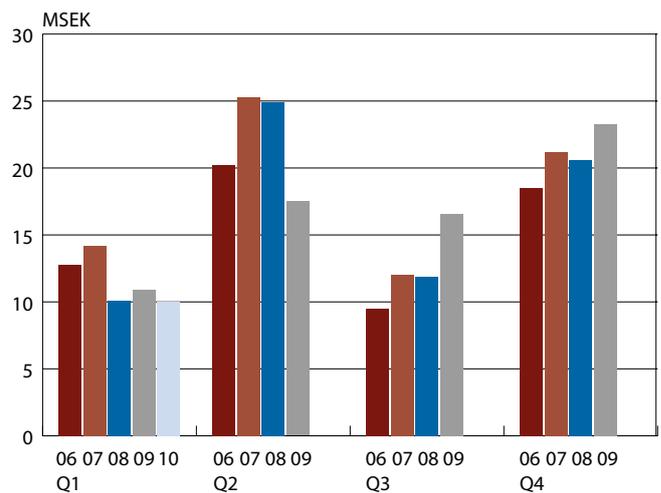
► **Assignments and new clients**

New clients secured during the first quarter include Rio Tinto, Salesforce.com and Schindler Electric, among others.

REVENUE DEVELOPMENT BY QUARTER



PROFIT DEVELOPMENT BY QUARTER
Profit before tax



Operative units

NET TURNOVER PER OPERATIVE UNIT

MSEK	Jan–Mar 2010	Jan–Mar 2009	Rolling 12 months 2009/10	Full-year 2009
North America*	99.9	97.1	426.4	423.6
Europe	25.7	30.2	118.8	123.3
Other markets	11.9	10.1	50.0	48.2
Total	137.5	137.4	595.2	595.1

*North America

BTS	64.0	68.5	303.1	307.6
APG	35.9	28.6	123.3	116.0
Total	99.9	97.1	426.4	423.6

Operative units

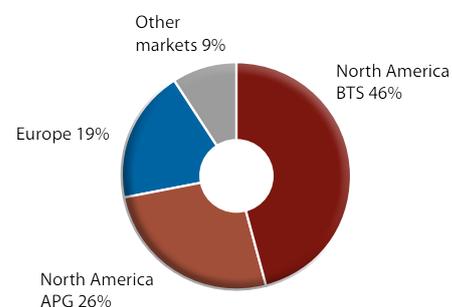
OPERATING PROFIT BEFORE AMORTIZATION OF INTANGIBLE ASSETS (EBITA) PER OPERATIVE UNIT

MSEK	Jan–Mar 2010	Jan–Mar 2009	Rolling 12 months 2009/10	Full-year 2009
North America*	12.5	10.7	70.2	68.4
Europe	–0.6	3.2	2.9	6.7
Other markets	–0.9	0.2	1.9	3.0
Total	11.0	14.1	75.0	78.1

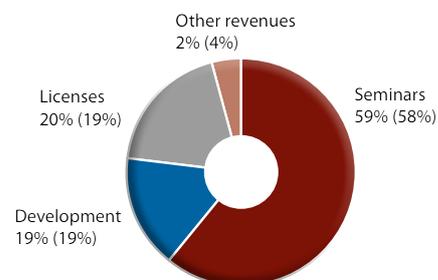
*North America

BTS	10.1	11.0	62.9	63.8
APG	2.4	–0.3	7.3	4.6
Total	12.5	10.7	70.2	68.4

NET TURNOVER PER OPERATIVE UNIT



NET TURNOVER BY SOURCE OF REVENUE



North America

► BTS

Net turnover for BTS' North American operations amounted to MSEK 64.0 (68.5) during the first quarter. Adjusted for changes in foreign exchange rates, revenue increased by 9 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 10.1 (11.0) during the quarter. Adjusted for changes in foreign exchange rates, earnings increased by 10 percent. The operating margin before amortization of intangible assets (EBITA margin) was 16 (16) percent.

The US market continued to strengthen during the first quarter. There is good demand.

► APG

Net turnover amounted to MSEK 35.9 (28.6) during the first quarter. Adjusted for changes in foreign exchange rates, revenue increased by 47 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK 2.4 (-0.3) during the first quarter. The operating margin before amortization of intangible assets (EBITA margin) was 7 (-1) percent.

The strong growth and improvement in earnings in APG is due to the action program implemented during 2009 as well as significantly better demand for APG's services.

Europe

Net turnover for Europe amounted to MSEK 25.7 (30.2) during the first quarter. Adjusted for changes in foreign exchange rates, revenue decreased by 10 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK -0.6 (3.2) during the first quarter. The operating margin before amortization of intangible assets (EBITA margin) was -2 (11) percent.

