

# BTS Group

## Turning strategy into action

- Implementing strategy for the largest co's in the world
- <1% share of a global, growing and fragmented market
- Targets 20% annual growth and margin expansion

### BTS has long outgrown the market

BTS' mission is to help companies implement business strategies on a large scale. Its success lies in designing real life business simulations for its clients, the largest companies in the world. The revenue model stems from a development phase, a programme phase and scalable software licenses. BTS has long exceeded market growth of 4-5%, organically and by acquisitions. With <1% global market share, we believe that BTS has ample room to grow. The Nordics provide <5% of BTS' revenue.

### Company culture seems to be the key advantage

The key to success is to attract the best talents and to provide them with incentive to make good contribution for clients. Our analysis shows that BTS has low employee turnover (~10%), surpasses global management consulting firms on employer rankings (Glassdoor) and pays personnel solid compensation. This leads to loyal employees willing to deliver high value to clients, a culture we find signs of at BTS. We also deem BTS to have a sticky and high quality customer base, as 80% of clients in 2018 already were existing clients in the preceding year.

### Shareholder-friendly value creation, at 18x EV/EBIT

BTS is doing something right. The 20% EPS CAGR and 21% DPS CAGR, with only two negative organic growth years since its listing in 2001, coupled with a 10-year average ROIC of 23%, all speaks for itself. BTS targets annual FX adjusted growth of 20% per year, mainly organic, vs. the last 12 years' average of 13% (8% organic). It also aims for a 15% EBITA margin (12.6% in 2018), meaning that earnings growth should exceed 25% per year if executing successfully. An increased share of licenses (scalability) and more optimised pricing (high share of returning clients) are expected to be main margin drivers. We estimate 17% EBITA CAGR in our forecast period, and find the current 18x '20e EV/EBIT multiple to be at a 10% premium to global professional services peers and at a 50% premium to Nordic services peers (mainly IT services), with 5-10pp higher sales and earnings growth.

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SEKm	2017	2018	2019e	2020e	2021e
Sales	1,243	1,598	1,887	2,160	2,348
EBITDA	151	214	301	353	402
EBITDA margin (%)	12.1	13.4	15.9	16.3	17.1
EBIT adj	132	183	217	257	298
EBIT adj margin (%)	10.6	11.5	11.5	11.9	12.7
Pretax profit	131	180	208	248	290
EPS rep	5.09	6.53	7.59	9.05	10.55
EPS adj	5.53	7.50	8.61	10.30	11.84
Sales growth (%)	12.2	28.6	18.0	14.5	8.7
EPS growth (%)	28.5	28.3	16.2	19.3	16.5

Source: ABG Sundal Collier, Company data

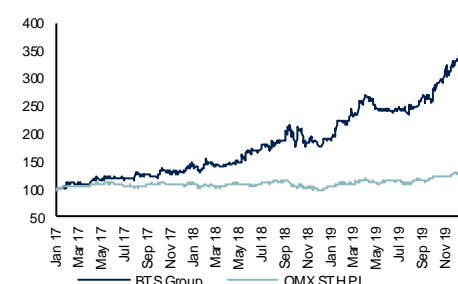
Reason: Initiating coverage

Company sponsored research

Not rated

Share price (SEK)	22/01/2020	253.0
Commercial & Professional Services, Sweden		
BTSB.ST/BTSB SS		
MCap (SEKm)		4,888
MCap (EURm)		462.8
Net debt (EURm)		-14
No. of shares (m)		19.3
Free float (%)		43.0
Av. daily volume (k)		39.2
Next event		Q4 report: 18 Feb

### Performance



	1m	3m	12m
Absolute (%)	10.0	39.0	87.4
OMX STH PI (%)	2.8	9.7	25.8

Source: FactSet

	2019e	2020e	2021e
P/E (x)	33.3	27.9	24.0
P/E adj (x)	29.4	24.6	21.4
P/BVPS (x)	6.25	5.56	4.92
EV/EBITDA (x)	15.8	13.1	11.2
EV/EBIT adj (x)	21.8	18.0	15.1
EV/sales (x)	2.51	2.14	1.91
ROE adj (%)	22.4	23.9	24.4
Dividend yield (%)	1.6	1.9	2.1
FCF yield (%)	4.1	4.4	5.7
Lease adj. FCF yld (%)	3.1	3.4	4.7
Net IB debt/EBITDA	-0.5	-0.7	-1.0
Lease adj. ND/EBITDA	-1.2	-1.4	-1.6

Please refer to important disclosures at the end of this report

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II.

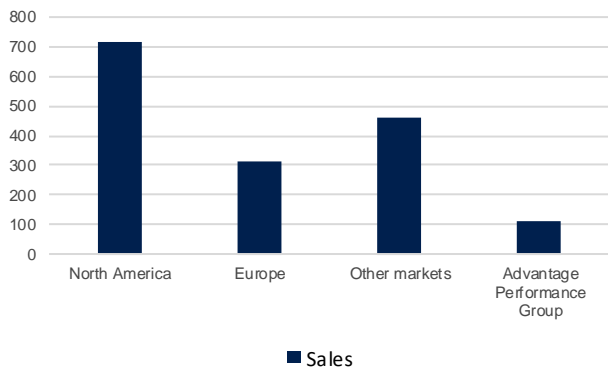
### Opportunities

BTS operates in a global, growing and fragmented market, meaning that it has ample room for growth over a long period of time. The pace of change for large enterprises requires strategic shifts. The implementation of new strategies is thus crucial, and this is what BTS offers. The company is a leader in offering strategy implementation services and products, while only capturing less than 1% of the global market. The market for strategy implementation is expected to grow 4-5% over time.

### Risks

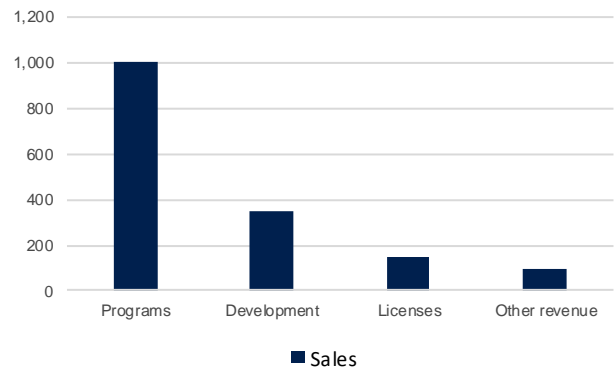
Macro factors affect global activity for management consulting services, and therefore also strategy implementation. Volatile markets and recessions make companies less active in terms of transformation, which could affect BTS negatively. The company is also dependent on its employees, meaning that brand value and company culture are crucial.

### Geographical breakdown, sales, SEKm



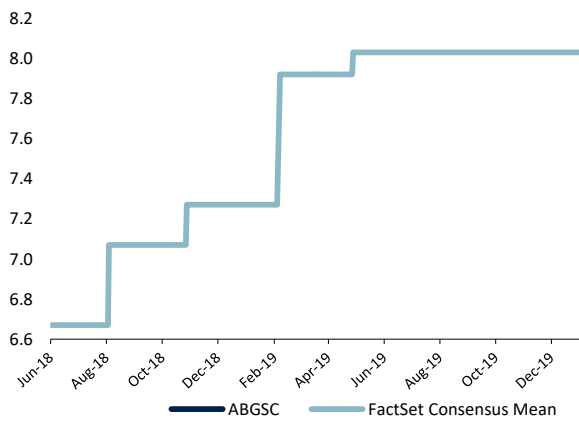
Source: ABG Sundal Collier, Company data

### Business area breakdown, sales, SEKm



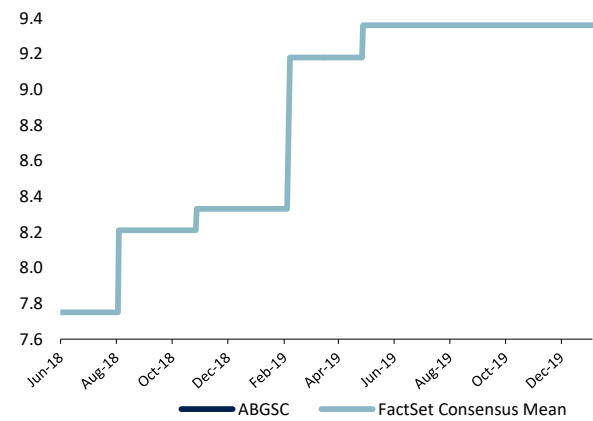
Source: ABG Sundal Collier, Company data

### EPS estimate changes, 2019e, SEK



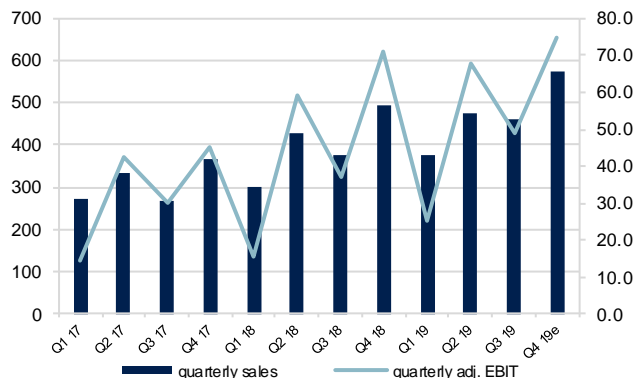
Source: ABG Sundal Collier, FactSet

### EPS estimate changes, 2020e, SEK



Source: ABG Sundal Collier, FactSet

### Quarterly sales and adj. EBIT, SEKm



Source: ABG Sundal Collier, Company data

### Company description

BTS offers client-tailored programmes and products to turn strategy into action for the largest companies in the world. BTS takes over when management consultants have told companies what to do, and operates in a global market. Financial targets include: 1) 20% sales growth, primarily organic, 2) a 15% EBITA margin, and 3) an equity ratio that does not fall below 50% over an extended period.

# Investment summary

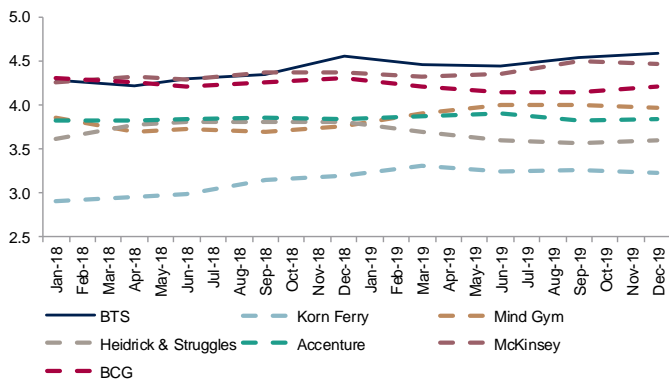
## Strategy implementer in a global growing market

Business change can be hard. Everything from managing the disruption of digital transformation, integrating agile business practices, building a culture of innovation or shifting business priorities to monetize new revenue streams, all requires significant change throughout the entire operation. Executives say that they lose 40% of their strategy's potential value to breakdowns in execution. The key is to close the strategy-to-performance gap.<sup>1</sup> This is how BTS helps companies. BTS is a global company that turns strategy into action, with less than 5% of revenue from the Nordics.

BTS is a global professional services firm headquartered in Stockholm, Sweden, with roughly 800 professionals in 35 global offices. It provides leaders at all levels with business skills (basic to advanced) to promote better decision-making and improve performance. BTS does this by designing business simulations and experiential learning programmes in which participants run their company, practice executing their strategy, and engage in teamwork, in a fun and risk-free environment. This builds alignment, ownership and a deep sense of confidence to apply new business skills and tools back on the job.

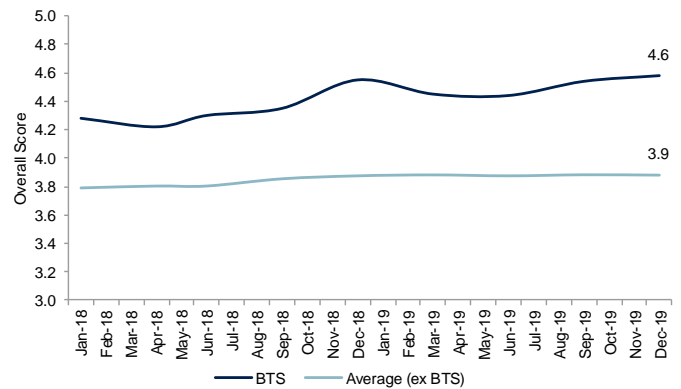
We find in our research that BTS has a strong brand value, satisfied employees and scores above global major strategy consultants on employee satisfaction enabling BTS to attract top talent. What clearly stands out is the strong culture and values, enabling employee turnover to be lower than 10% and still not overpaying.

Overall satisfaction with employer



Source: Glassdoor, 20 December 2019

BTS vs. average excluding BTS



Source: Glassdoor, 20 December 2019

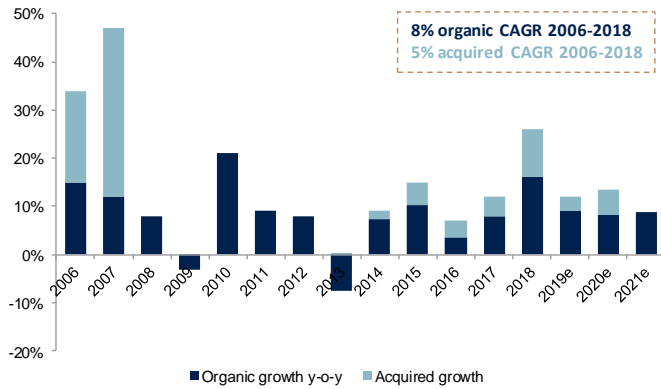
## Structural growth & higher margins drive 17% EBITA CAGR

BTS targets 20% annual growth, organically and through acquisitions (i.e. FX adjusted). The market is global, growing and highly fragmented, and BTS has been able to surpass the market's growth in 10 of the last 12 years, with a total CAGR of 13% and organic CAGR of 8%.<sup>2</sup>

<sup>1</sup> <https://hbr.org/2005/07/turning-great-strategy-into-great-performance>

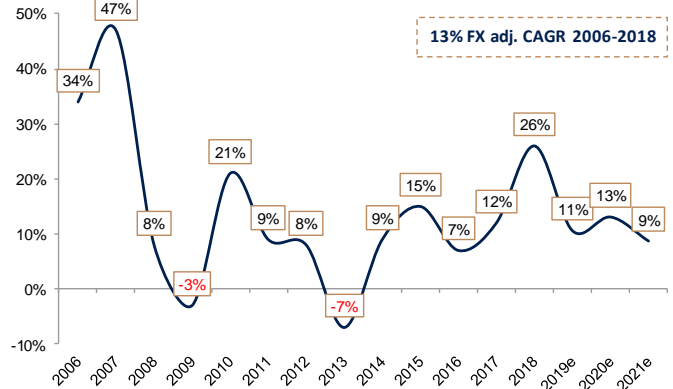
<sup>2</sup> BTS says that market grows 4-5%

### Organic and acquired growth, y-o-y



Source: ABG Sundal Collier, company data

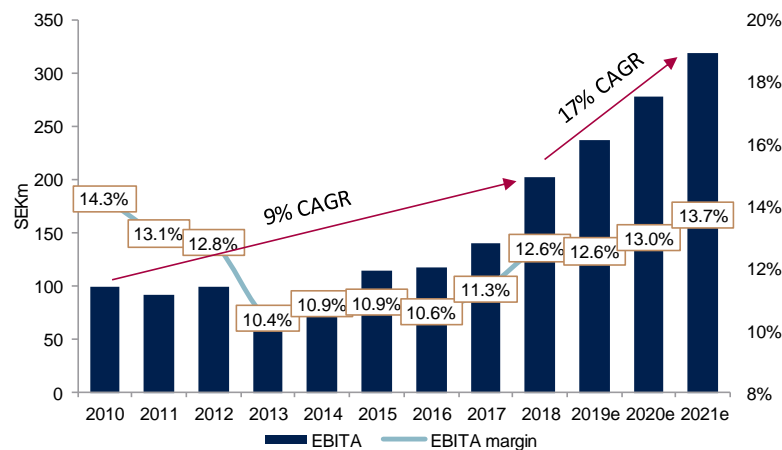
### FX adjusted total growth



Source: ABG Sundal Collier, company data

We forecast accelerated EBITA growth in the coming years as a result of 1) already completed acquisitions, 2) organic sales growth, and 3) margin expansion from favourable sales mix (more licenses). BTS has a financial target of growing 20% per year, with the majority being organic growth, and achieving 15% EBITA. Reaching this target could mean that even more than our estimated 17% EBITA CAGR in the forecast period might be possible.

