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FOURTH QUARTER 2017

2017: A TRANSFORMATIONAL YEAR



ALASTAIR SORBIE, CEO & PAUL SMITH, CFO

February 2018

CHIEF EXECUTIVE SUMMARY

A TRANSFORMATIONAL YEAR

IFS showed outstanding growth in 2017 with license revenue up 21 percent in constant currency. This was achieved organically and by strategic acquisitions, and represents unquestionably an increase in our market share given that the underlying ERP market grew only by 8 percent.

The first transformational development in 2017 was the completion in January of the Mxi acquisition; this complement to our aviation and defense solution has increased considerably our offering and skills capability while gaining us strategic customers. In the summer, we acquired mpsystems to add advanced customer-engagement capability to our service-management offering, and also our local partner Field Service Management to consolidate our capability in the United Kingdom. We completed our largest acquisition ever in the fourth quarter, again in the service-management sector; with WorkWave, we can address the small and medium-sized businesses (SMB) market with a multi-tenanted SaaS offering, thereby opening up a new market for IFS.

Our focus on service management continued with direct investments in resources, marketing, and product development, resulting in significant sales and the securing of high-profile customers; in their latest magic quadrant, Gartner ranked IFS as the supplier in field service management with the highest ability to execute. Our push into managed cloud accelerated and in line with increased demand we have continued to invest in our offering based on Microsoft Azure. Furthermore, the partner ecosystem in which we have invested over recent years has evolved into a large and enthusiastic community that is actively supporting IFS sales and implementations across the globe.

In 2017 IFS has been truly transformed through a high level of organic and inorganic investment that has been enabled by our owners EQT. We go into 2018 stronger than ever and able to attack our target markets better equipped than ever before.



Alastair Sorbie
President and CEO

FINANCIAL AND OPERATIONAL HIGHLIGHTS

A TRANSFORMATIONAL YEAR

FOURTH QUARTER (OCTOBER–DECEMBER 2017)

- License revenue amounted to SKr 372 million (Q4 '16: SKr 302 million), an increase of 25 percent in constant currency.
- Maintenance revenue was SKr 376 million (Q4 '16: SKr 329 million), an improvement of 18 percent in constant currency.
- Consulting revenue amounted to SKr 446 million (Q4 '16: SKr 409 million), an increase of 12 percent in constant currency.
- Net revenue totaled SKr 1,277 million (Q4 '16: SKr 1,055 million), an improvement of 24 percent in constant currency.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

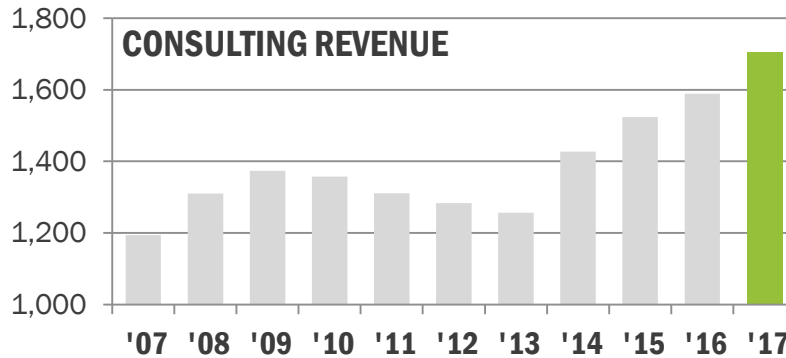
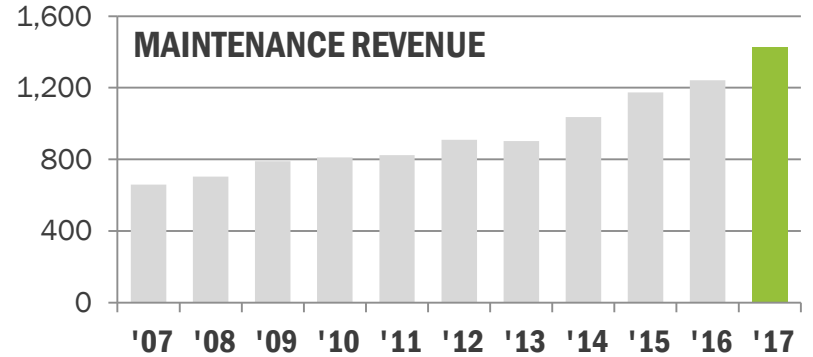
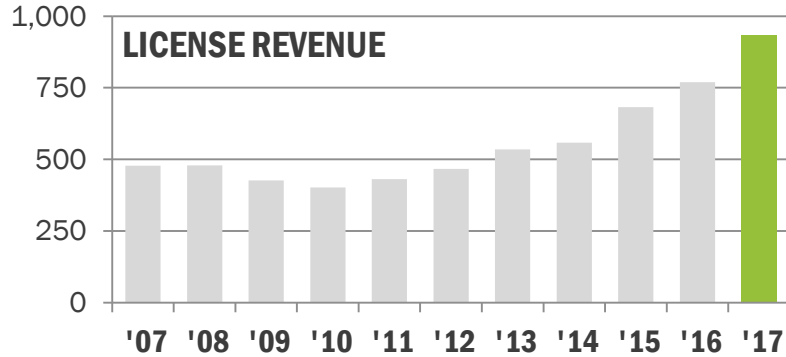
A TRANSFORMATIONAL YEAR

FULL YEAR (JANUARY–DECEMBER 2017)

- License revenue amounted to SKr 935 million ('16: SKr 770 million), an increase of 21 percent in constant currency.
- Maintenance revenue was SKr 1,429 million ('16: SKr 1,242 million), an improvement of 15 percent in constant currency.
- Consulting revenue amounted to SKr 1,705 million ('16: SKr 1,589 million), an increase of 6 percent in constant currency.
- Net revenue totaled SKr 4,217 million ('16: SKr 3,649 million), an improvement of 15 percent in constant currency.

