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INTERIM REPORT Q1 2016

GOOD UNDERLYING BUSINESS DEVELOPMENT



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FINANCIAL AND OPERATIONAL HIGHLIGHTS

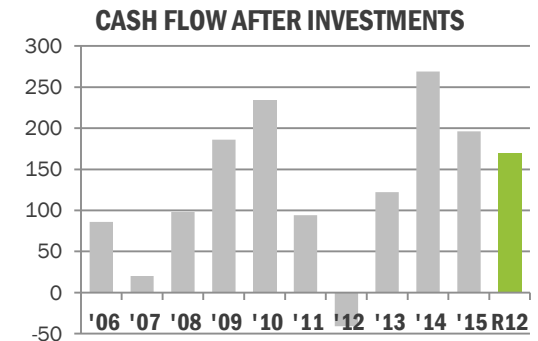
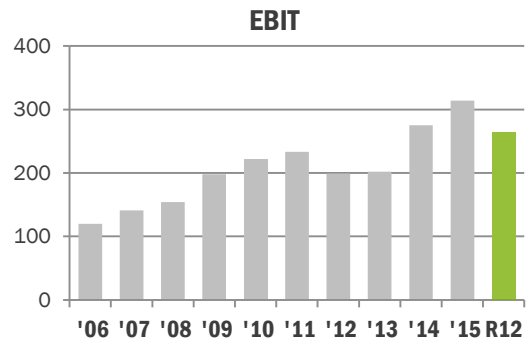
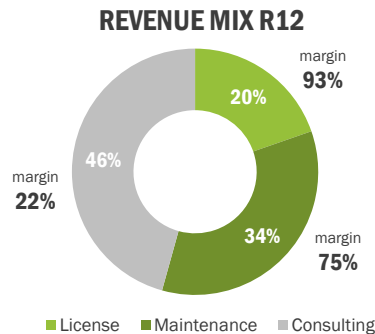
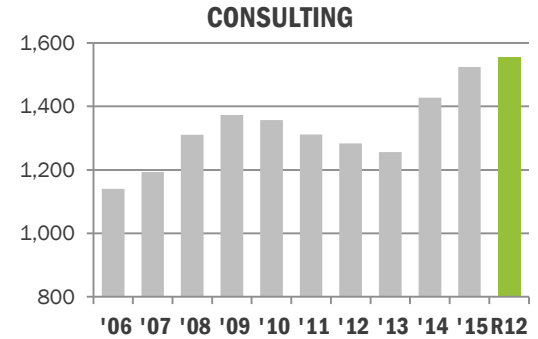
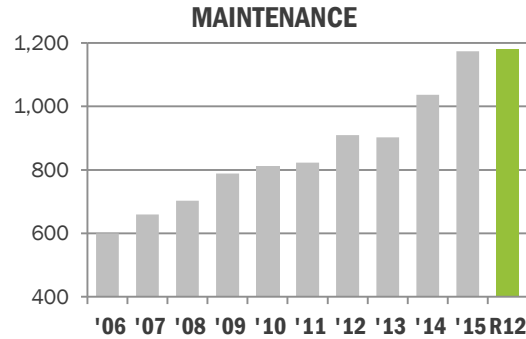
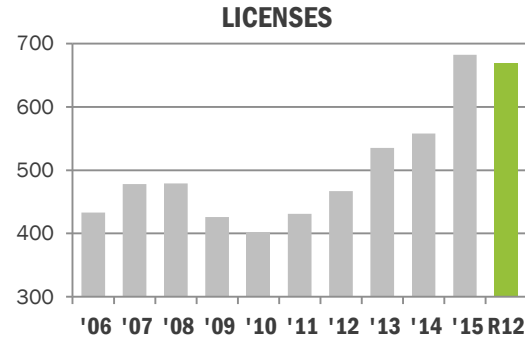
GOOD UNDERLYING BUSINESS DEVELOPMENT

JANUARY-MARCH 2016 (FIRST QUARTER)

