



## ERIK PENSER BANK

Penser Access | IT Services | Sweden | 21 June 2023

# BTS Group

## Less conversation more action

### Leading in fragmented market

BTS develops and delivers change management and leadership programmes for large companies. The company works with the majority of the largest global corporations and has a high proportion of repeat customers. During 2022, some 80% of its revenues stemmed from returning customers. BTS has historically delivered solid key figures for employee satisfaction, among others, which we consider essential for maintaining a market-leading position and high growth. In the past, BTS has combined health organic growth with making smaller acquisitions to complement its offering with new services or to enter new geographical markets.

### Low ROE volatility

Since its IPO in 2001, BTS has grown by an average of 13% each year. Over the same period, its EBITA has expanded annually by 16%. This can be compared with historical annual growth of 5–8% in the management consulting industry. In comparison with similar companies operating both in the Nordics and internationally, BTS shows higher returns on equity at significantly lower volatility, which we see justifying a premium valuation.

### Upside from current share price

We make a slight adjustment to our fair value from SEK 400-410 to SEK 370-380. The adjustment is due to a small increase in risk premium in our DCF due to the uncertain economic environment. We expect BTS will continue to deliver above-market growth and that volatility in ROE will remain low, justifying a premium valuation to similar service companies listed on the Stockholm stock exchange.

Change in estimates				Forecast (SEK m)				Value and risk		
	23e	24e	25e		2022	2023e	2024e	2025e	Fair value	SEK 370 - 380
Total revenue	0,0%	0,0%	0,0%	Total revenue	2 530	2 843	3 220	3 511	Share price	SEK 270
EBITDA, adj.	0,0%	0,0%	0,0%	Revenue growth	29%	12%	13%	9%	Risk level	Low
EPS, adj.	0,0%	0,0%	0,0%	EBITDA, adj.	420	428	505	573	<div style="background-color: #004a99; color: white; padding: 5px; text-align: center;">Price Performance 12 months</div>	
Upcoming events				EBIT, adj.	303	306	385	453		
				EPS, adj.	10,2	10,9	12,9	15,7		
Q2 - report	18 August 2023			EPS growth, adj.	20%	7%	18%	21%		
Q3 - report	10 November 2023			Dividend per share	5,4	5,5	6,5	7,8		
Company facts (SEK m)				EBIT margin	12,0%	10,8%	12,0%	12,9%		
				ROE, adj.	18,0%	16,7%	18,0%	19,6%		
Number of shares	19m			ROCE, adj.	27,6%	24,1%	27,7%	29,1%		
Market capitalization	5 221			EV/Sales	2,0x	1,8x	1,6x	1,4x		
Net debt	-224			EV/EBITDA	12,0x	11,7x	9,9x	8,7x		
EV	4 997			EV/EBIT	16,7x	16,4x	13,0x	11,0x		
Free float	81%			P/E, adj.	28,5x	24,6x	20,8x	17,2x		
Daily trading volume, average	7k			Dividend yield	1,9%	2,0%	2,4%	2,9%		
Bloomberg Ticker	BTSB SS EQUITY			FCF yield	2%	5%	4%	6%		
Analyst				Net debt / EBITDA	-1,4x	-1,8x	-1,7x	-1,8x	Conflicts of interest	
				Rikard Engberg rikard.engberg@penser.se						

## Investment case

BTS is the market leader in simulation and implementation of business strategies. Since its IPO in 2001, it has bolstered its currency-adjusted turnover by around 13% each year, while its EBITA has risen by 16% annually. This outstrips the management consulting industry as a whole at 6–8% over the same period. We believe this is explained by three facets: 1) BTS has built a loyal client base over the years, with some 80% of revenues now stemming from previous customers. This has led the company to successful and maintained growth in profitability even in turbulent times, distinguishing BTS from other listed consulting firms. 2) It has succeeded when complementing its business with acquisitions. 3) Historically, it has shown especially high employee satisfaction – a result of an entrepreneurial, result oriented and caring culture that led to engagement – an essential element in sustaining high growth

## Company profile

BTS, a consultancy firm within strategy implementation, has, since its IPO in 2001, shown an impressive performance in both turnover and profits. The company's principal product is training programmes (63% of 2022 turnover). These programmes simulate strategies and decision-making for much of an organisation. One example is a project that a software industry client rolled out in Q4 2022, allowing 30,000 salespeople to participate in a simulation programme. During the pandemic, BTS was able to reorganise its deliveries from a focus on physical products to virtual and digital services, confirming the company's strong culture and its ability to adapt. Beyond its high organic growth, BTS has also proven its ability to implement change.

Over the past ten years, the company has reported ROE at an average of 17% – among the highest of the consulting firms we have looked at on the Stockholm stock exchange. In addition to having one of the highest ROEs among the public Swedish consultant firms it also boasts the lowest volatility in this, which we believe justifies a premium over other Swedish consulting companies. We believe its low ROE volatility can be attributed to its services being sought-after in most economic climates and as it relies on repeat customers that, in times of crisis, invest in simulations and implementation of new strategies.

BTS is a global company with around 1,200 employees. Its key market is North America, accounting for around 50% of turnover in 2022. Europe stood for 18% of the turnover in 2022 and Other markets stood for 26%. This global presence is a consequence of the smaller acquisitions BTS has carried out in the years since its IPO. We believe its geographical coverage also contributes to the low volatility in its turnover and profits.

## Valuation

Given the stable cash flows in BTS, we have chosen to value the share using a DCF model. Our DCF suggests a valuation of SEK 370–380, and we currently see healthy support for the share price thanks to a growing dividend. We consider the main share price triggers to be new, smaller acquisitions that strengthen its organic growth.

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## Company description

BTS is a global consulting company with a vision to implement strategic decision-making through simulation, among other avenues. In contrast to traditional management consultancy firms like BCG and McKinsey, the company's programmes include a larger part of clients' staff. Today, BTS has around 1,200 employees across 36 offices around the globe. Its largest segment is North America, which represented around 50% of 2022 turnover. The next largest after that is Other Markets such as APAC and South America, at 26% of turnover, and then Europe, at 18%.

### A global presence...



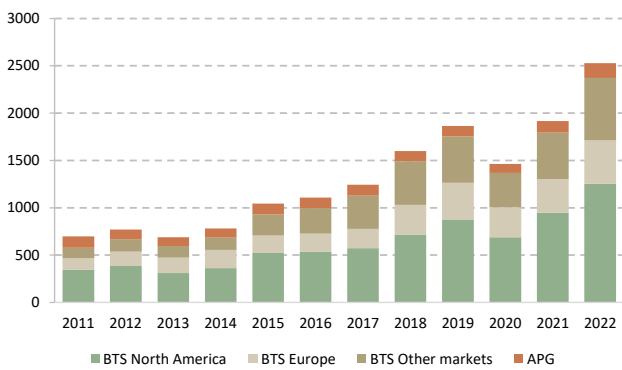
Source: BTS

### ...across all industries



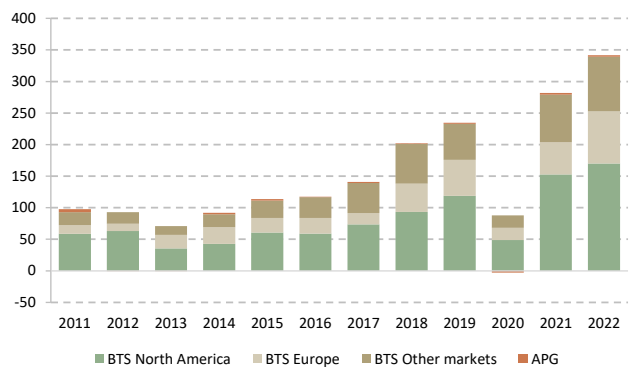
Source: BTS

### Stable growth...



Source: Company

### ...and historical profitability



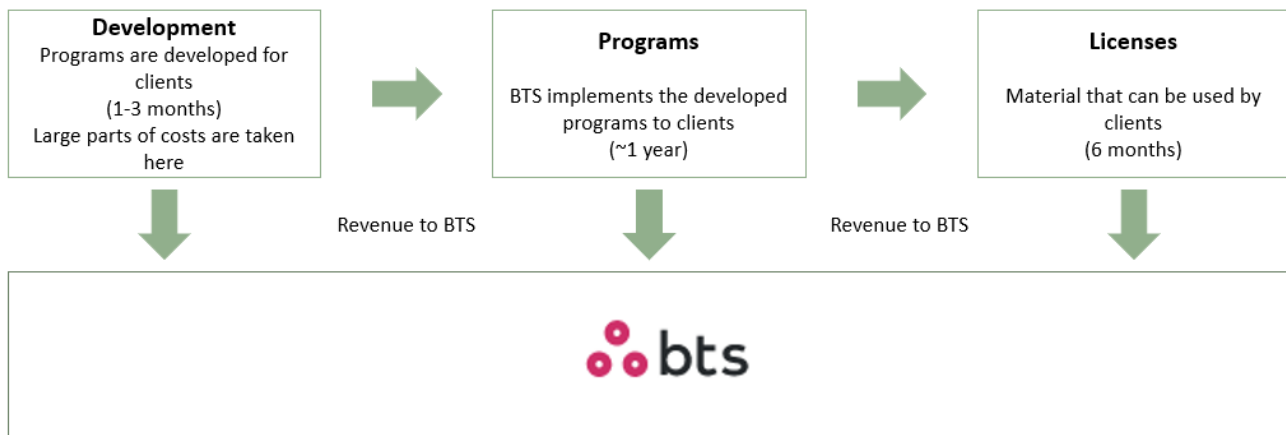
Source: Company

BTS is agnostic in its choice of industries and thus has world-leading clients in all the industries it is active in. During 2022, its largest industry was IT/tech, which accounted for about 20% of turnover, followed by the pharmaceutical industry, at some 18%. Thanks to leading clients across all industries, BTS has had the opportunity in the past to match different cycles across industries.

