



## CONTACT INFORMATION

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## PRESS RELEASE

LINKÖPING, FEBRUARY 24, 2014

# Notice to attend the annual general meeting of shareholders in Industrial and Financial Systems, IFS AB (publ)

**The shareholders in Industrial and Financial Systems IFS AB (publ.), Corp Id No 556122-0996, are hereby given notice to attend the annual general meeting (AGM) of shareholders on Wednesday, March 26, 2014, at 3:00 p.m., at hotel Courtyard by Marriott, Råambshovsleden 50, in Stockholm, Sweden.**

### ATTENDANCE

Shareholders intending to attend the AGM must be registered in the stock register maintained by Euroclear Sweden AB on Thursday, March 20, 2014, and must submit their application to IFS no later than Monday, March 24, 2014 at 12:00 noon.

Notice of attendance may be given by telephone at: +46 8 58 78 45 00 or via the company's website [www.ifsworld.com](http://www.ifsworld.com). When giving notice of attendance, please provide name, personal registration or corporate registration number, if applicable, address, telephone number, stockholding, and information regarding any assistants (not more than two). If attendance is by proxy, the proxy must be submitted to the company together with the notice of attendance. Proxy forms for shareholders wishing to participate in the AGM by proxy will be available from the company's website at [www.ifsworld.com](http://www.ifsworld.com) or can be acquired by calling +46 8 58 78 45 00.

Shareholders who have deposited their stock with trustees, to be entitled to attend the AGM and exercise their voting rights, must provisionally register their stock in their own name in the stock register maintained by Euroclear Sweden AB per March 20, 2014. Consequently, shareholders who wish to re-register must notify their stockbrokers of this well in advance of March 20, 2014.

### PROPOSED AGENDA

1. The meeting is called to order.
2. Election of chairman for the meeting.
3. Preparation and approval of the register of voters.
4. Approval of the agenda.
5. Election of one or two members to verify the minutes.
6. Determine whether the meeting has been duly convened.
7. Presentations:
  - a. Presentation by the chairman of the board.
  - b. Presentation by the chief executive officer (CEO).
8. Submission of the annual report and the auditor's report as well as the consolidated statement of income and the consolidated balance sheet.
9. Resolution to approve the statement of income and the balance sheet as well as the consolidated statement of income and the consolidated balance sheet.
10. Resolution on allocations concerning group income in accordance with the approved balance sheet.
11. Resolution on discharge from liability for the members of the board and the chief executive officer.
12. Determine the number of members of the board and deputies.
13. Determine remuneration for the board and the auditors.
14. Election of board members, the chairman and the deputy chairman of the board, and auditors.

**IFS, Box 1545, SE-581 15 Linköping, Sweden – Phone: +46 13 460 40 00 – Fax: +46 13 460 40 01**

Industrial and Financial Systems, IFS AB (publ.) is a limited liability company registered in Sweden. Corporate identity number: 556122-0996. Registered office: Teknikringen 5, SE-583 30 Linköping.

15. Resolution concerning guidelines for the remuneration of the executive management and incentive program:
  - a. Resolution concerning guidelines for the remuneration of the executive management.
  - b. Resolution concerning incentive program.
16. Proposal concerning the establishment of a nomination committee.
17. Resolution to authorize the board to resolve to repurchase shares.
18. The meeting is closed.

## **PROPOSALS OF THE BOARD OF DIRECTORS FOR RESOLUTION AT THE AGM**

### **Disposition of earnings (Item 10)**

The board proposes that a dividend of SKr 3.50 per share be paid. Monday March 31, 2014, is proposed as the record day. Should the AGM resolve in accordance with the board's proposal, the dividend is expected to be distributed by Euroclear Sweden AB on Thursday, April 3, 2014.

### **Resolution concerning guidelines for the remuneration of executive management and incentive program (Item 15)**

The board proposes a system of remuneration for the executive management of IFS, including the CEO, that is aligned with market terms and conditions and that is sufficiently competitive to be of interest to the qualified circle of employees that IFS wishes to attract and retain. The board seeks continuity and hence the proposal is essentially in line with the guidelines and remuneration principles from the previous year and are based on existing contracts between IFS and the respective executives.

#### ***Resolution concerning guidelines for the remuneration of executive management (Item 15.a)***

Remuneration to the executive management in IFS shall be aligned with market terms and conditions, shall be individual and differentiated, and shall support the interests of the stockholders. Remuneration principles shall be predictable, both in terms of costs for the company and benefits for the individual, and shall be based on factors such as competence, experience, responsibility and performance.

Total remuneration paid to executive management shall consist of a basic salary, variable remuneration, an incentive program, pension contributions, and other benefits.

The total annual monetary remuneration paid to each member of executive management, i.e., basic salary and variable remuneration, shall correspond to a competitive level of remuneration in the respective executive's country of residence.

