

Annual report

2015



Business Overview

BTS focuses on the people side of strategy working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we've been designing powerful experiences that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It's strategy made personal.

The following are some of our service offerings:

Strategy Execution

At our core, we are focused on helping our clients with their strategy implementation needs by harnessing the power of their people. We use business simulations, experiential learning and digital tools to make strategy personal, so that each manager and employee translates it into activities and behaviors they will do, and care about – turning it into action.

Leadership Development Programs

Leadership development is essential to the success of any organization, yet it is a well-known fact that most corporate leadership training programs are ineffective. We have been disrupting the leadership training industry through our Define, Assess, Experience and Execute Great Approach to developing leaders.

Assessment

Focused and relevant talent selection and development is critical, yet challenging when faced with a limited resource pool and a highly competitive labor market. BTS Assessment centers and services provide targeted approaches to precisely identify talent and capability gaps, enabling clients to define high performance for critical roles, select the right people and develop their capabilities at all levels.

Developing Business Acumen

Business acumen is the intuitive understanding of how a company makes money, and includes strategic perspective, market orientation and profit acumen. It is an essential skillset that all employees need for an organization to be effective.

Transforming Sales Organizations

Our research shows that senior-level buyers are looking for consultative sales people who will help accelerate their business results. We provide buyer-centric consulting, sales transformation (planning, change management and sales training), assessment, selection and on-the-job execution tools.

Digital Solutions, Events and Services

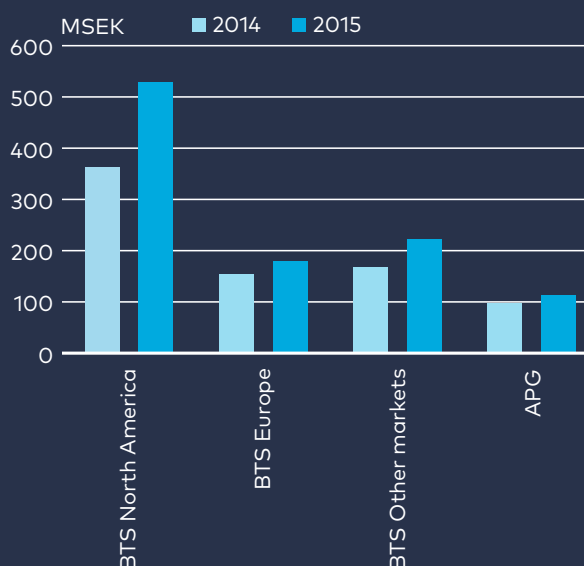
We are the leader in customized cloud-based business simulations and other immersive experiences and tools that can be delivered in a classroom, virtually, or for self-paced applications. We design and implement large leadership and sales conferences using our Pulse™ technology platform, which engages people, gathers their input and ensures outcomes and application back on the job.

Helping the world's leading companies

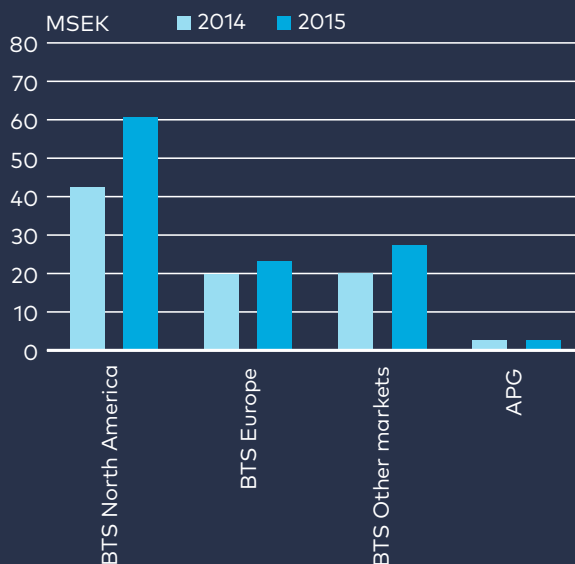
BTS is a global professional services firm headquartered in Stockholm, Sweden, with some 450 professionals in 34 offices located on six continents.



Net sales per operative unit



Operating profit (EBITA) per operative unit



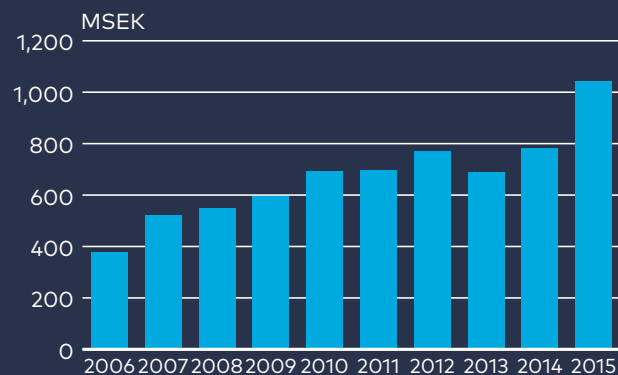
turn strategy into results

We work with our clients to build commitment and capability to accelerate strategy execution and improve business results. Our vision is to be the global leader in turning strategy into action.

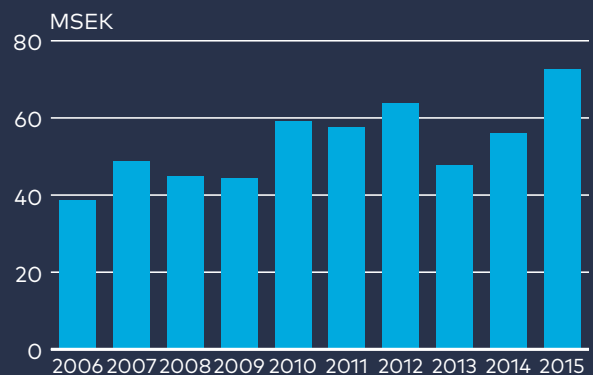
Some of our Clients

Accenture	Salesforce.com	Unilever	Novartis
Cisco	Tencent	BBVA	Telefónica
HP	AT&T	GlaxoSmithKline	Xenel
Oracle	Ericsson	Nike	Rogers
ANZ	National Australia Bank	Standard Bank	Communications
Coca-Cola	Bank	Wärtsilä	
Microsoft	Schindler	Chevron	

Net sales



Profit after tax



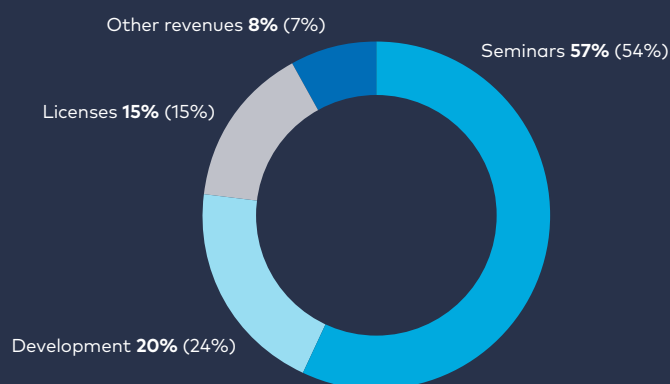
2015 in brief

- Net turnover amounted to MSEK 1,043.9 (781.5).
- Revenue growth was 15 percent, adjusted for changes in foreign exchange rates.
- EBITA increased by 34 percent to MSEK 113.8 (85.0).
- Profit before tax increased by 32 percent to MSEK 109.2 (82.9).
- Profit after tax increased by 29 percent to MSEK 72.6 (56.1).
- Earnings per share increased by 29 percent to SEK 3.89 (3.01).

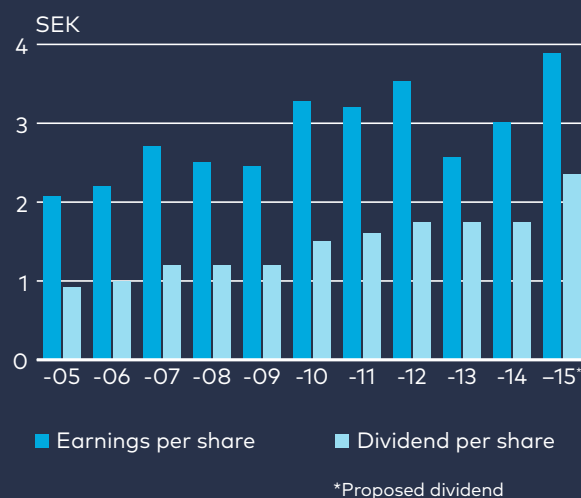
Key Ratios	2015	2014
Net sales, MSEK	1,043.9	781.5
EBITA, MSEK	113.8	85.0
Operating profit, MSEK	109.5	82.4
Profit before tax, MSEK	109.2	82.9
Profit after tax, MSEK	72.6	56.1
EBITA, margin, %	11	11
Operating margin, %	10	11
Profit margin, %	7	7
Operating capital, MSEK	360.4	320.2

Key Ratios	2015	2014
Return on equity, %	16	14
Return on operational capital, %	32	29
Equity ratio at the end of the year, %	60	64
Cash flow from current operations, MSEK	57.9	44.8
Cash flow, MSEK	22.6	-9.1
Liquid funds at the end of the year, MSEK	139.5	114.3
Average number of employees	436	384
Number of employees at the end of the year	463	405
Net turnover per employee, MSEK	2.4	2.0

Net sales by source of revenue



Earnings and dividends per share





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Strategy made personal

Let me start with a story.

The story of how a huge business, led by a successful CEO, almost ran into the ground.

The challenges facing the American department store chain JC Penney are similar to what many businesses are meeting today – digital disruptions, changing demographics and new consumer trends.

In 2011, JC Penney brought in the man who built the hugely successful chain of Apple's Mac stores, Ron Johnson, as the new CEO. He developed an innovative, brave and new strategy to take JC Penney into the modern world. It launched, but we will never know if it was a good strategy. There was very little alignment and motivation in the organization. The management ranks, the sales force and the majority of employees were not supporting the strategy. Execution failed. The business performance collapsed, as did the stock price. Ron Johnson was replaced after 18 months.

Vision and Reality

Often, we hear talk about visionary leadership – and how this is the key missing link.

Now, most businesses that we at BTS meet have compelling visions and strategies which hold great promises for its employees and shareholders.

However, we see quite a bit of not-so-great execution.

We see non-aligned managers and employees. We see people who do not believe in the company's strategy, or who do not fully understand what it means for them. We see organizations that do not have the necessary skills to tackle a changing market or a new strategy, and we see units of organizations striving in different directions.

Research confirms this picture. On average, only 5 percent of employees in a business have a good understanding of its strategy and what it means for them. Also, two thirds of change initiatives fail because of poor execution. In addition, 70 percent of fired CEO's are terminated not because they lacked vision, but because they failed to engage the organization in making out their strategies really happen.

Strategy. Executed.

It is more difficult to execute a strategy than to create it.

We have learned through the years that taking a business to the next level is all about people. It's about having the right people on the team, and having an aligned team working toward a shared goal with a shared strategy. It's also about mindset – a passionate drive to win – as well as capabilities – the right skills, tools, and resources.

At BTS, we apply an effective formula with our customers to drive excellent execution; E = AMC. We believe that Excellent Execution primarily is a function of an organization's Alignment, Mindset and Capabilities.

Whether in life or in business, a person's alignment, mindset and capabilities are derived from experiences, and BTS believes that strategically relevant, "designed experiences" are proven ways to shift mindset and build new beliefs and new capabilities.

We create powerful experiences which help leaders build the future of their business. And we make strategy personal.

"The BTS simulation was a Jet-Assisted Take-off for our New Strategy," beamed the CEO of a major US financial services company. Or, as the top team of one of the world's leading software houses told us, "We couldn't have done it without you... we significantly accelerated the execution of our # 1 priority."

A record year

In the record year 2015 our sales exceeded SEK 1 billion for the first time. Revenue growth during 2015 – adjusted for currency changes – was 15 percent.

During BTS's first ten years we grew to 76 MSEK (1996), in the next decade we reached 379 MSEK (2006), after which it took us nine years to grow to over SEK 1 billion.

One more record. During 2015 the result before tax increased 32% and it was the first year in which our earnings exceeded 100 MSEK.

All of BTS's units contributed to growth and increased earnings during this record year. We had strong growth in

Other Markets, which grew 25 percent, and in North America with 19 percent. Our growth in Europe was 8 percent, and with a strong final quarter showing growth of 20 percent.

A strong market position

BTS's competitiveness is very good; we are submitting proposals for a growing number of major projects and the proportion of business we win is increasing.

When we research our clients to find out why they buy services from us; they point at our unique expertise, very high and consistent quality, global reach, focus on creating real results, our digital capabilities and our people and culture.

Our Vision and Growth

Our bold vision is to become "the global leader in turning strategy into action".

No company is currently holding this position; it is an empty space waiting to be filled. We believe that we have the capabilities to get there.

We are moving towards that vision through innovation, organic growth and acquisitions.

Acquisitions can help us to faster enter a new geographical market or strengthen an existing one; as well as add a key capability. For example, the acquisitions of Fenestra circa 18 months ago rapidly built an important capability within assessments. This has helped us to win more clients, and serve our clients better. We expect continuous acquisitions over the next years.

Investments and Innovation

The major investments in product development for digital solutions will continue in 2016 – with circa 3 MUSD in investments – and we expect good revenue growth within this area during the year.

We are also investing significantly in all our Practice Areas to develop and improve our offerings. For example, during 2015 we launched our new GREAT FRAMEWORK offering,



which has been highly appreciated by existing clients and has brought us a significant number of new clients.

At the same time, we continue to invest to improve our systems and processes, through our Global Operations Development team.

Our solid financial position

BTS has a positive net cash position, and a solidity of 60 percent.

Outlook

BTS has for 20 years demonstrated a capability to grow, while maintaining good profit levels. Today, we are the world leader in our field, with substantial opportunities to continue our growth. The result before taxes for 2016 is expected to be better than last year.

Stockholm, April 2016

A handwritten signature in blue ink, appearing to read 'Henrik Ekelund'.

Henrik Ekelund
President & CEO of BTS Group AB

The global leader in turning strategy into action

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we've been designing fun, powerful experiences that have a profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It's strategy made personal.

Vision

The global leader in turning strategy into action.

Purpose

We inspire and equip people to do the best work of their lives, creating better businesses and a better planet.

Value Proposition

We make strategy personal and drive great execution. Our unforgettable experiences create levels of alignment, mindset, and capability that deliver better results, faster.

Financial Goals

BTS's financial goals shall over time be:

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

Strategic Principles

The BTS Group's eleven strategic principles

Focus

We focus on our world-class capability to customize and deliver discovery-based solutions that give our clients superior business results and ROI. Every new solution/service we develop shall build on the core competencies of BTS.

Internationalization

BTS is a global organization, providing services around the world to a client base of mainly international organizations.

Organic growth complemented by acquisitions

BTS grows organically, building on its core competencies and customer base. Acquisitions must provide major synergies and complement new markets, new customer bases, and new areas of expertise/solutions.

BTS enters new geographic markets and new sectors through a customer-driven approach – revenues and customers first, cost second.

Top clients and long-term partnerships

BTS's clients shall predominantly be high-image/large clients – and the most demanding and professional clients.

BTS establishes long-term partnerships with clients, built on delivery of top-quality and highly visible results and strong customer relations.

By leveraging our portfolio of solutions and capabilities, we build suites of solutions used throughout our clients' organizations, resulting in a recurring and growing flow of revenues over a long period of time.

Differentiation – higher value & premium position

BTS's services are differentiated through superior business results and ROI. Some differentiation factors for BTS are:

- Discovery-based learning
- Customization
- Results process
- Customer intimacy and focus
- Great people driven by excellence and quality
- Global coverage
- Broad range of solutions
- Innovation

Offer solutions and IP – not sell time

BTS's prices are generally fixed and are not set per unit of time.

BTS capitalizes on its IP (Intellectual Property), creating recurring revenues while striving to increase the share of total sales attributable to license revenues.

Network-oriented sales and marketing

BTS continuously increases the quantity of, and improves the quality of, resources dedicated to client contacts and sales.

These are key drivers of growth for BTS. Our priorities:

- Existing clients and account management
- New targets generated through the network of existing clients
- Qualified new targets that can profit from our competitive advantages

Value chain – focus on strategic assets and high value

- BTS owns and sources internally:
- Intellectual Property
- Customization
- Client contacts
- High level/critical delivery

BTS uses independent resources and contractors – to gain access to expertise and for optimal resource planning – in order to maximize quality and productivity.

BTS builds partnerships in order to gain access to customers and to combine capabilities.

One company – one best practice

BTS has detailed processes and best practice exchanges to ensure compatible methods throughout the Group – leveraging the company's knowledge and increasing productivity. We deliver well coordinated and integrated services across the globe.

Innovate! – and develop close to the customer

BTS invests in development to cover the key needs of our clients and to provide the best solutions. BTS adapts existing solutions and develops new solutions in joint projects with clients to secure effective and client-needs-driven innovation.

The people and the company spirit

BTS's professionals are all very visible to the client, and the company spirit is a main driver of client and employee satisfaction. BTS emphasizes a positive and professional company culture expressed in six core values.

Recruitment, development, and motivation of our people – creating business-focused high performers throughout the organization – are key drivers of our growth.



A document titled "Creating for Emotions" with a table of data. The table has multiple columns and rows of text, which is partially obscured by a hand pointing at it with a pen.



Practice Areas

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Better and faster results through exceptional strategy execution

Conventional wisdom holds that poor strategies rarely yield positive results. However, good strategies can fail as well. The most common reason for this failure is that firms don't recognize, or develop, the three core drivers of exceptional execution.

Our strategy execution framework: E=AMC

Through working with many of the world's leading companies over the past 25+ years, BTS has developed a framework that captures the inner architecture of exceptional strategy execution.

Strategy execution is defined as the practice of bringing a strategy to fruition. The three forces that power exceptional execution are: Alignment, Mindset, and Capability. You achieve better and faster results when people understand the strategy and its implications at an individual level (alignment), when they are excited and passionate about the strategy (mindset), and when they have the skills and confidence (capability) to execute. These forces are influenced by how much pressure to perform is perceived within the environment.

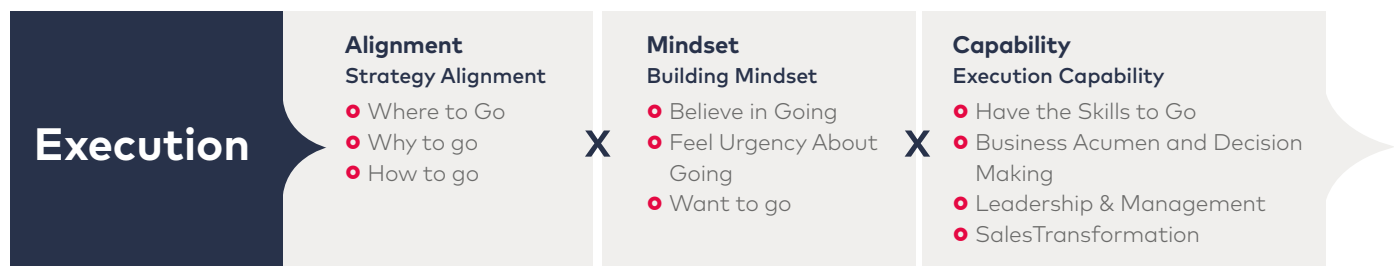
Customized business simulations make strategy personal

This year, BTS and the Economist Intelligence Unit released a study titled *Mindsets: Gaining Buy-in to Strategy*. This survey found that firms typically find it difficult to drive buy-in of strategic direction among middle- and lower-ranked employees, but top-performing companies (defined as those reporting above-average profitability relative to peers) regularly achieve widespread buy-in at all levels of the organization. BTS helps organizations increase buy-in and win the hearts and minds of their employees through customized business simulations and experiential learning tools designed to engage people more deeply in the strategy and support the skill development and behavioral change necessary for execution.

Business acumen: critical to effective strategy execution

Another recent study from BTS and the Economist Intelligence Unit, titled *Skills Mismatch: Business Acumen and Strategy Execution*, reports that two-thirds of corporate executives believe a lack of business skills or business acumen inhibits their company from meeting strategic priorities.

BTS' Strategic Alignment and Business Acumen Programs blend consultant-led workshops, online learning and interactive business simulations to create the optimal learning environment for individuals and organizations. Understanding business acumen and how it guides execution will create a stronger workforce and positive business results.





CLIENT TESTIMONIALS

Strategy Made Personal

"I entered the course a believer in the direction of the strategy for the Coca-Cola Company; I left with a strong and active conviction and sense of personal ownership to make it happen"

*Participant Testimonial,
RGM Simulation,
Coca-Cola*

"I think we can all agree that BTS provided a jet-assisted lift-off of our client-focused growth strategy."

*Art Steinmetz,
Chief Executive Officer,
OppenheimerFunds*

What is business acumen?

Business acumen is defined as an intuitive and applicable understanding of how a company makes money, and it includes three core capabilities:

Strategic Perspective

An overall big picture understanding of the business; the critical interdependencies across functions and divisions; the short- and long-term trade-offs of decisions.

Market Orientation

The ability to analyze and synthesize market and competitive data; a deep understanding of the customer's business objectives and purchasing criteria; an appreciation of the value of each customer to the company.

Profit Acumen

A comprehensive understanding of the drivers of growth, profitability, and cash flow; a firm's financial statements; key performance measures; implications of decisions on value creation.

CLIENT TESTIMONIALS

Strategy Made Personal

"The BTS simulations and coaching brings a "real world" aspect to key points of running a successful business. While most business and financial acumen programs focus on acquiring intellectual knowledge, BTS focuses on learning with immediate application – the difference between reading about driving a car, and actually driving a car in heavy traffic. In addition to the expertise gained, there is a terrific opportunity for people to learn from each other and form lasting professional relationships. BTS is adaptive, articulate, and can bring a great deal of experience to the classroom."

*Gregory L. Waters, President and CEO,
Integrated Device Technology*



CLIENT STORIES – CASE IN POINT

Driving Strategy Alignment at the Top

OppenheimerFunds Changes the Game to Execute a Critical Growth Strategy

One of the largest and most respected global asset management firms, OppenheimerFunds is deeply committed to translating uncommon wisdom into value for investors. Recognizing industry trends, fund dynamics and competitive shifts, OppenheimerFunds understands that the requirements for success are only increasing. To strengthen its competitive position, the firm is implementing a new growth

strategy based on a client-centric approach. Success depends on effective execution, a challenge requiring nearly 2,000 employees to move in the same direction.

In bringing the strategy to life, OppenheimerFunds Chairman, CEO and President Art Steinmetz needed to effectively engage the top executives in the growth strategy, drive alignment and build the capabilities critical to leading execution in all areas of the business.

To meet this challenge, OppenheimerFunds partnered with BTS to develop a high-impact, experiential initiative to unleash leaders' talent, increase cross-functional collaboration and accelerate implementation.