BTS splits its revenues into three main categories.

- Programs (64% of 2022 revenues):** This segment is BTS's chief offering. The programmes it offers are simulations and training to prepare for implementation of a specific strategy. We believe demand for these is relatively unaffected by the economy, as companies will always need to evaluate and execute strategies.
- Development (23% of 2022 revenues):** This segment is where BTS develops the frameworks to implement a new strategy.
- Licences (12% of 2022 revenues):** Here, BTS licenses parts of its IP to customers. This segment offers high margins and BTS aims to bolster revenues from this area in the future.

## BTS sees revenues throughout the entire customer journey



Source: BTS

The customer journey illustrates the BTS's strength, with projects – as shown in the diagram above – being a key reason why the company has reported low earnings volatility over the years. Projects are long, meaning large fluctuations are rare. It is also one of the reasons why BTS occasionally sees a temporary dip in margins, since a large share of the costs are incurred early on in a project. This partly explains the margin increase after quarters when the EBITA margin has been under pressure.

BTS splits its services into four areas of expertise. These are:

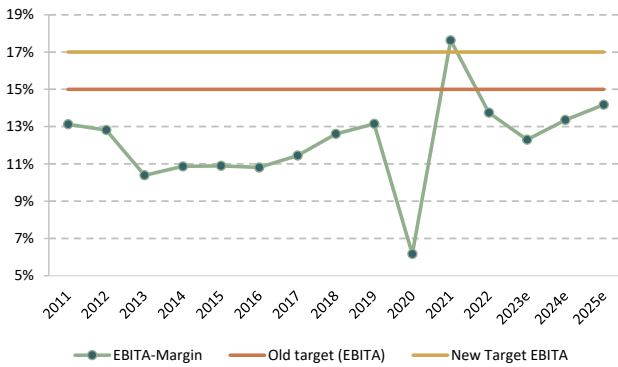
- **Strategy execution and business transformation:** Here, BTS helps its clients to design training programmes to execute and follow up on strategic decisions. Within strategy/management consulting, these are often designed relatively high up in the hierarchy. BTS then develops the programmes to implement these. One example is a European software client that trained 30,000 employees in Q4 2022.
- **Leader Readiness & Development:** BTS designs programmes to train and develop business leaders. These include simulations as well as coaching and leadership follow-up tools. A large part of these tools have been developed by BTS and are thus its own IP. BTS thus differentiates itself from many training consultancy firms whose chief product is hours.
- **Go to market:** BTS here helps its clients with strategies to enter new markets or to improve their sales and growth. These processes follow a similar cycle to the company's other areas of expertise. First, BTS identifies the opportunities/issues, and then it uses its proprietary tools, such as simulations and evaluations, to build a market strategy.
- **Leader Readiness & Development:** BTS develops tools for both training and finding the right personnel. As with the other areas of expertise, this is based on proprietary IP. This provides higher scalability than traditional recruitment and training companies.

**BTS Executive Coaching:** In May 2023, BTS acquired US consultancy firm The Boda Group. At that time, Boda Group had 25 employees and turnover of USD 11m. Through this acquisition, BTS offers a new service: BTS Executive Coaching. This business area will work with customised training at various levels of senior management. We believe this is a fitting complement to the other areas and bolsters the share of wallet among large organisations.

## Profitability and scalability

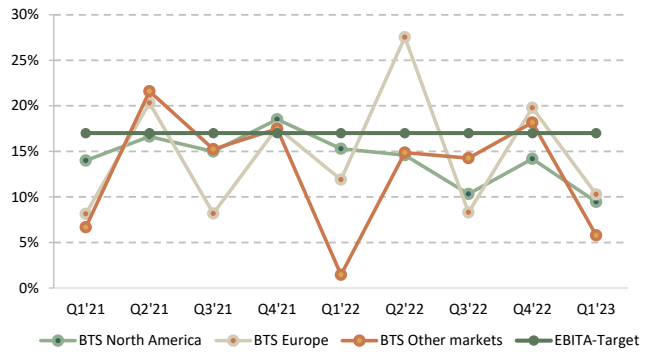
We believe the scalability in BTS's business model is somewhat higher than for traditional consultancy companies. Over the past ten years, the company has experienced a margin expansion that we believe will continue. The reason for this lies with partly its intention to increase the proportion of IP sold under licence and partly through continuing to optimise prices and its offering. We believe that BTS has successfully decreased the price gap to leading strategy consultants like BCG and McKinsey the last couple of years. We can see that recently there has been a sharp margin increase across the European and Others segments, with them exceeding the 17% EBITA margin target in some quarters.

### BTS has successively expanded its margin...



Source: BTS

### ...and the segments indicate there is more to be gained



Source: BTS

Overall, we believe BTS can continue its historical margin trend through an increased share of licences sold and the following three factors.

- **Ongoing work with pricing:** We believe BTS has an opportunity to carry out dynamic pricing, which should bring a margin expansion in the coming years.
- **Benefit from economies of scale:** We expect BTS to benefit from economies of scale. We see these economies of scale as potentially capitalising on its sector expertise and ability to better select projects with compelling margins.
- **Increased share of licence sales:** We expect licences to increase from the current level. Moreover, we see potential to lift additional sales in this segment.

We also believe BTS can, thanks to its diversified industry exposure, maintain its low volatility in both margins and ROE as it has proven over the past ten years.

## History

Since its IPO in 2001, BTS has been relatively active in M&A. We believe it has the following criteria for acquisitions.

- **Complementary geography:** BTS has acquired a number of businesses to strengthen its position in various geographical markets. One example is the 2017 acquisition of MTAC, which boosted BTS's presence in the German market. In 2016, it acquired Cesim Italia and Design Innovation, bolstering its footprint in the southern European markets.
- **Complementary services:** Another type of acquisition BTS has undertaken is of companies with complementary services. In 2020, it acquired Rapid Learning Institute, which develops digital micro-training programmes for salespeople, among other things. In 2019, it bought Polaris Assessment Systems, a company offering services to evaluate candidates and support recruitment interviews.
- **Broadening the industry/customer base:** BTS has made a number of acquisitions to strengthen and complement its skills in specific industries. In 2021, it acquired Bates, a company with a solid presence within the healthcare, pharma, financial industries on the US east coast.

When BTS acquires companies, it has three integration strategies:

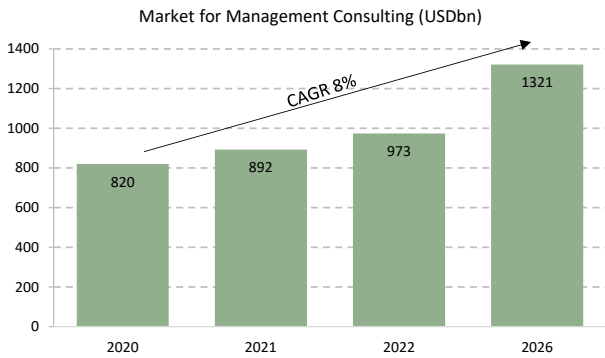
- **Full integration:** If BTS acquires a business in a new geographical market or a niche player in a specific industry, it typically fully integrates the company. One example is when it bought Italy's Cesim Italia.
- **Partial integration:** When acquiring a business for new technical expertise, such as Netmind, it tends to partially integrate the company. It often takes several years before the business is fully integrated. This is done to retain the brand name and expertise.
- **Complementary product:** When BTS acquires a company with a complementary product, such as Rapid Learning Institute, the acquired business remains in its original form. BTS later offers these unique products as a complement to its core clients.

Firm	Year	EV (SEKm)	Estimated added sales (SEKm)	Comment
I-Simco	2003			7
smg "Learning Solutions"	2005	28		60
Business game factory	2006	3		11
APG & RLC	2006	167		150 Strengthen BTS presence in US
Wizerrize	2013	30		7,8 Strengthen BTS digital presence
Fenestra & Sandra Hartog Associates	2014	68		Strengthen BTS presence in US
AVO Vision	2015 -			12 Strengthen BTS presence in Africa
Synergy Group Pty Ltd	2015	23		22 Strengthen BTS presence in APAC
Cesim Italia och Design Innovation	2016	47		35 Strengthen BTS presence in South Europe
Coach In a Box	2017			115 Strengthen BTS digital presence
MTAC	2017	-		50 Strengthen BTS presence in DACH-region
Polaris Assessment Systems	2019	-		Strengthen BTS with in assessment
Swiss Virtual Business School	2019	-		30 Strengthen BTS digital presence
Samsari				Strengthen BTS presence with in the Nordics
Rapid Learning Institute	2020	-		30 Offers micro traning
Bates	2021	-		70 Increased BTS presence in on the US east coast
Netmind SL	2021	-		65 Strengthen BTS presence in the Spanish speaking world
The Boda Group	2023	-		120 Created a new business area for BTS

## Market and competition analysis

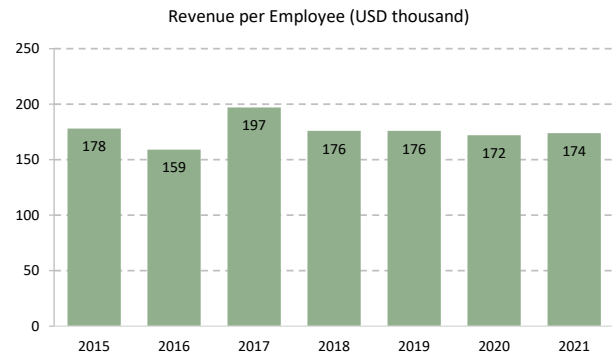
We consider BTS to be part of the international management consultancy industry. The industry achieved turnover of some USD 100bn in 2022 and is expected to grow by around 8% in the coming years. Although we believe BTS operates partly in this market, it has in recent years succeeded in hitting higher revenues per consultant than the industry as a whole. We see this as a consequence of BTS having found a niche where it can be the market leader. Moreover, it has a relatively high share of IP sales, which provide a substantially higher margin and scalability for the company.

