



Good underlying business development

FINANCIAL AND OPERATIONAL HIGHLIGHTS

JANUARY–MARCH 2016 (FIRST QUARTER)

- License revenue amounted to SKr 102 million (Q1 '15: SKr 115 million), a decrease of 8 percent, currency adjusted.
- Maintenance revenue was SKr 296 million (Q1 '15: SKr 291 million), an improvement of 5 percent currency adjusted.
- Consulting revenue amounted to SKr 404 million (Q1 '15: SKr 374 million), an increase of 12 percent currency adjusted.
- Net revenue totaled SKr 811 million (Q1 '15: SKr 782 million), an improvement of 7 percent currency adjusted.
- Adjusted EBITDA was SKr 56 million (Q1 '15: SKr 63 million). EBIT amounted to SKr 1 million (Q1 '15: SKr 51 million).
- Cash flow after investments was SKr 46 million (Q1 '15: SKr 72 million).
- Earnings per share after full dilution amounted to SKr 0.00 (Q1 '15: SKr 1.47).

OUTLOOK

For 2016, IFS expects growth in both product revenue and EBIT.

INQUIRIES

IFS

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CHIEF EXECUTIVE SUMMARY

Good underlying business development

Although license sales were down in the quarter, this does not reflect the underlying strength of the business, where we are winning key customers and continuing to develop a successful customer base. As always our business is affected by the timing of deals with long sales cycles. We remain confident for the full-year growth in license sales.

We continue to see strong interest for IFS Applications in our target markets of infrastructure, manufacturing, service, aerospace and defense, and other asset-intensive sectors. IFS offers a flexible and modern solution that is easy to implement, especially for businesses that need a reliable and cost-effective solution in a dynamic and challenging market.

Our overall net revenue grew by 7 percent, currency adjusted. The maintenance revenue grew at the expected rate of 5 percent, currency adjusted, with an improved support margin of 77 percent (75), which reflects both strong customer retention and improving cost efficiencies from our global support initiative. The margin in our consulting business also increased to 23 percent (20) on revenue that grew by 12 percent, currency adjusted.

Partnering across the group is increasing both in scale and momentum as we sign new partners and deepen our co-operation with existing strategic partners such as Accenture. On April 5, 2016, IFS entered into a binding agreement with its long-standing local partner Addovation AS to transfer a small number of IFS consultants, as well as an office in Jönköping, Sweden to Addovation. This move will help our partner to sell and deliver IFS Applications to the fast-growing SME market in Scandinavia. The transaction is expected to close at the end of April and will

not have a material impact at a group level. During the first quarter we implemented an efficiency measure, also in Scandinavia, to align our resources with our ever-evolving business, which had an associated cost of SKr 35 million that is expected to be recovered in savings through the year.

During 2016 we will increase our M&A activity; evidence of this is seen with the acquisition in March in Finland of MainIoT Software Oy, which increases our presence in both the enterprise asset management (EAM) and enterprise service management (ESM) sectors.

The view of the analysts is that the gradual improvement of the buying environment seen in recent years has continued. The overall ERP market grew by 6 percent in 2015, while revenues related to EAM increased by 3 percent. Companies in need of consolidating their business solution or expanding its functionality are moving forward with their investments and industry analyst firms such as Gartner expect the ERP market's development to remain positive, with a growth in software revenue in the 7 percent range in 2016.




IFS is increasing both its brand awareness, as seen in our recent sponsorship of the Sauber Formula One racing team, and its reputation, as seen by the improved rating from recognized analysts such as Gartner. These factors together with an improved ability to execute provided by our expanding partner ecosystem will enable IFS to grow both product revenue and EBIT during 2016.