### EBITA and EBITA margin

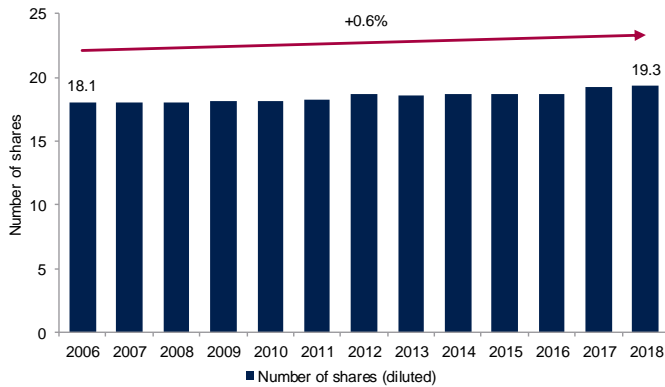


Source: ABG Sundal Collier, FactSet

### Shareholder friendly value creation in line with peers

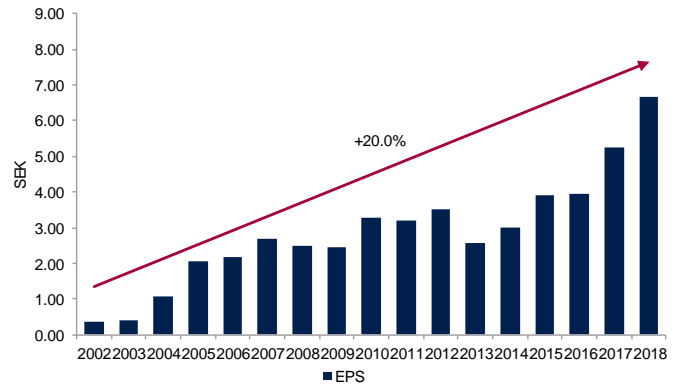
We consider BTS' strategy and delivery to be shareholder friendly in the sense that although it has achieved double-digit sales growth, it has not diluted the number of shares along the way. It has also rewarded shareholders with a stable and growing dividend. No single year had a reduced dividend per share since the company's listing in 2001, and achieving a CAGR of 21% over the last 18 years.

Limited dilution of shares over time...



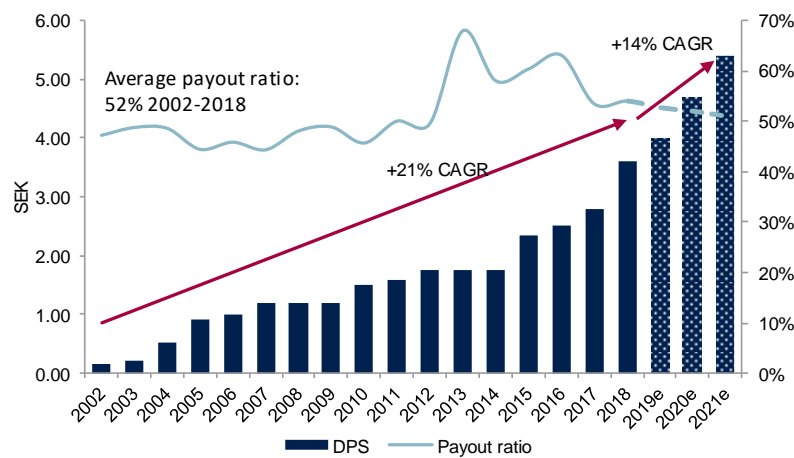
Source: ABG Sundal Collier, company data

...has been driving a 20% EPS CAGR since 2002



Source: ABG Sundal Collier, company data

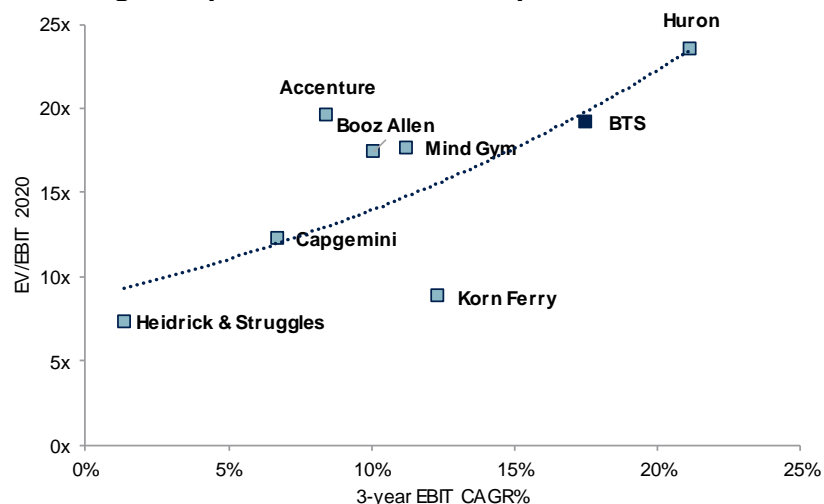
52% average payout ratio has driven a 21% DPS CAGR since 2002



Source: ABG Sundal Collier, company data

BTS does not have any close peer in the Nordics, and it is usually compared to IT service names. We think that a more equitable view is to look at global professional services companies, because BTS is operating on a global basis and its business model is not fully comparable to IT service companies. Looking at a list of global peers, we find BTS trading relatively in line on a three-year forward-looking EBIT CAGR vs. 2020 EV/EBIT on the current multiple of 18x.

BTS vs. global professional services peers



Source: ABG Sundal Collier, FactSet

## BTS in a nutshell

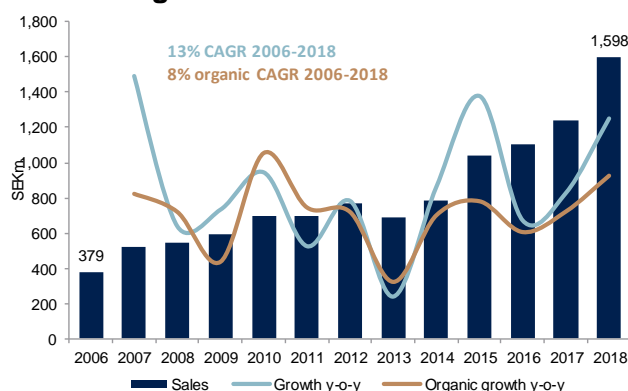
BTS vision is set to be the global leader in turning strategy into action, meaning that BTS comes into place after the strategy consultants have instructed the company what to do. The company provides leaders at all levels with business skills, from basic to advanced, to promote better decision-making and improve performance. It does this by designing business simulations and experiential learning programs in which participants run their company, practice executing their strategy, and engage in teamwork, in a fun and risk-free environment. BTS has grown organically on average 8% between 2006 and 2018 with a 10% EBITA CAGR, and a 20% EPS CAGR since listing in 2001.

BTS is operating in a fragmented market; it competes with smaller local competitors and from time to time acquires them. The company’s revenue model stems from various stages of an implementation project than usually lasts 3-12 months, as follows: Development (22% of 2018 sales), Programs (63% of 2018 sales), Licenses (9% of sales in 2018) and Other revenues (6% of 2018 sales). BTS reports through the following four different operating units.

- **BTS North America** consists of BTS’s operations in North America excluding APG. Net sales in 2018 were SEK 714m (45% of group sales), with a 13.1% EBITA margin.
- **BTS Europe** consists of operations in France, Germany, the Netherlands, Sweden, and the UK. Net sales in 2018 were SEK 316m (20% of group sales), with a 14.3% EBITA margin.
- **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 United Arab Emirates. Net sales in 2018 were SEK 460m (29% of group sales), with a 13.7% EBITA margin.
- **Advantage Performance Group (APG)** consists of operations in Advantage Performance Group, operating in the US market, and delivers performance improvement through sales and leadership training, which results in meaningful business impact using the company’s Advantage Way implementation process. Net sales in 2018 were SEK 109m (7% of group sales), with a 0.8% EBITA margin.

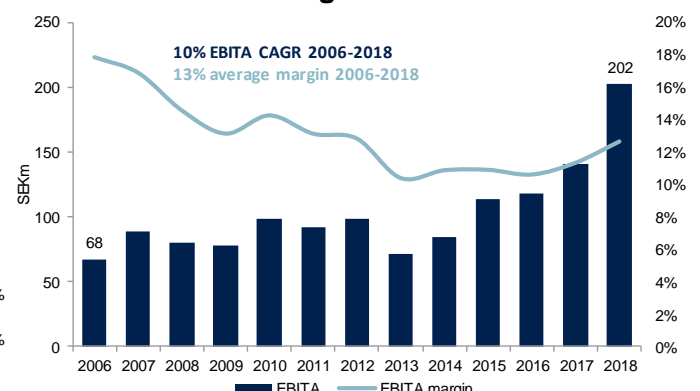
CEO Henrik Ekelund is the main shareholder, with 21% of the capital and 42% of the votes. BTS has roughly 800 professionals in 35 global offices.

### Sales and growth



Source: ABG Sundal Collier, company data

### EBITA and EBITA margin



Source: ABG Sundal Collier, company data

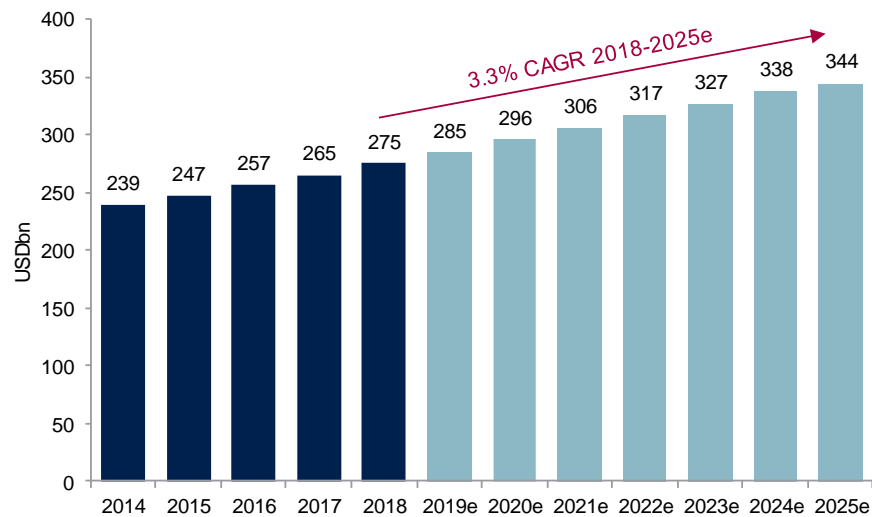
## Market overview and offering

*The development of new business strategies put forth by many companies is a crowded field, and large consultancy firms have been covering and evaluating these strategies for a long time. Implementing new strategies among large organisations is a less crowded field, featuring good growth and increasing demand as companies adopt changes faster and more readily. BTS is a market leader in implementing new strategies, and is addressing a USD 30bn market consisting of the 2,000 largest companies in the world, where BTS has less than 1% market share. Its offering stands out from competitors and enables the company to grow quickly and leverage a scalable business model with a higher share of sales coming from licenses and products.*

### The market for transformation and strategy implementation

Business change can be hard. Everything from managing the disruption of digital transformation, integrating agile business practices, building a culture of innovation or shifting business priorities to monetize new revenue streams, requires significant change throughout the entire operation. Executives say that they lose 40% of their strategy’s potential value to breakdowns in execution. The key is to close the strategy-to-performance gap.<sup>3</sup> This is how BTS helps businesses. It has no larger direct competitors, which makes market analysis and market growth estimates a bit difficult, as it is part of the global strategy consulting market. BTS estimates that its addressable market is USD 30bn and is growing roughly 4-5% per year. This represents ~10% of the global management consulting market, which is expected to approach USD 300bn and grow at a CAGR of 3.3% until 2025.

### Global management consulting market



Source: Statista, December 2019

### BTS market position and strategy

BTS provides leaders at all levels with business skills, from basic to advanced, to promoting better decision-making and improving performance. BTS does this by designing business simulations and experiential learning programmes in which participants run their companies, practice executing their strategy, and engage in teamwork in a fun and risk-free environment. This builds alignment, ownership and a deep sense of confidence when applying new business skills and tools on the job.

<sup>3</sup> <https://hbr.org/2005/07/turning-great-strategy-into-great-performance>

The business acumen programmes use a combination of pre- and post-work; live, classroom-based and virtual workshops; as well as on-the-job application and coaching, to create the optimal experience inspiring new ways of thinking, building critical capabilities and unleashing business success.

**BTS market positioning**



Source: ABG Sundal Collier, company data

BTS has been inspired by education that needs to work, meaning not only in the theoretical sense but also for the practical side of upcoming work life. For instance, we point out the extensive education needs of airline pilots and doctors. The education required for both occupations is built on simulating the real world to prepare people for real situations, problems and challenges. There is no time to learn and develop in the day-to-day job if one is a pilot or a doctor; in these professions, one needs to ‘think on your feet’ and have the education to enable one to do so. Education needs to prepare people to do exactly what they have learned. The common factor between these two education types is simulation. BTS has adopted this type of education, learnings by doing, and has seven different offerings, showing the breadth and niche of its consulting services.

**BTS service offerings**



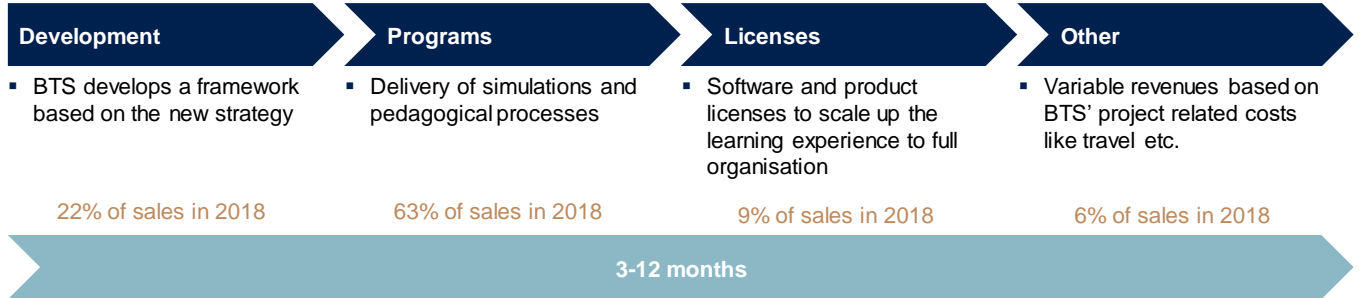
Source: ABG Sundal Collier, company data

BTS has built its offering around simulating a new way of thinking for thousands of employees in large companies allowing them the capability to adapt to a new strategy. This is the company’s specialty; hence, it is how BTS adds value and delivers results – to simulate the new future for a variety of employees in specialised programmes and workshops developed specifically for every client. BTS delivers on a fixed-rate pricing model (except from a variable component covering BTS’ project-related costs, named Other in the reporting), meaning that it can optimise its process to deliver the best possible solution for the client and improve its profitability over time.

Development revenues are paid upfront to develop the best possible solution for the client. Programmes are the delivery, where BTS uses own personnel, on average 2-

5% of the client's number of employees, to do simulations and workshops. Licenses relates to software products that are used to scale up the delivery with digital workshops and simulation tools across the entire organisation. Software and product licenses represent a source of non-hourly linked revenue and increase the exposure of the programme without using BTS personnel. Other revenue sources are variable costs to cover BTS' project-related expenses like travel etc.

**BTS business model and revenue streams**



Source: ABG Sundal Collier, company data

**BTS growth plan – 20% per year**

BTS targets annual growth of 20% per year, with four main drivers coming from within BTS: 1) operating in a global, growing and fragmented market, 2) having a strong competitive position and high win ratio, 3) investing FCF in organic growth through innovation, marketing and employees, and 4) investing FCF in acquisitions.

