



Vision
The global leader in turning
strategy into action.

Profit in 2018 increases by 43 percent

Full year 2018

- Net sales amounted to MSEK 1,598.4 (1,242.6). Adjusted for changes in foreign exchange rates, growth was 26 percent.
- Operating profit (EBITA) increased by 43 percent to MSEK 202.1 (140.9).
- Profit before tax increased by 37 percent to MSEK 179.8 (131.4).
- Profit after tax increased by 29 percent to MSEK 126.1 (98.1).*
- Earnings per share before dilution increased by 28 percent to SEK 6.67 (5.20), and after dilution by 29 percent to SEK 6.56 (5.09).*

Fourth quarter 2018

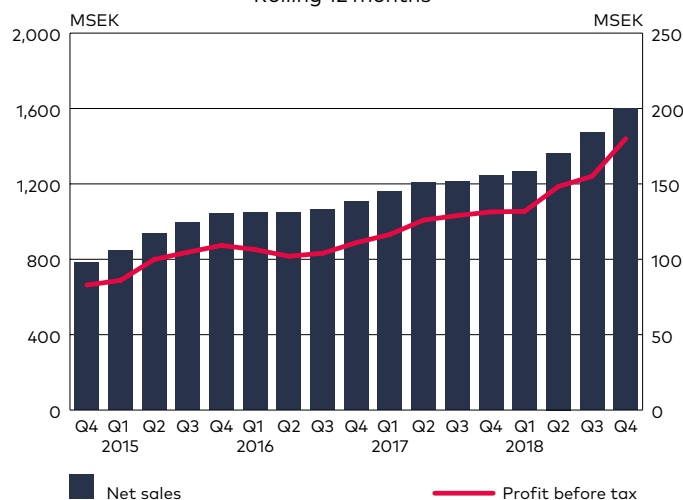
- Net sales amounted to MSEK 494.4 (368.2). Adjusted for changes in foreign exchange rates, growth was 27 percent.
- Operating profit (EBITA) increased by 56 percent to MSEK 75.9 (48.8).
- Profit before tax increased by 56 percent to MSEK 69.7 (44.8).
- Profit after tax increased by 21 percent to MSEK 48.9 (40.4).*
- Earnings per share before dilution increased by 20 percent to SEK 2.58 (2.14), and after dilution by 21 percent to SEK 2.53 (2.10).*

Dividend

- The proposed dividend is SEK 3.60 (2.80) per share to be paid on two occasions in the amount of SEK 1.80 per payment.

* Profit after tax was positively impacted by MSEK 10.5 during the fourth quarter of 2017 due to the revaluation of deferred tax liabilities as a result of a non-recurring effect on taxes from the changed corporate tax rate in the US. Without this non-recurring effect, profit after tax would have increased 44 percent in 2018 and 64 percent in the fourth quarter.

NET SALES AND PROFIT BEFORE TAX
Rolling 12 months



BTS is a global professional services firm headquartered in Stockholm, Sweden, with approximately 700 professionals in 37 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 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.

Q4

CEO COMMENTS

Record year

Revenue increased by 26 percent and profit by 43 percent in 2018. Both income and profit have more than doubled in four years, and profit is increasing faster than revenue.

The fourth quarter marked a very positive performance, with 27 percent growth and a 56 percent increase in profit. All units trended positively in the fourth quarter.

Total growth for the year (26 percent) consisted of organic growth of 16 percent and an acquired growth of 10 percent. Organic growth accelerated during the year; during the fourth quarter it was 24 percent.

The market for BTS's services is continuing to grow. 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 are securing many new assignments from existing customers while adding many new customers. One area that is growing quickly is digital transformation, where we help customers carry out and achieve results more quickly; digitization creates changes in how markets and companies function, and all managers and employees need to learn new approaches and new skills.

Other areas that grew quickly are coaching, assessment and innovation. We are, especially in the US market, winning a larger number of change management projects within these areas.

Demand for digitally delivered services is accelerating in our sector. We are well positioned and are continuing to invest in new, improved and innovative solutions. Our digital licensing revenue is increasing rapidly, from MSEK 46 to MSEK 84.

BTS's income is increasing in nearly all industries. The fastest increase is in energy and FMCG, two sectors with big and rapid change.