Alastair Sorbie
PRESIDENT & CEO

SIGNIFICANT EVENTS DURING THE QUARTER

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




Automotive

-  AKO Group
-  Autohaus Jacob Fleischhauer
-  Rancon Automobiles

Construction and Contracting

-  MCH Group






Energy and Utilities




-  Borås Energi och Miljö
-  Caruna
-  Satluj Jal Vidyut Nigam Ltd (SJVNL)

High-Tech Manufacturing

-  Particle Measuring Systems

Industrial Manufacturing




-  AAR Supply Chain
-  Aludium
-  Aluminum Precision Products
-  BRC Industrial (Saudi)
-  IV Produkt
-  Mahin Group
-  Orion South
-  Roxtec International

-  Saueressig
-  TC Thomas Consulting
-  Wren Living




Oil and Gas

-  BW Offshore Norway





Process Manufacturing

-  LGC
-  W. M. Mendis Distilleries
-  Warren Distribution

Retail and Wholesale

-  Bellman & Symfon Europe
-  Rusta
-  Systembolaget

Service Providers

-  Anticimex
-  Idex énergies
-  IP-Only Telecommunication Networks
-  Lassila & Tikanoja

Other

-  Tubes International

IFS collaborates with TomTom

January 12. Leveraging the real-time traffic data of TomTom Traffic, IFS announced a major feature enhancement of its IFS Mobile Workforce Management solution that delivers more accurate routing, improved time-to-destination estimations and staff cost efficiencies.

IFS principal partner of Sauber F1 Team

February 22. IFS announced its sponsorship of the Sauber F1 Team for the 2016 FIA Formula One Championships. Throughout the season, the IFS branding will appear on both Sauber cars, on the drivers' overalls and helmets as well as on the team wear.

IFS acquires MainIoT

March 1. IFS announced the acquisition of Finnish business solution provider MainIoT Software Oy. MainIoT develops enterprise asset management (EAM) and enterprise service management (ESM) solutions for more than 200 customers, including SSAB, Caverion, and Neste.

Live marketing group selects IFS Applications

March 1. Switzerland-based MCH Group chose to implement IFS Applications in an agreement worth approximately 1.4 million euros. When fully implemented, IFS Applications will empower some 200 staff with enhanced support for mission-critical processes such as multi-site and multi-currency project management and costing.

IFS Partner Network continues to grow

March 31. During the first quarter, IFS signed partnership agreements with eight systems integrators, among which was Spanish consultancy Connectis, boasting 2,800 employees working at 21 offices. The partnerships cover a wide range of geographies, including Scandinavia, France, Romania, and Poland.

FINANCIAL OVERVIEW

SKr million	Q1 2016	Q1 2015	April–March 2015/16	April–March 2014/15	Full year 2015
Net revenue	811	782	3,418	3,122	3,389
<i>whereof</i> License revenue	102	115	669	566	682
Maintenance and support revenue	296	291	1,179	1,079	1,174
Consulting revenue	404	374	1,554	1,466	1,524
Gross earnings	412	401	1,853	1,622	1,842
<i>whereof</i> Licenses	88	109	625	524	646
Maintenance and support	229	217	887	804	875
Consulting	93	76	341	296	324
EBIT	1	51	264	301	314
EBIT margin	0%	7%	8%	10%	9%
Earnings before tax	1	52	255	289	306
Earnings for the period	0	39	175	235	214
Cash flow after investment operations	46	72	170	208	196

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

Revenue

Net revenue amounted to SKr 811 million (782), an increase of 7 percent, currency adjusted. The increase in net revenue, adjusted for revenue coming from the acquisition of VisionWaves and MainIoT, was 2 percent, currency adjusted. License revenue was SKr 102 million (115), a decrease of 8 percent, currency adjusted. This was mainly due to lower sales in *Europe West*, *Europe North*, and *Americas*. Maintenance and support revenue was SKr 296 million (291), an increase of 5 percent, currency adjusted; *Europe North*, *Europe Central*, and *Europe West* contributed the most to the growth. Consulting revenue amounted to SKr 404 million (374), an increase of 12 percent, currency adjusted; *Europe North*, *Europe West*, and *Americas* contributed most to the increase.

