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# INTERIM REPORT **Q1** 2015

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# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## SOLID START TO THE YEAR

### JANUARY-MARCH 2015 (FIRST QUARTER)

- ➔ License revenue amounted to SKr 115 million (Q1 '14: SKr 107 million), a decrease of 4 percent currency adjusted.
- ➔ Maintenance revenue was SKr 291 million (Q1 '14: SKr 249 million), an improvement of 5 percent currency adjusted.
- ➔ Consulting revenue amounted to SKr 374 million (Q1 '14: SKr 335 million), an increase of 3 percent currency adjusted.
- ➔ Net revenue totaled SKr 782 million (Q1 '14: SKr 694 million), an improvement of 3 percent currency adjusted.
- ➔ Adjusted EBITDA was SKr 63 million (Q1 '14: SKr 50 million). EBIT amounted to SKr 51 million (Q1 '14: SKr 25 million).
- ➔ Cash flow after investments was SKr 72 million (Q1 '14: SKr 133 million).
- ➔ Earnings per share after full dilution was SKr 1.47 (Q1 '14: SKr 0.60).

# PRODUCT GROWTH

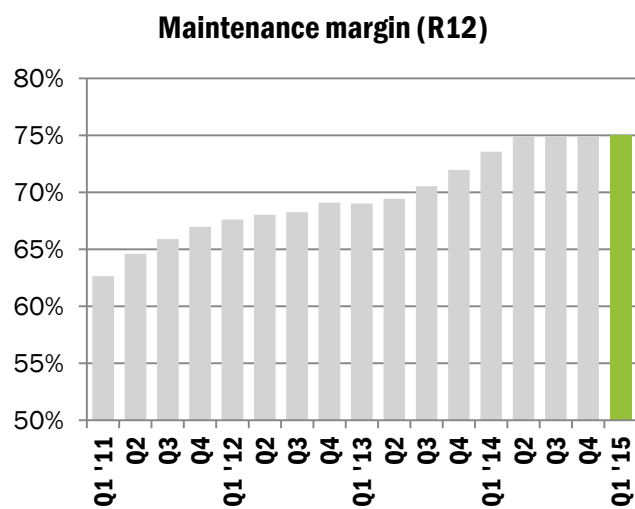
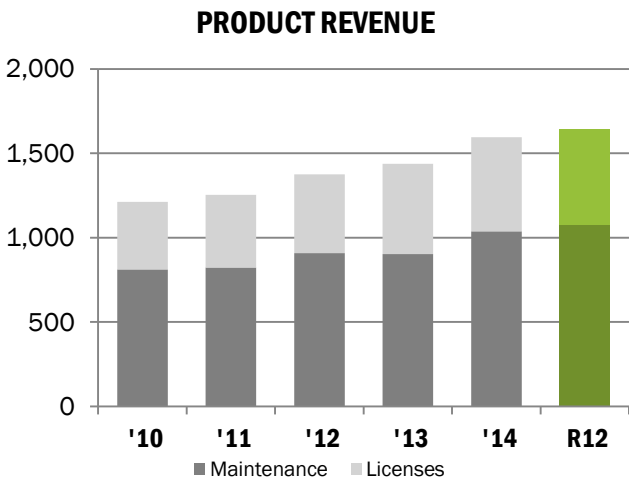
## STRONG EXECUTION IN TARGET SECTORS

### LICENSE SALES

- ➔ Winning highly competitive sales to new customers in our target sectors.
- ➔ Positive impact from deals originally expected in the previous quarter but offset by the soft development in the oil and gas service sector.
- ➔ Pipeline rebalanced to more promising areas.

### MAINTENANCE REVENUE

- ➔ Strong loyalty of customers who, by extending their use of IFS Applications, will continue to contribute to the future growth.
- ➔ ‘Churn’ in the customer base remains very low and is expected to further improve with the launch of IFS Applications 9.



# CONSULTING REVENUE

## AN EVOLVING BUSINESS

### 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.
- ➔ Offer greater business scalability and better manage peaks in demand.

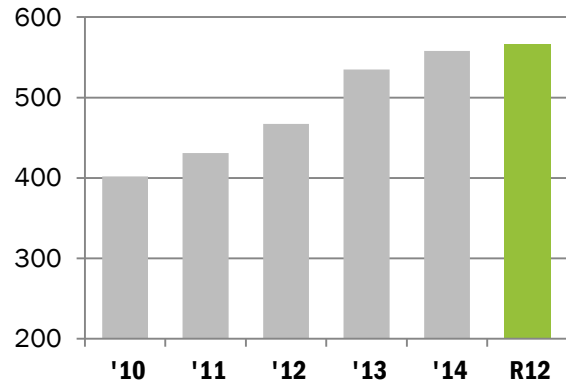
### COOPERATION WITH ACCENTURE IN THE NORDIC MARKET

- ➔ Work together to grow IFS's license sales and Accenture's implementation and application management services related to IFS Applications. Training and certification of 100 Accenture consultants through the IFS Academy.