The acquisitions made in the end of 2017 have been integrated with good results. BTS Coach reported rapid growth in 2018 and strong synergy effects. BTS Germany won several important new customers in 2018 and is well-positioned for growth in 2019.



Profit margins are increasing; in 2018 we achieved an EBITA margin of 12.6 percent, compared with 11.3 (2017) and 10.7 percent in 2016. 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. BTS will continue to invest in raising the margin, with a target EBITA margin of 15 percent.

In 2019, we expect continued healthy growth and profit before tax that is better than in the preceding year.

Stockholm, February 21, 2019

A handwritten signature in blue ink, appearing to read 'Henrik Ekelund', written over a light blue horizontal line.

Henrik Ekelund
President and CEO of BTS Group AB (publ)

OPERATIONS

Sales

BTS's net sales for the year totaled MSEK 1,598.4 (1,242.6). Adjusted for changes in foreign exchange rates, growth was 26 percent, with a favorable combination of organic (16 percent) and acquired growth (10 percent).

Growth varied between the units: BTS Europe 47 percent, BTS Other markets 29 percent, BTS North America 22 percent and APG negative 6 percent (growth measured in local currency).

Earnings

Operating profit (EBITA) increased by 43 percent during the year to MSEK 202.1 (140.9). The operating margin (EBITA margin) was 12.6 (11.3) percent.

Operating profit (EBIT) for the year increased by 39 percent during the year to MSEK 183.4 (132.3). The operating margin (EBIT margin) was 11.5 percent (10.6). Operating profit for the year was charged with MSEK 18.7 (8.6) for amortization of intangible assets attributable to acquisitions.

Profit after tax was positively impacted by MSEK 10.5 during the fourth quarter of 2017 due to the revaluation of deferred tax liabilities as a result of a non-recurring effect on taxes from the changed corporate tax rate in the US. Without this non-recurring effect, profit after tax would have increased 44 percent in 2018 and 64 percent in the fourth quarter.

Profit before tax increased by 37 percent to MSEK 179.8 (131.4).

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

Fourth quarter

BTS's net sales in the fourth quarter amounted to MSEK 494.4 (368.2). Adjusted for changes in foreign exchange rates, growth was 27 percent.

Operating profit (EBITA) increased by 56 percent in the fourth quarter to MSEK 75.9 (48.8). The operating margin (EBITA margin) was 15.3 (13.2) percent.

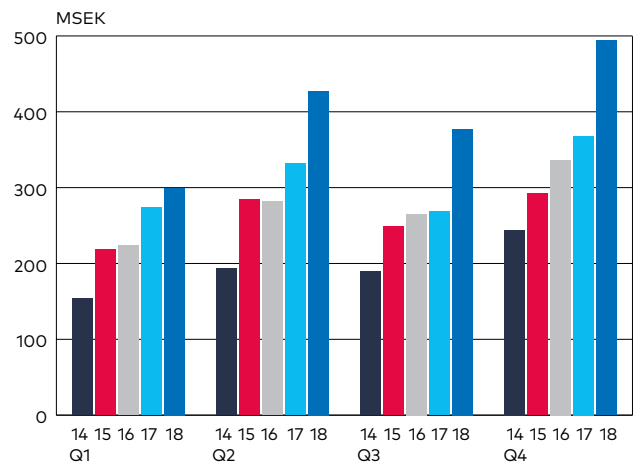
Operating profit (EBIT) increased by 57 percent to MSEK 71.2 (45.3). The operating margin (EBIT margin) amounted to 14.4 (12.3) percent. Operating profit (EBIT) for the fourth quarter was charged with MSEK 4.6 (3.5) for amortization of intangible assets attributable to acquisitions.

The Group's income before tax for the fourth quarter increased by 56 percent to MSEK 69.7 (44.8).

