



This report was completed and disseminated 26 August 2019: 08.00 CET

# BTS Group

## Twelfth record quarter in a row

Initiation of coverage   
Target Price Change   
Estimate Change 

### Risk and Return Potential

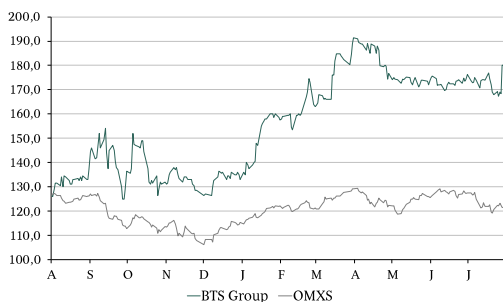
|                              |                               |
|------------------------------|-------------------------------|
| Return Potential             | Medel                         |
| Risk                         | Low Risk                      |
| Current Price                | 180,00                        |
| High/Low (12M)               | 191,40/125,00                 |
| Number of Shares (m)         | 19,3                          |
| Market Capitalisation (SEKm) | 3 477                         |
| Net Debt (SEKm)              | -112                          |
| Enterprise Value (SEKm)      | 3 365                         |
| Reuters/Bloomberg Listing    | BTSb.ST/BTSB SS<br>Nasdaq OMX |

### Estimates and Valuation (SEK)

| FY (Dec)        | 2018  | 2019E | 2020E | 2021E |
|-----------------|-------|-------|-------|-------|
| Sales           | 1 598 | 1 907 | 2 132 | 2 382 |
| EBITDA          | 214   | 308   | 346   | 388   |
| EBIT            | 183   | 231   | 267   | 307   |
| Pre-tax Result  | 180   | 223   | 259   | 298   |
| EPS Adjusted    | 6,67  | 8,10  | 9,41  | 10,85 |
| BVPS            | 37,04 | 41,32 | 46,23 | 52,25 |
| Dividend        | 3,60  | 4,24  | 4,83  | 5,44  |
| EPS Growth      | 28,3  | 21,4  | 16,2  | 15,3  |
| EBIT Margin     | 11,5  | 12,1  | 12,5  | 12,9  |
| ROE             | 19,7  | 20,9  | 21,6  | 22,0  |
| ROCE            | 36,3  | 49,4  | 62,2  | 71,4  |
| Net Debt/Equity | -0,28 | -0,46 | -0,52 | -0,57 |
| EV/Sales        | 1,41  | 1,76  | 1,58  | 1,41  |
| EV/EBITDA       | 10,5  | 10,9  | 9,7   | 8,7   |
| EV/EBIT         | 12,3  | 14,6  | 12,6  | 11,0  |
| P/E Adjusted    | 19,0  | 22,2  | 19,1  | 16,6  |
| P/BV            | 3,43  | 4,36  | 3,89  | 3,44  |
| Dividend Yield  | 2,8   | 2,4   | 2,7   | 3,0   |

Source: Company Reports, Erik Penser Bank

### Price trend, 12 months



Source: FactSet

| Date       | Event     | Place |
|------------|-----------|-------|
| 13/11/2019 | Q3 report |       |

See last page for the disclaimer.

### In line with expectations

BTS has reported the second-best quarter in its history, and also its twelfth record-beating quarter in a row. Net sales amounted to SEK 477 (427) million, which was almost 3% below our forecast. The difference is explained mainly by postponed major projects within BTS Europe, which we instead expect to be booked in Q3. Notably, the company does not see any indications of an economic downturn and is experiencing continued high customer demand. Organic growth was 6% during the quarter, despite strong comparatives in Q2 2018. BTS is achieving earnings of SEK 72 (64) million at EBITA level, making the EBITA margin 15.1% (15.0%), which was slightly better than our expectation of 15%.

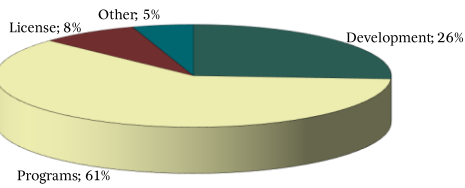
### Upgraded outlook for 2019

BTS upwardly revised its 2019 outlook in connection with the Q2 report. The earlier guidance was that profit before tax was expected to be **better** than in the preceding year, but has now been changed to **significantly better** than in 2018. However, the upgrade came as no major surprise given our forecast for the second half of 2019. At the same time, we believe that BTS North America will further strengthen its profitability during H2 2019. In addition, it benefits from the continued strong dollar. Historically, "**significantly better**" has meant growth of around 20% in pre-tax profit, which is also in line with our forecast for 2019. It is worth mentioning that the company has historically delivered at least on its outlook.

### Upwardly adjusting sales and EBIT by 1%

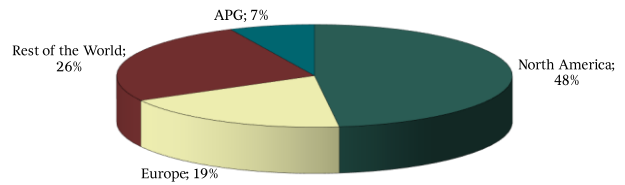
We expect that revenues from licences will continue to rise, having a positive impact on margins going forward. Furthermore, we are upbeat about the development in BTS North America, where we anticipate rising profitability in H2 2019, in line with our earlier forecasts. We also expect BTS Europe to return to growth in Q3 as a number of postponed major projects are delivered. With slightly stronger tailwinds from the dollar than we previously anticipated, we are upwardly adjusting our estimates for both sales and EBIT by 1% for the current and coming years. BTS is valued at PE 19x or EV/EBIT 13x on 2020 estimates, which we consider attractive given the track record and growth outlook. We therefore reiterate medium potential in the share at low risk. Since the company was listed in 2001, the average annual sales growth has been 14%, and average annual growth in EBITA has been 18%.

