



IFSworld.com

SECOND QUARTER 2018

CUSTOMER FOCUS LEADS TO STRONG GROWTH



DARREN ROOS, CEO & PAUL SMITH, CFO

August 2018

MESSAGE FROM THE CEO

CUSTOMER FOCUS LEADS TO STRONG GROWTH

Thanks to the solid demand for IFS's products and solutions, our business grew strongly in the second quarter, with license sales increasing 32 percent in constant currency. The intake of business came from both the winning of new accounts in an increasingly competitive market and from sales to our ever-growing customer base. The addition of new accounts, the high level of retention in our user base, and the remarkable growth of our cloud business resulted in our net revenue growing 27 percent in constant currency.

IFS Applications™ 10 was launched at the biggest and most successful customer event in our history: the IFS World Conference 2018 in Atlanta. The latest version of our enterprise applications suite has further increased the appeal of our product in the market and created additional interest among our customers to upgrade their systems. We also presented two new IFS Maintenix™ software-as-a-service (SaaS) solutions for the commercial aviation industry, as well as major cloud-optimized updates of our offering within field service management (FSM).

While providing our customers with ever greater choice, our network of partners extends our global reach, enables better scalability of resources, and maximizes our local connection. Combined with our customer focus, this increases our appeal and we expect to see continued positive development and further improvements to our strengths in the second half of the year.

Darren Roos

Chief Executive Officer

FINANCIAL AND OPERATIONAL HIGHLIGHTS

CUSTOMER FOCUS LEADS TO STRONG GROWTH

SECOND QUARTER (APRIL-JUNE 2018)

- License revenue amounted to SKr 291 million (Q2 '17: SKr 216 million), an increase of 32 percent in constant currency.
- Maintenance revenue was SKr 404 million (Q2 '17: SKr 354 million), an improvement of 11 percent in constant currency.
- Consulting revenue amounted to SKr 473 million (Q2 '17: SKr 429 million), an increase of 8 percent in constant currency.
- Cloud and other revenue was SKr 158 million (Q2 '17: SKr 26 million), a sixfold improvement in constant currency.
- Net revenue totaled SKr 1,326 million (Q2 '17: SKr 1,025 million), an increase of 27 percent in constant currency.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

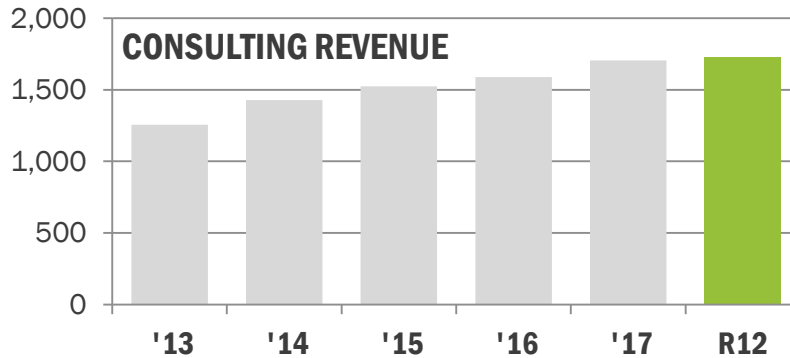
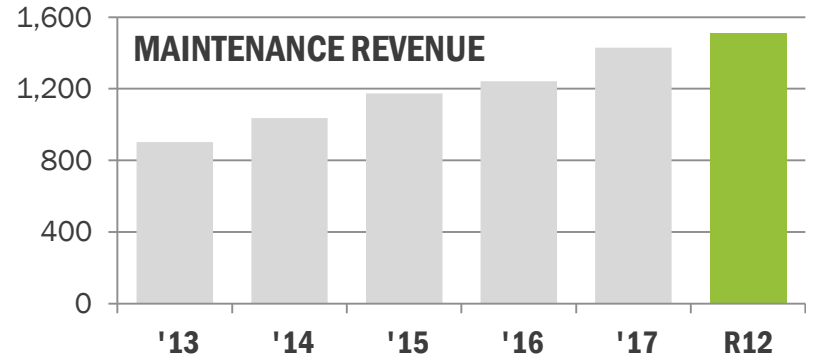
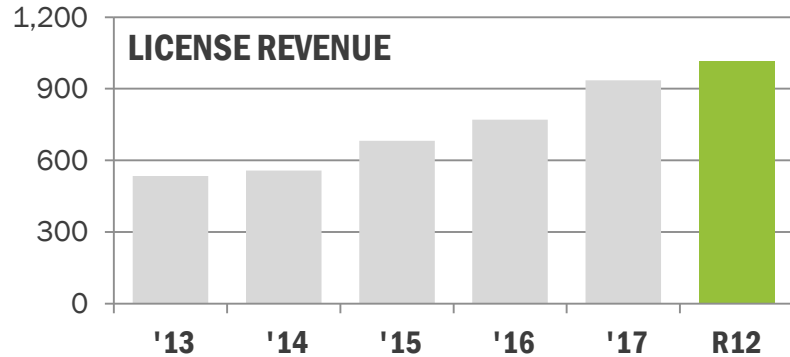
CUSTOMER FOCUS LEADS TO STRONG GROWTH