Costs

Operating expenses amounted to SKr 810 million (731), an increase of 14 percent, currency adjusted. The costs were negatively affected by restructuring costs of SKr 35 million. Adjusted for the restructuring costs as well as expenses coming from the acquisition of VisionWaves and MainIoT, the underlying increase was 7 percent, currency adjusted. The underlying increase was mainly due to ongoing investments in sales and marketing as well as research and development.

Earnings

Adjusted EBITDA decreased to SKr 56 million (63) and EBIT decreased to SKr 1 million (51). EBIT was affected by restructuring costs with SKr 35 million (0).

Earnings before tax amounted to SKr 1 million (52).

Earnings for the period amounted to SKr 0 million (39).

Earnings were affected by tax costs with SKr -1 million (-13).

Cash flow and investments

Cash flow after investments amounted to SKr 46 million (72). The change in working capital amounted to SKr 100 million (35). Investments amounted to SKr -134 million (-65), whereof the acquisition of MainIoT Software Oy was SKr -69 million. Capitalized product development was SKr -56 million (-55).

Cash and cash equivalents totaled SKr 547 million (540) at the end of the period. Available liquid assets, including unutilized lines of credit, amounted to SKr 902 million (937). Liabilities to credit institutions were SKr 220 million (103) at the end of the period.

OUTLOOK

For 2016, IFS expects growth in both product revenue and EBIT.

OTHER INFORMATION

Parent Company

Net revenue amounted to SKr 9 million (5), with earnings of SKr 5 million (0) before tax. Available liquid assets, including unutilized lines of credit, amounted to SKr 540 million (665). During the period a dividend of SKr 78 million was paid.

At the end of the period, 426,600 B shares were in the company's own custody.

Pensions

The movements arising on the revaluation of the defined-benefit pension plans are booked in 'other comprehensive income.' Due mainly to the decrease in the discount rate applied in the quarter (in Sweden from 4.0 percent to 3.6 percent), the actuarial valuation of the pension obligations was increased in the first quarter by SKr 53 million, net.

Legal dispute in Sri Lanka

As reported previously, IFS has been involved in a legal dispute that was instituted in Sri Lankan courts in 2002 by the other major shareholder of the partly-owned company IFS Sri Lanka.

Following dismissal of the case by the local court in 2008 and ensuing arbitration proceedings in Singapore, the dispute was finally decided in a Final Award issued in June 2014. Confirming IFS's position that the counterparty's allegations were completely unfounded, the Final Award rejected the counterparty's claims, declared that IFS had not committed any of the alleged contract breaches, and awarded IFS compensation from the counterparty for legal costs. The Final Award has gained full legal force.

IFS received last year notice that the counterparty had requested a leave for a legal action in Sri Lankan courts that entailed a reexamination of the merits of the case. It is IFS's unequivocal position that the case has been finally settled by the Final Award and that there are no grounds whatsoever for any leave to be granted by the court.

Acquisition

On March 1, IFS acquired 100 percent of the capital stock in MainIoT Software Oy for a total consideration of SKr 81 million. Of this, SKr 3 million is contingent on achievement for every MainIoT customer that signs an upgrade to an IFS product between March 1, 2016 and December 31, 2017. All of the consideration is payable in cash. Excluding net debt and excess working-capital, the equivalent Enterprise Value is SKr 69 million, including SKr 3 million being the fair-value of the contingent consideration.

The fair value of identified net assets and liabilities in MainIoT amounts to SKr 43 million, including SKr 17 million in software, SKr 27 million in customer relationships, SKr 2 million in non-compete, and SKr 9 million in deferred tax liabilities. The remaining SKr 38 million represents group goodwill. The goodwill recognized for the acquisition corresponds to the company's market position and technical skills in enterprise asset management and enterprise service management.