Targeting the most critical execution success factors, the immersive two-day program was designed to drive:

- A deep understanding of the company's business levers and new strategy
- Innovation
- Client centricity



- Collaboration
- Accountability

During this intense and engaging two-day experience, OppenheimerFunds' top executives were given the opportunity to step outside of their traditional roles, collaborate in new ways, and work together to deeply understand what must be done to achieve the company's growth objectives.

For the global asset manager, high expectations were exceeded. BTS's experiential solution effectively engaged the OppenheimerFunds' senior

executives, developed critical on-the-job behaviors and achieved deep alignment around:

- The enterprise-wide impact of the new growth strategy
- The drivers of growth, client satisfaction, profitability and business performance
- The enablers of disciplined collaboration
- How to translate client insights into high demand products and solutions as well as best-in-class client engagement models

- The need for focused segmentation and scale across channels and products
- The importance of staging and resource management in achieving profitable growth

Going forward, the wholehearted comprehension of and strong alignment to the new growth strategy will accelerate execution and enable OppenheimerFunds' continued success in creating value for all stakeholders.

Our Approach: The Great Framework

Turning Strategy into Action through People

In 2015, we debuted the Great Framework: a new toolkit and way of thinking to help companies and their leaders achieve great performance and execution. Addressing both strategy implementation and leadership development initiatives, this framework spans our practice areas, from Assessment Centers to Sales to Strategy Execution.

As an article in the *McKinsey Quarterly* states, "Too many training initiatives rest on the assumption that one size fits all."¹⁾ Sitting at the intersection of consulting and training, we have a front row seat to our clients' business goals, strategic priorities and culture – and we have learned how deeply contextual leadership is, and how important customized learning initiatives are. We have seen leadership development and strategy implementation initiatives that boom with great impact and many others that bust. Through that experience, we have defined the success factors and a new approach that helps companies and their leaders achieve great performance and execution.



Define Great

Leadership is relentlessly contextual, and every organization has leaders (and managers, salespeople, and others) who think, act and engage better than anyone else. We codify what these "great" leaders do differently and build a "great profile" for a key role, within the context of your business model, strategy and culture.

¹⁾ Pierre Gurdjian, Thomas Halbeisen, and Kevin Lane. "Why leadership development programs fail." *McKinsey Quarterly*, January 2014. http://www.mckinsey.com/insights/leading_in_the_21st_century/why_leadership-development_programs_fail



CLIENT STORIES – CASE IN POINT

Define & Experience "Great"

Leading Engineering and Construction Company Global Middle Managers and Project Managers Program

Translating "great" principles into action, a leading Engineering and Construction Company recognized that the difference between a high-performing project manager and an average project manager could mean the difference between a profitable multi-billion dollar project and a non-profitable project.

Instead of sending their project managers to an executive education program at a university or teaching them one siloed subject after the other, the company defined "great" by capturing what their best project managers and mid-level managers did during the most pivotal and daily moments in a multi-year, multi-billion dollar capital project. Then they applied that playbook and designed an immersive simulation experience.

Engaged in a customized simulation, project managers practiced leading a project and were confronted by the most pivotal and common real-world challenges: setting shared objectives with their team; managing customer, supplier and safety incidents; leading team performance during a crisis; raw material commodity price increases; project overrun; designing stretch assignments; performance coaching; and onboarding new team members.

The results of this simulation experience included alignment to new "great" expectations, clarity on what "great" performance meant in the most common and pivotal challenges faced on the job, and project managers achieving "great" faster than the generation before.



Assess Great

We believe in objective assessment using your "great profile" and playbook of "great" behaviors. We evaluate knowledge, skills, behaviors and mindsets through real and simulated challenges for feedback, development plans and job selection.



Experience Great

We know people need to see, experience and try out new ideas, skills and mindsets before they believe in them, master them and become "great." Our goal is to increase the practice to performance ratio and shorten the time it takes to produce "great" performance. We create powerful experiences that enable people to practice with new approaches, tools, behaviors and actions.



Execute Great

It's a well-known fact that a lot of what is taught in training programs is never actually applied back on the job. We bridge this "knowing-doing" gap by supporting the on the job execution of "great" with fully integrated job tools, applications, feedback and coaching.

Learning and development as a strategic differentiator

Leadership and management are essential to the success of any organization. No matter what measure you use, companies with effective leaders execute better and deliver long-term business results.

Accelerating Strategy Execution Capability and Delivering Results

In fact, high-performing organizations that have continually invested in their leaders have “generated nearly 60 percent improved business growth, reported a 66 percent increase in bench strength, and showed a 62 percent improvement in employee retention.”¹

As constant organizational change has become the new normal, today's leaders face an increasingly steep uphill battle in their attempt to inspire, align and motivate their employees. In a world where a meagre average of 13% of employees are fully engaged in their jobs (Gallup, 2013), leaders need to be able to recharge their people's commitment and sense of optimism to boost their organizations' competitiveness. Leaders must make strategy personal, simultaneously gaining and maintaining their people's emotional and mental commitment to achieve the organizational strategy and work with change.

¹ Bersin & Associates, High-Impact Leadership Development for the 21st Century, 2011.

The BTS Approach: Disrupting Leadership Development

The BTS approach to developing leadership and management combines our 25 years of experience working with world-class organizations with proprietary research and the findings of leading authorities. We work with business and talent leaders to develop their people at all levels using customized leadership development programs, business simulations, and experiential learning tools.

We have been disrupting the leadership training industry through our Define, Assess, Experience and Execute Great Approach. This framework helps organizations determine what “great” leadership looks like for their company and bring that to life at every level.

To maximize the impact of leadership development programs, BTS engages leaders over time, building critical leadership capability and behavior through comprehensive Learning and Execution Journey processes. While each Learning and Execution Journey is unique, the flow generally involves a series of engaging, blended experiences tailored to the individual and company's business needs. Leveraging leader involvement, high-impact experiential learning tools and a results assurance process, BTS closely links skill-building to organizational goals and priorities. The result: leadership becomes a source of strategic differentiation and competitive advantage. It has proven successful for companies as diverse as Chevron, ING, National Australian Bank, Unilever and VMware.

Delivering Long-Term Results

In assessing the impact of a BTS leadership development initiative, an independent third-party evaluator determined:

- More than 90% of participants rated the program on the high end of the training scale and 43% rated this training the best they had ever experienced
- Nearly 70% of participants stated they had either already achieved results or expected to achieve results in the near term

The third party evaluator summarized, “The before-training dialogues between the leader and learner and the sense of accountability following the training resulted in a 70 percent training application rate. This exceptionally high impact rate attests to the thoroughness and care that the leadership team took, including special steps to ensure the program was not just a one-time classroom event, but that it included impact-enhancing tools and actions and provided additional follow-up resources and support.”

Experience "Great"

A Leading Technology Company's Top 500 Leaders

A leading technology company found themselves at a critical juncture. They had made it to \$2B in revenue through a very successful innovation, and realized that they had some years of growth ahead. However, at some point, perhaps five-to-seven years into the future, if they didn't diversify and provide their customers with a broader suite of technology and services, they would reach market saturation and growth would stall. A new CEO was appointed, acquisitions were made, and the company crafted a broader vision. Products now had to evolve, go-to-market strategies had to adapt, and sales conversations with customers needed to change.

In the past, senior leaders and members of the executive team had operated very successfully in siloed businesses and functions. Clear metrics for success and healthy competition between silos propelled the company onwards. Moving forward, in order to broaden customers' understanding of the company and grow from \$2B to \$6B, much of this needed to change.

Partnering with BTS to create a two-day simulation experience, the C-suite engaged all 500 leaders, enabled them to assume the role of the CEO, and allowed them to practice running the entire company. Inundated with customer, technology, and competitive trends, the leaders felt shareholder value creation pressures as well as employee engagement and culture realities. As the teams wrestled with the tensions and tradeoffs in evolving the company and

running the core and new businesses at the same time, the leaders matured in their understanding of why the company had to change and what it meant for them. And by strengthening their command of both business models, they were better positioned to lead teams with authenticity, passion and empathy, while finding the right speed and timing of their team's evolution to best support the company's goals.

Six months later, the question on the all-company employee survey, "I understand and believe in the company's vision and my role in making it happen," moved from the lowest scoring metric to one of the highest. At the time, the COO said, "When I was told a simulation would be the key alignment vehicle for our top 500 leaders I was skeptical...

[But] the custom business simulation accurately modeled our business challenges and anticipated our future evolution. The experience allowed our top 500 leaders to not just see the new strategy, but to practice making our strategy and vision a reality. The experience got leaders from different organizations with disparate points of view to work together and understand the real trade-offs and friction points, and provided the 'big picture' view we needed." The company later achieved its growth target with the mix of "old" and "new" revenue it was looking to balance.



Sales

Identifying uniqueness

A financial services firm increases new hire sales in their first year on the job by 22%.
A leading industrial manufacturer increases revenue by 28% and attributes 18% of that to a sales development activities.



An enterprise technology firm experiences 20% top line growth year-over-year and surpasses their large-deal metric from 30% to 45%. An electronics manufacturer reduces the share of reps below 50% of quota from over 50% to 28%. The commonality among all of these organizational improvements? Working with the BTS Sales Practice—whether through a consulting engagement, assessment, sales training, digitally-enabled sales conference, or organization- wide sales transformation.

Our Approach

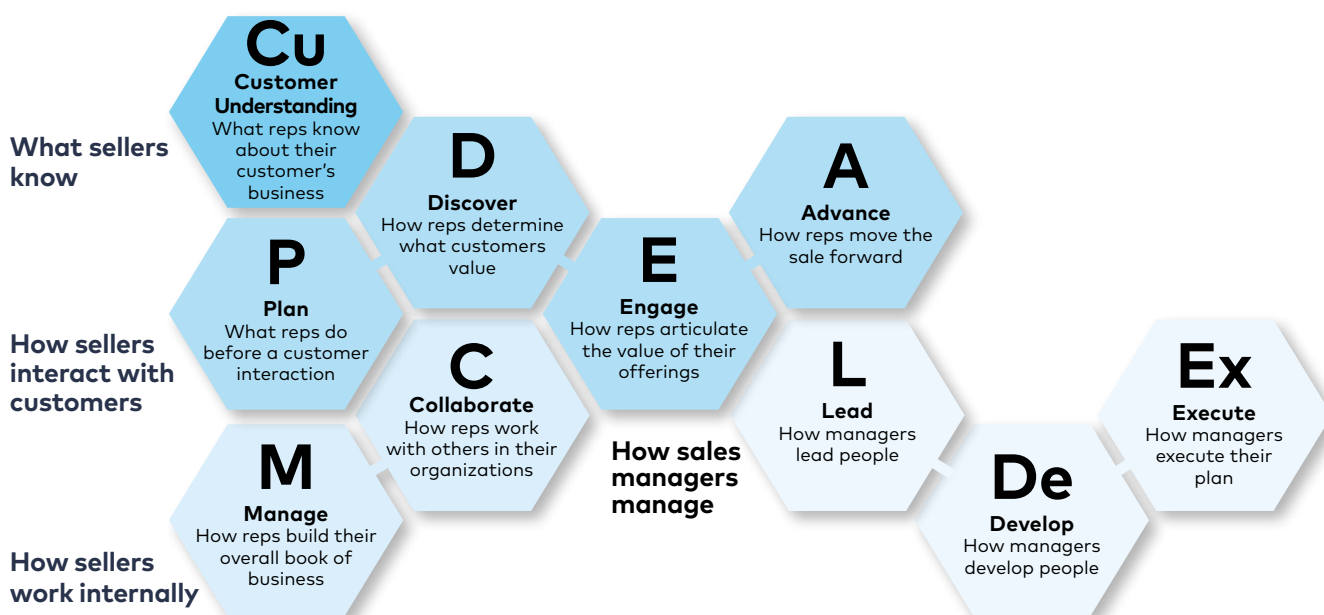
We view each sales execution project through three lenses:

- Top performers: We study what our clients' top-performing salespeople and sales managers do differently.

- BTS research: We lead quantitative and qualitative research into what customers expect from salespeople today.
- Client strategy: We incorporate our clients' strategies into the programs, so that our programs drive alignment and mindset, as well as capability.

We use the Great Framework to identify and scale what is unique about our clients' high-performing sellers and sales managers.

- Define Great: We help you pinpoint your organization's custom definition of what great selling looks like and move you away from abstract and ineffective competency models.





CLIENT STORIES – CASE IN POINT

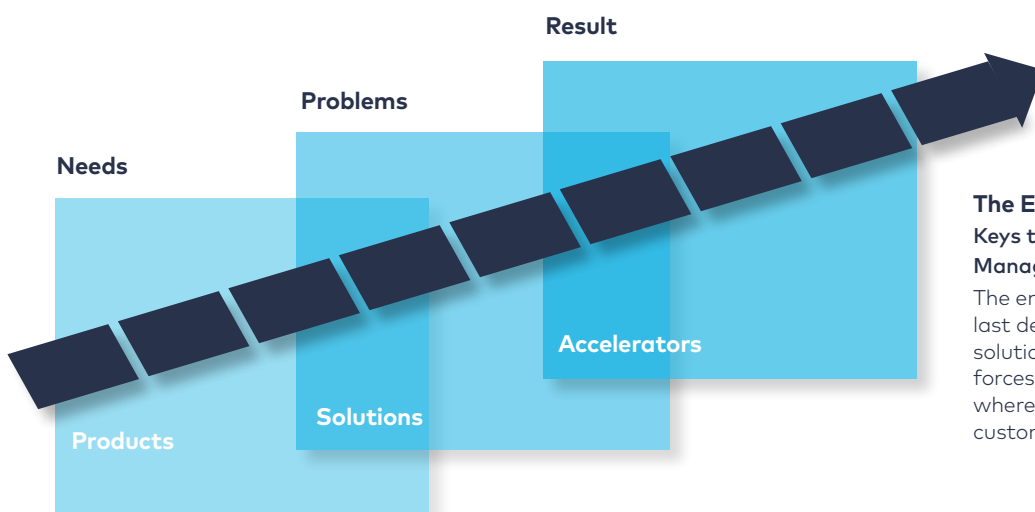
A major media company needed to go through significant change in how they sell if they were going to stay relevant. Partnering with the BTS Sales Practice, the company designed and built out their sales enablement infrastructure in order to support this change for sales. BTS then deployed a case for change training, to begin to shift the organization's salespeople's mindsets. Following this case was a virtual assessment that segmented their reps into newly created roles where before there had only been one. With the infrastructure in place and unparalleled insight into their people's capabilities, BTS next came in with tools to help local leaders do deep analysis to localize the strategy to their market, people, and customers. Once those hard decisions were made, and the sales leaders were able to get the right people in the right place doing the right things, customized sales training sessions were deployed in order to allow the sales reps to practice "great." Once the reps returned to the field, they continued building their capabilities with nano-sims, reference materials and tools delivered via the BTS Pulse app.

- **Assess Great:** Using your organization's definition of "great" selling, we evaluate knowledge, skills, behaviors and mindsets for feedback, development plans and job selection.
- **Experience Great:** Sales training simulations are our tool of choice for quickly changing behavior, developing customer understanding, and building business acumen in your salespeople.
- **Execute Great:** Our platform provides content and tools in the field when sellers need them. Using these materials, leaders and managers get actionable data on-demand for better execution.

How We Deliver

Clients come to us at different places on their path to sales excellence, so how we assist them varies. Some of our methods include:

- Sales Transformation
- Sales Consulting
- Assessment
- Sales Training
- Simulations
- Results Analytics
- Execution Platform
- Sales Conferences
- Research



The Evolution of Sales Keys to Great Key Account Management

The emphasis in sales moved over the last decade from a focus on products to solution selling. Today's world-class sales forces are evolving to the next stage, where they focus on accelerating the customer's overall business results.

A new way to do business



Innovation has nothing to do with how many R&D dollars you have. It's about the people you have, how you're led, and how much you get it." Steve Jobs

Innovation is the discipline of serving needs in new ways that create value. It is a core capability that allows firms to sustain competitive advantage and grow. It is a skill that can be learned, practiced and mastered.

Innovation can be made a part of a firm's culture, but it requires openness to disciplined experimentation and uncertainty. It requires looking at customers and markets in new ways and an ability to simultaneously scale today's business model while directing resources to discover tomorrow's. Most of all, innovation requires a willingness to challenge the assumptions that may have made the company successful in the first place. BTS Innovation Practice solutions help firms build the critical leadership capabilities needed to create and advance a culture of innovation at the individual, team, business unit and enterprise level.

The BTS Experience

Through the customized programs, ranging from 2–5 days long, participants learn the essential principles, techniques and tools needed to:

1. Generate unique consumer insights and apply design thinking
2. Ideate and refine novel solutions to customer (both internal and external) problems
3. Execute and manage a portfolio of innovation projects by running disciplined experiments
4. Learn and understand the critical leadership behaviors required in the organization to create a culture in which innovation can flourish.

CLIENT STORIES – OUTCOMES YOU CAN EXPECT

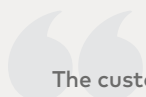
We took our entire Sony Direct online web team offline for an entire day (approx. 250–300 people) to train them around innovation techniques. We baselined employees before and after the program to determine if they felt they had the tools needed to become more innovative in their roles. This course kicked off an innovation program that included topical "brain sailing" sessions every few weeks. The post workshop survey demonstrated a positive correlation between participating in this event and employee engagement/morale. In addition, the team filed several patents in the 6 weeks after this workshop, which they had not done before."

Senior Manager, Innovation Center, Sony Electronics Inc.



BTS Innovation solutions are fast-paced, hands-on experiences that combine a sequence of short, mini-lecture sessions, hands-on “table top” workshop exercises and a customized innovation simulation that compresses the months and years of high-risk innovation projects into a few short hours.

The simulation and case studies are customized to reflect the client’s unique internal and external tensions that employees are experiencing today, and those they are likely to face as they advance in their careers. Regardless of length, all programs provide a visceral understanding of the interactions and challenges leaders are most likely to face as they lead innovation within their firms.



The customization of the BTS learning process was a critical enabler of our success. The relevancy of the design accompanied by a strong team of facilitators at BTS made the learning experience very rich and impactful. The multitude of tools highlighted in the session will play a key role in driving higher levels of innovative activity as they are implemented into how we lead within our organization.”
*Chief Learning Officer,
Global Medical Technology Conglomerate*





Assessment

Identifying and developing the right talent has never been more critical

Faced with limited talent pools and a highly competitive market, companies today must have an accurate understanding of their employees' capabilities at all organizational levels, and design talent selection and development initiatives that align to the strategic needs of their business.

Identifying and developing exceptional leaders requires focusing not only on people leadership capabilities, but also on the business leadership capabilities necessary to execute on company strategy.

BTS's comprehensive suite of assessment solutions will ensure that an organization has the **right people** in the **right roles** with the **right skills** making the **right decisions**.

BTS's Assessment Solutions Address Today's Challenges

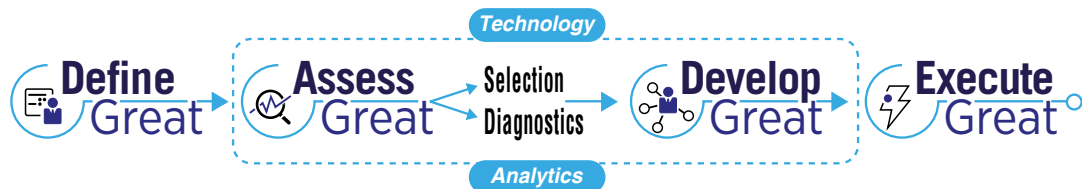
The BTS Assessment Practice develops and delivers custom, execution-enabling initiatives that are behavior-focused and high impact. As experts in the areas of individual and workforce assessment, our team assesses the effectiveness of people, roles and organizations to drive the talent development required for superior strategy execution. With our state-of-the-art virtual assessment centers, BTS Assessment Services can help you determine the right level of resources, knowledge and skills necessary to drive your company to its goals.

Facing the following challenges, organizations are finding assessments to be a powerful tool:

- Strategy Execution
- Reorganization
- Sales Force Productivity
- Acquisition or Merger
- Leader Bench Strength
- Leader Development
- Talent Selection

The BTS Assessment Framework: Helping Clients Define, Assess, Develop & Execute Great

Applying an innovative approach and a deep data-focused methodology, BTS helps clients define what great execution looks like within their organization; assess talent and developmental gaps; identify and select great talent; and provide the experiences and tools to help people become great.





Partnering with Clients to Deliver Long-Term Results

To accelerate strategy execution and secure a competitive advantage, companies must have an accurate depiction of their employees' capabilities and understand the skills needed to execute the company's strategic priorities. Companies are finding talent assessment solutions to be critical tools in identifying and selecting top talent and designing focused, highly effective learning and development journeys. To get better business results faster, BTS's assessment solutions provide focused, relevant and actionable development that allows corporations to effectively link learning to performance, and ultimately the bottom line.

CLIENT STORIES – CASE IN POINT

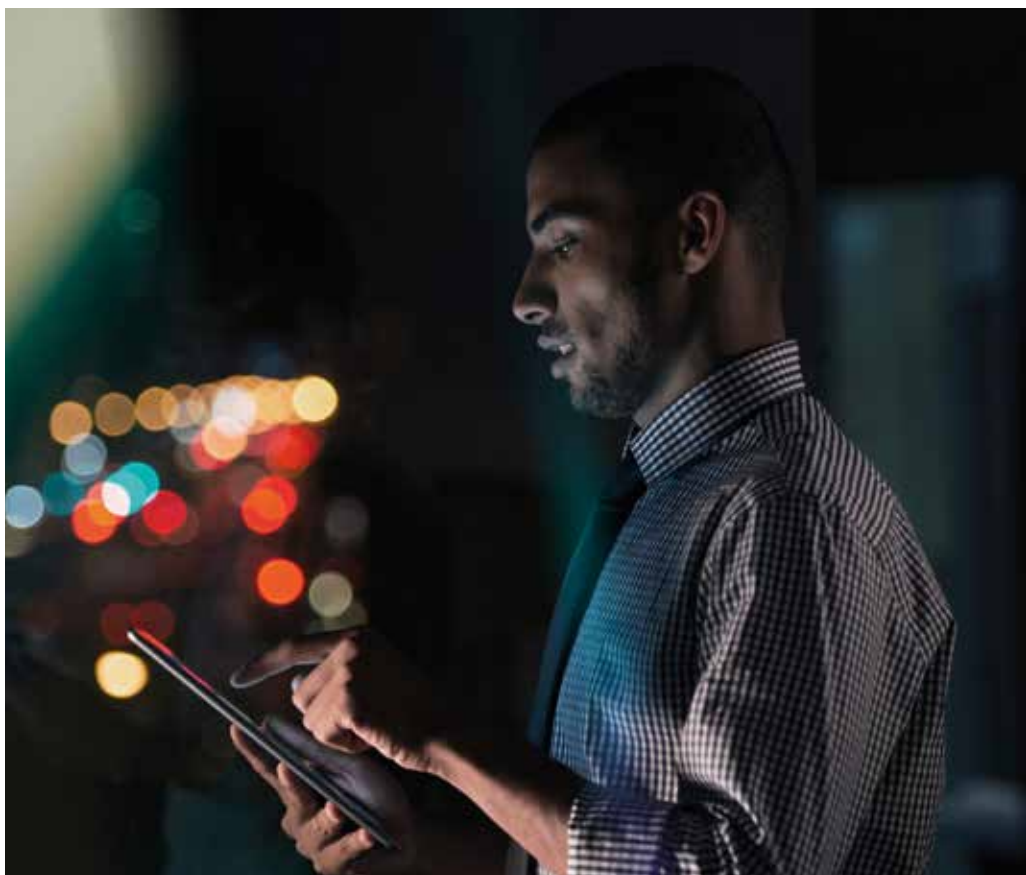
A large financial services organization wanted to be able to attract more financial advisors and, at the same time, to reduce turnover and decrease the time required to become fully productive. The organization decided to incorporate into their already rigorous selection process a custom assessment center that would measure the critical sales-specific behaviors required for success. The simulation-based assessment process was customized to be role-specific and behavioral.