### A stable core market growing 8–10%...



Source: Statista

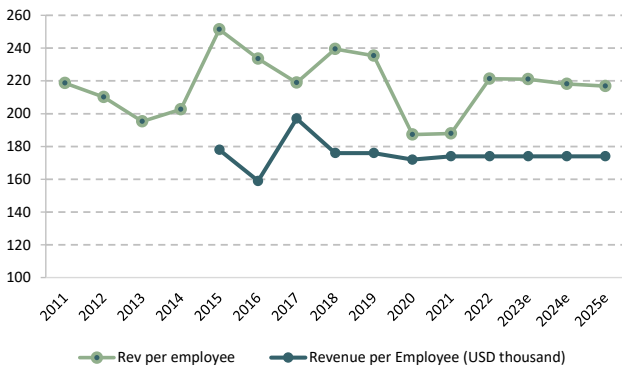
### ...where revenues per employee are constant over time



Source: Statista

Given the fragmented nature of the market, we see BTS continuing to outperform the market, as it has done in the past and which is its financial target. Moreover, we anticipate it can supplement organic growth with acquisitions, as in the past.

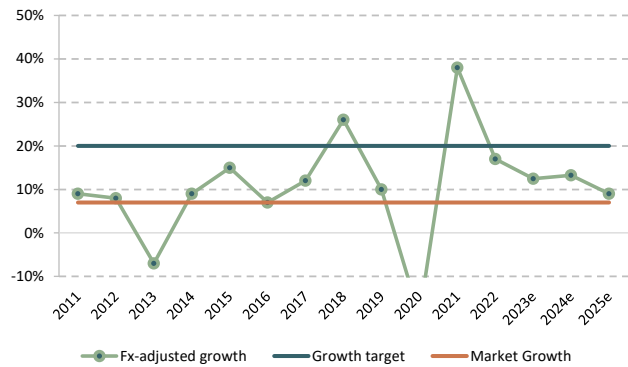
### BTS has historically outstripped the industry in revenues per employee...



Source: BTS, EPB, Statista (USD thousands)

Note: historical figures are lacking and we assume the figures are constant for 2021–2025

### ...resulting in higher growth than the market



Source: BTS, EPB

The key reason behind BTS's higher revenues per employee than the average for management consultants is that it is more niche in its offering, does not have the same high overhead costs, and does not undertake projects in "operations consulting". If we were to refine the top names in management consulting, such as BCG and McKinsey, BTS would sit closer to these than the majority of those offering operations consulting, such as the Big Four accounting firms.



**Analysis of competition**

We see five main competitors to BTS and two substitutes for its services.

**Larger management consultants:** We consider the key competitors for BTS to be the established, market-leading management consultancy firms, such as BSG, McKinsey, and Bain. These companies primarily work with developing strategies rather than implementing them. We note also that they are starting to move towards simulations and implementation, which BTS says has led to price increases for such projects.

**Big Four:** The Big Four accounting firms – KPMG, EY, Deloitte, and PWC – all have management consulting and implementation departments. We see them all providing similar services to BTS, although we consider BTS's services to be of significantly higher quality and better reputation than theirs. We base our assumption on that we do not see the big four consultants on Training Industry, a leading source within the industry, top list on providers. According to this source BTS is one of the top 20 training companies globally and leading within a number of subcategories.

**Specialists:** We note three companies internationally offering similar services to BTS:

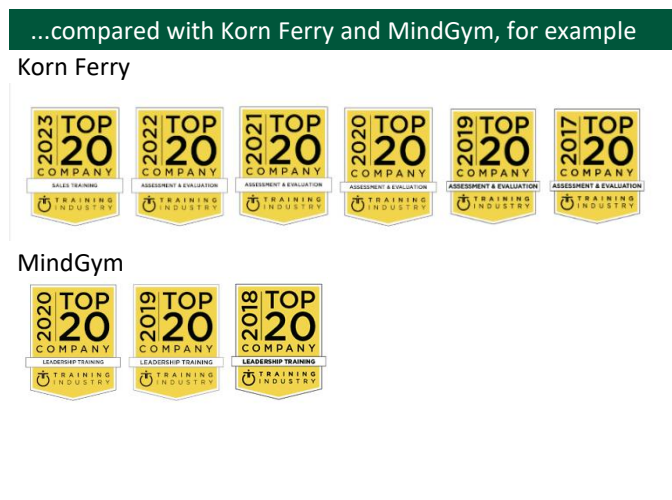
- **MindGym:** MindGym is a listed UK-based company that focuses on leadership development based on behavioural science. The company has trained around 500,000 clients over the past year. Today, it has some 350 full-time employees and turnover of GBP 48.7m for R12m as of year-end December 2022. Its EBITDA margin for the same period was some 2.5% Like BTS, the company sees a high share of repeat customers, representing around 87% of turnover.
- **Korn Ferry:** A US consulting company focused on HR. For the last nine months of its split fiscal year (ending March 2022), the company saw turnover of a total USD 2,105m and an EBIT margin of 11.6%. Today, it has around 1,900 employees. In its latest report, Korn Ferry stated that nearly 50% of its turnover stemmed from headhunting and recruitment.
- **Heidrick & Struggles:** A US company that focuses on leadership training/development. Having been founded in 1953, the company has an extensive history in the field. It is listed on NASDAQ and had a turnover of USD 1,074m in 2022. EBITDA for that period was USD 137m, representing a margin of 12.7%. In 2022, nearly 90% of its turnover stemmed from rekrytering.

**Smaller companies:** We can find many smaller companies with 20–50 employees that compete with BTS. Historically, BTS has acquired a number of companies of this size to target specific industries or geographies. We believe these companies suffered incredibly during the pandemic and might find it hard to recover.

Meanwhile, we see BTS as a robust market leader in its segment. Stakeholder organisation Training Industry has considered BTS one of the 20 market leaders every year since 2016, and its database awards the company a score of 5/5. It awards no rating to either Korn Ferry or MindGym.



Source: Training Industry  
BTS Group – 21 June 2023



Source: Training Industry

## Substitutes

We have found two main substitutes for BTS's services:

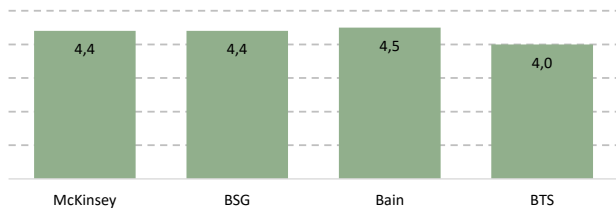
**Executive education:** We consider companies sending employees, especially at senior level, on programmes such as an MBA to be potential competitors to BTS. We believe BTS provides a far economically superior alternative to this type of training. The risk for a company is lower with BTS as it customises programmes and these can be undertaken at the same time as an employee performs their work. An MBA programme is risky since an employee can use this learning to advance their career.

**Internal training:** We see internal training as a potential substitute for BTS's services. This would mainly be relevant in large companies with the resources to produce their own material. We also consider this substitute as weak since BTS claims 60 of the 100 largest companies worldwide as repeat customers.

## Data on competitors

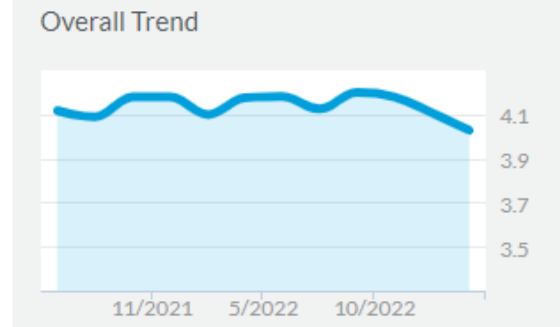
We see BTS's most important asset is its employees. We have thus chosen to look at career portal Glassdoor's evaluations and ratings to assess BTS's opportunities for recruiting and retaining personnel. Our first comparison is with the three largest management consultants, McKinsey, BCG, and Bain. BTS sits somewhat below them, but still at a particularly solid level. Moreover, the trend in BTS's rating at Glassdoor has been stable. One aspect we consider important for BTS is that it receives a relatively high rating in corporate culture, on a par with the major management consultants. This suggests it is successful in retaining staff. The key differentiating factors for the international management consultants mainly relate to salary and benefits.

