



Significant improvement in earnings

FINANCIAL AND OPERATIONAL HIGHLIGHTS

OCTOBER–DECEMBER 2014 (FOURTH QUARTER)

- License revenue amounted to SKr 185 million (Q4 '13: SKr 207 million), a decrease of 15 percent currency adjusted.
- Maintenance revenue was SKr 274 million (Q4 '13: SKr 234 million), an improvement of 11 percent currency adjusted.
- Consulting revenue amounted to SKr 402 million (Q4 '13: SKr 337 million), an increase of 14 percent currency adjusted.
- Net revenue totaled SKr 867 million (Q4 '13: SKr 782 million), an improvement of 5 percent currency adjusted.
- Adjusted EBITDA was SKr 135 million (Q4 '13: SKr 126 million). EBIT amounted to SKr 117 million (Q4 '13: SKr 162 million).
- Cash flow after investments was SKr 97 million (Q4 '13: SKr 74 million).
- Earnings per share after full dilution amounted to SKr 4.32 (Q4 '13: SKr 4.99).

JANUARY–DECEMBER 2014 (FULL YEAR)

- License revenue amounted to SKr 558 million ('13: SKr 535 million), an increase of 1 percent currency adjusted.
- Maintenance revenue was SKr 1,037 million ('13: SKr 902 million), an improvement of 11 percent currency adjusted.
- Consulting revenue amounted to SKr 1,427 million ('13: SKr 1,256 million), an increase of 11 percent currency adjusted.
- Net revenue totaled SKr 3,034 million ('13: SKr 2,704 million), an improvement of 9 percent currency adjusted.
- Adjusted EBITDA was SKr 365 million ('13: SKr 279 million). EBIT amounted to SKr 275 million ('13: SKr 202 million).
- Cash flow after investments was SKr 269 million ('13: SKr 122 million).
- Earnings per share after full dilution amounted to SKr 8.45 ('13: SKr 5.72).
- Proposed dividend for 2014 amounting to SKr 4.50 per share ('13: SKr 3.50).

OUTLOOK

For 2015, IFS expects good growth in both license revenue and EBIT.

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CHIEF EXECUTIVE SUMMARY

Significant improvement in earnings

Net revenue for the year increased by 9 percent, currency adjusted, with license revenue being affected in the last quarter by the timing of deals that moved into 2015. Even though it meant we did not achieve the license-growth target for the year, it points to the fact that we are targeting increasingly larger deals, by their nature the timing of which is harder to predict. To a limited degree there has also been an impact resulting from the drop in oil price. This may reduce future investment in a number of oil and gas related industries but the overall impact is expected to be limited due to our broad and strong presence in other sectors—infrastructure, transportation, project-based industries, manufacturing, and service management—most of which are likely to benefit from a lower oil price. In particular, our execution in service management has improved considerably, with Gartner now rating us as a leader in its *Magic Quadrant for Field Service Management*.

Maintenance revenue for the year increased by 11 percent, currency adjusted, resulting from license sales and strong customer loyalty, the ongoing development of which remains a priority. Customers extending their use of IFS Applications within their global organizations will continue to contribute to our future growth. The maintenance margin increased to 75 percent ('13: 72 percent) resulting from investments in improving efficiency within our global support operation.

Consulting revenue for the year increased by 11 percent, currency adjusted, with a steadily larger proportion of services being delivered from our growing partner ecosystem. We continue to invest in our ecosystem to offer customer choice, create go-to-market alliances, and increase scalability within our business. We added a number of new strategic partners in 2014 that have contributed to our global implementation capability. Despite the higher proportion of services being delivered by partners, the consulting margin increased to 20 percent ('13: 19 percent).

We continue to see a steady increase of interest in cloud-deployed systems, especially where IFS Applications is offered in partnership with Microsoft on their Azure Cloud. We cater for all interests, whether off or on premise, and in the latter choice we launched 'IFS in a Box' in co-operation with Oracle to allow a simplified and even easier option to deploy our solution.

During the year, companies in need of consolidating their business solution or expanding its functionality moved forward with their investments and the gradual improvement of the buying environment seen over the last couple of years continued. However, based on preliminary figures, the ERP market as a whole did not perform in 2014 as well as originally projected and grew by around 4 percent. Industry analyst firms such as Gartner expect this trend of rather slight overall growth to persist in 2015.

We expect 2015 will be a year when we will see further benefit from our investment in sales and marketing, which is continuing to gain us recognition as being the intelligent alternative to the global giants for internationally-deployed solutions delivered in our target markets. Also in 2015 we will have our release to market of our latest version of IFS Applications; in this release we have a number of exciting new features and an enhanced architecture designed to better enable our partners to work with our product. On the back of our strong cash flow and finances we are actively searching the market for acquisitions we believe will strengthen our portfolio and create value. We expect to see good growth in both license revenue and EBIT in 2015.