**BTS growth drivers**



Source: ABG Sundal Collier, company data

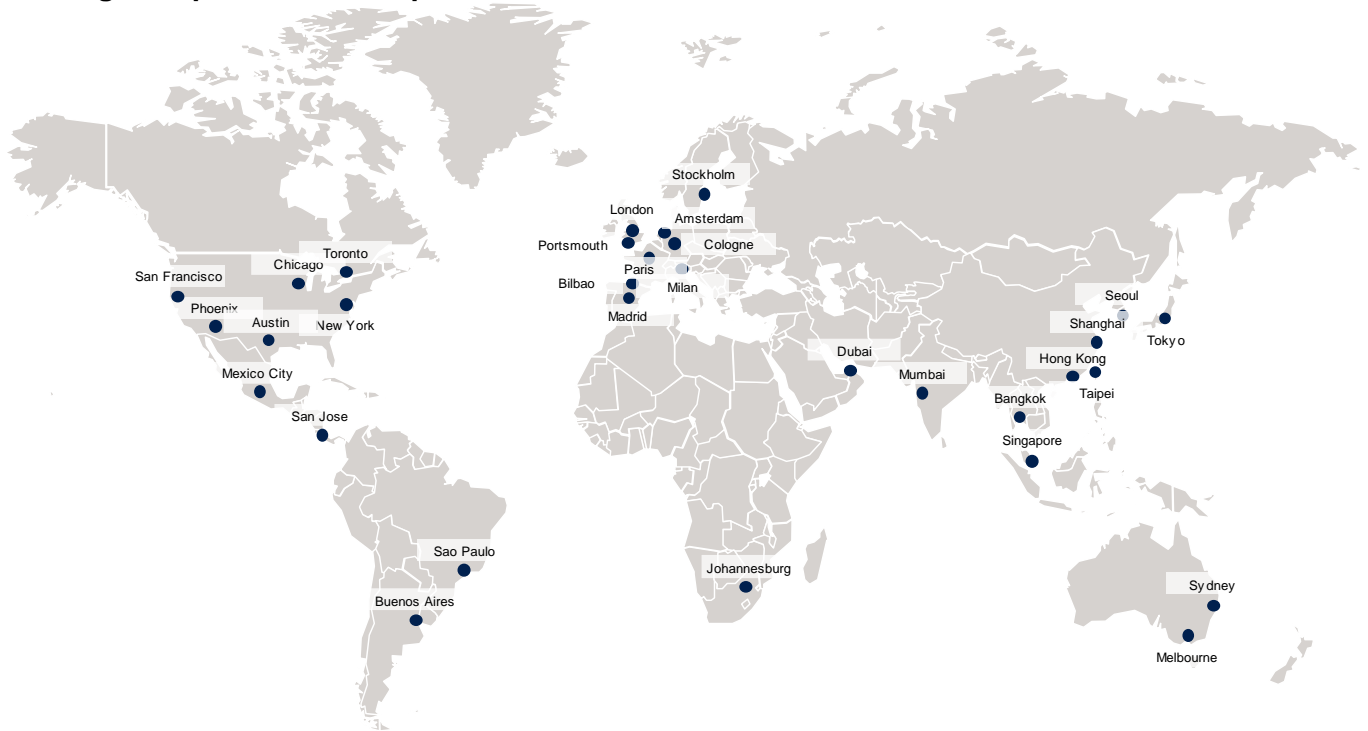
**A global, growing and fragmented market**

BTS estimates that the global market for implementing new strategies among large organisations is worth USD 30bn, based on the 2,000 largest companies in the world. Which is BTS' target market. Based on 2018 sales, BTS had a <1% market share, and the market consists of many small players. Looking at the global management consulting services market, Adroit Market Research estimated the value at USD 265bn<sup>4</sup>, meaning that ~10% of the spending goes to implementation.

<sup>4</sup> <https://www.adroitmarketresearch.com/industry-reports/management-consulting-services-market>

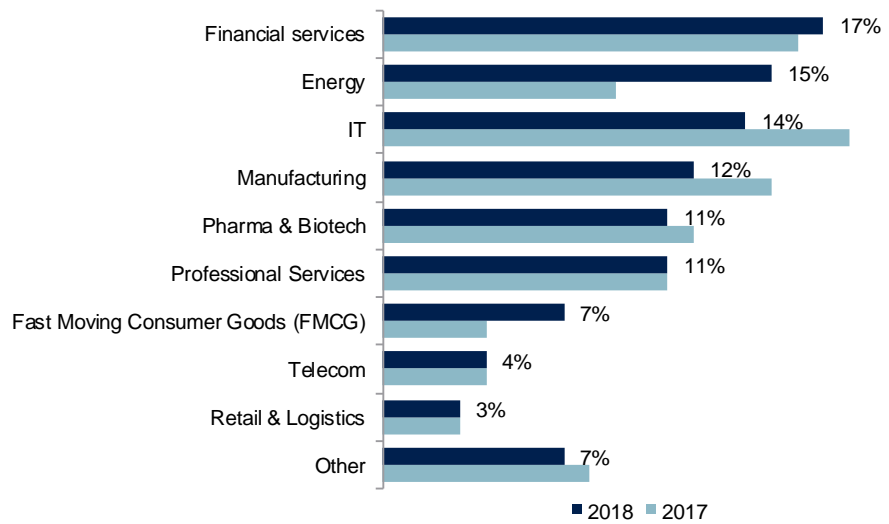
BTS operates on a global basis and has about 800 professional in 35 offices, working with local clients across all sectors.

**A true global presence – 800 professionals in 35 offices**



Source: ABG Sundal Collier, company data

**Revenue per sector**



Source: ABG Sundal Collier, company data

A clear sign showing that BTS has gained good traction in the market is by looking at client cases and clients in general. Below is a list showing parts of BTS' client base, with focus on large global companies.

**Selection of BTS clients**

BTS clients: large corporates			
Accenture	Ericsson	Microsoft	Standard Bank
ANZ	GAP	National Australia Bank	Telefónica
BBVA	General Electric	Oracle	Uber
Chevron	GlaxoSmithKline	Prudential	Unilever
Cisco	Hewlett-Packard	Salesforce.com	Verizon
Coca-Cola	ING Group	Sony	Vmware

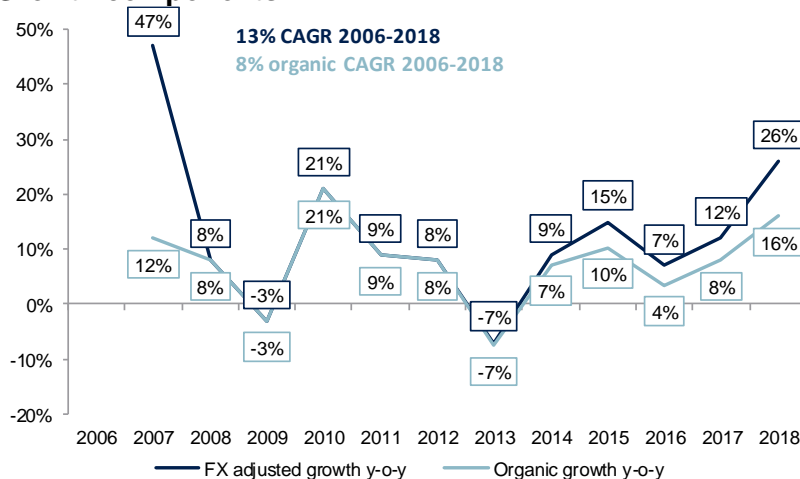
Source: ABG Sundal Collier, company data

For example, BTS helped 10,000 people at Microsoft change their mind-set when the current CEO Satya Nadella replaced former CEO Steve Ballmer. Ballmer’s strategy was to focus on sales and selling activities, while Nadella wants the employees to be more innovative when thinking about product development. The strategy shift is easy in theory, but in practice, it requires a high level of implementation and training work to coax an organisation to adapt a new way of thinking and develop according to a new strategy. That is where BTS comes in.

BTS has also been a partner to SAP, driving the people side of the business and culture transformation over the past five years. To shift a 90,000+ people global organisation, SAP and BTS created roadmaps to enable all leaders, from top executives to front line, to drive the strategy, new leadership expectations, and adopt the culture. All 9,000 leaders were engaged in several learning and development journeys. BTS claims that it has seen good results: average leadership trust scores have increased from 28 to 61 on a NPS (net promoter score) scale, and employee engagement has increased from 77% to 85%. At the same time, SAP’s revenue, profit growth and stock price have all accelerated.

The competitive landscape enables BTS to take market share as it offers a more scalable and proven offering than most of its competitors. If BTS meets tough competition in local markets, it has historically sometimes resulted in BTS acquiring the companies and integrating them as part of the BTS group. Thus BTS is able to grow faster than the market organically (market grows 4-5% according to BTS), and adds acquired growth on top of it. We estimate that the average organic growth of 8% between 2006 and 2018 is above the underlying market growth, and adding on top the acquired companies, the sales CAGR is 13% over the same period. Given that BTS only covers a very small part of the market, we find good likelihood of it continuing with a strong growth trend, both organically and in total.

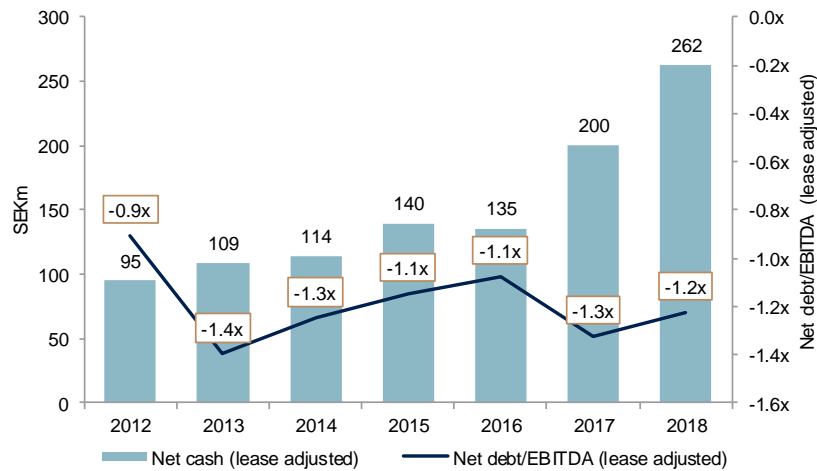
**Growth components**



Source: ABG Sundal Collier, company data

Despite completing acquisitions and growing on average 13% per year, BTS has been expanding the business with a net cash position of 1-1.5x EBITDA.

**Net cash and leverage**



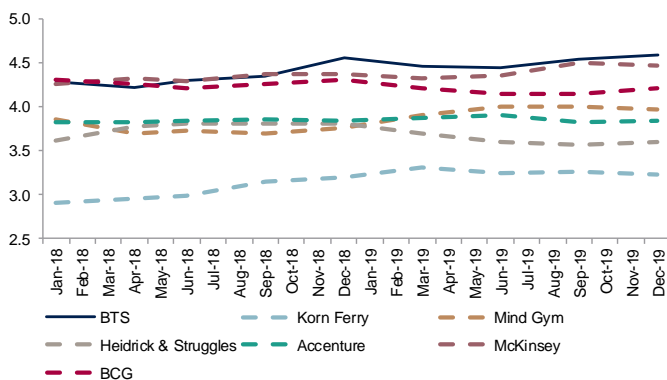
Source: ABG Sundal Collier, company data

**Strong competitive position**

BTS faces different kinds of competitors, as it acts on the edge between strategy consultancy firms and management training firms, as well as acting on a global playing field with local competition.

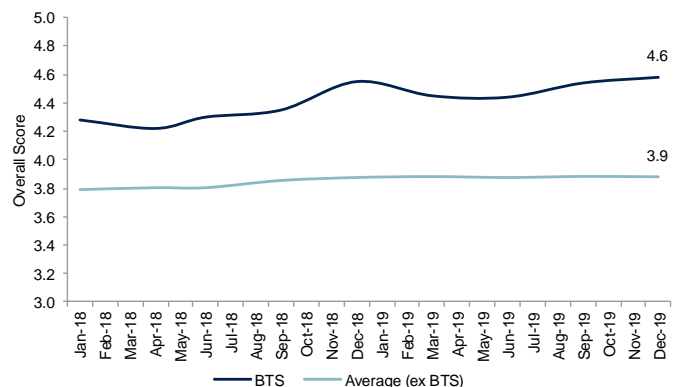
According to BTS, its main competitive advantage lies in the corporate culture; employees are more engaged and happier than in other comparable firms. BTS states that both external and internal data verify this. BTS describes its culture as high performing and big-hearted. As it competes with large global consulting firms, we find it reasonable to compare employee data between these companies, and find that BTS is scoring strongly in several aspects (overall satisfaction, CEO approval and positive business outlook).

**Overall satisfaction with employer**



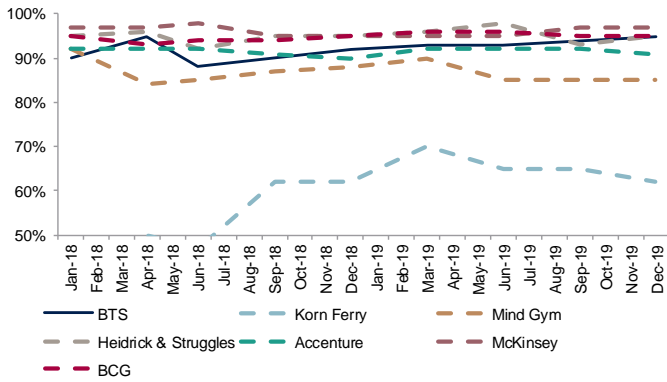
Source: Glassdoor, 20 December 2019

**BTS vs. average excluding BTS**



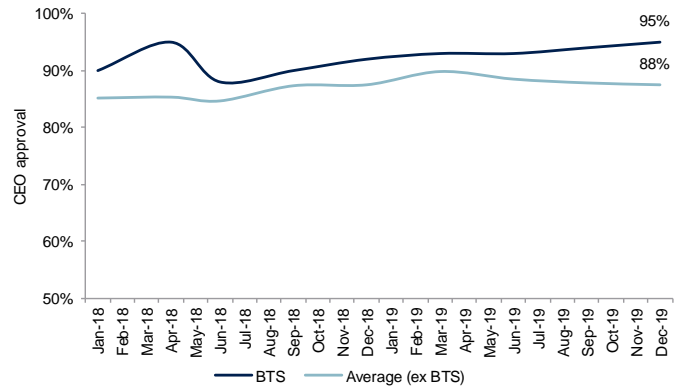
Source: Glassdoor, 20 December 2019

**CEO approval**



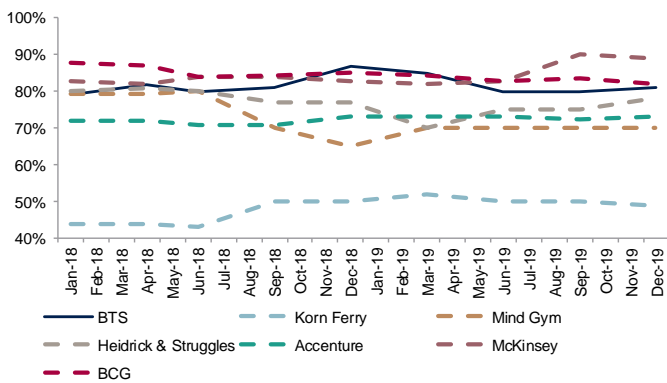
Source: Glassdoor, 20 December 2019

**BTS vs. average excluding BTS**



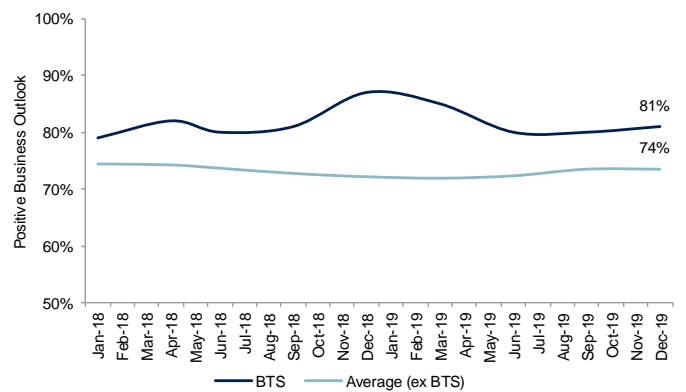
Source: Glassdoor, 20 December 2019

**Positive business outlook**



Source: Glassdoor, 20 December 2019

**BTS vs. average excluding BTS**



Source: Glassdoor, 20 December 2019

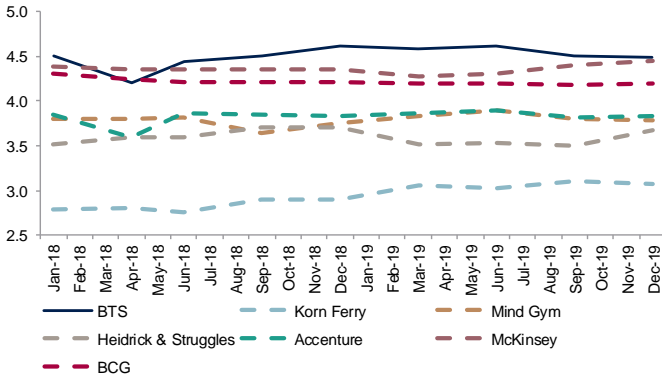
**Investing in organic growth**

As a cornerstone of BTS strategy, the corporate culture and values are highly important. To reduce the risks for dilution, BTS does not have a strategy to make larger acquisitions, but rather prefers smaller players with local presence that add a certain competence or client base.

BTS is also significantly investing in its employees; this is evident from the external data on employee satisfaction<sup>5</sup> in combination with the low employee turnover. The company says that its employee turnover is ~10% or just below, has been there for several years and is at a comfortable level. Without any other comparisons, we can benchmark this figure to Nordic IT services companies saying that their employee turnover is ~15-20% in the current high demand market. This has not affected BTS negatively, although we are certain that BTS needs work hard to attract top talent. Looking at further Glassdoor data, we see that BTS is scoring well vs. global peers (competitors of top talent) in terms of culture and values and likely recommending to a friend, despite scoring in line or even lower on compensation and benefits. We view this as impressive, especially in combination with an employee turnover of <10%.