YEAR TO DATE (JANUARY-JUNE 2018)

- License revenue amounted to SKr 468 million ('17: SKr 387 million), an increase of 20 percent in constant currency.
- Maintenance revenue was SKr 786 million ('17: SKr 704 million), an improvement of 11 percent in constant currency.
- Consulting revenue amounted to SKr 884 million ('17: SKr 858 million), an increase of 2 percent in constant currency.
- Cloud and other revenue was SKr 279 million ('17: SKr 45 million), a sixfold improvement in constant currency.
- Net revenue totaled SKr 2,417 million ('17: SKr 1,994 million), an increase of 21 percent in constant currency.

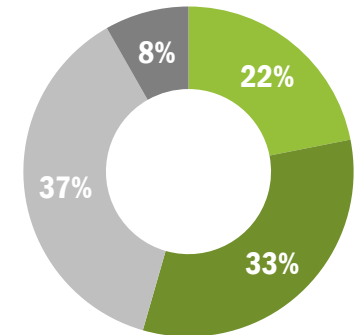
FINANCIAL OVERVIEW

CUSTOMER FOCUS LEADS TO STRONG GROWTH



REVENUE MIX

- License
- Maintenance
- Consulting
- Cloud & other



MARKET UPDATE

SECOND QUARTER



MARKET OUTLOOK—THE ANALYSTS' VIEW

Digital-transformation initiatives together with intelligent workflows and systems are the main drivers moving enterprises to SaaS and cloud-enabled software. Leading analysts forecast the overall enterprise application market to show a compound annual growth rate for the coming five years of just over 10 percent, driven by the need for increasing operational efficiency. In particular, they project the corresponding growth rate for the ERP market to be in the 7 percent region.

THE STRATEGY CONTINUES

TO BE THE INTELLIGENT ALTERNATIVE

INVEST IN A STRATEGY TO:

- Deliver global projects on time and on budget with a lower TCO.
- Focus on specific sectors that see sustained long-term investment.
- Work close with customers, to share ideas and have an 'open' customer-centric R&D organization.
- Have an 'open' technology that seeks to enable customers to benefit from new innovations and not aim to achieve 'lock-in.'



2009



2010



2011



2012



2013



2015



2016



2016



2017



2017



2017



STRONG UNDERLYING BUSINESS

HIGHLY-COMPETITIVE CONTRACTS IN TARGET SECTORS

BEIJING METRO NETWORK ADMINISTRATION CO.

UTILITY

CHINA



Beijing Metro has deployed IFS Applications for complete asset-lifecycle management. By aggregating and analyzing the data from its processes, the company can execute timelier asset repair and maintenance, improve asset utilization, and reduce operational risks.