Variable remuneration shall be linked to predetermined measurable criteria designed to promote long-term value generation in the company. The relationship between basic salary and variable remuneration shall be proportionate to the executive's responsibility and powers. Variable remuneration varies according to position. For 2014, it is proposed that the guidelines for the variable remuneration payable to the executive management be unchanged from the previous year. For the CEO this means that the maximum variable remuneration shall not exceed 50 percent of the basic salary, and for the other members of executive management variable remuneration shall be payable in the interval 25–60 percent of the basic salary, based on achievement of 80–120 percent of individual goals.

Long-term incentive programs are treated under Item 15.b below.

Pension benefits shall correspond to a competitive level in the respective executive's country of residence and shall, as in previous years, consist of a premium-based pension plan or its equivalent. The CEO is entitled to a premium-based pension plan with a premium that is 20 percent of the basic salary. The retirement age for the CEO and other executives is 65, but the CEO and the company are entitled to invoke the right to early retirement for the CEO at the age of 64 (previously 62). In such a case, the CEO shall receive the equivalent of 60 percent of the basic salary until he is 65.

Other benefits are chiefly related to company cars and telephones and shall, where they exist, constitute a limited portion of the remuneration and be competitive in the local market.

If the company terminates the employment, the period of notice is normally 6–12 months; if the executive terminates the employment, the period of notice is normally 3–6 months. The basic salary during the period of notice, together with severance pay, shall not exceed an amount corresponding to two years' basic salary.

The board of directors shall have the right to deviate from the above guidelines in individual cases if there is good reason to do so. In such an event, the board shall inform the immediately following AGM and explain the reason for the deviation.

The guidelines apply to employment contracts entered into after the resolution is adopted by the AGM and to changes made to existing terms and conditions after this point in time.

***Resolution concerning incentive program (Item 15.b)***

The board proposes that the AGM resolves to adopt an incentive program with a corresponding structure as last year, which entails that executive management, other officers, and key personnel in the IFS group are offered the opportunity to subscribe for warrants in the company at market price. Each warrant shall be exercisable to subscribe for one issued Series-B share during an exercise period from the day after the release of the first quarterly report 2017 until and including June 28, 2019. To stimulate participation in the program, it is proposed that for each warrant acquired at market price, the participant may be allotted a maximum of additional three warrants free of charge. The number of warrants that participants can be allotted free of charge is dependent on the outcome of a performance condition linked to the company's earnings-per-share target for 2014 in accordance with predetermined criteria established by the board. Warrants allotted free of charge may be exercised only on the condition that the warrants acquired at market price have been retained by the participant until the first day on which they are exercisable for share subscription as per the above.

The proposal entails the issue of not more than 247,000 warrants. Each warrant carries the right to acquire one Series-B share at a subscription price corresponding to 110 per cent of the volume-weighted average price paid for the company's share on the NASDAQ OMX Stockholm Exchange between April 22, 2014 and April 28, 2014.

The right to subscribe for warrants shall accrue to wholly owned subsidiaries, which will transfer the warrants to current and future members of executive management, other officers, and key personnel within the group. The company CEO shall be assigned no more than 74,100 warrants, other members of executive management no more than 49,400 warrants in total, and other officers and key personnel no more than 24,700 warrants in total.

If all 247,000 warrants are exercised to subscribe for a maximum of 247,000 Series-B shares, the company's capital stock will increase by SKr 4,940,000, corresponding to approximately 1.0 per cent of the capital stock and 0.7 percent of the voting rights after dilution. Together with the warrants issued at the respective AGMs in 2011, 2012 and 2013, the four programs, on full subscription, can entail a dilution of approximately 2.7 percent of the existing capital stock and of approximately 1.9 percent of the voting rights.

Based on the assumptions of a share price of SKr 177.00 (closing share price of the IFS Series-B share on February 19, 2014), a subscription price of 194.70, a maximum participation and a maximum fulfillment of the performance condition, the cost for the program is estimated at approximately SKr 4 million. The cost will be allocated over the years 2014–2017.

To minimize dilution and share price exposure resulting from the incentive program, the board, on the basis of mandates granted by the AGM, intends to purchase Series-B shares in the company in an amount corresponding to the number of warrants issued within the framework of the incentive program.

The purpose of the incentive program is to create conditions for retaining and recruiting competent personnel and to increase employee motivation. The board considers that the introduction of the incentive program as outlined above will benefit the group and the company's shareholders.

The board shall be responsible for the exact wording and management of the incentive program within the framework of the given terms and conditions and guidelines. In this connection, the board shall have the right to make adjustments to fulfil particular legislation or market conditions internationally.

A valid resolution to adopt the incentive program under this item 15.b requires that it be supported by shareholders representing at least nine tenths of the shares and votes represented at the AGM.

**Resolution to authorize the board to resolve to repurchase shares (Item 17)**

The board proposes that the AGM authorize the board to resolve, on one or more occasions until the next AGM, to repurchase the company's own Series-B shares.

The authorization to repurchase Series-B shares shall be limited to such an amount that the company's stockholding on each occasion does not exceed 10 percent of the total number of shares in the company. The shares shall be acquired through the NASDAQ OMX Stockholm Exchange in compliance with stock

exchange regulations and only at a price within the registered interval on each occasion, by which is meant the interval between the highest buying price and the lowest selling price.