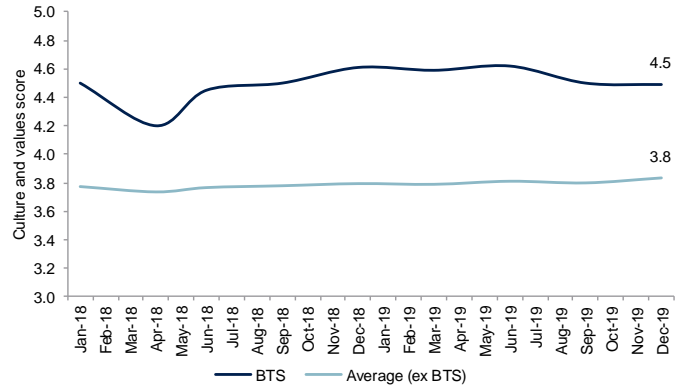
<sup>5</sup> Glassdor, 20 December 2019

**Culture and values**



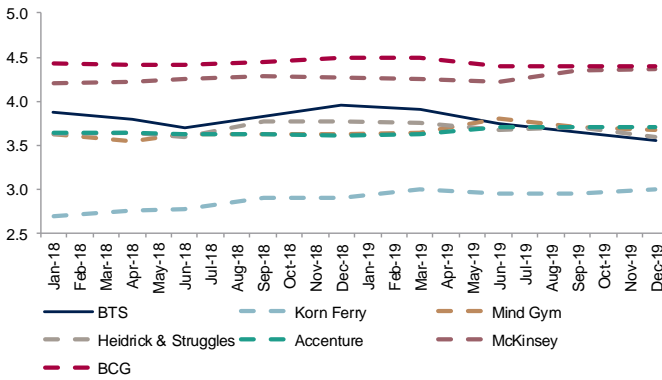
Source: Glassdoor, 20 December 2019

**BTS vs. average excluding BTS**



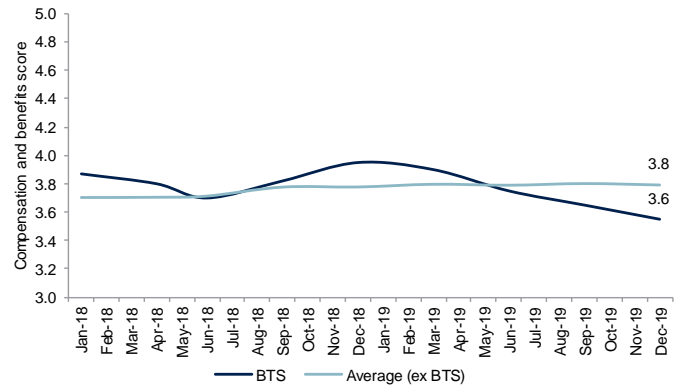
Source: Glassdoor, 20 December 2019

**Compensation and benefits**



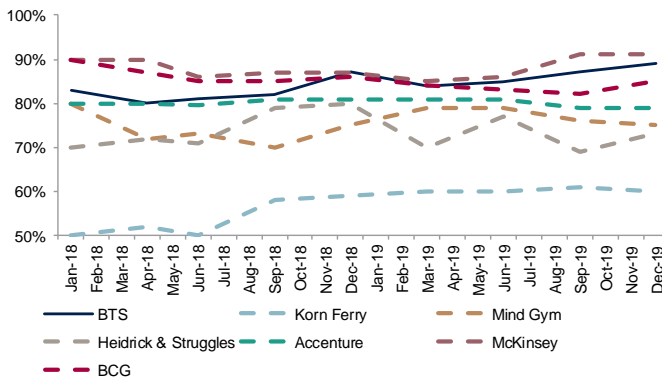
Source: Glassdoor, 20 December 2019

**BTS vs. average excluding BTS**



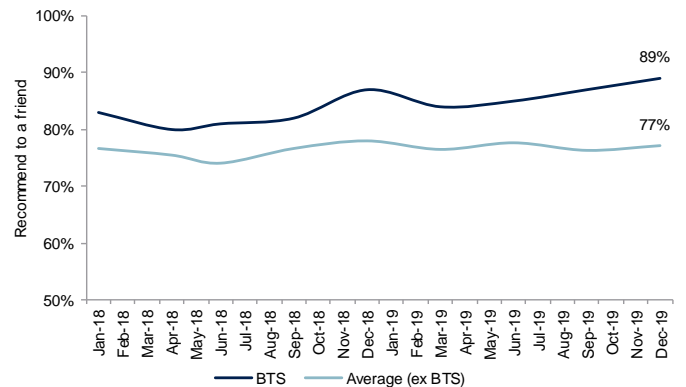
Source: Glassdoor, 20 December 2019

**Recommending to a friend**



Source: Glassdoor, 20 December 2019

**BTS vs. average excluding BTS**



Source: Glassdoor, 20 December 2019

Employee comments about BTS reflect a culture that is seemingly well received by the employees, mentioning career opportunities, flexibility and a high achieving corporate culture as pros. On the negative side, the lack of work life balance stands out, and is rather expected due to the required work travel and peak seasons of extra work hours.

### Pros and cons in Glassdoor employee survey

#### Glassdoor reviews - employee satisfaction

- Pros**
- "Flexibility, growth in career, trust, fun, and a lot of great people to work with" (8 reviews)
  - "Work life balance is promoted and made possible" (7 reviews)
- 
- Cons**
- "Work life balance is tricky sometimes" (21 reviews)
  - "Lots of travel, which can be fun/exciting or exhausting" (7 reviews)

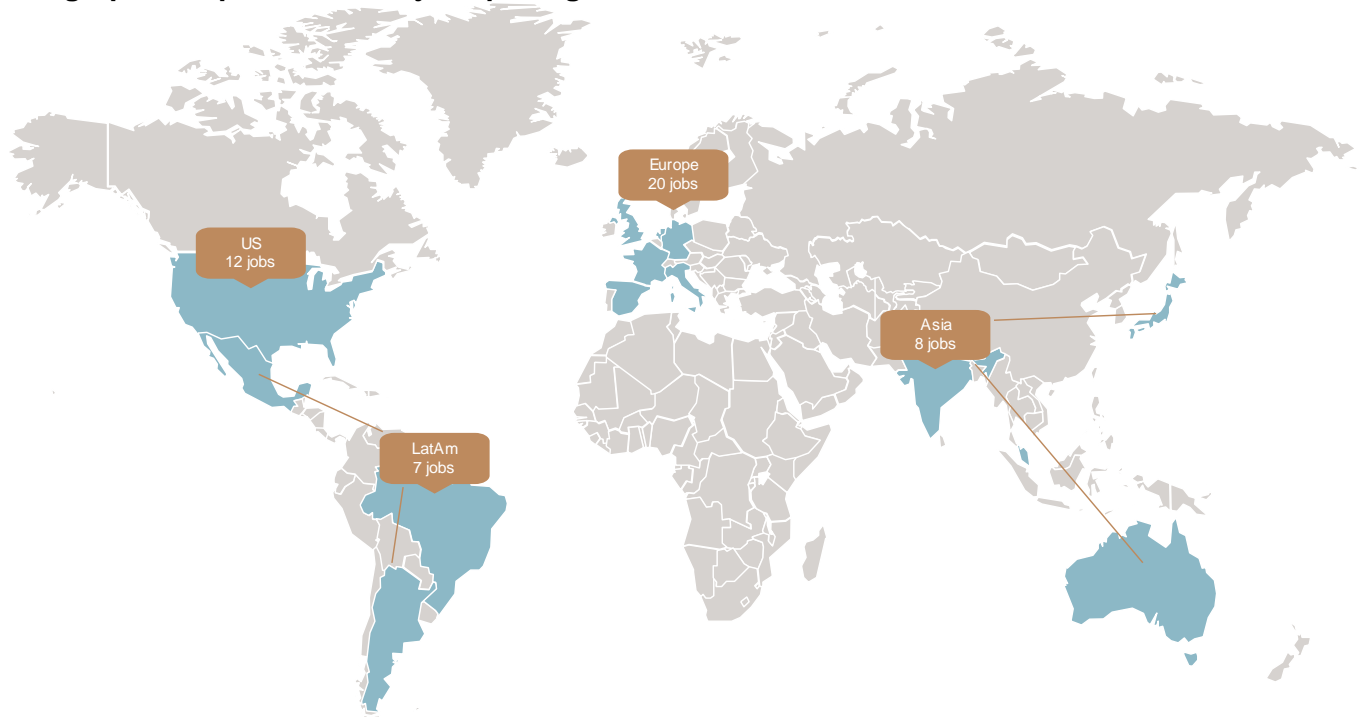
Source: Glassdoor, 2 December 2019

BTS is also investing in the digital product portfolio (licenses), which it does not capitalise; i.e. those costs are taken in the income statement. These have amounted to ~3-4% of sales and would (all else equal) be a clear margin driver if reduced. As BTS offers a premium service, its clients expect and require a high level of digital solutions (apps, workshops, presentations etc.). Therefore, we expect BTS to continue to invest in further organic growth and market share gains.

As stated earlier, BTS is running the business with a net cash position, although it carries out acquisitions every now and then. BTS has a payout ratio of ~55% of EPS, meaning that a large share of earnings go towards organic investments, in product R&D and in employees. This seems to have had a great impact on BTS as a company, and is also evident in the financials.

BTS continuously looks to add more people to achieve its growth target. Conducting an 'at the moment' observation of the number of job openings, we find 47 current job openings<sup>6</sup>, representing a theoretical increase of 6%.

### Geographical split of current job openings



Source: Glassdoor, 20 December 2019

<sup>6</sup> Glassdoor, 20 December 2019

### Investing in acquisitions

BTS has been relatively active in acquisitions. We think it makes sense for BTS to acquire smaller local players that have good local customer contact. These companies can easily be integrated into the BTS system, capitalise on the company's broader software portfolio and drive growth both locally and globally for BTS. In general, these are not larger acquisitions, as BTS is keen about keeping the BTS culture among the firm.

What to buy?

- Complementing services
- New geographies (entered Germany and Italy in 2017-2018 through acquisitions)
- Synergies to drive growth for the group
- 4-7x EBITA multiples
- Usual acquisition size of EUR 3-15m (SEK 30-150m), or adding 2-10% to 2018 group sales

The market is extremely fragmented, and opportunities arise everywhere, according to the company.

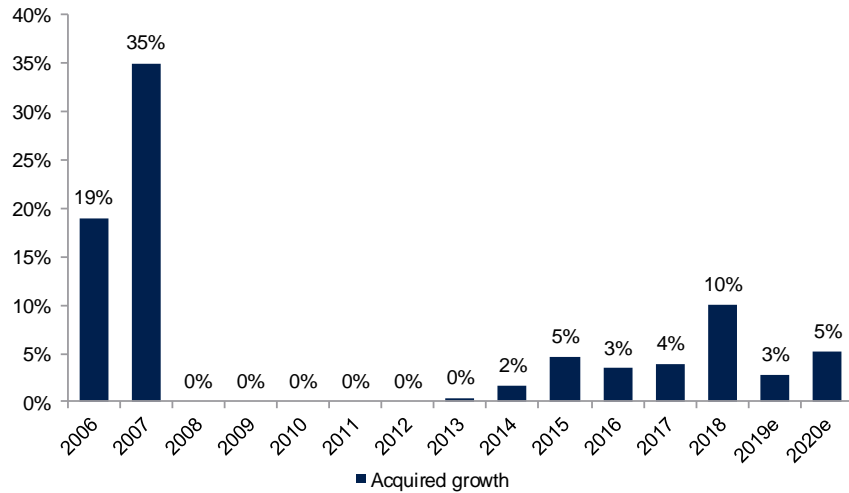
### Completed acquisitions

SEKm	Company name	EV (total)	Sales	EBIT	EV/Sales	EV/EBIT
2003	I-Simco		7			
2005	SMG "Learning Solutions"	28	60		0.5x	
2005	Business game factory (BGF)	3	11		0.3x	
2006	The advantage performance group & (RLC) (2 Acq)	167	148	15	1.1x	11.0x
2013	Wizerize	12	8		1.5x	
2014	Fenestra & Sandra Hartog Associates	55	30		1.8x	
2015	AVO Vision	0	12			
2015	Synergy Group Pty Ltd		19			
2016	Cesim Italia & Design innovation (2 Acq.)	49	38		1.3x	
2017	Coach in a Box Holdings		104	16		
2017	MTAC GmbH		51	5		
2019	Polaris Assessment Systems	1	1		1.5x	
2019	Swiss Virtual Business School	59	29		2.0x	
2020	Rapid Learning Institute		25			
	<b>Average</b>	<b>42</b>	<b>39</b>	<b>12</b>	<b>1.2x</b>	<b>11.0x</b>
	<b>Median</b>	<b>28</b>	<b>27</b>	<b>15</b>	<b>1.4x</b>	<b>11.0x</b>

Source: ABG Sundal Collier, company data

BTS acquired APG in 2006, adding significantly to group sales, but has up until 2013 been inactive in further M&A. However, in 2013 the company started to make 1-2 acquisitions per year, adding ~5% to sales. We think this a reasonable pace to expect in the future as well.

**Acquired sales growth, as % of sales**



Source: ABG Sundal Collier, company data

**Competitors**

**Korn Ferry (US)**

Korn Ferry is a global organisational consulting firm, working with clients to design their organizational structures, roles and responsibilities. It helps them hire the right people and advise them on how to reward, develop and motivate their workforce. The company was founded in 1969 and is headquartered in Los Angeles, US. Korn Ferry has more than 100 offices worldwide, and generated revenue of USD 2bn in FY 18/19 with an EBITDA margin of 14.9%.

**Mind Gym (UK)**

Mind Gym uses the latest psychology and behavioural science to transform the way people think, feel and behave. In doing so, it improves the performance of companies and the lives of people who work in them. It operates as a behavioural science business, which offers performance management, management development, diversity and inclusion, change, ethics, reorganization, personal effectiveness, on boarding, employee management, and customer service. The company was founded in June 2000 and is headquartered in London, UK. Mind Gym generated revenue of GBP 42m in FY 18/19 with an EBITDA margin of 16.1%.

**Heidrick & Struggles (US)**

Heidrick & Struggles engages in provision of leadership consulting, culture shaping and senior-level executive search services. It offers its clients the opportunity to build leadership teams by facilitating the recruitment, management and deployment of senior executives. The company was founded in 1953 and is headquartered in Chicago, US. Heidrick & Struggles generated revenue of USD 700m in 2018 with an EBITDA margin of 11.2%.

**Executive education at Universities**

Executive education, like an MBA, at top universities around the World is one way of supporting and developing key employees. Partly, this is a competitor to BTS as the universities are also offering courses and education in implementing business strategy and business management which provides senior executives with the knowledge.

### **In-house HR departments**

BTS is addressing the global market for larger companies, meaning that those have large internal HR departments themselves. Therefore, internal education and strategy implementation programmes become competitors to BTS offering.

### **Small local players**

The most common competitors to BTS, according to the company, are smaller local players as the market is fragmented and locally rooted. These companies have sometimes a long history with local firms and strong client relationships, but have difficulties to compete on a global basis if the client want a worldwide partner.

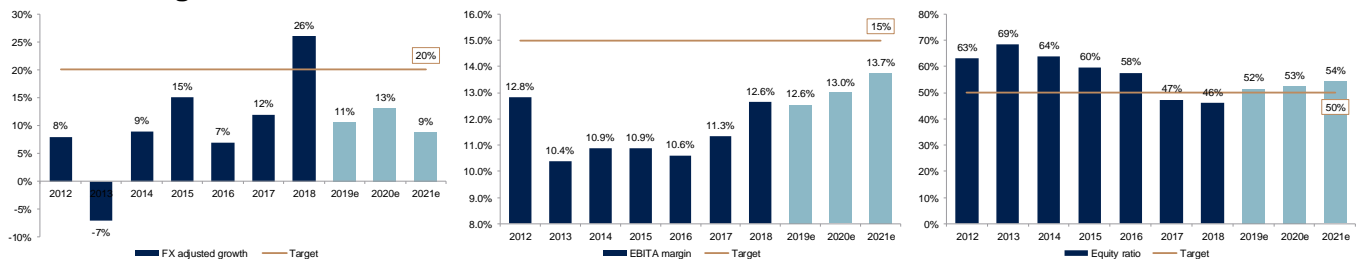
# Forecasts

BTS is not a pure consultancy firm, as evidenced by the fact that it has never had an EBITA margin below 10% since its 2001 listing. This shows that it has more than a pure hourly-based business, which on average typically lies in the range of 6-9% EBIT margins<sup>7</sup>. Having a share of software licenses, as well as a higher share with fixed price projects than other professional services companies, should enable BTS to expand its EBITA margin.