### BTS Group – Sales by Segment



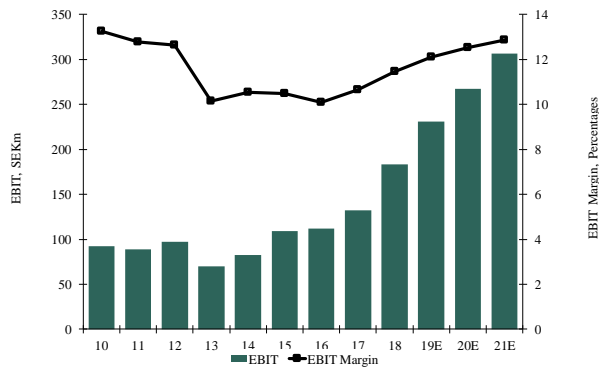
Source: Company Reports, Erik Penser Bank

### BTS Group – Sales by Market



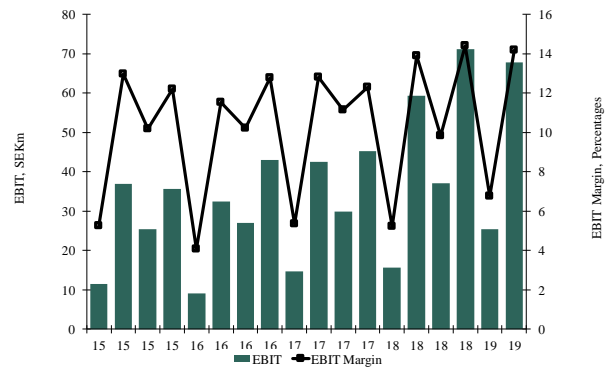
Source: Company Reports, Erik Penser Bank

### BTS Group – Full-year EBIT Performance



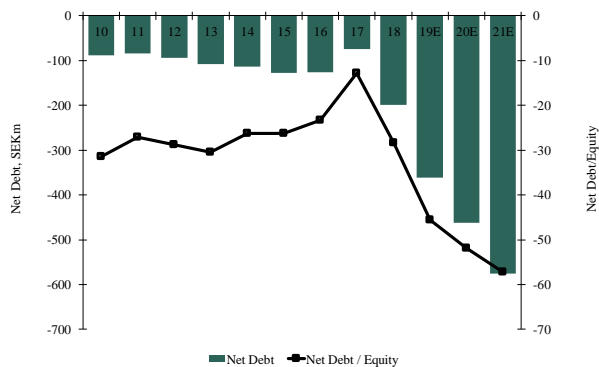
Source: Company Reports, Erik Penser Bank

### BTS Group – Quarterly EBIT Performance



Source: Company Reports, Erik Penser Bank

### BTS Group – Financial Position



Note: Negative numbers indicate a net cash position  
Source: Company Reports, Erik Penser Bank

### BTS Group – Share Structure, Management

|                                      |                             |               |
|--------------------------------------|-----------------------------|---------------|
| Market Cap (SEKm)                    | 3 477                       |               |
| No of Outstanding Shares (m)         | 19,3                        |               |
| Avg No of Daily Traded Shares (000s) | 9                           |               |
| Free Float (Shares)                  | 41,0%                       |               |
| <b>Main Shareholders</b>             | <b>Votes</b>                | <b>Shares</b> |
| Henrik Ekelund                       | 42,1%                       | 20,7%         |
| Nordea Fonder                        | 10,7%                       | 15,0%         |
| Stefan Af Petersens                  | 9,9%                        | 12,1%         |
| Lannebo                              | 8,1%                        | 11,3%         |
| Others                               | 29,2%                       | 40,9%         |
| Chairman                             | Reinhold Geijer             |               |
| CEO                                  | Henrik Ekelund              |               |
| CFO                                  | Stefan Brown                |               |
| IR                                   | Michael Wallin              |               |
| Phone Number / Internet              | +46 8 6997000 / www.bts.com |               |
| Next Report                          | 13 November 2019            |               |

Source: Company Reports, Erik Penser Bank

## **Investment case**

*BTS develops and packages client strategies and assists with their implementation through simulation and training. Its simulations and technical platforms attempt to replicate the company's surroundings and environment as realistically as possible. BTS differentiates itself from the major management consultancy firms by being more niched in implementing and executing strategies for its clients.*

### **BTS is a flight simulator for businesses**

BTS's strategy includes interactive learning, and is used to train managers and entire organizations as tangibly and personally as possible. BTS offers a broad range of simulations, and over the years the company has built up vast know-how in a number of industries and markets. BTS can simulate anything from a recession to what would happen if a company were to lose one of its most important customers. Using the BTS methodology its clients can, for example, learn how their company should act in, and defend itself against, different scenarios.

### **Growth with stable margins**

The company's target is to achieve 20% annual growth with a 15% EBITA margin. This is to be achieved both organically and through acquisitions. Over the past 10 years, BTS has generated average annual growth of 10% in currency-adjusted sales and EBITA, with organic growth accounting for the majority. The company's growth target was exceeded in 2018, when it achieved currency-adjusted growth of 26%. Despite this strong growth, BTS has managed to maintain a stable margin over the years. Its EBIT margin is anchored above 10%, which is also what we anticipate going forward. We estimate that this growth, and the company's cutbacks and efficiencies, will offset the ongoing pressure on prices. In the short term, BTS should deliver higher profitability as it has historically invested just over 4% of its turnover in digitalisation. However, it is investing for long-term growth, which we consider to be the right strategy. In addition to stable growth and profitability, the company has also delivered good dividend growth over time.

### **One company, four revenue streams**

BTS has four revenue streams: Programs, Development, Licenses and Other Revenue. Programs account for the majority of revenues, at about 61%, but we do not assess this as a risk since this is its signature reputation in the market. This is also the costliest service, making it realistic that it accounts for the majority of revenues. The revenue model is based on fixed prices, with variable components in the form of annual indexation and fees depending on the number of participants. The company's most profitable segment is Licenses, accounting for just over 8% of sales. The remaining revenue streams are Development and Other Revenue, which account for 26% and 5% of net sales respectively.

