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PRESS RELEASE

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IFS reports improved EBIT and continued profitable growth

IFS improved EBIT margin by 14%, saw growth in target markets and delivered new, innovative products in 2010. Strong increase in cash flow supports stronger pace of acquisitions going forward. For 2011, IFS expects good organic growth, stronger license sales and a continued improvement in EBIT.

The world economy is forecast to continue to improve in 2011 and 2012. IT Industry analysts expect growth for the software market in general, and the enterprise application market in particular. According to Gartner, the growth will be in the region of 5–6%.

— IFS is well positioned to benefit from this upturn thanks to its market strategy and world-class customers, providing a full order book of active projects. Acquisitions will continue to be a high priority for IFS in 2011 and are expected to become an increasingly more significant activity within the business. The long-term target to achieve an EBIT margin of 15% in 2013 remains in place, Alastair Sorbie, IFS CEO said.

The acquisition of 360 Scheduling, a market-leading complementary product that further strengthens IFS's Service Management offering, was a clear demonstration of IFS executing on its growth strategy. Thanks to IFS's international sales coverage, this product now gets a far wider reach, attracting interest from both customers and prospects. IFS will increase the pace of acquisitions in 2011, supported in this goal by the strong increase in net cash flow.

2010 financial highlights:

- **EBIT** increased 14% adjusted for currency (SKr 221 million/'09: SKr 198 million).
- **Net revenue** was up 4% adjusted for currency (SKr 2,585 million/'09: SKr 2,605 million).
- **Cash flow** after investments was SKr 234 million ('09: SKr 186 million).
- **Earnings per share** after full dilution amounted to SKr 4.96 ('09: SKr 4.57).
- **Proposed dividend** for 2010 amounting to SKr 3.00 per share (2009: SKr 2.00).

2010 major agreements:

- **U.S. ARMY** – defence, USA
- **Technip Engineering** – EPCI* Contractor, France
- **Tomra systems** – manufacturing, Norway
- **William Grant** – process industries, United Kingdom

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2010 product development highlights:

- **IFS Labs**, a new functional unit within IFS R&D, presented the first concepts, aimed at improving collaboration and communication as well as information and knowledge capture in a user-friendly way.
- **IFS Virtual Map™**, a new Software plus Service solution for Service management, was launched. The solution integrates IFS Applications ERP with the cloud service Microsoft Bing Maps.
- **IFS Trade Management 2.0**, designed to give IFS's customers with multi-country business-supply chains improved functionality and control, was delivered to customers.

- **IFS PBS 3.0**, IFS's latest project-based solutions software was finalized, offering all the benefits of a fully integrated ERP suite with specialist functionality for project control, project financial control, and project materials management.

— In 2011, we will finalize the next generation of IFS Applications, starting implementations at early adopter customers now. We are confident that this, combined with our agile methodology allowing more regular delivery of new products, will enable higher product revenue for the company going forward. We also acknowledge the importance of building a strong culture consisting of highly competent and committed employees, and were pleased to see Great Place to Work® Institute Sweden named IFS one of the 10 best companies to work for, Alastair Sorbie said.

Note to editors:

*EPCI= Engineering, Procurement, Construction, Installation

About IFS

IFS is a public company (OMX STO: IFS) founded in 1983 that develops, supplies, and implements IFS Applications™, a component-based extended ERP suite built on SOA technology. IFS focuses on agile businesses where any of four core processes are strategic: service & asset management, manufacturing, supply chain and projects. The company has 2,000 customers and is present in more than 50 countries with 2,700 employees in total. Net revenue in 2010 was SKr 2.6 billion.

For more information about IFS, please visit: www.IFSWORLD.com