BTS' financial targets are:

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

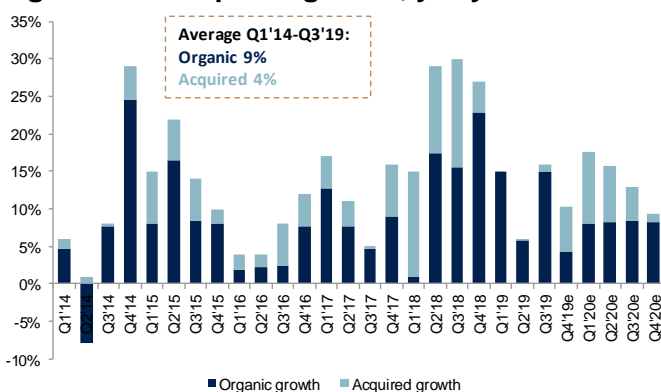
## Financial targets vs. outcome and forecast



Source: ABG Sundal Collier, company data

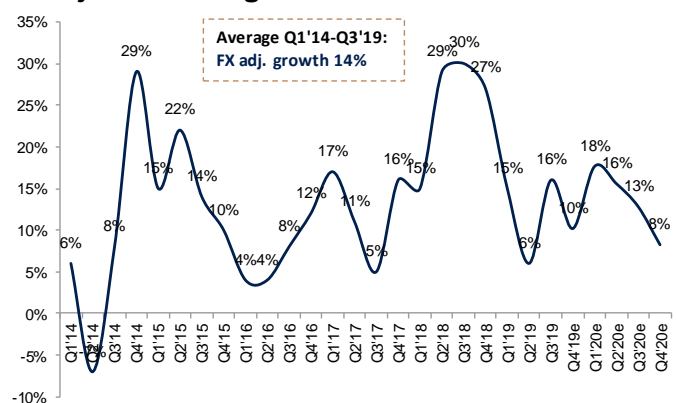
We estimate that BTS will be able to grow ~8-10% organically, and do not pencil in any acquisitions despite those already completed. We find it likely that BTS can keep its average FX-adjusted growth rate (14% between Q1'14 and Q3'19), and maintain that 20% growth is a good financial target. There have always been differences among the operating units (regions), and given that stars are not likely to be aligned at the same time, we may see a volatile 20% growth over time.

## Organic and acquired growth, y-o-y



Source: ABG Sundal Collier, company data

## FX adjusted total growth



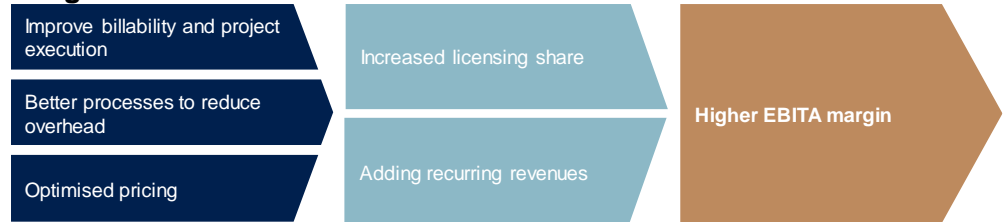
Source: ABG Sundal Collier, company data

Margin wise, BTS has a clear plan to improve margins by making its delivery more efficient and increasing its share of sales coming from licenses, which tend to be more scalable. We estimate that BTS will improve its EBITA margin in the coming

<sup>7</sup> ABGSC IT services research

years, but perhaps not all the way up to 15%. Hence, there is further upside if BTS achieves its margin target faster than that.

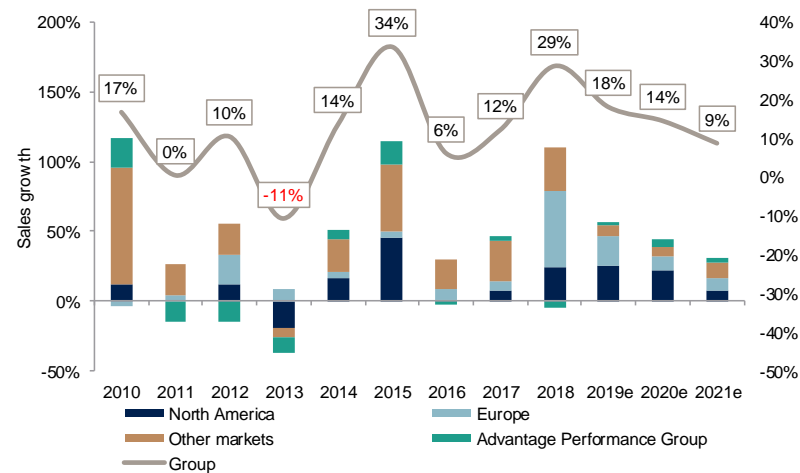
**Margin drivers**



Source: ABG Sundal Collier, company data

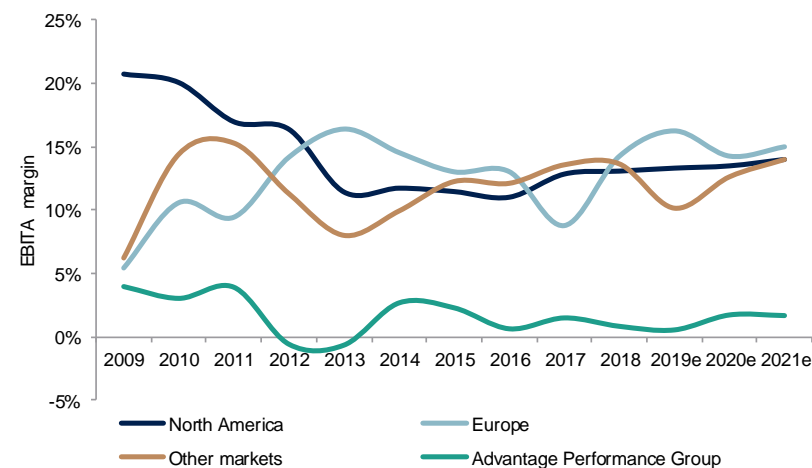
BTS has a regional business segment split, except for Advantage Performance Group (APG) in the US that is separately reported. APG was acquired in 2006 and very much works as a separate company from BTS, partly re-selling the BTS product offering, but with a stand-alone work force and employee base. BTS is allocating parts of the overhead costs to APG, pushing down its EBITA margin. We put little emphasis on APG as such, and note that this unit has shown low-single-digit organic growth and a margin on average of 0-2%. We believe this will continue on that trajectory.

**Growth contributors**



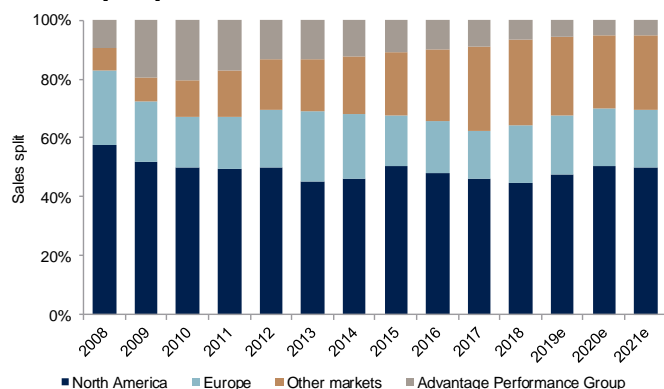
Source: ABG Sundal Collier, company data

**EBITA margin per business unit**



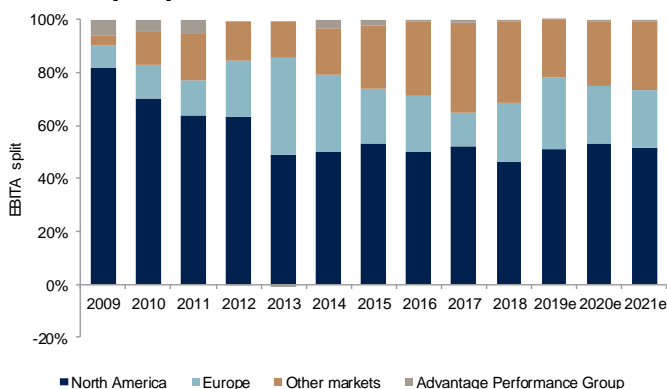
Source: ABG Sundal Collier, company data

Sales split per business unit



Source: ABG Sundal Collier, company data

EBITA split per business unit



Source: ABG Sundal Collier, company data

Interim breakdown of forecast

P&L (SEKm)	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	Q1'20e	Q2'20e	Q3'20e	Q4'20e
<b>Net Sales</b>	299	427	377	494	376	477	460	574	459	560	520	621
Operating costs	-276	-360	-334	-414	-331	-390	-388	-476	-403	-456	-438	-510
EBITDA	23	67	44	80	44	87	72	97	56	103	82	111
Depreciation tangible assets	-3	-3	-2	-4	-15	-15	-17	-17	-18	-18	-18	-18
<b>EBITA</b>	20	64	42	76	30	72	54	80	38	85	64	93
Amortization intangible assets	-5	-5	-4	-5	-4	-5	-5	-6	-6	-6	-6	-6
<b>EBIT</b>	16	59	37	71	25	68	49	75	32	79	58	87
Financial income and expenses	-1	-1	-1	-1	-2	-2	-3	-3	-3	-2	-2	-2
EBT	15	59	36	70	23	66	46	72	30	77	56	85
Taxes	-4	-17	-11	-21	-7	-20	-14	-22	-9	-23	-17	-25
<b>NP before minority</b>	11	41	25	50	17	46	32	51	21	54	39	59
Minority	0	0	0	-1	0	1	0	0	0	0	0	0
<b>Net Profit</b>	10	41	25	49	16	47	32	51	21	54	40	59
<b>EPS</b>	0.54	2.14	1.32	2.53	0.84	2.46	1.67	2.64	1.09	2.82	2.06	3.08
DPS												
<b>Growth</b>												
Revenue growth yoy	9%	29%	40%	34%	26%	12%	22%	16%	22%	17%	13%	8%
Revenue growth yoy adj for FX	15%	29%	30%	27%	15%	6%	16%	10%	18%	16%	13%	8%
Organic growth	1%	17%	16%	23%	15%	6%	15%	4%	8%	8%	8%	8%
EBITA growth, y-o-y	24%	46%	32%	56%	46%	13%	31%	6%	28%	18%	18%	15%
EPS growth, y-o-y	9%	41%	24%	21%	54%	15%	27%	4%	30%	15%	23%	17%
<b>Margin</b>												
EBITA margin	6.8%	15.0%	11.0%	15.3%	7.9%	15.1%	11.8%	14.0%	8.3%	15.3%	12.4%	14.9%
EBIT margin	5.2%	13.9%	9.8%	14.4%	6.8%	14.2%	10.7%	13.0%	7.0%	14.2%	11.2%	13.9%
<b>Revenues per region</b>	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19e</b>	<b>Q1'20e</b>	<b>Q2'20e</b>	<b>Q3'20e</b>	<b>Q4'20e</b>
North America	140	191	173	210	179	229	224	264	241	292	268	290
Europe	56	88	67	105	73	89	95	124	82	98	104	137
Other markets	80	116	109	155	97	128	116	157	107	137	122	165
Advantage Performance Group	24	32	28	24	27	31	24	28	29	33	25	29
<b>Growth per region</b>	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19e</b>	<b>Q1'20e</b>	<b>Q2'20e</b>	<b>Q3'20e</b>	<b>Q4'20e</b>
North America	3%	20%	31%	43%	28%	20%	30%	26%	35%	27%	20%	10%
Europe	52%	98%	82%	22%	31%	1%	41%	18%	12%	10%	10%	10%
Other markets	14%	20%	43%	44%	21%	10%	6%	2%	10%	7%	5%	5%
Advantage Performance Group	-25%	3%	21%	-12%	14%	-4%	-15%	17%	7%	6%	5%	2%
<b>EBITA per region</b>	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19e</b>	<b>Q1'20e</b>	<b>Q2'20e</b>	<b>Q3'20e</b>	<b>Q4'20e</b>
North America	18	28	22	25	25	33	29	33	33	44	36	35
Europe	2	14	2	27	4	15	14	29	4	16	8	31
Other markets	1	21	17	24	1	23	10	17	0	24	18	25
Advantage Performance Group	-1	1	1	0	-1	1	0	1	1	1	1	1
<b>EBITA margin per region</b>	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19e</b>	<b>Q1'20e</b>	<b>Q2'20e</b>	<b>Q3'20e</b>	<b>Q4'20e</b>
North America	13.1%	14.8%	13.0%	11.7%	13.7%	14.2%	13.1%	12.5%	13.5%	15.0%	13.5%	12.0%
Europe	3.4%	16.1%	3.1%	25.6%	5.3%	17.2%	14.9%	23.0%	5.0%	16.5%	8.0%	23.0%
Other markets	1.4%	18.2%	15.1%	15.6%	1.0%	17.6%	8.4%	11.0%	0.0%	17.5%	15.0%	15.0%
Advantage Performance Group	-3.8%	2.8%	1.8%	1.6%	-1.9%	2.9%	-1.3%	1.8%	1.7%	1.5%	2.0%	1.7%

Source: ABG Sundal Collier, company data

## Annual breakdown of forecast

P&L (SEKm)	2016	2017	2018	2019e	2020e	2021e
<b>Net Sales</b>	<b>1,108</b>	<b>1,243</b>	<b>1,598</b>	<b>1,887</b>	<b>2,160</b>	<b>2,348</b>
Operating costs	-982	-1,092	-1,384	-1,586	-1,807	-1,946
EBITDA	126	151	214	301	353	402
Depreciation tangible assets	-8	-10	-12	-64	-72	-79
<b>EBITA</b>	<b>118</b>	<b>141</b>	<b>202</b>	<b>237</b>	<b>281</b>	<b>323</b>
Amortization intangible assets	-6	-9	-19	-20	-24	-25
<b>EBIT</b>	<b>112</b>	<b>132</b>	<b>183</b>	<b>217</b>	<b>257</b>	<b>298</b>
Financial income and expenses	-1	-1	-3	-9	-9	-8
EBT	111	131	180	208	248	290
Taxes	-37	-33	-54	-62	-74	-87
<b>NP before minority</b>	<b>74</b>	<b>98</b>	<b>127</b>	<b>145</b>	<b>174</b>	<b>203</b>
Minority	0	0	0	1	1	1
<b>Net Profit</b>	<b>74</b>	<b>98</b>	<b>126</b>	<b>147</b>	<b>175</b>	<b>204</b>
<b>EPS</b>	<b>3.96</b>	<b>5.18</b>	<b>6.54</b>	<b>7.60</b>	<b>9.05</b>	<b>10.55</b>
DPS	2.50	2.80	3.60	4.00	4.70	5.40
<b>Growth</b>						
Revenue growth yoy	6%	12%	29%	18%	14%	9%
Revenue growth yoy adj for FX	7%	12%	26%	11%	13%	9%
Organic growth	4%	8%	16%	9%	8%	9%
EBITA growth, y-o-y	3%	20%	43%	17%	18%	15%
EPS growth, y-o-y	2%	31%	26%	16%	19%	17%
<b>Margin</b>						
EBITA margin	10.6%	11.3%	12.6%	12.6%	13.0%	13.7%
EBIT margin	10.1%	10.6%	11.5%	11.5%	11.9%	12.7%
<b>Revenues per region</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
North America	535	574	714	896	1,092	1,179
Europe	192	204	316	381	421	455
Other markets	271	351	460	498	531	595
Advantage Performance Group	111	114	109	110	116	119
<b>Growth per region</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
North America	1%	7%	24%	25%	22%	8%
Europe	7%	6%	55%	21%	10%	8%
Other markets	22%	30%	31%	8%	7%	12%
Advantage Performance Group	-3%	3%	-5%	2%	5%	3%
<b>EBITA per region</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
North America	59	74	93	119	147	165
Europe	25	18	45	62	60	68
Other markets	33	48	63	51	67	83
Advantage Performance Group	1	2	1	1	2	2
<b>EBITA margin per region</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
North America	11.0%	12.8%	13.1%	13.3%	13.5%	14.0%
Europe	13.0%	8.8%	14.3%	16.3%	14.3%	15.0%
Other markets	12.1%	13.6%	13.7%	10.2%	12.6%	14.0%
Advantage Performance Group	0.6%	1.5%	0.8%	0.5%	1.7%	1.7%

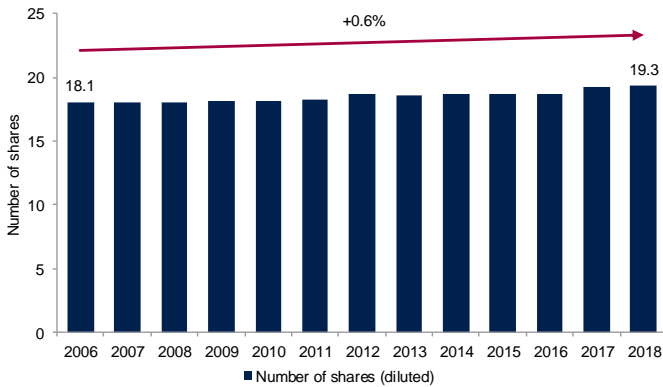
Source: ABG Sundal Collier, company data

# Valuation

## Shareholder friendly value creation

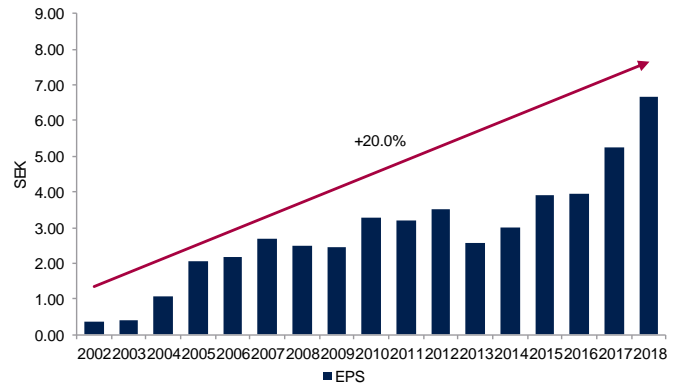
Even though BTS has been executed on a relatively active M&A agenda, adding on average 5% to sales per year, it has kept a negligible share dilution (<1% CAGR since 2006), resulting in both EPS and DPS CAGR's of 20% since 2002. We view this as a healthy sign of a company generating good growth, profitability and returns to shareholders.