Starting in 2011, it has been administered virtually to candidates all over the country by assessors who were trained on the client's sales process and critical behaviors. Between 4,000 and 4,500 candidates participate in the assessment each year. Analysis of the relationship of the assessment to job performance indicates a number of important results. Success on the assessment is a significant predictor of retention, demonstrating an overall reduction in turnover of 18.5%. Results also indicate that the assessment successfully identifies candidates who will generate greater financial growth; strong candidates have had over 33% more assets under care than those candidates that were identified as "Not Ready."

Digital Services

Changing behavior

At BTS Digital Services, we focus on personalizing strategy and changing behavior through connected experiences, applications and facilitation. We create stories, challenges and experiences in the context of your business environment.



We leverage BTS IP while collaborating and innovating with you to provide the best of digital capabilities. BTS Digital Services comprises a global team with a full range of expertise and innovative industry leadership. Our offerings can be implemented at in-person workshops, large events or off-sites, virtually and “in the field” while on the job.

In the past year, our Digital Services have expanded greatly, reflecting the rapidly growing, constantly shifting and increasingly digital nature of the world we live in. We have launched a new series of capabilities, simulations, and platforms within our Pulse™ technology, compatible across all devices in iOS, Android and Windows.

The Pulse™ technology platform transforms events and allows all participants to contribute actively, facilitating knowledge, idea sharing and action planning in real time.

Through this approach, meetings become transformational, not just informational. Digital technology makes big feel small. The Pulse™ platform's comprehensive processes, methods and activity templates can be easily adapted or custom developed to almost every meeting purpose and set-up.

Simulations, apps and tools make up the BTS digital ecosystem within the Pulse platform. They set participants up for success in learning experiences and daily on-the-job execution, with features designed to:

- **Prime:** Pre-work, pre-reads, program info
- **Engage:** Simulations, debriefs, coaching, role plays, knowledge sessions, crowd-sourcing
- **Sustain:** Nano sims, reference apps, go-do activities, action planning, measuring impact



CLIENT TESTIMONIALS – STRATEGY MADE PERSONAL

“The incredible use of technology in this program has changed the way we come to work and can communicate going forward. We have become more efficient in every sense of the word. It has become a catalyst to bring people together in a cost-effective way. A great springboard to execution – don’t be afraid, embrace change, use technology, be collaborative and look to the future.”

CEO, Leading Global Bank



Pulse™ can be set up with various apps depending on your organization’s needs – for sales, leadership development, innovation, or a mix of these topics.

The following are some of the apps recently added to BTS’s Pulse portfolio.

Innovation: Empathy Maps, SCAMPER, Customer Need Statement, 5 Whys, Idea Hunt

Leadership: Behavioral Styles, iLead Challenges

Sales: ROPE, Call Preparation, Skills for Successful Customer Meetings, Account Planning, Beginning a Customer Meeting, Understanding the Customer’s Business

Business Acumen: Income Statement, Balance Sheet & Cash Flow Statement, Return on Investment

CLIENT STORIES – CASE IN POINT

A leading United States bank has grown to become one of the largest banks its region. To drive further growth and accelerate results, the company is committed to distinguishing itself through exceptional customer experience. However, success depends on the effective implementation of the company strategy and the consistent application of sales and leadership best practices, a challenge for an increasingly expansive organization with over 14,000 employees.

Navigating from strategy to execution, the bank was challenged to effectively engage and align the company’s 700 branch managers to new strategic priorities and develop the capabilities critical to their execution.

The organization partnered with BTS to develop a high impact, digital strategy execution program designed to drive employee engagement, improve channel migration, deepen sales culture, strengthen collaboration and more.

The customized digital platform included:

- Integrated iPad crowdsourcing questions with the results shared real time
- High impact simulation experience, scored with a “heatmap” leaderboard streaming results as teams executed decisions
- Alternate iPad views for table leaders and regional facilitators with the ability to see the aggregate of participant decisions
- 300 iPads with pre-loaded videos running on a completely closed local Wi-Fi network

The immersive, interactive digital experience effectively engaged diverse groups of leaders (from branch managers to sales enablement executives), integrated their participation into a comprehensive and impactful experience, and delivered tangible value. The strategic program was a huge success from the perspective of both the participants and the broader organization, yielding strong results back on the job.



Business Model and Clients

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World-leading capabilities are shaped in partnership with our clients

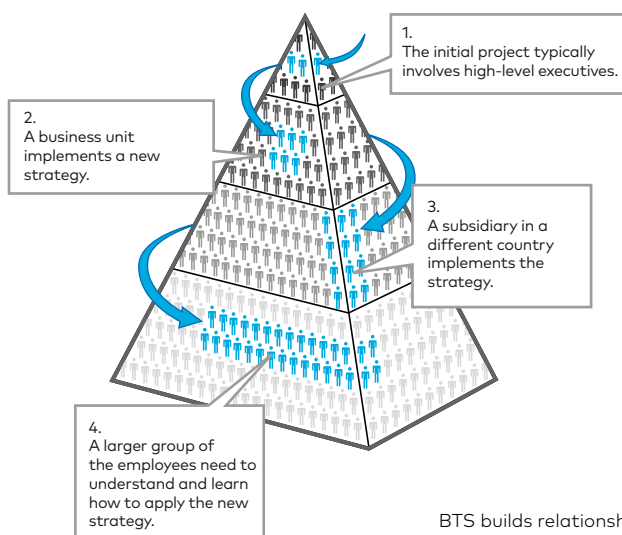
The foundation for growth lies in BTS's ability to create long-lasting customer relationships at different levels in the customer organization. An initial BTS assignment is often designed for, and implemented with, the client's senior executives and managers. This customization process is carried out in close cooperation with the client.

Outstanding results, well over the client's expectations in an initial project, lead to customized solutions for managers and employees at different levels throughout the organization.

Network-based marketing

BTS employs a network-based marketing approach covering a number of selected industries.

The network, composed of both those executives who make strategic decisions about change and learning initiatives and those who actually purchase solutions, helps generate opportunities for new assignments and customers. When BTS approaches a new industry, it initially focuses on a few leading companies. Once these assignments are completed, they will serve as reputation-building reference projects for new sales to other organizations in the same industry.



BTS builds relationships at different levels in the clients' organizations. Through these relationships, new projects are continuously generated.

Multi-market expansion with limited risk

BTS continuously expands its business operations to new markets around the world. BTS works with multinational clients and implements projects in a large number of countries without necessarily having an established local office in every market.

Existing customer relationships make up the base when BTS starts up operations in a new market – a fact that reduces the expansion risk. In addition, BTS works hard to nurture relationships with other large corporations active in the targeted markets.

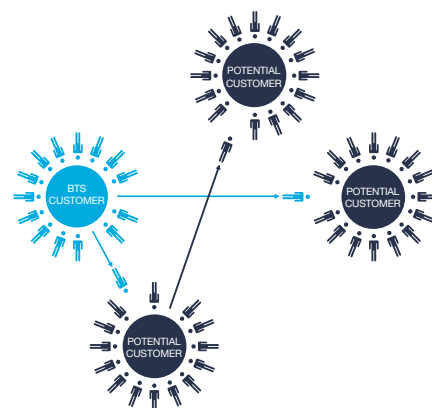
Once business has grown to sufficient volumes in a new market and the future potential appears attractive, BTS can take the logical step and establish a new, local office.

Acquisition strategy

BTS's growth strategy is primarily built on organic growth. Over the past few years, the company has made a number of acquisitions in different countries.

BTS's strategy for acquisitions is built on creating a broader base for future organic growth while at the same time finding complementary acquisitions. The goal is to offer more services to both existing and new customers. All acquisitions have resulted in cross-selling. This is a result of conscious efforts to identify new business opportunities based on needs within the extended customer base. The training of account managers and the needs-focused discussions with individual clients have played an important role in this process.

BTS values its customer relations. Participants in the company's business programs are important future customers. New assignments come mostly from former buyers and program participants changing jobs or companies – and calling on BTS from their new positions.





Development

Developing the revenue mix

BTS's revenues originate from three areas:

- Customization
- Instructor-led seminars
- Licenses

BTS works continuously to develop and combine different methods of training delivery to ensure optimal, value-added customer benefits, and at the same time strengthen its own revenue streams and profitability.

Efficient customizations

In collaboration with customers, BTS customizes both the content and the form of its business programs. The company has successfully improved its profitability by increasing the efficiency of the customization process. This improvement is a result of advancements and fine-tuning of development methods as well as increased reuse of previous development work.

When BTS develops solutions for corporations in new industries, the cost of customization is initially high. With the later reuse of experience and skills, however, these costs subsequently fall.

Seminars – the majority of revenues

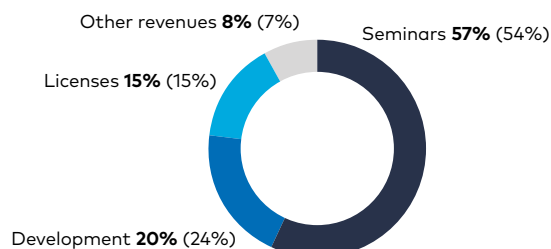
Instructor-led seminars still comprise the greatest source of revenue for BTS, and they are the predominant form of

business delivery. The BTS consultants are very much involved throughout the whole customization process, and, during delivery, they facilitate these solutions in seminars.

Increased licensing revenue

BTS also delivers its solutions via e-Learning and CD-ROM formats, and as manual board solutions. The long-term goal is to increase license revenues. License-based business simulations are very efficient learning tools for customers; they make it possible to reach larger groups of employees in organizations, all over the world and at all levels. At the same time, they are a profitable line for BTS.

NET TURNOVER BY SOURCE OF REVENUE



Our Clients and Industries

Strong market positions

BTS builds longterm customer relationships, on average 6-8 years, and has deep expertise in a number of industries.

During the 1990s, BTS grew rapidly in the Manufacturing, Telecom, and Information Technology Industries, with major global companies such as Philips, Ericsson, and HP as valued customers.

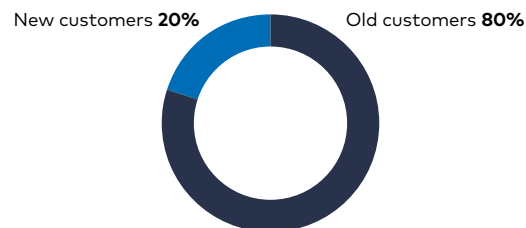
During the recession in the early 2000s, BTS expanded its positions by entering four additional industries: Financial Services, Pharmaceuticals & Healthcare, Retail & Logistics, and Energy.

Over the past couple of years, BTS has grown quickly into the IT Software and Equipment, Fast-Moving Consumer Goods and Service sectors.

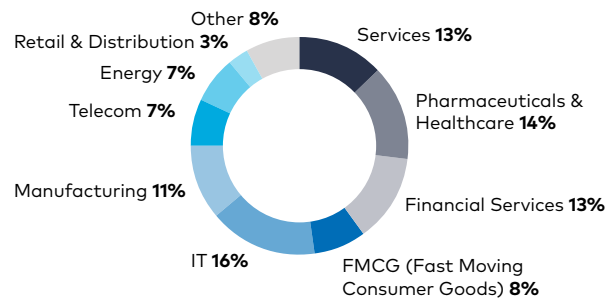
With these recent additions, BTS now has built strong market positions within numerous industries.

About 80 percent of annual revenues normally come from customers BTS worked with during the previous year. Typical customer relationships range from 6 to 8 years – and many extend longer.

REVENUE GENERATION



REVENUE SOURCE PER SECTOR



2015 CLIENT STORIES

Created a true strategy execution initiative

– At ING Bank, we continue a 10 year partnership. In 2015 we worked closely with the Head of Strategy and Head of HR to create a powerful experience for some of the top 500 around the Think Forward strategy and Orange Code (ING's internal leadership initiative). By integrating our SABA and leadership capabilities we created a true strategy execution initiative across all of ING's markets, building off the 'One Bank' engagement we created for the top 250 leaders in 2014. It explores the 'what' (SABA) and the 'how' (leadership) of Think Forward in an intensive 3 day experience.

Global initiative targeted all five layers

– As SAP began a major strategic transformation from on premise software to the cloud, we designed and delivered an end-to-end learning journey that includes leadership, coaching, business acumen, and assessments. This global initiative targeted all five layers of leaders—from the top 250 to front-line managers.

Develop a world-class workforce

– In order to attract, retain and develop a world-class workforce, we designed a simulation experience for MetLife to stimulate observable behaviors and assess high-potential candidates' readiness for advancement into high-profile roles. This included identifying critical skill gaps necessary for successful execution as well as identifying developmental opportunities.

Leadership Development Program

– At Rogers, we began a Leadership Development Program that will be delivered for up to 2,300 frontline managers/supervisors across Canada over three calendar years. The main purpose of the program is to build deep alignment to the company's new strategy and develop the frontline manager/supervisor capabilities needed to execute this strategy.

Successful strategy execution

– We've partnered with Citizens Bank to customize and deliver a set of CEO-sponsored strategy alignment and execution solutions. Initially, these programs are focused on aligning senior leadership around the firm's new strategy and developing the mindset and capabilities needed for successful strategy execution.

Financial Services

- Bancomer
- Standard Bank
- ANZ

Pharmaceutical and Biotech

- GlaxoSmithKline
- Novartis
- UCB

IT Equipment & Software

- HP
- Microsoft
- Tencent

Telecommunications

- Ericsson
- Rogers Communications
- Telefónica

Professional Services

- Accenture
- Schlumberger
- Sodexo

Retail

- Federated
- Nike
- US Postals

Energy

- Chevron
- Iberdrola
- Repsol

Consumer Goods

- Coca-Cola
- Mondelez
- Unilever

Manufacturing

- Atlas Copco
- Eaton
- Honeywell

Created a customized business simulation experience

– We partnered with a rapidly growing Klabin to prepare their top 80 leaders for the challenges of the future and ensure better integration and collaboration between units. Together, we created a customized business simulation experience that allowed Klabin's leadership to see the company as it is today and envision how it will be in the future, preparing the leadership for the challenges ahead.

Over 800 leaders

– We are helping Microsoft execute on one of the largest transformations in their history. This year, we worked with over 800 leaders to reinvent Microsoft's business by sharpening business relevance and building a culture which fosters innovation.

High-impact, immersive two-day program

– As OppenheimerFunds began implementing a new client-centric growth strategy, we developed a high-impact, immersive two-day program to drive strategy alignment, collaboration, innovation, and accountability.

Reignite and reinforce leadership capabilities

– At Novartis we've been working with 900 of their experienced leaders to reignite and reinforce their leadership capabilities. This experience has driven a mindset-shift on a global basis amongst highly analytical and technically focused leaders who are now embracing their leadership role. We've also seen 98% of the population report applying their learning back in the workplace.

Designed and delivered an experience

– As Hewlett Packard Enterprise transitioned from one fiscal year to the next, they established four priorities for the new year's go-to-market strategy. BTS designed and delivered an experience that allowed around 700 people from the organization (in Brazil, Mexico, Colombia, Venezuela, Chile, Argentina, and more) to experience the execution of these priorities, ensuring alignment, engagement and the development of capacities critical to the execution of the strategy.

Growth, Profitability, and Acquisitions

Growth and profit year after year

Growth has averaged 13 percent the last 10 years, of which 10 percent has been organic. Acquisitions have built synergies with new solutions, new markets, and new talents and have helped to drive growth.

Continuous growth and profit

BTS has delivered profit every year, and profit growth almost every year, irrespective of market conditions and despite substantial costs for acquisitions and investments in product development and market establishment around the world.

This development is a result of BTS's growth strategy, dynamic business model, and the entrepreneurial organization.

In the 1990s, BTS successfully managed to achieve continuous profitable growth. Good market conditions and new product initiatives, as well as new offices in the US, UK, Finland, and South Africa, played a major role in the company's growth during this period. When the market conditions worsened between 2001 and 2003, BTS managed to maintain a healthy level of revenues, despite the unfavorable business climate (particularly in the IT, Telecom, and Manufacturing industries, where BTS was predominantly active) through adhering to its successful long-term strategy.

New initiatives

In the difficult market conditions of 2001–2003, BTS successfully managed to reinforce the business for future growth and profitability by implementing a range of new initiatives, such as expanding into new industries and geographical markets.

Increasing profits

BTS constantly strives to improve profitability. The changes and initiatives implemented during the period of consolidation between 2001 and 2003 have, in combination with a focus on raising the proportion of revenues from licensing, led to a significant improvement in margins.

Organic growth

BTS's expansion strategy is primarily built on organic growth. During 2002 and 2003, BTS opened businesses in Australia and Spain. These initiatives have grown substantially and served as starting points for our offices in Asia and Latin America.

Acquisitions in 2005 and 2006

BTS's strategy for acquisitions aims to create a broader base for future organic growth by adding new markets, new value-adding products and services, and new talent.

BTS acquired The Strategic Management Group Learning Solutions in 2005 and The Advantage Performance Group and The Real Learning Company in 2006.

The new companies have added new technologies and delivery methods, a broader customer base, and a wealth of new talent.

The 2008–2009 recession

The recession during 2008–2009 had a significant negative impact on our industry. Most companies saw their revenues decline 20–40 percent in 2009.





Our recession strategy was based on two key factors: our low market share and our highly competitive offerings. By focusing our resources on highly prioritized accounts, we were able to maintain our revenue and profit levels.

At the same time, BTS made strategic investments and progress during the recession, creating a strong foundation for growth as of 2010 and onward.

Growth 2010–2015

During the years 2010–2015 BTS's revenues grew by an average of 9 percent annually (currency adjusted) with growth in all regions, and at high speed in Asia and Latin America.

We grow the average size of our projects by offering global services and more-complete solutions delivering increased results for our customers.

During 2013, BTS acquired all the business operations in the Danish company Wizerize A/S. The acquisition created new opportunities to offer digital-enabled solutions that are built on current and future social and mobile IT platforms. These solutions supplement and strengthen BTS's existing offerings very well.

In 2014 BTS acquired all the businesses of the American companies Sandra Hartog Associates, Inc. and Fenestra, Inc., which will strengthen BTS's position in the fast-growing market for services and technology within assessment services.

In 2015 BTS acquired the South African company AVO Vision, which provides BTS och AVO with major opportunities in the fast-growing and important African market with an enormous need of talent development. All the business operations in the Australian company Synergy Group Pty Ltd were also acquired in 2015. This represents a significant strengthening of BTS's operations in Australia and will increase BTS's delivery capacity and create a considerably stronger and broader offering in Australia.



Core Values and CSR

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Strategy made personal

Organization

A truly global organization

BTS Group's four Operational Units

BTS Group's operative activities are run through four units, and the executive management has full business and P&L responsibility for their respective geographical markets.

BTS North America

Austin, Brooklyn, Chicago, Los Angeles, New York, San Francisco, Scottsdale, and Stamford.

BTS Europe

Amsterdam, Brussels, Helsinki, London, Munich, Paris, and Stockholm.

BTS Other Markets

Bangalore, Bangkok, Bilbao, Dubai, Johannesburg, Madrid, Melbourne, Mexico City, Milan, Mumbai, Sao Paolo, Seoul, Shanghai, Singapore, Sydney, Taipei, and Tokyo.

Advantage Performance Group (APG)

APG operates in the US market and delivers performance improvement through sales and leadership training that results in meaningful business impact using its Advantage WaySM implementation process.

Product-Specific Units

BTS has two product-specific units that work with new concepts and the production of solutions, as well as provide active sales support to the customers of the three operational units.

BTS Digital Services

BTS Digital Services is responsible for connected learning and online and virtual solutions.

BTS Board Simulations

BTS Board Simulations is responsible for manual board business simulations.

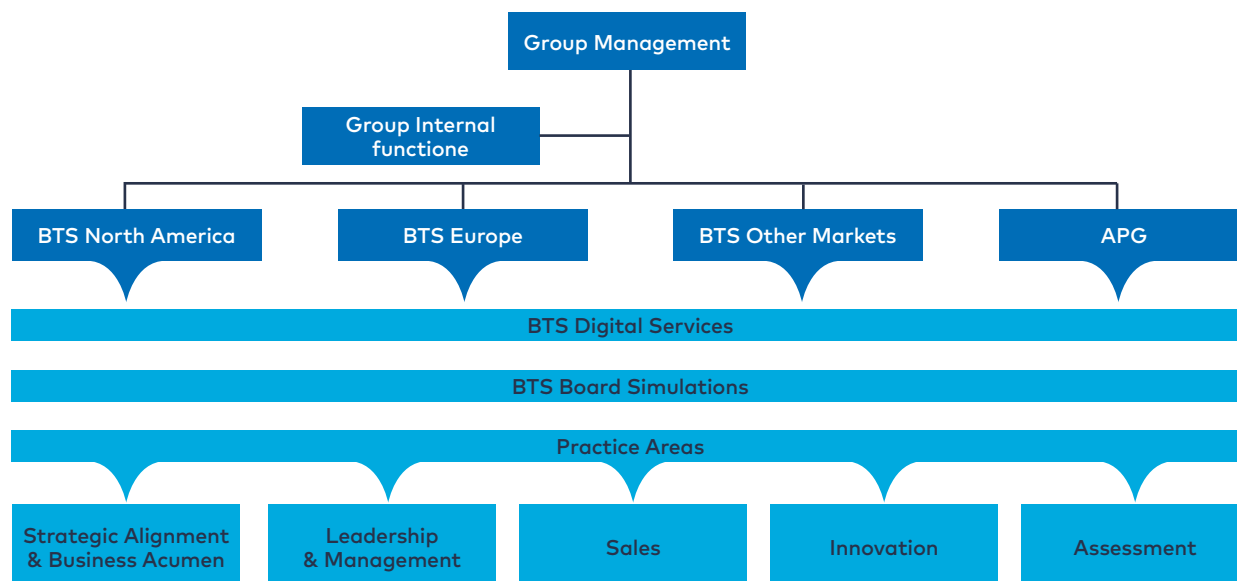
Practice Areas

BTS has five practice areas. Specialists and thought leaders have been gathered within each practice area and are responsible for developing new concepts and solutions as well as ensuring the use of best practices across the BTS Group:

- Strategic Alignment & Business Acumen
- Leadership & Management
- Sales
- Innovation
- Assessment

Group-Internal Functions

Group-internal functions cover Group Finance, Investor Relations, Corporate Communications, and Global Operations Development.