- License revenue amounted to SKr 102 million (Q1 '15: SKr 115 million), a decrease of 8 percent, currency adjusted.
- Maintenance revenue was SKr 296 million (Q1 '15: SKr 291 million), an improvement of 5 percent currency adjusted.
- Consulting revenue amounted to SKr 404 million (Q1 '15: SKr 374 million), an increase of 12 percent currency adjusted.
- Net revenue totaled SKr 811 million (Q1 '15: SKr 782 million), an improvement of 7 percent currency adjusted.
- Adjusted EBITDA was SKr 56 million (Q1 '15: SKr 63 million).
EBIT amounted to SKr 1 million (Q1 '15: SKr 51 million).
- Cash flow after investments was SKr 46 million (Q1 '15: SKr 72 million).
- Earnings per share after full dilution amounted to SKr 0.00 (Q1 '15: SKr 1.47).

FINANCIAL OVERVIEW

A GROWING BUSINESS



PRODUCT REVENUE

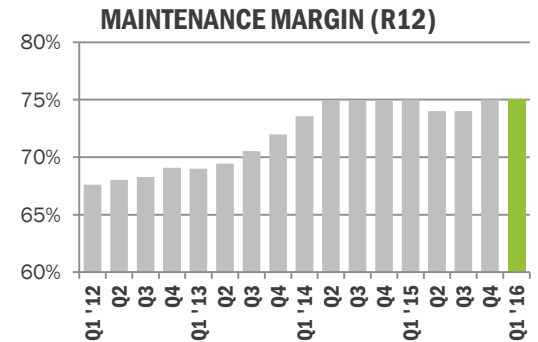
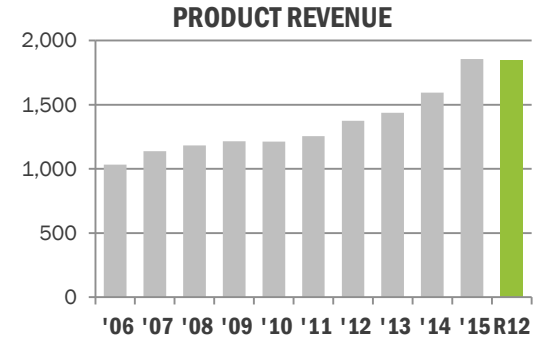
A STRONG CUSTOMER BASE

LICENSE SALES

- IFS continues to be selected thanks to its ability to deliver solutions to its target sectors and global projects with a lower cost of ownership than its larger competitors.
- IFS offers a flexible and modern solution that is easy to implement, especially for businesses that need a reliable and cost-effective solution in a dynamic and challenging market.

MAINTENANCE REVENUE

- Strong loyalty of customers who continue to contribute to the future growth by extending their use of IFS Applications.
- Improving cost efficiencies from IFS's global support initiative.
- 'Churn' in the customer base remains very low.



CONSULTING REVENUE

INCREASED PARTNERING ACROSS THE GROUP

CONSULTING REVENUE

- As a trend, product revenue is set to grow faster than consulting revenue.
- Larger proportion of services being delivered from the partner ecosystem.
- Over time, customers will increasingly contract with partners, resulting in a slow down in the growth of IFS delivered services revenue.

PARTNER PROGRAM—INCREASING MOMENTUM

- Offer customer choice and greater global reach for international projects.
- Create go-to-market alliances and thereby increase market penetration.
- New partners signed and deepened co-operation with existing ones such as Accenture.
- Offer greater business scalability and better manage peaks in demand.
- Increase in the consulting margin to 23 percent (Q1 '15: 20 percent).

MARKET AND PRODUCT UPDATE

FIRST QUARTER



IFS COLLABORATES WITH TOMTOM

Leveraging the real-time data of TomTom Traffic, IFS announced a major enhancement of its IFS Mobile Workforce Management solution, with more accurate routing, better time-to-destination estimations and cost efficiencies.



IFS PRINCIPAL PARTNER OF SAUBER F1 TEAM

IFS announced its sponsorship of the Sauber F1 Team for the 2016 FIA Championships. Throughout the season, the IFS branding will appear on the Sauber cars, the drivers' overalls and helmets, as well as on the team wear.