Alastair Sorbie
PRESIDENT & CEO

SIGNIFICANT EVENTS DURING THE QUARTER

A number of significant agreements were signed in the quarter, including:

Aerospace and Defense

-  Advanced Integration Technology
-  Babcock Marine Division
-  Forsvaret / Norwegian Armed Forces
-  Saab



Asset Intensive

-  Forest-Papír

Automotive

-  Huf Hülsbeck & Fürst
-  Schlemmer
-  Toyota Lanka
-  Volvo Lastvagnar
-  Volvohandelns Utvecklings AB

Construction and Contracting

-  Serimax Holdings
-  Systra













Energy and Utilities



-  CYPC Jinsha River Hydropower
-  Mørenett
-  SDIC Qinzhou Electric Power Co.
-  TrønderEnergi Kraft

High Tech






-  Fr. Sauter
-  Habia Cable
-  Integrated Microwave Technologies (IMT)
-  NEC Corporation
-  Trüb
-  Young Innovations

Industrial Manufacturing











-  Avanco
-  Baier + Köppel
-  Dankotuwa Porcelain
-  Hypnos
-  Jamestown Metal Marine Sales
-  Moelven Industrier
-  Nidec Minster Corporation
-  PIPE Sistemas Tubulares
-  Robertson Fuel System
-  Stolle Machinery Company
-  Tatsuno Engineering & Service Co.
-  V-Zug

-  WNA
-  Zeon Advanced Polymix Co.





Oil and Gas

-  British Engines
-  BW Offshore Norway
-  Ceona Services
-  Mermaid Marine Australia
-  Rosenberg WorleyParsons
-  Shawcor









Process Manufacturing

-  American Iron & Metal Company
-  Cisbio Bioassays
-  EP Minerals
-  Grecian Delight Foods
-  Legacy Pharmaceuticals International
-  Marabu
-  Omega Protein
-  Prince Minerals
-  Probiotics International
-  Rovese
-  William Grant & Sons





Retail

-  Gina Tricot
-  Midcounties Co-operative
-  Oriflame Cosmetics
-  Swedish Orphan Biovitrum (SOBI)

Service Providers

-  Advanced Technology Services
-  Dataprev
-  Eitel Networks Infranet
-  Loomis Sverige
-  PHS Group
-  SSI Services
-  United Subcontractors
-  Wilhelmsen Ships Service

Other

-  Beijing Mass Transit Railway Operation Corp.
-  Evry
-  SEFI Transmission
-  Toronto Transit Commission

Launch of IFS Academy to certify partners

October 7. IFS launched IFS Academy—an initiative to deliver training for technicians, developers and consultants working with IFS Applications. The aim of IFS Academy is to equip partners with the skills and knowledge they need to ensure customers realize the most value from IFS Applications.

IFS named a 'Leader' in two Gartner Magic Quadrants

On November 26, Gartner released its *Magic Quadrant for Single-Instance ERP for Product-Centric Midmarket Companies*, in which IFS was named as a leader for the second consecutive year, improving its position on the 'completeness of vision' and 'ability to execute' axis. On December 22, IFS was again recognized as a leader, this time in the *Gartner Magic Quadrant for Field Service Management*.

IFS partners with Deloitte Consulting in South Korea

December 3. IFS announced that it has signed an agreement with Deloitte Consulting, making the professional services firm its strategic partner for the deployment of IFS Applications in the oil & gas, construction, EPC and project-based manufacturing industries in South Korea. IFS is thereby acquiring greater commercial reach and additional implementation resources to meet the increase in demand.

FINANCIAL OVERVIEW

SKr million	Q4 2014	Q4 2013	Full year 2014	Full year 2013
Net revenue	867	782	3,034	2,704
<i>whereof</i>				
License revenue	185	207	558	535
Maintenance and support revenue	274	234	1,037	902
Consulting revenue	402	337	1,427	1,256
Gross earnings	469	439	1,556	1,388
<i>whereof</i>				
Licenses	177	196	505	495
Maintenance and support	198	175	773	648
Consulting	94	67	278	241
EBIT	117	162	275	202
EBIT margin	13%	21%	9%	7%
Earnings before tax	119	160	258	184
Earnings for the period	107	126	211	143
Cash flow after investment operations	97	74	269	122

All comments refer to figures for the quarter unless otherwise stated.

Revenue

Net revenue amounted to SKr 867 million (782), an increase of 5 percent, currency adjusted. *Europe North* and *Americas* contributed most to the increase, primarily through higher consulting and maintenance revenue. License revenue decreased by 15 percent, currency adjusted, due to lower sales in *Europe Central* and *Asia, Africa and Pacific* as a result of the timing on some deals.

Costs

Total costs amounted to SKr 750 million (620), an increase of 14 percent currency adjusted. The total costs in the fourth quarter in the previous year were positively affected by a one-off item of SKr 47 million relating to the reorganization and acquisition of IFS Defence. The increase in total costs adjusted for this one-off item was 5 percent, currency adjusted. Direct costs increased by 2 percent, currency adjusted, as a result of third-party costs relating to the continued transition towards a higher degree of partners implementing IFS Applications. Indirect costs, excluding the one-off item mentioned above, increased by 6 percent, currency adjusted. The increase is mainly related to higher personnel costs, due to inflation and the continued investment in the sales and marketing and R&D departments.