Core Values

We live and embrace: P E O P L E



P Positive spirit and fun

- We believe that a "can do" attitude and humor enhance a successful business.
- We believe in looking at problems openly and view them as opportunities.
- We strive to maintain a good spirit.

E Honesty and integrity

- We believe in being loyal to those who are not present.
- We believe in giving and receiving feedback constructively.
- We believe in treating people as equals and in respecting others' differences.

O Opportunities based on merit

- We reward and provide people with opportunities based on results and competencies.
- We make decisions and evaluate ideas based on their facts and merits.
- We achieve success through hard and effective work.

P Putting the team first

- We believe that BTS's success depends on teamwork and if the team needs support we do our very best to provide it.
- We believe in putting the team first in individual decisions and in thinking of the individual in team decisions.

L Lasting value for clients and people

- We strive to build up long-term relationships with our clients to create a legacy for the client and his or her staff.
- We focus on driving results forward – in learning, improved behavior and business performance.
- We encourage the learning, development and rewarding of BTS and its staff.
- We create our growth through our clients' success and our active business generation.

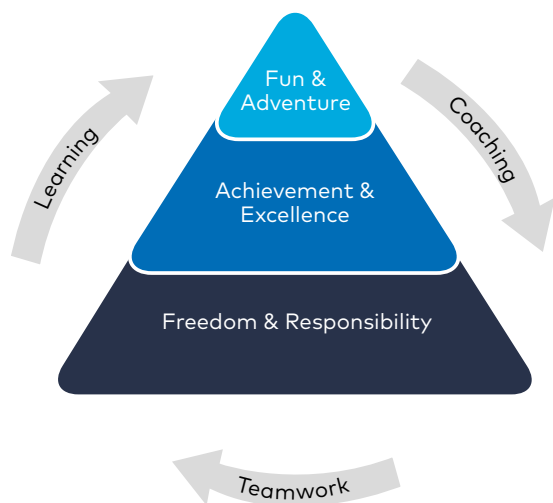
E Excellence through professionalism

- We strive to deliver top-quality solutions and services, within deadlines, to exceed client expectations.
- We balance clients' and BTS's competencies, best practices and methods to achieve optimal results.

Our People and Culture

Great place to work

During the year, we expanded our employee base to 460 professionals. We work hard to develop, engage and retain our employees. Our culture is the key reason why world-leading companies do business with us and it is why our employees consider BTS a great place to work.



Fun & Adventure

The very nature of our work is fun. We engage in sophisticated, bottom-line oriented business simulations with some of the smartest people in the business world; our clients are managers and executives of leading companies across the globe. Leading 25 top executives through a 2–3 day simulation experience is an adventure that BTS'ers liken to being a tour guide on an "intellectual white water rafting trip."

Achievement & Excellence

We believe that if you find the right people, and give them freedom and responsibility, they will achieve great things. Our consultants work with the top talent of world-class corporations. Whether we are on stage in front of senior executive, engaged in a client development meeting with a C-level executive or creating an innovation new simulation application, we believe in delivering excellence. With very little direction or mandate, our unique culture nurtures consultants who are highly motivated to pursue high levels of achievement and excellence.

Freedom & Responsibility

BTS gives high levels of autonomy to our consultants. They have the independence to manage their own time when they are on the road, at client sites and in the office. The flip side of this freedom is an enormous amount of client-facing responsibility. Within weeks of beginning at BTS, new consultants lead manager and executives at world-class companies through BTS simulations and experiential learning solutions.



OUR PEOPLE AND CULTURE – TESTIMONIALS

“Every company will tell you it has a great culture, or that it only hires the smartest people, but you really believe that with BTS. The company is a collection of subject matter experts, driven creative types and natural collaborators.”

“As Henrik [Ekelund, BTS CEO] wrote to the company in a Chatter post recently, ‘culture is key for both business success and happiness.’ In the nine months that I have been at BTS, I can easily say that BTS has the most welcoming and exciting culture I’ve ever experienced in a work environment. Regardless of role or level, everybody is passionate, collaborative, and, most of all, fun. I can now understand why people come here and stay for decades – with a team like this, why leave?”

“My favorite part of BTS is, undoubtedly, the culture. The fact that I can walk into a global partner’s office to ask a quick question without fear of being reprimanded says a lot. BTSers realize that we are on the same team and we help each other out. Not to mention, everyone is brilliant and definitely knows how to have fun!”

“BTS has one of the best cultures I have ever experienced at any company around the world. The employees are smart, driven and most importantly, fun to work with. I look forward to going into the office, delivering large programs and traveling with colleagues because of the great culture we have. And culture is the #1 thing that will keep me at BTS for a long time.”



KEY FIGURES, EMPLOYEES	2015	2014	2013	2012	2011
Number of employees at the end of the year	463	405	370	385	335
Of whom women, % ¹	44	40	40	38	37
Net turnover per employee, KSEK	2,394	2,035	1,830	2,111	2,147

¹ Yearly average number



Corporate Social Responsibility

Sustainability Initiative

Reducing the impacts of climate change

Corporate social responsibility has long been a fundamental part of the BTS company culture and values. This belief has guided us for more than 25 years, and it continues to shape our environmental and social responsibility.

At BTS, corporate social responsibility is an active company-wide initiative and a dynamic grassroots affair. As a company, we strive to practice environmental sustainability, promote economic development, empower our employees' personal volunteering activities, and develop thought leadership. As individuals, our people at all levels pursue the causes that empower them most and motivate the rest of us to get involved and make a difference.

Offsetting Our Carbon Footprint

At BTS, we identify environmental sustainability as a pressing priority, and we continue to take action towards creating a greener planet. We are committed to reducing greenhouse gas emissions from daily operations and embedding sustainability into our communities.

Since 2010, BTS USA has partnered with Rainforest Trust, a leading organization in the protection of tropical ecosystems and wildlife, on sustainability campaigns to preserve threatened rainforest and offset our carbon emissions. Rainforests are one of the largest carbon sinks on the planet and they are disappearing at an alarming rate. Our annual donations have helped to establish the Las Tangaras Natural Reserve in Colombia, one of the most vital rainforest sites on earth and home to a high concentration of biodiversity. In addition to safeguarding the habitat and exotic species, the Las Tangaras Nature Reserve will also protect the watershed of the Rio Atrato, the region's most important river, which serves as a vital economic resource for tens of thousands of inhabitants living in poor, rural communities.

In 2015, BTS supported Rainforest Trust in a variety of initiatives. In August, BTS sponsored the second round of the Rainforest Trust #SkipToSave campaign, supporting Rainforest Trust's 2020 Initiative to protect 20 million acres of rainforest by 2020. Every time somebody used #SkipToSave on Twitter, an acre in Lomami, Democratic Republic of Congo was protected in their honor. BTS was the corporate sponsor for the second round of the campaign, which was extraordinarily successful and surpassed goals by 266% (reaching 2,271,889 people on social networks and protecting 2,043,563 acres). BTS donations also assisted with expanding Colombia's El Jaguar Reserve by 5,421 acres.



CLIENT TESTIMONIALS

“Over the last five years, BTS has demonstrated an inspiring commitment to protecting our planet's most endangered species and the threatened forests that they depend upon for survival. We applaud the strong example BTS USA sets for environmental action in the business community and look forward to continuing our conservation efforts with the company in the years to come,” said Christine Hodgdon, International Conservation Manager for Rainforest Trust.¹⁾

¹⁾ <https://www.rainforesttrust.org/news/bts-usa-saves-colombian-rainforest/>

Developing Society

Education and entrepreneurship for every community

At BTS, we believe that companies have the same moral responsibilities to a community as individuals have. This belief has guided us for more than 25 years, and it continues to shape our social and environmental policies and efforts today.



As of June 2015, programs had been held for more than 45,000 women and men entrepreneurs in 12 developing countries.

We actively seek to make real, lasting change in people's lives. This is why we have our One for One Ambition: Our long term goal is that for every participant we educate at BTS, we offer a person in a transitioning or developing region free training using our learning materials.

Savings Bank for International Cooperation: a Global Partnership

In 2007, in partnership with the Savings Bank for International Cooperation (a non-profit organization within Sparkassenstiftung), BTS developed a business simulation program to teach business and financial acumen in developing nations. As of June 2015, programs had been held for more than 45,000 women and men entrepreneurs in 12 developing countries.

The program focuses on five key categories: record keeping, employment of staff, banking, investments, and separation of family and business accounts. The results of the program show significant, measurable impacts in increased revenues and improved cash flow, and we are excited to follow-up on these results in different parts of the world.

During 2015 BTS also partnered with SBFIC to launch the Savings Game, a program developed to target savings mobilization and financial literacy amongst students, private individuals and young households. After a successful pilot in Armenia, the program has been run in Kazakhstan and is now being demanded in countries such as Ecuador, the Philippines, and Russia. To make sure local trainers are set up for success and can lead the solution themselves, the developers of the program have been focusing on making the program available in a variety of languages and organized a "train-the-trainer program" in September 2015.

Hand in Hand in India

Hand in Hand, an organization first founded more than 20 years ago, fights poverty through education and training by helping women to start their own businesses. So far, more than 1.67 million women have been trained, leading to the development of 1.19 million micro-businesses (which in turn have improved the living conditions of more than 3 million people).



BTS supports Hand in Hand operations in the village of Thenputhur, India. The main objectives of this engagement include fighting child labor by investing in a new school, improving nutrition and hygiene, building infrastructure and supporting entrepreneurship. After a recent visit, Stefan Hellberg, BTS Executive Vice President, said, "I visited a new school in Thenputhur, and the cheers from 40 young students, all huddled on the sand floor, were incredibly inspiring and rewarding. The commitment in the villages, mostly among the women responsible for the development projects, is strong and the progress is great. We are very grateful to Hand in Hand for enabling us to help in such a concrete way."

BTS additionally supports Hand in Hand with a learning initiative, initially developed and delivered in 2011. A customized board simulation focused on building business literacy and the experience of starting a service center, this initiative continues to teach hundreds of women the critical rules of business.

Anita Borg Institute in India

In 2015, BTS delivered a solution at a large conference for 1,500 women with technological expertise. The solution was focused on providing insights into leadership and business acumen for women starting and running a business. This conference marked the beginning of cooperation initiative that BTS will continue to further develop.

Community Offerings through AVO Vision

In March 2015, BTS acquired AVO Vision, a leading South Africa-based company focused on corporate and community learning and development.

These community-focused offerings, designed to empower people in both urban and rural communities through building their leadership, management, self-mastery and sales execution skills, are a key part of the AVO Vision business portfolio. In 2014 and 2015, 57,000 individuals were trained through these programs – including 32,000 women, 1,014 small businesses, and thousands of school children.

Pro Bono Work: Northern Europe Employee of the Year

Every year, an employee from BTS Northern Europe is awarded the honor of Northern Europe Employee of the Year. Their prize? A two-week pro bono work opportunity in any transitioning or developing country in the world. Past locations include Tanzania, Nepal, New Zealand, and Borneo.

From July 20–31st, 2015, BTS senior consultant Annelien Degadt left the Brussels office to travel to Livingstone, Zambia as the recipient of this award. Degadt spent her time in Livingstone teaching a class of 45 teenagers as well as engaging in community projects, from after-school care to reading classes for adults. Writes Degadt, "My main takeaway was inspired by Ghandi: 'It's the action, not the fruit of the action, that's important. You may never know what results come from your action. But if you do nothing, there will be no result.'"

Advantage Performance Group

Helping leaders lead, sellers sell, and businesses flourish

Advantage Performance Group specializes in helping organizations accelerate positive business results by focusing on three main areas:

1. **Helping Leaders Lead:** Getting everyone aligned around top priorities and executing maximum results.
2. **Helping Sellers Sell:** Developing a winning team, able to blast past sales targets year after year.
3. **Helping Business Flourish:** Creating a business-savvy organization capable of outperforming the competition.

Advantage Performance Group (APG) is a wholly owned subsidiary of BTS in North America that serves clients in complementary ways to the traditional BTS organization and consulting team. APG is organized around a multitude of client needs mostly connected to shifts in their business.

In addition to offering many of BTS's core competencies, APG has a team of highly experienced consultants and relationships with thought leaders and resources other than BTS that allow clients to gain additional value from our collaborations, for example:

- Behavioral change and competency development solutions.
- Different engagement models like work-for-hire projects, individualized coaching solutions, and turnkey assessment platforms.
- Curriculum-based training and development needs with standard or tailored solutions.
- The flexibility to support customers both large and mid-sized.
- A very focused, nimble and cost effective approach to support initiatives with large and small teams alike.
- 31 Advantage consultants in markets throughout the US to provide dedicated, local support.

Differentiators

APG's key differentiators, as recently defined by our clients, are:

- An insightful organization that serves as a single source of world class thought leadership. We orchestrate expertise to deliver business results.



CLIENT TESTIMONIALS



APG guided my team toward the right solutions and made sure all the content was relevant and completely customized to our audience. I am very glad I made the decision to work with them for this project, it made all the difference!"

Associate Director, Global Leadership Development, Global Pharmaceutical Organization



- We are creative and bring inspired ideas to life through imaginative, yet practical, solutions.
- 2016 marks the 25th anniversary of our relentless pursuit to become our clients' most accountable partner; continuously delivering what we promise and being the first call they make when they have a need.

Creating positive business results

Over a decade ago, we partnered with Dr. Robert Brinkerhoff around his groundbreaking work on High Impact Learning and Success Case Methodologies. This partnership has grown over the years and resulted in APG's acquiring the full rights to thought leadership that is the one and only piece of proprietary content owned by APG and also leveraged by BTS: the Advantage WaySM.

The Advantage WaySM methodology creates measurable business impact from every learning initiative. When clients implement the Advantage WaySM system, their organizations achieve documented business results as well as improved job performance. They are able to measure the business impact

of the implementation of various solutions – solid proof of its value to their organization.

The Advantage WaySM continues to evolve at APG and BTS. In addition to laying the groundwork for how we do business and deliver results, we are actively working on building out a set of digitally based execution tools that can accompany any learning or change initiative in an organization. More exciting things to come in the future as we partner with our clients and Dr. Rob once again to build out Advantage WaySM 2.0.

Strategic direction for 2016

APG's 2016 strategic direction will focus on three aspects of the current business environment that are a particularly good fit for the firm:

- 1 An even closer collaboration and partnership with our colleagues at BTS to meet client needs best suited for each organization's talents, capabilities, and business models. It is our shared vision that we deliver exceptional results to our customers – together.
- 2 Continued need for sales organizations – especially in the mid-market – to enhance their performance. Even top sales teams are ready to re-tool and optimize their organizations to equip their salespeople and sales managers to capture – or re-capture – much-needed market share. APG has outstanding sales best practices, research, tools, systems, and processes for this purpose. APG's unique approach gives sales organizations a consistent, standardized methodology to managing sales performance– whatever their sales strategy is.
- 3 Cutting through the clutter for our clients. Our history, experience, and business model provides us with the broadest view amongst the multitude of firms in our fragmented marketplace. In 2016 we will be making considerable efforts to bring our best-in-class solutions, experiences and content to our prospective and existing clients in order to drive sustained behavioral change and business results.

“We sought a partner who would be hands-on, seek to know the causes of our pain, bring discernment and understanding into resolving our problem, and suggest complementary resources to meet our challenges with measurable ideas. Advantage delivered on all of this and more.”

Director of Learning and Development, North American Food Distributer



“We consider Advantage to be a partner, not a vendor. It never feels like they are trying to sell us something. We talk about what we need and their design team works with us to develop it. Even when working with competing vendors, it's always collaborative. There's a huge level of trust in our relationship.”

Senior Director, Learning and Organizational Effectiveness, Global Medical Device Firm

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Five-Year Summary

Financial ratios for the Group

SEK millions	2015	2014	2013	2012	2011
Net sales	1,043.9	781.5	688.2	770.5	697.7
Operating profit (EBIT)	109.5	82.4	69.8	97.4	89.2
Operating margin (EBIT margin), %	10.5	10.5	10.1	12.6	12.8
Operating profit before amortization of intangible assets (EBITA)	113.7	85.0	71.5	98.8	91.6
Operating margin before amortization of intangible assets (EBITA margin), %	10.9	10.9	10.4	12.8	13.1
Profit margin, %	7.0	7.2	7.0	8.3	8.3
Earnings per share, SEK	3.89	3.01	2.57	3.53	3.20
Return on equity, %	15.8	14.2	14.0	19.6	19.6
Return on operating capital, %	32.2	29.1	29.3	42.4	40.1
Operating capital	360.4	320.2	246.9	229.8	222.6
Equity	483.3	434.5	355.8	326.6	310.2
Equity per share, SEK	25.92	23.30	19.14	18.08	17.19
Equity/assets ratio, %	59.6	63.7	68.6	63.0	60.0
Dividend per share, SEK	2.35 ¹	1.75	1.75	1.75	1.60
Cash flow	22.6	-9.1	19.3	17.4	-3.9
Cash and cash equivalents	139.5	114.3	108.8	94.9	84.4
Number of employees at year-end	463	405	370	385	335
Average number of employees	436	384	376	365	325
Annual net turnover per employee	2.4	2.0	1.8	2.1	2.1

¹ Proposed dividend.

Definitions

Operating margin

Operating profit after amortization/depreciation as a percentage of net sales.

Operating margin before amortization of intangible assets (EBITA margin)

Operating profit before amortization of intangible assets as a percentage of net sales.

Profit margin

Profit for the period as a percentage of net sales.

Earnings per share

Earnings attributable to the Parent Company's shareholders divided by the number of shares.

Return on equity

Profit after tax on an annual basis as a percentage of average equity.

Return on operating capital

Operating profit as a percentage of average operating capital.

Operating capital

Balance sheet total less cash and cash equivalents, other interest-bearing assets, and non-interest-bearing liabilities.

Equity per share

Equity excluding non-controlling interests divided by the number of shares at the end of the year.

Equity/assets ratio

Equity as a percentage of the balance sheet total.

Dividend per share

Dividends proposed or adopted, divided by the number of shares at year-end.

Annual net sales per employee

Net sales for the whole year, divided by the average number of employees.

Price/earnings ratio

Price per share divided by earnings per share.

Income statement

Consolidated income statements in summary

SEK millions	2015	2014	2013	2012	2011
Net sales	1,043.9	781.5	688.2	770.5	697.7
Operating expenses	-922.5	-690.0	-610.4	-666.0	-602.1
Depreciation of property, plant, and equipment	-7.7	-6.5	-6.3	-5.8	-4.0
Amortization of intangible assets	-4.3	-2.6	-1.7	-1.4	-2.4
Operating profit	109.5	82.4	69.8	97.4	89.2

Net sales per operating unit

SEK millions	2015	2014	2013	2012	2011
BTS North America	528.6	362.2	311.5	385.8	345.8
BTS Europe	178.9	153.8	134.1	125.4	104.1
BTS Other markets	222.7	168.4	151.1	156.7	127.7
APG	113.7	97.1	91.5	102.6	120.1
Total	1,043.9	781.5	688.2	770.5	697.7

Operating profit before amortization of intangible assets (EBITA) per operating unit

SEK millions	2015	2014	2013	2012	2011
BTS North America	60.6	42.5	35.6	63.2	58.7
BTS Europe	23.3	19.8	22.7	17.6	8.0
BTS Other markets	27.3	20.1	13.8	18.6	20.2
APG	2.6	2.6	-0.6	-0.6	4.7
Total	113.8	85.0	71.5	98.8	91.6

Operating Units

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

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

BTS Other markets consists of operations in Australia, Brazil, Dubai, India, Italy, Japan, China, Mexico, Singapore, Spain, South Africa, South Korea, Taiwan and Thailand.

APG consists of operations in Advantage Performance Group.

Balance sheet

Consolidated balance sheets in summary

SEK millions	2015	2014	2013	2012	2011
<i>Assets</i>					
Non-current assets	278.9	261.4	181.4	174.0	174.4
Accounts receivable	276.8	239.0	156.0	158.5	196.9
Other current assets	115.8	67.2	72.6	91.1	61.9
Cash and cash equivalents	139.5	114.3	108.8	94.9	84.4
Total assets	811.0	681.9	518.9	518.5	517.6
<i>Equity and liabilities</i>					
Equity	483.3	434.5	355.8	326.6	310.2
Interest-bearing liabilities	12.5	–	–	–	9.3
Non-interest-bearing liabilities	315.2	247.4	163.1	191.9	198.1
Total equity and liabilities	811.0	681.9	518.9	518.5	517.6

Cash flow

Consolidated cash flow in summary

SEK millions	2015	2014	2013	2012	2011
Cash flow from operating activities	57.9	44.8	47.6	59.7	49.3
Cash flow from investing activities	–19.0	–21.0	–15.7	–14.4	–7.9
Cash flow from financing activities	–16.3	–32.9	–12.6	–27.9	–45.3
Cash and cash equivalents, start of year	114.3	108.8	94.9	84.4	88.4
Cash flow for the year	22.6	–9.1	19.3	17.4	–3.9
Translation differences in cash and cash equivalents	2.6	14.6	–5.4	–6.9	–0.1
Cash and cash equivalents, end of year	139.5	114.3	108.8	94.9	84.4

BTS share information

On June 6, 2001, the BTS share was floated on NASDAQ OMX Stockholm in connection with the issue of new stock, raising capital for the Company of SEK 78.1 million after issue expenses.

The share capital totals SEK 6,215,457, distributed among 853,800 Class A shares and 17,792,570 Class B shares, each with a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes, each Class B share one vote. All shares carry equal rights to participate in the Company's assets and profits.

At December 31, 2015, there were 1,105 (863) shareholders in the Company. Since 2002, BTS Group AB has worked to promote depth in share trading. As part of this strategy, a market maker has been engaged to work to increase interest and trading in BTS' shares.

