

# **BTS Group AB (publ)**

## **Interim Report**

**1 January – 30 September 2002**

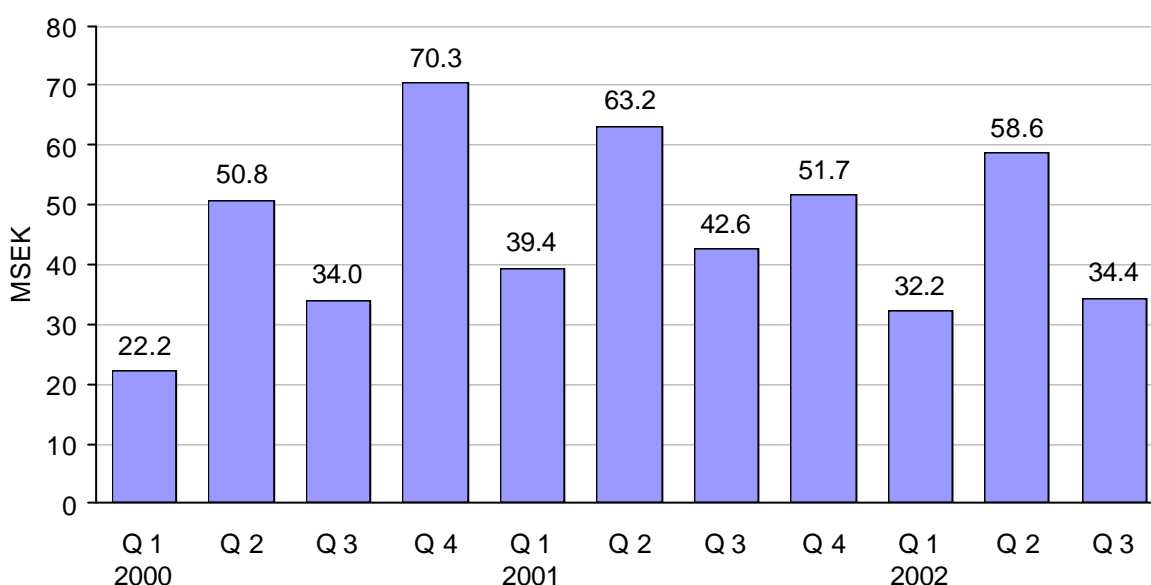
- Net turnover during the nine-month period fell by 14 per cent to MSEK 125.3 (145.2).
- Results for the nine-month period:
  - operating result of MSEK -1.7 (2.7)
  - result before tax of MSEK -0.6 (2.5)
  - earnings per share of SEK -0.08 (0.31)
- During the third quarter,
  - net turnover totalled MSEK 34.4 (42.6)
  - the result before tax amounted to MSEK -2.0 (-0.7)
  - the operating result totalled MSEK -2.4 (-1.1)
- Operating costs were reduced by 16 per cent during the third quarter and by 11 per cent during the nine-month period as compared to the corresponding period last year.
- New customers acquired during the nine-month period include Akzo Nobel, Cloetta Fazer, Dobson, Eaton Corporation, Elekta, Goodman Fielder, If, ISS, Metso, Labatt, NCR, Oncor and Posten Norge.
- During the nine-month period, BTS UK succeeded in doubling its net turnover to MSEK 21.4.

*BTS Group AB is an international consultancy and training company in the field of business acumen. BTS uses tailor-made business simulations 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.*

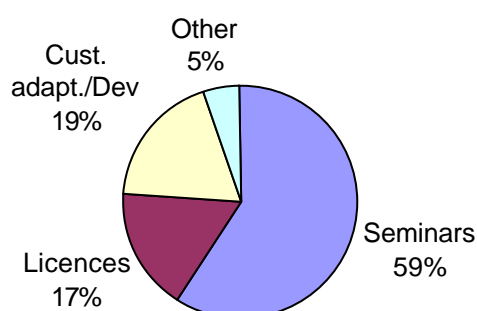
## Turnover

During the nine-month period, BTS' net turnover fell by 14 per cent and amounted to MSEK 125.3 (145.2). Adjusted for changes in exchange rates, turnover during the period fell by 12 per cent. Although turnover fell in the United States and the Nordic region, both Great Britain and Australia continued to develop positively.

