



Q4

YEAR-END REPORT 2016

STRONG LICENSE GROWTH DESPITE TURBULENT TIMES



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CHIEF EXECUTIVE SUMMARY

STRONG LICENSE GROWTH DESPITE TURBULENT TIMES

The fact that IFS had such a strong fourth quarter during a time of great geo-political turbulence is testimony to the underlying strength of our business. Despite many of our target sectors continuing to be challenged, we grew our license revenue by 23 percent in the quarter and 15 percent for the full year, currency adjusted. We have seen a rapid growth in interest in our cloud offering in the past year, with a third of the deals closed in our major geographies in Q4 being delivered on cloud.

As a result of the strong growth and high retention level in our user base, our maintenance revenue grew by 6 percent in the quarter and 8 percent for the full year, currency adjusted. Both our direct consulting business—which saw its revenue grow by 6 percent over the full year, currency adjusted—and our partner ecosystem developed well in 2016.

In December, we were very pleased to announce the acquisition of Mxi Technologies, a leading aviation solutions provider based in Ottawa, Canada. The excellent Mxi product set complements very well our existing offering for the global aviation and defense market, where our leadership has now strengthened.

We go into 2017 with great optimism following a year of strong growth and look forward to reaping the benefits from the high level of investment recently made by our new owner EQT.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

STRONG LICENSE GROWTH DESPITE TURBULENT TIMES

OCTOBER-DECEMBER 2016 (FOURTH QUARTER)

- License revenue amounted to SKr 302 million (Q4 '15: SKr 245 million), an increase of 23 percent, currency adjusted.
- Maintenance revenue was SKr 329 million (Q4 '15: SKr 303 million), an improvement of 7percent, currency adjusted.
- Consulting revenue amounted to SKr 409 million (Q4 '15: SKr 419 million), a decrease of 5 percent, currency adjusted.
- Net revenue totaled SKr 1,055 million (Q4 '15: SKr 968 million), an improvement of 7 percent, currency adjusted.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

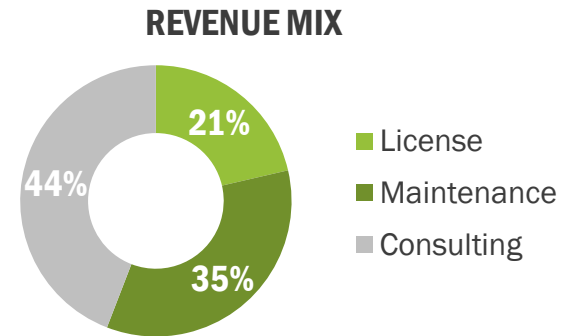
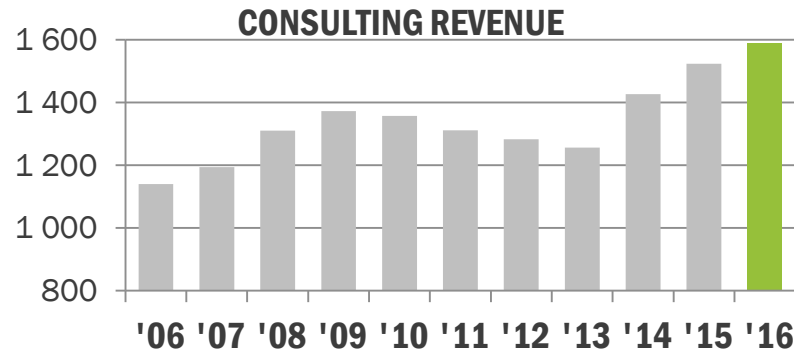
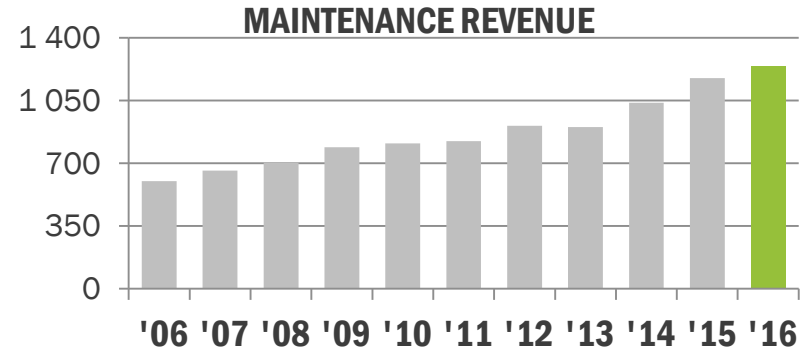
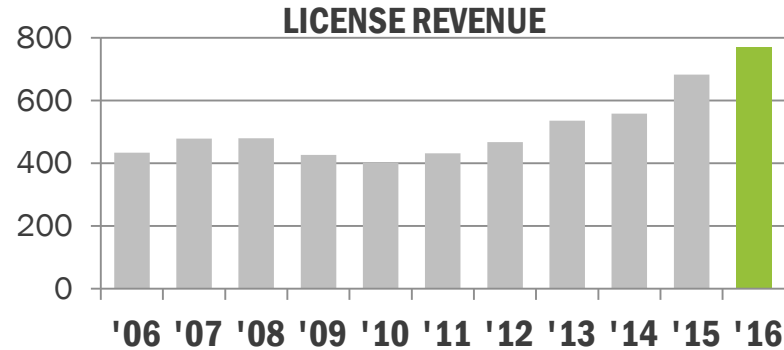
STRONG LICENSE GROWTH DESPITE TURBULENT TIMES

JANUARY-DECEMBER 2016 (FULL YEAR)

- License revenue amounted to SKr 770 million ('15: SKr 682 million), an increase of 15 percent, currency adjusted.
- Maintenance revenue was SKr 1,242 million ('15: SKr 1,174 million), an improvement of 8 percent, currency adjusted.
- Consulting revenue amounted to SKr 1,589 million ('15: SKr 1,524 million), an increase of 6 percent, currency adjusted.
- Net revenue totaled SKr 3,649 million ('15: SKr 3,389 million), an improvement of 9 percent, currency adjusted.