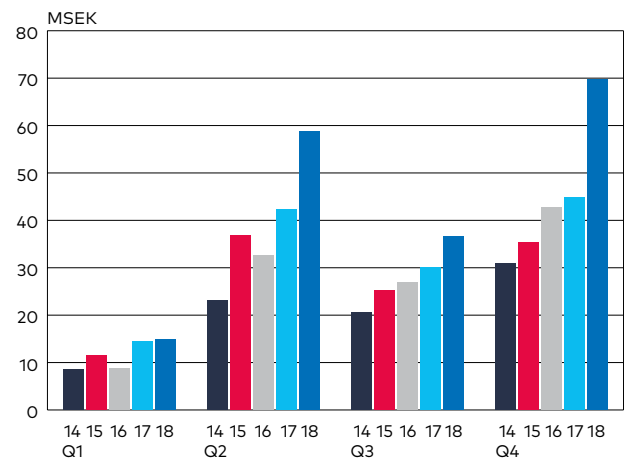
Market development

The market for BTS services continued to trend positively during the year. The share of licensing revenue grew, with rapidly increasing sales of digital licenses.

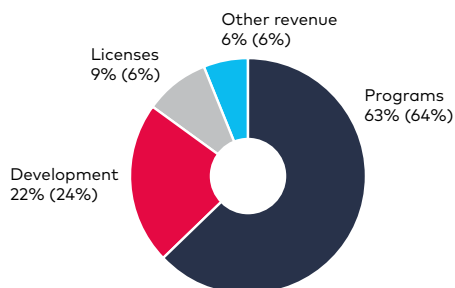
REVENUE BY QUARTER



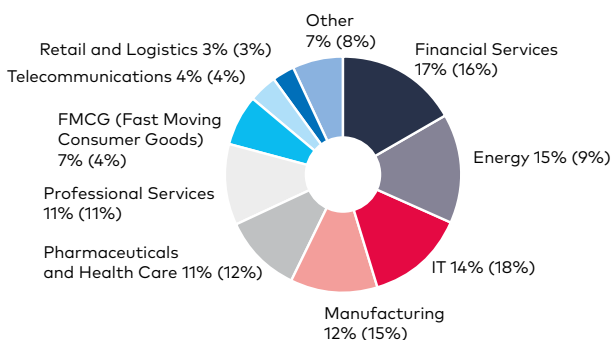
PROFIT BEFORE TAX BY QUARTER



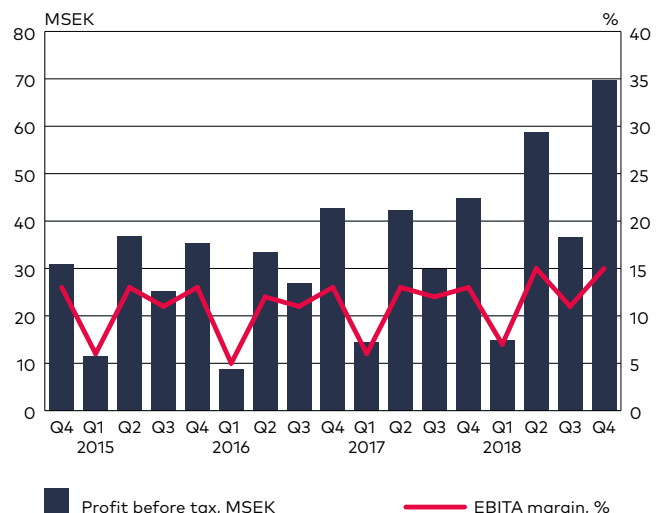
NET SALES BY SOURCE OF REVENUE JANUARY 1–DECEMBER 31, 2018 (2017)



NET SALES PER SECTOR JANUARY 1–DECEMBER 31, 2018 (2017)



PROFIT BEFORE TAX AND OPERATING MARGIN (EBITA) BY QUARTER



OPERATING UNITS

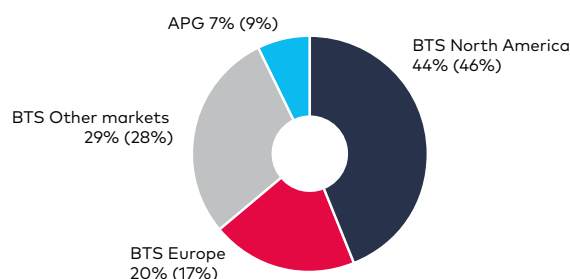
BTS North America consists of BTS's operations in North America excluding APG.