### Just below the top employers globally...



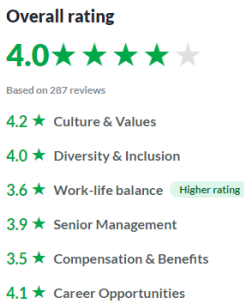
Source: Glassdoor

### ...with a strong historical trend

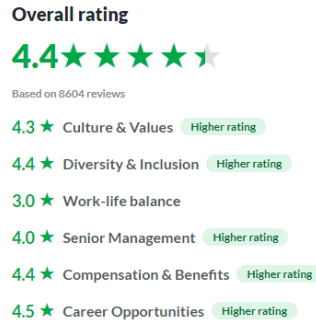


Source: Glassdoor

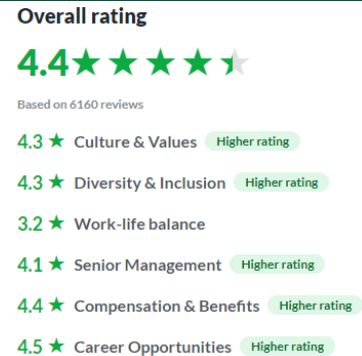
### BTS



### McKinsey



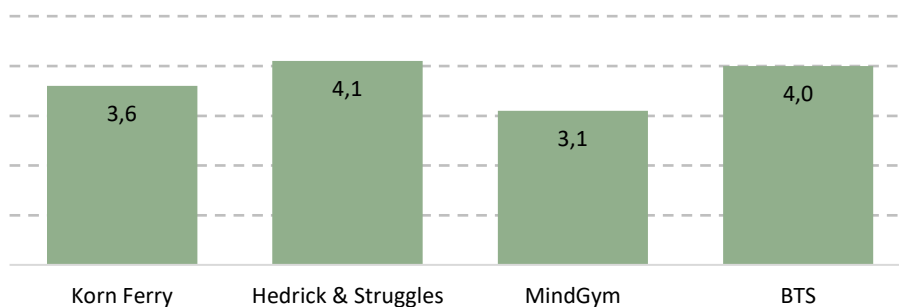
### BCG



Source: Glassdoor

Making a comparison with more direct competitors, like Korn Ferry and MindGym, we see that BTS has considerably higher ratings. We thus believe BTS has an advantage over these companies when recruiting. Moreover, BTS has in the past had higher ratings than these companies. We thus consider BTS has an edge over these competitors.

### Significantly stronger than Korn Ferry and MindGym



Source: Glassdoor

The last of our comparisons has been to look at BTS versus the four major accounting firms, EY, Deloitte, KPMG and PWC. They have some departments that can be compared to BTS. Here again, we see BTS on par with some of the most attracted employers globally based on a number of rankings.

Above or on a par with the large accounting firms



Source: Glassdoor

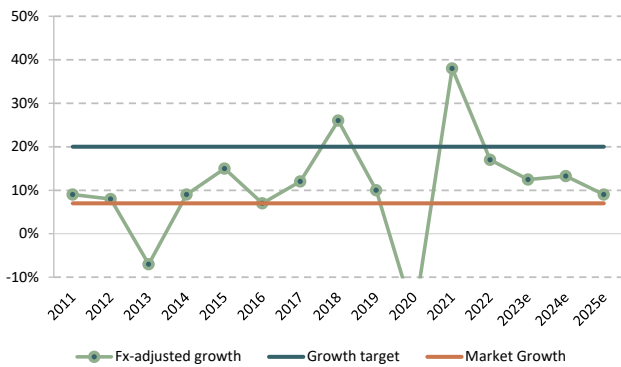
In conclusion, we judge that BTS has, and will continue to have, compelling opportunities to grow thanks to these high employee ratings. This reduces staff turnover, leading to more stable margins. We consider these high historical ratings an important factor in BTS having kept ROE volatility low and having successfully grown far more rapidly than the overall management consultancy market.

## Estimates

### Financial targets

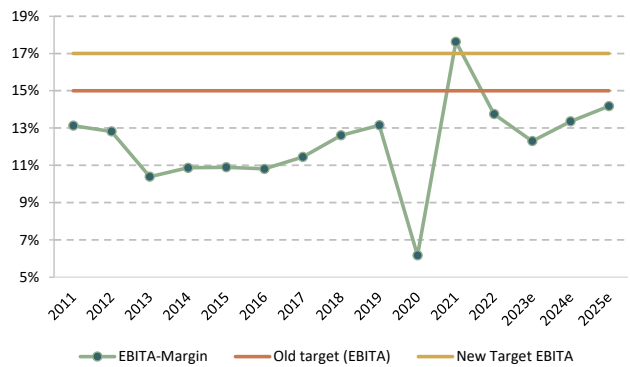
BTS has historically delivered results around its financial targets. Below, we have provided an overview of how BTS has reported in recent years in relation to these targets. We expect the gap between our estimates and the growth target can be closed through complementary acquisitions. Since its IPO, the company has undertaken 14 acquisitions. They have added 4–6% to revenues over the years of their implementation.

#### Steady currency-adjusted growth...



Source: Company, EPB

#### ...combined with stable margins

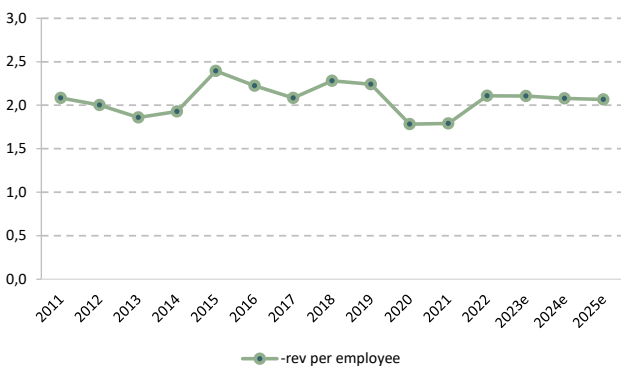


Source: Company, EPB

### Revenues

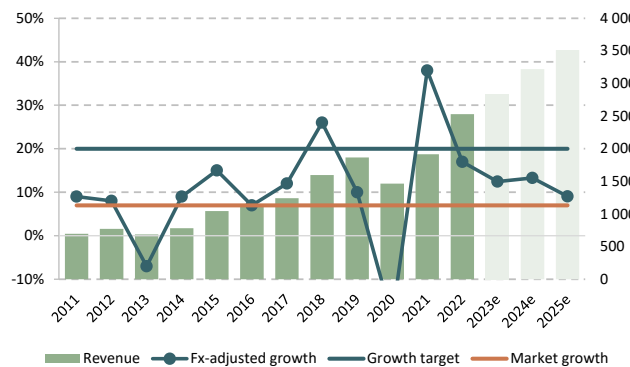
We see BTS gradually moving towards its pre-pandemic level of revenues per employee. This should mean growth increasing towards the financial target and staying higher than the market growth for management consultants.

#### Low volatility in revenues per employee...



Source: Company, EPB

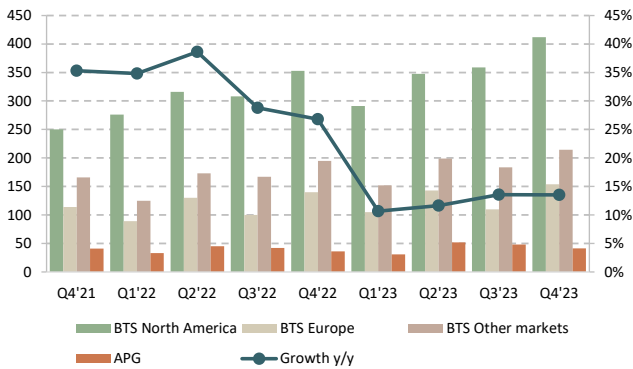
#### ...leading to stable turnover



Source: Company, EPB

For the current year, we expect a continued currency tailwind, meaning we forecast the following turnover for the different segments. We have based our estimates on the company coming close to its guidance for a better year than last year. In the past, this has corresponded to some 10% EPS growth.

### We see an ongoing recovery in North America



Source: EPB, Company

### Operating costs

Employee costs and other external costs are the two key cost items for BTS. As personnel are the company's key asset, we expect this cost item to continue growing. Historically, BTS has, in our view, managed a good balance in its recruitment, meaning the difference between revenues and costs per employee has been relatively stable over the past 12 years.

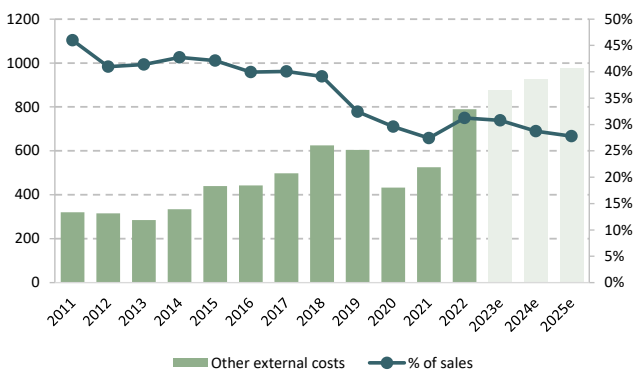
### Stable profitability per employee over time...



Source: Company, EPB

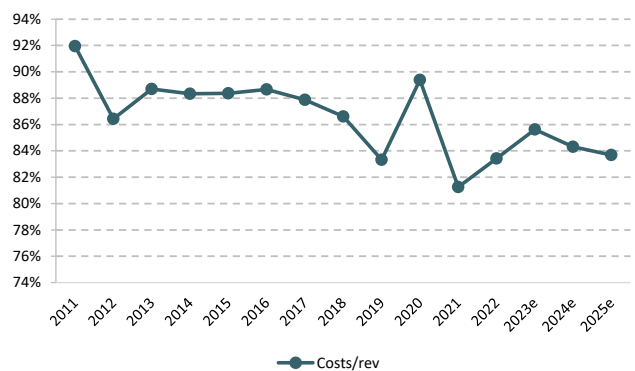
We also expect other costs to continue expanding somewhat as BTS grows. In the past, the company has demonstrated good cost control, leaving us expecting some margin expansion in the coming years.