Earnings

Adjusted EBITDA increased to SKr 135 million (126) whereas EBIT decreased to SKr 117 million (162).

Earnings before tax amounted to SKr 119 million (160). Net financial items amounted to SKr 2 million (-2), whereof SKr 3 million (0) pertain to exchange gains/losses. Interest expenses were SKr -2 million (-3).

Earnings for the period amounted to SKr 107 million (126).

Cash flow and investments

Cash flow after investments amounted to SKr 97 million (74). The change in working capital amounted to SKr 4 million (34). Investments amounted to SKr -71 million (-124), whereof capitalized product development was SKr -59 million (-48).

Cash and cash equivalents totaled SKr 489 million (354) at the end of the period. Available liquid assets, including unutilized lines of credit, amounted to SKr 859 million (657). Liabilities to credit institutions were SKr 130 million (197) at the end of the period.

OUTLOOK

For 2015, IFS expects good growth in both license revenue and EBIT.

OTHER INFORMATION

Application of IFRS 11 “Joint Arrangements”

As of January 1, 2014, IFRS 11, “Joint Arrangements” joint ventures must be consolidated according to the equity method. Previously, assets, liabilities, revenue, and expenses were recognized on the basis of the party’s interest according to the proportional method. As the new principles affect reporting retrospectively, the new standard has an impact on the consolidation of the joint venture, IFS Defence Ltd. The holding was restructured on December 31, 2013. Thereafter, neither shares in IFS Defence Ltd nor earnings from shares in IFS Defence Ltd are included. This change of principle has no impact on net income or equity.

The effect of the change in accounting principle on holdings in joint ventures is detailed in the following tables.

Consolidated income statement

SKr million	Q4 2013	Full year 2013
Net revenue	-8	-36
Direct expenses	2	19
Gross earnings	-6	-17
Product development, sales, marketing, and administration expenses	1	10
Other operating revenue/expenses, net	-55	-54
Result from joint venture	58	59
EBIT	-2	-2
Financing expenses and other financial items, net	2	2
Earnings before tax	0	0
Tax	-	-
Earnings for the period	0	0

Consolidated balance sheet

SKr million	Dec. 31 2013
Intangible fixed assets	-
Tangible fixed assets	-
Participation in joint venture	-
Deferred tax receivables	-
Non-current assets	-
Current assets	-
Assets	-
Shareholders' equity	-
Non-current liabilities	-
Current liabilities	-
Equity and liabilities	-

Consolidated statement of cash flows

SKr million	Q4 2013	Full year 2013
Cash flow from operations before change in working capital	5	8
Change in working capital	8	18
Cash flow from current operations	13	26
Cash flow after investment operations	-9	2
Cash flow for the period	52	63
Cash and cash equivalents at the beginning of the period	-51	-63
Exchange rate differences in cash and cash equivalents	-1	0
Cash and cash equivalents at the end of the period	0	0

Parent Company

Net revenue amounted to SKr 4 million (5), with earnings of SKr 121 million (4) before tax. Available liquid assets, including unutilized lines of credit, amounted to SKr 587 million (424).

During the quarter, 52,284 A shares were converted into the same number of B shares. At the end of the period, 200,000 B shares were in the company’s own custody.

Legal dispute—Final award

As reported previously, IFS has since 2002 been involved in a legal dispute concerning the partly-owned company IFS Sri Lanka. In October 2012, the counterparty in the dispute initiated arbitration proceedings against IFS with the Singapore International Arbitration Centre, on the basis of a shareholders’ agreement between the parties.

In the arbitration proceedings, the counterparty initially claimed compensation for damages in the amount of US\$ 76 million including interest. However, the claim was later revised upwards. The revised claim was unspecified but could be understood to mean that IFS’s half-owned company IFS Sri Lanka be paid an amount in the range of US\$ 237–535 million including interest, and that an unspecified amount be distributed as dividends to the owners.

Since the beginning of the legal dispute, IFS has deemed the counterparty’s allegations as completely unsubstantiated and without any merit and the claims raised in the arbitration proceedings have been rejected by IFS in their entirety as being frivolous and completely unmeritorious and unfounded.

The arbitral tribunal’s Final Award was received by IFS on June 20, 2014. In the Final Award, the counterparty’s claims have been completely rejected and it is declared that IFS did not breach the shareholders’ agreement as alleged by the counterparty. The counterparty has also been ordered to pay for the main part of the fees of the arbitral tribunal and a substantial portion of IFS’s legal costs in the proceedings.

Pensions

The movements arising on the revaluation of defined-benefit pension plans are booked in 'Other comprehensive income.' The downward revision is mainly due to the reduction in the discount rate applied (in Sweden, from 4.6 percent to 3.4 percent in the year). The outcome for 2014 indicates a SKr 100 million reduction in the actuarial valuation, whereof SKr -91 million (+49) in Sweden and SKr -9 million (-5) in Norway.