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

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, 2018 (2017)



NET SALES PER OPERATING UNIT

MSEK	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
BTS North America	210.1	147.1	714.2	573.7
BTS Europe	105.1	86.0	315.7	204.0
BTS Other markets	154.9	107.6	459.9	350.9
APG	24.3	27.6	108.6	114.1
Total	494.4	368.2	1,598.4	1,242.6

OPERATING PROFIT (EBITA) PER OPERATING UNIT

MSEK	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
BTS North America	24.5	15.6	93.4	73.7
BTS Europe	26.9	17.0	44.9	17.9
BTS Other markets	24.1	16.5	62.8	47.6
APG	0.4	–0.4	0.9	1.7
Total	75.9	48.8	202.1	140.9

BTS North America

Net sales for BTS's operations in North America amounted to MSEK 714.2 (573.7) for the full year. Adjusted for changes in foreign exchange rates, revenue grew by 22 percent. Operating profit (EBITA) totaled MSEK 93.4 (73.7) for the year. The operating margin (EBITA margin) was 13.1 (12.8) percent.

Net sales amounted to MSEK 210.1 (147.1) in the fourth quarter. Adjusted for changes in foreign exchange rates, revenue grew by 31 percent. Operating profit (EBITA) amounted to MSEK 24.5 (15.6) in the fourth quarter. The operating margin (EBITA margin) was 11.7 (10.6) percent.

BTS North America experienced a very successful year with organic growth of 19 percent. In spite of considerable investments in marketing and organization, the operating margin increased slightly.

BTS Europe

Net sales for BTS Europe amounted to MSEK 315.7 (204.0) during the year. Adjusted for changes in foreign exchange rates, revenue grew by 47 percent. Operating profit (EBITA) totaled MSEK 44.9 (17.9) for the year. The operating margin (EBITA margin) was 14.2 (8.8) percent.

Net sales amounted to MSEK 105.1 (86.0) in the fourth quarter. Adjusted for changes in foreign exchange rates, revenue grew by 17 percent. Operating profit (EBITA) amounted to MSEK 26.9 (17.0) in the fourth quarter. The operating margin (EBITA margin) was 25.6 (19.7) percent.

BTS Europe integrated both BTS Germany and BTS Coach well, which resulted in record growth of 47 percent, of which 12 percent was organic. BTS Europe's operating margin improved considerably, by slightly more than 5 percentage points.

BTS Other markets

Net sales for BTS Other markets amounted to MSEK 459.9 (350.9) for the year. Adjusted for changes in foreign exchange rates, revenue grew by 29 percent. Operating profit (EBITA) totaled MSEK 62.8 (47.6) for the year. The operating margin (EBITA margin) was 13.7 (13.6) percent.

Net sales amounted to MSEK 154.9 (107.6) in the fourth quarter. Adjusted for changes in foreign exchange rates, revenue grew by 40 percent. Operating profit (EBITA) amounted to MSEK 24.1 (16.5) in the fourth quarter. The operating margin (EBITA margin) was 15.6 (15.3) percent.

Once again, BTS Other markets achieved a strong year of growth, 29 percent, of which 20 percent was organic. Revenue in BTS Other markets in 2018 was 2.5 times greater than four years ago, i.e. 2014.

APG

Net sales for APG amounted to MSEK 108.6 (114.1) for the year. Adjusted for changes in foreign exchange rates, revenue declined by 6 percent. Operating profit (EBITA) totaled MSEK 0.9 (1.7) for the year. The operating margin (EBITA margin) was 0.9 (1.5) percent.

Net sales amounted to MSEK 24.3 (27.6) in the fourth quarter. Adjusted for changes in foreign exchange rates, revenue decreased by 19 percent. Operating profit (EBITA) amounted to MSEK 0.4 (-0.4) in the fourth quarter. The operating margin (EBITA margin) was 1.6 (-1.3) percent.

APG has gone through a year of changes and some investments. During the fourth quarter, profit improved compared with the preceding year.

Financial position

BTS's cash flow from operating activities during the year amounted to MSEK 158.2 (98.2).

Available cash and cash equivalents amounted to MSEK 262.4 (199.9) at the end of the period. The company's interest-bearing loans attributable to previously implemented acquisitions amounted to MSEK 102.8 (125.6) at the end of the period.

BTS's equity ratio was 46 percent (47) at the end of the period.

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

Employees

At December 31, the number of employees at BTS was 701 (596).

The average number of employees for the year was 645 (548).

