



**[www.IFSWORLD.com](http://www.IFSWORLD.com)**



# YEAR-END REPORT 2011

Alastair Sorbie, CEO & Paul Smith, CFO

FEBRUARY 8, 2012

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## STRONG LICENSE SALES

### OCTOBER–DECEMBER 2011 (FOURTH QUARTER)

- ➔ License revenue amounted to SKr 166 million (Q4 '10: SKr 135 million), an improvement of 26 percent currency adjusted.
- ➔ Maintenance revenue was SKr 220 million (Q4 '10: SKr 206 million), an increase by 8 percent currency adjusted.
- ➔ Consulting revenue amounted to SKr 355 million (Q4 '10: SKr 383 million), a decrease by 6 percent currency adjusted.
- ➔ Net revenue was SKr 745 million (Q4 '10: SKr 729 million), an improvement of 4 percent currency adjusted.
- ➔ EBIT amounted to SKr 126 million (Q4 '10: SKr 110 million).  
Cash flow after investments was SKr 18 million (Q4 '10: SKr 70 million).
- ➔ Earnings per share after full dilution grew by 31 percent to SKr 3.31 (Q4 '10: SKr 2.52).

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## STRONG LICENSE SALES

### JANUARY-DECEMBER 2011 (FULL YEAR)

- ➔ License revenue amounted to SKr 431 million ('10: SKr 402 million), an improvement of 13 percent currency adjusted.
- ➔ Maintenance revenue was SKr 823 million ('10: SKr 811 million), an increase by 7 percent currency adjusted.
- ➔ Consulting revenue amounted to SKr 1,311 million ('10: SKr 1,357 million), an improvement of 1 percent currency adjusted.
- ➔ Net revenue was SKr 2,576 million ('10: SKr 2,585 million), an increase by 5 percent currency adjusted.
- ➔ EBIT amounted to SKr 233 million ('10: SKr 221 million).  
Cash flow after investments was SKr 94 million ('10: SKr 234 million).
- ➔ Earnings per share after full dilution grew by 20 percent to SKr 5.96 ('10: SKr 4.96).
- ➔ Proposed dividend for 2011 amounting to SKr 3.50 per share ('10: SKr 3.00).

# COMMENTARY ON 2011

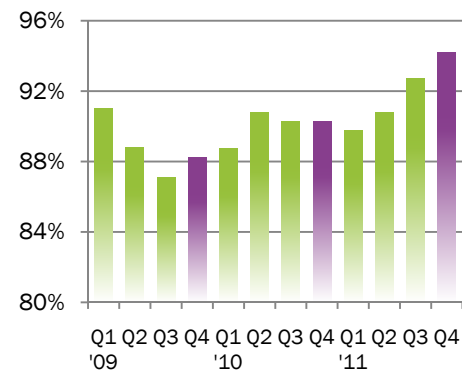
## REVENUE

- ➔ IFS's target sectors tend to be less impacted by financial instability, enabling IFS to continue to grow despite the troubles of the global financial markets.
- ➔ A number of excellent customers were secured in 2011. The pipeline remains strong and license outlook for 2012 is good.

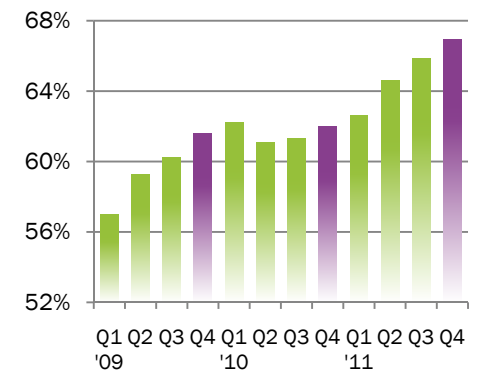
## MARGINS

- ➔ License and maintenance margins are steadily improving on R12 basis.
- ➔ Consulting margin affected by delays and changes in projects.
- ➔ Quarterly variances to be expected due to seasonality and 'lumpy' timing.

License margin (R12)



Maintenance margin (R12)



## EARNINGS

- ➔ The conflict in Libya had a negative impact on EBIT of an estimated SKr 16 million.
- ➔ The reorganization of IFS's Scandinavian business, even though beneficial going forward, led to a non-recurring charge in the third quarter of SKr 16 million.

## CASH

- ➔ Cash flow adversely affected by the timing of receivables.

