

WORDS FROM THE CEO

2009 – one of our best years ever

2009 turned out to be one the best years ever for BTS – in two ways:

- We maintained our revenue and profit levels, despite a very difficult year for our industry.
- We achieved strategic progress in key areas: creating a strong foundation for growth during 2010 and onwards.

During 2009, our total revenues grew 9 percent in real terms – adjusting for currency changes – our growth during 2009 was –3 percent. Most of our industry colleagues saw their revenues decline 20–40 percent during the year. BTS has continued to win market share.

To maximize profit is not the number one priority for BTS during a recession; this is the time to invest for the future. However, we think it is important to protect our profit and are pleased that we have achieved an operating profit during 2009 at the same level as during 2008.

► Why are we winning market share during the recession?

Companies have looked very hard at all their expenses during the last 18 months. Cost cutting has in many cases been significant, in particular for costs relating to external consulting services.

During times like these, only “the fittest survive” – only the partners who deliver real business results. BTS has grown faster than competitors for many years, and the recession has further highlighted the competitive advantages of BTS.

There is no secret that many consulting services and many learning and development programs do not deliver results. Our industry is full of dinosaurs. But these dinosaurs are dying at an increasing rate – and BTS’ innovative and results-focused approach is eating their lunch.

The unique BTS process offers fast strategic alignment and rapid capability building.

Our key differentiators and competitive advantages:

- Simulations and experiential solutions – the most effective way to help organizations understand, align and execute on strategies and business initiatives.
- In-depth customization to what is relevant and actionable on the job.
- A results-focused approach that comprehensively and efficiently secures and measures business impact.

► Why are CEOs fired?

Research shows that 70 percent of fired CEOs are terminated not because they lacked vision, but because they failed to engage their organization in carrying out their strategies. Bottom line: it is more difficult to execute a strategy than to create it.

Many well-meaning strategic initiatives are communicated with kick-off events, web town meetings, etc. This approach – with one-way communication trickling down from the top of the organization – is where visionary leadership meets its Waterloo.

Leaders who execute effectively know better than to spoon-feed managers and employees with fait-accompli solutions and unassailable arguments. They understand the power of real engagement and enhanced capabilities to drive execution; and they know how to build this.

Strategic alignment and speed of execution define the *raison d’être* of BTS: to build commitment and capability to accelerate strategy execution and improve business results.

We have the privilege of working with many great business organizations that demonstrate excellence in strategic alignment and are adept at rapid execution: AT&T, Coca-Cola, Ericsson and Procter & Gamble, to name a few. Serving world-class and demanding companies is where BTS truly excels.

► Our Vision

Our vision is to become “the global leader in accelerating strategic alignment and execution – innovating how organizations learn, change and improve”.

The vision embodies an exciting challenge for all of us. Based on our position today in terms of our client base, solution portfolio and people, we are convinced that we will achieve this vision.

► Strategic progress during 2009

Recessions are the best time to invest; and BTS has made significant strategic investment and progress during 2009:

- New customers – BTS is proud to welcome over 40 new customers. Some examples of major new customers are GlaxoSmithKline, Deloitte, SingTel and Sodexo.
- Product development – a significant number of new solutions with strong potential have been developed, some of them in the growing area of “connected learning”.
- New markets – BTS has hired, invested, and grown significantly in selected markets in East Asia and Latin America.
- Stronger workforce – we have maintained the same size of the workforce, but we have managed to upgrade over 10 percent of the workforce through personnel turnover.
- Systems & processes – we have implemented a global IT infrastructure, a CRM system and our new world-class knowledge management system “Agora”.

All in all, BTS is starting 2010 as a stronger organization than one year ago – moving into a new phase of growth.

► We expect rapid organic growth

BTS has achieved rapid organic growth every year outside recession periods since the company was founded. During our latest growth period 2003–2007 we achieved an average organic growth of 19 percent per year. Net profit grew at an even more rapid rate; averaging 61 percent per year.

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We expect to return to organic growth during 2010 and onwards – and our goal remains to over time achieve 20 percent per year.

They are several drivers behind our long-term, sustainable, profitable growth:

- We are operating in a growing market.
- Our offering has strong competitive advantages.
- We are investing funds and resources in new markets, new solutions, and sales and marketing activities.
- We have the best organization and the best people in our industry.

BTS has a customer base, solution portfolio and organization to sustain growth. Our market penetration is still low, with less than 1 percent world-wide market share.

The foundation and majority of our growth is organic – expansion of existing offices, geographical expansion in the form of new offices, and continuous development of new products and solutions.

► A global partner

Our customers are increasingly asking us to serve them globally. In recent years we have expanded into new markets in Asia and Latin America. We see significant growth opportunities in these markets as well in continental Europe and the US, and our plans include establishing new offices during the coming years.

► Positive development for APG

APG, which we acquired in 2006, saw declining revenues and profit during the recession of 2008 and 2009.

The APG team has worked hard to turn around the business, with a program based on sales efficiency, training and cost control.

This program is delivering results: during the second half of 2009 revenue grew at 11 percent and profit improved substantially. We see good growth prospects for APG during the next years.

► Our solid financial position

BTS has a positive net cash position, and a strong solidity of 59 percent. Our loans are of a long-term character and amortized accordingly to a six-year plan through our strong cash flow. Our goodwill assets are holding their value well, due to the strong performance of acquired companies.

► Outlook

BTS has during 20 years demonstrated a capability to grow organically, always maintaining good profit levels. Today, we are a world leader in our field, with substantial opportunities to continue our growth. The recession is creating significant challenges and opportunities. Our recession strategy is yielding good results. The result before tax for 2010 is expected to be better than last year.

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Henrik Ekelund
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