Annual general meeting of shareholders

The annual general meeting of shareholders for 2015 will be held on March 25, 2015 in Stockholm, Sweden. The board of directors will submit the notification convening the annual general meeting on February 25, 2015, at the latest.

Dividend

The Board of Directors is proposing a dividend for 2014 amounting to SKr 4.50 per share ('13: SKr 3.50).

Annual report

The Annual Report for 2014 will be available on IFS's website, www.ifsworld.com, and at the company's headquarters no later than March 4, 2015. There will be no hard-copy version of the annual report for 2014.

Miscellaneous

The report for the first quarter of 2015 will be published on April 22, 2015.

Linköping, February 6, 2015

The Board of Directors

Audit report

This report has not been subject to review by the company's auditors.

CONSOLIDATED INCOME STATEMENT

SKr million	Q4 2014	Q4 2013	Full year 2014	Full year 2013
License revenue	185	207	558	535
Maintenance and support revenue	274	234	1,037	902
Consulting revenue	402	337	1,427	1,256
Other revenue	6	4	12	11
Net revenue	867	782	3,034	2,704
License expenses	-8	-11	-53	-40
Maintenance and support expenses	-76	-59	-264	-254
Consulting expenses	-308	-270	-1,149	-1,015
Other expenses	-6	-3	-12	-7
Direct expenses	-398	-343	-1,478	-1,316
Gross earnings	469	439	1,556	1,388
Product development expenses	-75	-69	-303	-260
Sales and marketing expenses	-181	-179	-635	-591
Administration expenses	-85	-77	-312	-289
Other operating revenue*	1	6	4	16
Other operating expenses	-12	-16	-35	-121
Result from joint venture	-	58	-	59
Indirect expenses, net	-352	-277	-1,281	-1,186
EBIT	117	162	275	202
Result from associated companies	1	1	1	0
Interest expenses	-2	-3	-8	-10
Other financial items	3	0	-10	-8
Earnings before tax	119	160	258	184
Tax	-12	-34	-47	-41
Earnings for the period	107	126	211	143
Earnings for the period are allocated as follows:				
Owners of the Parent Company (SKr million)	109	126	213	144
Non-controlling interests (SKr million)	-2	0	-2	-1
Earnings per share pertaining to Parent Company shareholders (SKr)	4.40	5.09	8.60	5.81
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	4.32	4.99	8.45	5.72
Number of shares (thousands)				
At the end of the period	24,772	24,772	24,772	24,772
At the end of the period, after full dilution	25,177	25,192	25,177	25,192
Average for the period	24,772	24,772	24,772	24,772
Average for the period, after full dilution	25,240	25,245	25,202	25,196

* Other operating revenue includes exchange rate differences (net) and other operating revenue.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Q4 2014	Q4 2013	Full year 2014	Full year 2013
Earnings for the period	107	126	211	143
Other comprehensive income				
<i>Items not to be reversed in the income statement</i>				
Revaluation of defined-benefit pension plans	-100	22	-100	44
Revaluation of defined-benefit pension plans related to joint venture	-	-8	-	5
<i>Items that can later be reversed in the income statement</i>				
Exchange rate differences	40	11	106	-4
Other comprehensive income for the period, net of tax	-60	25	6	45
Total comprehensive income for the period	47	151	217	188
Total comprehensive income allocated as follows:				
Owners of the Parent Company	48	151	219	189
Non-controlling interests	-1	0	-2	-1

CONSOLIDATED BALANCE SHEET

SKr million	Dec. 31 2014	Dec. 31 2013
ASSETS		
Capitalized expenditure for product development	608	594
Goodwill	452	398
Other intangible fixed assets	84	111
Intangible fixed assets	1,144	1,103
Tangible fixed assets	115	96
Participations in associated companies	4	3
Deferred tax receivables	146	132
Other long-term receivables and other participations	28	23
Financial fixed assets	178	158
Non-current assets	1,437	1,357
Accounts receivable	790	740
Other receivables	312	238
Cash and cash equivalents	489	354
Current assets	1,591	1,332
Assets	3,028	2,689
EQUITY AND LIABILITIES		
Share capital	499	499
Other capital contributed	694	701
Accumulated earnings, including earnings for the period and other reserves	169	37
Shareholders' equity pertaining to Parent Company shareholders	1,362	1,237
Non-controlling interests	-2	0
Shareholders' equity	1,360	1,237
Liabilities to credit institutions	0	0
Pension obligations	168	39
Other provisions and other liabilities	14	52
Non-current liabilities	182	91
Accounts payable	127	111
Liabilities to credit institutions	130	197
Other provisions and other liabilities	1,229	1,053
Current liabilities	1,486	1,361
Liabilities	1,668	1,452
Equity and liabilities	3,028	2,689
Pledged assets	903	721
Contingent liabilities	17	21

