

January

February

March

April

May

June

July

August

September

October

November

December

## YEAR END REPORT

1 January – 31 December

# 2004

- Net turnover during the year increased by 27 per cent to MSEK 205.9 (162.2). Adjusted for changes in exchange rates, growth totalled 34 per cent.
- The result for 2004:
  - operating result MSEK 29.7 (10.2), corresponding to 14.4 (6.3) per cent in operating margin
  - result before tax MSEK 31.2 (12.1), an increase of 158 per cent
  - result after tax MSEK 19.3 (7.2)
  - earnings per share SEK 3.27 (1.23).
- Cash flow from operations during the year totalled MSEK 32.1(18.2). At the end of the year, liquid funds totalled MSEK 110.5 (88.1).
- The company has achieved growth and improved profitability during the year through:
  - a generally improved market situation
  - BTS' stronger market position and broader range of solutions
  - more favourable revenue mix
  - improved productivity and cost-efficiency measures.
- Result for the fourth quarter:
  - net turnover MSEK 51.9 (45.4), corresponding to growth of 14 per cent (21 per cent adjusted for changes in exchange rates)
  - operating result MSEK 6.7 (6.6), corresponding to 13 (15) per cent in operating margin
  - the result before tax MSEK 7.2 (7.0), an increase of 2 per cent
  - result after tax MSEK 4.4 (3.7).
- The growth in the customer base for the year was good. New customers acquired include Adobe, AT&T, Capital One, ICA, Merck, Motorola, Schneider and Valero.
- During the year, revenue per customer grew by 32 per cent.
- The proposed dividend per share is SEK 1.60 (0.60).



*Catalysts for Profitability and Growth*

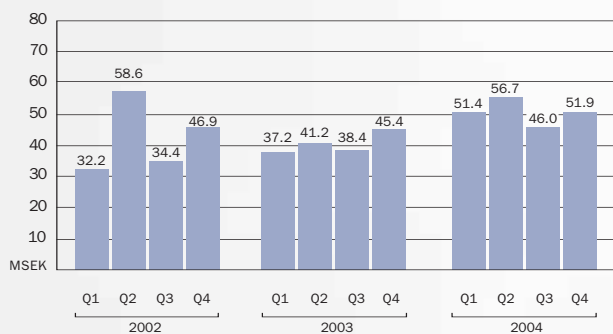


## YEAR END REPORT: 1 JANUARY – 31 DECEMBER 2004

### TURNOVER

BTS' net turnover for the year increased by 27 per cent to MSEK 205.9 (162.2). Adjusted for changes in exchange rates, growth totalled 34 per cent. This growth is due to the improved market situation in the United States as well as to BTS' stronger market position and broader range of solutions.

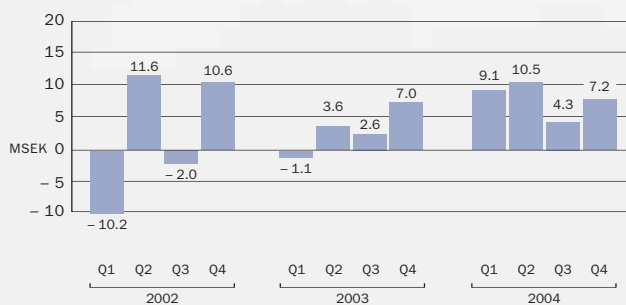
Net turnover per quarter 2002 – 2004



### RESULTS

The Group's result for the year before tax amounted to MSEK 31.2 (12.1), and the operating result totalled MSEK 29.7 (10.2). The operating margin for the year was 14.4 (6.3) per cent. The improvement in profitability is largely attributable to revenue growth, to improved productivity and cost-efficiency measures as well as changes in the revenue mix. Amortisation of goodwill in 2004 totalled MSEK 1.

Result before tax per quarter 2002 – 2004



### THE FOURTH QUARTER

Turnover during the fourth quarter totalled MSEK 51.9 (45.4), which constitutes an increase of 14 per cent compared to the corresponding period in 2003. Adjusted for changes in exchange rates, turnover during the period rose by 21 per cent.

The result before tax for the fourth quarter improved to MSEK 7.2 (7.0) and the operating result was MSEK 6.7 (6.6). The operating margin was 13 (15) per cent.

Cash flow from current operations in the fourth quarter amounted to MSEK 18.8 (25.8).

### MARKET DEVELOPMENT AND MARKET POSITION

Market conditions for BTS North America improved continuously during the year. BTS' market position in North America has considerably strengthened in recent years in terms of customer base, market share and sales organization, providing BTS with good opportunities to take advantage of the improved market situation.