# MARKET AND PRODUCT UPDATE

## FOURTH QUARTER 2011

### GLOBAL ECONOMY

- ➔ The troubles of the financial markets are a concern for all businesses but IFS's target sectors tend to be less impacted. Analyst firms such as Gartner are cautiously optimistic and expect 2012 to show 6–7% growth.
- ➔ 'Patchy' world economy showing varying levels of activity.

### NEW SOLUTION FOR THE BRAZILIAN MARKET

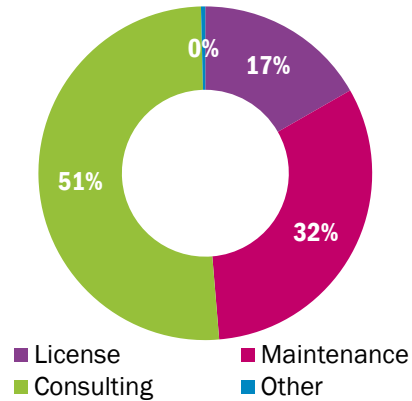
IFS released standard functionality that supports Brazilian legal requirements in the latest version of IFS Applications, thereby eliminating the need for expensive third-party solutions. Today, IFS has over 100 customers active in Brazil—many of which are global companies active within the oil and gas industry.

### IFS ACQUIRES LATINIFS

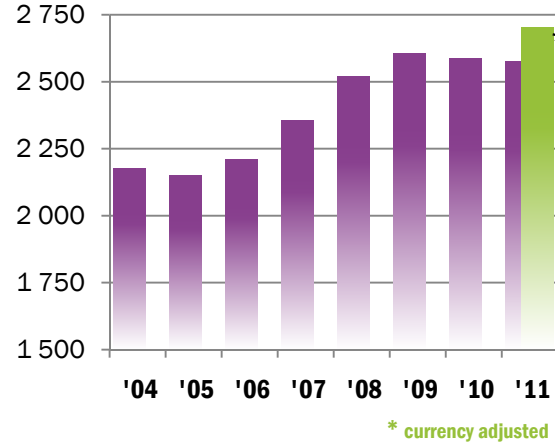
More than 120 companies in Brazil, Mexico, Argentina, and Ecuador have IFS Applications as their business software system. The acquisition of LatinIFS will further strengthen IFS's market position in the high-growth Latin American market and in sectors like Oil & Gas, Utilities, and Engineering & Construction.