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SKr, million	Pertaining to parent company shareholders					Non-controlling interests	Total stockholders' equity
	Share capital	Other contributed capital	Reserves	Profit brought forward	Total		
Opening balance January 1, 2013	508	701	-90	17	1,136	1	1,137
Total comprehensive income for the period	-	-	-4	192	188	-1	187
Share-based payments	-	2	-	-	2	-	2
Dividend	-	-	-	-87	-87	-	-87
Repurchase of call options	-	-2	-	-	-2	-	-2
Cancellation of repurchased shares	-9	-	-	9	0	-	0
Closing balance December 31, 2013	499	701	-94	131	1,237	0	1,237
Opening balance January 1, 2014	499	701	-94	131	1,237	0	1,237
Total comprehensive income for the period	-	-	106	113	219	-2	217
Share-based payments	-	4	-	-	4	-	4
Dividend	-	-	-	-87	-87	-	-87
Repurchase of call options	-	-11	-	-	-11	-	-11
Closing balance December 31, 2014	499	694	12	157	1,362	-2	1,360

CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Q4 2014	Q4 2013	Full year 2014	Full year 2013
Earnings before tax	119	160	258	184
Adjustments for items not included in the cash flow	45	4	192	152
Cash flow from operations before change in working capital	164	164	450	336
Change in working capital	4	34	51	70
Cash flow from current operations	168	198	501	406
Acquisition of subsidiaries	0	-	0	-
Acquisition of intangible fixed assets	-56	-107	-192	-242
Cash flow from other investment operations	-15	-17	-40	-42
Cash flow after investment operations	97	74	269	122
Dividend distributed	-	-	-87	-87
Cash flow from other financing operations	1	60	-77	74
Cash flow for the period	98	134	105	109
Cash and cash equivalents at the beginning of the period	379	226	354	253
Exchange rate differences in cash and cash equivalents	12	-6	30	-8
Cash and cash equivalents at the end of the period	489	354	489	354

CONSOLIDATED ORGANIC NET REVENUE AND OPERATING EXPENSES

SKr, million	Q4					Full year				
	Actual 2014	Translation effect	Structural changes	Adjusted 2014	Actual 2013	Actual 2014	Translation effect	Structural changes	Adjusted 2014	Actual 2013
NET REVENUE										
License revenue	185	-10	-4	171	207	558	-19	-10	529	535
Maintenance and support revenue	274	-16	-6	252	234	1,037	-35	-22	980	902
Total product revenue	459	-26	-10	423	441	1,595	-54	-32	1,509	1,437
Consulting revenue	402	-17	-6	379	337	1,427	-35	-25	1,367	1,256
Net revenue (including other revenue)	867	-43	-15	809	782	3,034	-89	-58	2,887	2,704
OPERATING EXPENSES										
Operating expenses	750	-40	-14	696	620	2,759	-81	-48	2,630	2,502
EBIT	117	-3	-1	113	162	275	-8	-10	257	202
Other operating income/costs net	-	-1	-	-1	43	-1	-1	-	-2	43
Capital gains/losses	-	0	-	0	0	-	0	-	0	0
Exchange rate gains/losses	-12	-2	-	-14	-7	-24	-3	-	-27	-14
Restructuring costs/redundancy costs	-4	0	-	-4	-2	-15	1	-	-14	-96
Reversal of restructuring costs	1	-	-	1	8	2	-	-	2	14
Amortization of capitalized product development	-45	-	-	-45	-39	-175	-	-	-175	-153
Amortization of acquired intangibles	-9	1	-	-8	-8	-38	2	-	-36	-31
Other amortization/depreciation	-8	1	-	-7	-7	-29	1	-1	-29	-28
Capitalized product development	59	-	-	59	48	190	-	-	190	188
Adjusted operating expenses	732	-41	-14	677	656	2,669	-81	-49	2,539	2,425
Adjusted EBITDA	135	-2	-1	132	126	365	-8	-9	348	279
Adjusted EBITDA/net revenue	16%			16%	16%	12%			12%	10%