During the fourth quarter a programme was introduced to increase sales in BTS Europe.

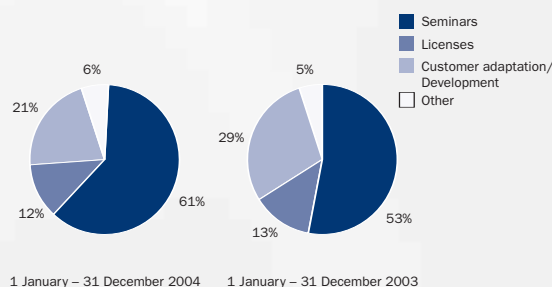
The market situation in BTS' other markets improved during the year.

In the period 2001–2004, BTS' customer base has grown appreciably. At the same time, the positions of a number of competitors have weakened. In 2004, revenue per customer grew by 32 per cent compared to the previous year, due in part to the fact that BTS has developed and sold a broader range of solutions.

### REVENUE DEVELOPMENT

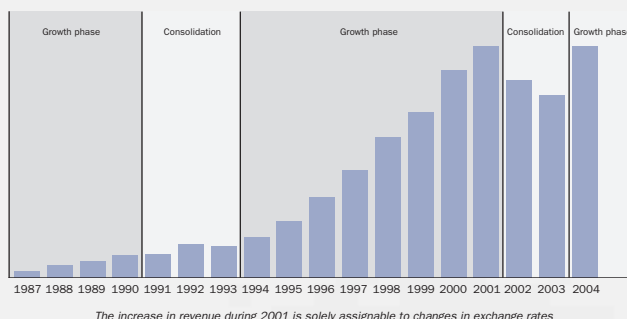
During the year, the share of seminars grew from 53 to 61 per cent compared to 2003. The customer-adapted development share decreased from 29 to 21 per cent. This change in the revenue mix has contributed to the increased operating margin.

Net turnover by revenue



### PERSPECTIVE ON BTS' GROWTH

The development of BTS' revenue



Since its foundation, BTS has experienced;

*two periods of growth*

- from 1987 to 1990, growth amounted to 50 per cent per year
- from 1994 to 2000, growth amounted to 28 per cent per year

two periods of consolidation:

- from 1991 to 1993, growth amounted to 14 per cent per year
- from 2001 to 2003, turnover fell by an average of 3 per cent per year (adjusted for changes in exchange rates, annual net turnover remained unchanged during this period).

Growth periods have occurred during normal or good market conditions, and periods of consolidation during poor market conditions.

During the first period of consolidation (1991-1993) many BTS customers significantly reduced their level of purchasing. BTS' strategy to maintain its level of income by finding new customers in sectors and companies that were less sensitive to market conditions was successful. During this period of consolidation, BTS also implemented a number of new initiatives, establishing subsidiaries in both the United States and Great Britain and intensifying focus on product development.

During the second growth period (1994–2000) BTS grew on account of better market conditions, a larger customer base, and the new initiatives implemented during the period of consolidation.

During the second period of consolidation (2001–2003), BTS, in a way similar to the first period of consolidation, maintained its level of income and also introduced a number of initiatives to reinforce the company:

- new solutions were developed and sold within four new sectors: the retail trade, banking and insurance, pharmaceuticals and biotechnology, and energy.
- two new geographical markets were established: Australia and Spain
- the sales organisation was strengthened as well as the cooperation with external partners and distributors
- the customer base grew significantly.

BTS is currently in a new growth period.

## ASSIGNMENTS AND NEW CLIENTS

The customer base continued to grow strongly during 2004. New customers acquired during the year include Adobe, AT&T, Capital One, Holcim, ICA, Merck, Motorola, Paperlinx, Schneider, Telefonica Mobile and Valero.

## OPERATING UNITS

### Net turnover per operating unit

MSEK	Oct-Dec 2004 (2003)	Full Year 2004 (2003)
BTS North America	31.3 (24.8)	125.0 (89.5)
BTS Europe	14.7 (17.1)	61.3 (62.9)
BTS other markets	5.9 (3.5)	19.6 (9.8)
<b>Total</b>	<b>51.9 (45.4)</b>	<b>205.9 (162.2)</b>

### Operating result per operating unit

MSEK	Oct-Dec 2004 (2003)	Full Year 2004 (2003)
BTS North America	4.0 (3.8)	21.8 (7.5)
BTS Europe	2.0 (2.3)	4.7 (1.8)
BTS other markets	0.7 (0.5)	3.2 (0.9)
<b>Total</b>	<b>6.7 (6.6)</b>	<b>29.7 (10.2)</b>

## BTS North America

Compared with 2003, BTS North America's net turnover rose during the year, totalling MSEK 125.0 (89.5). Adjusted for the effects of exchange rates, turnover for the year rose by 54 per cent. The operating margin was 17 (8) per cent. The result improved to MSEK 21.8 (7.5). During the fourth quarter, net turnover adjusted to eliminate the effects of currency exchange rates rose by 39 per cent compared to the final quarter of 2003. The operating margin for the fourth quarter was 13 (15) per cent. The decline in operating margin during the fourth quarter (13 %), compared to the third quarter (18 %), is mainly due to temporary cost increases.