### Still worth owning for the long term

Given the financial stability of the company, along with the fact that it has over time delivered double-digit growth and margins, we estimate that the share has more to give and is still worth owning for the long term. The stock is traded at EV/EBIT 13x or P/E 19x on 2020 forecasts, which has to be regarded as attractive given the growth rate and improved profitability. We see continued good potential for steadily rising profitability in the coming years. We reiterate our positive view of BTS and see continued medium potential in this share, at low risk.

#### BTS Group – Our Estimate Changes (SEK)

|              | 2019E |       |        | 2020E |      |        | 2021E |       |        |
|--------------|-------|-------|--------|-------|------|--------|-------|-------|--------|
|              | Old   | New   | Change | Old   | New  | Change | Old   | New   | Change |
| Sales        | 1889  | 1 907 | 1%     | 2111  | 2132 | 1%     | 2359  | 2 382 | 1%     |
| EBIT         | 228   | 231   | 1%     | 265   | 267  | 1%     | 304   | 307   | 1%     |
| EPS Adjusted | 8.03  | 8.10  | 1%     | 9.36  | 9.41 | 1%     | 10.79 | 10.9  | 1%     |

Source: Erik Penser Bank

**BTS Group – Income Statement, Cash Flow and Balance Sheet (SEKm)**
**Income Statement**

|                                | 2012       | 2013      | 2014      | 2015       | 2016       | 2017       | 2018       | 2019E      | 2020E      | 2021E      |
|--------------------------------|------------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|
| Net Sales                      | 771        | 688       | 781       | 1 044      | 1 108      | 1 243      | 1 598      | 1 907      | 2 132      | 2 382      |
| Other Operating Income         | 0          | 0         | 0         | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Cost of goods sold             | -          | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Gross Profit                   | -          | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Selling Expenses               | -          | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Administrative Expenses        | -496       | -454      | -596      | -934       | -996       | -1 092     | -1 384     | -1 599     | -1 785     | -1 994     |
| Research and development costs | -          | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Other Operating Costs          | -316       | -285      | -334      | -439       | -443       | -519       | -568       | -636       | -635       | -634       |
| <b>EBITDA</b>                  | <b>105</b> | <b>78</b> | <b>91</b> | <b>121</b> | <b>125</b> | <b>151</b> | <b>214</b> | <b>308</b> | <b>346</b> | <b>388</b> |
| Depreciation                   | -7         | -8        | -9        | -12        | -14        | -18        | -31        | -77        | -79        | -82        |
| Amortisation of Goodwill       | 0          | 0         | 0         | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>EBIT</b>                    | <b>97</b>  | <b>70</b> | <b>82</b> | <b>109</b> | <b>112</b> | <b>132</b> | <b>183</b> | <b>231</b> | <b>267</b> | <b>307</b> |
| Non-recurring Items            | 0          | 0         | 0         | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Associated Companies           | 0          | 0         | 0         | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Net Financial Items            | -1         | -0        | 1         | -0         | -1         | -1         | -3         | -8         | -8         | -8         |
| <b>Pre-tax Result</b>          | <b>97</b>  | <b>70</b> | <b>83</b> | <b>109</b> | <b>112</b> | <b>131</b> | <b>180</b> | <b>223</b> | <b>259</b> | <b>298</b> |
| Tax                            | -33        | -22       | -27       | -37        | -37        | -33        | -54        | -67        | -77        | -89        |
| Minority Interest              | 0          | 0         | 0         | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Net Result</b>              | <b>64</b>  | <b>48</b> | <b>56</b> | <b>73</b>  | <b>75</b>  | <b>98</b>  | <b>127</b> | <b>156</b> | <b>181</b> | <b>209</b> |

**Cash Flow**

|                             | 2012       | 2013        | 2014        | 2015        | 2016        | 2017       | 2018        | 2019E       | 2020E       | 2021E       |
|-----------------------------|------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|
| EBITDA                      | 105        | 78          | 91          | 121         | 125         | 151        | 214         | 308         | 346         | 388         |
| Change in Working Capital   | -13        | -11         | -28         | -35         | -52         | -1         | -8          | 17          | -58         | -65         |
| Other Operating Cash Items  | -24        | -11         | -10         | -17         | -12         | -51        | -48         | -75         | -86         | -97         |
| <b>Operating Cash Flow</b>  | <b>60</b>  | <b>48</b>   | <b>45</b>   | <b>58</b>   | <b>47</b>   | <b>98</b>  | <b>158</b>  | <b>250</b>  | <b>202</b>  | <b>226</b>  |
| Net Financial Costs         | -1         | -0          | 1           | -0          | -1          | -1         | -3          | -8          | -8          | -8          |
| Taxes Paid                  | -15        | -11         | -16         | -28         | -25         | -33        | -54         | -67         | -77         | -89         |
| Capital Expenditure         | 0          | 0           | 0           | 0           | 0           | 0          | -37         | -15         | -15         | -15         |
| <b>Free Cash Flow</b>       | <b>58</b>  | <b>45</b>   | <b>37</b>   | <b>50</b>   | <b>36</b>   | <b>116</b> | <b>114</b>  | <b>241</b>  | <b>193</b>  | <b>217</b>  |
| Dividends                   | -29        | -32         | -33         | -33         | -44         | -47        | -53         | -69         | -82         | -93         |
| Acquisitions                | -12        | -16         | -21         | -19         | -13         | -15        | -4          | -4          | -4          | -4          |
| Disposals                   | 0          | 0           | 0           | 0           | 0           | 0          | 0           | 0           | 0           | 0           |
| Equity Issue/Share Buybacks | 0          | 0           | 0           | 0           | 0           | 0          | 0           | 0           | 0           | 0           |
| Other Adjustments           | 84         | 95          | 109         | 114         | 135         | 135        | 200         | 262         | 424         | 525         |
| <b>Total Cash Flow</b>      | <b>101</b> | <b>92</b>   | <b>92</b>   | <b>112</b>  | <b>114</b>  | <b>190</b> | <b>257</b>  | <b>430</b>  | <b>531</b>  | <b>645</b>  |
| Other Non-cash Adjustments  | -          | -           | -           | -           | -           | -          | -           | -           | -           | -           |
| <b>Net Debt</b>             | <b>-94</b> | <b>-109</b> | <b>-114</b> | <b>-127</b> | <b>-126</b> | <b>-74</b> | <b>-199</b> | <b>-361</b> | <b>-463</b> | <b>-576</b> |

