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# INTERIM REPORT **Q1** 2011

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# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## STRONG GROWTH IN REVENUE AND EARNINGS

### JANUARY-MARCH 2011 (FIRST QUARTER)

- ➔ License revenue SKr 74 million (Q1 '10: SKr 65 million) +23% currency adjusted.
- ➔ Maintenance revenue SKr 196 million (Q1 '10: SKr 199 million) +6% currency adjusted.
- ➔ Consulting revenue SKr 335 million (Q1 '10: SKr 322 million) +12% currency adjusted.
- ➔ Net revenue SKr 607 million (Q1 '10: SKr 589 million) +11% currency adjusted.
- ➔ EBIT amounted to SKr 10 million (Q1 '10: SKr 8 million).
- ➔ Cash flow after investments was SKr 43 million (Q1 '10: SKr 74 million).
- ➔ Earnings per share after full dilution at SKr 0.15 (Q1 '10: SKr 0.11).

# COMMENTARY ON Q1 2011

## Licenses

- ➔ A number of important and competitive contracts in our targeted industries.
- ➔ Good license sales to two of our defense customers in the United States.

## Maintenance

- ➔ Good customer retention but less impact of one-time effects.
- ➔ Significant currency effect due to strength of the Swedish krona.

## Consulting

- ➔ New sales, global roll-outs, and customer upgrades.

## Margins

- ➔ All margins improved R12 due to good utilization and continued cost control.
- ➔ Quarterly variances to be expected due to seasonality.

## Cash

- ➔ Cash flow to remain strong and enable IFS to perform more acquisitions.

## Currency

- ➔ Currency effects this year expected to have the same negative impact on IFS's consolidated numbers but would not affect competitiveness.

# BUSINESS AND STRATEGY UPDATE

## 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 implementation support can reduce this.
- ➔ IFS is targeting growing markets that are less exposed to the recent fluctuations in the world economy.
- ➔ 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.

# MARKET AND PRODUCT UPDATE

## INTERIM REPORT JANUARY–MARCH 2011

### Global economy

- ➔ Improving slowly with sluggish growth outlook in the U.S. and Western Europe.
- ➔ IFS's market continued to improve. Analyst firms Forrester and Gartner expect 2011 to show 5–10% growth.

### New mobile solution for the asset-intensive industry

- ➔ Developed with IFS's agile methodology: customers involved in formulating requirements as well as testing and verifying functionality.

### Beta release of a new sales configurator

- ➔ The solution is implemented as a layer on the existing configure-to-order (CTO) solution in IFS Applications and supports online configuration.

### First Project-Based Industry Advisory Council






- ➔ Platform for the exchange of knowledge and experience between IFS and its customers in the project-based industry.

### IFS recognised as one of the best workplaces in Sweden



- ➔ IFS proves its attractiveness: Great Place to Work® Institute Sweden named IFS among the top 5 workplaces in the country.

# CUSTOMER WINS IN Q1



## AEROSPACE AND DEFENSE

-  Alitalia Maintenance Systems
-  Celebi Ground Handling Hungary Kft.
-  Klimov
-  Lockheed Martin
-  U.S. Army - Army Material Command (AMC)



## AUTOMOTIVE

-  TRI Poland
-  UzDongYang JV

## CONSTRUCTION AND CONTRACTING

-  Brookfield Corporate Operations LP
-  Taiwan Railway Administration



## ENERGY AND UTILITIES

-  Eltur Wapore Sp. z o.o.
-  Energa Elektrownie Ostrołęka SA

## HIGH TECH



-  Kendrion
-  Kitron ASA

## INDUSTRIAL MANUFACTURING

-  Camfil Farr Power Systems
-  COM.40 Limited Sp. z o.o.

-  D Samson & Sons Limited
-  Ensival Moret
-  Greens Holdings
-  Halopolymer
-  Lymington Precision Engineering
-  Inno-Comp Kft.
-  Marmon Retail Services Asia-Leader
-  Pellenc
-  Ponsse Oyj





## OIL AND GAS

-  Bergen Group Rosenberg
-  Rockfin Group Sp. z o.o.

## RETAIL AND WHOLESALE

-  Neoteric Informatique Pvt. Ltd.

## SERVICE PROVIDERS

-  Bhilai Engineering Corporation Limited
-  Honeywell Life Safety AS
-  Oslo Airport
-  Static Systems Group

## OTHER

-  Silverbridge Software Solutions

# THE WORLD IN Q1

## POLITICAL UNREST AND AN EARTHQUAKE

### NORTH AFRICA AND THE MIDDLE EAST

- ➔ The direct impact of the events in the region on revenue and EBIT is estimated to be SKr 6 million and SKr 4 million respectively.

### JAPAN

- ➔ The ERP market in Japan as a whole will likely see a temporary decrease in pipeline and investment initiatives through 2011.
- ➔ Increased inquiries for cloud-based solutions as offered by our regional partner NEC.
- ➔ The overall impact on IFS's business is expected to be limited.





# FINANCIAL OVERVIEW

GROUP	1ST QUARTER		APRIL – MARCH		FULL YEAR
	2011	2010	2010/11	2009/10	2010
SKr million					
<b>Net revenue</b>	<b>607</b>	<b>589</b>	<b>2 603</b>	<b>2 560</b>	<b>2 585</b>
of which Licenses	74	65	411	417	402
Maintenance and support	196	199	808	792	811
Consulting	335	322	1 370	1 339	1 357
<b>Gross earnings</b>	<b>253</b>	<b>239</b>	<b>1 202</b>	<b>1 127</b>	<b>1 188</b>
of which Licenses	64	58	369	370	363
Maintenance and support	128	125	506	493	503
Consulting	60	54	322	260	316
<b>EBIT</b>	<b>10</b>	<b>8</b>	<b>223</b>	<b>176</b>	<b>221</b>
<b>EBIT margin</b>	<b>2%</b>	<b>1%</b>	<b>9%</b>	<b>7%</b>	<b>9%</b>
<b>Earnings before tax</b>	<b>5</b>	<b>4</b>	<b>190</b>	<b>157</b>	<b>189</b>
<b>Earnings for the period</b>	<b>4</b>	<b>3</b>	<b>135</b>	<b>116</b>	<b>134</b>
<b>Cash flow after investments</b>	<b>43</b>	<b>74</b>	<b>203</b>	<b>139</b>	<b>234</b>

# CASH FLOW

GROUP	FIRST QUARTER	
	2011	2010
SKr million		
<b>Cash flow before change in working capital</b>	<b>51</b>	<b>33</b>
Change in working capital	49	82
<b>Cash flow from current operations</b>	<b>100</b>	<b>115</b>
Cash flow from investments	-57	-41
<b>Cash flow after investments</b>	<b>43</b>	<b>74</b>
Cash flow from financing	-51	-84
<b>Cash flow for the period</b>	<b>-8</b>	<b>-10</b>
Cash and cash equivalents at the beginning of period	445	355
Exchange rate differences in cash and cash equivalents	-7	-4
<b>Cash and cash equivalents at the end of the period</b>	<b>430</b>	<b>341</b>

# OUTLOOK



**IFS EXPECTS  
GOOD ORGANIC GROWTH IN 2011,  
WITH STRONGER LICENSE SALES  
AND AN IMPROVEMENT IN EBIT.**



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