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YEAR-END (Q4) REPORT 2014

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

SIGNIFICANT IMPROVEMENT IN EARNINGS

OCTOBER–DECEMBER 2014 (FOURTH QUARTER)

- ➔ License revenue amounted to SKr 185 million (Q4 '13: SKr 207 million), a decrease of 15 percent currency adjusted.
- ➔ Maintenance revenue was SKr 274 million (Q4 '13: SKr 234 million), an improvement of 11 percent currency adjusted.
- ➔ Consulting revenue amounted to SKr 402 million (Q4 '13: SKr 337 million), an increase of 14 percent currency adjusted.
- ➔ Net revenue totaled SKr 867 million (Q4 '13: SKr 782 million), an improvement of 5 percent currency adjusted.
- ➔ Adjusted EBITDA was SKr 135 million (Q4 '13: SKr 126 million). EBIT amounted to SKr 117 million (Q4 '13: SKr 162 million).
- ➔ Cash flow after investments was SKr 97 million (Q4 '13: SKr 74 million).
- ➔ Earnings per share after full dilution were SKr 4.32 (Q4 '13: SKr 4.99).

FINANCIAL AND OPERATIONAL HIGHLIGHTS

SIGNIFICANT IMPROVEMENT IN EARNINGS

JANUARY-DECEMBER 2014 (FULL YEAR)

- ➔ License revenue amounted to SKr 558 million ('13: SKr 535 million), an increase of 1 percent currency adjusted.
- ➔ Maintenance revenue was SKr 1,037 million ('13: SKr 902 million), an improvement of 11 percent currency adjusted.
- ➔ Consulting revenue amounted to SKr 1,427 million ('13: SKr 1,256 million), an increase of 11 percent currency adjusted.
- ➔ Net revenue totaled SKr 3,034 million ('13: SKr 2,704 million), an improvement of 9 percent currency adjusted.
- ➔ Adjusted EBITDA was SKr 365 million ('13: SKr 279 million). EBIT amounted to SKr 275 million ('13: SKr 202 million).
- ➔ Cash flow after investments was SKr 269 million ('13: SKr 122 million).
- ➔ Earnings per share after full dilution amounted to SKr 8.45 ('13: SKr 5.72).
- ➔ Proposed dividend for 2014 is SKr 4.50 per share ('13: SKr 3.50).

PRODUCT GROWTH

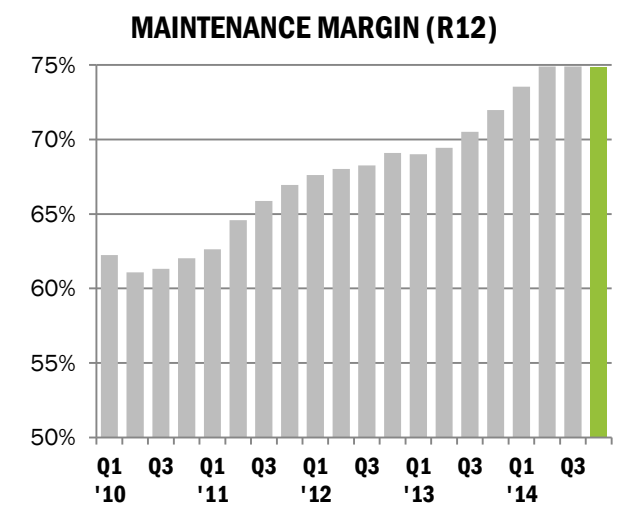
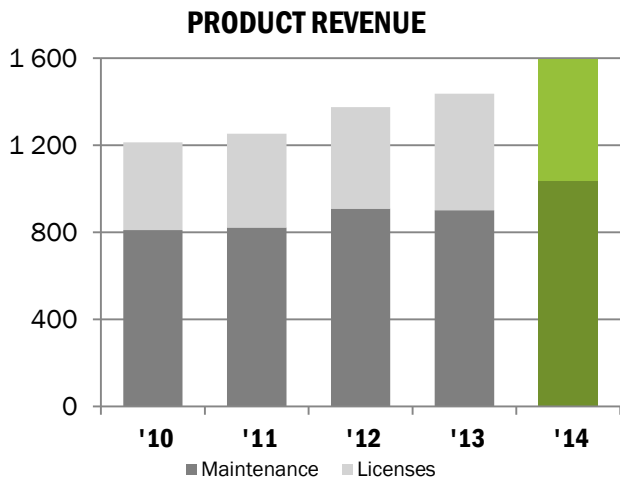
STRONG EXECUTION IN TARGET SECTORS

LICENSE SALES

- ➔ Winning highly-competitive sales to new customers in our target sectors.
- ➔ Timing of larger deals is harder to predict and has had a year-end impact.
- ➔ The drop in the global oil price has, and will have, a limited effect on license sales.