**Balance Sheet**

|                                     | 2012       | 2013       | 2014       | 2015       | 2016       | 2017         | 2018         | 2019E        | 2020E        | 2021E        |
|-------------------------------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|
| <b>ASSETS</b>                       |            |            |            |            |            |              |              |              |              |              |
| Goodwill                            | 135        | 143        | 207        | 223        | 272        | 421          | 455          | 455          | 455          | 455          |
| Other Intangible Assets             | 15         | 17         | 32         | 31         | 41         | 87           | 72           | 17           | -40          | -98          |
| Tangible Assets                     | 16         | 14         | 14         | 15         | 22         | 30           | 39           | 36           | 32           | 28           |
| Shares in Participations            | 0          | 0          | 0          | 0          | 0          | 0            | 0            | 0            | 0            | 0            |
| Other Fixed Assets                  | 8          | 8          | 9          | 10         | 10         | 11           | 15           | 15           | 15           | 15           |
| <b>Total Fixed Assets</b>           | <b>174</b> | <b>182</b> | <b>261</b> | <b>279</b> | <b>346</b> | <b>549</b>   | <b>581</b>   | <b>523</b>   | <b>463</b>   | <b>400</b>   |
| Inventories                         | 0          | 0          | 0          | 0          | 0          | 0            | 0            | 0            | 0            | 0            |
| Accounts Receivable                 | 158        | 156        | 239        | 277        | 361        | 335          | 512          | 496          | 554          | 619          |
| Other Current Assets                | 91         | 73         | 67         | 116        | 101        | 141          | 172          | 172          | 172          | 172          |
| Cash and Cash Equivalents           | 95         | 109        | 114        | 140        | 135        | 200          | 262          | 424          | 525          | 639          |
| <b>Total Current Assets</b>         | <b>345</b> | <b>337</b> | <b>420</b> | <b>532</b> | <b>598</b> | <b>676</b>   | <b>947</b>   | <b>1 092</b> | <b>1 252</b> | <b>1 430</b> |
| <b>TOTAL ASSETS</b>                 | <b>519</b> | <b>519</b> | <b>682</b> | <b>811</b> | <b>944</b> | <b>1 226</b> | <b>1 528</b> | <b>1 615</b> | <b>1 715</b> | <b>1 831</b> |
| <b>EQUITY AND LIABILITIES</b>       |            |            |            |            |            |              |              |              |              |              |
| Shareholder Equity                  | 327        | 356        | 435        | 483        | 543        | 581          | 704          | 791          | 891          | 1 007        |
| Minority Interest                   | 0          | 0          | 0          | 0          | 0          | 0            | 0            | 0            | 0            | 0            |
| <b>Total Equity</b>                 | <b>327</b> | <b>356</b> | <b>435</b> | <b>483</b> | <b>543</b> | <b>581</b>   | <b>704</b>   | <b>791</b>   | <b>891</b>   | <b>1 007</b> |
| Long-term Financial Liabilities     | 1          | 0          | 0          | 13         | 9          | 126          | 63           | 63           | 63           | 63           |
| Pension Provisions                  | 0          | 0          | 0          | 0          | 0          | 0            | 0            | 0            | 0            | 0            |
| Deferred Tax Liabilities            | 0          | 0          | 0          | 0          | 0          | 0            | 0            | 0            | 0            | 0            |
| Other Long-term Liabilities         | 0          | 0          | 0          | 0          | 12         | 220          | 221          | 221          | 221          | 221          |
| <b>Total Long-term Liabilities</b>  | <b>1</b>   | <b>0</b>   | <b>0</b>   | <b>13</b>  | <b>21</b>  | <b>345</b>   | <b>284</b>   | <b>284</b>   | <b>284</b>   | <b>284</b>   |
| Current Financial Liabilities       | 0          | 0          | 0          | 0          | 0          | 0            | 0            | 0            | 0            | 0            |
| Accounts Payable                    | 22         | 17         | 22         | 21         | 26         | 26           | 0            | 0            | 0            | 0            |
| Tax Liabilities                     | 16         | 19         | 29         | 37         | 51         | 51           | 0            | 0            | 0            | 0            |
| Other Current Liabilities           | 154        | 127        | 196        | 256        | 303        | 263          | 540          | 540          | 540          | 540          |
| <b>Total Current Liabilities</b>    | <b>191</b> | <b>163</b> | <b>247</b> | <b>315</b> | <b>380</b> | <b>340</b>   | <b>540</b>   | <b>540</b>   | <b>540</b>   | <b>540</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>519</b> | <b>519</b> | <b>682</b> | <b>811</b> | <b>944</b> | <b>1 266</b> | <b>1 528</b> | <b>1 615</b> | <b>1 715</b> | <b>1 831</b> |