MARKET OUTLOOK—THE ANALYSTS' VIEW

The improvement of the buying environment has continued. The ERP market grew by 6 percent in 2015 and analyst firms expect its development to remain positive, with a growth in software revenue in the 7 percent range in 2016.

ACQUISITION OF MAINIOT

SOFTWARE SOLUTIONS FOR EAM AND ESM

ADDS FURTHER BREADTH TO IFS'S OFFERING

- MainIoT provides software solutions for Enterprise Asset Management (EAM) and Enterprise Service Management (ESM) as well as related master data management solutions in the energy, process, manufacturing, and service industries.
- More than 200 customers, including Caverion, Empower, Gasum, Maintpartner, Neste, and SSAB.
- Well positioned within high-growth segments of Enterprise Asset and Service Management.
- Strengthens IFS's offering and helps consolidate the Finnish market.
- IFS will also be able to leverage on MainIoT's capabilities within "Industrial Internet of Things."



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.'
- Grow the business organically and profitably, using the cash generated to undertake complimentary M&A.



CUSTOMER WINS IN THE PAST TWELVE MONTHS

Aerospace and Defense

- Babcock Marine Division
- BAE Systems
- General Dynamics - Information
- General Dynamics - Ordinance
- Saab
- TAE

Asset Intensive

- Hecla Mining Company
- Holmen
- SSAB Europa

Automotive

- AKO Group
- Autohaus Jacob Fleischhauer
- CalsonicKansei North America
- Mianyang Fulin Precision
- Öhrlins Racing
- Rancon Automobiles
- Toyota Lanka
- Zakład Metalowy Plast-Met

Construction and Contracting

- AIC Steel
- Arkon Prima Indonesia
- Barnhart Crane & Rigging Co.
- CMC-TNRSP (Tamilnadu Road)
- Heerema Fabrication Group
- JK Williams Group
- MCH Group
- Mostostal Zabrze S.A.
- MWH Treatment
- NG Bailey Group
- Skanska UK

- VolkerWessels Telecom

- VR Track

Energy and Utilities

- Borås Energi och Miljö
- Caruna
- Chesapeake Utilities
- Jacopa
- Jönköping Energi
- JSC Energo-Pro
- Nordmøre Energiverk
- Ragn-Sells Group IT
- Satluj Jal Vidyut Nigam Ltd
- Service Stream
- Statnett
- Svenska Kraftnät
- Türksat Uydu Haberleşme
- Umeå Energi

High Tech

- Axis Communications
- BHE Bonn Hungary Elektronikai
- Jotron
- Kitron
- Lab126 (A2Z Development)
- Mafelec
- Particle Measuring Systems
- Sartorius
- Sierra Wireless
- Sunbelt Transformer
- Teledyne Oil & Gas
- Telenot Electronic
- Tomra Sorting
- Tomra Systems

Industrial Manufacturing

- AAR Supply Chain
- Aludium
- Aluminum Precision Products
- Alyaf Industrial Co.
- Andersen Steel
- Anstee Ware Group
- AOA Apparatebau Gauting
- Bemis Manufacturing Company
- BRC Industrial (Saudi)
- CC Högånäs Byggkeramik
- Circor International
- Durham Manufacturing
- Gislaved Gummi
- Huber
- IMI Critical Engineering
- IV Produkt
- J & E Hall
- Janoschka Kippenheim
- Lakeside Process Controls
- Loram Maintenance of Way
- Mahin Group
- Maurer
- Newag
- Orion South
- OSMA-Aufzüge
- Polypipe
- Robertson Fuel System
- Roxtec International
- Saueressig
- Shapes Precision
- Shawcor

- South Asia Textile Industries

- Superior Graphite Company
- TC Thomas Consulting
- Tensco Corporation
- Vegum
- Vítkovice Steel
- Völkli Sports
- Whirley Industries
- Wingroup
- Wren Living

Oil and Gas

- Bibby Offshore
- BW Offshore Norway
- Dixie Electric
- Floatel International
- Interwell
- Maersk Drilling Services
- Songa Offshore
- Wood Group Mustang Norway