MAINTENANCE REVENUE

- ➔ Strong loyalty of customers who, by extending their use of IFS Applications, will continue to contribute to the future growth.
- ➔ Product revenue (R12) is 53 percent of total revenue mix and expected to grow faster than consulting revenue over the longer term.



CONSULTING REVENUE

AN EVOLVING BUSINESS

CONSULTING REVENUE

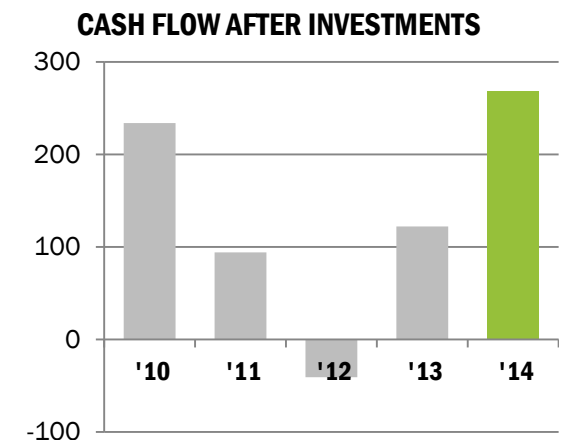
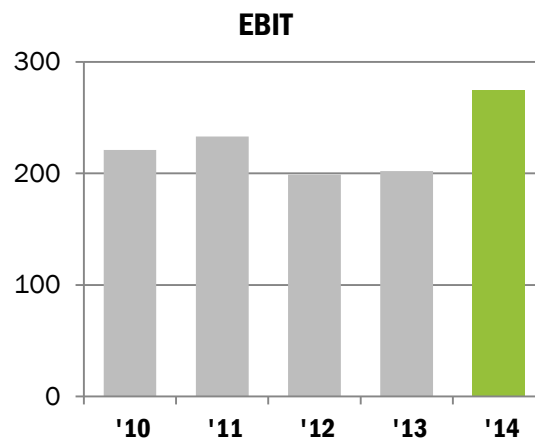
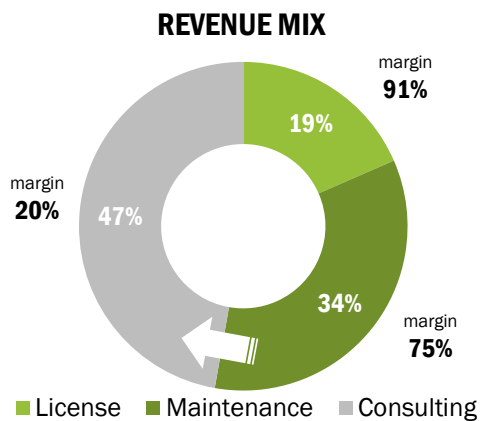
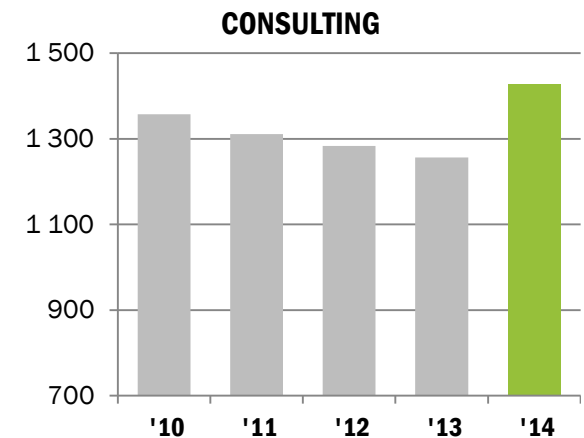
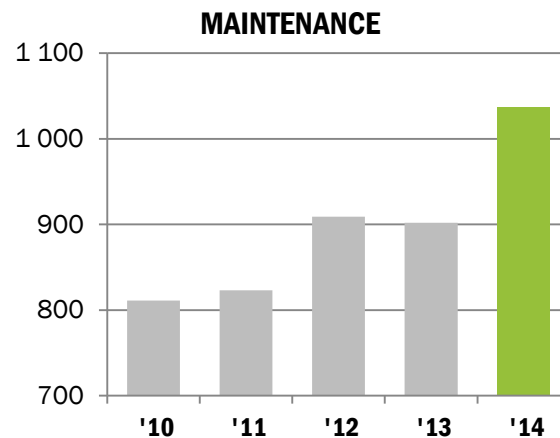
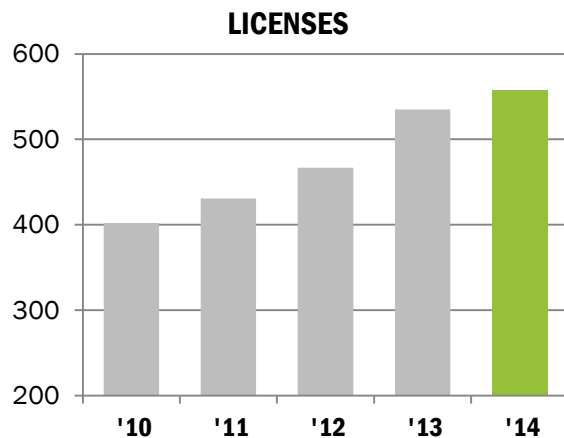
- ➔ Steadily larger proportion of services being delivered from the growing partner ecosystem.
- ➔ Over time, customers will increasingly contract with partners, resulting in a slow down in services revenue.