# FINANCIAL OVERVIEW

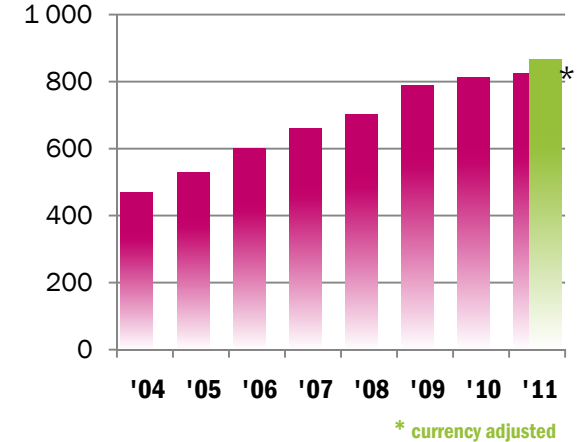
REVENUE MIX 2011



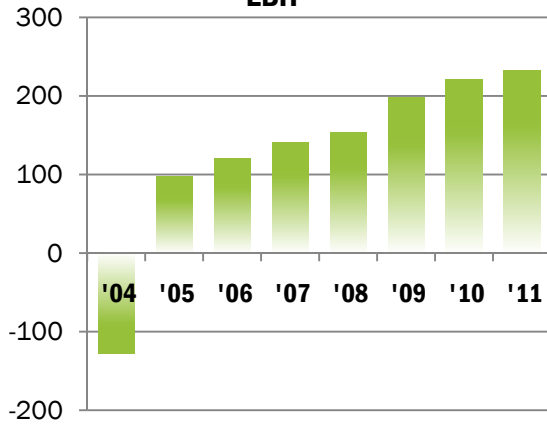
NET REVENUE



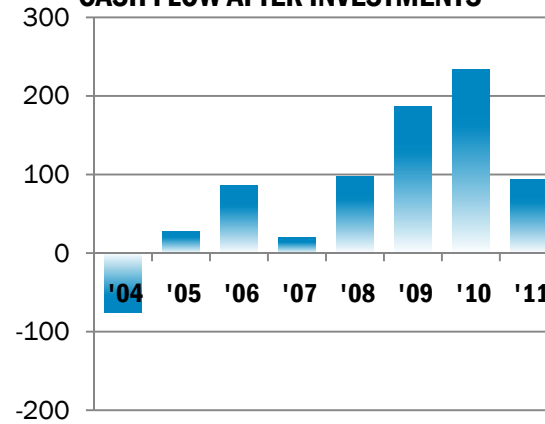
MAINTENANCE SUPPORT REVENUE



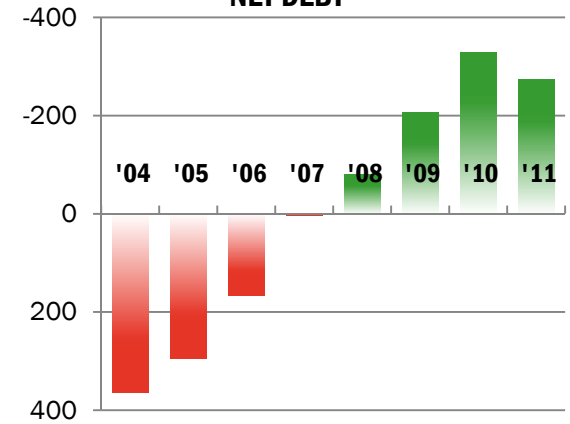
EBIT



CASH FLOW AFTER INVESTMENTS








NET DEBT





# CUSTOMER WINS IN Q1



## AEROSPACE AND DEFENSE

-  Alitalia Maintenance Systems
-  Celebi Ground Handling Hungary Kft.
-  Klimov
-  Lockheed Martin
-  U.S. Army - Army Material Command (AMC)



## AUTOMOTIVE

-  TRI Poland
-  UzDongYang JV


## CONSTRUCTION AND CONTRACTING

-  Brookfield Corporate Operations LP
-  Taiwan Railway Administration



## ENERGY AND UTILITIES

-  Eltur Wapore Sp. z o.o.
-  Energa Elektrownie Ostrołęka SA

## HIGH TECH



-  Kendrion
-  Kitron ASA

## INDUSTRIAL MANUFACTURING

-  Camfil Farr Power Systems
-  COM.40 Limited Sp. z o.o.

-  D Samson & Sons Limited
-  Ensival Moret
-  Greens Holdings
-  Halopolymer
-  Lymington Precision Engineering
-  Inno-Comp Kft.
-  Marmon Retail Services Asia-Leader
-  Pellenc
-  Ponsse Oyj





## OIL AND GAS

-  Bergen Group Rosenberg
-  Rockfin Group Sp. z o.o.

## RETAIL AND WHOLESALE

-  Neoteric Informatique Pvt. Ltd.

## SERVICE PROVIDERS

-  Bhilai Engineering Corporation Limited
-  Honeywell Life Safety AS
-  Oslo Airport
-  Static Systems Group




## OTHER

-  Silverbridge Software Solutions



# CUSTOMER WINS IN Q2



## AEROSPACE AND DEFENSE

-  Lockheed Martin
-  SEAKR Engineering
-  a major ship-building company



## ASSET-INTENSIVE INDUSTRIES

-  Visy Pulp and Paper







## AUTOMOTIVE






-  Burg Silvergreen GmbH
-  Changui Group
-  Linamar Corporation
-  Sumitomo Rubber (Japan) Co., Ltd.
-  Tokai Rubber Industries, Ltd.
-  Toyo Denki Seizo K.K.
-  Volvo Car Dealers Sweden

## CONSTRUCTION AND CONTRACTING


-  BSBK Engineers Pvt. Ltd.
-  Smit Nederland BV

## ENERGY AND UTILITIES

-  APTransco (Transmission corp. of Andhra Pradesh)
-  Auro Mira Bio Power India Pvt. Ltd.
-  Eesti Energia
-  Integrated Water Services
-  MPWiK w m.st. Warszawie S.A.
-  O&M Energy Uganda Ltd (Gas Natural Fenosa)

-  PKE, Południowy Koncern Energetyczny S.A.
-  TCIL (Telecommunications Consultants India Ltd)
-  Torresol Energy
-  Umeå Energi
-  VA Tech Wabag