The negative earnings trend in BTS Europe was mainly due to a significant deterioration in earnings for BTS' operations in Northern Europe. Fixed costs have been reduced and a program to improve sales efficiency has been implemented in order to increase earnings. BTS' operations in Northern Europe, like in BTS Europe, are expected to achieve higher earnings during the second quarter than during the previous year.

Other markets

Net turnover for Other markets amounted to MSEK 11.9 (10.1) during the first quarter. Adjusted for changes in foreign exchange rates, revenue increased by 5 percent. Operating profit before amortization of intangible assets (EBITA) amounted to MSEK -0.9 (0.2) during the quarter. The operating margin before amortization of intangible assets (EBITA margin) was -7 (2) percent.

The weaker earnings were due to increased investments in the BTS organisation in Eastern Asia.



Financial position

BTS' cash flow from operating activities amounted to MSEK –6.6 (–24.1) during the first quarter.

Cash and cash equivalents amounted to MSEK 67.9 (44.9) at the end of the period. The company's interest-bearing loans, which relate to previously completed acquisitions, amounted to MSEK 52.4 (87.7) at the end of the period.

BTS' solidity was 66 (62) 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 as of March 31 was 258 (268).

The average number of employees during the first quarter was 255 (267).

Parent Company

The company's net turnover amounted to MSEK 0.5 (1.3) and profit after net financial items amounted to MSEK 0.8 (5.0). Cash and cash equivalents amounted to MSEK 0.1 (4.8).

Outlook for 2010

Profit before tax is expected to be better than the previous year.

Risks and uncertainties

BTS is exposed to a number of risks and uncertainties in its operations, which are mentioned and commented on in the Annual Report 2009. As of March 31, 2010, it is assessed that no new significant risks or uncertainties have arisen.

Critical estimates and judgements

In order to prepare the financial statements in conformity with IFRS the Corporate Management is required make estimates and assumptions that affect the application of the accounting principles and the recognized amounts of assets, liabilities, revenue 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 may deviate from these estimates and assessments. Estimates and assumptions are reviewed regularly.

Accounting policies

This interim report is prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the EU and the relevant references to Chapter 9 of the Swedish Annual Accounts Act. The parent company's statements are prepared in accordance with RFR 2.2 Accounting for Legal Entities and the Annual Accounts Act. The accounting policies and calculation methods applied are in line with the accounting policies used in the preparation of the most recent financial statements.

IAS 1 (revised) – Presentation of financial statements. The group has applied the revised standard from July 1, 2009. The revised standard requires that changes in equity which do not relate to transactions with owners are to be reported in a statement of comprehensive income. As a result the group presents all owner changes in equity in Changes in equity, whereas all non-owner changes in equity are presented in the Consolidated statement of comprehensive income. The revised standard has no impact apart from the presentation.

IFRS 2 (amendment) – Share-based payment. The group has applied the amendment from July 1, 2009. The amended standard deals with vesting conditions and cancellations. The amendment of the standard has no material impact on the consolidated financial statements at present.

Disclosures. The group has applied the amendment from January 1, 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. The amended standard no impact apart from the presentation.

Future reporting dates

Interim Report April–June	August 19, 2010
Interim Report July–September	November 11, 2010
Year-end Report	February, 2011

Stockholm, April 29, 2010

Henrik Ekelund
Chief Executive Officer

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

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INCOME STATEMENT, SUMMARY

KSEK	Jan–Mar 2010	Jan–Mar 2009	Rolling 12 months 2009/10	Full-year 2009
Net turnover	137,495	137,414	595,143	595,062
Operating expenses	–125,693	–122,492	–516,956	–513,755
Depreciation tangible assets	–793	–787	–3,182	–3,176
Amortization intangible assets	–787	–2,787	–6,268	–8,268
Operating profit	10,222	11,348	68,737	69,863
Financial income and expenses	–222	–455	–1,331	–1,564
Profit before tax	10 000	10,893	67,406	68,299
Taxes	–3,580	–3,717	–23,872	–24,009
Profit for the period	6,420	7,176	43,534	44,290
attributable to equity holders of the parent	6,420	7,176	43,534	44,290
Earnings per share, before dilution of shares, SEK	0.36	0.40	2.41	2.45
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	0.35	0.40	2.40	2.45
Average number of shares after dilution of shares	18,149,635	18,048,300	18,149,635	18,110,822
Proposed dividend per share				1.20