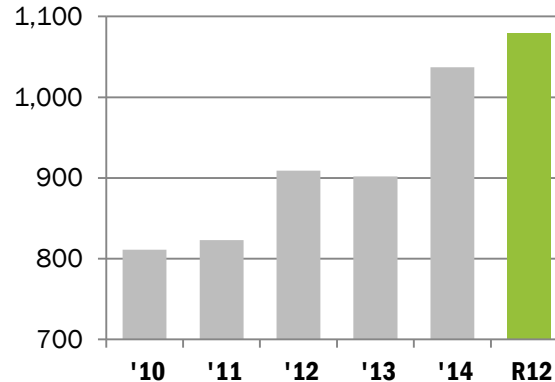
# FINANCIAL OVERVIEW

## A GROWING BUSINESS

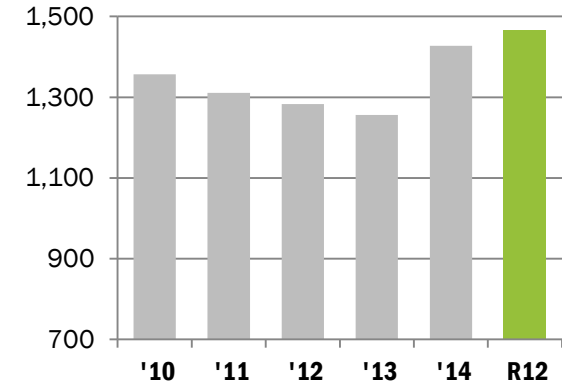
**LICENSES**



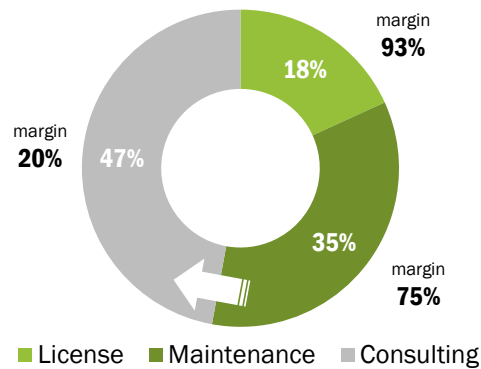
**MAINTENANCE**



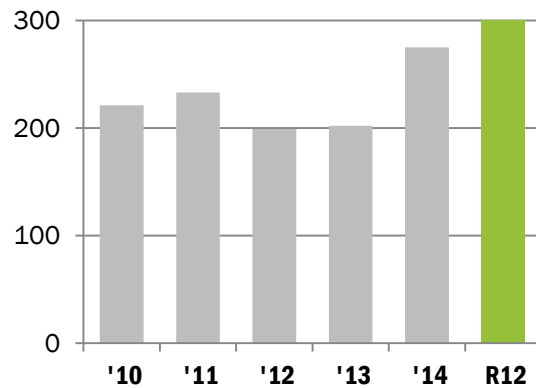
**CONSULTING**



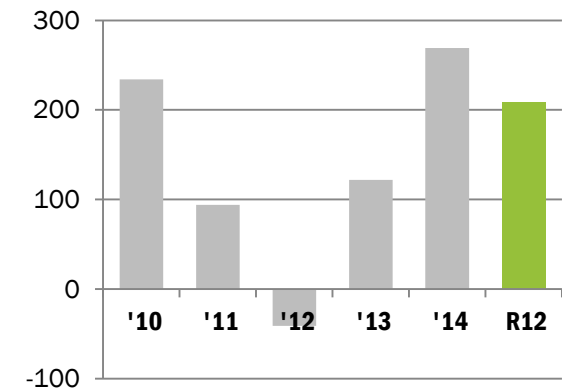
**REVENUE MIX R12**



**EBIT**



**CASH FLOW AFTER INVESTMENTS**



# MARKET AND PRODUCT UPDATE

## 1ST QUARTER

### **LAUNCH OF PLUG-AND-PLAY CPM SOLUTION FOR POWER GENERATION**

Plug-and-play version of IFS Corporate Performance Management (CPM), which comes preconfigured out-of-the-box with cockpits and KPIs tailored for companies in the complex and highly regulated power generation industry.