PARTNER PROGRAM—INCREASING MOMENTUM

- ➔ Continued investment in the ecosystem to:
 - ➔ offer customer choice and greater global reach for international projects,
 - ➔ create go-to-market alliances and thereby increase market penetration,
 - ➔ offer greater business scalability and better manage peaks in demand.

FINANCIAL OVERVIEW

A GROWING BUSINESS



MARKET AND PRODUCT UPDATE

4TH QUARTER

IFS NAMED A 'LEADER' IN TWO GARTNER MAGIC QUADRANTS

In November, Gartner released its *Magic Quadrant for Single-Instance ERP for Product-Centric Midmarket Companies*, in which IFS was named as a 'leader' for the second consecutive year. In December, IFS was again recognized as a 'leader,' this time in the *Gartner Magic Quadrant for Field Service Management*.

IFS PARTNERS WITH DELOITTE CONSULTING IN SOUTH KOREA

IFS has signed an agreement with Deloitte Consulting, making the firm its strategic partner for the deployment of IFS Applications in the oil and gas, construction, EPC, and project-based manufacturing industries in South Korea.

MARKET OUTLOOK—THE ANALYSTS' VIEW

Companies in need of consolidating their business solution or expanding its functionality are moving forward with their investments. However, the ERP market did not perform as well as projected and grew by 4 percent. Industry analyst firms such as Gartner expect this trend of slight growth to persist in 2015.

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 Q4 2014






Aerospace and Defense

-  Advanced Integration Technology
-  Babcock Marine Division
-  Norwegian Armed Forces
-  Saab



Asset Intensive

-  Forest-Papír

Automotive

-  Huf Hülsbeck & Fürst
-  Schlemmer
-  Toyota Lanka
-  Volvo Lastvagnar
-  Volvohandelns Utvecklings AB


Construction and Contracting


-  Serimax Holdings
-  Systra

Energy and Utilities















-  CYPC Jinsha River Hydropower
-  Mørenett
-  SDIC Qinzhou Electric Power Co.
-  TrønderEnergi Kraft

High Tech







-  Fr. Sauter
-  Habia Cable
-  Integrated Microwave
-  NEC Corporation
-  Trüb

-  Young Innovations







Industrial Manufacturing

-  Avanco
-  Baier + Köppel
-  Dankotuwa Porcelain
-  Hypnos
-  Jamestown Metal Marine Sales
-  Moelven Industrier
-  Nidec Minster Corporation
-  PIPE Sistemas Tubulares
-  Robertson Fuel System
-  Stolle Machinery Company
-  Tatsuno Engineering & Service
-  V-Zug
-  WNA
-  Zeon Advanced Polymix Co.





