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# **INTERIM REPORT JANUARY–SEPTEMBER 2009**

**OCTOBER 21, 2009**

# AN INTRODUCTION TO IFS

- Leading global provider of end to end ERP software solutions.
- Delivering improved planning, management, and control to over 2,000 customers worldwide.
- Focused on higher growth markets including defense, utilities, logistics, and oil & gas.
- Established and proven alternative to SAP and Oracle, with a reputation for service excellence.
- High percentage of recurring revenue from sales to a growing customer base.

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## STEADY PROGRESS THROUGH THIRD QUARTER

### JULY-SEPTEMBER 2009 (THIRD QUARTER)

- Net revenue was SKr 581 million (Q3 '08: SKr 612 million).
- EBIT was SKr 19 million (Q3 '08: SKr 42 million).
- A large defense order in the third quarter last year affects year-on-year comparisons – underlying revenue stable.
- Completed acquisition of MultiPlus Solutions AS.
- Appointment of London-based Chief Financial Officer, Paul Smith.

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

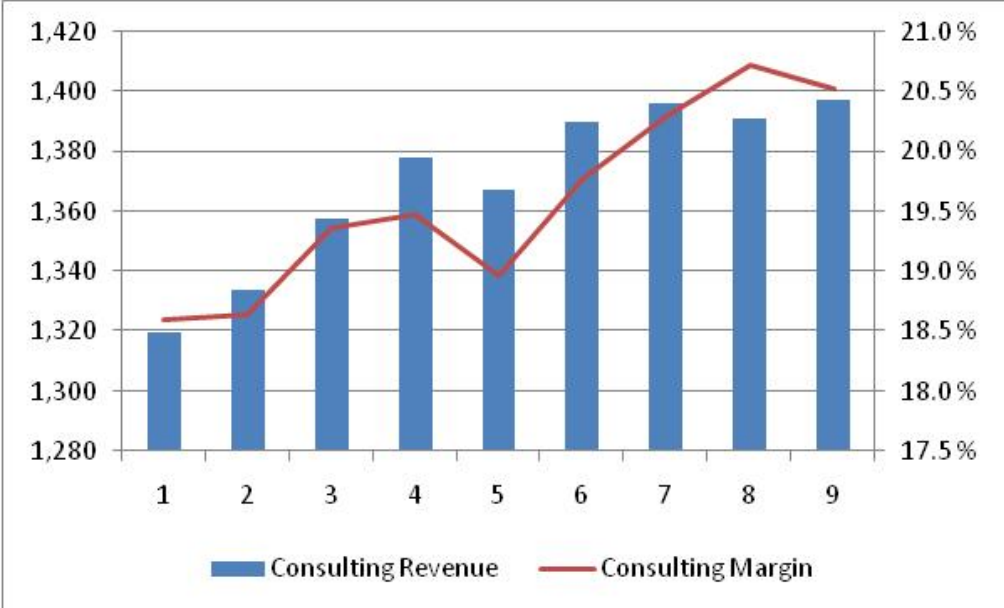
## STEADY PROGRESS THROUGH THIRD QUARTER

### JANUARY-SEPTEMBER 2009 (NINE MONTHS)

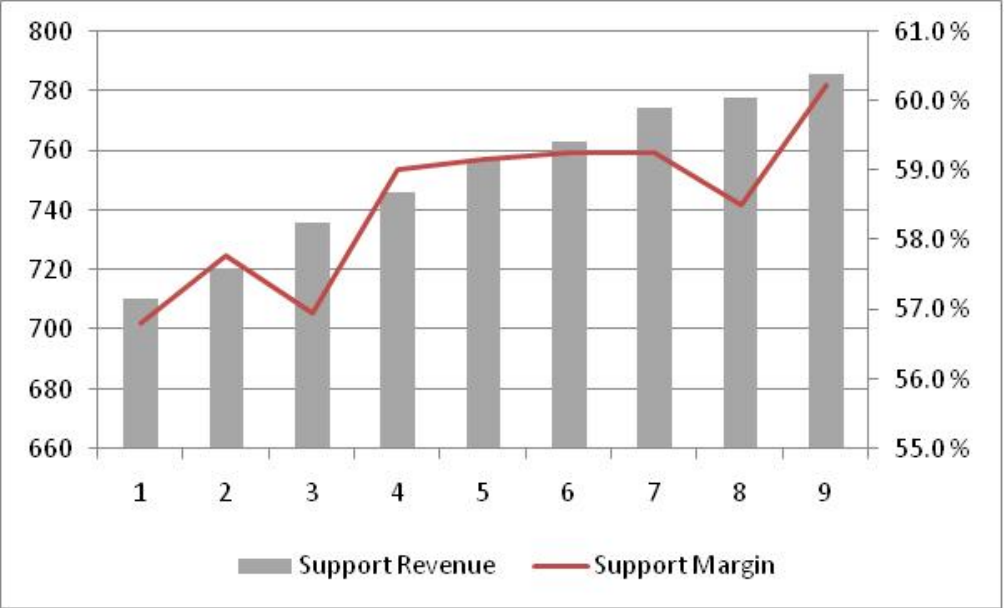
- Net revenue improved to SKr 1,855 million (YTD '08: SKr 1,774 million).
- EBIT improved to SKr 82 million (YTD '08: SKr 49 million).
- A number of significant contracts were won in the target verticals, including the defense, marine, and EPCI sectors, across several different regions.
- Earnings per share after full dilution was SKr 1.23 (Q3 '08: SKr 1.14).