SAMHALL

SERVICE PROVIDER

SWEDEN








Samhall, one of Sweden's largest service providers, has selected IFS Applications to optimize its operations while making work more productive and rewarding for its 25,000 employees. The solution will run on the IFS Managed Cloud and support key processes.

SIGNIFICANT CUSTOMER WINS Q3 2017–Q2 2018




AEROSPACE AND DEFENSE

-  Air France - KLM
-  BAE Systems
-  Directorate for Civil Protection (DSB)
-  Lauak
-  Saab
-  Southwest Airlines
-  ST Aerospace Supplies
-  Terma
-  Test-Fuchs
-  Ultra Electronics
-  URS Federal Services




ASSET INTENSIVE

-  Ahlstrom Munksjö
-  Eagle Marine Service
-  Grandblue Group
-  Hecla Mining Company
-  Major Drilling Group International


AUTOMOTIVE

-  Audi Motorsport
-  Gerhardi Kunststofftechnik
-  Volvo

CONSTRUCTION AND CONTRACTING

-  ACCO Engineered Systems
-  McLaren Construction
-  Royal IHC

ENERGY AND UTILITIES








-  Atucha II - Nucleoelectrica Argentina

-  Eniig Fiber
-  Globeleq (Guernsey)
-  Hafslund
-  National Grid Smart
-  Østfold Energi
-  Voltalia
-  Wolverine Power Supply Cooperative

HIGH-TECH MANUFACTURING



-  Fr. Sauter
-  Harwin
-  Iftest
-  Persee General
-  Raven Industries
-  Sechan Electronics
-  Sotax
-  Tomra Systems
-  Ultradent Products
-  Videoton Holding

INDUSTRIAL MANUFACTURING





-  Alimak Hek Group
-  Armstrong International
-  Baxi Heating UK
-  Bergene Holm
-  Continental Disc Corporation
-  Decodom
-  Emba Machinery
-  Emhart Glass
-  Ensign-Bickford Industries

-  Feldbinder Spezialfahrzeugwerke
-  IMI Critical Engineering
-  Karl Marbach
-  Kountry Wood Products
-  Munters
-  New Standard Corporation
-  Nichiha USA
-  ProfilGruppen Extrusions
-  Regal Ware
-  Rema Tip Top
-  Roxtec International
-  Schuf Valve Technology
-  Specma
-  Stolle Machinery
-  Style Crest
-  Tencarva Machinery Company
-  Thetford
-  Thompson Pipe Group
-  Tomra Sorting
-  Völk Sports

OIL AND GAS




-  Archer Norge
-  Borr Drilling Management DMCC

PROCESS MANUFACTURING

-  Basic American
-  Cott Beverages
-  Diamond Pet Foods
-  Evotec (UK)

-  Gaia Herbs
-  Glas Trösch
-  Hentzen Coatings
-  Jotun
-  KLN Enterprises
-  Ljöfbergs Lila
-  Preferred Compounding Corp.
-  Standard Process

RETAIL AND WHOLESALE

-  CML Microsystems
-  FFX
-  Oriflame Cosmetics

SERVICE PROVIDERS

-  APM Terminals Management
-  Eitel Networks
-  Interserve
-  Iserba
-  Lassila & Tikanoja
-  Levitt-Safety
-  Monarch Landscape Holdings
-  One Nordic
-  Pinnacle Asset Integrity Services
-  Reliance Comfort
-  Samhall
-  Teleplan International
-  Veolia Nordic

OTHER

-  Ceramtec UK

OUTLOOK



NEW VERSIONS OF **IFS APPLICATIONS** AND **IFS FIELD SERVICE MANAGEMENT** WERE UNVEILED AT THE WORLD CONFERENCE 2018. THESE LAUNCHES, COMBINED WITH A **COMMITTED AND ENERGIZED WORKFORCE**, ARE EXPECTED TO DRIVE **NEW SALES AND UPGRADES** THROUGHOUT THE YEAR.



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