### Good cost control in the past...



Source: EPB, Company

### ...and starting to see larger scale benefits

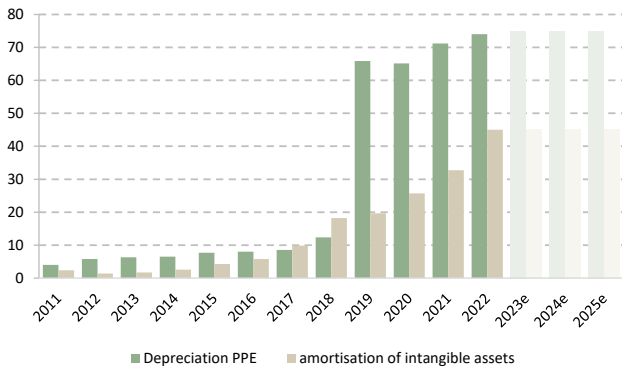


Source: EPB, Company

## Other costs

We anticipate Other costs following historical patterns and the trend in the coming years.

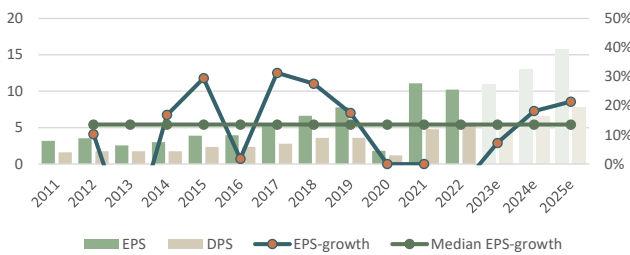
### Depreciation and amortisation of intangible assets



Source: EPB, Company

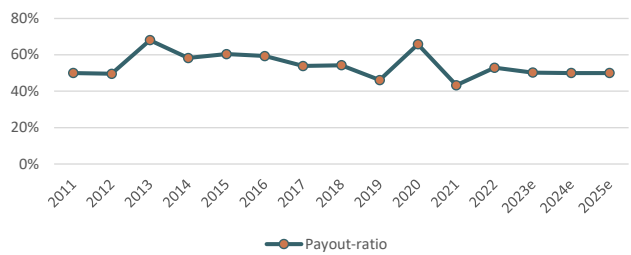
Assuming net tax and net financial items follow the historical trend, we anticipate EPS evolving as follows over our forecast period.

### Stable EPS and dividend growth...



Source: EPB, Company

### ..supported by prudent allocation of earnings



Source: EPB, Company

## Valuation

We have chosen to value BTS partly through a peer evaluation and partly using DCF. Given the past stability in both its growth and earnings, we consider a DCF model the most relevant valuation method for BTS. We have also carried out a relative valuation to show BTS's strength versus peers and why we believe BTS should trade at a premium to other Nordic consulting companies.

**BTS is currently priced at a small premium to other professional services companies.**

Valuation	MCAP (sek)	EV (sek)	EV / Sales			EV / EBITDA			EV / EBIT			Price / Earnings		
			LTM	2023	2024	LTM	2023	2024	LTM	2023	2024	LTM	2023	2024
Mind Gym	812	755	0,99x	0,87x	0,76x	10,3x	5,9x	4,6x	17,7x	8,0x	6,8x	nm	12,5x	10,9x
Korn Ferry	28 699	26 059	0,85x	0,86x	0,81x	4,4x	6,0x	5,6x	5,1x	7,2x	6,1x	10,7x	12,1x	10,2x
Heidrick & Struggles Intl	5 684	4 406	0,39x	0,41x	0,40x	2,9x	4,0x	3,8x	3,3x	6,2x	5,9x	7,1x	9,8x	9,5x
Accenture	2 274 243	2 249 843	3,32x	3,25x	3,06x	17,8x	18,1x	16,8x	21,3x	21,2x	20,0x	29,4x	27,6x	25,4x
Capgemini	362 874	396 842	1,55x	1,49x	1,40x	9,9x	9,3x	8,8x	12,4x	11,4x	10,4x	19,7x	15,8x	14,3x
<b>Nordic Peers</b>														
Knowit AB	5 103	6 166	0,87x	0,84x	0,82x	8,0x	7,5x	6,9x	13,6x	12,6x	11,1x	nm	13,7x	11,9x
NNIT A/S	3 309	4 491	1,93x	1,20x	1,10x	60,2x	6,8x	8,8x	-	22,4x	13,3x	-	17,6x	12,1x
Netcompany Group	22 593	25 153	2,81x	2,61x	2,34x	14,7x	14,7x	12,8x	20,0x	18,7x	15,7x	24,6x	23,7x	18,8x
Sweco AB Class B	43 143	48 167	1,90x	1,75x	1,66x	13,8x	14,3x	13,6x	20,4x	18,5x	17,3x	23,5x	22,2x	20,6x
Bouvet ASA	7 219	6 904	2,13x	1,97x	1,76x	14,3x	13,6x	12,1x	17,1x	16,9x	14,8x	-	22,8x	19,8x
AFRY AB Class B	19 083	23 825	0,96x	0,91x	0,87x	8,5x	8,1x	7,6x	12,5x	11,5x	10,7x	16,1x	13,6x	11,7x
BTS Group AB Class B	5 231	5 007	1,94x	1,80x	1,61x	12,2x	11,3x	9,6x	17,0x	16,2x	12,8x	27,2x	23,2x	19,1x
<b>Mean</b>			<b>1,64x</b>	<b>1,50x</b>	<b>1,38x</b>	<b>14,7x</b>	<b>10,0x</b>	<b>9,2x</b>	<b>14,6x</b>	<b>14,2x</b>	<b>12,1x</b>	<b>19,8x</b>	<b>17,9x</b>	<b>15,4x</b>
<b>Median</b>			<b>1,72x</b>	<b>1,34x</b>	<b>1,25x</b>	<b>11,2x</b>	<b>8,7x</b>	<b>8,8x</b>	<b>17,0x</b>	<b>14,4x</b>	<b>12,0x</b>	<b>21,6x</b>	<b>16,7x</b>	<b>13,2x</b>
VS BTS			12%	34%	29%	8%	30%	10%	0%	13%	7%	26%	39%	44%

Source: Factset

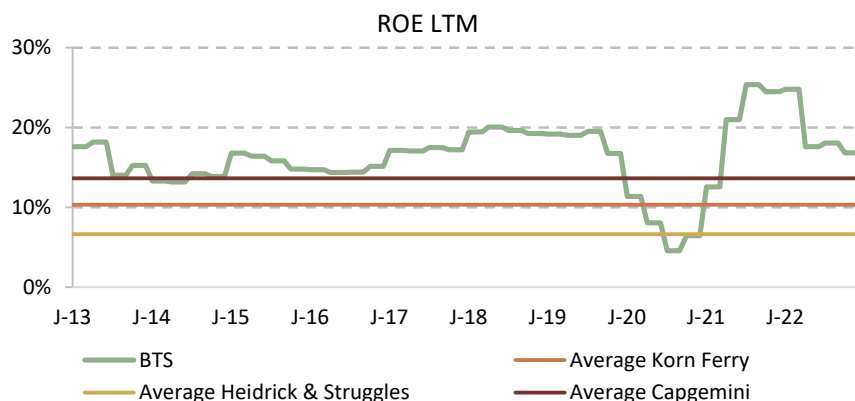
## International peers

We have chosen to compare BTW with the following international companies:

- **MindGym:** A direct competitor we have discussed in the Competitors section. Because of the company's size, we have no estimates for it.
- **Korn Ferry:** A partial competitor to BTS, but with its main focus on recruiting. We discussed the company in more detail in the Competitors section.
- **Heidrick & Struggles International:** A partial competitor to BTS, but with a key focus on recruiting. Discussed in more detail in the Competitors section.
- **Accenture:** A US-based international management consultant. The company is listed and had a 2022 turnover of USD 61.6bn. Beyond pure consultancy services, it also sells software services, which reduce the volatility of its revenues.
- **Capgemini:** An international management consultancy firm with a wide range of services, some of which are similar to BTS's offering.

Comparing BTS with the international companies we have looked at, we note that over the past ten years, BTS has had a considerably higher ROE than these companies. Moreover, its volatility has been significantly lower, justifying a premium to these companies.

**Lower volatility and higher ROE**



Source: Factset

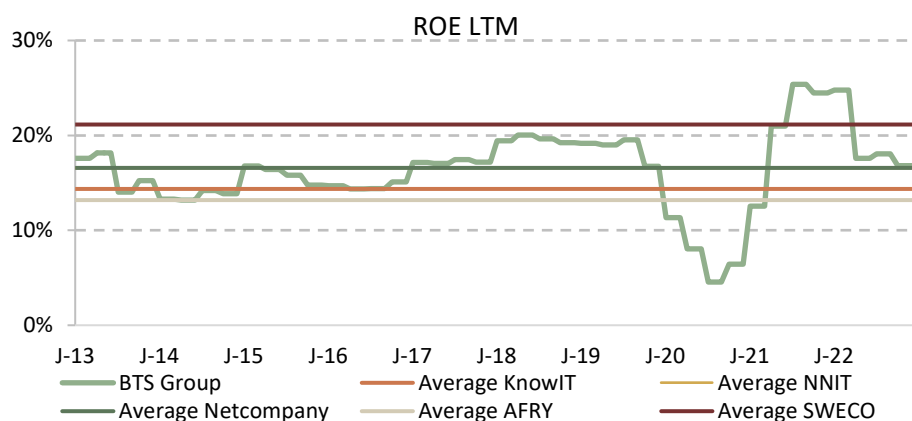


## Nordic peers

- **KnowIt:** KnowIt is a Swedish IT consultancy company with around 4,400 employees. The company reported 2022 turnover of some SEK 6,800m and an EBIT margin of 6.5%. KnowIt has previously grown through acquisitions and has a history of higher EBIT margins than at present.
- **NNIT:** A Danish IT consultant. Its 2022 turnover was around DKK 1,500m. NNIT is currently in the midst of a large restructuring and has, for this reason, negative operating results.
- **NetCompany:** A Danish IT consultant. For 2022, the company reported turnover of around DKK 5,500m, with an EBITA margin of 17.5%. As of today, the company has some 4,200 employees. It is strong in both the public and private sectors.
- **Sweco:** A Swedish tech consultant with a global presence. It reported 2022 turnover of some SEK 24,300m and an EBITA margin of 9.2%. Like BTS, the company has previously grown through smaller acquisitions, which has brought it robust EPS and revenue growth.
- **Bouvet:** A Norwegian IT/management consultant. For 2022, it saw NOK 2,700m in turnover. EBIT was NOK 400m. The company has around 2,000 employees.
- **AFRY:** The result of a merger between Swedish tech consultant ÅF and Finland's Pöyry. The company reported 2022 turnover of some SEK 23,500m and an EBITA margin of 8.1%.