Limited dilution of shares over time...



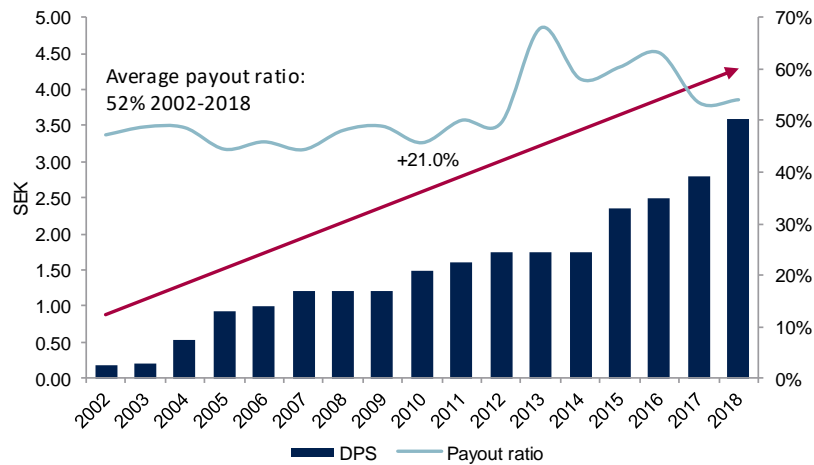
Source: ABG Sundal Collier, company data

...has been driving a 20% EPS CAGR since 2002



Source: ABG Sundal Collier, company data

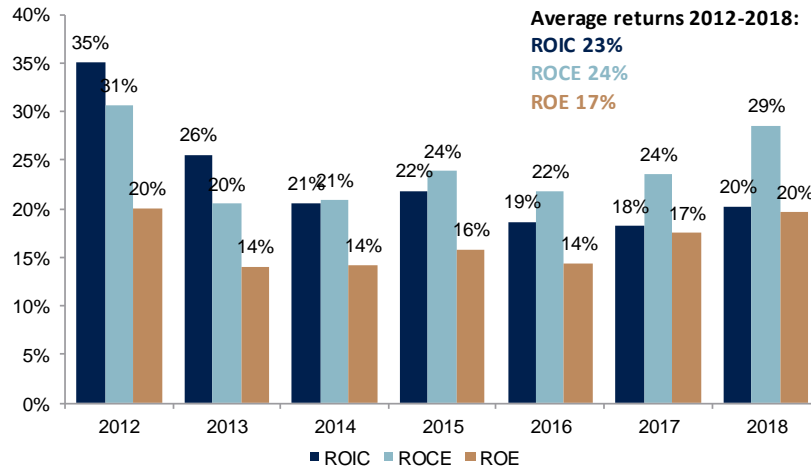
52% average payout ratio has driven a 21% DPS CAGR since 2002



Source: ABG Sundal Collier, company data

Based on operational metrics, BTS has generated profitability measures (ROIC, ROCE and ROE) on average between 17-24%, which we find attractive return for BTS to continue its organic growth investments.

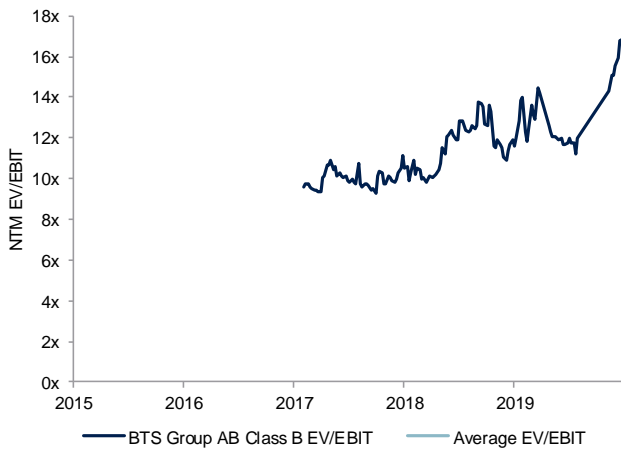
**Profitability metrics stable between 15% and 20% over time**



Source: ABG Sundal Collier, company data

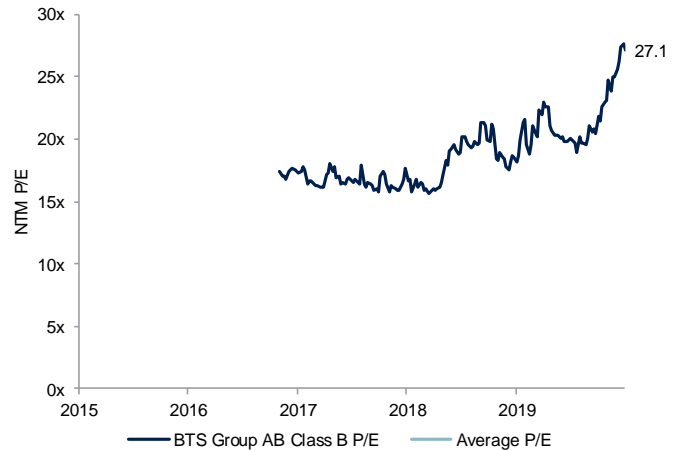
**Valuation metrics**

**NTM EV/EBIT**



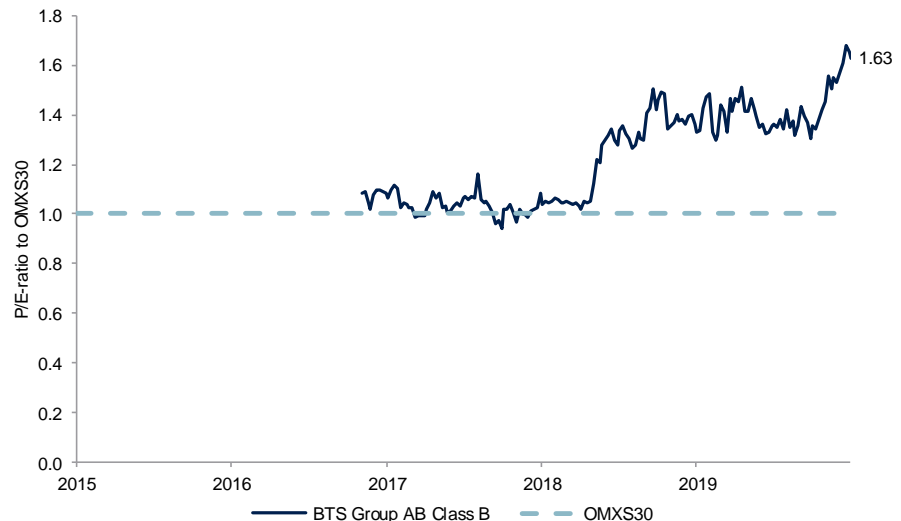
Source: ABG Sundal Collier, FactSet

**NTM P/E**



Source: ABG Sundal Collier, FactSet

**NTM P/E ratio to OMXS30**



Source: ABG Sundal Collier, FactSet

## Peers

We use a selection of peers, where we try to find those who have close collaboration with clients and become long-lasting partners. We view Korn Ferry (US), Mind Gym (UK) and Heidrick & Struggles (US) as global listed competitors, although Heidrick & Struggles focuses more towards executive search and a small part of culture implementation. Korn Ferry and Mind Gym seems to be more like BTS. In the global space, we have also included Accenture (US), Booz Allen Hamilton (US), Capgemini (FR) and Huron Consulting Group (US).

Navigant Consulting (US) was taken private in August 2019 by Guidehouse (owned by private equity firm Veritas Capital), on EV/EBITDA multiples of 16.3x. Navigant had revenues of USD 800m and an EBITDA margin of 8.5%. Purchase price was USD 1.1bn.

In the Nordic market, we find very few similar companies to BTS in the professional services space. However, we have chosen a few companies to characterise how similar assets (consulting based revenue model, customer commitments and financial profile) are priced. These are covered in the Nordic peer group. In general, this results in an overall IT services group of companies, which we think are not individually a perfect match to BTS, but on average give a solid picture of how similar assets are priced.

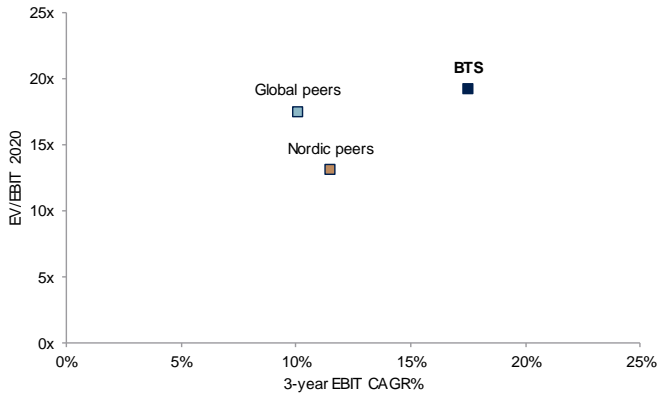
We note that we expect BTS to grow both sales and EBIT 5-10pp higher than both the Global and Nordic peer group, and trades on a premium of 10-50% based on 2020 EV/EBIT.

## Peer group

	Mcap (SEKm)	Share price	YTD (total return)	5-year return	Net debt (+) / net cash (-) YE'18	EV/Sales (2020)	EV/EBIT (2019)	EV/EBIT (2020)	P/E (2019)	Div. yield (2019)	3-year Sales CAGR	3-year EBIT CAGR
<b>Global peers</b>												
Korn Ferry	22,828	43	2%	55%	-412	1.1x	10.2x	8.8x	13.9x	0.9%	6%	12%
Mind Gym	2,308	2	13%	na	-8	3.3x	19.2x	17.7x	25.9x	1.3%	14%	11%
Heidrick & Struggles	5,850	32	-1%	53%	-280	0.7x	8.0x	7.4x	12.8x	1.9%	1%	1%
Accenture	1,307,442	209	0%	150%	-6,108	2.9x	21.2x	19.6x	28.4x	1.4%	7%	8%
Booz Allen	106,037	79	12%	187%	1,476	1.6x	19.0x	17.4x	25.2x	1.3%	8%	10%
Capgemini	207,951	117	7%	104%	-30	1.5x	13.1x	12.3x	18.4x	1.6%	5%	7%
Huron	15,049	69.0	0%	-2%	-9	2.1x	29.2x	23.6x	26.7x	na	na	21%
<b>Average</b>						<b>1.9x</b>	<b>17.1x</b>	<b>15.3x</b>	<b>21.6x</b>	<b>1.4%</b>	<b>7%</b>	<b>10%</b>
<b>Median</b>						<b>1.6x</b>	<b>19.0x</b>	<b>17.4x</b>	<b>25.2x</b>	<b>1.4%</b>	<b>6%</b>	<b>10%</b>
<b>Nordic peers</b>												
Avensia	534	14	-1%	250%	-30	1.4x	18.9x	12.8x	27.7x	2.4%	19%	30%
B3 Consulting	376	50	4%	na	72	na	na	na	na	na	na	na
Bouvet	4,229	388	0%	463%	-278	1.7x	17.5x	14.9x	22.3x	3.1%	11%	16%
CAG	463	72	9%	na	-70	0.9x	11.6x	10.9x	16.0x	4.1%	4%	12%
Columbus	1,696	10	0%	106%	83	0.7x	10.0x	9.3x	9.3x	0.0%	3%	13%
Data Respons	3,856	48	0%	296%	196	1.8x	19.8x	17.5x	23.7x	2.0%	15%	19%
Evry	#N/A	38	0%	273%	4,057	1.5x	14.3x	13.0x	15.6x	3.8%	2%	8%
HiQ	2,960	54	4%	65%	-151	1.6x	14.0x	13.0x	17.7x	6.5%	3%	8%
Knowit	4,005	208	0%	354%	-88	1.1x	13.0x	11.6x	17.0x	3.2%	7%	7%
Netcompany	22,406	320	1%	na	1,082	5.7x	29.3x	22.8x	46.5x	0.1%	20%	26%
NNIT	4,454	130	17%	na	518	1.4x	16.7x	18.1x	22.8x	2.0%	-1%	-9%
Semcon	1,224	67	-3%	57%	-44	0.6x	9.0x	7.6x	11.2x	4.5%	4%	14%
Tieto	36,481	29	5%	65%	140	1.5x	13.8x	13.6x	168.9x	0.4%	2%	5%
Webstep	690	24	-1%	na	-33	0.9x	10.0x	9.5x	13.8x	6.3%	3%	-1%
<b>Average</b>						<b>1.6x</b>	<b>15.2x</b>	<b>13.4x</b>	<b>31.7x</b>	<b>3.0%</b>	<b>7%</b>	<b>11%</b>
<b>Median</b>						<b>1.4x</b>	<b>14.0x</b>	<b>13.0x</b>	<b>17.7x</b>	<b>3.1%</b>	<b>4%</b>	<b>12%</b>
BTS (ABGSCe)	4,965	255	7%	392%	-199	2.3x	22.6x	19.1x	33.6x	1.6%	14%	18%
Premium (+) vs Global peers (median)						40%	19%	10%			110%	74%
Premium (+) vs Nordic peers (median)						65%	61%	47%			263%	52%

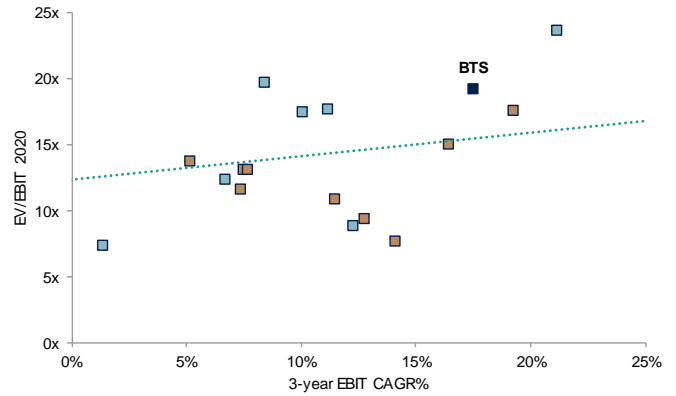
Source: ABG Sundal Collier, FactSet

**BTS vs. grouped peers**



Source: ABG Sundal Collier, FactSet

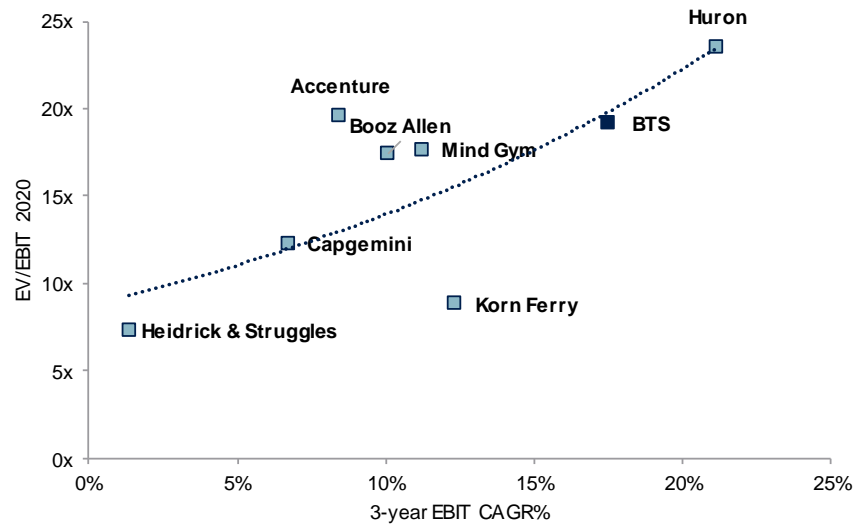
**BTS vs. individual peers**



Source: ABG Sundal Collier, FactSet

Making a bit more sophisticated approach, we find BTS to be more like the global peer group, i.e. professional services (management consulting) and a global presence. In this context, BTS seems to trade relatively in line adjusted for the higher growth.