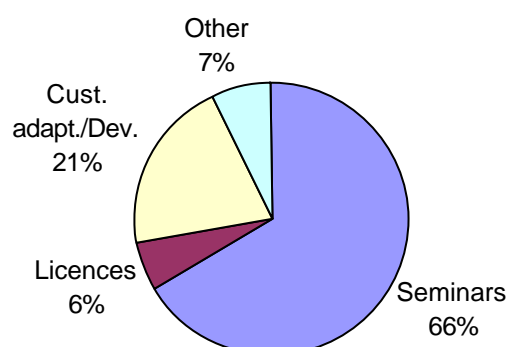
**Net turnover per quarter 2000 - 2002**



**Net turnover by source of income  
1 January-30 September 2001**



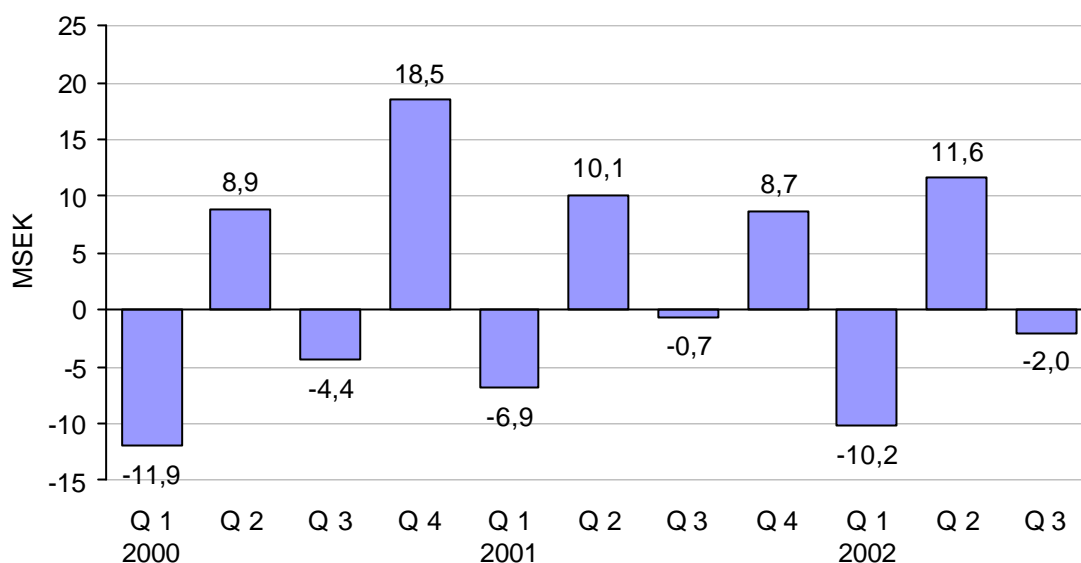
**Net turnover by source of income  
1 January-30 September 2002**



## Results

Compared to the corresponding period for 2001, the Group result before tax for the nine-month period amounted to MSEK -0.6 (2.5), and operating results totalled MSEK -1,7 (2.7). The operating margin for the period was -1 (2) per cent. The decline in the result is primarily caused by a reduction in net turnover. The result was also negatively affected by a fall in the share of licences. On account of efficiency measures and savings, costs for the nine-month period fell by 11 per cent as compared to the corresponding period in 2001.

## Results before tax per quarter 2000 - 2002



### The third quarter

Turnover during the third quarter totalled MSEK 34.4 (42.6), which constitutes a fall of 19 per cent compared to the corresponding period in 2001 (14 per cent after adjustments for changes in exchange rates). Operating costs were reduced by approximately 16 per cent as compared to the corresponding period in 2001.

The result before tax fell for the third quarter, totalling MSEK -2.0 (-0.7) and the operating result was MSEK -2.4 (-1.1). The operating margin was -7 (-3) per cent.

Cash flow from current operations in the third quarter amounted to MSEK 1.8 (-9.4).

### BTS' view of market development

The decline in the market, which started in September 2001, continues to affect the Group's principal markets. General uncertainty about the direction financial market conditions will take is putting a damper on companies' willingness to invest. This, in turn, slows down the decision-making process as regards major training programmes. In BTS' opinion, the market for corporate training has shown negative growth in both 2001 and 2002.

However, the greater need for companies to implement long-term investments in training still remains. Companies are showing increased interest in the use of business simulations.

During the nine-month period, with a view to accommodating this development, BTS reduced production capacity, administration and costs, while simultaneously continuing to invest in sales, product development and the establishment of partnerships. To an extent, sales initiatives have also been directed towards new market segments.

BTS has during 2001 and 2002 strengthened its position on the market through increased share of new customers, through the launch of new products and by establishing positions in new market segments. New customers acquired during the nine-month period include Akzo Nobel, Cloetta Fazer, Dobson, Eaton

Corporation, Elekta, Goodman Fielder, If, ISS, Metso, Labatt, NCR, Oncor and Posten Norge.