Source: Company Reports, Erik Penser Bank

## BTS Group – Valuation and Key Ratios (SEK)

### Per Share Data

|  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017   | 2018   | 2019E  | 2020E  | 2021E  |
|--|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| EPS Reported                               | 3,53  | 2,57  | 3,01  | 3,89  | 3,96  | 5,20   | 6,67   | 8,10   | 9,41   | 10,85  |
| EPS Adjusted                               | 3,53  | 2,57  | 3,01  | 3,89  | 3,96  | 5,20   | 6,67   | 8,10   | 9,41   | 10,85  |
| CEPS                                       | 3,31  | 2,56  | 2,40  | 3,10  | 2,54  | 8,08   | 7,34   | -      | -      | -      |
| Free Cash Flow                             | 3,22  | 2,39  | 1,99  | 2,66  | 1,92  | 8,12   | 7,38   | -      | -      | -      |
| Dividend                                   | 1,75  | 1,75  | 1,75  | 2,35  | 2,50  | 2,80   | 3,60   | 4,24   | 4,83   | 5,44   |
| Book Value                                 | 18,08 | 19,14 | 23,30 | 25,91 | 29,12 | 31,15  | 37,04  | 41,32  | 46,23  | 52,25  |
| Tangible Book Value (Excl Goodwill)        | 10,62 | 11,44 | 12,20 | 13,96 | 14,51 | 8,43   | 13,09  | 17,54  | 22,60  | 28,63  |
| Net Asset Value                            | 18,08 | 19,14 | 23,30 | 25,91 | 29,12 | 31,15  | 33,64  | -      | -      | -      |
| Net Debt                                   | -5,21 | -5,84 | -6,12 | -6,81 | -6,77 | -10,99 | -14,39 | -      | -      | -      |
| Enterprise Value                           | 56,04 | 53,16 | 53,38 | 70,69 | 65,23 | 89,52  | 116,67 | 161,32 | 156,05 | 150,17 |
| Diluted No of Shares, Weighted Average (m) | 18,1  | 18,6  | 18,6  | 18,7  | 18,7  | 18,7   | 19,3   | 19,3   | 19,3   | 19,3   |
| Diluted No of Shares, Year-end (m)         | 18,1  | 18,6  | 18,6  | 18,7  | 18,7  | 18,9   | 19,0   | 19,1   | 19,3   | 19,3   |

### Valuation

|   | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018   | 2019E  | 2020E  | 2021E  |
|---|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
| P/E Reported                                  | 17,4  | 22,9  | 19,8  | 19,9  | 18,2  | 18,0  | 19,0   | 22,2   | 19,1   | 16,6   |
| P/E Adjusted                                  | 17,4  | 22,9  | 19,8  | 19,9  | 18,2  | 18,0  | 19,0   | 22,2   | 19,1   | 16,6   |
| P/CEPS  | 18,5  | 23,0  | 24,8  | 25,0  | 28,4  | 11,6  | 17,3   | -      | -      | -      |
| P/FCFPS                                       | 19,0  | 24,6  | 29,9  | 29,1  | 37,6  | 11,5  | 17,2   | -      | -      | -      |
| FCF Yield                                     | 5,3   | 4,1   | 3,3   | 3,4   | 2,7   | 8,7   | 5,8    | -      | -      | -      |
| Dividend Yield                                | 2,9   | 3,0   | 2,9   | 3,0   | 3,5   | 3,0   | 2,8    | 2,4    | 2,7    | 3,0    |
| Dividend Payout Ratio Adjusted                | 49,6  | 68,0  | 58,2  | 60,4  | 63,2  | 53,8  | 54,0   | 52,3   | 51,3   | 50,1   |
| P/BV  | 3,39  | 3,08  | 2,55  | 2,99  | 2,47  | 3,00  | 3,43   | 4,36   | 3,89   | 3,44   |
| P/Tangible BV                                 | 5,77  | 5,16  | 4,88  | 5,55  | 4,96  | 11,09 | 9,70   | 10,26  | 7,96   | 6,29   |
| P/NAV   | 3,39  | 3,08  | 2,55  | 2,99  | 2,47  | 3,00  | 3,78   | -      | -      | -      |
| EV/Sales                                      | 1,31  | 1,44  | 1,27  | 1,26  | 1,10  | 1,34  | 1,41   | 1,76   | 1,58   | 1,41   |
| EV/EBITDA                                     | 9,7   | 12,7  | 10,9  | 10,9  | 9,7   | 11,1  | 10,5   | 10,9   | 9,7    | 8,7    |
| EV/EBIT                                       | 10,4  | 14,1  | 12,1  | 12,0  | 10,9  | 12,6  | 12,3   | 14,6   | 12,6   | 11,0   |
| Share Price, Year-end                         | 61,25 | 59,00 | 59,50 | 77,50 | 72,00 | 93,50 | 127,00 | 180,00 | 180,00 | 180,00 |
| Share Price, High                             | 61,25 | 73,00 | 69,00 | 82,50 | 79,75 | 97,00 | 154,00 | 191,40 | -      | -      |
| Share Price, Low                              | 46,50 | 51,00 | 45,00 | 54,50 | 56,50 | 71,00 | 93,80  | 126,50 | -      | -      |
| Share Price, Average                          | 55,48 | 60,76 | 53,72 | 69,42 | 67,69 | 84,29 | 118,60 | 166,04 | -      | -      |
| Market Cap, Year-end and Current (SEKm)       | 1 107 | 1 097 | 1 109 | 1 445 | 1 343 | 1 744 | 2 453  | 3 477  | 3 477  | 3 477  |
| Enterprise Value, Year-end and Current (SEKm) | 1 012 | 988   | 995   | 1 318 | 1 216 | 1 670 | 2 254  | 3 365  | 3 365  | 3 365  |

### Growth Rate and Margins

|                          | 2012 | 2013  | 2014 | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|--------------------------|------|-------|------|------|------|------|------|-------|-------|-------|
| Sales Growth, YoY        | 10,4 | -10,7 | 13,5 | 33,6 | 6,1  | 12,2 | 28,6 | 19,3  | 11,8  | 11,8  |
| EBIT Growth, YoY         | 9,2  | -28,3 | 18,0 | 32,8 | 2,1  | 18,5 | 38,6 | 25,9  | 15,6  | 14,8  |
| EPS Adjusted Growth, YoY | 10,3 | -27,1 | 16,9 | 29,3 | 1,7  | 31,4 | 28,3 | 21,4  | 16,2  | 15,3  |
| EBITDA Margin            | 13,6 | 11,3  | 11,7 | 11,6 | 11,3 | 12,1 | 13,4 | 16,1  | 16,3  | 16,3  |
| EBITA Margin             | 12,6 | 10,1  | 10,5 | 10,5 | 10,1 | 10,7 | 11,5 | 12,1  | 12,5  | 12,9  |
| EBIT Margin              | 12,6 | 10,1  | 10,5 | 10,5 | 10,1 | 10,7 | 11,5 | 12,1  | 12,5  | 12,9  |
| Pre-tax Margin Adjusted  | 12,6 | 10,1  | 10,6 | 10,5 | 10,1 | 10,6 | 11,3 | 11,7  | 12,1  | 12,5  |
| Net Margin Adjusted      | 8,3  | 7,0   | 7,2  | 6,9  | 6,8  | 7,9  | 7,9  | 8,2   | 8,5   | 8,8   |
| Tax Rate                 | 34,1 | 31,4  | 32,3 | 33,6 | 33,1 | 25,3 | 29,8 | 29,9  | 29,9  | 29,9  |