**BTS vs. global professional services peers**



Source: ABG Sundal Collier, FactSet

## Risks

### **Technological risk**

BTS offers ed-tech solutions, and an emerging new technology for management and organisational training can compete with BTS' solutions.

### **Movements in the value chain**

A changing market environment with strategy consultants moving in the value chain to also implementing the strategy is a potential threat for BTS, which is currently working next to traditional management consultants, rather than head-to-head.

### **Economic conditions**

Demand for training is sensitive to economic fluctuations. Slower growth and cost-cutting programs affect corporate training budgets negatively. Similarly, economic recovery increases willingness to invest in training.

### **Dependence on individual customers**

BTS ten largest customers accounted for 23% (25) of its sales in 2018. By striving for a broad customer base, BTS limits its dependence on individual customers.

### **Quality and brands**

BTS is a personnel intense organisation and a successful delivery is dependent on a good brand value. BTS builds its marketing on network-based sales developed over the years by good customer relationships, which are brought about by high demands on the quality of BTS deliveries. BTS minimizes the risk of dissatisfied customers by recruiting and cultivating qualified consultants and by ensuring that all development and all deliveries adhere to established processes. BTS also follows up on quality in every project.

### **Intellectual property**

BTS owns all rights to the business simulations it develops for clients, thus retaining the right to reuse general intellectual property, such as software and adaptations, when developing new simulations. For license-based products and solutions, the client purchases the number of licenses needed for the employees participating.

### **Securing human resources**

Rapid growth requires intensive recruiting and training of employees. At the same time, it is essential to retain competent personnel. To meet these requirements, BTS follows an established model for recruiting and skills development.

### **Dependence on key personnel**

To reduce dependence on individual employees and to insure the long-term quality of BTS training courses, methods, technologies, and business simulations are well documented.

# Appendix

## Management

**Henrik Ekelund – President and CEO**



**Education and Professional Experience:**

- Stockholm School of Economics graduate in business administration.
- Founder of BTS, experience as owner and board member of high-growth companies.

**Holdings in BTS:** 4,005,034 shares.

**Stefan Brown – CFO**



**Education and Professional Experience:**

- Been with BTS since 1990.
- Graduate from Stockholm University.

**Holdings in BTS:** 3,000 shares.

**Jessica Parisi – EVP, President and CEO of BTS North America**



**Education and Professional Experience:**

- Been with BTS since 1999.
- International Business, French Studies, University of Minnesota – Twin Cities.

**Holdings in BTS:** Undisclosed.

**Joel Sigrist – Executive Vice President, President and CEO of BTS Europe**



**Education and Professional Experience:**

- Been with BTS since 2003.
- Education at Oxford Brookes University.
- Previously a Senior Consultant at Strategic Management Group.

**Holdings in BTS:** Undisclosed.

**Philios Andreau – EVP, President and CEO of BTS Other Markets**



**Education and Professional Experience:**

- Been with BTS since 2003.
- PhD, Consumer behavior marketing, University of Southampton and a Masters in Advanced management from Universidad de Deusto.
- Previous experience as an Operations Director (Northern Region Spain) at Vodafone and part time strategy Professor.

**Holdings in BTS:** Undisclosed.

## Board of Directors

### Reinhold Geijer – Chairman of the Board



**Education and other assignments:**

- Stockholm School of Economics graduate in business administration.
- **Other Missions:** Board member of Skandia, The Swedish Export Credit Corporation, EternalInvest, Zacco A/S and Edsbyn Senab AB.

**Previous Missions:** CEO of The Royal Bank of Scotland's Nordic Branch, CFO of Telia, CEO of FöreningsSparbanken, among others.

**Holdings in BTS:** 10,000 shares.

### Mariana Burenstam Linder – Member of the Board



**Education and other assignments:**

- Stockholm School of Economics graduate in business administration.
- **Other Missions:** Member of the board of Latour AB and Resurs Holding AB.

**Previous Missions:** CEO of Burenstam & Partners, deputy CEO of SEB, CIO of Trygg-Hansa, CEO of ABB Financial Consulting, CEO of Nordic Management AB and CEO of Ainax.

**Holdings in BTS:** 22,100 shares.

### Stefan Gardefjord – Member of the Board



**Education and other assignments:**

- Upper secondary business school graduate.
- **Other Missions:** Member of the board of Knowit AB.

**Previous Missions:** CEO of Logica Sverige AB. Several senior positions within the WM-data group.

**Holdings in BTS:** 20,000 shares.

### Dag Sehlin – Member of the Board



**Education and other assignments:**

- Stockholm School of Economics graduate in business administration.

**Previous Missions:** CFO and deputy CEO of Posten AB, deputy CEO of the OM Group and several board member positions.

**Holdings in BTS:** 16,000 shares.

### Anna Söderblom – Member of the Board



**Education and other assignments:**

- Degree in Mathematics from Lund University and PhD in business administration from Stockholm School of Economics.
- **Other missions:** Chairwoman of Advenica AB, member of the board of Poolia AB, Almi företagspartner AB, Länsförsäkringar Liv Försäkringsaktiebolag, Midway Holding AB and Cabonline Holding AB.

**Previous Missions:** Head of technical support and marketing director at Microsoft Nordic, marketing director at Sweden Post, Letter division and investment manager at Industrifonden.

**Holdings in BTS:** 500 shares.

### Henrik Ekelund – President and CEO



**Education and other assignments:**

- Stockholm School of Economics graduate in business administration.
- Founder of BTS, experience as owner and board member of high-growth companies.

**Holdings in BTS:** 4,005,034 shares.

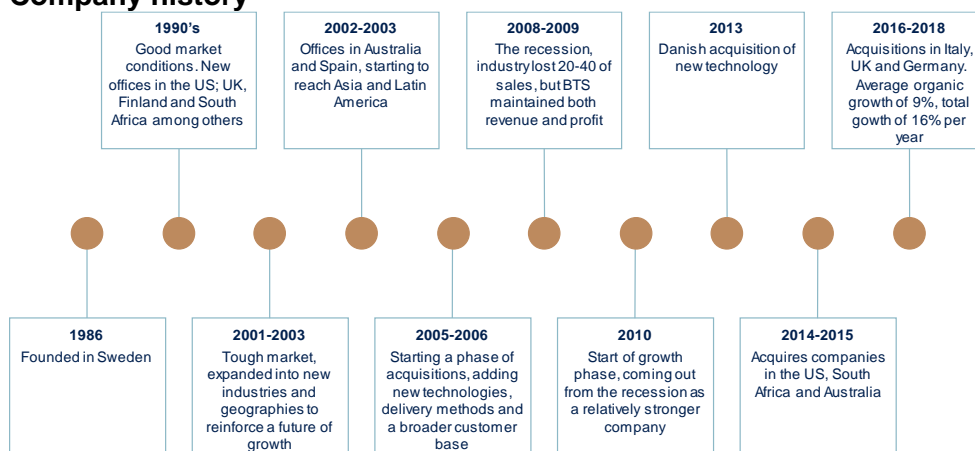
## Shareholders

### Shareholders

#	Owner	BTS A	BTS B	Value (SEKm)	Capital (%)	Votes (%)	Country	Date
1	Henrik Ekelund	816,000	3,189,034	1,013	20.7%	42.0%	Switzerland	30/09/2019
2	Nordea Fonder	0	2,457,640	622	12.7%	9.1%	Finland	31/12/2019
3	Stefan af Petersens	37,800	2,292,095	589	12.1%	9.9%	Sweden	31/12/2019
4	Lannebo Fonder	0	2,224,845	563	11.5%	8.2%	Sweden	31/12/2019
5	Swedbank Robur Fonder	0	1,538,092	389	8.0%	5.7%	Sweden	31/12/2019
6	Tredje AP-fonden	0	947,803	240	4.9%	3.5%	Sweden	31/12/2019
7	SEB Fonder	0	780,706	198	4.0%	2.9%	Sweden	31/12/2019
8	Stefan Hellberg	0	612,797	155	3.2%	2.3%	Sweden	30/09/2019
9	AMF Försäkring & Fonder	0	364,007	92	1.9%	1.3%	Sweden	31/12/2019
10	Canaccord Genuity Wealth Management	0	263,331	67	1.4%	1.0%	UK	30/09/2019
11	Harald Mix	0	200,000	51	1.0%	0.7%	Sweden	31/12/2019
12	Mikael Gunnarsson	0	151,000	38	0.8%	0.6%	Sweden	31/12/2019
13	Nordea Funds (Lux)	0	129,077	33	0.7%	0.5%	Luxembourg	31/12/2019
14	Consensus Asset Management AB	0	110,030	28	0.6%	0.4%	Sweden	31/12/2019
15	XACT Fonder	0	101,526	26	0.5%	0.4%	Sweden	31/12/2019
16	Avanza Pension	0	100,083	25	0.5%	0.4%	Sweden	31/12/2019
17	Carl Rosvall	0	100,000	25	0.5%	0.4%	Sweden	31/12/2019
18	CM-CIC Asset Management	0	94,488	24	0.5%	0.3%	France	30/09/2019
19	La Financière de l'Echiquier	0	82,000	21	0.4%	0.3%	France	30/09/2019
20	Tomas Billing	0	69,866	18	0.4%	0.3%	Sweden	31/12/2019

Source: Holdings, 21 January 2020

### Company history



Source: ABG Sundal Collier, company data

## Glassdoor data

### Glassdoor data

Overall	Jan-18	Apr-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
BTS	4.3	4.2	4.3	4.4	4.6	4.5	4.4	4.5	4.6
Korn Ferry	2.9	3.0	3.0	3.2	3.2	3.3	3.3	3.3	3.2
Mind Gym	3.9	3.7	3.7	3.7	3.8	3.9	4.0	4.0	4.0
Heidrick & Struggles	3.6	3.8	3.8	3.8	3.8	3.7	3.6	3.6	3.6
Accenture	3.8	3.8	3.8	3.9	3.8	3.9	3.9	3.8	3.8
McKinsey	4.3	4.3	4.3	4.4	4.4	4.3	4.4	4.5	4.5
BCG	4.3	4.3	4.2	4.3	4.3	4.2	4.2	4.2	4.2
<b>Average (ex BTS)</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>

Culture & Values	Jan-18	Apr-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
BTS	4.5	4.2	4.5	4.5	4.6	4.6	4.6	4.5	4.5
Korn Ferry	2.8	2.8	2.8	2.9	2.9	3.1	3.0	3.1	3.1
Mind Gym	3.8	3.8	3.8	3.7	3.8	3.8	3.9	3.8	3.8
Heidrick & Struggles	3.5	3.6	3.6	3.7	3.7	3.5	3.5	3.5	3.7
Accenture	3.9	3.6	3.9	3.9	3.8	3.9	3.9	3.8	3.8
McKinsey	4.4	4.4	4.4	4.4	4.4	4.3	4.3	4.4	4.5
BCG	4.3	4.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2
<b>Average (ex BTS)</b>	<b>3.8</b>	<b>3.7</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>

Compensation & Benefits	Jan-18	Apr-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
BTS	3.9	3.8	3.7	3.8	4.0	3.9	3.8	3.7	3.6
Korn Ferry	2.7	2.8	2.8	2.9	2.9	3.0	3.0	3.0	3.0
Mind Gym	3.6	3.6	3.6	3.6	3.6	3.7	3.8	3.7	3.7
Heidrick & Struggles	3.6	3.7	3.6	3.8	3.8	3.8	3.7	3.7	3.6
Accenture	3.7	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7
McKinsey	4.2	4.2	4.3	4.3	4.3	4.3	4.2	4.4	4.4
BCG	4.4	4.4	4.4	4.5	4.5	4.5	4.4	4.4	4.4
<b>Average (ex BTS)</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>

Recommend to a Friend	Jan-18	Apr-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
BTS	83%	80%	81%	82%	87%	84%	85%	87%	89%
Korn Ferry	50%	52%	50%	58%	59%	60%	60%	61%	60%
Mind Gym	80%	72%	73%	70%	75%	79%	79%	76%	75%
Heidrick & Struggles	70%	72%	71%	79%	80%	70%	77%	69%	73%
Accenture	80%	80%	80%	81%	81%	81%	81%	79%	79%
McKinsey	90%	90%	86%	87%	87%	85%	86%	91%	91%
BCG	90%	87%	85%	85%	86%	84%	83%	82%	85%
<b>Average (ex BTS)</b>	<b>77%</b>	<b>76%</b>	<b>74%</b>	<b>77%</b>	<b>78%</b>	<b>77%</b>	<b>78%</b>	<b>76%</b>	<b>77%</b>

CEO Approval	Jan-18	Apr-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
BTS	90%	95%	88%	90%	92%	93%	93%	94%	95%
Korn Ferry	40%	50%	47%	62%	62%	70%	65%	65%	62%
Mind Gym	92%	84%	85%	87%	88%	90%	85%	85%	85%
Heidrick & Struggles	95%	96%	92%	95%	95%	96%	98%	93%	95%
Accenture	92%	92%	92%	91%	90%	92%	92%	92%	91%
McKinsey	97%	97%	98%	95%	95%	95%	95%	97%	97%
BCG	95%	93%	94%	94%	95%	96%	96%	95%	95%
<b>Average (ex BTS)</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>87%</b>	<b>88%</b>	<b>90%</b>	<b>89%</b>	<b>88%</b>	<b>88%</b>

Positive Business Outlook	Jan-18	Apr-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
BTS	79%	82%	80%	81%	87%	85%	80%	80%	81%
Korn Ferry	44%	44%	43%	50%	50%	52%	50%	50%	49%
Mind Gym	80%	80%	80%	70%	65%	70%	70%	70%	70%
Heidrick & Struggles	80%	81%	80%	77%	77%	70%	75%	75%	78%
Accenture	72%	72%	71%	71%	73%	73%	73%	73%	73%
McKinsey	83%	82%	84%	84%	83%	82%	83%	90%	89%
BCG	88%	87%	84%	85%	85%	85%	83%	84%	82%
<b>Average (ex BTS)</b>	<b>74%</b>	<b>74%</b>	<b>74%</b>	<b>73%</b>	<b>72%</b>	<b>72%</b>	<b>72%</b>	<b>74%</b>	<b>74%</b>

Source: Glassdoor, 20 December 2019

Income Statement (SEKm)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019e
Sales	299	427	377	494	376	477	460	574
COGS	0	0	0	0	0	0	0	0
Gross profit	299	427	377	494	376	477	460	574
Other operating items	-276	-360	-334	-414	-331	-390	-388	-476
<b>EBITDA</b>	<b>23</b>	<b>67</b>	<b>44</b>	<b>80</b>	<b>44</b>	<b>87</b>	<b>72</b>	<b>97</b>
Depreciation and amortisation	-3	-3	-2	-4	-15	-15	-17	-17
<b>EBITA</b>	<b>20</b>	<b>64</b>	<b>42</b>	<b>76</b>	<b>30</b>	<b>72</b>	<b>54</b>	<b>80</b>
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	-5	-5	-4	-5	-4	-5	-5	-6
<b>EBIT</b>	<b>16</b>	<b>59</b>	<b>37</b>	<b>71</b>	<b>25</b>	<b>68</b>	<b>49</b>	<b>75</b>
Net financial items	-1	-1	-1	-1	-2	-2	-3	-3
<b>Pretax profit</b>	<b>15</b>	<b>59</b>	<b>36</b>	<b>70</b>	<b>23</b>	<b>66</b>	<b>46</b>	<b>72</b>
Tax	-4	-17	-11	-21	-7	-20	-14	-22
<b>Net profit</b>	<b>11</b>	<b>41</b>	<b>25</b>	<b>50</b>	<b>17</b>	<b>46</b>	<b>32</b>	<b>51</b>
Minority interest	-0	0	0	-1	-0	1	-0	0
Net profit discontinued	0	0	0	0	0	0	0	0
<b>Net profit to shareholders</b>	<b>10</b>	<b>41</b>	<b>25</b>	<b>49</b>	<b>16</b>	<b>47</b>	<b>32</b>	<b>51</b>
EPS	0.54	2.14	1.32	2.53	0.84	2.46	1.67	2.64
EPS Adj	0.79	2.40	1.55	2.77	1.06	2.69	1.95	2.92
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	29.5	29.7	30.5	29.5	29.1	30.1	30.3	30.0
Gross margin (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
EBITDA margin (%)	7.8	15.7	11.6	16.2	11.8	18.2	15.6	17.0
EBITA margin (%)	6.8	15.0	11.0	15.3	7.9	15.1	11.8	14.0
EBIT margin (%)	5.2	13.9	9.8	14.4	6.8	14.2	10.7	13.0
Pretax margin (%)	5.0	13.7	9.6	14.3	6.2	13.8	10.1	12.6
Net margin (%)	3.5	9.6	6.7	10.0	4.4	9.6	7.0	8.8
<b>Growth rates Y/Y</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019e</b>
Sales growth (%)	9.3	28.8	40.4	34.3	25.5	11.8	21.8	16.0
EBITDA growth (%)	22.8	43.0	29.4	56.3	91.2	30.2	63.8	21.6
EBIT growth (%)	6.8	39.9	24.0	57.4	62.4	14.2	31.9	5.0
Net profit growth (%)	13.2	45.8	26.5	22.6	57.9	11.5	28.1	2.0
EPS growth (%)	13.2	45.8	26.5	22.6	57.9	11.5	28.1	2.0
<b>Adj earnings numbers</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019e</b>
EBITDA Adj	23	67	44	80	44	87	72	97
EBITDA Adj margin (%)	7.8	15.7	11.6	16.2	11.8	18.2	15.6	17.0
EBITA Adj	20	64	42	76	30	72	54	80
EBITA Adj margin (%)	6.8	15.0	11.0	15.3	7.9	15.1	11.8	14.0
EBIT Adj	16	59	37	71	25	68	49	75
EBIT Adj margin (%)	5.2	13.9	9.8	14.4	6.8	14.2	10.7	13.0
Pretax profit Adj	20	63	41	75	28	70	52	78
Net profit Adj	15	46	30	54	21	50	38	56
Net profit to shareholders Adj	15	46	30	54	20	52	38	56
Net Adj margin (%)	5.1	10.8	7.9	11.0	5.6	10.6	8.2	9.8