## Operating units

### Net turnover per operating unit

MSEK	Jul–Sept		Jan–Sept		2001/02 rolling 12 months	2001 Full year
	2002	(2001)	2002	(2001)		
BTS USA	20.6	(30.8)	74.3	(94.4)	107.4	127.5
BTS Nordic	7.7	(8.8)	29.6	(40.0)	39.6	50.0
BTS UK	6.1	(3.0)	21.4	(10.8)	30.0	19.4
<b>Total</b>	<b>34.4</b>	<b>(42.6)</b>	<b>125.3</b>	<b>(145.2)</b>	<b>177.0</b>	<b>196.9</b>

### Operating result per operating unit

MSEK	Jul–Sept		Jan–Sept		2001/02 rolling 12 months	2001 Full year
	2002	(2001)	2002	(2001)		
BTS USA	-0.7	(3.5)	-0.9	(6.2)	6.1	13.2
BTS Nordic	-1.1	(-3.6)	-1.2	(-1.4)	-1.8	-2.0
BTS UK	-0.6	(-1.0)	0.4	(-2.1)	3.9	1.4
<b>Total</b>	<b>-2.4</b>	<b>(-1.1)</b>	<b>-1.7</b>	<b>(2.7)</b>	<b>8.2</b>	<b>12.6</b>

**BTS USA** BTS USA's net turnover during the nine-month period fell by 21 per cent, compared with the same period in 2001, totalling MSEK 74.3 (94.4). The operating margin was -1 per cent (7). In the third quarter, net turnover fell by 33 per cent compared with the third quarter of 2001, and amounted to MSEK 20.6 (30.8). The operating margin for the third quarter was -3 (11) per cent. During the third quarter, some of BTS' customers cancelled or postponed projects on account of budget cuts.

### **BTS Nordic**

Compared to figures for 2001, BTS Nordic's net turnover during the nine-month period amounted to MSEK 29.6 (40.0), and the operating margin was -4 (-3) per cent. In the third quarter, net turnover amounted to MSEK 7.7 (8.8), and the operating margin was -14 per cent (-41). Costs as compared to the previous year were reduced by 26 per cent during the nine-month period. The turnover and result achieved in the third quarter are primarily attributable to the weakness of the Nordic market. However, the operating margin for the quarter improved in comparison with the corresponding period last year.

### **BTS UK**

Compared to 2001, BTS UK's turnover for the nine-month period improved to MSEK 21.4 (10.8), of which turnover generated by BTS Australia accounted for MSEK 5.7 (0). The operating margin was 2 per cent (-19). In the third quarter, net turnover – including that generated by BTS Australia – increased by 103 per cent compared with the third quarter of 2001, and amounted to MSEK 6.1 (3.0). The operating margin for the third quarter was -10 (-34) per cent. The sales initiatives in new industries that were started in 2001 have attracted a number of new

customers. The establishment of BTS Australia has also contributed to the revenue growth during the period.

### **Financial position**

BTS' cash flow from current operations for the nine-month period amounted to MSEK -5.8, compared to MSEK -17.5 for the corresponding period in 2001.

Cash flow for the period was affected by exchange rate changes on overseas subsidiaries in the amount of MSEK -2.7 (0.9).

Shareholders' equity at the end of the period totalled MSEK 98.3 (95.8) and the equity ratio was 86 (80) per cent.

Available liquid funds totalled MSEK 58.0 at the end of the period.

### **Personnel**

At 30 September 2002, the BTS Group employed 103 people (125). The average number of employees during the period was 112 (127).

### **The Parent Company**

The parent company's net turnover amounted to MSEK 0.0, and the result after net financial expenses was MSEK 1.2. Liquid funds totalled MSEK 41.0.

### **Prospects for 2002**

The state of the market remains uncertain and hard to predict. The result before tax is estimated to be at the same level as for 2001, unlike previous reports when the Group expected to return better results before tax than in 2001.

### **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 RR1:00 – Consolidated Reporting – is to be applied from 2002 onwards. Application of this recommendation does not have any material effect on results or the financial situation. Therefore, no adjustments have been made for the comparative year.

Otherwise, the principles applied are the same as those used for the previous year.

## **Future reporting dates**

Year end report 2002

12 February 2003

Stockholm, 23 October 2002

**Henrik Ekelund**  
**President and CEO**

\*Open telephone meeting with Henrik Ekelund on Wednesday, 23 October, 10.00–10.30. Tel. +46 8-598 001 04

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This report has not been specially reviewed by BTS' auditors.

