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SECOND QUARTER 2017

IFS EXECUTING WELL ON ITS STRATEGY



ALASTAIR SORBIE, CEO & PAUL SMITH, CFO

August 14, 2017

CHIEF EXECUTIVE SUMMARY

IFS EXECUTING WELL ON ITS STRATEGY

IFS has seen record growth year to date which, being significantly higher than the growth in the market, indicates that we are continuing to increase our market share. Our recent acquisitions, including Mxi, continue to perform well and are proving to be excellent investments. Over recent years, we have continued to invest in service management as we see this as a logical extension to our established markets of manufacturing, asset management, and project-based industries. Our analyst rating for service management continues to ride high and we are pleased with the exciting new customers in this sector that we have welcomed to IFS already this year.

We are seeing great interest in our managed cloud service from both existing and new customers; and we expect to see this develop increasingly as a significant part of our business. There is also a rising interest today in Digital Transformation and especially in the Internet of Things (IoT), which is coming from all sectors of our diverse global customer community.

IFS is continuing in its scaled-up investment program to develop strategic growth drivers in the business. A good outlook for the full year is supported by the strong performance seen in the first two quarters.

Alastair Sorbie
President and CEO

FINANCIAL AND OPERATIONAL HIGHLIGHTS

IFS EXECUTING WELL ON ITS STRATEGY

SECOND QUARTER (APRIL-JUNE 2017)

- License revenue amounted to SKr 216 million ('16: SKr 190 million), an increase of 11 percent in constant currency.
- Maintenance revenue was SKr 354 million ('16: SKr 300 million), an improvement of 14 percent in constant currency.
- Consulting revenue amounted to SKr 429 million ('16: SKr 420 million), a decrease of 1 percent in constant currency.
- Net revenue totaled SKr 1,025 million (Q2 '16: SKr 923 million), an improvement of 8 percent in constant currency.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

IFS EXECUTING WELL ON ITS STRATEGY

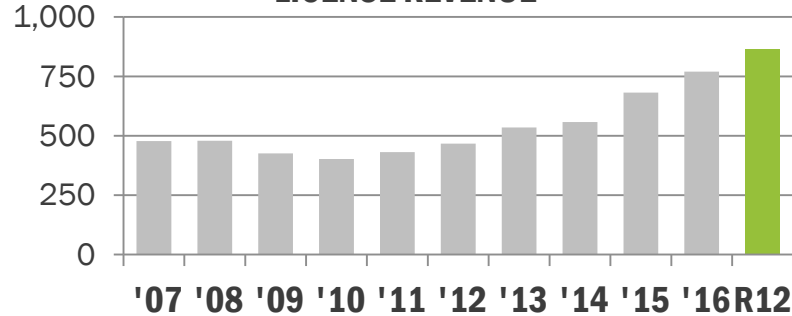
YEAR TO DATE (JANUARY-JUNE 2017)

- License revenue amounted to SKr 387 million ('16: SKr 292 million), an increase of 28 percent in constant currency.
- Maintenance revenue was SKr 704 million ('16: SKr 596 million), an improvement of 15 percent in constant currency.
- Consulting revenue amounted to SKr 858 million ('16: SKr 825 million), no change in constant currency.
- Net revenue totaled SKr 1,994 million ('16: SKr 1,734 million), an improvement of 11 percent in constant currency.