### Profitability

|   | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|---|------|------|------|------|------|------|------|-------|-------|-------|
| Return on Equity, ROE                     | 20,0 | 14,0 | 14,2 | 15,8 | 14,6 | 17,5 | 19,7 | 20,9  | 21,6  | 22,0  |
| Return on Equity 5-Year Average           | -    | -    | -    | 16,7 | 15,7 | 15,2 | 16,4 | 17,7  | 18,8  | 20,3  |
| Return on Capital Employed, ROCE          | 42,5 | 29,1 | 29,0 | 32,4 | 28,9 | 28,7 | 36,3 | 49,4  | 62,2  | 71,4  |
| Return on Capital Employed 5-Year Average | -    | -    | -    | 35,1 | 32,4 | 29,6 | 31,0 | 35,1  | 41,1  | 49,6  |

### Capital Expenditure and Efficiency

|                           | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|---------------------------|------|------|------|------|------|------|------|-------|-------|-------|
| Capital Expenditure       | 0    | 0    | 0    | 0    | 0    | 0    | 37   | 15    | 15    | 15    |
| Capex/Sales               | 0,0  | 0,0  | 0,0  | 0,0  | 0,0  | 0,0  | 2,3  | 0,8   | 0,7   | 0,6   |
| Capex/Depreciation        | 0,0  | 0,0  | 0,0  | 0,0  | 0,0  | 0,0  | 1,2  | 0,2   | 0,2   | 0,2   |
| Inventory/Sales           | 0,0  | 0,0  | 0,0  | 0,0  | 0,0  | 0,0  | 0,0  | 0,0   | 0,0   | 0,0   |
| Receivables/Sales         | 20,6 | 22,7 | 30,6 | 26,5 | 32,6 | 27,0 | 32,1 | 26,0  | 26,0  | 26,0  |
| Payables/Sales            | 2,8  | 2,5  | 2,9  | 2,1  | 2,4  | 2,1  | 0,0  | 0,0   | 0,0   | 0,0   |
| Net Working Capital/Sales | 17,7 | 20,2 | 27,7 | 24,5 | 30,2 | 24,8 | 32,1 | 26,0  | 26,0  | 26,0  |
| Asset Turnover            | 1,49 | 1,33 | 1,30 | 1,40 | 1,26 | 1,15 | 1,16 | 1,21  | 1,28  | 1,34  |

### Financial Position

|                                  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019E | 2020E | 2021E |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Interest-bearing Net Debt (SEKm) | -94   | -109  | -114  | -127  | -126  | -74   | -199  | -361  | -463  | -576  |
| Equity Ratio                     | 63,0  | 68,6  | 63,7  | 59,6  | 57,6  | 45,8  | 46,1  | 49,0  | 52,0  | 55,0  |
| Net Debt/Equity                  | -0,29 | -0,31 | -0,26 | -0,26 | -0,23 | -0,13 | -0,28 | -0,46 | -0,52 | -0,57 |
| Net Debt/Market Cap              | -0,09 | -0,10 | -0,10 | -0,09 | -0,09 | -0,04 | -0,08 | -0,10 | -0,13 | -0,17 |
| Net Debt/EBITDA                  | -0,9  | -1,4  | -1,2  | -1,0  | -1,0  | -0,5  | -0,9  | -1,2  | -1,3  | -1,5  |

Note: Key ratios based on fully diluted number of shares. Historical key ratios are calculated using the year-end share price.