Parent Company

The Parent Company's net sales amounted to MSEK 3.0 (2.3) and profit before tax totaled MSEK 68.9 (47.9). Cash and cash equivalents amounted to MSEK 4.5 (0.2).

Reduction of the statutory reserve of the parent company

The Swedish Companies Registration Office (Sw. Bolagsverket) approved in December 2018 the resolution by the Annual General Meeting 2018 to reduce the statutory reserve (Sw. reservfond) of the parent company in a total

amount of approximately MSEK 41.4. The reduction amount has been transferred to unrestricted equity.

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 2019

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 15, 2019 at 2:00 p.m. in BTS's offices at Grevgatan 34, Stockholm, Sweden.

The Board proposed a dividend of SEK 3.60 per share, to be paid in the amount of SEK 1.80 on two occasions.

Determination of acquisition analyses

The preliminary acquisition analyses for the acquisitions of Coach in a Box Holdings Ltd and MTAC GmbH that took place in the fourth quarter of 2017 have been adopted. The effect was an increase in goodwill and a provision for deferred tax liabilities of MSEK 10.2.

Events after the end of the period

No significant events occurred after the close of the period.

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 2017 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 2018.

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.

No new or revised IFRS that took effect in 2018 impacted the Group. The accounting policies and basis of calculation were unchanged compared with the 2017 Annual Report. Significant accounting policies and valuation principles are found on pages 19–22 of the 2017 Annual Report in Swedish, which has been published on the BTS website.

IFRS 9 Financial Instruments is in effect from January 1, 2018, and the Group's application is indicated by Note 2 in the 2017 Annual Report. BTS has applied IFRS 9 as of January 2018. IFRS 9 has had no effect on earnings or financial position.

IFRS 15 Revenue from Contracts with Customers applies from January 1, 2018, and the Group's application is indicated by Note 2 in the 2017 Annual Report. BTS applies IFRS 15 as of January 1, 2018. IFRS 15 has had no effect on the Group's earnings or financial position.

IFRS 16 Leases applies from January 1, 2018 and is applied by BTS from this date.

The new standard entails that the lessee is to recognize a right-of-use and a lease liability. Previously recognized lease expenses will be replaced by depreciation of the right-of-use and interest expenses for the lease liability. The discount rate is determined by country and class of asset according to the length of the lease term.

When IFRS 16 is applied for the first time, a company can choose between the full retrospective approach or a variant of transition relief. The transition method chosen is the modified retrospective approach with the transition date of January 1, 2019. The exceptions of short-term leases and assets of low value are also applied.

Based on the information available, the Group estimates that total assets will increase by MSEK 166. Most of the Group's leases pertain to premises, and office and IT equipment.

Financial calendar

Annual report 2018	April 2019
Interim report Jan–March 2019	May 15, 2019
Interim report Jan–June 2019	August 23, 2019
Interim report Jan–Sept 2019	November 13, 2019

Stockholm, February 21, 2019

Henrik Ekelund
President and CEO

Auditor's Review Report

Introduction

We have reviewed the condensed interim financial information (interim report) of BTS Group AB (publ) as of December 31, 2018, 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 21, 2019

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

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

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

Tel. +46 8 587 070 00
Fax. +46 8 587 070 01
Company registration number: 556566-7119

GROUP INCOME STATEMENT, SUMMARY

KSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	494,426	368,226	1,598,399	1,242,591
Operating expenses	-414,405	-317,033	-1,384,450	-1,091,837
Depreciation of property, plant, and equipment	-4,131	-2,434	-11,835	-9,887
Amortization of intangible assets	-4,644	-3,509	-18,713	-8,574
Operating profit	71,246	45,251	183,401	132,292
Net financial items	-783	-396	-3,130	-999
Associated company, profit after tax	-733	-56	-477	135
Profit before tax	69,729	44,799	179,794	131,429
Taxes	-20,808	-4,364	-53,660	-33,295
Profit for the period	48,921	40,436	126,134	98,134
attributable to the shareholders of the parent company	48,921	40,436	126,134	98,134
Earnings per share, before dilution of shares, SEK	2.58	2.14	6.67	5.20
Number of shares at end of the period	19,013,916	18,887,051	19,013,916	18,887,051
Average number of shares before dilution	18,989,343	18,887,051	18,905,124	18,887,051
Earnings per share, after dilution of shares, SEK	2.53	2.10	6.56	5.09
Average number of shares after dilution	19,316,565	19,284,748	19,232,346	19,284,748
Dividend per share, SEK			3.60 ¹	2.80