GROUP STATEMENT OF COMPREHENSIVE INCOME

KSEK	Jan–Mar 2010	Jan–Mar 2009	Rolling 12 months 2009/10	Full-year 2009
Profit for the period	6,420	7,176	43,534	44,290
Other comprehensive income:				
Income/expenses in shareholders' equity	530	11,605	–25,508	–14,433
Other comprehensive income for the year, net of tax	530	11,605	–25,508	–14,433
Total comprehensive income for the year	6,950	18,781	18,026	29,857
attributable to equity holders of the parent	6,950	18,781	18,026	29,857

BALANCE SHEET, SUMMARY

KSEK	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Assets			
Goodwill	152,610	171,397	151,787
Other intangible assets	18,113	27,786	18,830
Tangible assets	9,340	9,624	9,174
Other fixed assets	5,320	4,946	5,310
Accounts receivable	110,303	124,730	150,552
Other current assets	39,406	49,089	32,031
Cash and cash equivalents	67,942	44,864	75,412
Total assets	403,034	432,436	443,096
Equity and liabilities			
Equity	266,816	269,800	259,623
Interest bearing – non current liabilities	149	157	164
Non interest bearing – non current liabilities	294	452	317
Interest bearing – current liabilities	52,392	87,737	52,334
Non interest bearing – current liabilities	83,383	74,290	130,658
Total equity and liabilities	403,034	432,436	443,096

CASH FLOW STATEMENT, SUMMARY

KSEK	Jan–Mar 2010	Jan–Mar 2009	Full-year 2009
Cash flow from current operations	–6,640	–24,056	61,320
Cash flow from investment activities	–902	–1,205	–4,431
Cash flow from financing operations	–264	536	–46,054
Change in liquid funds	–7,806	–24,725	10,835
Liquid funds, opening balance	75,412	65,887	65,887
Effect of exchange rate changes on cash	336	3,702	–1,310
Liquid funds, closing balance	67,942	44,864	75,412

CHANGES IN CONSOLIDATED EQUITY

KSEK	Total equity Mar 31, 2010	Total equity Mar 31, 2009	Total equity Dec 31, 2009
Opening balance	259,623	250,908	250,908
Dividend to shareholders	–	–	–21,658
Miscellaneous	244	111	516
Profit for the period	6,950	18,781	29,857
Closing balance	266,816	269,800	259,623

CONSOLIDATED KEY RATIOS

KSEK	Jan–Mar 2010	Jan–Mar 2009	Rolling 12 months 2009/10	Full-year 2009
Net turnover, KSEK	137,495	137,414	595,143	595,062
EBITA (Profit before interest, tax and amortization), KSEK	11,009	14,135	75,005	78,131
EBIT (Operating profit), KSEK	10,222	11,348	68,737	69,863
EBITA margin (Profit before interest, tax and amortization margin), %	8	10	13	13
EBIT margin (Operating margin), %	7	8	12	12
Profit margin, %	5	5	7	7
Operational capital, KSEK			251,415	236,709
Return on equity, %			16	17
Return on operational capital, %			24	28
Solidity at end of the period, %	66	62	66	59
Cash flow, KSEK	–7,806	–24,725	27,754	10,835
Liquid funds at end of the period, KSEK	67,942	44,864	67,942	75,412
Average number of employees	255	267	256	260
Number of employees at end of the period	258	268	258	252
Revenues for the year per employee, KSEK			2,325	2,289

PARENT COMPANY'S INCOME STATEMENT, SUMMARY

KSEK	Jan–Mar 2010	Jan–Mar 2009	Rolling 12 months 2009/10	Full-year 2009
Net turnover	480	1,354	1,628	2,502
Operating expenses	–740	–561	–2,181	–2,002
Operating profit	–260	793	–553	500
Financial income and expenses	755	4,220	12,802	16,267
Profit before tax	495	5,013	12,249	16,767
Taxes	0	0	–138	–138
Profit for the period	495	5,013	12,111	16,629

PARENT COMPANY'S BALANCE SHEET, SUMMARY

KSEK	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Assets			
Financial assets	148,653	199,232	152,025
Other current assets	1,031	688	2,435
Cash and cash equivalents	123	4,846	129
Total assets	149,807	204,766	154,589
Equity and liabilities			
Equity	95,993	105,692	95,499
Liabilities	53,814	99,074	59,090
Total equity and liabilities	149,807	204,766	154,589

DEFINITIONS

Earnings per share

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

EBITA margin (Profit before interest, tax and amortization margin)

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

EBIT margin (Operating margin)

Operating profit after depreciation as a percentage of revenues.

Profit margin

Profit 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

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

Return on operational capital

Operating profit as a percentage of average operational capital.

Solidity

Equity as a percentage of total balance sheet.

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