# R12 REVENUE AND MARGIN

## IMPROVED PERFORMANCE IN CONSULTING AND SUPPORT



CONSULTING



MAINTENANCE AND SUPPORT



# CLIENT WINS IN THE THIRD QUARTER

DEALS CLOSED IN IFS TARGET SECTORS

	<b>Sweden</b>		<b>Poland</b>		<b>Norway</b>
	<b>Sweden</b>		<b>Poland</b>		<b>Norway</b>
	<b>France</b>		<b>Holland</b>		<b>U.K.</b>
	<b>USA</b>		<b>Norway</b>		<b>Canada</b>

# FIVE-YEAR STRATEGY FOR GROWTH

- Double product revenue (licenses, maintenance and support) through organic growth and acquisitions.
- Use debt in a controlled manner for cash acquisitions
- Achieve an EBIT margin of 15% and a return of 25% on average working capital

## ACQUISITION OF MULTIPLUS SOLUTIONS

- Well established vendor of project-based business applications to the marine, EPCI and project manufacturing industries
- Strengthens IFS' position in core higher growth markets
- Allows IFS to access significant international customer base
- 2008 net revenue NOK 45.9 million (EBIT of NOK 2.8 million)
- Acquisition paid for from cash reserves





# FINANCIAL OVERVIEW

SKr million	3RD QUARTER		OCTOBER-SEPTEMBER	
	2009	2008	2008/2009	2007/2008
<b>Net revenue</b>	<b>581</b>	<b>612</b>	<b>2 599</b>	<b>2 456</b>
of which				
License revenue	90	142	395	482
Maintenance and support revenue	196	175	785	679
Consulting revenue	294	287	1 398	1 272
<b>Gross earnings</b>	<b>254</b>	<b>283</b>	<b>1 113</b>	<b>1 075</b>
of which				
Licenses	78	131	344	440
Maintenance and support	124	104	473	403
Consulting	53	41	287	216
<b>EBIT</b>	<b>19</b>	<b>42</b>	<b>187</b>	<b>113</b>
<b>EBIT margin</b>	<b>3%</b>	<b>7%</b>	<b>7%</b>	<b>5%</b>
<b>Earnings before tax</b>	<b>9</b>	<b>46</b>	<b>165</b>	<b>113</b>
<b>Earnings for the period</b>	<b>6</b>	<b>30</b>	<b>97</b>	<b>59</b>
<b>Cash flow after investments</b>	<b>-63</b>	<b>-15</b>	<b>115</b>	<b>134</b>

# CASH FLOW

SKr million	3RD QUARTER	
	2009	2008
<b>Cash flow before change in working capital</b>	<b>71</b>	<b>96</b>
Change in working capital	-54	-82
<b>Cash flow from current operations</b>	<b>17</b>	<b>14</b>
Cash flow from investments	-80	-29
<b>Cash flow after investments</b>	<b>-63</b>	<b>-15</b>
Cash flow from financing	-2	-18
<b>Cash flow for the period</b>	<b>-65</b>	<b>-33</b>
Cash and cash equivalents at the beginning of period	360	263
Exchange rate differences in cash and cash equivalents	-13	5
<b>Cash and cash equivalents at the end of the period</b>	<b>282</b>	<b>235</b>

# MARKET

- Structural demand for ERP indicates a long-term positive outlook
- Industry analysts (Forrester and AMR) expect decline in license revenue to have bottomed out in the third quarter, growth to return in 2010
- IFS well placed to capitalize on increasing number of market opportunities by offering better ROI and lower total cost of ownership
- Maintenance and consulting revenue and margins expected to remain healthy
- New business pipeline is stable
- Signs of a recovery and the increasing availability of financing will support license sales
- Delayed license revenue expected to be recognized in Q4

# OUTLOOK



**IFS's development in 2009 is expected to be stable and generally in line with that of 2008.**



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