¹ Proposed dividend

GROUP STATEMENT OF COMPREHENSIVE INCOME

KSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Profit for the period	48,921	40,436	126,134	98,134
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified to profit or loss				
Translation differences in equity	5,323	12,452	39,747	-38,154
Other comprehensive income for the period, net of tax	5,323	12,452	39,747	-38,154
Total comprehensive income for the period	54,244	52,888	165,881	59,980
attributable to the shareholders of the parent company	54,244	52,888	165,881	59,980

GROUP BALANCE SHEET, SUMMARY

KSEK	Dec 31, 2018	Dec 31, 2017
Assets		
Goodwill	455,268	421,374
Other intangible assets	72,026	86,899
Tangible assets	38,803	29,638
Financial assets	15,082	11,206
Total non-current assets	581,179	549,117
Trade receivables	512,468	335,132
Other current assets	172,006	141,441
Cash and cash equivalents	262,357	199,876
Total current assets	946,831	676,449
TOTAL ASSETS	1,528,010	1,225,566
Equity and liabilities		
Equity	704,203	580,555
Provisions	220,608	219,719
Non-current liabilities	62,893	84,839
Current liabilities	540,307	340,453
Total liabilities	823,807	645,012
TOTAL EQUITY AND LIABILITIES	1,528,010	1,225,566

GROUP CASH FLOW STATEMENT, SUMMARY

KSEK	Jan–Dec 2018	Jan–Dec 2017
Cash flow before changes in working capital	160,097	99,380
Cash flow from changes in working capital	-1,934	-1,182
Cash flow from operating activities	158,163	98,198
Cash flow from investing activities¹	-37,321	-80,217
Cash flow from financing activities²	-70,576	54,661
Cash flow for the period	50,266	72,642
Cash and cash equivalents, opening balance	199,876	135,433
Translation differences in cash and cash equivalents	12,215	-8,200
Cash and cash equivalents, closing balance	262,357	199,876

¹ The consideration paid in acquisitions is MSEK 15.1 (64.7), the remainder relates to acquisitions of non-current assets.

² The dividend to shareholders was MSEK 53.0 (46.6), a new issue amounts to MSEK 5.8 (0.0), the remainder relates to changes in loans.

GROUP CHANGES IN CONSOLIDATED EQUITY

KSEK	Total equity Dec 31, 2018	Total equity Dec 31, 2017
Opening balance	580,555	543,094
Dividend to shareholders	-53,010	-46,616
New issue	10,943	21,245
Other	-166	2,852
Total comprehensive income for the period	165,881	59,980
Closing balance	704,203	580,555

PARENT COMPANY'S INCOME STATEMENT, SUMMARY

KSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	630	420	2 955	2 315
Operating expenses	-1,256	176	-1,756	-1,759
Operating profit	-626	596	1,199	556
Net financial items	48,728	5,252	67,739	47,355
Profit before tax	48,102	5,848	68,939	47,911
Taxes	-827	-822	-827	-822
Profit for the period	47,275	5,025	68,112	47,089

PARENT COMPANY'S BALANCE SHEET, SUMMARY

KSEK	Dec 31, 2018	Dec 31, 2017
Assets		
Financial assets	301,983	301,048
Other current assets	41,517	53,243
Cash and cash equivalents	4,509	246
Total assets	348,010	354,537
Equity and liabilities		
Equity	156,881	130,836
Non-current liabilities	147,802	172,952
Current liabilities	43,327	50,749
Total equity and liabilities	348,010	354,537

GROUP CONSOLIDATED KEY RATIOS

KSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	494,426	368,226	1,598,399	1,242,591
Operating profit (EBITA)	75,890	48,760	202,114	140,866
Operating margin (EBITA margin), %	15	13	13	11
Operating profit (EBIT)	71,246	45,251	183,401	132,292
Operating margin (EBIT margin), %	14	12	11	11
Profit margin, %	10	11	8	8
Operating capital ¹			544,686	506,238
Return on operating capital, %			35	28
Return on equity, %			20	17
Equity ratio, at end of the period, %	46	47	46	47
Cash flow	32,020	79,765	50,266	72,642
Cash and cash equivalents, at end of the period	262,357	199,876	262,357	199,876
Average number of employees	691	581	645	548
Number of employees at end of the period	701	596	701	596
Revenues for the year per employee			2,478	2,268

¹The calculation included the item of non-interest-bearing liabilities amounting to KSEK 710,613 (519,453) KSEK.