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**INCOME STATEMENT, Summary**

KSEK

	3 months ended		9 months ended		12 months ended	
	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Dec. 31
	2002	2001	2002	2001	2002	2001
Revenues	34 424	42 622	125 287	145 243	176 931	196 887
Operating expenses	-36 320	-43 192	-125 434	-140 918	-166 777	-182 261
Depreciation	-525	-542	-1 566	-1 592	-1 956	-1 982
<b>Operating result</b>	<b>-2 421</b>	<b>-1 112</b>	<b>-1 713</b>	<b>2 733</b>	<b>8 197</b>	<b>12 644</b>
Financial income and expenses	411	436	1 172	-243	-78	-1 493
<b>Result before tax</b>	<b>-2 010</b>	<b>-676</b>	<b>-541</b>	<b>2 490</b>	<b>8 119</b>	<b>11 151</b>
Minority shareholding	-11	0	-133	0	-133	0
Taxes	583	-146	204	-960	-49	-1 213
<b>Result for the period</b>	<b>-1 438</b>	<b>-822</b>	<b>-470</b>	<b>1 530</b>	<b>7 937</b>	<b>9 938</b>
Earnings per share, before dilution of shares, SEK	-0,24	-0,14	-0,08	0,31	1,35	1,92
Number of shares at end of period	5 897 300	5 828 000	5 897 300	5 828 000	5 897 300	5 828 000
Average number of shares before dilution of shares	5 897 300	5 828 000	5 874 200	4 966 889	5 862 650	5 182 167
Earnings per share, after dilution of shares, SEK	-0,24	-0,14	-0,08	0,30	1,35	1,87
Average number of shares after dilution of shares	5 905 638	6 022 605	5 882 538	5 161 494	5 870 989	5 318 530

**BALANCE SHEET , Summary**

KSEK

	09-30-02	09-30-01	12-31-01
<b>Assets</b>			
Intangible fixed assets	456	821	729
Tangible assets	3 128	4 171	3 861
Other fixed assets	2 274	1 614	2 490
Accounts receivable	28 728	35 645	38 768
Other current assets	22 093	21 435	15 272
Cash and bank	58 040	55 816	68 249
<b>Total assets</b>	<b>114 719</b>	<b>119 501</b>	<b>129 369</b>
<b>Equity and liabilities</b>			
Equity	98 331	95 772	103 579
Minority shareholding	146	0	0
Deferred tax liability	0	800	0
Interest bearing liabilities	81	680	187
Other liabilities	16 161	22 249	25 603
<b>Total equity and liabilities</b>	<b>114 719</b>	<b>119 501</b>	<b>129 369</b>

**CASH FLOW STATEMENT, Summary**

KSEK

	Jan.-Sept.	Jan.-Sept.	Jan.-Dec.
	2002	2001	2001
Cash flow from current operations	-5 823	-17 527	-1 150
Cash flow from investment activities	-876	-944	-1 101
Cash flow from financing operations	-817	49 417	47 450
Effect of exchange rate changes on cash	-2 692	863	-957
<b>Change in liquid funds</b>	<b>-10 208</b>	<b>31 809</b>	<b>44 242</b>
Liquid funds, opening balance	68 249	24 007	24 007
<b>Liquid funds, closing balance</b>	<b>58 040</b>	<b>55 816</b>	<b>68 249</b>

**CHANGES IN EQUITY**

KSEK

Total

Total

	Equity 2002-0-30	Equity 09-30-01
Opening balance	103 579	16 161
New capital issue	2 169	78 041
Divident to shareholders	-2 914	0
Conversion differences	-4 033	41
Result for the period	-470	1 529
<u>Closing balance</u>	<u>98 331</u>	<u>95 772</u>

## KEY RATIOS

	Jul.-Sept. 2002	Jul.-Sept. 2001	Jan.-Sept. 2002	Jan.-Sept. 2001	12 months ended Sept. 30, 2002	Jan.-Dec. 2001
Revenues, KSEK	34 424	42 622	125 287	145 243	176 931	196 887
Operating result, KSEK	-2 421	-1 112	-1 713	2 733	-166 777	12 644
Operating margin, %	-7	-3	-1	2	5	6
Profit margin, %	-4	-2	0	1	4	5
Operating capital, KSEK	40 517	40 636	40 517	40 636	40 517	35 517
Return on equity, %	-6	-3	-1	4	8	17
Return on operational capital, %	-6	-3	-5	9	19	44
Solidity at end of period, %	86	80	86	80	86	80
Cash flow, KSEK	3 360	-9 486	-10 208	31 809	2 225	44 242
Liquid funds at end of period, KSEK	58 040	55 816	58 040	55 816	58 040	68 249
Average number of employees	106	127	112	127	115	125
Number of employees at end of the period	103	125	103	125	103	119
Revenues for the year per employee, KSEK	1 299	1 342	1 491	1 525	1 539	1 575

## 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 divided by average number of employees.