The purpose of the acquisition of MainIoT is to strengthen IFS's position in the focused high-growth segments of enterprise asset and service management as well as consolidate IFS's position in the Finnish market. The acquired company is included in consolidated revenue for the first quarter with SKr 5 million and in EBIT with SKr 1 million. Acquisition-related expenditure amounts to SKr 2 million for the period and is

recognized as other operating expenses in the consolidated earnings for the period.

The prepared acquisition analysis is preliminary.

Mandatory cash offer by EQT

On December 7, 2015, EQT, through IGT Holding, announced a mandatory cash offer to the shareholders in IFS to acquire all outstanding A- and B-shares in IFS at a price of SKr 362.50 per share, regardless of share class. The acceptance period of the offer ended on February 5, 2016; on March 31, IGT Holding owned 82.5 percent of the capital and 86.4 percent of the votes in the company.

Annual general meeting of shareholders

The annual general meeting of stockholders (AGM) was held on March 14, 2016. On request by shareholders representing approximately 12.1 percent of the shares in the company, it was resolved on a minority dividend of SKr 3.18 per share. The dividend amounted in total to SKr 78 million, which was paid on March 21.

Shareholders representing a majority of the shares in the company voted for discharging the members of the board of directors and the company's CEO from liability for the fiscal year 2015. However, shareholders representing approximately 12.1 percent of the shares in the company voted against their discharge.

The AGM resolved to re-elect Neil Masom and to elect Lars Wollung, Måns Hultman, Jonas Persson, Markus Roithmeier, Per Franzén, and Johannes Reichel to the board, for the period up until the end of the next AGM, and to elect Lars Wollung as chairman of the board and Per Franzén as deputy chairman of the board.

Shareholders representing approximately 12.1 percent of the shares in the company requested and voted for the appointment by the Swedish Companies Registration Office of a minority shareholders' auditor to participate in the audit together with the company's auditor for the time up to and until the next AGM, as well as a special examiner for the examination of certain matters concerning the company and the company group for the financial year 2015 and the period up until the AGM.

Miscellaneous

The report for the second quarter of 2016 will be published on July 21, 2016.

Linköping, April 21, 2016

The Board of Directors

Audit report

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

CONSOLIDATED INCOME STATEMENT

SKr million	Q1 2016	Q1 2015	April–March 2015/16	April–March 2014/15	Full year 2015
License revenue	102	115	669	566	682
Maintenance and support revenue	296	291	1,179	1,079	1,174
Consulting revenue	404	374	1,554	1,466	1,524
Other net revenue	9	2	16	11	9
Net revenue	811	782	3,418	3,122	3,389
License expenses	-14	-6	-44	-42	-36
Maintenance and support expenses	-67	-74	-292	-275	-299
Consulting expenses	-311	-298	-1,213	-1,170	-1,200
Other net expenses	-7	-3	-16	-13	-12
Cost of revenue	-399	-381	-1,565	-1,500	-1,547
Gross earnings	412	401	1,853	1,622	1,842
Product development expenses	-94	-81	-346	-313	-333
Sales and marketing expenses	-176	-172	-773	-657	-769
Administration expenses	-98	-91	-374	-324	-367
Other revenue	1	0	4	3	3
Other expenses	-43	-6	-97	-30	-60
Result from associated companies and joint venture	-1	-	-3	-	-2
Other operating expenses, net	-411	-350	-1,589	-1,321	-1,528
EBIT	1	51	264	301	314
Interest expenses	-1	-2	-7	-8	-8
Other financial items	1	3	-2	-4	0
Earnings before tax	1	52	255	289	306
Tax	-1	-13	-80	-54	-92
Earnings for the period	0	39	175	235	214
Earnings for the period are allocated as follows:					
Owners of the Parent Company (SKr million)	0	37	174	235	211
Non-controlling interests (SKr million)	0	2	1	0	3
Earnings per share pertaining to Parent Company shareholders (SKr)	0.00	1.49	7.06	9.49	8.54
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	0.00	1.47	6.92	9.33	8.37
Number of shares (thousands)					
At the end of the period	24,545	24,772	24,545	24,772	24,545
At the end of the period, after full dilution	25,071	25,177	25,071	25,177	25,130
Average for the period	24,545	24,772	24,650	24,772	24,706
Average for the period, after full dilution	25,071	25,177	25,132	25,177	25,207