CONSOLIDATED SEGMENT REPORTING, FOURTH QUARTER

SKr million	Europe North		Europe West		Europe Central	
	2014	2013	2014	2013	2014	2013
License revenue	46	40	40	34	32	53
Maintenance and support revenue	95	85	59	46	26	23
Consulting revenue	184	158	56	45	52	40
Other revenue	4	0	2	3	0	0
Total external revenue	329	283	157	128	110	116
Internal revenue	6	5	30	16	13	9
Total revenue	335	288	187	144	123	125
External operating expenses	-195	-159	-115	-81	-74	-78
Internal operating expenses	-32	-23	-11	-7	-6	-8
Other operating items, net	-1	2	-1	61	0	3
Operating expenses	-228	-180	-127	-27	-80	-83
EBIT, undistributed	107	108	60	117	43	42
Numbers of employees*						
Average for the period	464	446	328	321	231	198
At the end of the period	465	437	327	323	229	197
SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2014	2013	2014	2013	2014	2013
License revenue	8	5	40	39	19	35
Maintenance and support revenue	19	16	56	44	19	19
Consulting revenue	20	22	68	52	25	19
Other revenue	1	0	1	0	2	1
Total external revenue	48	43	165	135	65	74
Internal revenue	5	4	15	13	6	2
Total revenue	53	47	180	148	71	76
External operating expenses	-43	-38	-118	-101	-59	-58
Internal operating expenses	-2	0	-7	-4	-3	-2
Other operating items, net	-10	-12	0	0	-2	-1
Operating expenses	-55	-50	-125	-105	-64	-61
EBIT, undistributed	-2	-3	55	43	7	15
Numbers of employees						
Average for the period	209	226	278	283	264	252
At the end of the period	208	228	280	283	264	255
SKr million			Corporate items **		GROUP	
			2014	2013	2014	2013
License revenue			0	1	185	207
Maintenance and support revenue			0	1	274	234
Consulting revenue			-3	1	402	337
Other revenue			-4	0	6	4
Total external revenue			-7	3	867	782
Internal revenue			-75	-49	-	-
Total revenue			-82	-46	867	782
External operating expenses			-135	-153	-739	-668
Internal operating expenses			61	44	-	-
Other operating items, net			3	-5	-11	48
Operating expenses			-71	-114	-750	-620
EBIT, undistributed			-153	-160	117	162
Numbers of employees						
Average for the period			925	886	2,699	2,612
At the end of the period			934	893	2,707	2,616

* Employees previously reported in the segment Defense are included in the financial statements in Europe West.

** Undistributed corporate revenue and expenses, including eliminations.

CONSOLIDATED SEGMENT REPORTING, FULL YEAR

SKr million	Europe North		Europe West		Europe Central	
	2014	2013	2014	2013	2014	2013
License revenue	149	140	124	104	61	66
Maintenance and support revenue	361	343	224	174	98	87
Consulting revenue	649	579	188	152	178	145
Other revenue	5	1	3	6	2	1
Total external revenue	1,164	1,063	539	436	339	299
Internal revenue	21	20	89	51	36	42
Total revenue	1,185	1,083	628	487	375	341
External operating expenses	-719	-653	-415	-318	-269	-244
Internal operating expenses	-105	-91	-40	-34	-24	-21
Other operating items, net	-2	-42	-10	57	-1	-6
Operating expenses	-826	-786	-465	-295	-294	-271
EBIT, undistributed	359	297	163	192	81	70
Numbers of employees*						
Average for the period	452	479	327	328	212	198
At the end of the period	465	437	327	323	229	197
SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2014	2013	2014	2013	2014	2013
License revenue	29	26	129	120	66	78
Maintenance and support revenue	66	63	205	172	83	61
Consulting revenue	74	65	243	225	98	87
Other revenue	2	0	1	0	3	2
Total external revenue	171	154	578	517	250	228
Internal revenue	21	17	58	58	24	17
Total revenue	192	171	636	575	274	245
External operating expenses	-163	-171	-435	-374	-211	-183
Internal operating expenses	-3	-1	-29	-33	-11	-18
Other operating items, net	-13	-20	7	0	-4	-6
Operating expenses	-179	-192	-457	-407	-226	-207
EBIT, undistributed	13	-21	179	168	48	38
Numbers of employees						
Average for the period	215	248	281	283	257	262
At the end of the period	208	228	280	283	264	255
SKr million			Corporate items **		GROUP	
			2014	2013	2014	2013
License revenue			0	1	558	535
Maintenance and support revenue			0	2	1,037	902
Consulting revenue			-3	3	1,427	1,256
Other revenue			-4	1	12	11
Total external revenue			-7	7	3,034	2,704
Internal revenue			-249	-205	-	-
Total revenue			-256	-198	3,034	2,704
External operating expenses			-516	-513	-2,728	-2,456
Internal operating expenses			212	198	-	-
Other operating items, net			-8	-29	-31	-46
Operating expenses			-312	-344	-2,759	-2,502
EBIT, undistributed			-568	-542	275	202
Numbers of employees						
Average for the period			901	890	2,645	2,688
At the end of the period			934	893	2,707	2,616

* Employees previously reported in the segment Defense are included in the financial statements in Europe West.

** Undistributed corporate revenue and expenses, including eliminations.

INCOME STATEMENT OF THE PARENT COMPANY

SKr million	Q4 2014	Q4 2013	Full year 2014	Full year 2013
Net revenue	4	5	19	22
Administration expenses	-6	-10	-33	-40
Other operating revenue	0	-	-	-
EBIT	-2	-5	-14	-18
Result from participations in subsidiaries	118	0	118	0
Financial revenue	14	14	58	58
Financial expenses	-9	-5	-38	-23
Earnings before tax	121	4	124	17
Tax	-13	-1	-14	-4
Earnings for the period	108	3	110	13