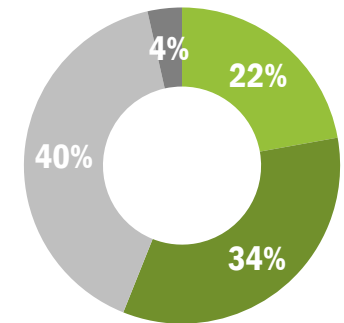
FINANCIAL OVERVIEW

A TRANSFORMATIONAL YEAR



REVENUE MIX

- License
- Maintenance
- Consulting
- Cloud & other



MARKET UPDATE

FOURTH QUARTER



MARKET OUTLOOK—THE ANALYSTS' VIEW

The enterprise resource planning (ERP) market grew by 8 percent in 2017. Reflecting strong growth in the adoption of the cloud and the new IT-spending patterns that stem from this technology, leading analysts such as Gartner and IDC forecast the overall enterprise application market to show a compound annual growth rate for the coming five years of around 8 percent. 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.'



STRONG UNDERLYING BUSINESS

HIGHLY-COMPETITIVE CONTRACTS IN TARGET SECTORS

GAIA HERBS

PROCESS MANUFACTURING

UNITED STATES



Gaia Herbs, a leading organic supplement brand, chose IFS for its expertise and ability to execute against key business efficiencies. IFS Applications will replace two ERP systems, driving improvements incl. a 25 percent reduction in time spent on financial reconciliation.

SAAB

AEROSPACE AND DEFENSE







SWEDEN



Swedish Saab has chosen to deploy IFS Global Extension to streamline complying with local laws and regulations. This enables Saab to manage legal compliance centrally, within IFS Applications and without customizations, and will reduce time-consuming tasks, costs, and risks.

SIGNIFICANT CUSTOMER WINS IN 2017





AEROSPACE AND DEFENSE

-  Air France - KLM
-  American Airlines
-  Directorate for Civil Protection (DSB)
-  General Dynamics
-  Saab
-  Southwest Airlines







ASSET INTENSIVE

-  Ahlstrom Munksjö
-  Hecla Mining Company
-  SSAB Europa




AUTOMOTIVE

-  Audi Motorsport
-  Gerhardt Kunststofftechnik
-  Radiadores Ordoñez
-  Volvo

CONSTRUCTION AND CONTRACTING







-  ACCO Engineered Systems
-  Barnhart Crane & Rigging Co.
-  Gk Gruppen
-  McLaren Construction
-  Skanska UK
-  Systra
-  TGL Group




ENERGY AND UTILITIES

-  Atucha II - Nucleoelectrica Argentina
-  Corix Utility Services (U.S.)
-  Energy Utility Corp. Ltd Rwanda

-  Eniig Fiber
-  Globeleq (Guernsey)
-  Hafslund
-  Jämtkraft Elnät
-  National Grid Smart
-  Østfold Energi
-  Pori Energia
-  Teracom Group
-  Wolverine Power Supply Cooperative















HIGH-TECH MANUFACTURING

-  Airmar Technology Corporation
-  Axis Communications
-  Circuit Check
-  GS Sweden
-  Ifstet
-  Kyocera Document Solutions Europe






-  Raven Industries
-  Restek Corporation
-  Teledyne Technologies

INDUSTRIAL MANUFACTURING



-  Bergene Holm
-  Brett Group
-  Decodom
-  Dibal
-  Emhart Glass
-  Ensign-Bickford Industries
-  Global Finishing Solutions
-  Heinz-Glas

-  Karl Marbach
-  Lee Warren Fabrication and Design
-  New Standard Corporation
-  Plastic 7A
-  ProfilGruppen Extrusions
-  Regal Ware
-  Rema Tip Top
-  Schuf Valve Technology
-  Schulthess Maschinen
-  Server Products
-  Skyjack (Linamar)
-  Style Crest
-  Tennant Company
-  Thetford
-  Tomra Sorting

OIL AND GAS






-  Archer Norge
-  BW Offshore Norway
-  FR Tri-Point
-  Odfjell Drilling
-  Yinson

PROCESS MANUFACTURING

-  AirBoss of America Corp.
-  Basic American
-  Bridgetown Natural Foods
-  Cott Beverages
-  Emil Frei
-  Gaia Herbs

-  Glas Trösch
-  LGC
-  McGean-Rohco
-  Preferred Compounding Corp.
-  Richardson International
-  Standard Process
-  WB Chambers


RETAIL AND WHOLESALE

-  CML Microsystems
-  FFX
-  Oriflame Cosmetics
-  Profoto Holding
-  Stadium

SERVICE PROVIDERS

-  Brady Trane Service
-  IP-Only
-  Lassila & Tikanoja
-  Levitt-Safety
-  Monarch Landscape Holdings
-  Oleter Group
-  Pinnacle Asset Integrity Services
-  Reliance Comfort

OTHER

-  BCA Expertise
-  Centric Nordic Holding
-  Ceramtec UK
-  Svenska Spel
-  VR Track

OUTLOOK



IFS WAS TRANSFORMED IN 2017 THROUGH A **HIGH LEVEL OF INVESTMENT** AND GOES INTO 2018 **STRONGER THAN EVER** AND ABLE TO ATTACK ITS TARGET MARKETS **BETTER EQUIPPED THAN EVER BEFORE.**



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