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Q1 2016	Q1 2015	April–March 2015/16	April–March 2014/15	Full year 2015
Earnings for the period	0	39	175	235	214
Other comprehensive income					
<i>Items not to be reversed in the income statement</i>					
Revaluation of defined-benefit pension plans	-53	-89	69	-157	33
<i>Items that can later be reversed in the income statement</i>					
Exchange rate differences	-19	32	-63	128	-12
Other comprehensive income for the period, net of tax	-72	-57	6	-29	21
Total comprehensive income for the period	-72	-18	181	206	235
Total comprehensive income allocated as follows:					
Owners of the Parent Company	-72	-20	179	206	232
Non-controlling interests	0	2	2	0	3

CONSOLIDATED BALANCE SHEET

SKr million	March 31 2016	March 31 2015	Dec. 31 2015
ASSETS			
Capitalized expenditure for product development	635	622	630
Goodwill	540	479	512
Other intangible fixed assets	134	78	99
Intangible fixed assets	1,309	1,179	1,241
Tangible fixed assets	117	121	119
Participations in associated companies and joint venture	1	3	2
Deferred tax receivables	159	180	130
Other long-term receivables and other participations	26	28	25
Financial fixed assets	186	211	157
Non-current assets	1,612	1,511	1,517
Accounts receivable	597	650	777
Other receivables	348	370	306
Cash and cash equivalents	547	540	533
Current assets	1,492	1,560	1,616
Assets	3,104	3,071	3,133
EQUITY AND LIABILITIES			
Share capital	499	499	499
Other capital contributed	694	695	692
Accumulated earnings, including earnings for the period and other reserves	71	149	221
Shareholders' equity pertaining to Parent Company shareholders	1,264	1,343	1,412
Non-controlling interests	1	0	1
Shareholders' equity	1,265	1,343	1,413
Liabilities to credit institutions	0	0	0
Pension obligations	172	271	109
Other provisions and other liabilities	52	12	36
Non-current liabilities	224	283	145
Accounts payable	84	105	104
Liabilities to credit institutions	220	103	172
Other provisions and other liabilities	1,311	1,237	1,299
Current liabilities	1,615	1,445	1,575
Liabilities	1,839	1,728	1,720
Equity and liabilities	3,104	3,071	3,133
Pledged assets	25	882	23
Contingent liabilities	19	18	19

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, 2015	499	694	12	157	1,362	-2	1,360
Total comprehensive income for the period	-	-	32	-52	-20	2	-18
Share-based payments	-	1	-	-	1	-	1
Closing balance March 31, 2015	499	695	44	105	1,343	0	1,343
Opening balance January 1, 2016	499	692	0	221	1,412	1	1,413
Total comprehensive income for the period	-	-	-19	-53	-72	-	-72
Share-based payments	-	2	-	-	2	-	2
Dividend	-	-	-	-78	-78	-	-78
Closing balance March 31, 2016	499	694	-19	90	1,264	1	1,265

CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Q1 2016	Q1 2015	April–March 2015/16	April–March 2014/15	Full year 2015
Earnings before tax	1	52	255	289	306
Adjustments for items not included in the cash flow	79	50	267	200	238
Cash flow from operations before change in working capital	80	102	522	489	544
Change in working capital	100	35	67	-38	2
Cash flow from current operations	180	137	589	451	546
Acquisition of intangible fixed assets	-56	-54	-200	-198	-198
Acquisition of subsidiaries	-69	-	-180	0	-111
Cash flow from other investment operations	-9	-11	-39	-45	-41
Cash flow after investment operations	46	72	170	208	196
Dividend distributed	-78	-	-189	-87	-111
Repurchase of own shares	-	-	-69	-	-69
Cash flow from other financing operations	50	-35	114	-55	29
Cash flow for the period	18	37	26	66	45
Cash and cash equivalents at the beginning of the period	533	489	540	431	489
Exchange rate differences in cash and cash equivalents	-4	14	-19	43	-1
Cash and cash equivalents at the end of the period	547	540	547	540	533

CONSOLIDATED ORGANIC NET REVENUE AND OPERATING EXPENSES

SKr, million	Q1				
	Actual 2016	Translation effect	Structural changes	Adjusted 2016	Actual 2015
NET REVENUE					
License revenue	102	3	-1	104	115
Maintenance and support revenue	296	10	-3	303	291
Total product revenue	398	13	-4	407	406
Consulting revenue	404	13	-5	412	374
Net revenue (including other net revenue)	811	25	-12	824	782
OPERATING EXPENSES					
Operating expenses	810	26	-13	823	731
EBIT	1	-1	1	1	51
Other income/costs net	-6	0	-	-6	-2
Capital gains/losses	-	-	-	0	0
Exchange rate gains/losses	-2	0	-	-2	-4
Restructuring costs/redundancy costs	-35	-1	-	-36	0
Amortization of capitalized product development	-50	-	0	-50	-44
Amortization of acquired intangibles	-9	0	1	-8	-9
Other amortization/depreciation	-9	0	-	-9	-8
Capitalized product development	56	0	0	56	55
Adjusted operating expenses	755	25	-12	768	719
Adjusted EBITDA	56	0	0	56	63
Adjusted EBITDA/net revenue	7%			7%	8%

CONSOLIDATED SEGMENT REPORTING, FIRST QUARTER

SKr million	Europe North		Europe West		Europe Central	
	2016	2015	2016	2015	2016	2015
License revenue	24	35	13	16	15	11
Maintenance and support revenue	100	97	65	65	31	28
Consulting revenue	175	168	60	51	55	46
Other net revenue	0	0	2	1	1	0
Total external revenue	299	300	140	133	102	85
Internal revenue	5	6	17	19	7	10
Total revenue	304	306	157	152	109	95
External operating expenses	-185	-189	-107	-113	-80	-70
Internal operating expenses	-25	-26	-11	-8	-11	-6
Other revenue and expenses, net	-26	1	-2	-1	0	0
Operating expenses	-236	-214	-120	-122	-91	-76
EBIT, undistributed	68	92	37	30	18	19
Numbers of employees						
Average for the period	470	461	341	324	251	231
At the end of the period	477	464	344	321	252	232

SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2016	2015	2016	2015	2016	2015
License revenue	12	9	23	28	15	16
Maintenance and support revenue	17	17	62	64	21	20
Consulting revenue	16	18	72	65	26	26
Other net revenue	0	0	5	0	1	1
Total external revenue	45	44	162	157	63	63
Internal revenue	4	5	13	15	4	4
Total revenue	49	49	175	172	67	67
External operating expenses	-40	-41	-135	-125	-65	-59
Internal operating expenses	-2	-1	-4	-6	-5	-4
Other revenue and expenses, net	0	-3	-2	0	0	-1
Operating expenses	-42	-45	-141	-131	-70	-64
EBIT, undistributed	7	4	34	41	-3	3
Numbers of employees						
Average for the period	204	207	294	280	275	268
At the end of the period	203	206	295	281	274	271

SKr million	Corporate items *		GROUP	
	2016	2015	2016	2015
License revenue	-	-	102	115
Maintenance and support revenue	-	-	296	291
Consulting revenue	-	-	404	374
Other net revenue	0	0	9	2
Total external revenue	0	0	811	782
Internal revenue	-50	-59	-	-
Total revenue	-50	-59	811	782
External operating expenses	-155	-128	-767	-725
Internal operating expenses	58	51	-	-
Other revenue and expenses, net	-13	-2	-43	-6
Operating expenses	-110	-79	-810	-731
EBIT, undistributed	-160	-138	1	51
Numbers of employees				
Average for the period			1,029	947
At the end of the period			1,050	957

* Undistributed corporate revenue and expenses, including eliminations.