BALANCE SHEET OF THE PARENT COMPANY

SKr million	Dec. 31 2014	Dec. 31 2013
ASSETS		
Participations in subsidiaries	994	992
Deferred tax receivables	0	10
Receivables in subsidiaries	57	73
Other long-term receivables and other participations	2	2
Financial fixed assets	1,053	1,077
Non-current assets	1,053	1,077
Receivables in subsidiaries	851	867
Prepaid expenses and accrued income	6	10
Cash and cash equivalents	217	121
Current assets	1,074	998
Assets	2,127	2,075
EQUITY AND LIABILITIES		
Share capital	499	499
Statutory reserve	573	573
Retained earnings, including earnings for the period and share premium reserve	476	461
Shareholders' equity	1,548	1,533
Provisions for pensions and similar commitments	7	7
Deferred tax liabilities	3	-
Non-current liabilities	10	7
Liabilities to credit institutions	130	197
Liabilities to subsidiaries	409	312
Other liabilities	30	26
Current liabilities	569	535
Shareholders' equity and liabilities	2,127	2,075

OUTSTANDING SHARES

	Series A	Series B	TOTAL
Number of shares on January 1, 2014	1,262,445	23,709,385	24,971,830
Conversion of series-A shares into series-B shares	-178,342	178,342	-
Number of shares on December 31, 2014	1,084,103	23,887,727	24,971,830
Repurchase of shares, in own custody	-	-200,000	-200,000
Number of outstanding shares on December 31, 2014	1,084,103	23,687,727	24,771,830
Number of voting rights on December 31, 2014	1,084,103	2,368,773	3,452,876
Additional shares after full dilution	-	405,468	405,468
Number of shares on December 31, 2014 after full dilution	1,084,103	24,093,195	25,177,298

KEY FIGURES FOR THE GROUP

		Q4 2014	Q4 2013	Full year 2014	Full year 2013
Revenue indicator					
Net revenue per employee	SKr, '000	321	299	1,147	1,006
Expense and expenditure indicators					
Product development expenses/net revenue	%	9%	9%	10%	10%
Sales and marketing expenses/net revenue	%	21%	23%	21%	22%
Administration expenses/net revenue	%	10%	10%	10%	11%
Amortization and depreciation	SKr, M	-62	-54	-242	-212
of which amortization of capitalized product development expenditure	SKr, M	-45	-39	-175	-153
Capitalized product development expenditure	SKr, M	59	48	190	188
Margin indicators					
License margin	%	96%	95%	91%	93%
Maintenance and support margin	%	72%	75%	75%	72%
Consulting margin	%	23%	20%	20%	19%
Gross margin	%	54%	56%	51%	51%
EBIT margin	%	13%	21%	9%	7%
Earnings margin	%	14%	20%	9%	7%
Return on average operating capital	%	10%	15%	24%	19%
Capital indicators					
Equity/assets ratio	%	45%	46%	45%	46%
Accounts receivable (average 12 months)/ net revenue (rolling 12 months)	%	18%	18%	18%	19%
Interest-bearing liabilities	SKr, M	298	236	298	236
Liquidity indicators					
Net liquidity	SKr, M	359	157	359	157
Debt/equity ratio	times	0.2	0.2	0.2	0.2
Employees					
Average for the period		2,699	2,612	2,645	2,688
At the end of the period		2,707	2,616	2,707	2,616

DEFINITIONS

adjusted EBITDA. EBIT before depreciation, net of capitalized product development and adjusted for non-recurring items.

available assets. Cash and cash equivalents plus unutilized lines of credit.

consulting margin. Consulting revenue minus consulting expenses in relation to consulting revenue. In addition to expenses related to sub-contracted consultants, consulting expenses include mainly payroll expenses, travel expenses, and office rental pertaining to personnel staffing the Consulting service.

debt/equity ratio. Interest-bearing liabilities in relation to equity, at the end of the period.

earnings margin. Earnings before tax in relation to net revenue.

equity/assets ratio. Equity in relation to total assets, at the end of the period.

interest-bearing liabilities. Liabilities to credit institutions and pension obligations.

license margin. License revenue minus license expenses in relation to license revenue. License expenses include only expenses related to partners and third-party suppliers.

maintenance and support margin. Maintenance and support revenue minus maintenance and support expenses in relation to maintenance and support revenue. In addition to external expenses related to partners and third-party suppliers, maintenance and support expenses include mainly payroll expenses, travel expenses, and office rental pertaining to personnel staffing the Maintenance and Support service.

net liquidity. Cash and cash equivalents minus interest-bearing liabilities to credit institutions, at the end of the period.

non-recurring items. Non-recurring items comprise capital gains and losses, impairment losses, restructuring programs (costs for phasing out operations and personnel redundancy costs), and other costs with the character of not being part of normal daily operations.

organic change. Year-on-year figures adjusted for currency effects on consolidation as well as changes in structure.

return on average operating capital. EBIT in relation to average operating capital. Operating capital refers to total assets, excluding liquid assets, and other interest-bearing assets, less total liabilities excluding interest-bearing liabilities.