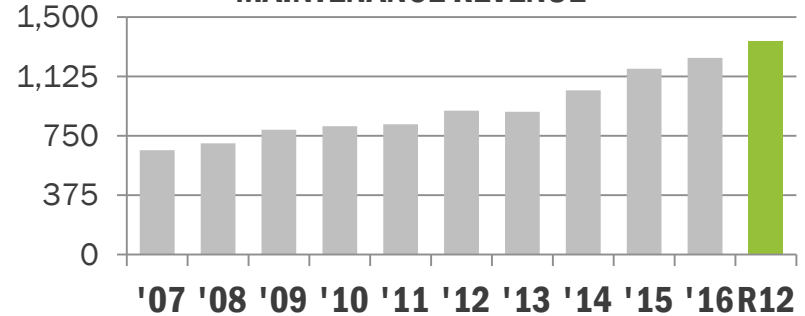
FINANCIAL OVERVIEW

A GROWING BUSINESS

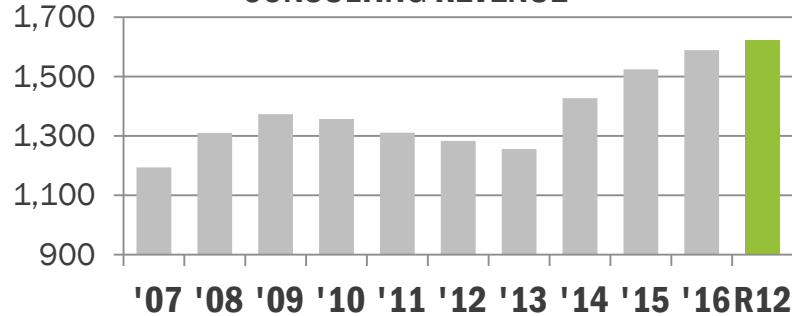
LICENSE REVENUE



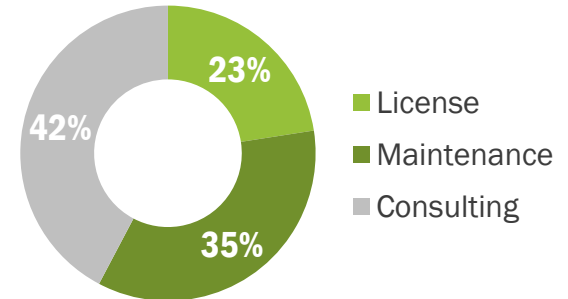
MAINTENANCE REVENUE



CONSULTING REVENUE



REVENUE MIX



MARKET UPDATE

SECOND QUARTER



MARKET OUTLOOK—THE ANALYSTS' VIEW

The outlook of analysts such as Gartner about the future development of the enterprise software market has been slightly revised in the past quarter, reflecting increased expectations for 2017 through 2021, in particular within the CRM, ERP, and content service markets.

Industry analysts project a growth rate of around 7 percent for 2017–2018 and a compound annual growth rate for the coming five years in the 6–7 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.'
- Grow the business organically and profitably, using the cash generated to undertake complimentary M&A.



STRONG UNDERLYING BUSINESS

HIGHLY-COMPETITIVE CONTRACTS IN TARGET SECTORS

AMERICAN AIRLINES/PSA AIRLINES

AEROSPACE AND DEFENSE

UNITED STATES



PSA Airlines, a wholly owned subsidiary of American Airlines and one of the fastest growing regional operators in North America, has selected IFS Maintenix to support its enterprise-wide fleet maintenance management needs, including complete lifecycle MRO functionality.

DOLE FRESH CUTS

RETAIL






SWEDEN





Dole Fresh Cuts has chosen IFS Applications 9 to streamline its procurement, planning, distribution, and order and inventory handling, among others. The end-to-end solution will also, in later stages, include product development and quality management.

SIGNIFICANT CUSTOMER WINS Q3 2016–Q2 2017


AEROSPACE AND DEFENSE

-  American Airlines
-  General Dynamics
-  Middle East Propulsion Company
-  RUAG Space
-  Saab

ASSET INTENSIVE

-  BillerudKorsnäs
-  SSAB Europa








AUTOMOTIVE

-  Volvo










CONSTRUCTION AND CONTRACTING

-  Barnhart Crane & Rigging Co.
-  Energy Systems Group
-  Gk Gruppen
-  Madic
-  Sanken Overseas
-  Systra
-  TGL Group
-  VARD Group













ENERGY AND UTILITIES










-  Allinq
-  Corix Utility Services (U.S.)
-  Energy Utility Corp. Ltd Rwanda
-  Glitre Energi
-  Litgrid
-  Port of Duqm
-  S.A.G. Solar

HIGH-TECH MANUFACTURING

-  Airmar Technology Corporation
-  Circuit Check
-  Election Systems & Software
-  GS Sweden
-  Kyocera Document Solutions Europe
-  maxon motor
-  Restek Corporation
-  Sizewise Rentals
-  Teledyne

INDUSTRIAL MANUFACTURING

-  Aratubo
-  Brett Group
-  Bugaboo
-  Callenberg Group
-  Cincinnati Incorporated
-  Contiga
-  DH Pace Company
-  Dibal
-  Global Finishing Solutions
-  Hakama
-  Heinz-Glas
-  Jensen Precast
-  Kongskilde Industries
-  Leidos Innovations
-  Merrill Technologies Group
-  Moelven Industrier
-  Morgan GRP

-  Nolato
-  Plastic 7A
-  PowerSecure International
-  Prodomax Automation
-  Server Products
-  Sigma 3 (Holdings)
-  Skyjack (Linamar)
-  Tomra Sorting
-  Zero Zone

OIL AND GAS

-  FR Tri-Point
-  Leopad
-  Odfjell Drilling
-  Petro Well Services
-  Petroleum Geo-Services
-  Rowan Companies

PROCESS MANUFACTURING

-  AirBoss of America Corp.
-  BIM Kemi Sweden
-  Bridgetown Natural Foods
-  Emil Frei
-  Evolution
-  Jotun
-  Legendary Baking
-  LGC
-  McGean-Rohco
-  Rio Branco Industria de Papeis
-  Saba Shared Service Center

RETAIL AND WHOLESALE

-  BYGGmax
-  Corwell
-  Felleskjøpet Rogaland Agder
-  Gina Tricot
-  NetOnNet Group
-  Sears Canada
-  Stadium

SERVICE PROVIDERS

-  Ainsworth
-  Alcontrol Laboratories
-  Avinor
-  Brady Trane Service
-  Mistras Group
-  Oleter Group
-  Sporveien Oslo
-  Superior Propane
-  Teleplan International

OTHER

-  Bang & Bonsomer Group
-  BCA Expertise
-  Centric Nordic Holding
-  Ilias
-  ING Groep
-  Lanka Bangla Finance
-  Nationale Politie
-  Q-TC
-  Wilhelmsen Maritime Services

OUTLOOK



IFS IS CONTINUING IN ITS **SCALED-UP INVESTMENT PROGRAM** TO DEVELOP STRATEGIC **GROWTH** DRIVERS IN THE BUSINESS. A **GOOD OUTLOOK** FOR THE FULL YEAR IS SUPPORTED BY THE **STRONG PERFORMANCE** SEEN IN THE FIRST TWO QUARTERS.



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