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# INTERIM REPORT Q2 2010

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# BUSINESS AND STRATEGY UPDATE

## THE INTELLIGENT ALTERNATIVE CHOICE

### IFS WILL CONTINUE TO SUCCEED BECAUSE:

- For customers with international operations, implementation time is critical; IFS' 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.
- By partnering closely with our customers, IFS can offer differentiating industry solutions; we listen and respond rather than seek to dominate and dictate.
- IFS' 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.

# CLIENT WINS IN THE SECOND QUARTER

## DEALS CLOSED IN IFS' TARGET SECTORS

### TWO NOTABLE DEALS:

- A world-leading engineering and project management company in the oil and gas industry.
- William Grant & Sons, a world recognized distiller headquartered in the UK.

### OTHER STRATEGIC WINS IN Q2:

- Bachman Electronics (industrial automation, Austria)
- Beijer Electronics (industrial automation, Sweden)
- Bosmal (automotive, Poland)
- Brightpoint (trade and logistics, Sweden)
- China CAMC Engineering (engineering contractor, China)
- Contiga (manufacturing, Norway)
- Eltur Wapore (manufacturing, Poland)
- Kuusakoski (recycling services, Finland)
- Linamar (automotive, Canada)
- Maintenance Partners (service management, Belgium)
- Mälarenergi (utility, Sweden)
- MTN (telecom, Uganda)
- NHPC Ltd (hydropower utility, India)
- Poznan Municipal Transport (public transport, Poland)
- Procam (trade and logistics, United Kingdom)
- Reinertsen (oil and gas contractor, Norway)
- RUAG Space (aerospace, Sweden)
- TCIL (telecom consultancy and engineering, India)
- TMM-Energobud (construction, Ukraine)
- Urals Optical and Mechanical Plant (aerospace and defense, Russia)

# MARKET AND PRODUCT UPDATE

- Overall, analysts project the ERP market will grow 3–7% in 2010.
- IFS pipeline has grown over 12% year on year, excluding defense.
- A number of new partnerships were signed, and new components and extensions to IFS Applications were launched during the second quarter:
  - IFS Retail has entered into a partnership agreement with daVinci, a U.S. supplier of assortment planning solutions.
  - IFS has signed a partnership agreement with the Italian systems integrator, Insirio S.p.A. The partnership targets the oil & gas and engineering & construction industries and takes effect immediately.
  - The document management solution has been extended to help customers improve the efficiency of capturing and managing project and enterprise information. The extension features improved document navigation and visualization, enhanced document security and control, as well as full integration with all Microsoft Office programs.

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## STRONG PRODUCT REVENUE, EARNINGS, AND CASH FLOW

### APRIL-JUNE 2010 (SECOND QUARTER)

- License revenue adjusted for currency up 26% to SKr 103 million (Q2 '09: SKr 86 million)
- Maintenance and support revenue was SKr 205 million (Q2 '09: SKr 193 million), up 10% adjusted for currency
- Net revenue was SKr 655 million (Q2 '09: SKr 640 million)
- EBIT was SKr 64 million (Q2 '09: SKr 33 million)
- Cash flow after investments was SKr 92 million (Q2 '09: SKr 32 million)

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## STRONG PRODUCT REVENUE, EARNINGS, AND CASH FLOW

### JANUARY-JUNE 2010 (SIX MONTHS)

- Product revenue was SKr 572 million (YTD '09: SKr 549 million)
- Net revenue was SKr 1,244 million (YTD '09: SKr 1,274 million)
- EBIT improved to SKr 72 million (YTD '09: 63 million)
- Cash flow after investments improved to SKr 166 million (YTD '09: 153 million)
- Earnings per share after full dilution amounted to SKr 1.46 (YTD '09: 1.00)

# FINANCIAL OVERVIEW

GROUP	2ND QUARTER		JAN-JUNE	
	2010	2009	2010	2009
SKr million				
<b>Net revenue</b>	<b>655</b>	<b>640</b>	<b>1 244</b>	<b>1 274</b>
of which Licenses	103	86	168	160
Maintenance and support	205	193	404	389
Consulting	343	357	665	713
<b>Gross earnings</b>	<b>304</b>	<b>266</b>	<b>543</b>	<b>509</b>
of which Licenses	93	69	151	133
Maintenance and support	122	124	247	242
Consulting	89	71	143	128
<b>EBIT</b>	<b>64</b>	<b>33</b>	<b>72</b>	<b>63</b>
<b>EBIT margin</b>	<b>10%</b>	<b>5%</b>	<b>6%</b>	<b>5%</b>
<b>Earnings before tax</b>	<b>51</b>	<b>26</b>	<b>55</b>	<b>41</b>
<b>Earnings for the period</b>	<b>36</b>	<b>17</b>	<b>39</b>	<b>27</b>
<b>Cash flow after investments</b>	<b>92</b>	<b>32</b>	<b>166</b>	<b>153</b>



# CASH FLOW

GROUP	2ND QUARTER	
	2010	2009
SKr million		
<b>Cash flow before change in working capital</b>	<b>93</b>	<b>70</b>
Change in working capital	48	9
<b>Cash flow from current operations</b>	<b>141</b>	<b>79</b>
Cash flow from investments	-49	-47
<b>Cash flow after investments</b>	<b>92</b>	<b>32</b>
Cash flow from financing	-87	-28
<b>Cash flow for the period</b>	<b>5</b>	<b>4</b>
Cash and cash equivalents at the beginning of period	341	346
Exchange rate differences in cash and cash equivalents	8	10
<b>Cash and cash equivalents at the end of the period</b>	<b>354</b>	<b>360</b>

# OUTLOOK



**THE OUTLOOK FOR THE FULL YEAR  
REMAINS UNCHANGED.  
IN 2010, IFS EXPECTS MODERATE  
GROWTH, EXCLUDING ANY EFFECTS  
FROM ACQUISITIONS.**



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