INCOME STATEMENT OF THE PARENT COMPANY

SKr million	Q1 2016	Q1 2015	April–March 2015/16	April–March 2014/15	Full year 2015
Net revenue	9	5	32	19	28
Administration expenses	-13	-8	-39	-27	-34
Other operating expenses	-1	-	-28	-	-27
EBIT	-5	-3	-35	-8	-33
Result from participations in subsidiaries	0	0	199	118	199
Financial revenue	12	8	54	54	50
Financial expenses	-2	-5	-7	-40	-10
Earnings before tax	5	0	211	124	206
Tax	-1	0	-9	-14	-8
Earnings for the period	4	0	202	110	198

BALANCE SHEET OF THE PARENT COMPANY

SKr million	March 31 2016	March 31 2015	Dec. 31 2015
ASSETS			
Participations in subsidiaries	1,197	994	1,197
Deferred tax receivables	3	2	2
Receivables in subsidiaries	1	2	1
Other long-term receivables and other participations	2	2	2
Financial fixed assets	1,203	1,000	1,202
Non-current assets	1,203	1,000	1,202
Receivables in subsidiaries	773	798	790
Prepaid expenses and accrued income	10	6	13
Cash and cash equivalents	185	268	225
Current assets	968	1,072	1,028
Assets	2,171	2,072	2,230
EQUITY AND LIABILITIES			
Share capital	499	499	499
Statutory reserve	573	573	573
Retained earnings, including earnings for the period and share premium reserve	417	476	491
Shareholders' equity	1,489	1,548	1,563
Provisions for pensions and similar commitments	13	7	11
Non-current liabilities	13	7	11
Liabilities to credit institutions	220	103	172
Liabilities to subsidiaries	421	379	418
Other liabilities	28	35	66
Current liabilities	669	517	656
Shareholders' equity and liabilities	2,171	2,072	2,230

OUTSTANDING SHARES

	Series A	Series B	TOTAL
Number of shares on January 1, 2016	1,029,341	23,942,489	24,971,830
Number of shares on March 31, 2016	1,029,341	23,942,489	24,971,830
Repurchase of shares, in own custody	-	-426,600	-426,600
Number of outstanding shares on March 31, 2016	1,029,341	23,515,889	24,545,230
Number of voting rights on March 31, 2016	1,029,341	2,351,589	3,380,930
Additional shares after full dilution	-	525,417	525,417
Number of shares on March 31, 2016 after full dilution	1,029,341	24,041,306	25,070,647