### **MARKET OUTLOOK—THE ANALYSTS' VIEW**

For 2015, industry analyst firms such as Gartner are optimistic yet cautious and expect the market's development to be in line with the past year's, with a growth in software revenue in the 5 percent range.

# 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 see sustained long-term investment.
- ➔ 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 Q1 2015

## Aerospace and Defense

-  KVG Stade
-  Portsmouth Aviation
-  Thai Aviation Industries Co. (TAI)

## Asset Intensive

-  BillerudKorsnäs
-  SCA Graphic Sundsvall




## Automotive

-  CalsonicKansei North America
-  Runner Group
-  Shiloh Industries



## Construction and Contracting

-  LKS Ingeniería




## Energy and Utilities

-  Caruna
-  Hafslund
-  JSC Energo-Pro Georgia








-  PGNIG Termika

-  Statnett
-  Svenska Kraftnät



## High Tech

-  H2O Innovation
-  Teledyne Oil & Gas (formerly
-  Terumo Cardiovascular Systems

## Industrial Manufacturing

-  CSIC Haizhuang Windpower
-  Dopag Dosiertechnik und
-  Kaman RWG Germany
-  Loram Maintenance of Way
-  Munters Europe
-  Nordson Medical (formerly Value
-  Tomra

## Oil and Gas

-  Maersk Drilling Services
-  Maersk Supply Service
-  Yinson Holdings Berhad

## Process Manufacturing

-  Isofarma Industrial Farmaceutica
-  Prince Minerals
-  Swedish Orphan Biovitrum (SOBI)
-  Wolf Minerals (UK)





## Retail

-  UBM Group

## Service Providers

-  Associations (Homeside)
-  JEOL USA
-  SSI Services (UK)

## Other

-  Cumfin
-  Savex Computers
-  SII - Société pour l'informatique
-  Tiga Pilar Sejahtera Food

# STRONG UNDERLYING BUSINESS

## HIGHLY-COMPETITIVE CONTRACTS IN TARGET SECTORS

### CARUNA

#### ELECTRICITY DISTRIBUTION



Finland's largest electricity distributor selected IFS to support vital business processes including financials, purchasing, invoicing, and HR. The agreement included licenses and services worth in excess of € 1 million.

### DOPAG

#### METERING AND MIXING SYSTEMS



Dopag Group, a leading manufacturer of polymer metering and mixing systems, chose IFS to modernize and streamline its operations by replacing its legacy ERP system. The order was valued in excess of € 1.2 million.

# FINANCIAL OVERVIEW

SKr million	1ST QUARTER		APRIL-MARCH	
	2015	2014	2014/15	2013/14
<b>Net revenue</b>	<b>782</b>	<b>694</b>	<b>3,122</b>	<b>2,785</b>
of which Licenses	115	107	566	556
Maintenance and support	291	249	1,079	930
Consulting	374	335	1,466	1,287
<b>Gross earnings</b>	<b>401</b>	<b>335</b>	<b>1,622</b>	<b>1,449</b>
of which Licenses	109	90	524	508
Maintenance and support	217	186	804	684
Consulting	76	58	296	251
<b>EBIT</b>	<b>51</b>	<b>25</b>	<b>301</b>	<b>318</b>
<b>EBIT margin</b>	<b>7%</b>	<b>4%</b>	<b>10%</b>	<b>11%</b>
<b>Earnings before tax</b>	<b>52</b>	<b>21</b>	<b>289</b>	<b>299</b>
<b>Earnings for the period</b>	<b>39</b>	<b>15</b>	<b>235</b>	<b>232</b>
<b>Cash flow after investments</b>	<b>72</b>	<b>133</b>	<b>208</b>	<b>178</b>

# CASH FLOW

GROUP	1ST QUARTER		APRIL-MARCH	
	2015	2014	2014/15	2013/14
SKr million				
<b>Cash flow before change in working capital</b>	<b>102</b>	<b>63</b>	<b>489</b>	<b>377</b>
Change in working capital	35	124	-38	71
<b>Cash flow from current operations</b>	<b>137</b>	<b>187</b>	<b>451</b>	<b>448</b>
Cash flow from investments	-65	-54	-243	-270
<b>Cash flow after investments</b>	<b>72</b>	<b>133</b>	<b>208</b>	<b>178</b>
Cash flow from financing	-35	-57	-142	-56
<b>Cash flow for the period</b>	<b>37</b>	<b>76</b>	<b>66</b>	<b>122</b>
Cash and equivalents, beginning of period	489	354	431	314
Exchange differences in cash and equivalent	14	1	43	-5
<b>Cash and equivalents, end of the period</b>	<b>540</b>	<b>431</b>	<b>540</b>	<b>431</b>

# OUTLOOK



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



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