## HIGH TECH

-  Beijer Electronics
-  CSP Computers


## INDUSTRIAL MANUFACTURING

-  Automated Packaging Systems, Inc.
-  Bergene Holm AS
-  Ceramika Paradyz Group
-  Kuusakoski Oy
-  LPKF Laser & Electronics AG
-  PRT-Forest Oy
-  Samson AG Mess- und Regeltechnik
-  Samson Rubber Industries Limited
-  Stera Technologies Oy
-  TA Hydronics

## OIL AND GAS




-  Semco Maritime

## RETAIL

-  Singer

# CUSTOMER WINS IN Q3





## AEROSPACE AND DEFENSE

-  Lockheed Martin
-  SEAKR Engineering
-  TLT-Babcock





## AUTOMOTIVE

-  Linamar Corporation





## BATCH MANUFACTURING






-  Akbar Brothers Pvt Ltd
-  Konimpex Sp. z o.o
-  Premiere Products
-  Richardson International Limited

## CONSTRUCTION AND CONTRACTING

-  Alliance Contracting Pty Ltd
-  Bhilai Engineering Corporation Limited
-  Stocznia Gdańsk S.A
-  Szabadics Közmű és Mélyépítő Zrt

## ENERGY AND UTILITIES



-  AS Latvenergo
-  Calsonic Kansei (China) Holding Co
-  Communications Systems Inc
-  Guo Tou Yi Li Energy Development Co., Ltd

-  ITT
-  TCIL (Telecommunications Consultants India Ltd)
-  VA Tech Wabag
-  Yoigo
-  Yun Nan Lan Cang River Hydroelectric Power

## HIGH TECH

-  Mediq Sweden AB


## INDUSTRIAL MANUFACTURING

-  Specma Hydraulic AB
-  Vishva Vishal Engineering Limited






## OIL AND GAS

-  Midco Limited

## RETAIL



-  Singer

## SERVICE PROVIDERS

-  EDB ErgoGroup ASA
-  Future FM Zrt
-  MicroSeismic Inc
-  Synergy Health plc
-  York Telecom
-  European marketing communications group

# CUSTOMER WINS IN Q4

## AEROSPACE AND DEFENSE

-  Lockheed Martin
-  Vectra S.A.

## ASSET-INTENSIVE INDUSTRIES

-  Nucor Corporation





## AUTOMOTIVE

-  Bosmal Sp. z o.o.
-  Falken Tyre Europe GmbH
-  Fortuna Engineering Pvt. Ltd.
-  Sumitomo Rubber Co. Ltd
-  TRI Poland
-  TVS Lanka (PVT) Ltd

## CONSTRUCTION, CONTRACTING, INFRASTRUCTURE

-  Blue Mountain Properties
-  Clancy Docwra
-  Krishnapatnam Port Company Ltd.
-  Stocznia Gdańsk SA
-  Vigor Industrial LLC

## ENERGY AND UTILITIES







-  APTransco
-  Sprint Sp. z o.o.
-  Sri Lanka Telecom Limited
-  VWS Westgarth

## HIGH TECH





-  Aspen Surgical Products Inc.
-  Beijer Electronics AB
-  Eizo GmbH
-  Elektron plc
-  Equip-Test Ltd
-  Prevac Sp. z o.o.
-  TCIL (Telecom Consultants India Ltd)
-  Thoratec Corporation
-  Ultra Electronics PMES
-  Zakład Elektroniki Górniczej "ZEG" S.A.

## INDUSTRIAL MANUFACTURING





-  Arvind Ltd
-  Baier + Köppel GmbH & Co.
-  Drutex S.A.
-  FCPK Bytów
-  Hexagon - Midco India Private Limited
-  Hoshizaki Co. Ltd
-  Instron (Illinois Tool Works Inc.)
-  Intelligent Energy
-  Olympus Keymed
-  Plast Team
-  Powen S.A.

-  Profim
-  Simplex Engineering & Foundry Works
-  SITS Sp. z o.o.
-  Sky Aircraft
-  Soil Machines Dynamics
-  TIM SA




## OIL AND GAS

-  Archer Management AS
-  Bergen Group Hanøytangen
-  Bergen Group Rosenberg
-  Seadrill Management AS
-  Technip

## PROCESS MANUFACTURING

-  Akbar Brothers Limited
-  Daler Rowney
-  Graal S.A.
-  W.M. Mendis & Co. Ltd

## RETAIL

-  Finlays Flowers
-  Thompson and Morgan
-  V-Zug AG

## SERVICE PROVIDERS

-  DEF

# BUSINESS AND STRATEGY UPDATE

## THE INTELLIGENT ALTERNATIVE CHOICE

### IFS WILL CONTINUE TO SUCCEED BECAUSE:

- ➔ Implementation time is critical for customers with international operations; IFS's component architecture and worldwide implementation support can reduce this.
- ➔ IFS is targeting growing markets that are less exposed to the recent fluctuations in the world economy.
- ➔ Through close cooperation with our customers, IFS can offer differentiating industry solutions; we listen and respond rather than dominate and dictate.
- ➔ IFS's agile open-technology platform enables customers to benefit from new IT developments rather than causing restrictive customer lock-in.