KEY FIGURES FOR THE GROUP

		Q1 2016	Q1 2015	April–March 2015/16	April–March 2014/15	Full year 2015
Revenue indicator						
Net revenue per employee	SKr, '000	283	288	1,218	1,169	1,223
Expense and expenditure indicators						
Product development expenses/net revenue	%	12%	10%	10%	10%	10%
Sales and marketing expenses/net revenue	%	22%	22%	23%	21%	23%
Administration expenses/net revenue	%	12%	12%	11%	10%	11%
Amortization and depreciation	SKr, M	-68	-61	-266	-246	-259
of which amortization of capitalized product development expenditure	SKr, M	-50	-44	-192	-178	-186
Capitalized product development expenditure	SKr, M	56	55	211	201	210
Margin indicators						
License margin	%	86%	95%	93%	93%	95%
Maintenance and support margin	%	77%	75%	75%	75%	75%
Consulting margin	%	23%	20%	22%	20%	21%
Gross margin	%	51%	51%	54%	52%	54%
EBIT margin	%	0%	7%	8%	10%	9%
Earnings margin	%	0%	7%	7%	9%	9%
Return on average operating capital	%	0%	5%	24%	30%	29%
Capital indicators						
Equity/assets ratio	%	41%	44%	41%	44%	45%
Accounts receivable (average 12 months)/net revenue (rolling 12 months)	%	19%	18%	19%	18%	18%
Interest-bearing liabilities	SKr, M	392	374	392	374	281
Liquidity indicators						
Net liquidity	SKr, M	327	437	327	437	361
Debt/equity ratio	times	0.3	0.3	0.3	0.3	0.2
Employees						
Average for the period		2,864	2,718	2,807	2,670	2,771
At the end of the period		2,895	2,732	2,895	2,732	2,838

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 external 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 external 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	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
License revenue	102	245	141	181	115	185	132	134	107	207	114	128
Maintenance and support revenue	296	303	293	287	291	274	258	256	249	234	221	226
Consulting revenue	404	419	335	396	374	402	336	354	335	337	286	329
Other net revenue	9	1	3	3	2	6	2	1	3	4	2	3
Net revenue	811	968	772	867	782	867	728	745	694	782	623	686
License expenses	-14	-15	-5	-10	-6	-8	-13	-15	-17	-11	-7	-13
Maintenance and support expenses	-67	-74	-73	-78	-74	-76	-63	-62	-63	-59	-57	-67
Consulting expenses	-311	-319	-285	-298	-298	-308	-276	-288	-277	-270	-224	-265
Other net expenses	-7	-6	-2	-1	-3	-6	-2	-2	-2	-3	-2	1
Cost of revenue	-399	-414	-365	-387	-381	-398	-354	-367	-359	-343	-290	-344
Gross earnings	412	554	407	480	401	469	374	378	335	439	333	342
Product development expenses	-94	-84	-79	-89	-81	-75	-79	-78	-71	-69	-61	-66
Sales and marketing expenses	-176	-206	-176	-215	-172	-181	-158	-146	-150	-179	-138	-138
Administration expenses	-98	-92	-81	-103	-91	-85	-70	-78	-79	-77	-71	-72
Other revenue	1	1	1	1	0	1	1	1	1	6	7	1
Other expenses	-43	-39	-7	-8	-6	-12	-5	-7	-11	-16	-6	-1
Result from associated companies and joint venture	-1	0	0	-2	-	-	-	-	-	58	1	0
Other operating expenses, net	-411	-420	-342	-416	-350	-352	-311	-308	-310	-277	-268	-276
EBIT	1	134	65	64	51	117	63	70	25	162	65	66
Interest expenses	-1	-2	-2	-2	-2	-2	-2	-2	-2	-3	-3	-2
Other financial items	1	0	-4	1	3	4	-7	-4	-2	1	1	-9
Earnings before tax	1	132	59	63	52	119	54	64	21	160	63	55
Tax	-1	-49	-15	-16	-13	-12	-13	-16	-6	-34	-14	-13
Earnings for the period	0	83	44	47	39	107	41	48	15	126	49	42
Cash flow after investment operations	46	133	-1	-8	72	97	9	30	133	74	-38	9
Number of employees at the end of the period	2,895	2,838	2,817	2,745	2,732	2,707	2,673	2,622	2,628	2,616	2,613	2,656

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 2015.

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.

For detailed information about the accounting principles: see annual report 2015.

FINANCIAL INFORMATION 2015/16

Interim report January–June 2016	July 21, 2016
Interim report January–September 2016	October 20, 2016
Year-end report 2016	February 2017

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 2,800 employees. IFS supports more than 2,400 customers worldwide from local offices and through partners in more than 60 countries.

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