



www.IFSWORLD.com



INTERIM REPORT **Q2** 2013

Alastair Sorbie, CEO and Paul Smith, CFO

JULY 18, 2013

FINANCIAL AND OPERATIONAL HIGHLIGHTS

STRONG PRODUCT GROWTH AND MARGIN IMPROVEMENT

APRIL-JUNE 2013 (2ND QUARTER)

- ➔ License revenue amounted to SKr 128 million (Q2 '12: SKr 92 million), an increase of 47 percent currency adjusted.
- ➔ Maintenance revenue was SKr 232 million (Q2 '12: SKr 232 million), an improvement of 5 percent currency adjusted.
- ➔ Consulting revenue amounted to SKr 334 million (Q2 '12: SKr 327 million), an increase of 7 percent currency adjusted.
- ➔ Net revenue was SKr 696 million (Q2 '12: SKr 652 million), an improvement of 12 percent currency adjusted.
- ➔ EBIT amounted to SKr 66 million (Q2 '12: SKr 27 million).
- ➔ Cash flow after investments was SKr 13 million (Q2 '12: SKr -162 million).
- ➔ Earnings per share after full dilution was SKr 1.71 (Q2 '12: SKr 0.58).

FINANCIAL AND OPERATIONAL HIGHLIGHTS

STRONG PRODUCT GROWTH AND MARGIN IMPROVEMENT

JANUARY-JUNE 2013 (SIX MONTHS)

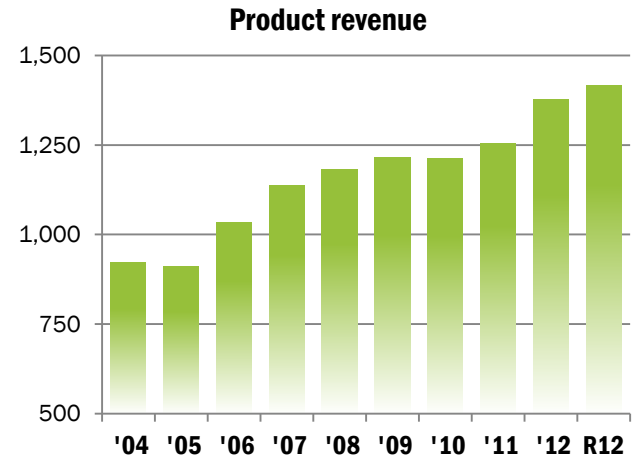
- ➔ License revenue amounted to SKr 212 million (YTD '12: SKr 175 million), an increase of 27 percent currency adjusted.
- ➔ Maintenance revenue was SKr 458 million (YTD '12: SKr 454 million), an improvement of 6 percent currency adjusted.
- ➔ Consulting revenue amounted to SKr 644 million (YTD '12: SKr 662 million), an increase of 2 percent currency adjusted.
- ➔ Net revenue was SKr 1,317 million (YTD '12: SKr 1,295 million), an improvement of 6 percent currency adjusted.
- ➔ EBIT amounted to SKr -26 million (YTD '12: SKr 40 million), including one-off costs for efficiency program amounting to SKr 92 million.
- ➔ Cash flow after investments was SKr 80 million (YTD '12: SKr -68 million).
- ➔ Earnings per share after full dilution was SKr -1.23 (YTD '12: SKr 0.85).

PRODUCT GROWTH

THE INTELLIGENT ALTERNATIVE CHOICE

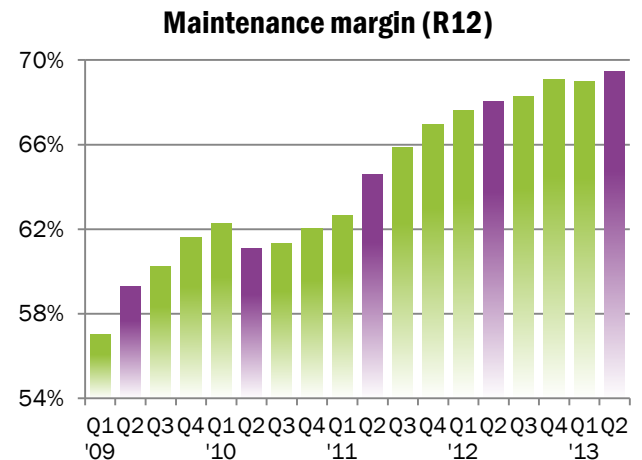
LICENSE SALES—STRONG GROWTH

- ➔ Winning highly-competitive sales to new customers in our target sectors.
- ➔ Existing customers expanding their global use of IFS Applications.
Agile solutions for the agile enterprise.



MAINTENANCE REVENUE

- ➔ Good customer retention, scalable, and improving margins.
- ➔ Product revenue (R12) is now 53 percent of total revenue mix. Over the longer term, product revenue is expected to grow at least at twice the rate of consulting.