Source: Company Reports, Erik Penser Bank

## BTS Group – Quarterly Operating Performance (SEKm)

### Income Statement

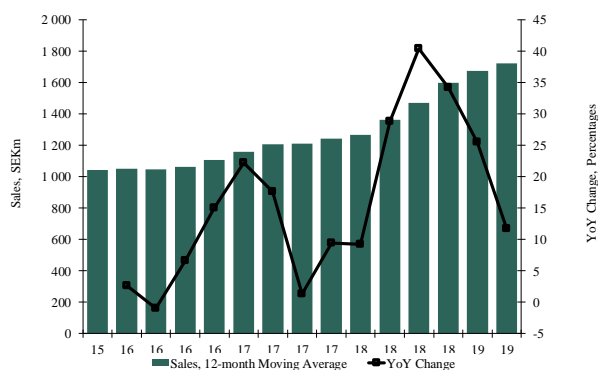
|                                | Q316      | Q416      | Q117      | Q217      | Q317      | Q417      | Q118      | Q218      | Q318      | Q418      | Q119      | Q219      |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net Sales                      | 265       | 336       | 274       | 332       | 269       | 368       | 299       | 427       | 377       | 494       | 376       | 477       |
| Other Operating Income         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Other Operating Costs          | -235      | -289      | -255      | -285      | -235      | -317      | -276      | -360      | -334      | -414      | -331      | -390      |
| <b>EBITDA</b>                  | <b>31</b> | <b>47</b> | <b>19</b> | <b>47</b> | <b>34</b> | <b>51</b> | <b>23</b> | <b>67</b> | <b>44</b> | <b>80</b> | <b>44</b> | <b>87</b> |
| Depreciation and Amortisation  | -3        | -4        | -9        | -8        | -6        | -8        | -12       | -12       | -11       | -13       | -23       | -24       |
| <b>EBIT</b>                    | <b>27</b> | <b>43</b> | <b>15</b> | <b>43</b> | <b>30</b> | <b>45</b> | <b>16</b> | <b>59</b> | <b>37</b> | <b>71</b> | <b>25</b> | <b>68</b> |
| Non-recurring Items            | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Associated Companies           | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Net Financial Items            | -0        | -0        | 0         | 0         | -0        | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| <b>Pre-tax Result Reported</b> | <b>27</b> | <b>43</b> | <b>14</b> | <b>42</b> | <b>30</b> | <b>45</b> | <b>15</b> | <b>59</b> | <b>37</b> | <b>70</b> | <b>23</b> | <b>67</b> |
| <b>Pre-tax Result Adjusted</b> | <b>27</b> | <b>43</b> | <b>14</b> | <b>42</b> | <b>30</b> | <b>45</b> | <b>15</b> | <b>59</b> | <b>37</b> | <b>70</b> | <b>23</b> | <b>67</b> |
| Tax                            | -9        | -15       | -5        | -14       | -10       | -4        | -4        | -17       | -11       | -21       | -7        | -20       |
| Minority Interest              | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| <b>Net Result Reported</b>     | <b>18</b> | <b>28</b> | <b>9</b>  | <b>28</b> | <b>20</b> | <b>40</b> | <b>10</b> | <b>41</b> | <b>25</b> | <b>49</b> | <b>16</b> | <b>47</b> |

### Growth Rates and Margins

|                         | Q316 | Q416 | Q117 | Q217 | Q317 | Q417 | Q118 | Q218 | Q318 | Q418 | Q119 | Q219 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Sales Growth, YoY       | 6,7  | 15,0 | 22,3 | 17,6 | 1,3  | 9,5  | 9,3  | 28,8 | 40,4 | 34,3 | 25,5 | 11,8 |
| EBIT Growth, YoY        | 6,8  | 20,3 | 60,4 | 30,7 | 10,5 | 5,5  | 6,8  | 39,6 | 24,0 | 57,3 | 62,4 | 14,2 |
| EBITDA Margin           | 11,5 | 14,1 | 6,9  | 14,1 | 12,6 | 13,9 | 7,8  | 15,7 | 11,6 | 16,2 | 11,8 | 18,2 |
| EBIT Margin             | 10,2 | 12,8 | 5,4  | 12,8 | 11,1 | 12,3 | 5,2  | 13,9 | 9,8  | 14,4 | 6,8  | 14,2 |
| Pre-tax Margin Adjusted | 10,1 | 12,7 | 5,3  | 12,8 | 11,1 | 12,2 | 5,0  | 13,7 | 9,7  | 14,1 | 6,1  | 14,0 |
| Tax Rate                | 32,2 | 34,4 | 35,7 | 32,9 | 32,8 | 9,7  | 29,6 | 29,6 | 30,3 | 29,8 | 29,7 | 29,6 |

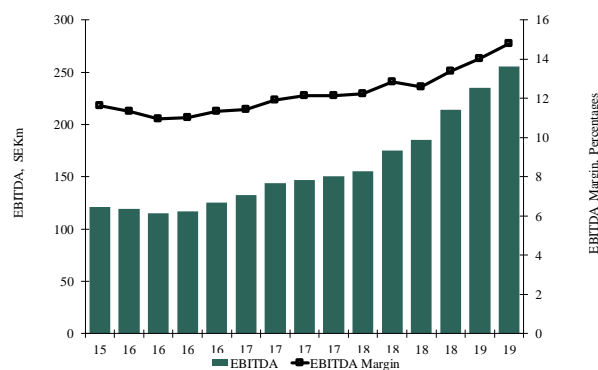
Source: Company Reports, Erik Penser Bank

### BTS Group – Sales, 12-month Moving Average



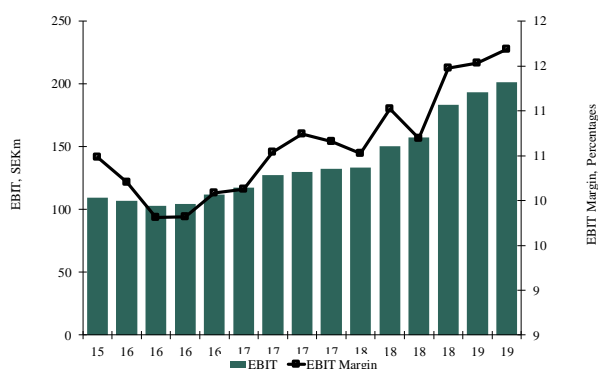
Source: Company Reports, Erik Penser Bank

### BTS Group – EBITDA, 12-month Moving Average



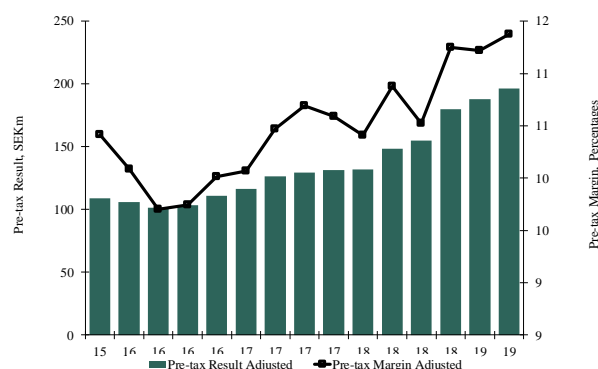
Source: Company Reports, Erik Penser Bank

### BTS Group – EBIT, 12-month Moving Average



Source: Company Reports, Erik Penser Bank

### BTS Group – Pre-tax Result, 12-month Moving Average



Source: Company Reports, Erik Penser Bank

---

Denna publikation (nedan "Publikationen" har sammanställts av Erik Penser Bank (nedan "Banken") exklusivt för bankens kunder. Innehållet har grundats på information från allmänt tillgängliga källor vilka bedömts som tillförlitliga. Sakinnehållets riktighet och fullständighet liksom lämnade prognoser och rekommendationen kan således inte garanteras. Banken kan låta medarbetare från andra avdelning eller analyserat bolag (nedan "bolaget") läsa fakta eller serier av fakta för att få dessa verifierade. Banken lämnar inte i förväg ut slutsatser eller omdömen i Publikationen. Åsikter som lämnats i Publikationen är analytikerns åsikter vid tillfället för upprättandet av Publikationen och dessa kan ändras. Det lämnas ingen försäkran om att framtida händelser kommer att vara i enlighet med åsikter framförda i Publikationen.