Process Manufacturing

- Açotubo
- Brugarolas
- Diamond Pet Foods
- Evotec (UK)
- Instituto Butantan
- Kanes Foods
- LGC
- Marabu
- Oxford Biomedica
- PBI/Gordon Corporation
- Pukka Herbs
- Richardson International

- Swedish Orphan Biovitrum

- Synergy Health
- The Binding Site Group
- Volac International
- W. M. Mendis Distilleries
- Warren Distribution
- Whitford
- Whitworths
- Willamette Valley Company
- William Grant & Sons

Retail and Wholesale

- AG Thames Holdings
- Bellman & Symfon Europe
- Gosiger Holdings
- Ingram Micro Mobility
- Rusta
- Sanitec Europe
- Singer Sri Lanka
- Systembolaget

Service Providers

- Anticimex
- APM Terminals Management
- Auto Windscreens
- Avinor
- Eitel Networks Infranet
- Grey Matter
- IDEX énergies
- IP-Only Telecommunication
- J Tomlinson
- Lassila & Tikanoja
- Medical & Pharmaceutical
- Orbotech

- Reliance Comfort

- Reliance Home Comfort
- Sporveien Oslo
- Turner & Co (Glasgow)
- URB - Urbanismo de Recife
- Wennstrom Fuel Systems
- Wilhelmsen Ships Service

Other

- Evry Norge
- Foundation Garments
- Q-TC
- SII - Société pour l'informatique
- Technogroup IT-Service
- Tiga Pilar Sejahtera Food
- Tribunal de Justiça RJ
- Tubes International
- Vektis

STRONG UNDERLYING BUSINESS

HIGHLY-COMPETITIVE CONTRACTS IN TARGET SECTORS

MCH GROUP

CONSTRUCTION & CONTRACTING

SWITZERLAND



MCH Group will implement IFS Applications in a deal worth 1.4 million euros. The solution will empower some 200 staff with enhanced support for mission-critical processes such as multi-site and multi-currency project management and costing.

PUKKA HERBS

PROCESS MANUFACTURING

UNITED KINGDOM



Pukka Herbs, the organic herbal tea and supplement company with a rapidly expanding international presence, will implement IFS Applications 9 to integrate and automate processes across its global operations, in a deal worth £500k.

FINANCIAL OVERVIEW

SKr million	1ST QUARTER		APRIL-MARCH		FULL YEAR
	2016	2015	2015/16	2014/15	2015
Net revenue	811	782	3 418	3 122	3 389
<i>whereof</i> License revenue	102	115	669	566	682
Maintenance and support revenue	296	291	1 179	1 079	1 174
Consulting revenue	404	374	1 554	1 466	1 524
Gross earnings	412	401	1 853	1 622	1 842
<i>whereof</i> Licenses	88	109	625	524	646
Maintenance and support	229	217	887	804	875
Consulting	93	76	341	296	324
EBIT	1	51	264	301	314
EBIT margin	0%	7%	8%	10%	9%
Earnings before tax	1	52	255	289	306
Earnings for the period	0	39	175	235	214
Cash flow after investment operations	46	72	170	208	196

CASH FLOW

SKr million	1ST QUARTER		APRIL-MARCH		FULL YEAR
	2016	2015	2015/16	2014/15	2015
Cash flow before change in working capital	80	102	522	489	544
Change in working capital	100	35	67	-38	2
Cash flow from current operations	180	137	589	451	546
Cash flow from investment operations	-134	-65	-419	-243	-350
Cash flow after investment operations	46	72	170	208	196
Cash flow from financing operations	-28	-35	-144	-142	-151
Cash flow for the period	18	37	26	66	45
Cash and cash equivalents at the beginning of the period	533	489	540	431	489
Exchange rate differences in cash and cash equivalents	-4	14	-19	43	-1
Cash and cash equivalents at the end of the period	547	540	547	540	533

OUTLOOK



**FOR 2016, IFS EXPECTS
GROWTH IN BOTH
PRODUCT REVENUE AND EBIT.**



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