CONSULTING REVENUE

AN EVOLVING BUSINESS

CONSULTING REVENUE AND MARGIN

- ➔ Consulting not expected to grow at the same rate as product revenue due to:
 - ➔ reduced effort required to implement IFS Applications and
 - ➔ changing mix of skills and increased involvement of partners.

EFFICIENCY IMPROVEMENT PROGRAM (Q1)

- ➔ To align consulting resources with demand in terms of skills and location.
- ➔ The cost of achieving targeted savings will be matched by corresponding savings for the full year. Benefits in Q2 were in line with this forecast.

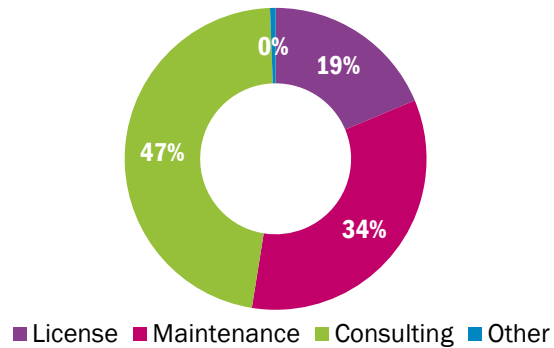
PARTNER PROGRAM—INCREASING MOMENTUM

- ➔ Greater global reach—able to serve larger customers.
- ➔ Greater ability to manage peaks in demand.
- ➔ Increase in direct costs.