The purpose of the authorization is to accord the board a greater opportunity to continuously adjust the company's capital structure and thereby contribute to increased shareholder value, for example, by minimizing the effects of dilution and the effect on the share price as well as to facilitate the implementation of the incentive program outlined in Item 15.b as well as previously adopted or any subsequent incentive programs that may be adopted.

A valid resolution to adopt the board's proposal under this item 17 requires that it be supported by shareholders representing at least two thirds of the shares and votes represented at the AGM.

## **PROPOSALS OF THE NOMINATION COMMITTEE FOR RESOLUTION AT THE AGM**

### **The chairman of the AGM, the number of board members, remuneration of board members, auditors' fees, election of board members, the chairman and the deputy chairman of the board, and auditors, and resolution concerning establishment of a nomination committee (Items 2, 12, 13, 14, and 16)**

The nomination committee, consisting of Gustaf Douglas (Förvaltnings AB Wasatornet, committee chairman), Lars Bergkvist (Lannebo Fonder), Ulf Strömsten (Catella Capital), Bengt Nilsson (Founders) and Anders Böös (chairman of the board of IFS), who represent approximately 54 percent of the total number of votes in the company, propose that:

- Anders Böös chair the AGM
- Six ordinary board members be elected, without deputies
- Directors' fees (including remuneration for work on the audit committee) shall amount to a total of SKr 3,050,000, of which SKr 1,400,000 be paid to the chairman of the board and SKr 375,000 be paid to each of the remaining board members, with the exception of the CEO. It is proposed that a fee of SKr 100,000 be paid to the chairman and SKr 50,000 to other members of the audit committee, both unchanged from the previous year.
- Auditors' fees be paid according to approved invoices.
- Board members Anders Böös, Bengt Nilsson, Ulrika Hagdahl, Birgitta Klasén, Neil Masom, and Alastair Sorbie be re-elected.
- Anders Böös be re-elected as chairman of the board
- Bengt Nilsson be re-elected deputy chairman of the board
- PricewaterhouseCoopers AB be re-elected as the company's auditor.
- As regards the establishment of a nomination committee and its work for the AGM 2015, it is proposed that it be established on basis of the corresponding principles and procedures applicable to the nomination committee for the AGM 2014.

## **MISCELLANEOUS**

Finally, it is proposed that the AGM authorize the board of directors, the CEO or other person appointed by the board to make such amendments to resolutions that may be required in connection with registration with the Swedish Companies Registration Office (Bolagsverket).

The complete list of proposals for resolution above, including the statement by the board in respect of profit allocation and authorization to repurchase shares, and the company's annual report and auditor's report for fiscal 2013 will be available for inspection as of March 5, 2014, at the company's head office in Linköping, at the company's office in Stockholm, and via the company's website, [www.ifsworld.com](http://www.ifsworld.com). Further information about the directors proposed as members of the board and the reasoned opinion of the nomination committee in respect thereof are also available on the company's website. The information will be sent upon request to any shareholders who submit their postal addresses.

The proposal detailed under Item 15.b, Long-term Incentive Program, will also be sent by post to shareholders who duly give notice of their intention to attend the AGM.

Pursuant to Chapter 7 Section 32 of the Swedish Companies Act (2005:551), at the AGM shareholders have a right to request information from the board of circumstances that may affect the agenda and conditions that may affect the company's financial situation.

## IFS PRESS RELEASE

At the time this notice was issued, the number of outstanding shares in the company amounted to 24,971,830, representing a total of 3,538,487.5 votes, of which 1,157,005 Series-A shares represent 1,157,005 votes and 23,814,825 Series-B shares represent 2,381,482.5 votes. The number of shares held by the company in own custody was 200,000 Series-B shares, representing 20,000 votes and corresponding to approximately 0.8 per cent of the capital stock of the company. The shares held by the company in own custody may not be represented at the AGM.

Linköping, February 2014

### **The Board of Directors**

#### **About IFS**

IFS is a public company (XSTO: IFS) founded in 1983 that [develops](#), supplies, and [implements IFS Applications™](#), a component-based extended ERP suite. IFS focuses on [industries](#) where management of any of the following four core processes is strategic: [service & asset](#), [manufacturing](#), [supply chain](#), and [projects](#). The company has 2,200 [customers](#) and is present in approximately 60 countries with 2,600 employees in total. Net revenue in 2013 was SKr 2.7 billion. More information on IFS is available at [www.IFSWORLD.com](http://www.IFSWORLD.com)  
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IFS discloses the information provided herein pursuant to the Financial Instruments Trading Act (1991:980) and/or the Securities Markets Act (2007:528).

The information was submitted for publication on February 24, 2014 at 5:00 p.m. (CET).

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Industrial and Financial Systems, IFS AB (publ.) is a public limited company registered in Sweden.  
Registration no.: 556122-0996. Registered office: Teknikringen 5, SE-583 30 Linköping.