Informationen i Publikationen ska inte uppfattas som en uppmaning eller råd att ingå transaktioner. Informationen tar inte sikte på enskilda mottagares kunskaper och erfarenheter av placeringar, ekonomiska situation eller investeringsmål. Informationen är därmed ingen personlig rekommendation eller ett investeringsråd.

Banken fransäger sig allt ansvar för direkt eller indirekt skada som kan grunda sig på denna Publikation. Placeringar i finansiella instrument är förenade med ekonomisk risk. Placeringen kan öka eller minska i värde eller bli helt värdelös. Att en placering historiskt haft en god värdeutveckling är ingen garanti för framtiden.

#### Potential och risk

Banken använder sig av en rad olika värderingsmodeller för att värdera finansiella instrument. Bland dessa finns kassaflödesmodeller, multipelvärdering samt styckningskalkyler. Väsentliga antaganden för värderingen baseras på vid var tid tillgänglig marknadsdata.

Den i Publikationen lämnade analysen har utförts i enlighet med villkoren för tjänsten "Penser Access" som Banken utför åt analyserat bolag. Banken erhåller ersättning för nämnda tjänst från det analyserade bolaget.

Vi klassificerar aktien enligt skalan Hög, Medel, Låg utifrån en tvådimensionell modell bestående av potential och risk.

Banken relaterar potentialen till vedertagna värderingsmetoder givet ett enligt oss rimligt scenario för bolagets framtida utveckling. I det här sammanhanget definierar vi låg potential som maximalt 10% förväntad totalavkastning den kommande tolv månadersperioden. För att aktien skall erhålla klassificeringen Hög potential krävs det att vi ser en totalavkastning på minst 50%. Denna kan dock ligga ett par år bort i tiden.

Vad gäller risk analyserar vi ett antal kända parametrar som är relevanta för bolaget. En generell riktlinje för att klassificeras som låg risk är att bolaget har positivt kassaflöde och att ingen enskild faktor påverkar omsättningen mer än 20%. Motsvarande generella beskrivning av hög risk är att bolaget inte nått positivt kassaflöde alternativt att en enskild faktor påverkar omsättningen mer än 50%.

Potential- och riskklassificeringen uppdateras kontinuerligt.

Klicka <https://www.penser.se/historiska-analysrekommendationer/> för att se historik över investeringsrekommendationer från Banken.

#### Allmänt

Bankens medgivande krävs om hela eller delar av denna Publikation mångfaldigas eller sprids. Publikationen får inte spridas till eller göras tillgänglig för någon fysisk eller juridisk person i USA (med undantag av vad som framgår av Rule 15a – 16, Securities Exchange Act of 1934), Kanada eller något annat land som i lag fastställt begränsningar för spridning och tillgänglighet av materialets innehåll.

Banken har utarbetat en Etikpolicy samt en Intressekonfliktpolicy. Dessa syftar till att förebygga och förhindra intressekonflikter mellan kunders intressen och avdelningar inom Banken. Sättet som Banken använder för att förebygga intressekonflikter är bl. a. restriktiva kommunikationer (Chinese Walls). Analysavdelningen är fysiskt belägen avskild från Corporate Finance-avdelningen, som sitter i egen lokal. Corporate Finance-avdelningen får inte delta i framtagandet eller lämna synpunkter på en publikation. Det kan dock, från tid till annan, föreligga ett uppdragsförhållande eller rådgivningssituation mellan ett bolag som förekommer i en Publikation och någon annan avdelning i Banken än Analysavdelningen. Banken har utarbetat interna restriktioner för när anställdas handel får ske i ett finansiellt instrument som är föremål för Investeringsrekommendation.

Från tid till annan utför Banken uppdrag för ett bolag som är omnämnt i en publikation. Banken kan bl. a. vara rådgivare eller emissionsinstitut, till bolaget eller likviditetsgarant i ett av bolagets värdepapper. Om så är fallet har det angivits i Publikationen. Banken, dess ägare, styrelseledamöter eller anställda kan äga aktier i omnämnt bolag. Alla anställda i Banken ska redovisa sina innehav värdepapper samt alla transaktioner. Banken och dess anställda följer svenska fondhandlarföreningens riktlinjer för anställdas affärer. Den analytiker som har utarbetat en Investeringsanalys som avses i 11 kap. 8 § FFFS 2007:16 och andra som medverkat i detta arbete inte för egen räkning handla i be-rörda Finansiella Instrument eller med därtill relaterade Finansiella Instrument i strid med gälland rekommendation. Bankens Compliance-avdelning övervakar anställdas transaktioner.

Banken betalar lön till analytiker som även kan bestå av vinstdelning av Bankens resultat men aldrig knutet till en annan avdelnings ekonomiska resultat. Varken Banken eller de personer som sammanställt denna publikation har innehav (varken långa eller korta) i analyserat bolags emitterade finansiella instrument överstigande 0,5 % av det analyserade bolagets aktiekapital.

För det aktuella bolaget utför Banken även analys i enlighet med villkoren för den kostnadsbelagda tjänsten "Penser Access". Klicka här <https://epaccess.penser.se/> för mer information om tjänsten.

Erik Penser Bank har tillstånd att bedriva värdepappersverksamhet och står under svenska Finansinspektionens tillsyn.

---