## BTS Europe

BTS Europe's net turnover for the year fell to MSEK 61.3 (62.9), with an operating margin of 8 (3) per cent. Adjusted for the effects of exchange rates, turnover for the year fell by 3 per cent. The result increased to MSEK 4.7 (1.8). In the fourth quarter, net turnover amounted to MSEK 14.7 (17.1), and the operating margin was 14 (14) per cent. The decline in net turnover in the fourth quarter relates to the Nordic market.

## BTS other markets

BTS other markets' net turnover improved during the year, totalling MSEK 19.6 (9.8). The operating margin was 16 (9) per cent. Adjusted for the effects of exchange rates, turnover for the year rose by 92 per cent. The result increased to MSEK 3.2 (0.9). In the fourth quarter, net turnover amounted to MSEK 5.9 (3.5), and the operating margin was 13 (15) per cent.

## POSITIVE DEVELOPMENT IN UNITS ACQUIRED

The units BTS acquired in Australia and Spain developed strongly.

BTS Australia, which was acquired 1 January 2002, generated a turnover of MSEK 14.8 in 2004 – up 322 per cent on 2001, the year before the acquisition. The operating result (after the deduction of allocated group costs) has increased by 510 per cent to MSEK 1.7 over the same period.

BTS Spain was acquired on 1 July 2003. Turnover in 2004 rose to MSEK 6.1, a 27 per cent increase on 2003. The operating result (after the deduction of allocated group costs) increased to MSEK 1.6, a 160 per cent increase compared to 2003.

## FINANCIAL POSITION

BTS' cash flow from current operations for the year was MSEK 32.1 (18.2).

Shareholders' equity at the end of the year totalled MSEK 115.6 (103.4) and the equity ratio was 71 (76) per cent.

At the end of the year, liquid funds totalled MSEK 110.5 (88.1). Interest-bearing liabilities amounted to MSEK 0.0 (0.0).

## EMPLOYEES

At 31 December 2004, the BTS Group employed 107 (100) people. The average number of employees during the year was 104 (97).

#### THE PARENT COMPANY

The parent company's net turnover amounted to MSEK 2.1 (1.7), and the result after net financial expenses was MSEK 11.8 (2.5). Liquid funds totalled MSEK 56.2 (47.6).

#### PROSPECTS FOR 2005

Based on continued strong market conditions in the United States and the improved market conditions in Europe, the result before tax is expected to be better than the previous year.

#### GENERAL MEETING AND PROPOSED DIVIDEND

The general meeting will be held on 26 April, starting at 14.00, at BTS' premises at Grevgatan 34, Stockholm, Sweden.

The Board has proposed a dividend of SEK 1.60 per share.

#### ACCOUNTING PRINCIPLES

This report has been compiled in accordance with the recommendation of the Swedish Financial Accounting Standards Council, RR 20 Interim reporting. The Council's Recommendation RR 29, Employee benefits, is to be applied from 2004 onwards. Application of this recommendation does not have any material effect on profits or the financial situation. Therefore, no adjustments have been made to the figures for the comparative year.

Otherwise, the principles applied are the same as those used for the previous year. As from 1 January 2005, BTS is to prepare its accounts in accordance with IFRS.

#### UPCOMING REPORTS

Annual report 2004:	To be published at the beginning of April 2005
Interim report January–March	26 April 2005
Interim report April–June	16 August 2005
Interim report July–September	25 October 2005

Stockholm, 4 February 2005

Henrik Ekelund  
President and CEO

For additional information, please contact:  
Henrik Ekelund, CEO (+46 8 58 70 70 00)  
Stefan Brown, CFO (+46 8 58 70 70 00)  
or visit our Web site at [www.bts.com](http://www.bts.com)

This report has been separately reviewed by BTS' auditors.

BTS Group AB  
Grevgatan 34  
114 53 Stockholm  
SWEDEN  
Company reg. no. 556566-7119  
Tel. +46 8 58 70 70 00  
Fax. +46 8 58 70 70 01  
[www.bts.com](http://www.bts.com)

This is a translation of the Swedish original.