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
Sales	771	688	781	1,044	1,108	1,243	1,598	1,887	2,160	2,348
COGS	0	0	0	0	0	0	0	0	0	0
Gross profit	771	688	781	1,044	1,108	1,243	1,598	1,887	2,160	2,348
Other operating items	-666	-610	-690	-922	-982	-1,092	-1,384	-1,586	-1,807	-1,946
<b>EBITDA</b>	<b>105</b>	<b>78</b>	<b>91</b>	<b>121</b>	<b>126</b>	<b>151</b>	<b>214</b>	<b>301</b>	<b>353</b>	<b>402</b>
Depreciation and amortisation	-6	-6	-6	-8	-8	-10	-12	-64	-72	-79
Of which leasing depreciation	0	0	0	0	0	0	0	-48	-48	-48
<b>EBITA</b>	<b>99</b>	<b>72</b>	<b>85</b>	<b>114</b>	<b>118</b>	<b>141</b>	<b>202</b>	<b>237</b>	<b>281</b>	<b>323</b>
EO items	0	0	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	-1	-2	-3	-4	-6	-9	-19	-20	-24	-25
<b>EBIT</b>	<b>97</b>	<b>70</b>	<b>82</b>	<b>109</b>	<b>112</b>	<b>132</b>	<b>183</b>	<b>217</b>	<b>257</b>	<b>298</b>
Net financial items	-1	-0	1	-0	-1	-1	-3	-9	-9	-8
<b>Pretax profit</b>	<b>97</b>	<b>70</b>	<b>83</b>	<b>109</b>	<b>111</b>	<b>131</b>	<b>180</b>	<b>208</b>	<b>248</b>	<b>290</b>
Tax	-33	-22	-27	-37	-37	-33	-54	-62	-74	-87
<b>Net profit</b>	<b>64</b>	<b>48</b>	<b>56</b>	<b>73</b>	<b>74</b>	<b>98</b>	<b>127</b>	<b>145</b>	<b>174</b>	<b>203</b>
Minority interest	0	0	0	0	0	0	-0	1	1	1
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
<b>Net profit to shareholders</b>	<b>64</b>	<b>48</b>	<b>56</b>	<b>73</b>	<b>74</b>	<b>98</b>	<b>126</b>	<b>147</b>	<b>175</b>	<b>204</b>
EPS	3.41	2.57	3.01	3.89	3.96	5.09	6.53	7.59	9.05	10.55
EPS Adj	3.48	2.66	3.15	4.12	4.27	5.53	7.50	8.61	10.30	11.84
Total extraordinary items after tax	0	0	0	0	0	0	0	0	0	0
Leasing payments	0	0	0	0	0	0	0	-48	-48	-48
Tax rate (%)	34.1	31.4	32.3	33.6	33.4	25.4	29.8	30.0	30.0	30.0
Gross margin (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
EBITDA margin (%)	13.6	11.3	11.7	11.6	11.3	12.1	13.4	15.9	16.3	17.1
EBITA margin (%)	12.8	10.4	10.9	10.9	10.6	11.3	12.6	12.6	13.0	13.7
EBIT margin (%)	12.6	10.1	10.5	10.5	10.1	10.6	11.5	11.5	11.9	12.7
Pretax margin (%)	12.6	10.1	10.6	10.5	10.0	10.6	11.3	11.0	11.5	12.3
Net margin (%)	8.3	7.0	7.2	7.0	6.7	7.9	7.9	7.7	8.0	8.6
<b>Growth rates Y/Y</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
Sales growth (%)	10.4	-10.7	13.5	33.6	6.1	12.2	28.6	18.0	14.5	8.7
EBITDA growth (%)	9.4	-25.6	17.5	32.8	3.4	20.1	41.9	40.5	17.3	14.0
EBIT growth (%)	9.2	-28.3	18.0	32.8	2.1	18.4	38.6	18.3	18.2	16.0
Net profit growth (%)	10.5	-25.0	17.2	29.4	1.7	32.8	29.2	14.9	19.3	16.7
EPS growth (%)	7.9	-24.5	16.9	29.4	1.7	28.5	28.3	16.2	19.3	16.5
<b>Profitability</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
ROE (%)	20.0	14.0	14.2	15.8	14.4	17.5	19.6	19.7	21.0	21.8
ROE Adj (%)	20.5	14.5	14.8	16.7	15.5	19.0	22.5	22.4	23.9	24.4
ROCE (%)	30.6	20.5	20.9	23.9	21.8	23.5	28.6	26.3	25.8	27.1
ROCE Adj(%)	31.0	21.0	21.5	24.8	22.9	25.1	31.5	28.7	28.2	29.4
ROIC (%)	35.0	25.5	20.6	21.8	18.7	18.2	20.2	21.0	23.0	27.5
ROIC Adj (%)	35.0	25.5	20.6	21.8	18.7	18.2	20.2	21.0	23.0	27.5
<b>Adj earnings numbers</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
EBITDA Adj	105	78	91	121	126	151	214	301	353	402
EBITDA Adj margin (%)	13.6	11.3	11.7	11.6	11.3	12.1	13.4	15.9	16.3	17.1
EBITDA lease Adj	105	78	91	121	126	151	214	253	305	354
EBITDA lease Adj margin (%)	13.6	11.3	11.7	11.6	11.3	12.1	13.4	13.4	14.1	15.1
EBITA Adj	99	72	85	114	118	141	202	237	281	323
EBITA Adj margin (%)	12.8	10.4	10.9	10.9	10.6	11.3	12.6	12.6	13.0	13.7
EBIT Adj	97	70	82	109	112	132	183	217	257	298
EBIT Adj margin (%)	12.6	10.1	10.5	10.5	10.1	10.6	11.5	11.5	11.9	12.7
Pretax profit Adj	98	71	85	113	117	140	199	228	272	315
Net profit Adj	65	50	59	77	80	107	145	165	198	228
Net profit to shareholders Adj	65	50	59	77	80	107	145	166	199	229
Net Adj margin (%)	8.5	7.2	7.5	7.4	7.2	8.6	9.1	8.8	9.2	9.7

Source: ABG Sundal Collier, Company data

<b>Cash Flow Statement (SEKm)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
EBITDA	105	78	91	121	126	151	214	301	353	402
Net financial items	-1	-0	1	-0	-1	-1	-3	-9	-9	-8
Paid tax	-31	-19	-19	-28	-25	-51	-50	-62	-74	-87
Non-cash items	-39	16	24	-60	19	-54	0	0	0	0
Cash flow before change in WC	34	75	97	32	118	46	161	229	270	307
Change in WC	25	-27	-52	25	-71	53	-10	21	-8	-6
<b>Operating cash flow</b>	<b>60</b>	<b>48</b>	<b>45</b>	<b>58</b>	<b>47</b>	<b>98</b>	<b>158</b>	<b>251</b>	<b>261</b>	<b>301</b>
CAPEX tangible fixed assets	-8	-4	-5	-9	-13	-18	-19	-20	-22	-24
CAPEX intangible fixed assets	-7	-12	-16	-10	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	-13	-63	-18	-30	-25	0
<b>Free cash flow</b>	<b>45</b>	<b>32</b>	<b>24</b>	<b>39</b>	<b>21</b>	<b>18</b>	<b>121</b>	<b>201</b>	<b>214</b>	<b>277</b>
Dividend paid	-29	-32	-33	-33	-44	-47	-53	-68	-77	-91
Share issues and buybacks	1	20	0	0	0	0	6	0	0	0
Lease liability amortisation	0	0	0	0	0	0	0	-48	-48	-48
Other non cash items	-4	-7	-39	2	-41	-92	-7	35	25	0
<b>Decrease in net IB debt</b>	<b>10</b>	<b>14</b>	<b>5</b>	<b>25</b>	<b>-4</b>	<b>64</b>	<b>62</b>	<b>-116</b>	<b>115</b>	<b>139</b>
<b>Balance Sheet (SEKm)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
Goodwill	135	143	207	223	272	421	455	455	455	455
Other intangible assets	15	17	32	31	41	87	72	52	28	3
Tangible fixed assets	16	14	14	15	22	30	39	43	40	33
Right-of-use asset	0	0	0	0	0	0	0	167	167	167
Total other fixed assets	8	8	9	10	10	11	15	15	15	15
Fixed assets	174	181	261	279	346	549	581	732	706	674
Inventories	0	0	0	0	0	0	0	0	0	0
Receivables	158	156	239	277	361	335	512	472	540	587
Other current assets	91	73	67	116	101	141	172	0	0	0
Cash and liquid assets	95	109	114	140	135	200	262	311	426	564
<b>Total assets</b>	<b>519</b>	<b>519</b>	<b>682</b>	<b>811</b>	<b>944</b>	<b>1,226</b>	<b>1,528</b>	<b>1,515</b>	<b>1,671</b>	<b>1,825</b>
Shareholders equity	327	356	435	483	543	581	704	782	880	993
Minority	0	0	0	0	0	0	0	-1	-2	-3
<b>Total equity</b>	<b>327</b>	<b>356</b>	<b>435</b>	<b>483</b>	<b>543</b>	<b>581</b>	<b>704</b>	<b>781</b>	<b>878</b>	<b>989</b>
Long-term debt	0	0	0	0	0	0	0	0	0	0
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	0	0	165	165	165
Total other long-term liabilities	1	0	0	13	21	305	284	48	48	48
Short-term debt	0	0	0	0	0	0	0	0	0	0
Accounts payable	22	17	22	21	26	31	36	38	43	47
Other current liabilities	170	146	225	294	353	309	505	483	538	575
<b>Total liabilities and equity</b>	<b>519</b>	<b>519</b>	<b>682</b>	<b>811</b>	<b>944</b>	<b>1,226</b>	<b>1,528</b>	<b>1,515</b>	<b>1,671</b>	<b>1,825</b>
Net IB debt	-95	-109	-114	-140	-135	-200	-262	-146	-261	-399
Net IB debt excl. pension debt	-95	-109	-114	-140	-135	-200	-262	-146	-261	-399
Net IB debt excl. leasing	-95	-109	-114	-140	-135	-200	-262	-311	-426	-564
Capital invested	170	205	337	329	467	618	659	789	771	744
Working capital	-4	24	76	50	121	68	78	57	65	70
<b>EV breakdown</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
Market cap. diluted (m)	na	na	1,109	1,445	1,343	1,765	2,415	4,888	4,888	4,888
Net IB debt Adj	-95	-109	-114	-140	-135	-200	-262	-146	-261	-399
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
<b>EV</b>	<b>na</b>	<b>na</b>	<b>995</b>	<b>1,306</b>	<b>1,207</b>	<b>1,565</b>	<b>2,152</b>	<b>4,741</b>	<b>4,627</b>	<b>4,488</b>
<b>Capital efficiency</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
Total assets turnover (%)	148.7	132.7	130.2	139.9	126.3	114.6	116.1	124.0	135.6	134.3
Working capital/sales (%)	1.2	1.5	6.4	6.0	7.7	7.6	4.6	3.6	2.8	2.9
<b>Financial risk and debt service</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
Net debt/equity	-0.29	-0.31	-0.26	-0.29	-0.25	-0.34	-0.37	-0.19	-0.30	-0.40
Net debt/market cap	na	na	-0.12	-0.11	-0.11	-0.13	-0.12	-0.04	-0.05	-0.08
Equity ratio (%)	63.0	68.6	63.7	59.6	57.6	47.4	46.1	51.6	52.5	54.2
Net IB debt adj./equity	-0.29	-0.31	-0.26	-0.29	-0.25	-0.34	-0.37	-0.19	-0.30	-0.40
Current ratio	1.80	2.07	1.70	1.69	1.57	1.99	1.75	1.38	1.54	1.73
EBITDA/net interest	155.16	489.28	-182.48	463.46	158.49	150.90	68.38	32.71	41.47	50.22
Net IB debt/EBITDA	-0.91	-1.40	-1.25	-1.15	-1.08	-1.33	-1.23	-0.49	-0.74	-0.99
Net IB debt/EBITDA lease Adj	-0.91	-1.40	-1.25	-1.15	-1.08	-1.33	-1.23	-1.23	-1.40	-1.59
Interest cover	146.61	449.86	-169.58	434.12	148.37	141.01	64.59	25.77	33.00	40.32

Source: ABG Sundal Collier, Company data

Valuation and Ratios (SEKm)	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
Shares outstanding adj.	18	19	19	19	19	19	19	19	19	19
Fully diluted shares Adj	18	19	19	19	19	19	19	19	19	19
EPS	3.41	2.57	3.01	3.89	3.96	5.09	6.53	7.59	9.05	10.55
Dividend per share Adj	1.8	1.8	1.8	2.4	2.5	2.8	3.6	4.0	4.7	5.4
EPS Adj	3.48	2.66	3.15	4.12	4.27	5.53	7.50	8.61	10.30	11.84
BVPS	18.08	19.14	23.30	25.92	29.13	30.75	37.04	40.49	45.54	51.39
BVPS Adj	9.78	10.55	10.50	12.32	12.29	3.83	9.30	14.22	20.51	27.65
Net IB debt / share	-5.3	-5.9	-6.1	-7.5	-7.3	-10.6	-13.8	-7.6	-13.5	-20.7
Share price	na	na	59.50	77.50	72.00	93.50	127.00	253.00	253.00	253.00
Market cap. (m)	na	na	1,109	1,445	1,343	1,765	2,415	4,888	4,888	4,888
<b>Valuation</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
P/E	na	na	19.8	19.9	18.2	18.4	19.4	33.3	27.9	24.0
EV/sales	na	na	1.27	1.25	1.09	1.26	1.35	2.51	2.14	1.91
EV/EBITDA	na	na	10.9	10.8	9.6	10.4	10.1	15.8	13.1	11.2
EV/EBITA	na	na	11.7	11.5	10.3	11.1	10.6	20.0	16.5	13.9
EV/EBIT	na	na	12.1	11.9	10.8	11.8	11.7	21.8	18.0	15.1
Dividend yield (%)	na	na	2.9	3.0	3.5	3.0	2.8	1.6	1.9	2.1
FCF yield (%)	na	na	2.1	2.7	1.6	1.0	4.9	4.1	4.4	5.7
Lease adj. FCF yield (%)	na	na	2.1	2.7	1.6	1.0	4.9	3.1	3.4	4.7
P/BVPS	na	na	2.55	2.99	2.47	3.04	3.43	6.25	5.56	4.92
P/BVPS Adj	na	na	5.67	6.29	5.86	24.42	13.65	17.79	12.33	9.15
P/E Adj	na	na	18.9	18.8	16.9	16.9	16.9	29.4	24.6	21.4
EV/EBITDA Adj	na	na	10.9	10.8	9.6	10.4	10.1	15.8	13.1	11.2
EV/EBITA Adj	na	na	11.7	11.5	10.3	11.1	10.6	20.0	16.5	13.9
EV/EBIT Adj	na	na	12.1	11.9	10.8	11.8	11.7	21.8	18.0	15.1
EV/cap. employed	na	na	2.3	2.7	2.2	2.7	3.1	5.0	4.4	3.9
<b>Investment ratios</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
Capex/sales	1.9	2.3	2.7	1.8	1.2	1.4	1.2	1.1	1.0	1.0
Capex/depreciation	250.5	248.9	325.5	247.4	165.7	178.2	162.5	123.2	90.2	76.6
Capex tangibles/tangible fixed assets	47.6	28.8	33.9	58.4	60.4	59.8	49.6	47.0	54.7	73.8
Capex intangibles/definite intangibles	44.1	70.2	51.5	33.1	0	-0.1	0	0	0	0
Depreciation on intangibles/definite inta	0	0	0	0	0	0	0	0	0	0
Depreciation on tangibles/tangibles	35.4	45.7	46.4	50.5	36.4	33.4	30.5	38.2	60.7	96.2

Source: ABG Sundal Collier, Company data

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