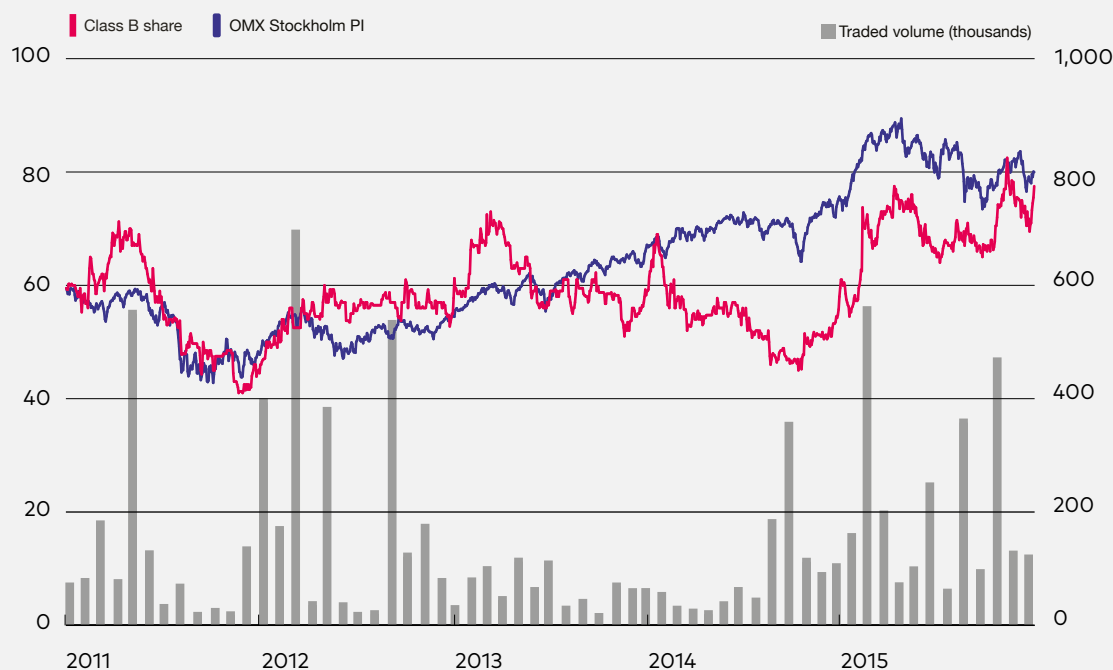
Dividend policy

The Company's goal is to distribute 40%–65% of profit after tax in the long run.

SEK	2015	2014	2013	2012	2011
Share price at December 31	77.50	59.50	59.00	61.25	46.00
Earnings per share	3.89	3.01	2.57	3.53	3.20
Price/earnings ratio, December 31	19.9	19.8	23.0	17.4	14.4
Cash and cash equivalents per share, December 31	7.48	6.13	5.85	5.25	4.68
Equity per share, December 31	25.92	23.30	19.14	18.08	17.19
Dividend per share	2.35 ¹	1.75	1.75	1.75	1.60

¹Proposed dividend.

BTS Group AB share price 2011–2015



Share capital Change in capital

Year	Transaction	Increase in share capital, SEK	Share capital, SEK	Class A shares	Class B shares	Total no. of shares	Par value per share, SEK
1999	Formation of the Company	100,000	100,000	439,900	560,100	1,000,000	00:10
1999	New issue	8,200	108,200		82,000	1,082,000	00:10
2001	Stock dividend issue	4,219,800	4,328,000			1,082,000	04:00
2001	4:1 split		4,328,000	1,319,700	1,926,300	4,328,000	01:00
2001	Conversion of Class A to Class B shares		-1,475,000	1,475,000	4,328,000	01:00	
2001	New issue	1,500,000	5,828,000		1,500,000	5,828,000	01:00
2002	New issue	69,300	5,897,300		69,300	5,897,300	01:00
2006	3:1 split		5,897,300	569,200	11,225,400	17,691,900	00:33
2006	New issue	118,800	6,016,100		356,400	18,048,300	00:33
2012	New issue	5,922	6,022,022		17,765	18,066,065	00:33
2013	New issue	174,601	6,196,623		523,805	18,589,870	00:33
2014	New issue	18,834	6,215,457		56,500	18,646,370	00:33

10 largest shareholders

Name	No. of Class A shares	No. of Class B shares	Holding	Pctg. holding	Pctg. votes
Henrik Ekelund incl. companies	816,000	3,189,034	4,005,034	21.5	43.1
Stefan af Petersens incl. companies	37,800	2,293,095	2,330,895	12.5	10.1
Placeringsfond Småbolagsfond Norden	0	2,015,342	2,015,342	10.8	7.7
Lannebo Micro Cap.	0	1,731,206	1,731,206	9.3	6.6
Swedbank Robur Småbolagsfond Norden	0	1,321,230	1,321,230	7.1	5.0
Lannebo Microcap II	0	989,848	989,848	5.3	3.7
Stefan Hellberg incl. companies	0	893,994	893,994	4.8	3.4
Nordea Småbolagsfond Sverige	0	520,307	520,307	2.8	2.0
Jonas Åkerman	0	579,350	579,350	3.1	2.2
AMF Aktiefond Småbolag	0	384,007	384,007	2.1	1.5
Total for 10 largest shareholders	853,800	13,917,413	14,771,213	79.2	85.3
Other shareholders	0	3,875,157	3,875,157	20.8	14.7
Total	853,800	17,792,570	18,646,370	100.0	100.0

Management report

The Board of Directors and CEO of BTS Group AB (publ), corporate identity number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the fiscal year 2015. The consolidated income statement and balance sheet as well as the Parent Company's income statement and balance sheet will be submitted to the Annual General Meeting for adoption.

Operations

BTS Group AB is an international consulting and education firm which focuses on the employees when organizations are executing strategic changes and works with leaders at all levels to help them make better decisions, progress from decision to action and deliver results. For 30 years, BTS has been creating motivational and effective programs which make a profound and lasting impact on their participants and their careers by inspiring new ways of thinking and enhancing the critical capabilities that employees and leaders need to achieve improved corporate performance.

BTS has a broad range of services which meet needs within strategy execution and talent development with services that monitor the employee from evaluation for selection and development, to strategic consensus and strategy implementation. This is achieved through programs in business acumen, leadership and sales and include the aid of business simulations and other forms of experiential learning and implementation tools. Most BTS clients are major corporations.

Revenue and profit

BTS's net sales increased by 34% during the year, to SEK million 1,043.9 (781.5). Adjusted for changes in exchange rates, revenues increased by 15%.

Operating profit before amortization of intangible assets (EBITA) increased by 34% during the year, to SEK 113.8 million (85.5). Operating profit was charged with SEK 4.3 million (2.6) for amortization of intangible assets attributable to acquisitions. Operating profit increased by 33% in 2015, to SEK 109.5 million (82.4).

The operating margin before amortization of intangible assets (EBITA margin) was 11% (11). The operating margin (EBIT margin) was 10% (11). Consolidated profit before tax for the year increased by 32%, to SEK 109.2 million (82.9).

Net sales for BTS's operations in North America totaled SEK 528.6 million (362.2) in 2015. Adjusted for changes in exchange rates, revenues increased by 19%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 60.6 million (42.5). The operating margin before amortization of intangible assets (EBITA margin) was 11% (12).

Net sales for Europe totaled SEK 178.9 million (153.8) in 2015. Adjusted for changes in exchange rates, revenues increased by 8%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 23.3 million (19.8) in 2015. The operating margin before amortization of intangible assets (EBITA margin) was 13% (13).

Net sales for BTS Other markets totaled SEK 222.7 million (168.4) in 2015. Adjusted for changes in exchange rates, revenues increased by 25%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 27.3 million (20.1) in 2015. The operating margin before amortization of intangible assets (EBITA margin) was 12% (12).

Net sales for APG reached SEK 113.7 million (97.1) in 2015. Adjusted for changes in exchange rates, revenues decreased by 5%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 2.6 million (2.6) in 2015. The operating margin before amortization of intangible assets (EBITA margin) was 2% (3).

Financial position

At the end of the period, cash and cash equivalents were SEK 139.5 million (114.3). The Group's interest-bearing loans, attributable to previously completed acquisitions, totaled SEK 16.7 million (0.0) at the end of the period. Equity totaled SEK 483.3 million (434.5) at year-end, and the equity/assets ratio was 60% (64). BTS's cash flow from operating activities for the year was SEK 57.7 million (44.8).

New financial targets

The Board has decided to change the company's financial targets. The new financial targets over time are:

- Growth, adjusted for changes in foreign exchange rates, 20 percent, primarily organic.
- An EBITA margin of 15 percent
- A sustained equity ratio of not less than 50 percent.

Most of BTS's sales increases have been organic and this aim remains unchanged. The company now has increased opportunities for acquisitions that complement products/services, markets and resources. Taken overall, the growth target on this basis – including acquired sales – is set at 20 percent per annum.

The margin target of 15 percent remains unchanged. This target could not be met in recent years due among other things to major initiatives for establishment in new geographic markets and for development of new digital solutions. Going forward, the company sees rising economies of scale that will allow a steady increase in margin.

The Board has also decided on a new dividend policy. The company's goal is to distribute 40 to 65 percent of profit after tax in the long run.

Business combinations

In 2015 BTS acquired the South African company AVO Vision, which provides BTS och AVO with major opportunities in the fast-growing and important African market with an enormous need of talent development. The acquisition was made by BTS's South African subsidiary acquiring the shares in AVO Vision.

All the business operations in the Australian company Synergy Group Pty Ltd were also acquired in 2015. This represents a significant strengthening of BTS's operations in Australia and will increase BTS's delivery capacity and create a considerably stronger and broader offering in Australia. This acquisition is an asset deal and was carried out via BTS's subsidiary BTS Australasia PTY Ltd.

The Board's proposed guidelines for determining salaries and other compensation to senior executives

The Board of Directors proposes that the 2015 Annual General Meeting does not change the guidelines for determining salaries and other compensation to the CEO and other senior executives. For the guidelines decided by the 2015 AGM, see Note 6.

Employees

The number of employees in BTS Group AB at December 31, 2015 was 463 (405). The average number of employees during the year was 436 (384).

Shareholders

The total number of shares outstanding is 18,646,370, consisting of 853,800 Class A and 17,792,570 Class B shares. Each Class A share entitles the holder to 10 votes per share, each Class B one vote per share. The Company's articles of association contain no restrictions on the transfer of shares. The Company has two shareholders, Henrik Ekelund and Stefan af Petersens, whose holdings each exceeded 10% of votes at year-end 2015. Some employees own shares in the Company, but the employees as a whole have no investment through any pension fund or the like. The Company is not aware of any agreements between shareholders that would restrict the right to transfer shares. Neither is there any agreement to which the Company is a party that would take effect, be changed, or cease to apply if control of the Company changed as a result of a public takeover bid.

Parent Company

The activities of the Parent Company, BTS Group AB, consist exclusively of tasks internal to the Group. The assets of the Parent Company consist primarily of shares in subsidiaries and cash and cash equivalents. The Company's net sales totaled SEK 1.9 million (1.9), and profit after financial items SEK 40.1 million (30,0). Cash and cash equivalents were SEK 0.1 million (2.2).

Outlook for 2016

Profit before tax is expected to be better than the preceding year's.

Market trends

The market for BTS's services was stable during the period and unchanged compared with the previous year. Our assessment is that BTS's competitiveness has improved, we are invited to submit tenders for more large projects and the proportion of business won is rising.

Information about risk and uncertainty

Market risks

Sensitivity to economic conditions

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

Dependence on individual customers

BTS's ten largest customers accounted for 23% of its sales in 2015. By striving for a broad customer base, BTS limits its dependence on individual customers.

No sector dominates

BTS customers are mainly active in nine business sectors: Manufacturing, Telecommunications, Information Technology, Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution, Services, Energy, and Fast-Moving Consumer Goods (FMCG). The global distribution of its customers' operations helps reduce BTS's exposure to fluctuations in specific industries.

Geographical spread

51% of BTS's sales in 2015 were in the North America operative unit, Other markets represented 21%, Europe accounted for 17% and APG 11%. In recent years, BTS has enhanced its presence in markets in Asia, Australia, South Africa, and Latin America, which in the long run will reduce dependency on North American and European markets.

Fragmented competitive situation

The market for corporate training and management is fragmented. BTS encounters different competitors in different markets and has no global competitor.

Operational risks

Quality and brands

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.

Multiple-year review

Performance for the past five fiscal years is presented below.

SEK thousands	2015	2014	2013	2012	2011
Sales	1,043,900	781,454	688,234	770,548	697,730
Operating expenses	-922,473	-690,035	-610,439	-665,972	-602,116
Depreciation of property, plant, and equipment	-7,688	-6,464	-6,267	-5,761	-4,036
Amortization of intangible assets	-4,286	-2,568	-1,685	-1,418	-2,409
Operating profit	109,452	82,387	69,842	97,396	89,169
Operating margin, EBIT, %	10	11	10	13	13
Number of employees at year-end	463	405	370	385	335
Average number of employees	436	384	376	365	325
Net sales per employee	2,394	2,035	1,830	2,111	2,147

Financial risks

Effective and systematic assessments of financial and commercial risks are vital to BTS. The Group's financial policy specifies guidelines and objectives for managing financial risks within the Group.

Financing and risk management have been gathered under the Group finance function. The subsidiaries manage all foreign exchange dealings and credit to clients within the framework of the policy. For details, see Note 2, Significant accounting policies, and Note 18, Financial instruments and financial risk management.

Foreign exchange risks

The currencies with the greatest impact on BTS's earnings are the U.S. dollar (USD), the euro (EUR), and the pound Sterling (GBP). The day- to-day exposure to fluctuations in exchange rates is limited, as revenues and expenses are primarily in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits of changes in the value of USD, EUR, and GBP in relation to the Swedish krona (SEK), when one of these currencies varies while the other rates are unchanged.

	Percentage change	SEK thousands
SEK/USD	+/-10%	7,149
SEK/EUR	+/-10%	1,032
SEK/GBP	+/-10%	1,327

Credit risks

BTS only accepts creditworthy counterparties. BTS's accounts receivable are distributed among a large number of companies operating in different sectors. The maximum credit risk at

year-end was SEK 10,407 thousand (16,520), which corresponds to the largest credit exposure to any single group.

Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents and a reserve in the form of an approved overdraft facility. BTS may borrow funds only with the approval of the Board of Directors. Any excess liquidity in subsidiaries is initially to be used to repay loans. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in market rates that could adversely affect BTS, either through increased costs of borrowing for the Company or through fluctuations in returns on the funds invested at variable interest rates.

Research and development

The development that BTS has conducted during the year is essentially related to customer-specific product development, which has been expensed directly. Any research has not occurred. For a more detailed description, see Note 2 Accounting principles.

Events after the close of the fiscal year

No material events occurred after the close of the fiscal year up until the Board's signing of the annual report, thus none have affected the preparation of the balance sheets and income statements.

Proposed appropriation of earnings

Profit brought forward	24,223,637
Profit for the year	39,305,206
Total	63,528,843

The Board of Directors proposes that earnings be appropriated as follows.

To be distributed to shareholders: SEK 2.35 per share totaling	43,818,970
To be carried forward	19,709,873
Total	63,528,843

It is proposed that the dividend be paid on May 17, 2016.

Statement from the Board of Directors on the proposed dividend

The proposed dividend to shareholders will reduce the Parent Company's equity/assets ratio to 80%, and the Group's equity/assets ratio to 57%. The equity/assets ratio as well as the cash situation is considered satisfactory.

The Board of Directors is of the opinion that the proposed dividend will not prevent the Company from fulfilling its obligations in the short or long run nor from making the requisite investments. Thus the proposed dividend is justifiable in terms of the provisions of Chapter 17, section 3, paragraphs 2–3 of the Swedish Companies Act (prudence rule).

Regarding the operations of the Group and the Parent Company in other respects, please refer to the following income statements and balance sheets and to the cash flow statements and accompanying notes.

Consolidated Income Statement

SEK thousands	NOTE	2015	2014
Net sales	9	1,043,900	781,454
<i>Operating expenses</i>			
Other external expenses	3, 4, 5	-439,499	-333,692
Employee benefit expenses	6	-482,974	-356,343
Depreciation of property, plant, and equipment and amortization of intangible assets	7, 8	-11,975	-9,031
Total operating expenses		-934,448	-699,066
OPERATING PROFIT	9	109,452	82,388
<i>Financial items</i>	10		
Financial income		503	857
Financial expenses		-766	-355
Total gain/loss on financial items		-263	502
PROFIT AFTER FINANCIAL ITEMS		109,189	82,890
Tax on profit for the year	11	-36,635	-26,805
PROFIT FOR THE YEAR		72,554	56,085
Profit for the year attributable to: Parent Company's shareholders		72,554	56,085
Earnings per share (profit for the year attributable to Parent Company shareholders)	12		
Basic and diluted earnings per share, SEK		3.89	3.01
No. of shares at year-end		18,646,370	18,646,370
Proposed dividend per share, SEK	13	2.35	1.75

Consolidated statement of comprehensive income

SEK thousands	NOTE	2015	2014
PROFIT FOR THE YEAR		72,554	56,085
Other comprehensive income			
<i>Items that later could be reclassified to profit or loss</i>			
Translation differences in equity	17	7,982	52,474
Other comprehensive income for the year, net after tax		7,982	52,474
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		80,536	108,559
portion attributable to Parent Company shareholders		80,536	108,559

Consolidated Balance Sheet

SEK thousands	NOTE	12-31-15	12-31-14
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	7	222,959	207,045
Other intangible assets	7	30,625	31,702
<i>Property, plant, and equipment</i>			
Equipment	8	15,232	13,927
<i>Financial assets</i>			
Deferred tax assets	15	3,120	2,041
Other non-current receivables	18	6,944	6,704
Total non-current assets		278,880	261,419
Current assets			
<i>Current receivables</i>			
Accounts receivable	18	276,812	239,005
Other receivables	18	10,373	5,045
Prepaid expenses and accrued income	16	105,364	62,112
Total current receivables		392,549	306,162
Cash and cash equivalents		139,547	114,293
Total current assets		532,096	420,455
TOTAL ASSETS		810,976	681,874
EQUITY AND LIABILITIES			
Equity			
	17		
Share capital		6,215	6,215
Other paid-in capital		62,692	62,692
Reserves		2,314	-5,668
Retained earnings, including profit for the year		412,034	371,266
Total equity		483,255	434,505
Non-current liabilities			
Other liabilities	18, 19	12,529	153
Total non-current liabilities		12,529	153
Current liabilities			
Accounts payable	18	21,465	22,458
Tax liabilities		37,257	28,693
Other current liabilities	18, 19	51,289	55,126
Accrued expenses and prepaid income	21	205,181	140,939
Total current liabilities		315,192	247,216
TOTAL EQUITY AND LIABILITIES		810,976	681,874
Pledged assets	23	10,000	10,000
Contingent liabilities	24	-	-

Changes in Consolidated Equity

Attributable to Parent Company

SEK thousands	NOTE 17	Share capital	Other paid-in capital	Reserves	Retained earnings	Total equity
Opening balance at January 1, 2014		6,197	60,015	-58,142	347,713	355,783
Comprehensive income						
Profit for the year					56,085	56,085
Other comprehensive income						
Translation differences				52,474		52,474
Total comprehensive income		0	0	52,474	56,085	108,559
Transactions with shareholders						
New issue		18	2,677			2,695
Dividends to shareholders					-32,532	-32,532
Total transactions with shareholders		18	2,677	0	-32,532	-29,837
Closing balance at December 31, 2014		6,215	62,692	-5,668	371,266	434,505
Opening balance at January 1, 2015		6,215	62,692	-5,668	371,266	434,505
Comprehensive income						
Profit for the year					72,554	72,554
Other comprehensive income						
Translation differences				7,982		7,982
Total comprehensive income		0	0	7,982	72,554	80,536
Transactions with shareholders						
Share-based payment according to IFRS 2					845	845
Dividends to shareholders					-32,631	-32,631
Total transactions with shareholders		0	0	0	-31,786	-31,786
Closing balance at December 31, 2015		6,215	62,692	2,314	412,034	483,255

Consolidated Cash Flow Statement

SEK thousands	NOTE	2015	2014
Operating activities			
Operating profit		109,452	82,388
Adjustments for non-cash items			
Depreciation and amortization		11,974	9,031
Financial items	10	-183	502
Tax paid for the year		-28,318	-19,466
Cash flow from operating activities before changes in working capital		92,925	72,455
Cash flow from changes in working capital			
Change in accounts receivable		-31,183	-54,628
Change in other operating receivables		-34,461	1,768
Change in accounts payables and other operating liabilities		30,583	25,218
Cash flow from changes in working capital		-35,061	-27,642
Cash flow from operating activities		57,864	44,813
Investing activities			
Acquisition of property, plant, and equipment		-8,896	-4,719
Acquisition of intangible assets	22	-10,124	-16,322
Cash flow from investing activities		-19,020	-21,041
Financing activities			
Repayment of loan		-152	-339
Borrowings		16,490	-
Dividends to shareholders		-32,631	-32,532
Cash flow from financing activities		-16,293	-32,871
Cash flow for the year		22,551	-9,099
Cash and cash equivalents, start of year		114,293	108,833
Translation differences in cash and cash equivalents		2,703	14,559
Cash and cash equivalents, end of year		139,547	114,293

Parent Company's Income Statement

SEK thousands	NOTE	2015	2014
Net turnover	3	1,855	1,885
<i>Operating expenses</i>			
Other external expenses	3, 4	-1,067	-739
Employee benefit expenses	6	-1,150	-973
Total operating expenses		-2,217	-1,712
OPERATING PROFIT		-362	173
<i>Financial items</i>	10		
Gains/losses on other securities and receivables held as non-current assets		40,483	29,797
Interest income and similar profit/loss items		252	8
Interest expenses and similar profit/loss items		-322	-
Total gain/loss on financial items		40,413	29,805
PROFIT AFTER FINANCIAL ITEMS		40,051	29,978
Tax on profit for the year	11	-746	-678
PROFIT FOR THE YEAR		39,305	29,300

Parent Company's statement of comprehensive income

SEK thousands	NOTE	2015	2014
PROFIT FOR THE YEAR		39,305	29,300
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		39,305	29,300
Attributable to Parent Company shareholders		39,305	29,300

Parent Company's Balance Sheet

SEK thousands	NOTE	12-31-15	12-31-14
ASSETS			
Non-current assets			
<i>Financial assets</i>	14		
Participations in Group companies		101,976	101,976
Total non-current assets		101,976	101,976
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		26,258	984
Total current receivables		26,258	984
Cash and cash equivalents		124	2,227
Total current assets		26,382	3,211
TOTAL ASSETS		128,358	105,187
EQUITY AND LIABILITIES			
Equity	17		
<i>Restricted equity</i>			
Share capital		6,215	6,215
Statutory reserve		41,390	41,390
Total restricted equity		47,605	47,605
<i>Non-restricted equity</i>			
Retained earnings		24,224	27,555
Profit for the year		39,305	29,300
Total non-restricted equity		63,529	56,855
Total equity		111,134	104,460
Non-current liabilities			
Other non-current liabilities		12,529	–
Total non-current liabilities	18, 19	12,529	–
Current liabilities			
Accounts payable		46	174
Tax liabilities		110	149
Other current liabilities	18	4,180	16
Accrued expenses and prepaid income	21	359	388
Total current liabilities		4,695	727
TOTAL EQUITY AND LIABILITIES		128,358	105,187
Pledged assets	23	–	–
Contingent liabilities	24	4,698	4,394

Parent Company's Cash Flow Statement

SEK thousands	NOTE	2015	2014
Operating activities			
Operating profit		-362	173
Financial income and expense	10	9	8
Tax paid for the year		-782	-631
Cash flow from operating activities before changes in working capital		-1,135	-450
<i>Cash flow from changes in working capital</i>			
Change in operating receivables		-25,129	-931
Change in accounts payables and other operating liabilities		-181	1,330
Cash flow from changes in working capital		-25,310	399
Cash flow from operating activities		-26,445	-51
Investing activities			
Dividends received from subsidiaries		37,158	26,897
Cash flow from investing activities		37,158	26,897
Financing activities			
Group contributions		3,325	2,900
Borrowings		16,490	-
Dividends to shareholders		-32,631	-32,532
Cash flow from financing activities		-12,816	-29,632
Cash flow for the year		-2,103	-2,786
Cash and cash equivalents, start of year		2,227	5,013
Cash and cash equivalents, end of year		124	2,227

Changes in Parent Company's Equity

SEK thousands	NOTE 17	Share capital	Other paid-in capital	Reserves	Retained earnings	Total equity
Opening balance at January 1, 2014		6,197	41,390	43,814	13,596	104,997
<i>Appropriation of earnings according to AGM</i>						
Transfer to retained earnings				13,596	-13,596	0
Total comprehensive income for the period					29,300	29,300
Transactions with shareholders						
Dividends to shareholders				-32,532		-32,532
New issue		18		2,677		2,695
Closing balance at December 31, 2014		6,215	41,390	27,555	29,300	104,460
Opening balance at January 1, 2015		6,215	41,390	27,555	29,300	104,460
<i>Appropriation of earnings according to AGM</i>						
Transfer to retained earnings				29,300	-29,300	0
Total comprehensive income for the period					39,305	39,305
Transactions with shareholders						
Dividends to shareholders				-32,631		-32,631
Closing balance at December 31, 2015		6,215	41,390	24,224	39,305	111,134

Notes to the Annual Report

NOTE 1 | General information

The Parent Company is a public limited liability company registered and headquartered in Stockholm, Sweden, at Grevgatan 34, SE-114 53 Stockholm. The Parent Company is listed on Nasdaq Stockholm. BTS is an international consulting and education firm which focuses on individuals when organizations are executing strategic changes and works with leaders at all levels to help them make better decisions, progress from decision to action and deliver results. BTS has a broad range of services which meet needs within both strategy execution and talent development with services that monitor the employee from evaluation for selection and development, to strategic consensus and strategy implementation. This is achieved through programs in business acumen, leadership and sales with the aid of business simulations and other forms of experiential learning and implementation tools. Most BTS clients are major corporations.