### IFS WILL CONTINUE TO GROW THROUGH:

- ➔ cash-generating organic growth and
- ➔ targeted acquisitions at profitable terms and conditions.

# FINANCIAL TARGETS

IFS's board of directors has set long-term targets for growth, profitability, and financial leverage, and a policy for dividends and share repurchase.

- ➔ Grow product revenue (licenses, maintenance, and support) through organic growth and acquisitions.
- ➔ Improve the EBIT margin to 15% and achieve a return of 25% on average operating capital.
- ➔ Increase dividends to 50% of earnings after tax.
- ➔ Use additional surplus capital, which is not required for investments, expansion, and other needs relating to the financial position of the group, to repurchase shares.



# FINANCIAL OVERVIEW

SKr million	4TH QUARTER		FULL YEAR	
	2011	2010	2011	2010
<b>Net revenue</b>	<b>745</b>	<b>729</b>	<b>2,576</b>	<b>2,585</b>
of which Licenses	166	135	431	402
of which Maintenance and support	220	206	823	811
of which Consulting	355	383	1,311	1,357
<b>Gross earnings</b>	<b>397</b>	<b>370</b>	<b>1,242</b>	<b>1,188</b>
of which Licenses	163	128	406	363
of which Maintenance and support	145	127	551	503
of which Consulting	88	113	283	316
<b>EBIT</b>	<b>126</b>	<b>110</b>	<b>233</b>	<b>221</b>
<b>EBIT margin</b>	<b>17%</b>	<b>15%</b>	<b>9%</b>	<b>9%</b>
<b>Earnings before tax</b>	<b>122</b>	<b>101</b>	<b>218</b>	<b>189</b>
<b>Earnings for the period</b>	<b>86</b>	<b>69</b>	<b>156</b>	<b>134</b>
<b>Cash flow after investments</b>	<b>18</b>	<b>70</b>	<b>94</b>	<b>234</b>

# CASH FLOW

GROUP	4TH QUARTER		FULL YEAR	
	2011	2010	2011	2010
SKr million X				
<b>Cash flow before change in working capital</b>	<b>165</b>	<b>167</b>	<b>406</b>	<b>373</b>
Change in working capital	-79	4	-96	93
<b>Cash flow from current operations</b>	<b>86</b>	<b>171</b>	<b>310</b>	<b>466</b>
Cash flow from investments	-68	-101	-216	-232
<b>Cash flow after investments</b>	<b>18</b>	<b>70</b>	<b>94</b>	<b>234</b>
Cash flow from financing	28	0	-163	-130
<b>Cash flow for the period</b>	<b>46</b>	<b>70</b>	<b>-69</b>	<b>104</b>
Cash and cash equiv. at beginning of period	333	377	445	355
Exchange rate differences in cash and equiv.	-5	-2	-2	-14
<b>Cash and cash equiv. at end of the period</b>	<b>374</b>	<b>445</b>	<b>374</b>	<b>445</b>

# OUTLOOK



**IFS EXPECTS  
STRONG ORGANIC LICENSE GROWTH  
AND IMPROVED EBIT IN 2012.**





**[www.IFSWORLD.com](http://www.IFSWORLD.com)**

THIS DOCUMENT MAY CONTAIN STATEMENTS OF POSSIBLE FUTURE FUNCTIONALITY FOR IFS'S SOFTWARE PRODUCTS AND TECHNOLOGY. SUCH STATEMENTS OF FUTURE FUNCTIONALITY ARE FOR INFORMATION PURPOSES ONLY AND SHOULD NOT BE INTERPRETED AS ANY COMMITMENT OR REPRESENTATION. IFS AND ALL IFS PRODUCT NAMES ARE TRADEMARKS OF IFS. THE NAMES OF ACTUAL COMPANIES AND PRODUCTS MENTIONED HEREIN MAY BE THE TRADEMARKS OF THEIR RESPECTIVE OWNERS.