FULL-YEAR NET SALES ACCORDING TO BUSINESS MODEL

MSEK	2018					2017				
	BTS North America	BTS Europe	BTS Other markets	APG	Total	BTS North America	BTS Europe	BTS Other markets	APG	Total
Programs	397.8	190.4	333.0	86.8	1,008.1	332.7	122.8	235.8	92.6	783.8
Development	190.5	79.1	74.8	0.0	344.4	158.5	54.8	87.9	0.0	301.1
Licenses	78.1	23.5	26.9	21.8	150.3	43.7	8.9	6.1	21.4	80.1
Other revenue	47.8	22.6	25.3	0.0	95.7	38.8	17.5	21.2	0.0	77.5
TOTAL	714.2	315.7	459.9	108.6	1,598.4	573.7	204.0	350.9	114.1	1,242.6

BTS started to apply IFRS 15 Revenue from Contracts with Customers from January 1, 2018. BTS's business model is divided into four categories of revenue: *Development*, *Programs*, *Licenses* and *Other revenue*.

- For *Development* performed, revenue and the expenses attributable to the assignment are recognized as revenue and expenses, respectively, in relation to the degree of completion of the assignment on the balance sheet date (percentage of completion). The degree of completion of an assignment is determined by comparing the expenses incurred on the balance sheet date with the estimated total expenses for the assignment. Invoicing normally takes place in line with the progress of the work in accordance with contractual terms.
- When *Programs*, educational services, are delivered, revenue is recognized and invoiced immediately after delivery.

- Revenue for *Licenses*, meaning the customer's right to independently use the materials and solutions for a certain period and/or on a certain number of occasions, is recognized when a binding agreement has been reached and BTS has fulfilled its obligations to the client, and the amount of the revenue is known. Invoicing takes place in accordance with contractual terms.
- Other revenue primarily refers to invoiced expenses in connection with *Development* and *Programs*. Such revenue is invoiced and recognized in income at the same time for each project.

The new standard did not have any material impact on the financial statements except for extended disclosure requirements. The opening balance for January 1, 2018 was not adjusted.

DEFINITIONS

Earnings per share

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

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 planet.

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

Virrey del Pino – 3514 piso 1 C
1430 - CABA Capital Federal
Buenos Aires
Tel: +54 91149272388

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

Suite 3.03, 33 Lexington Drive,
Bella Vista, NSW 2153
Sydney, NSW 2153
Tel: +61 2 8883 5840

BELGIUM

Rue d'Arenberg 44
1000 Brussels
Tel. +32 (0) 2 27 415 10

BRAZIL

Rua Geraldo Flausingo
Gomes, 85, 4o andar
Brooklin Novo
04575-060 Sao Paulo-SP
Tel. +55 11 5505 2070

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

GREAT BRITAIN

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

INDIA

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

1404 and 1405A,
14th Floor, DLH 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

Viale Abruzzi, 13
20131 Milan
Tel. +39 02 6901 5719

JAPAN

Kojimachi Brighton Bldg 2F
6-4-17 Kojimachi
Chiyoda-ku
Tokyo 102-0083
Tel. +81 03 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

Rieker business park
John M. Keynesplein 13
1066 EP Amsterdam
Tel. + 31 (0)20 615 15 14

SINGAPORE

1 Finlayson Green
#07-02
Singapore 049246
Tel. +65 6221 2870

29A Cuppage Road,
#02-00 Cuppage Terrace
Singapore 229456
Tel: +65 8127 0444

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

1st Floor
Wonseo Building
13, Changdeokgung 1-gil
Jongno-gu
Seoul 03058
Tel. +82 2 539 7676

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

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

1817 Church Street Suite 2N,
Evanston
Chicago, IL 60201

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

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

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

222 Kearny Street, Ste 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

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