FINANCIAL TREND FOR THE GROUP

SKr million	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
License revenue	185	132	134	107	207	114	128	86	183	109	92	83
Maintenance and support revenue	274	258	256	249	234	221	226	221	231	224	232	222
Consulting revenue	402	336	354	335	337	286	329	304	353	268	327	335
Other revenue	6	2	1	3	4	2	3	2	2	11	1	3
Net revenue	867	728	745	694	782	623	686	613	769	612	652	643
License expenses	-8	-13	-15	-17	-11	-7	-13	-9	-7	-6	-8	-6
Maintenance and support expenses	-76	-63	-62	-63	-59	-57	-67	-71	-71	-67	-72	-71
Consulting expenses	-308	-276	-288	-277	-270	-224	-265	-256	-270	-229	-266	-282
Other expenses	-6	-2	-2	-2	-3	-2	1	-3	-1	-5	-1	-3
Direct expenses	-398	-354	-367	-359	-343	-290	-344	-339	-349	-307	-347	-362
Gross earnings	469	374	378	335	439	333	342	274	420	305	305	281
Product development expenses	-75	-79	-78	-71	-69	-61	-66	-64	-72	-72	-65	-61
Sales and marketing expenses	-181	-158	-146	-150	-179	-138	-138	-136	-175	-136	-138	-137
Administration expenses	-85	-70	-78	-79	-77	-71	-72	-69	-69	-66	-68	-71
Other operating revenue	1	1	1	1	6	7	1	2	39	2	-2	3
Other operating expenses	-12	-5	-7	-11	-16	-6	-1	-98	-12	-4	-5	-2
Result from joint venture	-	-	-	-	58	1	0	0	-	-	-	-
Indirect expenses, net	-352	-311	-308	-310	-277	-268	-276	-365	-289	-276	-278	-268
EBIT	117	63	70	25	162	65	66	-91	131	29	27	13
Result from participations in associated companies	1	-1	1	0	1	0	0	-1	0	0	0	0
Interest expenses	-2	-2	-2	-2	-3	-3	-2	-2	-2	-2	-2	-2
Other financial items	3	-6	-5	-2	0	1	-9	0	1	2	-3	-2
Earnings before tax	119	54	64	21	160	63	55	-94	130	29	22	9
Tax	-12	-13	-16	-6	-34	-14	-13	20	-36	-7	-7	-2
Earnings for the period	107	41	48	15	126	49	42	-74	94	22	15	7
Cash flow after investment operations	97	9	30	133	74	-38	9	77	55	-28	-162	94
Number of employees at the end of the period	2,707	2,673	2,622	2,628	2,616	2,613	2,656	2,738	2,829	2,839	2,851	2,822

Values are adjusted to conform with new IFRS11 as of Q1 2013.

RISKS AND UNCERTAINTIES

In its operations, the IFS Group is exposed to certain risks that can affect earnings to a greater or lesser extent. Apart from the general concern about the economy and the political unrest in North Africa, the Middle East, and Ukraine, the assessment is that no new significant risks or uncertainties have arisen. For a detailed account of risks and uncertainty factors, please see the annual report for fiscal 2013.

ESTIMATES AND CRITICAL ASSUMPTIONS

To present the financial reports in accordance with the IFRS, the management must make certain estimates and assumptions that affect the application of the accounting principles and the reported amounts pertaining to assets, liabilities, revenue, and expenses. Actuals may differ from the estimates and assumptions.

The estimates and assumptions are regularly reviewed. Changes in estimates are reported in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both the current and future periods.

ACCOUNTING PRINCIPLES

This consolidated report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, recommendation RFR 1, Supplementary Accounting

Rules for Groups, of the Swedish Financial Reporting Board (RFR) has been applied.

This interim report for the Group has been prepared in accordance with the Swedish Annual Report Act and with IAS 34, Interim Financial Reporting. For the Parent Company, the Swedish Annual Report Act and RFR recommendation RFR 2, Accounting for Legal Entities, have been applied.

As of January 1, 2014, the standard IFRS 11 "Joint Arrangements" has come into force. According to this new standard, an interest in a joint venture is to be recognized via the equity method and the use of the proportional method is no longer permitted. As a result of the new standard, accounting principles for joint ventures have been changed compared with the Group's accounting principles in Annual Report 2013 and in previously published interim reports in 2013. See section "Other information" for the effect of the change in the accounting principle.

For detailed information about the accounting principles: see annual report 2013.

FINANCIAL INFORMATION 2015

Interim report January–March 2015	April 22, 2015
Interim report January–June 2015	July 21, 2015
Interim report January–September 2015	October 22, 2015
Year-end report 2015	February 2016

ABOUT IFS

IFS is a globally recognized leader in developing and delivering business software for enterprise resource planning (ERP), enterprise asset management (EAM), and enterprise service management (ESM). IFS brings customers in targeted sectors closer to their business, helps them be more agile, and enables them to profit from change. IFS is a public company (XSTO: IFS) that was founded in 1983 and currently has over 2,700 employees. IFS supports more than 2,400 customers worldwide from local offices and through partners in more than 60 countries.

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