As with the international peers, here we see BTS delivering a higher ROE than the Nordic peer group companies. Moreover, the volatility of BTS's ROE is substantially lower than for these companies.

### Significantly lower volatility than other Swedish peers



Source: Factset

One further factor that suggests BTS should be valued at a premium to the peer companies is the market estimates for the companies. BTS stands out from the peer group with a significantly higher growth rate than the other companies for the coming two years. In addition, its margin is some 20% than the others' for the next two years. Given its low historical ROE volatility, we have greater confidence in estimates for BTS than for the others. We conclude that BTS will continue to trade at a premium to the sector.

## BTS have both stronger growth and margins than a large part of our peer set the coming two years

Margins	FactSet Industry	Gross Income			EBITDA			EBIT			Net Income		
		LTM	2023	2024	LTM	2023	2024	LTM	2023	2024	LTM	2023	2024
Mind Gym	Miscellaneous Commerci	88,4%	87,0%	86,0%	9,6%	14,8%	16,7%	5,6%	10,9%	11,2%	5,3%	8,0%	8,0%
Korn Ferry	Personnel Services	24,1%	30,5%	31,0%	17,9%	14,2%	14,5%	15,6%	11,8%	13,2%	8,7%	7,5%	8,2%
Heidrick & Struggles Intl	Personnel Services	25,1%	31,6%	30,9%	10,7%	10,2%	10,4%	9,6%	6,6%	6,7%	7,4%	5,6%	5,4%
Accenture	Information Technology Si	32,2%	32,1%	32,0%	18,3%	17,9%	18,2%	15,3%	15,3%	15,3%	11,0%	11,5%	11,6%
Capgemini	Information Technology Si	25,9%	26,7%	27,2%	15,7%	15,9%	16,0%	12,4%	13,1%	13,4%	7,0%	8,7%	9,0%
<b>Nordic peers</b>													
Knowit AB	Miscellaneous Commerci	6,4%	11,0%	11,9%	10,9%	11,2%	11,8%	6,4%	6,7%	7,3%	5,1%	4,2%	5,0%
NNIT A/S	Information Technology Si	-	15,0%	17,5%	-	17,8%	12,5%	-	5,4%	8,3%	-	10,5%	6,8%
Netcompany Group	Information Technology Si	26,8%	30,7%	32,1%	19,1%	17,8%	18,3%	14,0%	13,9%	14,9%	10,0%	9,5%	11,1%
Sweco AB Class B	Engineering & Constructio	9,3%	100,2%	100,0%	13,8%	12,3%	12,2%	9,3%	9,5%	9,6%	7,1%	6,9%	7,1%
Bouvet ASA	Information Technology Si	-	89,7%	89,7%	-	14,5%	14,5%	-	11,6%	11,9%	-	9,2%	9,3%
AFRY AB Class B	Miscellaneous Commerci	7,3%	100,0%	101,6%	11,3%	11,2%	11,5%	7,7%	7,9%	8,2%	4,8%	5,3%	5,5%
BTS Group AB Class B	Miscellaneous Commerci	11,4%	100,0%	100,0%	15,9%	15,9%	16,7%	11,4%	11,1%	12,6%	7,4%	7,5%	8,4%
<b>Mean</b>		<b>26%</b>	<b>54,5%</b>	<b>55,0%</b>	<b>14,3%</b>	<b>14,5%</b>	<b>14,4%</b>	<b>10,7%</b>	<b>10,3%</b>	<b>11,0%</b>	<b>7,4%</b>	<b>7,9%</b>	<b>8,0%</b>
<b>Median</b>		<b>25%</b>	<b>31,8%</b>	<b>32,0%</b>	<b>14,7%</b>	<b>14,7%</b>	<b>14,5%</b>	<b>10,5%</b>	<b>11,0%</b>	<b>11,5%</b>	<b>7,3%</b>	<b>7,7%</b>	<b>8,1%</b>

Growth	Sales			EBITDA			EBIT			Net Income		
	LTM	2023	2024	LTM	2023	2024	LTM	2023	2024	LTM	2023	2024
Mind Gym	13,0%	13,9%	14,2%	331,1%	75,4%	28,4%	-983,4%	121,9%	16,7%	83,2%	nm	14,0%
Korn Ferry	15,3%	0,6%	6,1%	-6,0%	-11,8%	8,4%	-7,4%	-12,3%	18,7%	-22,2%	-19,1%	16,2%
Heidrick & Struggles Intl	-5,4%	-7,6%	3,5%	-10,6%	-25,8%	4,9%	-8,3%	-41,4%	4,3%	0,5%	-30,5%	1,0%
Accenture	11,4%	4,6%	6,1%	3,3%	1,0%	7,8%	5,5%	5,4%	6,1%	4,7%	7,5%	7,6%
Capgemini	21,1%	4,1%	5,9%	19,4%	4,8%	6,7%	23,1%	4,4%	8,9%	33,7%	5,5%	9,7%
<b>Nordic peers</b>												
Knowit	29,4%	7,1%	3,1%	11,9%	8,0%	9,2%	-0,6%	6,8%	12,9%	7,4%	-20,0%	22,1%
NNIT	-	60,5%	9,2%	-87,1%	nm	-23,0%	nm	69,0%	263,4%	nm	-29,5%	31,0%
Netcompany Group	37,7%	10,7%	11,8%	20,2%	-1,6%	14,8%	10,0%	0,7%	19,3%	12,5%	-3,3%	31,0%
SWECO	13,6%	13,3%	5,6%	9,3%	2,7%	4,8%	13,5%	16,2%	6,9%	16,0%	14,5%	9,9%
Bouvet	-	12,9%	11,9%	8,4%	5,2%	12,2%	8,0%	0,8%	14,2%	8,3%	0,9%	13,6%
AFRY	19,4%	11,4%	4,3%	15,1%	15,0%	6,5%	21,7%	30,3%	8,2%	11,1%	41,4%	8,8%
BTS Group	26,0%	10,1%	11,5%	9,2%	5,2%	17,6%	10,1%	1,8%	26,9%	-13,7%	5,6%	24,2%
<b>Mean</b>	<b>18,1%</b>	<b>11,8%</b>	<b>7,8%</b>	<b>27,0%</b>	<b>7,1%</b>	<b>8,2%</b>	<b>-82,5%</b>	<b>12,2%</b>	<b>17,7%</b>	<b>33,7%</b>	<b>0,2%</b>	<b>10,7%</b>
<b>Median</b>	<b>17,3%</b>	<b>10,4%</b>	<b>6,1%</b>	<b>9,2%</b>	<b>4,8%</b>	<b>8,1%</b>	<b>8,0%</b>	<b>4,4%</b>	<b>13,5%</b>	<b>9,7%</b>	<b>3,2%</b>	<b>11,8%</b>

Source: Factset

## DCF

Given its low revenue volatility and stable profitability, we consider a DCF model the most relevant method to value BTS. The company has also had a stable capital tie-up in the past, which facilitates a DCF analysis. Given the uncertainty in the market we increase our WACC to 8,5% from 8%. Given that the mix will change when the growth move towards the long term growth we assume that the EBIT-margin will move towards 15%. Due to the change in WACC we lower our motivated value to SEK 370-380.

### Assumptions and sensitivity analysis

#### DCF valuation

Valuation output		WACC assumptions		Terminal value assumptions	
Sum of PV of FCF (explicit period)	3 225	Risk free nominal rate	2,5%	Long term growth rate	2,0%
PV of terminal value (perpetuity formula)	3 734	Risk premium	5,5%	Long term EBIT margin	15,0%
<b>Enterprise value</b>	<b>6 959</b>	Small cap premium	0,0%	Depreciation (% of sales)	5,0%
Latest net debt	-224	Extra risk premium	1%	Capex (% of sales)	5,0%
Minority interests & other	0	<b>Cost of equity</b>	<b>8,5%</b>	Working cap. (% of sales)	3,5%
<b>Equity value</b>	<b>7 183</b>	Cost of debt (pre-tax)	0,0%	Tax rate	22%
No. of shares outstanding (millions)	19	Tax rate	0%		
<b>Equity value per share</b>	<b>371</b>	Target debt/(debt + equity)	10%		
		<b>WACC</b>	<b>8,5%</b>		

#### Sensitivity analysis

##### Sensitivity analysis

		Long-term growth rate					Long-term EBIT margin						
		1,0%	1,5%	2,0%	2,5%	3,0%			10,0%	12,5%	15,0%	17,5%	20,0%
WACC	7,5%	389	412	439	471	510	WACC	7,5%	329	384	439	494	549
	8,0%	361	380	402	428	459		8,0%	304	353	402	451	500
	8,5%	336	352	371	392	417		8,5%	283	327	371	414	458
	9,0%	315	329	344	362	383		9,0%	265	305	344	383	423
	9,5%	296	308	321	336	353		9,5%	250	285	321	357	392

Source: EPB

We thus set a fair value of SEK 370-380 for BTS. Given its low revenue volatility, we believe BTS will continue to trade at a premium to other consultants on the Stockholm stock exchange.