The annual report and consolidated financial statements were approved for publication by the Board of Directors on April 11, 2016.

NOTE 2 | Significant accounting policies

Amounts are stated in SEK thousands unless otherwise stated.

BTS prepares its consolidated financial statements in compliance with the Annual Accounts Act (ÅRL), the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Regulations for Groups, and the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union. Unless otherwise stated, these principles were also applied for the multiple year reviews presented.

The Parent Company has followed the provisions of the ÅRL and RFR 2, Accounting for Legal Entities. The Parent Company's shareholdings in subsidiaries are reported using the cost method.

The Parent Company recognizes group contributions in the income statement which deviates from the accounting policies applied in the Group.

The most important accounting principles applied in the preparation of the consolidated financial statements are described below. These policies were applied consistently for all years presented, unless otherwise stated.

New and amended accounting principles

None of the new and amended standards and interpretations applied for the first time in the financial year beginning January 1, 2015, have had a material impact on the Group's financial statements.

New and amended accounting principles not yet applied

New and amended standards and interpretations that have been issued but are effective for annual periods beginning after January 1, 2015, are specified below. None of these has been applied prospectively. No new or amended IFRSs or IFRIC interpretations that are mandatory for the financial year that starts on January 1, 2016, or later and has been approved by the EU is expected to have a material impact on the consolidated financial statements. IASB

has published several new and amended accounting principles which have not yet been approved by the EU but which might possibly have a material impact on the consolidated financial statements in the event of future approval. BTS thus intended to pay attention to these principles but does not intend, where the opportunity exists, to apply these accounting principles prospectively.

IFRS 9 Financial Instruments was issued in a complete version in July 2014 and is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 combines all aspects of recognition of financial instruments (with the exception of macro hedges): classification, measurement, impairment and hedge accounting. Classification and measurement: The categories for classification of financial assets in IAS 39 will be replaced by two categories, where measurement will be made a fair value or amortized cost.

The impairment model which in IAS 39 was based on incurred losses is based in IFRS 9 on expected credit losses which requires a more timely recognition of credit losses. Hedge accounting is improved in IFRS 9 so that the effects of how an entity manages the risks in its financial instruments is reflected more clearly in the financial statements. This standard will be applied retroactively and is mandatory for application in the financial year beginning on January 1, 2018, or later but is available for earlier application. The Group has not yet evaluated the effects of introduction of the standard.

IFRS 15 Revenue from Contracts with Customers which was issued by IASB in May 2014 is a comprehensive, principles-based standard for all revenue recognition, regardless of type of transaction or sector which replaces all previously published standards and interpretations related to revenue recognition. The standard will be applied retroactively and is mandatory for application in the financial year beginning on January 1, 2018, or later but is available for earlier application. The Group has not yet evaluated the effects of introduction of the standard.

IFRS 16 Leases was issued by IASB in January 2016 and is intended to replace IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires all assets and liabilities attributable to all leases, with a few exceptions, be recognized in the balance sheet. Lessor accounting is substantially unchanged. The standard is mandatory for application in the financial year beginning on January 1, 2019, or later. Early application is permitted. The EU has not yet approved the standard. The Group has not yet evaluated the effects of introduction of IFRS 16.

No other issued IFRSs or IFRIC interpretations not yet approved by the European Commission are expected to be relevant to the consolidated financial statements.

Consolidated financial statements

Subsidiaries are all companies (including structured entities) over which the Group has control. The Group controls a company when it is exposed to or entitled to variable returns from its holding in the company and is able to influence returns through its influence in the company. Subsidiaries are included in the consolidated financial statements from and including the date control was transferred to the Group. They are excluded from the consolidated financial statements from and including the date control ceases.

The Group's annual accounts have been prepared according to the acquisition method. A subsidiary's purchase price consists of the fair value of the transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all the assets or liabilities that result from a contingent purchase price agreement. Acquisition-related costs are expensed as they occur. Identifiable acquired assets and assumed liabilities in a business combination are initially valued at fair value on the acquisition date, based on a market evaluation performed at the time of the acquisition. The acquired subsidiaries' equity is completely eliminated, which means that only the portion of the subsidiary's equity that was gained after the acquisition is included in Group equity.

If the consolidated acquisition value of the subsidiary's shares exceed the net value of identified acquired assets and assumed liabilities recorded in an acquisition analysis, the difference is recognized as goodwill.

Companies acquired during the fiscal year are included in the consolidated financial statements beginning on the date the Group began to exercise control over the company, with the amounts referring to the period after this date.

When the Group no longer has control each remaining holding is measured at fair value on the date control no longer applies. Change in carrying amount is recognized in profit or loss. Fair value is used as the initial recognized value and provides the basis for continued recognition of the remaining holding as an associate, joint venture or financial asset. All amounts relating to the disposed unit previously recognized in other comprehensive income are recognized as if the Group had directly disposed of the attributable assets or liabilities. This can result in amounts previously recognized in other comprehensive income being reclassified to profit or loss.

Intra-group transactions and balance sheet items, as well as intra-group profits or losses are eliminated in full.

All transactions with non-controlling interests are recognized in equity as long as they do not cause any change in control. These transactions do not create goodwill or gains or losses.

The accounting principles for subsidiaries have been amended where appropriate in order to guarantee the consistent application of the Group's principles.

Exchange rates for currencies relevant to the Group:

	Average 2015	December 31, 2015	Average 2014	December 31, 2014
USD	8.43	8.35	6.85	7.81
EUR	9.36	9.14	9.09	9.52
GBP	12.89	12.38	11.28	12.14
AUD	6.35	6.09	6.17	6.37
SGD	6.14	5.91	5.41	5.91
ZAR	0.67	0.54	0.63	0.67
MXN	0.53	0.48	0.52	0.53

Other currencies have not had a material impact on the consolidated balance sheets or income statements.

Revenue/Assignments in progress

Revenue is recognized on delivery of services to clients based on agreements signed.

Income from completed customization/development assignments and the expenses attributable to the assignment are recognized as revenue and expenses, respectively, in proportion to the degree of completion of the assignment at the end of the reporting period (percentage of completion method). The degree of completion of an assignment is determined by comparing the expenses paid up to the end of the reporting period with estimated

total expenditure for the assignment. If the outcome of a service assignment cannot be reliably calculated, the revenue from that assignment is recognized only to the extent corresponding to the assignment expenses incurred that are likely to be covered by the client. Anticipated losses on assignments are recognized directly as expenses.

When educational services, "seminars", are delivered to a client, they are recognized as revenue immediately after the implementation.

Revenues for licenses, i.e. the customer's right to independently use the materials and solutions for a certain period and/or a certain number of occasions, are recognized when a binding agreement has been reached and BTS has fulfilled its obligations to the client, and the amount of the revenue is known.

Research and development

Expenditure for customer-specific product development is expensed directly. Expenditure related to development projects (attributable to the development and testing of new or improved products) is capitalized as an intangible asset to the extent such expenditure can be expected to generate future economic benefits. The company has not conducted any research. The development normally conducted by BTS is customer-specific.

Employee benefits

Pensions

The Group has different pension plans in different countries. All are defined-contribution plans, and the assets are managed by external parties. The Company pays fixed fees and has thereby fulfilled its obligations. The costs are charged to consolidated earnings as pension rights are vested.

Share-based payments

BTS Group Ab issued employee stock options to the Group's employees in 2015. The program enables employees to acquire stock in the company. The fair value of the allocated stock options is recognized as an employee benefit expense with a corresponding increase in equity. The fair value of the allocated stock options is calculated using the Black and Scholes model and taking into consideration the conditions prevailing at the time of allocation. The cost recognized corresponds to the fair value of the estimated number of stock options and shares expected to be vested. Social security contributions attributable to share-based payments to employees as compensation for purchased services are expensed and distributed over the periods during which the services are performed. Provisions for social security contributions are based on the stock options' fair value at the time of the report. The fair value is calculated using the same valuation model and parameter values used when the stock options were issued.

Borrowing

Borrowing expenses are charged to earnings for the period to which they refer.

Borrowings are recognized initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortized cost as per the effective interest method. The effective interest method distributes interest income and expenses over the relevant period. The effective interest is the interest rate that exactly discounts the estimated future disbursements to the financial liability's net carrying amount.

Non-current liabilities are liabilities with an anticipated duration longer than 12 months. All others are current liabilities.

Income taxes

Income taxes recognized comprise taxes for the current year that are to be paid or received as well as changes in deferred tax. All tax liabilities and claims are measured at their nominal amounts

according to the tax rules and tax rates that have been decided or announced and that most probably will be adopted. Tax effects associated with items recognized in the income statement are also recognized in the income statement. Tax effects associated with items recognized in equity are also recognized in equity.

Current tax is the tax to be paid or received for the current year. This includes adjustments of current tax attributable to prior periods.

According to the balance sheet method, deferred tax is calculated on all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax assets relating to loss carryforwards or other future tax-effective deductions are recognized to the extent that it is likely they can be used to offset profits for future taxation.

Segment reporting

Operating segments are reported in a manner that agrees with internal reporting that is provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocation of resources and assessment of operating segments' earnings. In the Group it is the Parent Company's CEO who makes strategic decisions. BTS's operating segments consist of the Group's operating units BTS North America, BTS Europe, BTS Other Markets and APG. Each subsidiary's share of consolidated sales is used as a weight for allocation of Group wide overhead.

Leases and rental agreements

When a lease entitles the Company as lessee to all financial benefits and risks attributable to the leased asset, the asset is recognized as a non-current asset in the balance sheet. The corresponding obligation to pay lease charges in the future is recognized as a liability. Assets are depreciated at a rate corresponding to their expected useful life.

A lease in which a significant portion of the risks and benefits associated with ownership are retained by the lessor is classified as an operating lease. Payments made during the term of the lease are expensed in the income statement on a straight-line basis over the period of the lease.

Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost less accumulated depreciation and impairment losses, if any. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Planned depreciation is charged on a straight-line basis based on the acquisition cost and the estimated useful life. The following depreciation periods apply for existing assets:

- Equipment and installations, 3–6 years

The residual value and useful life are tested annually and adjusted as necessary.

Intangible assets

Goodwill

Goodwill is initially valued as the amount by which a total purchase price of the acquired net assets exceed the fair value of the identifiable acquired assets and assumed liabilities. If the purchase price is lower than the fair value of acquired net assets, the difference is recorded directly in the income statement. Impairment tests are conducted annually or more frequently if there are indications of a decline in value.

Products, technology and software

Acquired products, technology, and software have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (2–9 years).

Franchise contracts

Acquired franchise contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated period of use (10 years).

Customer contracts

Acquired customer contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (2–15 years).

Brands

Acquired brands with an indefinite useful life are recognized at acquisition cost less accumulated impairment losses as required. Impairment tests are performed annually or more frequently if impairment is indicated.

Acquired brands with a limited useful life are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (10 years).

Impairment

When there are indications that the carrying amount of any property, plant, equipment, or intangible asset, exceeds its recoverable amount, an impairment test is performed. The recoverable amount is the higher of an asset's net realizable value and value in use. If it cannot be determined for an individual asset, the recoverable amount of the smallest cash-generating unit to which the asset belongs is calculated.

Each year the Group performs impairment tests on goodwill or brands according to the following principle:

The recoverable amounts are based on value in use, calculated as the present value of future growth and earnings forecasts during multiple years, taking into account extrapolated cash flows beyond this multiyear period. Impairment tests are carried out on the operating segment level, which is the lowest level in the company at which goodwill is monitored.

Any impairment is recognized immediately as an expense and not reversed.

Critical estimates and judgments

To prepare the financial statements in accordance with IFRS, executive management must make judgments, estimates, and assumptions that affect the application of the accounting policies and the amounts recognized as assets, liabilities, income, and expenses. The estimates and assumptions are based on historical experience and various other factors that appear reasonable in the prevailing circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities that would not be evident from other sources. Actual outcomes may deviate from these estimates and judgments. Estimates and judgments are periodically reviewed. Changes in estimates are recognized in the period in which the change is made if the change affected only that period.

Impairment tests on goodwill and intangible assets with indefinite useful life

Each year the Group performs impairment tests on goodwill and intangible assets with indefinite useful life in accordance with the principle described above. Recoverable amounts for cash-generating units have been determined by calculating the value in use. Certain estimates must be made for these calculations; please see Note 7.

Determination of additional consideration

To determine anticipated additional consideration, the Group makes realistic estimates of future growth and earnings for multiple years, separately for each subsidiary acquired.

Financial instruments

Financial assets and liabilities are recognized in the balance sheets whenever there is a contractual right or obligation to receive or remit cash or other financial assets from or to another party, or to exchange one financial instrument for another.

The Group classifies and measures financial instruments in the following categories:

Loans and accounts receivable

Refers to non-derivative financial assets that are not listed on an active market but have payments that can be determined. These items are included in current assets unless due more than 12 months after the end of the reporting period, in which case they are recognized as non-current assets. BTS's loan and trade receivables are recognized at amortized cost using the effective interest method, less any provisions for impairment. Current receivables such as accounts receivable are deemed as nominal value and as reasonably approximate to their fair value, so they are not discounted to present value.

A provision is made for impairment of an account receivable when objective evidence indicates that BTS will not be able to secure payment of the entire amount due as per the original terms of the receivable. Significant financial difficulties of a debtor – for example the probability of the debtor declaring bankruptcy or undergoing a financial reconstruction – are regarded as indications of the possible impairment of an account receivable. The size of the provision is based on the difference between the carrying amount of the asset and the estimated future cash flows. Provisions are made for doubtful accounts receivable after tests in each individual case.

Cash and cash equivalents

Cash and cash equivalents are cash and demand deposits at banks and similar institutions, plus current liquid investments with a duration less than three months from the date of acquisition.

Financial liabilities

Financial liabilities held during the year are measured at amortized cost using the effective interest method. Current liabilities such as trade payables are deemed reasonably approximate to their fair value, so they are not discounted to present value.

Translation of foreign currency

Functional currency and presentation currency

Items in the financial statements for the various units in the Group are measured in the currency used in the economic environment in which the company conducts its main business activities (functional

currency). Swedish krona (SEK), which is the Group's presentation currency, is used in the consolidated financial statements.

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date or the date the items are remeasured.

Currency gains and currency losses that arise from payment of such transactions or translation of assets and liabilities in foreign currency at the exchange rate at the end of the reporting period, are recognized in profit or loss.

Group companies

Profit or loss and financial position for all Group companies whose functional currency is different from the presentation currency are translated to the Group's presentation currency as follows:

- assets and liabilities for each of the balance sheets are translated at the exchange rate at the end of the reporting period,
- income and expenses for each of the income statements are translated at the average exchange rate for the year,
- all exchange differences that arise are recognized in other comprehensive income.

Goodwill and fair value adjustments arising at acquisition of foreign operations are treated as assets and liabilities of those operations and translated at the exchange rate at the end of the reporting period. Exchange differences are recognized in other comprehensive income.

Cash flow statement

The cash flow statement is prepared according to the indirect method. The reported cash flow comprises only transactions that entail incoming and outgoing payments. Cash flow is reported divided into continuing operations, investing activities and financing activities.

Cash and cash equivalents are cash and demand deposits at banks and similar institutions, plus current liquid investments with a duration less than three months from the date of acquisition.

NOTE 3 | Transactions with related parties

The Parent Company has a close relationship with its subsidiaries, see Note 14. Except for transactions between Group companies, related-party (the Board, the CEO and other senior executives) transactions took place as shown in Note 6.

The subsidiary in the UK has also acquired services from a related party with a value of SEK 9.0 million on market terms and conditions.

Purchases and sales between Group companies

Group

Market terms and conditions apply to the supply of services between subsidiaries. The value of these are shown in Note 9.

Receivables and liabilities between Group companies are attributable exclusively to selling and purchasing transactions between the companies. The value of these is specified in Note 9. The liabilities are interest-free.

Parent company

Of the Parent Company's total purchasing expenses and sales income, 0% (0) of purchases and 100% (100) of sales refer to other Group companies.

NOTE 4 | Information about auditors' fees

Fees and remuneration

SEK thousands	Group		Parent Company	
	2015	2014	2015	2014
Öhrlings				
PricewaterhouseCoopers				
Audit assignments	413	492	167	282
Other assignments	55	–	55	–
Other auditors				
Audit assignments	895	717	–	–
Other assignments	540	367	–	–
	1,903	1,576	222	282

NOTE 5 | Leases and rental agreements

Group

The Group has no financial leases. Expenses for operating leases totaled till 31,494 (26,154) for the year. Future leasing and rental fees for operating leases are as follows.

SEK thousands	
2016	28,568
2017	14,965
2018	9,230
2019	4,490
2020	2,787
Later	2,165
Total	62,205

The majority of the Group's lease agreements concern premises and office and IT equipment. The Group's operating lease agreements do not contain any variable fees of material value. The agreements do not contain any restrictions.

NOTE 6 | Average number of employees, salaries, other compensation, social security contributions, etc.

Average number of employees

Group	2015		2014	
	Number of employees	Of which men	Number of employees	Of which men
Subsidiaries				
Sweden	24	15	23	14
Denmark	1	1	2	1
Finland	4	3	4	3
Belgium	3	1	4	2
Germany	1	1	3	1
France	5	3	4	2
Switzerland	2	1	2	1
Spain	34	18	30	17
United Kingdom	36	19	32	16
The Netherlands	4	4	3	3
United States	205	116	179	112
Australia	17	12	17	13
Mexico	11	6	11	6
Brazil	6	3	8	4
Singapore	14	6	12	5
South Africa	27	9	16	6
Japan	4	3	5	4
India	25	15	17	12
South Korea	4	2	3	2
Taiwan	3	1	3	1
China	5	2	5	3
Thailand	1	1	1	1
Total for the Group	436	242	384	229

Distribution of senior executives by gender, %

	2015		2014	
	Women	Men	Women	Men
CEO and other senior executives (excl. the Board)	0	100	0	100
Board Parent Company	20	80	20	80
Board Group	0	100	0	100

In this context, "other senior executives" refers to the two people who, together with the CEO, constitute the Group management team.

Parent Company

The Parent Company had no employees in 2015.

Salaries, other compensation, and social security contributions

Group	2015		2014	
	Salaries and compensation	Social security contributions of which pension expenses	Salaries and compensation	Social security contributions of which pension expenses
SEK thousands				
Subsidiaries	432,915	65,671	313,801	49,030
		14,837		10,015

Pension expenses for employees who are president of or a member of the board of a Group company totaled 3,015 (1,916). All pension plans are defined-contribution plans.

Parent Company

The CEO is a member of the Board but receives no Board fee. Other members of the Board in the Parent Company have received compensation only in the form of Board fees.

SEK thousands		2015	2014
Michael Grindfors	Chairman of the Board	331	275
Mariana Burenstam Linder	Member	162	125
Stefan Gardefjord	Member	208*	170*
Dag Sehlin	Member	208*	170*
Total		909	740

* of which committee fee 45 (45)

For the CEO, see the figures for compensation to senior executives below.

Salaries and other compensation by country and divided between Board members and others

Group	2015		2014	
	Board and CEO	Other employees	Board and CEO	Other employees
SEK thousands				
In Sweden				
Parent Company	909	–	740	–
Subsidiaries	2,036	20,281	2,870	21,379
Total Sweden	2,945	20,281	3,610	21,379
Outside Sweden				
United States	9,698	261,449	7,076	183,430
Europe	13,002	54,754	12,981	31,690
Other	6,009	64,777	4,586	49,049
Total outside Sweden	28,709	380,980	24,643	264,169
Total for the Group	31,654	401,261	28,253	285,548

Terms of employment and compensation for senior executives

Guidelines for compensation and other terms of employment for senior executives

The Company shall employ persons under conditions and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's objectives. When employing persons outside Sweden, the Company shall comply with each country's generally accepted terms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 30% of the fixed basic salary. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs.