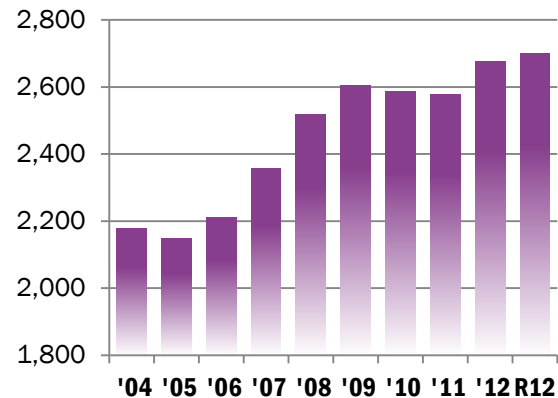
FINANCIAL OVERVIEW

A GROWING BUSINESS

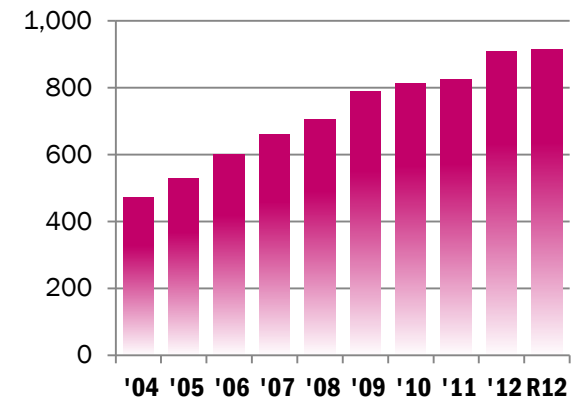
REVENUE MIX R12



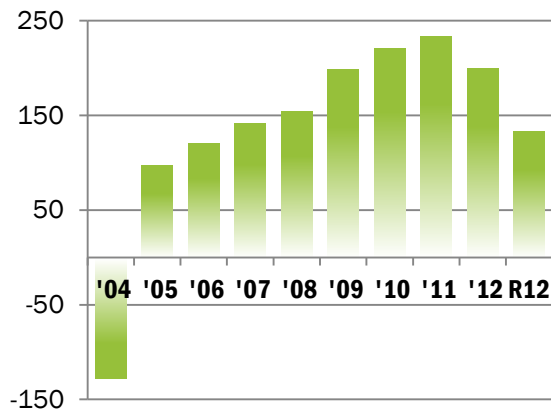
NET REVENUE



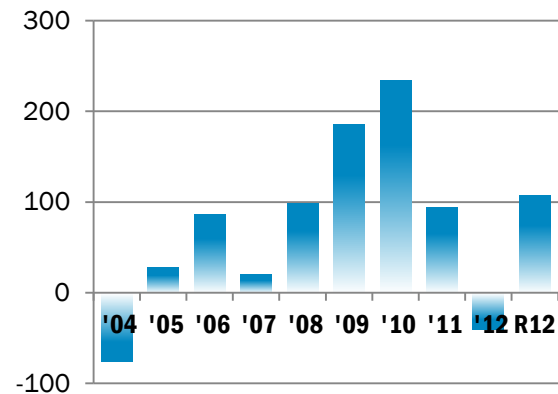
MAINTENANCE SUPPORT REVENUE



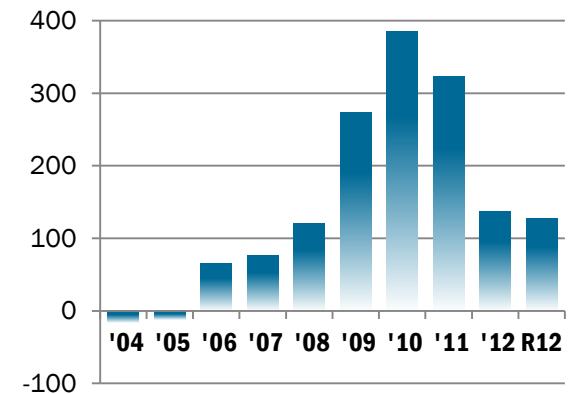
EBIT



CASH FLOW AFTER INVESTMENTS



NET LIQUIDITY



BUSINESS AND STRATEGY

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 support can reduce this.
- ➔ IFS targets growing markets that are less exposed to economic fluctuations.
- ➔ 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.





CUSTOMER WINS IN 2013

Aerospace and Defense

-  Emirates Group
-  Federal Aviation Administration
-  M7 Aerospace
-  Norwegian Defence Logistics—Army






Asset Intensive

-  Nucor Steel Seattle
-  Rhino Resource Partners

Automotive

-  CalsonicKansei North America
-  DTR Industries
-  Manufactura Moderna de Metales
-  Schlemmer
-  Toyota Material Handling Europe




Construction and Contracting

-  Babcock Infrastructure Services
-  Bergen Engines
-  Brookfield Multiplex
-  Projprzem
-  Technip

Energy and Utilities




-  Ericsson
-  Hafslund
-  Helsinki Energy
-  Statnett
-  Svensk Kärnbränslehantering
-  Vantaa Energy

High Tech

-  Instron
-  TOMRA Sorting Solutions
-  Wolfson Microelectronics

Industrial Manufacturing






-  Belvac Production Machinery
-  D&K Engineering
-  Flare Industries
-  GEBO Armaturen
-  Goizper, S. Coop.
-  Krinner
-  LightWorks Optical Systems
-  Pellenc

-  Polypipe
-  Quad/Graphics Europe
-  SWEP International

Oil and Gas

-  Apply Sørco
-  Atlas Pipeline
-  Seadrill Norge
-  Sevan Drilling




Process Manufacturing

-  Agrovista UK
-  Boyd Coffee Company
-  GFPT Public Company
-  LGC
-  major life-science manufacturer

Service Providers

-  Wilhelmsen Ships Service

Miscellaneous

-  George Steuarts Optimize
-  Operadora de Hoteles City Express
-  WP Beverages

STRONG UNDERLYING BUSINESS

AGILE SOLUTIONS FOR GLOBAL ENTERPRISES EXPANDING THEIR USE OF IFS



BROOKFIELD MULTIPLEX



TOMRA SORTING SOLUTIONS

AN ATTRACTIVE SOLUTION FOR DEMANDING CUSTOMERS IN IFS'S TARGET MARKETS



EMIRATES



HELSINKI ENERGY

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	2ND QUARTER		JULY-JUNE	
	2013	2012	2012/13	2011/12
Net revenue	696	652	2,698	2,636
of which Licenses	128	92	504	439
Maintenance and support	232	232	913	882
Consulting	334	327	1,265	1,305
Gross earnings	346	305	1,347	1,271
of which Licenses	115	84	469	415
Maintenance and support	164	160	634	600
Consulting	64	61	236	256
EBIT	66	27	134	211
EBIT margin	9%	4%	5%	8%
Earnings before tax	55	22	120	197
Earnings for the period	42	15	84	141
Cash flow after investments	13	-162	107	-17

CASH FLOW

GROUP	2ND QUARTER		JULY-JUNE	
	2013	2012	2012/13	2011/12
SKr million				
Cash flow before change in working capital	73	56	352	359
Change in working capital	-10	-52	-20	-49
Cash flow from current operations	63	4	332	310
Cash flow from investments	-50	-166	-225	-327
Cash flow after investments	13	-162	107	-17
Cash flow from financing	-55	39	-73	-17
Cash flow for the period	-42	-123	34	-34
Cash and equivalents, beginning of period	367	422	302	336
Exchange differences in cash and equivalents	3	3	-8	0
Cash and equivalents, end of the period	328	302	328	302

OUTLOOK



**FOR 2013, IFS EXPECTS
STRONG LICENSE REVENUE
GROWTH AND AN
IMPROVEMENT IN EBIT.**

The outlook for 2013 includes the costs arising from and the savings realized through the ongoing efficiency improvements.



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.