## Largest Shareholders

The largest owner in BTS Group in terms of capital and votes is board chairman and founder Henrik Ekelund with 18.61% and 40.46% respectively. Stefan af Petersens follows with 12.03% and 9.87% respectively, SEB Fonder with 10.93% and 7.82% respectively and Lannebo Fonder with 10.32% and 7.39% respectively.

## Board

Henrik Ekelund - Chairman of the board and founder

Chairman of the board since 2022. Founder of BTS Group and between 1986 and 2022 was the company's CEO. Has many years of experience in fast-growing companies. Not independent in relation to the company and its major shareholders.

Reinhold Geijer – Board member

Former chairman of the board of BTS Group, before that he was CEO of Royal Bank of Scotland's Nordic branch, Nordisk Renting, Telia and Föreningssparbanken (now Swedbank). Current board member of Skandia, Svensk Exportkredit, Eterna Invest and Zacco A/S. Independent in relation to the company and its major shareholders.

Stefan Gardefjord – Board member

Board member since 2003. Current CEO and President of the Swedish Space Corporation and board member of Knowit AB. Former CEO of Logica Sweden. Independent in relation to the company and its major shareholders

Mariana Burenstam Linder – Board member

Board member since 2004. Has held several leading roles, e.g. CEO and founder of Burenstam & Partners, CEO of Ainax and head of Enskilda Banken with global responsibility for Private Banking. Current board member of Latour AB and CEO of ProactiveMedicine AB. Independent in relation to the company and its major shareholders.

Anna Söderblom – Board member

Board member since 2017. Current teacher at Stockholm School of Economics and board member of Echandia Group AB, Länsförsäkringar Liv AB, Cabonline Group Holding AB, Midway Holding AB, Almi Företagspartner AB, B3 Consulting Group AB and Dedicare AB. Independent in relation to the company and its major shareholders.

Olivia Ekelund – Board Deputy

Board deputy since 2021. Marketing coordinator at Staccs AB. Not independent in relation to the company, its management and major shareholders.

## Management

Jessica Skon – CEO of BTS Group

Former President and CEO of BTS North America. Employee of BTS since 1999.

Philiou Andreou – Deputy CEO BTS Group & President of BTS Other Markets

Formerly Senior Vice President & CEO for Iberia and Mexico at BTS. Employee of BTS since 2003.

Stefan Brown – CFO and vice President of BTS Group

Employee of BTS since 1990.

## Income statement

	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>1 243</b>	<b>1 598</b>	<b>1 865</b>	<b>1 464</b>	<b>1 917</b>	<b>2 530</b>	<b>2 843</b>	<b>3 220</b>	<b>3 511</b>
Other operating income	0	0	0	0	49	0	0	0	0
<b>Total revenue</b>	<b>1 243</b>	<b>1 598</b>	<b>1 865</b>	<b>1 464</b>	<b>1 966</b>	<b>2 530</b>	<b>2 843</b>	<b>3 220</b>	<b>3 511</b>
<b>Gross profit</b>	<b>1 243</b>	<b>1 598</b>	<b>1 865</b>	<b>1 464</b>	<b>1 966</b>	<b>2 530</b>	<b>2 843</b>	<b>3 220</b>	<b>3 511</b>
Other Operating Expenses	-1 092	-1 384	-1 554	-1 309	-1 557	-2 110	-2 415	-2 715	-2 939
<b>EBITDA</b>	<b>151</b>	<b>214</b>	<b>311</b>	<b>155</b>	<b>408</b>	<b>420</b>	<b>428</b>	<b>505</b>	<b>573</b>
<b>EBITDA, adjusted</b>	<b>151</b>	<b>214</b>	<b>311</b>	<b>155</b>	<b>408</b>	<b>420</b>	<b>428</b>	<b>505</b>	<b>573</b>
Depreciation	-9	-12	-66	-65	-71	-72	-78	-75	-75
<b>EBITA, adjusted</b>	<b>142</b>	<b>202</b>	<b>245</b>	<b>90</b>	<b>337</b>	<b>349</b>	<b>350</b>	<b>430</b>	<b>498</b>
Amortization	-10	-18	-20	-26	-33	-46	-44	-45	-45
<b>EBIT</b>	<b>132</b>	<b>183</b>	<b>226</b>	<b>65</b>	<b>305</b>	<b>303</b>	<b>306</b>	<b>385</b>	<b>453</b>
<b>EBIT, adjusted</b>	<b>132</b>	<b>183</b>	<b>226</b>	<b>65</b>	<b>255</b>	<b>303</b>	<b>306</b>	<b>385</b>	<b>453</b>
Net Financial Items	-1	-4	-9	-14	-16	-14	-17	-22	-18
<b>Profit before tax</b>	<b>131</b>	<b>180</b>	<b>216</b>	<b>51</b>	<b>289</b>	<b>289</b>	<b>289</b>	<b>363</b>	<b>435</b>
<b>Profit before tax, adjusted</b>	<b>131</b>	<b>180</b>	<b>216</b>	<b>51</b>	<b>239</b>	<b>289</b>	<b>289</b>	<b>363</b>	<b>435</b>
Taxes	-33	-54	-66	-16	-74	-91	-77	-113	-130
<b>Net income</b>	<b>98</b>	<b>126</b>	<b>151</b>	<b>35</b>	<b>215</b>	<b>198</b>	<b>212</b>	<b>251</b>	<b>304</b>
<b>Net income, adjusted</b>	<b>98</b>	<b>126</b>	<b>151</b>	<b>35</b>	<b>165</b>	<b>198</b>	<b>212</b>	<b>251</b>	<b>304</b>
Sales Growth	-	29%	17%	-22%	34%	29%	12%	13%	9%
Gross Margin	100,0%	100,0%	100,0%	100,0%	>100%	100,0%	100,0%	100,0%	100,0%
EBIT Margin, Adjusted	10,7%	11,5%	12,1%	4,4%	13,3%	12,0%	10,8%	12,0%	12,9%
EPS, Adjusted	5,20	6,63	7,80	1,82	8,53	10,2	10,9	12,9	15,7
EPS Growth, Adjusted	-	28%	18%	-77%	>100%	20%	7%	18%	21%

Source: BTS Group, EPB

## Cash flow statement

	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
EBIT	132	183	226	65	305	303	306	385	453
Other Cash flow Items	-33	-23	10	35	12	48	29	-15	-28
Changes in working capital	-1	-2	-18	143	-5	-152	-7	-87	-67
<b>Cash flow from operating activities</b>	<b>98</b>	<b>158</b>	<b>217</b>	<b>242</b>	<b>312</b>	<b>199</b>	<b>328</b>	<b>284</b>	<b>357</b>
Investments in Fixed Assets	-18	-19	-	-12	-12	-61	-50	-50	-50
Investments in intangible fixed assets	0	0	-	-8	-7	0	0	0	0
Other Cash flow from investments	-63	-18	-38	-127	-163	-15	0	0	0
<b>Cash Flow From Investments</b>	<b>-80</b>	<b>-37</b>	<b>-38</b>	<b>-148</b>	<b>-182</b>	<b>-76</b>	<b>-50</b>	<b>-50</b>	<b>-50</b>
<b>Free cash flow</b>	<b>18</b>	<b>121</b>	<b>180</b>	<b>95</b>	<b>130</b>	<b>123</b>	<b>278</b>	<b>234</b>	<b>307</b>
New share issue / repurchase	-	6	23	-	-	-	-	-	-
Change in liabilities	101	-23	-	328	-79	-116	0	0	0
Dividends	-47	-53	-69	-69	-23	-93	-105	-107	-126
Other items	0	0	-86	-46	-58	0	0	0	0
<b>Cash flow from financing</b>	<b>55</b>	<b>-71</b>	<b>-132</b>	<b>213</b>	<b>-161</b>	<b>-209</b>	<b>-105</b>	<b>-107</b>	<b>-126</b>
<b>Cash flow</b>	<b>73</b>	<b>50</b>	<b>47</b>	<b>307</b>	<b>-30</b>	<b>-85</b>	<b>173</b>	<b>127</b>	<b>181</b>
<b>Net debt</b>	<b>-200</b>	<b>-262</b>	<b>-316</b>	<b>-591</b>	<b>-594</b>	<b>-577</b>	<b>-750</b>	<b>-878</b>	<b>-1 059</b>