FINANCIAL OVERVIEW 2016

A GROWING BUSINESS



MARKET UPDATE

FOURTH QUARTER



MARKET OUTLOOK—THE ANALYSTS' VIEW

The enterprise software market as a whole grew by 7 percent in 2016, thanks especially to higher demand in business intelligence, CRM, and enterprise content management. In particular, the ERP market grew by 5 percent and industry analysts such as Gartner expect a growth rate of some 7 percent in 2017 and a compound annual growth rate for the coming five years in the 5-percent region.

ACQUISITION OF MXI TECHNOLOGIES

MAINTENANCE MANAGEMENT FOR THE AVIATION INDUSTRY

ADDS FURTHER BREADTH TO IFS'S OFFERING

- Leading provider of maintenance solutions for the aviation industry: operators, third-party maintenance, repair and overhaul companies, and original equipment manufacturers.
- Headquartered in Ottawa, Canada, with some 265 employees.
- Customers range from emerging and mid-sized organizations to the global enterprises, many with multi-site deployments, incl. Air France, BAE Systems, Boeing, China Airlines, Icelandair, KLM, LATAM, NetJets, Pratt & Whitney, Qantas, Saab, Southwest Airlines, and several of the world's air forces.
- Mxi's growing customer base will add substantial value to the IFS product portfolio and assist in expanding its reach beyond the already strong IFS Aviation & Defense credentials.



THE STRATEGY CONTINUES

TO BE THE INTELLIGENT ALTERNATIVE





INVEST IN A STRATEGY TO:

- Deliver global projects on time and on budget with a lower TCO.
- Focus on specific sectors that see sustained long-term investment.
- Work close with customers, to share ideas and have an 'open' customer-centric R&D organization.
- Have an 'open' technology that seeks to enable customers to benefit from new innovations and not aim to achieve 'lock-in.'
- Grow the business organically and profitably, using the cash generated to undertake complimentary M&A.





SIGNIFICANT CUSTOMER WINS IN 2016

AEROSPACE AND DEFENSE

-  General Dynamics - OTS
-  Middle East Propulsion Co.
-  RUAG Space
-  Saab

ASSET INTENSIVE

-  BillerudKorsnäs
-  Unimin Corporation





AUTOMOTIVE

-  AKO Group

CONSTRUCTION AND CONTRACTING





-  Barnhart Crane & Rigging Co.
-  Energy Systems Group
-  HKC - Hala Ken Consulting
-  Madic
-  MCH Group
-  Sanken Overseas
-  Systra
-  VARD Group

ENERGY AND UTILITIES

-  Allinq
-  Litgrid
-  Port of Duqm
-  Service Stream









HIGH-TECH MANUFACTURING

-  Cimcorp
-  Election Systems & Software
-  HIMA Paul Hildebrandt






-  maxon motor
-  Sizewise Rentals
-  Sté Fr. Détecteurs Infrarouges
-  Teledyne Oil & Gas

INDUSTRIAL MANUFACTURING








-  AAR Supply Chain
-  ACR II Aluminium Group
-  Aluminum Precision Products
-  Aratubo
-  Automated Packaging Systems
-  Bombardier Sifang Transport
-  Bugaboo
-  Callenberg Group
-  Cappelen Holding
-  Cincinnati Incorporated
-  Contiga
-  DH Pace Company
-  Figeac Aéro
-  Hakama
-  IV Produkt
-  Jensen Precast
-  JLA Group
-  Kongskilde Industries
-  Leidos Innovations
-  Mahin Group
-  Moelven Industrier
-  Morgan GRP
-  Nolato

-  Orion South
-  PowerSecure International
-  Prodomax Automation
-  RTI Remmele Engineering
-  Sigma 3 (Holdings)
-  TBS Engineering
-  UTC CCS Manufacturing Polska
-  Zero Zone

OIL AND GAS

-  Leopad
-  Odfjell Drilling
-  Petro Well Services
-  Petroleum Geo-Services
-  Rowan Companies

PROCESS MANUFACTURING

-  BIM Kemi Sweden
-  Evolution
-  Jotun
-  Legendary Baking
-  National Paints Holdings
-  New Pig Corporation
-  Rio Branco Industria de Papeis
-  Saba Shared Service Center
-  W. M. Mendis Distilleries
-  Warren Distribution

RETAIL AND WHOLESALE

-  BYGGmax
-  Corwell

-  Felleskjøpet Rogaland Agder
-  Gina Tricot
-  NetOnNet Group
-  Sears Canada

SERVICE PROVIDERS

-  Ainsworth
-  Alcontrol Laboratories
-  Avinor
-  Idex énergies
-  IP-Only Telecommunication
-  Lassila & Tikanoja
-  Mistras Group
-  Polygon International
-  Speed Wrench
-  Sporveien Oslo
-  Superior Propane
-  Swedavia
-  Teleplan International

OTHER

-  Bang & Bonsomer Group
-  Ilias
-  ING Groep
-  KIC InnoEnergy
-  Lanka Bangla Finance
-  Nationale Politie
-  Q-TC
-  Tubes International
-  Wilhelmsen Maritime Services

OUTLOOK



IFS GOES INTO **2017** WITH **GREAT OPTIMISM** FOLLOWING A YEAR OF **STRONG GROWTH** AND LOOKS FORWARD TO REAPING THE **BENEFITS** FROM THE **HIGH LEVEL OF INVESTMENT** RECENTLY MADE BY ITS NEW OWNER EQT.



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