The Board is entitled to deviate from the above policies in individual cases under special circumstances. The Board intends to propose to the AGM that the policies remain unchanged in 2016.

Compensation and benefits of the senior executives

Compensation includes basic salary, other benefits, variable compensation, and pension expenses.

Other benefits consist exclusively of company cars. The sum total of compensation paid to senior executives was 16,020 (11,680), of which pension expenses were 2,556 (1,464). All pension plans are defined-contribution plans.

The CEO Henrik Ekelund was paid salary and other benefits totaling 4,851 (3,516), including 353 (317) in variable compensation. Variable compensation is calculated using a model that triggers payment when Group earnings exceed predefined profitability targets. The CEO has a defined-contribution pension entitlement equal to 25% (25) percent of his fixed salary, paid in the form of pension insurance entitling the CEO to a pension from the age of 65.

The CEO's employment contract states a mutual period of notice of six months. In addition, if the Company terminates the CEO's employment contract, the CEO is entitled to a severance package corresponding to 12 months' salary. None of the other senior executives is entitled to a severance package.

Other senior executives have been paid salaries and other benefits totaling 8,613 (6,699), of which variable remuneration was 3,220 (2,317). Variable compensation is based on targets achieved by the Company and the individual. Provisions to pensions are made individually at 13–30% of the fixed salary and paid in the form of pension insurance entitling the executive to a pension from the age of 65.

Share-based payment

Employee stock option program 2015/2019

The 2015 Annual General Meeting resolved on an employee stock option program 2015/2019. Allocation to be a maximum of 40,000 stock options per employee. A maximum total of 150 people could be allocated stock options. Board members elected by the Annual General Meeting and who are not also employees of the company or another group company or the Parent Company's CEO, are not allocated any stock options.

The 2015/2019 employee stock option program comprises a maximum total of 840,000 stock options, entitling to acquisition of a corresponding number of Class B shares in BTS Group AB.

Each stock option allocated to an employee entitles the holder to acquire one Class B share in BTS at an exercise price of SEK 82.30. Each stock option is valid for four years. The options have vesting conditions such that they can be exercised successively for three years after the allocation, with normally 1/3 of the total number of allocated stock options per year, provided certain financial targets set by the Board are attained. The Company's Board has set as a target that the operating margin before amortization of intangible assets (EBITA margin) for each year shall amount to at least 12% for all the stock options for each year to be exercised. If the EBITA margin is less than 12%, the number of options available for exercise is reduced. If the EBITA margin is less than 10%, no exercise of the options will be allowed. Stock options that cannot be exercised are forfeited.

Exercise of stock options is contingent on continued employment on the exercise date and can take place after the options are exercisable between September 1, 2016 and June 30, 2019, both dates inclusive.

The value of employee stock options has been calculated using the Black & Scholes valuation model based on the share price and other market conditions on July 6, 2015, without taking vesting limitations into account. Considering performance conditions and assuming an annual employee turnover of 5%, the compensation

expense is estimated to total SEK 2.9 million which according to IFRS 2 is recognized in installments over the vesting period. The expense for the fiscal year amounted to 845. Other key parameters in the model were the volume-weighted average price paid during the 10 trading days prior to allocation of SEK 64.12, the above exercise price, volatility of 30%, anticipated dividend of SEK 2.2, as well as a risk-free interest of -0.35% for maturities of 2.5 years, -0.25% for 3.0 years and -0.15% for 3.5 years.

Social security contributions are recognized as an expense during the vesting period and a provision for these is accumulated as necessary during the vesting period. The value of this provision and thus the expense recognized are remeasured continuously based on changes in the value of the employee stock options. Employee stock options allocated to American employees may be ISO options, which means that this, according to current legislation, do not incur social security contributions.

To be able to carry out the employee stock option plan in a cost-effective and flexible manner and to cover future expenses, mainly social security contributions, the Annual General Meeting held on May 7, 2015, also resolved on a private placement of warrants with the wholly owned Swedish subsidiary BTS Sverige AB, reg. no. 556566-7127, carrying entitlement to subscribe for a maximum total of 966,000 Class B shares with a right and obligation for BTS Sverige AB to transfer or otherwise dispose of the warrants in order to fulfill the commitments of the Company or another employer company in the Group and to cover future costs resulting from the employee stock option plan.

Assuming that all warrants as above are exercised for subscription of new shares, the Company's share capital will increased by SEK 322,000 and result in a dilution equivalent to approximately 5% of the share capital and a maximum of approximately 4% of the voting rights for all shares.

NOTE 7 | Intangible assets

Group Goodwill

SEK thousands	12-31-15	12-31-14
Accumulated acquisition cost, opening balance	210,771	146,759
Purchases	2,269	37,402
Translation difference	13,645	26,610
Accumulated acquisition cost, closing balance	226,685	210,771
Accumulated impairments, opening balance	-3 726	-3,726
Accumulated impairments, closing balance	-3 726	-3,726
Carrying amount, closing balance	222,959	207,045

Other intangible assets

SEK thousands	12-31-15	12-31-14
Franchise contracts		
Accumulated acquisition cost, opening balance	9,658	8,047
Translation difference	669	1,611
Accumulated acquisition cost, closing balance	10,327	9,658
Accumulated amortization, opening balance	5,325	3,901
Amortization for the year	695	565
Translation difference	362	859
Accumulated amortization, closing balance	6,382	5,325
Carrying amount, closing balance	3,945	4,333

SEK thousands	12-31-15	12-31-14
Technology, products & software		
Accumulated acquisition cost, opening balance	50,918	34,812
Purchases	390	9,133
Translation difference	3,524	6,973
Accumulated acquisition cost, closing balance	54,832	50,918
Accumulated amortization, opening balance	35,535	28,386
Amortization for the year	1,509	708
Translation difference	2,448	6,441
Accumulated amortization, closing balance	39,492	35,535
Carrying amount, closing balance	15 340	15,383

SEK thousands	12-31-15	12-31-14
Customer contracts		
Accumulated acquisition cost, opening balance	7,603	4,015
Purchases	390	2,784
Translation difference	526	804
Accumulated acquisition cost, closing balance	8,519	7,603
Accumulated amortization, opening balance	3,194	2,259
Amortization for the year	693	364
Translation difference	210	571
Accumulated amortization, closing balance	4,097	3,194
Carrying amount, closing balance	4,422	4,409

SEK thousands	12-31-15	12-31-14
Brands		
Accumulated acquisition cost, opening balance	14,553	9,805
Purchases	195	2,784
Translation difference	1,007	1,964
Accumulated acquisition cost, closing balance	15,755	14,553
Accumulated amortization, opening balance	6,976	5,532
Amortization for the year	1,389	931
Translation difference	472	513
Accumulated amortization, closing balance	8,837	6,976
Carrying amount, closing balance	6,918	7,577
Total closing balance, carrying amount of other intangible assets	30,625	31,702

Impairment tests

Goodwill and other intangible assets are allocated among the cash-generating units expected to benefit from the synergies of business acquisitions. The recoverable amounts are based on the value in use, calculated as the present value of future growth and earnings forecast for four years, and on cash flows extrapolated beyond that four-year period. Impairment tests are carried out on the operating segment level, which is the lowest level in the company at which goodwill is monitored.

Material assumptions used to calculate values in use:

- budgeted operating margin
- growth rate to extrapolate cash flows beyond the budget period
- discount rate applied for estimated future cash flows.

The budgeted operating margin has been determined based on previous performance and expectations of future market trends. To extrapolate cash flows beyond the budget period, a growth rate of 3–4 % (3–4) was assumed, which is judged to be a conservative estimate. Also, an average discount rate in local currency after tax was used for the calculations. The discount rate used is 9.0 % (9.5).

Following impairment tests and sensitivity analyses, no impairment was indicated at December 31, 2015.

- A sensitivity analysis was performed for each cash-generating unit, the results of which are given below.
- If the estimated operating margin was 10 % less than the basic assumption, the overall recoverable amount would decrease 11% (11).
- If the estimated growth rate for extrapolating cash flows beyond the budget period was 10 % less than the basic assumption of 3–4 %, the overall recoverable amount would decrease 4% (4).
- If the estimated weighted cost of capital used for the discounted cash flows for the Group was 10% more than the basic assumption of 9.0% (9.5), the overall recoverable amount would decrease 14% (14).

These calculations are hypothetical and should not be seen as any indication that these factors are more or less likely to change. The sensitivity analyses should therefore be interpreted with caution. None of the cases above would indicate impairment of any individual unit.

Distribution of goodwill and other intangible assets by segment

Group SEK thousands 12-31-15	North America	Europe	Other markets	APG	Total
Goodwill	182,165	–	12,419	28,375	222,959
Franchise contracts				3,945	3,945
Customer contracts	4,032		390		4,422
Technology, Products & Software	14,950		390		15,340
Brands	6,723		195		6,918

SEK thousands 12-31-15	North America	Europe	Other markets	APG	Total
Total	207,870	–	13,394	32,320	253,584

SEK thousands 12-31-14	North America	Europe	Other markets	APG	Total
Goodwill	170,357	–	10,150	26,538	207,045
Franchise contracts				4,333	4,333
Customer contracts	4,409				4,409
Technology, Products & Software	15,383				15,383
Brands	7,577				7,577
Total	197,726	–	10,150	30,871	238,747

NOTE 8 | Property, plant, and equipment

Group Equipment SEK thousands	12-31-15	12-31-14
Accumulated acquisition cost, opening balance	54,154	44,608
Purchases	8,896	5,140
Disposals	–1,752	–2,720
Translation difference	1,732	7,126
Accumulated acquisition cost, closing balance	63,030	54,154
Accumulated depreciation, opening balance	40,227	30,891
Disposals	7,688	6,464
Depreciation for the year	–1,382	–2,720
Translation difference	1,265	5,592
Accumulated depreciation, closing balance	47,798	40,227
Carrying amount, closing balance	15,232	13,927

NOTE 9 | Segment reporting

Group

The Group's operations are managed and reported by the operating units BTS North America, BTS Europe, BTS Other markets, and APG, who are the Group's segments. BTS Other Markets consists of operations in Australia, Asia, Latin America and South Africa, and APG has operations in North America. Operating units invoice one another for services based on time expended and on market terms.

Shared Group expenses are invoiced, and amortization of intangible assets is distributed among the operating units.

SEK thousands	North America		Europe		Other markets		APG		Eliminations & unallocated		Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Income												
External sales	528,602	362,225	178,875	153,780	222,693	168,371	113,730	97,078			1,043,900	781,454
Internal sales	94,945	67,035	23,716	25,255	15,323	16,803	362	829	-134,346	-109,922	0	0
Total income	623,547	429,260	202,591	179,035	238,016	185,174	114,092	97,907	-134,346	-109,922	1,043,900	781,454
Operating profit	53,951	42,115	2,766	13,960	45,720	20,404	7,015	5,909			109,452	82,388
Financial income									503	857	503	857
Financial expenses									-766	-355	-766	-355
Tax on profit for the year									-36,635	-26,805	-36,635	-26,805
Profit for the year											72,554	56,085
Other information												
Assets	570,012	451,287	131,029	121,360	150,970	121,605	47,004	35,873	-88,039	-48,251	810,976	681,874
Liabilities	232,918	182,362	99,228	47,150	54,375	44,292	29,239	21,815	-88,039	-48,251	327,721	247,368
Investments	13,681	18,823	794	462	4,451	1,709	94	47			19,020	21,041
Depreciation of property, plant, and equipment	-4,622	-4,226	-950	-841	-2,063	-1,370	-53	-27			-7,688	-6,464
Amortization of intangible assets	-3,591	-2,003	-	-	-	-	-695	-565			-4,286	-2,568

The Group's total sales are distributed by the following sources of revenue: Development 211,450 (189,979), Seminars 595,982 (421,580), Licenses 151,237 (114,782) and Other revenues 85,231 (55,113).

38,115 (49,221) of the Group's total revenue refers to the domicile country, Sweden. The value of the Group's assets in Sweden amounted to 24 (47).

NOTE 10 | Financial items

Group SEK thousands	2015	2014
Interest income	503	857
Total financial income	503	857
Foreign exchange losses	-311	-240
Interest expenses	-455	-115
Total financial expenses	-766	-355
Total gain/loss on financial items	-263	502

Parent Company SEK thousands	2015	2014
Gains/Losses on other securities and receivables held as non-current assets		
Dividends from subsidiaries	37,158	26,897
Group contributions	3,325	2,900
	40,483	29,797
Interest income	252	8
Interest expenses	-322	-
Total gain/loss on financial items	40,413	29,805

NOTE 11 | Tax on profit for the year

Group SEK thousands	2015	2014
Income tax as recognized in the income statement	-36,635	-26,805
Current tax expense	-37,370	-28,430
Current tax attributable to previous years	114	979
Postponed tax income/expense (+/-)	621	646
Tax for the year	-36,635	-26,805

Parent Company SEK thousands	2015	2014
Current tax for the year	-746	-678

Reconciliation of effective tax

Group SEK thousands	2015	2014
Profit before tax	109,190	82,890
Tax expense based on Swedish income tax rates, 22%	-24,022	-18,236
Effects of different tax rates	-12,200	-8,516
Non-deductible expenses	-1,897	-1,507
Non-taxable income	1,370	475
Tax attributable to previous years	114	979
Effective tax recognized	-36,635	-26,805
<i>Effective tax rate</i>	<i>33.6%</i>	<i>32.3%</i>

Parent Company SEK thousands	2015	2014
Profit before tax	40,051	29,978
Tax expense based on Swedish income tax rates, 22%	-8,811	-6,595
Dividends from subsidiaries	8,175	5,917
Effective tax recognized	-746	-678
<i>Effective tax rate</i>	<i>1.9%</i>	<i>2.3%</i>

NOTE 12 | Earnings per share**Group**

Basic earnings per share are calculated by dividing the profit attributable to Parent Company shareholders with the weighted average number of common stock on issue during the period.

	2015	2014
Profit for the year attributable to Parent Company shareholders, SEK thousands	72,554	56,085
Average number of shares, basic (thousands)	18,646	18,646
Basic and diluted earnings per share, SEK	3.89	3.01

NOTE 13 | Dividend per share

Dividends paid in 2015 totaled SEK 32,631 thousand (SEK 1.75 per share). Dividends paid 2014 totaled SEK 32,532 thousand (SEK 1.75 per share). At the AGM to be held May 10, 2016, a dividend for fiscal 2015 of SEK 2.35 per share, totaling SEK 43,819 thousand, will be proposed. The proposed dividend was not recognized as a liability in these financial statements.

NOTE 14 | Financial assets

Parent Company Participations in Group companies

SEK thousands	No. of shares	Pctg. equity	Carrying amount 12-31-15	Carrying amount 12-31-14
Parent Company holdings				
BTS Sverige AB	5,000	100	7,456	7,456
Corp. id. no. 556566-7127				
Domicile: Stockholm				
BTS USA, Inc.	1,000	100	77,430	77,430
Corp. id. no. 06-1356708				
Domicile: Connecticut				
BTS in London Ltd.	5,000	100	6,833	6,833
Corp. id. no. 577 1376 13				
Domicile: London				
Business Training Systems AS	100	100	94	94
Corp. id. no. 957 694 187				
Domicile: Oslo				
Catalysts for profitability and growth Ltd	1,000	100	1	1
Corp. id. no. 1998/010779/07				
Domicile: Centurion				
BTS Finland AB	1,000	100	100	100
Corp. id. no. 556583-1673				
Domicile: Stockholm				
BTS Asia Pacific PTE Ltd	50,000	100	237	237
Corp. id. no. 2008114642				
Domicile: Singapore				
Business Training Solutions S.L.	1,031	100	7,911	7,911
Corp. id. no. B95138160				
Domicile: Bilbao				
BTS Management SA	1,000	100	673	673
Corp. id. no. 01 73.802 11				
Domicile: Geneva				
Business Game Factory Oy	90,750	100	654	654
Corp. id. no. 1807788-2				
Domicile: Helsinki				
BTS Brussels NV	620,000	100	587	587
Corp. id. no. 878.155.648				
Domicile: Brussels				
Total shares in subsidiaries			101,976	101,976

NOTE 15 | Deferred tax assets

Group		
SEK thousands	2015	2014
Opening balance, net	2,041	1,201
Recognized in profit for the year	621	646
Acquisitions of Group companies	559	–
Translation differences	–101	194
Closing balance, net	3,120	2,041

The amount concerns unused loss carry-forwards in subsidiaries which are expected to be utilized during 2016.

NOTE 16 | Prepaid expenses and accrued income

Group SEK thousands	12-31-15	12-31-14
Accrued income	70,778	39,347
Prepaid rent	2,898	2,781
Other items	31,688	19,984
Total	105,364	62,112

NOTE 17 | Equity**Group**

The share capital consists of 853,800 Class A shares and 17,792,570 Class B shares, totaling 18,646,370 shares with a total value of SEK 6,215,457. Each share has a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

The equity in all Group companies that have a functional currency different from the reporting currency is translated into the reporting currency (SEK). Translation differences arise if the SEK exchange rate for a functional currency at the end of the period is different from its rate at the start of the period. These translation differences have no effect on taxes. Closing accumulated translation differences recognized directly in equity totaled 2,314. Opening accumulated differences totaled -5,668.

NOTE 18 | Financial instruments and financial risk management**Policies for financing and financial risk management**

The Board directs and monitors BTS's financing activities and financial risks. Financing and risk management are gathered under the Group finance function and conducted in compliance with a financial policy adopted by the Board of Directors that stresses low risk. The aim of the Company's risk management is to optimize the Group's cost of capital and, in a deliberate manner, to manage and control the Group's financial risks. Hedging instruments may be used within given parameters. Future payments are not normally hedged. Cash and cash equivalents may be invested in interest-bearing accounts or in interest-bearing securities carrying low credit risk. The duration of the investment portfolio must not exceed nine months.

During the year, BTS's holdings of financial instruments were limited to primary instruments such as accounts receivable, trade payables, and the like. Customer contracts contain no currency clauses or anything that could be considered embedded derivatives. No hedging instruments are held or have been purchased or sold during the year, the same applies for the previous year.

Fair value of financial assets and liabilities

Group SEK thousands	12-31-15	12-31-14
Other non-current receivables	232	6,935
Accounts receivable	276,812	239,005
Cash and cash equivalents	139,547	114,293
Total financial assets	416,591	360,233
Other non-current liabilities	16,705	153
Accounts payable	21,465	22,458
Total financial liabilities	38,170	22,611

Financial assets**Loan and accounts receivable**

Other non-current receivables chiefly consist of rental deposits and interest-bearing financial claims on various counterparts.

Rental deposits have a maturity corresponding to their respective leases.

Reported value is deemed equivalent to the fair value.

Accounts receivable denominated in foreign currencies are measured at the closing rate. Accounts receivable in the BTS North America operating unit constitute 56% (47) of the Group's total accounts receivable. The table below shows the distribution of accounts receivable by currency.

Group SEK thousands	12-31-15	12-31-14
SEK	9,608	10,608
USD	173,772	131,530
GBP	41,074	32,814
EUR	31,522	42,871
Other currencies	20,836	21,182
Total accounts receivable	276,812	239,005

Historically the Group has had very low credit losses on accounts receivable. The spread of risk is good among companies, sectors and geographic markets. Fair value agrees with carrying amount and no significant impairment of accounts receivable has been recognized during the year, same principle as in the previous year.

At December 31, 2015, accounts receivable totaling 48,160 (36,197) were more than 30 days past due; this excludes accounts receivable for which provisions had been made. The structure of due dates is shown in the table below.

Group SEK thousands	12-31-15	12-31-14
Total accounts receivable	276,812	239,005
more than 30 days overdue	21,586	20,078
more than 60 days overdue	29,574	16,119

Cash and cash equivalents

At the end of the reporting period, there was only cash in hand and bank balances.

Financial liabilities

Financial liabilities held during the year are measured at the amortized cost using the effective interest method. At year-end 2015 the financial liabilities consisted of accounts payable and non-current liabilities.

Accounts payable are deemed reasonably approximate to their fair value. All accounts payable fall due within 12 months, of which most are due within a month, why they are not discounted to present value.

Foreign exchange risk

The Group is exposed to foreign exchange risks associated with the translation of foreign subsidiaries, thus influencing profit and equity in the Group. The currencies that have the greatest influence are USD, EUR, and GBP. Transaction exposure is limited, because revenues and expenses are primarily denominated in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits based on BTS's 2015 income statement and should only be seen as an indication of the significance of the different currencies.

	Percentage change	Change, SEK thousands, full-year 2015	Change, SEK thousands, full-year 2014	Change in equity, SEK thousands 2015	Change in equity, SEK thousands 2014
SEK/USD	+/-10%	7,149	8,744	31,333	28,323
SEK/EUR	+/-10%	1,032	1,561	3,629	3,819
SEK/GBP	+/-10%	1,327	1,161	3,923	3,521

Credit risk

Credit risk refers to companies not getting paid, fully or partly, for their accounts receivable from customers. BTS only accepts creditworthy counterparties in financial transactions, and the limit is determined individually for each customer. Creditworthy refers to companies that have undergone customary credit checks with satisfactory results. The intention is for credit limits to reflect the solvency of each customer. BTS has sufficiently diversified risk. BTS's accounts receivable and sales are spread among a large number of companies operating in a variety of sectors.

The maximum credit risk exposure on accounts receivable at year end was 276,812 (239,005). Fair value agrees with book value.

Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents including unutilized part of approved overdraft facility. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in the market interest rate that affect BTS's results negatively.

	Percentage change in market interest rate	Change in interest expense, SEK thousands, 2015
Interest bearing liabilities	+/-10%	46

BTS's policy is to allow borrowing with the Board's approval. Any surplus cash in subsidiaries should first of all be used to repay loans, which was done during the year. Interest risk for interest income is limited to the fluctuating return on cash and cash equivalents invested at variable rates.

Group SEK thousands	12-31-15	12-31-14
Cash and cash equivalents	139,547	114,293
Unutilized portion of bank overdraft facility	19,564	19,159
Cash and cash equivalents available	159,111	133,452

Managing capital risk

BTS's goal for its capital structure is to safeguard the Group's ability to continue and expand its operations, so that they continue to generate a return for shareholders and benefit other stakeholders, at the same time as the cost of capital is kept at a reasonable level.

To maintain or change the capital structure, the dividends can be raised or lowered, shares can be issued or repurchased, and assets can be bought or sold.

BTS's financial objective – and a measure of its capital risk – is that its equity/assets ratio never remains less than 50%. At year-end, the Group's equity/assets ratio was 60% (64%).

NOT 19 | Non-current liabilities

Non-current liabilities refer to interest-bearing loans from credit institutions which will be repaid as follows.