## INCOME STATEMENT, SUMMARY

KSEK	3 months ended		12 months ended	
	Dec 31 2004	Dec 31 2003	Dec 31 2004	Dec 31 2003
Revenues	51 870	45 380	205 944	162 204
Operating expenses	-44 570	-38 204	-174 123	-150 105
Depreciation	-573	-567	-2 093	-1 877
<b>Operating Result</b>	<b>6 727</b>	<b>6 609</b>	<b>29 728</b>	<b>10 222</b>
Financial income and expenses	464	412	1 477	1 882
<b>Result before tax</b>	<b>7 191</b>	<b>7 021</b>	<b>31 205</b>	<b>12 104</b>
Minority shareholding	-58	22	-143	-1
Taxes	-2 739	-3 370	-11 756	-4 856
<b>Result for the year</b>	<b>4 394</b>	<b>3 673</b>	<b>19 306</b>	<b>7 247</b>
Earnings per share, before dilution of shares, SEK	0.74	0.62	3.27	1.23
Number of shares at end of the year	5 897 300	5 897 300	5 897 300	5 897 300
Average number of shares before dilution of shares	5 897 300	5 897 300	5 897 300	5 879 300
Earnings per share, after dilution of shares, SEK	0.74	0.62	3.27	1.23
Average number of shares after dilution of shares	5 897 300	5 897 300	5 897 300	5 879 300
Proposed dividend per share			1.60	0.60

## BALANCE SHEET, SUMMARY

KSEK	2004-12-31	2003-12-31
<b>Assets</b>		
Intangible fixed assets	2 750	1 649
Tangible assets	2 190	2 922
Other fixed assets	1 327	1 420
Accounts receivable	36 811	31 208
Other current assets	9 746	10 698
Cash and bank	110 477	88 116
<b>Total assets</b>	<b>163 301</b>	<b>136 013</b>
<b>Equity and liabilities</b>		
Equity	115 584	103 358
Minority shareholding	233	147
Deferred tax liability	217	217
Interest bearing liabilities	0	0
Other liabilities	47 267	32 291
<b>Total equity and liabilities</b>	<b>163 301</b>	<b>136 013</b>

## CASH FLOW STATEMENT, SUMMARY

KSEK	Jan-Dec 2004	Jan-Dec 2003
Cash flow from current operations	32 137	18 232
Cash flow from investment activities	-2 926	-3 556
Cash flow from financing operations	-3 504	-3 148
Effect of exchange rate changes on cash	-3 346	-2 404
<b>Change in liquid funds</b>	<b>22 361</b>	<b>9 124</b>
Liquid funds, opening balance	88 116	78 992
<b>Liquid funds, closing balance</b>	<b>110 477</b>	<b>88 116</b>

## CHANGES IN EQUITY

KSEK	Total Equity 2004-12-31	Total Equity 2003-12-31
Opening balance	103 358	104 145
New capital issue	0	0
Dividend to shareholders	-3 538	-2 949
Conversion differences	-3 542	-5 085
Result for the year	19 306	7 247
<b>Closing balance</b>	<b>115 584</b>	<b>103 358</b>

## KEY RATIOS

	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Revenues, KSEK	51 870	45 380	205 944	162 204
Operating result, KSEK	6 727	6 609	29 728	10 222
Operating margin, %	13	15	14	6
Profit margin, %	8	8	9	4
Operational capital, KSEK	5 339	15 389	5 339	15 389
Return on equity, %	15	14	18	7
Return on operational capital, %	57	25	287	50
Solidity at end of the year, %	71	76	71	76
Cash flow, KSEK	13 985	25 284	22 361	9 124
Liquid funds at end of the year, KSEK	110 477	88 116	110 447	88 116
Average number of employees	107	99	104	97
Number of employees at end of the year	107	100	107	100
Revenues for the year per employee, KSEK	1 939	1 834	1 980	1 672

## DEFINITIONS

### Operating Margin:

Operating result after depreciation as a percentage of revenues.

### Profit Margin:

Result for the period as a percentage of revenues.

### Operational Capital:

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

### Return on equity:

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

### Return on Operational Capital:

Operating result as a percentage of average operational capital.

### Solidity:

Equity as a percentage of total balance sheet.

### Revenues for the Year per Employee:

Revenues (converted into whole year) divided by average number of employees.

BTS Group AB is an international consultancy and training company active in the field of business acumen. BTS uses tailor-made computer simulation models to support company managers in implementing change and improving profitability. BTS solutions and services train the entire organisation to analyse and to take decisions centred 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.



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