Oil and Gas

-  British Engines
-  BW Offshore Norway
-  Ceona Services
-  Mermaid Marine Australia
-  Rosenberg WorleyParsons
-  Shawcor









Process Manufacturing

-  American Iron & Metal Company
-  Cisbio Bioassays
-  EP Minerals
-  Grecian Delight Foods
-  Legacy Pharmaceuticals
-  Marabu
-  Omega Protein
-  Prince Minerals
-  Probiotics International
-  Rovese
-  William Grant & Sons



Retail

-  Gina Tricot
-  Midcounties Co-operative
-  Oriflame Cosmetics
-  Swedish Orphan Biovitrum (SOBI)

Service Providers

-  Advanced Technology Services
-  Dataprev
-  Eltel Networks Infranet
-  Loomis Sverige
-  PHS Group
-  SSI Services
-  United Subcontractors
-  Wilhelmsen Ships Service

Other

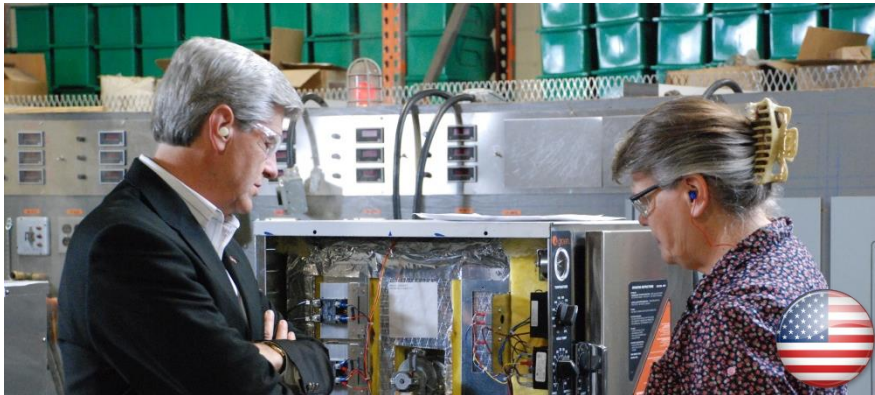
-  Beijing Mass Transit Railway
-  Evry
-  SEFI Transmission
-  Toronto Transit Commission

STRONG UNDERLYING BUSINESS

HIGHLY-COMPETITIVE CONTRACTS IN TARGET SECTORS

ADVANCED TECHNOLOGY SERVICES (ATS)

SERVICE PROVIDERS



BEIJING MASS TRANSIT RAILWAY

PUBLIC TRANSPORTATION



LOOMIS SVERIGE

SERVICE PROVIDERS



MARABU

PROCESS MANUFACTURING



FINANCIAL OVERVIEW

SKr million	4TH QUARTER		FULL YEAR	
	2014	2013	2014	2013
Net revenue	867	782	3,034	2,704
of which Licenses	185	207	558	535
Maintenance and support	274	234	1,037	902
Consulting	402	337	1,427	1,256
Gross earnings	469	439	1,556	1,388
of which Licenses	177	196	505	495
Maintenance and support	198	175	773	648
Consulting	94	67	278	241
EBIT	117	162	275	202
EBIT margin	13%	21%	9%	7%
Earnings before tax	119	160	258	184
Earnings for the period	107	126	211	143
Cash flow after investments	97	74	269	122

CASH FLOW

GROUP	4TH QUARTER		FULL YEAR	
	2014	2013	2014	2013
SKr million				
Cash flow before change in working capital	164	164	450	336
Change in working capital	4	34	51	70
Cash flow from current operations	168	198	501	406
Cash flow from investments	-71	-124	-232	-284
Cash flow after investments	97	74	269	122
Cash flow from financing	1	60	-164	-13
Cash flow for the period	98	134	105	109
Cash and equivalents, beginning of period	379	226	354	253
Exchange differences in cash and equivalents	12	-6	30	-8
Cash and equivalents, end of the period	489	354	489	354

OUTLOOK



**FOR 2015, IFS EXPECTS
GOOD GROWTH IN BOTH
LICENSE REVENUE AND EBIT.**



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