	SEK thousands
2017	4,176
2018	4,176
2019	4,177
Total	12,529

NOTE 20 | Bank overdraft facility

Group SEK thousands	12-31-15	12-31-14
Approved credit limit	19,564	19,159
Unutilized portion	-19,564	-19,159
Credit utilized	0	0

Parent Company SEK thousands	12-31-15	12-31-14
Approved credit limit	3,300	3,300
Unutilized portion	-3,300	-3,300
Credit utilized	0	0

NOTE 21 | Accrued expenses and prepaid income

Group SEK thousands	12-31-15	12-31-14
Accrued salaries	82,714	51,101
Accrued social security contributions	2,478	2,060
Prepaid income	95,536	61,112
Other items	24,453	26,666
Total	205,181	140,939

Parent Company SEK thousands	12-31-15	12-31-14
Other items	359	389

NOT 22 | Business combinations

Since the acquisitions of AVO Vision and The Synergy Group Pty Ltd are not significant to the Group, disclosure of the acquisition balance sheet is omitted.

NOTE 23 | Pledged assets

Group SEK thousands	12-31-15	12-31-14
Guarantee commitments on behalf of subsidiaries		
Company mortgages	10,000	10,000

NOTE 24 | Contingent liabilities on behalf of Group companies

Parent Company SEK thousands	12-31-15	12-31-14
Guarantee commitments on behalf of subsidiaries		
	4,698	4,394

The Board of Directors and Chief Executive Officer affirm that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and that the annual report was prepared in accordance with generally accepted accounting principles in Sweden. The annual report and consolidated financial statements, respectively, provide a true and fair view of the Parent Company's and the Group's financial positions and earnings.

The management report for the Parent Company and the Group provides a fair review of developments in the Parent Company's and the Group's operations, financial position, and earnings and describes the material risks and uncertainties facing the Parent Company and the companies that are part of the Group.

The consolidated income statement and balance sheet as well as the Parent Company's income statement and balance sheet will be submitted for adoption to the Annual General Meeting of May 10, 2016.

Stockholm, Sweden, April 11, 2016

Michael Grindfors
Chairman of the
Board

Henrik Ekelund
Chief Executive Officer

Mariana Burenstam
Linder
Member of the Board

Stefan Gardefjord
Member of the Board

Dag Sehlin
Member of the Board

Our audit report was submitted on April 13, 2016
Öhrlings PricewaterhouseCoopers AB

Sten Håkansson
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of BTS Group AB, corporate identity number 556566-7119

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of BTS Group AB for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 52–77.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting

Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of BTS Group AB for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year

Stockholm, April 13, 2016

Öhrlings PricewaterhouseCoopers AB
Sten Håkansson
Authorized Public Accountant

Corporate Governance Report

BTS Group AB is a public limited liability company based in Stockholm, Sweden, and listed on NASDAQ Stockholm. Consequently the BTS Group's corporate governance is based on Swedish legislation and regulations such as the Companies Act, the listing agreement, the Swedish Code of Corporate Governance, and the Company's own articles of association.

The Swedish Code of Corporate Governance (the Code) is a set of rules and regulations for listed companies and complements legislation, companies' own articles of association, and other rules by specifying a norm for good corporate governance. The Code deals with the systems and corporate and decision-making bodies through which owners directly or indirectly control their company and is intended to safeguard the investments of shareholders and the assets of a group as well as to insure that the financial information provided by a company is reliable. The code is based on the principle of comply or explain, which means that a company that applies may deviate from individual rules, but is required to explain the reasons for each deviation.

Corporate governance structure

The corporate bodies of BTS Group AB comprise the following.

Annual General Meeting (AGM)	– highest decision-making body
Board of Directors	– has ultimate responsibility for the Company's organization and management
Chief Executive Officer (CEO)	– has responsibility for day-to-day management
Auditors	– audit the Board of Directors' and CEO's management at the request of the shareholders/Annual General Meeting.

Shareholders

The total number of shares outstanding is 18,646,370, consisting of 853,800 Class A and 17,792,570 Class B shares. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

At December 31, 2015, BTS Group AB had 1,105 shareholders. The ten largest shareholders had total shareholdings corresponding to 79.2 % of shares and 85.3 % of votes. A list of the largest shareholders is found on page 51 of the annual report.

Annual General Meeting

BTS's highest decision-making body is the Annual General Meeting (AGM). Notice of the AGM shall be published no earlier than six weeks and no later than four weeks before the AGM and shall appear in Post- och Inrikestidningar and Svenska Dagbladet. All shareholders entered in the share register on the record date who have notified the Company in time of their intention to participate in the AGM may do so. Shareholders unable to attend can be represented by proxy.

The AGM elects the Company's Board and the Chairman of the Board. The business of the AGM includes

- adopting the income statement and balance sheet,
- determining the appropriation of the Company's earnings,
- determining whether to discharge the members of the Board and the CEO from liability to the Company,
- electing auditors, and
- determining fees to be paid to the Board and auditors.

2015 Annual General Meeting

The 2015 AGM was held on Thursday, May 7, 2015, at the Company's offices in Stockholm. 26 shareholders attended, representing 77.0% of the number of shares outstanding and 83.7% of the votes. All members of the Board and the Company's auditor participated in the AGM. Decisions made included the following.

- The income statement and balance sheet and the consolidated income statement and balance sheet for fiscal 2015 were adopted.
- The proposed dividend of SEK 1.75 per share was approved.
- The Board of Directors and CEO were discharged from liability for management during the fiscal year as recommended by the auditors.
- A total of SEK 650,000 in fees was approved to be paid to members of the Board who receive no salary from the Company or any subsidiary, of which SEK 275,000 shall be paid to the Chairman and SEK 125,000 each to other members. For work on Board committees, fees totaling SEK 90,000 shall be paid.
- Auditors' fees were approved to be paid based on approved invoices.
- Mariana Burenstam Linder, Henrik Ekelund, Stefan Gardefjord, Michael Grindfors and Dag Sehlin were re-elected to the Board for the period until the next AGM. Michael Grindfors was re-elected Chairman of the Board.

- Instructions for the nominating committee, such that the committee be made up of representatives from the two shareholders controlling the most votes, based on Euroclear Sweden AB's data at September 30, 2015, and the Chairman of the Board.
- Guidelines for remuneration and other terms of employment for senior executives were determined.
- The Board of Directors was authorized to decide, during the period until the next AGM, whether to issue shares or convertible instruments that would result in a maximum of 1,200,000 Class B shares being issued for capital contributed in kind or as offsets. This authorization referred to corporate acquisitions.
- An employee stock option program 2015/2019 was resolved and in addition related hedging measures.

Nominating committee

The nominating committee has the task of preparing and submitting proposals to the AGM concerning the following, when relevant.

- Election of a president for the AGM.
- Election of the Chairman of the Board and other members of the Board.
- Board fees: in total and divided among the Chairman and other members of the Board as well as compensation for work on committees, when relevant.
- Audit fees.
- Election of auditor and deputy auditor, when relevant.
- Adoption of a policy for appointing the nominating committee.

A nominating committee for BTS Group AB was appointed on November 5, 2015. BTS's two largest shareholders in consultation with Michael Grindfors, Chairman of the Board, appointed Anders Dahl (representing Henrik Ekelund), Stefan af Petersens, Ulf Hjalmarsson (representing Lannebo Fonder) and Michael Grindfors to the committee. Anders Dahl was appointed chairman of the nominating committee.

Shareholders in BTS Group AB have been able to contact the nominating committee to propose candidates to the Board.

All of the nominating committee's candidates based on the above will be announced in the notice for the 2016 AGM. The nominating committee's statement supporting its proposal for the Board of Directors of BTS Group AB as well as the information about the candidates recruited by the committee

will be published on BTS's web site when the proposal is announced.

Board of Directors

The Board of Directors has ultimate responsibility for the Company's organization and management and is appointed by the shareholders at each AGM for the period from that AGM until the end of the next. BTS's Board decides on issues such as strategic direction, acquisitions, investments, financing, and Group-wide policies. BTS's Board shall also insure proper disclosure to BTS's various stakeholders.

The articles of association specify that BTS's Board shall consist of no fewer than three and no more than eight members. The AGM held on May 7, 2015, decided that for the period until the next AGM the Board would consist of five members and no deputy members.

Once each fiscal year, the work of the Board is assessed, either by the Board alone or with external assistance, providing a basis for the Board's procedures in the future.

The Board is deemed to comply with the Nasdaq Stockholm marketplace rules and the Swedish Code of Corporate Governance regarding requirements on independence of members of the Board in relation to the Company and Company management.

Information about the Board of Directors is to be found on page 83 in the Annual Report.

The work of the Board of Directors

In addition to legislation and recommendations, a written set of procedures adopted annually governs the work of the Board. The Board's set of procedures is intended to clarify and regulate the Board's tasks and how it works as well as the division of responsibilities among the Chairman, other Board members, and the CEO. According to these procedures, the Board shall normally hold a minimum of four ordinary meetings. At each of these meetings, the Board deals with issues of material significance to the Company. In addition, the Board receives reports from senior management about current business conditions in the Group's market segments.

Board meetings are held periodically in connection with the Company's financial reports. The Board deals with the year-end report and proposed appropriation of earnings in February, interim reports in April, August, and October–November, and the budget for the coming year in December. Occasionally, an issue is delegated to the Chairman of the Board and the CEO for joint deliberation. The Company's CFO serves as

Composition and independence of the 2015 Board

Member	Position	Elected	Committee work	Independent	Board meeting attendance
Michael Grindfors	Chairman of the Board	2009		Yes	8/9
Mariana Burenstam Linder	Member	2004		Yes	9/9
Henrik Ekelund	Member	1986		No ¹	9/9
Stefan Gardefjord	Member	2003	Audit committee	Yes	9/9
Dag Sehlin	Member	2003	Audit committee	Yes	9/9

¹Henrik Ekelund is the largest shareholder and is President and CEO of BTS Group.

Board secretary. During the past year, eleven meetings were held.

Every year the Board makes an evaluation of the work of the Board. The Nomination Committee has been informed of the contents in the 2015 evaluation. It is e.g. used as basic data when next year's work of the Board is planned.

Compensation to the Board

The AGM held on May 7, 2015, approved a total of SEK 875,000 in fees to be paid to those Board members who receive no salary from the Company or any of its subsidiaries, such that SEK 350,000 be paid to the Chairman and SEK 175,000 each to the members. The AGM also approved a total of SEK 90,000 in fees for work on Board committees.

The AGM also determined that auditors' fees will be paid based on approved invoices.

Members of the Board in the Parent Company have received compensation only in the form of Board fees. The Members of the Board are not included in any incentive programs for Group employees that are based on shares or share prices.

Compensation committee

The compensation committee has the task of reviewing and recommending to the Board policies for compensation, including performance-based payments and pension benefits for the Company's senior executives. Issues concerning the CEO's terms of employment, compensation, and benefits are prepared by the compensation committee and decided by the Board. The duties of the compensation committee were performed during the year by the Board as a whole excluding the CEO.

The Board will propose policies for compensation and other terms of employment for the Company's senior executives for the approval of the AGM on May 10, 2016.

More information about compensation to senior executives is found in Note 6 of the annual report.

Audit committee

The task of the audit committee is to prepare the Board's work assuring the quality of the Company's financial reports. The audit committee also adopts guidelines on services other than auditing that the Company may purchase from the Company's auditors. The committee is also tasked with providing the nominating committee with an assessment of the audit work and of assisting the nominating committee in preparing the nominating committee's proposal to the AGM for the election of auditors as well as the size of the audit fee. The Company's CFO, also the Board secretary, prepared the business for the meetings.

Auditors

The auditors examine the management of the Company by the Board and CEO and the quality of the Company's accounts and they report the results of their audit to the shareholders through the audit report, which is submitted at the AGM. In addition, the auditor participates in the Board meeting when the final accounts are presented and submits

a report on the audit of the Company's earnings, financial position, and internal control. The Company's auditor may also submit a statement of his/her findings directly to the Chairman of the Board, if deemed necessary.

The auditor is elected by the AGM for a period of four years. The 2015 AGM re-elected the registered public accounting firm Öhrlings PricewaterhouseCoopers and to managing auditor Sten Håkansson for the period until the end of 2016 AGM.

More information about compensation to auditors is found in Note 4 of the annual report.

For 2015, the Company's auditors did not review BTS's semi-annual report or the nine-month interim report, which deviates from the Code. The Board has determined to date that the additional costs of such reviews have not been justifiable.

Senior executives

BTS's senior executives include:

Henrik Ekelund, President & CEO of BTS Group AB, Stefan Brown, CFO and Vice President of BTS Group AB, and Jonas Åkerman, President of BTS USA Inc.

More information about senior executives is found on page 84 of the annual report.

Guidelines for compensation and other terms of employment for senior executives

The AGM held on May 7, 2015, adopted policies for compensation to senior executives such that BTS shall employ persons on terms and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's goals. When employing persons in different countries, the Company shall comply with each country's generally accepted forms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 30% of the fixed basic salary. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs. Only the CEO in the Parent Company is entitled to a severance package, corresponding to 12 months' salary if the Company terminates his employment contract.

The Board is entitled to deviate from the principles above in individual cases under special circumstances.

Information and communication

The overall goal of BTS's communication is to provide shareholders and employees, actors in the market, and other stakeholders with an up-to-date, true, and fair view of the Company and its business operations. Communication shall be correct, credible, characterized by close relationships with the Company's stakeholders, and based on frequent contact, clarity, and good ethics. BTS believes that high-quality communication efforts

actively help bolster confidence in the Company and management, making it easier to achieve business objectives.

BTS publishes up-to-date information about the Company on its web site. Interim reports and annual reports are published in Swedish and English. Events that could be expected to affect the share price are announced in press releases. In addition, the Company communicates with mass media, capital markets, and shareholders when interim reports are published and also participates in other activities on an ongoing basis.

The Board of Directors' description of internal control concerning financial reports

Good corporate governance is about organization and routine, the proper handling of financial information, and minimizing risk. A good control environment is also based on an organizational structure with explicit and documented delegation of decision-making authority, straightforward guidelines and policies, and a corporate culture with common values.

Control environment

Internal control at BTS is based on a control environment embracing the organization, lines of decision-making, authority, and responsibility. The Board of Directors has a written set of procedures that clarifies the Board's responsibility and regulates how Board tasks are delegated. The set of procedures also specifies which issues are submitted to the Board for a decision. How roles are divided between the Board and the CEO is described in the Board's set of procedures and its instructions to the CEO. The CEO also manages the business with reference to the Companies Act, other laws and regulations, rules and regulations for stock market companies, and the Code, for example.

The Company has established policies in areas such as financial reporting, IT and IT security, and human resources (compensation to senior executives, the work environment, equal opportunity). The Board's instructions to the CEO specify financial responsibilities and authority, as do procedures adopted for signing off. To limit and control financial risk, the Board has adopted a financial policy.

The Company's operating organization is communicated through an organization chart augmented by the assignment of roles and responsibilities.

The Board of Directors follows up to insure that policies adopted for financial reporting and internal control are adhered to and maintains appropriate relationships with the Company's auditors. Company management is responsible for the system of internal controls required for managing significant risks in operating activities.

Risk assessment and control activities

The Board of Directors has ultimate responsibility for risk management. A well-defined organization and decision-making procedure are intended to foster prudent risk taking and good awareness of risk among employees. To insure that internal routines and controls have worked adequately and uniformly, the most important processes have procedural descriptions. Built-in checkpoints also minimize the risk of errors in accounting.

Likewise, procedures for the Company's accounting and consolidation systems have been documented. Ongoing activities aim at maintaining good internal control, thus avoiding and detecting risks.

Information and communication

Significant guidelines, manuals, and such that affect financial reporting are updated and communicated on an ongoing basis to personnel in the Group affected. Formal as well as informal channels to Company management and the Board exist to transmit significant information from employees. For external communication, the Company follows the governing regulations discussed above.

Follow-up

The Board of Directors continuously evaluates the information provided by Company management. The work of the Board includes insuring that actions are taken concerning any deficiencies or proposals for corrective action arising from external audits.

BTS has no internal audit unit of its own, based on the assessment that there are no special circumstances in operating activities according to Group size, organization and reporting structure or other conditions to justify such a unit.

Auditor's report on the corporate governance report

To the annual meeting of the shareholders of BTS Group AB (publ) corporate identity number 556566-7119

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2015 on pages 79–82 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, April 13, 2016
Öhrlings PricewaterhouseCoopers AB

Sten Håkansson
Authorized Public Accountant

The Board of Directors and Auditor



MICHAEL GRINDFORS



MARIANA BURENSTAM LINDER



HENRIK EKELEND



STEFAN GARDEFJORD



DAG SEHLIN

Michael Grindfors

Born 1956. Chairman of the Board of directors of BTS Group AB since 2009.

Shareholdings in BTS Group AB: 50,420 class B shares.

Michael Grindfors is member of the board of AlixPartners where he previously was CEO. He has also held senior executive positions in New York and the Nordic countries in companies such as Boston Consulting Group, Goldman Sachs and Puma-Etonic-Tretorn. Michael Grindfors graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

Mariana Burenstam Linder

Born 1957. Member of the Board of BTS Group AB since 2004.

Managing Partner in Burenstam & Partners AB. Other assignments: Member of the board of Latour AB and Resurs Holding AB.

Shareholdings in BTS Group AB: 22,100 Class B shares.

Mariana Burenstam Linder has extensive experience from management positions in several Swedish companies. Former positions include CEO of Ainax, Head of Enskilda Banken with global responsibility for Private Banking, deputy CEO of SEB, CIO of Trygg-Hansa and later the SEB group, CEO of ABB Financial Consulting and CEO of Nordic Management AB. Mariana Burenstam Linder graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

Henrik Ekelund

Born 1955. President and CEO of BTS Group AB.

Shareholdings in BTS Group AB (including companies): 816,000 Class A shares, 3,189,034 Class B shares, totally 4,005,034 shares.

Henrik Ekelund is the founder of BTS and has been its CEO since its inception in 1986.

Henrik Ekelund has comprehensive experience as a board member and owner of high-growth enterprises, including Jobline AB, Image Publications AB and Universum AB. Henrik Ekelund graduated in business administration at the Stockholm School of Economics.

Not independent of the Company or its major shareholders.

Stefan Gardefjord

Born 1958. Member of the Board of BTS Group AB since 2003.

President and CEO of Swedish Space Corporation.

Shareholdings in BTS Group AB: 20,000 Class B shares.

Stefan Gardefjord has been CEO of Logica Sverige AB and member of the executive management of Logica. He has since 1987 held several senior positions in the WM-data group, including CEO of different subsidiaries, business area head, and group director of marketing, sales, and information. Stefan Gardefjord graduated upper secondary school in business.

Independent of the Company and its major shareholders.

Dag Sehlin

Born 1945. Member of the Board of BTS Group AB since 2003, Chairman of the Board 2003–2008.

Shareholdings in BTS Group AB (including related parties): 16,000 Class B shares.

Dag Sehlin has long-term experience in senior positions in the Swedish financial sector. Previous positions include CFO and deputy CEO of Posten AB, deputy CEO of the OM Group, and prior to that various positions in accounting and finance at several Swedish companies. He also has long-term experience from work as an independent consultant and member of the board of various listed companies and other enterprises. Dag Sehlin graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

AUDITOR

Öhrlings PricewaterhouseCoopers AB.
Managing Auditor: Magnus Thorling,
Authorized Public Accountant.

The above information on shareholdings was correct at December 31, 2015.

Senior Executives and Global Partners in BTS



Henrik Ekelund

Global Partner
Born 1955. President and CEO of BTS Group AB. See Board of Directors on the preceding page.



Stefan Brown

Born 1963. CFO and Vice President of BTS Group AB. Employed by BTS since 1990. Options and shareholdings in BTS Group AB: 1,190 Class B shares and employee stock options corresponding to 12,000 shares of Class B.



Jonas Åkerman

Global Partner
Born 1963. Executive Vice President. President and CEO of BTS North America. Employed by BTS since 1991. Options and shareholdings in BTS Group AB: 579,350 Class B shares.



Rommin Adl

Global Partner
Born 1964. Executive Vice President. Employed by BTS since 1994.



Philios Andreou

Global Partner
Born 1967. Executive Vice President. President and CEO of BTS Other Markets. Employed by BTS since 2003.



Todd Ehrlich

Global Partner
Born 1968. Executive Vice President. Employed by BTS since 1995.



Stefan Hellberg

Global Partner
Born 1957. Executive Vice President. Employed by BTS since 1986.



Peter Mulford

Global Partner
Born 1968. Executive Vice President. Employed by BTS since 1997.



Dan Parisi

Global Partner
Born 1968. Executive Vice President. Employed by BTS since 1995.



Jessica Parisi

Global Partner
Born 1977. Executive Vice President. Employed by BTS since 1999.



Lou Schachter

Global Partner
Born 1964. Executive Vice President. Employed by BTS since 2006.



Joel Sigrist

Global Partner
Born 1972. Executive Vice President. President and CEO of BTS Europe. Employed by BTS since 2003.



Steve Toomey

Global Partner
Born 1963. Executive Vice President. Employed by BTS since 1995.

Advantage Performance Group Inc.



Jonathan Hodge

Born 1972. President and CEO of APG. Employed by BTS since 2006.

The above information on options and shareholdings was correct at December 31, 2015.

Shareholder Information

Annual General Meeting 2016

Shareholders in BTS Group AB (publ) are invited to the AGM on Tuesday, May 10, 2016, at 9.30 a.m. at the Company's premises, Grevgatan 34, 5th floor, Stockholm.

Shareholders wishing to participate must be entered in the share register maintained by Euroclear Sweden AB no later than Tuesday, May 3, 2016, and must have notified BTS Group AB no later than Tuesday, May 3, 2016.

Shareholders may notify the Company by phone at +46 8 58 70 70 00, fax +46 8 58 70 70 01, or e-mail at ir@bts.com.

The notification should include the shareholder's name, personal identification number or corporate identification number, address, phone number, and the number of shares held.

To participate in the AGM, shareholders who have registered their shares under the name of a trustee must temporarily register them with Euroclear Sweden AB under their own name. Any such re-registration request should be made well in advance of Tuesday, May 3, 2016.

Dividend

The Board of Directors proposes a dividend of SEK 2.35 per share.

2016 reporting dates and financial information

Interim reports:

January–March	May 10, 2016
April–June	August, 2016
July–September	November, 2016
Year-end report	February 2017

The above reports can be ordered from BTS Group AB, Grevgatan 34, SE-114 53 Stockholm, phone +46 8 58 70 70 00, fax +46 8 58 70 70 01, or e-mail ir@bts.com. Financial information from BTS Group AB is also published on www.bts.com.

Definitions

BTS Group AB, BTS Group AB (publ), BTS, the Company
BTS Group AB with or without the Group's subsidiaries
(unless otherwise indicated by the context).

Every care has been taken in the translation of this Annual Report. In the event of discrepancies, however, the Swedish original will supersede the English translation.



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Strategy made personal

We create powerful experiences that help
leaders build the future of their business