Source: BTS Group, EPB

## Balance sheet

	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
<b>ASSETS</b>									
Goodwill	421	455	536	549	830	909	865	820	774
Other intangible assets	87	72	82	75	115	121	121	121	121
Tangible fixed assets	34	39	220	185	180	186	158	133	108
Financial assets	8	15	13	17	22	28	28	28	28
<b>Total fixed assets</b>	<b>550</b>	<b>581</b>	<b>851</b>	<b>826</b>	<b>1 147</b>	<b>1 244</b>	<b>1 171</b>	<b>1 101</b>	<b>1 030</b>
Accounts receivable	335	512	514	409	557	723	796	902	983
Other current assets	141	172	187	134	194	215	215	215	215
Cash and cash equivalents	200	262	316	591	594	577	750	878	1 059
<b>Total current assets</b>	<b>676</b>	<b>947</b>	<b>1 018</b>	<b>1 134</b>	<b>1 345</b>	<b>1 515</b>	<b>1 761</b>	<b>1 994</b>	<b>2 257</b>
<b>TOTAL ASSETS</b>	<b>1 226</b>	<b>1 528</b>	<b>1 869</b>	<b>1 960</b>	<b>2 492</b>	<b>2 758</b>	<b>2 932</b>	<b>3 095</b>	<b>3 287</b>
<b>EQUITY AND LIABILITIES</b>									
Equity	581	704	840	710	983	1 213	1 320	1 464	1 643
<b>Total equity</b>	<b>581</b>	<b>704</b>	<b>840</b>	<b>710</b>	<b>983</b>	<b>1 213</b>	<b>1 320</b>	<b>1 464</b>	<b>1 643</b>
Other long-term liabilities	305	284	364	431	543	543	543	543	543
<b>Total long-term liabilities</b>	<b>305</b>	<b>284</b>	<b>364</b>	<b>431</b>	<b>543</b>	<b>543</b>	<b>543</b>	<b>543</b>	<b>543</b>
Other current liabilities	341	540	665	820	966	1 003	1 069	1 088	1 103
<b>Total current liabilities</b>	<b>341</b>	<b>540</b>	<b>665</b>	<b>820</b>	<b>966</b>	<b>1 003</b>	<b>1 069</b>	<b>1 088</b>	<b>1 103</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 226</b>	<b>1 528</b>	<b>1 869</b>	<b>1 960</b>	<b>2 492</b>	<b>2 758</b>	<b>2 932</b>	<b>3 095</b>	<b>3 288</b>

Source: BTS Group, EPB

## Growth and margins

	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Revenue growth	-	29%	17%	-22%	34%	29%	12%	13%	9%
EBITDA growth, adjusted	-	42%	45%	-50%	>100%	3%	2%	18%	13%
EBIT growth, adjusted	-	39%	23%	-71%	>100%	19%	1%	26%	18%
EPS growth, adjusted	-	28%	18%	-77%	>100%	20%	7%	18%	21%
Gross margin	100,0%	100,0%	100,0%	100,0%	>100%	100,0%	100,0%	100,0%	100,0%
EBITDA margin	12,1%	13,4%	16,7%	10,6%	21,3%	16,6%	15,1%	15,7%	16,3%
EBITDA margin, adjusted	12,1%	13,4%	16,7%	10,6%	21,3%	16,6%	15,1%	15,7%	16,3%
EBIT margin	10,7%	11,5%	12,1%	4,4%	15,9%	12,0%	10,8%	12,0%	12,9%
EBIT margin, adjusted	10,7%	11,5%	12,1%	4,4%	13,3%	12,0%	10,8%	12,0%	12,9%
Profit margin, adjusted	7,9%	7,9%	8,1%	2,4%	8,6%	7,8%	7,5%	7,8%	8,7%

Source: BTS Group, EPB

## Return

	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
ROE, adjusted	Neg.	20%	20%	5%	20%	18%	17%	18%	20%
ROCE, adjusted	Neg.	29%	29%	8%	30%	28%	24%	28%	29%
ROIC, adjusted	Neg.	45%	47%	20%	>100%	59%	51%	67%	77%

Source: BTS Group, EPB

## Capital efficiency

	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Accounts receivable / total revenue	27%	32%	28%	28%	28%	29%	28%	28%	28%
Total short-term liabilities / total cost	31%	39%	43%	63%	62%	48%	44%	40%	38%
Working capital / total revenue	11%	9%	2%	-19%	-11%	-3%	-2%	1%	3%
Capital turnover rate	2,1x	2,3x	2,2x	2,1x	2,0x	2,1x	2,2x	2,2x	2,1x

Source: BTS Group, EPB

## Financial position

	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Net debt	-200	-262	-316	-591	-594	-577	-750	-878	-1 059
Equity ratio	47%	46%	45%	36%	39%	44%	45%	47%	50%
Net debt / equity	-0,3x	-0,4x	-0,4x	-0,8x	-0,6x	-0,5x	-0,6x	-0,6x	-0,6x
Net debt / EBITDA	-1,3x	-1,2x	-1,0x	-3,8x	-1,5x	-1,4x	-1,8x	-1,7x	-1,8x

Source: BTS Group, EPB

## Per share data

	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
EPS	5,20	6,63	7,80	1,82	11,1	10,2	10,9	12,9	15,7
EPS, adjusted	5,20	6,63	7,80	1,82	8,53	10,2	10,9	12,9	15,7
FCF per share	0,95	6,36	9,29	4,90	6,72	6,37	14,4	12,1	15,9
Dividend per share	2,80	3,60	3,60	1,20	4,80	5,40	5,50	6,50	7,80
Number of shares after dilution, average	18,9	19,0	19,3	19,3	19,4	19,4	19,4	19,4	19,4

Source: BTS Group, EPB

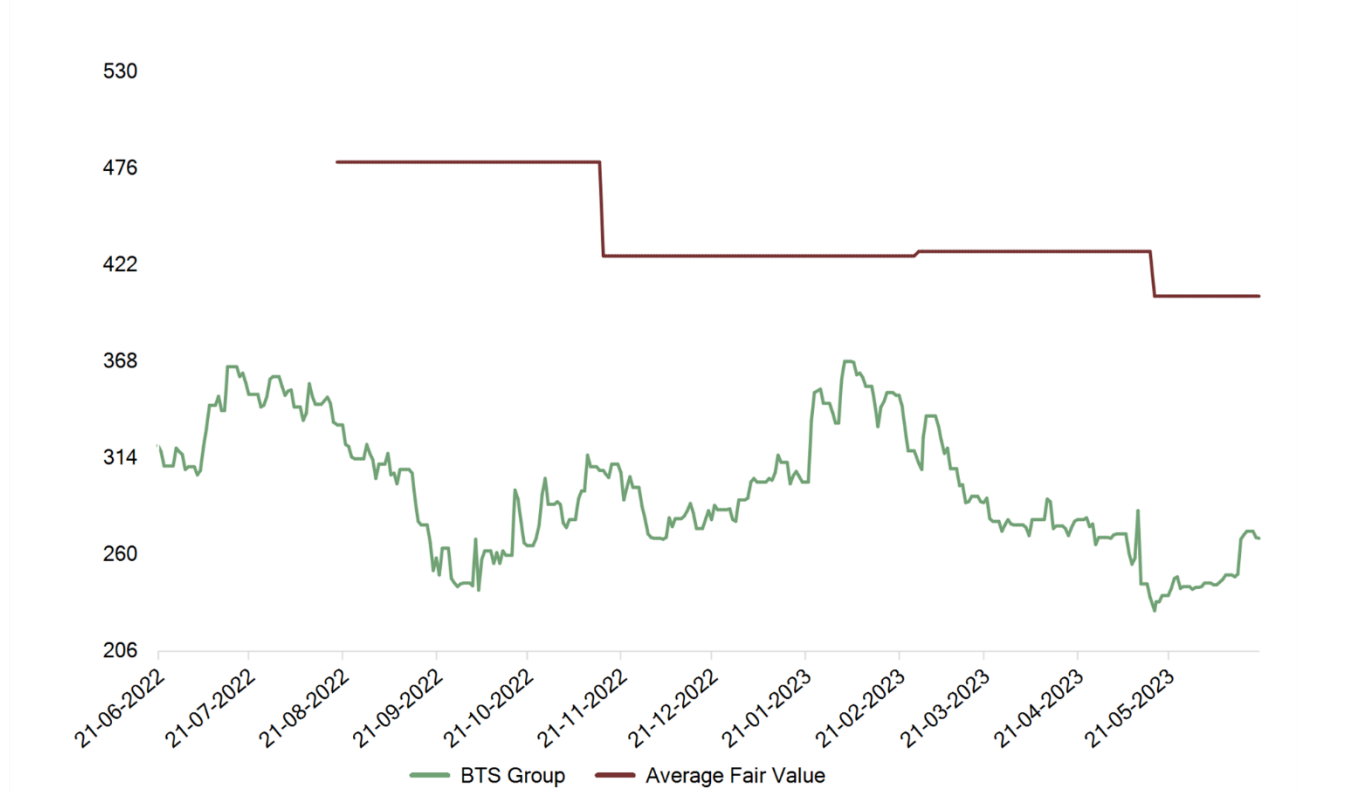
## Valuation

	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
P/E, adjusted	18,0x	19,1x	30,5x	119,0x	47,2x	28,5x	24,6x	20,8x	17,2x
P/BV	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
P/FCF	98,0x	20,0x	25,6x	44,3x	60,0x	45,7x	18,8x	22,3x	17,0x
FCF-yield	1%	5%	4%	2%	2%	2%	5%	4%	6%
Dividend yield	3,0%	2,8%	1,5%	0,6%	1,2%	1,9%	2,0%	2,4%	2,9%
Payout ratio, adjusted	53,8%	54,3%	46,2%	65,8%	56,3%	52,9%	50,2%	50,3%	49,7%
EV/Sales	1,3x	1,3x	2,3x	2,5x	3,7x	2,0x	1,8x	1,6x	1,4x
EV/EBITDA, adjusted	10,4x	10,1x	13,8x	23,2x	17,7x	12,0x	11,7x	9,9x	8,7x
EV/EBIT, adjusted	11,8x	11,7x	19,0x	55,7x	28,3x	16,7x	16,4x	13,0x	11,0x
EV	1 566	2 153	4 281	3 600	7 213	5 061	4 997	4 997	4 997
Share price, year end	93,5	127	238	217	403	291	270	270	270

Source: BTS Group, EPB

## Share Price and Fair Value Chart

### BTS Group (BTSB SS EQUITY)



Source: EPB, IDC



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