

# INTERIM REPORT FROM IBS

## JANUARY-MARCH 1998

21 APRIL 1998

- **Revenue grew by 30%**
- **Pre-tax profits increased from SEK 22m to 26m**
- **Profit per share grew by 37%**
- **The 12 month operating margin is forecasted to improve**
- **IBM has selected IBS as a preferred global business partner for customers within Wholesale Distribution**

*(The currency used in this report is the Swedish Krona)*

### **INTERNATIONAL BUSINESS SYSTEMS (IBS) PUBLIKT AB**

#### **Revenue grew by 30%**

#### **Market**

The market for IBS' software and services continued to grow. Our operations in the US, France, Belgium and Norway showed particularly strong revenue increases. According to plan, the Swedish operations emphasised consolidation and margin improvements.

Our business has gradually focused on business systems to wholesale distribution customers and to manufacturers with short lead times. IBM has also selected IBS as a global preferred solution provider for companies within Wholesale Distribution.

#### **Quarterly analysis**

Comparisons between the first quarters in 1997 and 1998 are difficult due to the following facts.

1. In 1997, the Easter holidays came already in the first quarter which decreases comparative revenue and profits figures in this year.
2. New yearly usage fees for our software packages are now being recorded in the last quarter, which thus delays revenue and profit recognition of licence fees.
3. IBM changed channel strategy for the AS/400 server away from an agent to a reseller status, which increases revenues in 1998.

Overall, these three factors even out from a profit and revenue point of view.

## **Revenue and capacity**

Compared to last year, revenue grew from 304m to 396m or by 30%. The number of staff grew by 242 people, giving a total staff number of 1,506. IBS Holland was started up in Eindhoven as the 14th IBS country. In order to support our business partner network, support centres were opened up in Kuala Lumpur, Malaysia for South East Asia and in Bogota, Colombia for Latin America.

## **Software**

Development and testing of a new release of IBS' standard software were finalised. The new product incorporates support for EU's requirements for euro compliant systems. The product, which also has a completely new user interface written in the JAVA language, will start selling after summer and is expected to increase software licence revenues even further.

The joint project with IBM to develop a new platform for the next generation of JAVA based business systems is progressing according to plan. Based on IBS' leading role in this project, we are currently negotiating strategic product alliances with other software vendors.

## **Results**

Income after financial items grew to 26m (22m). The measures taken to improve the profitability are already showing positive effects. For 1998, we plan for a continued strong growth and substantially improved operating margins. The average corporate tax rate is estimated at 11%. For the first quarter profit per share is calculated at SEK 1.62 (1.18), an increase of 37%.

## **Financial position**

Group investments in machinery and equipment was 8m (7m). Cash and liquid assets at 31 March amounted to 86m (78m). The current assets to current liabilities ratio was 140% (119%). Adjusted equity covered 41% (28%) of total assets.

## **Proposed Board of Directors**

Shareholders representing some 46% of all votes at the Annual General Meeting have stated that they will support re-election of the Board. However, Mr. Øystein Tvenge, has declined re-election. The shareholders propose that Mr Kai Hammerich, Director-General of the Invest in Sweden Agency, be elected as new Member of the Board.

## **Information schedule**

\*The Annual Report and summons to the AGM is distributed along with this interim report.

\*A report from the AGM is due on 15 May.

\*Interim reports are due on 17 July and 20 October.

\*The year end report is scheduled for 27 January, 1999.

Solna, 21 April, 1998.

Staffan Ahlberg

Group Managing Director

*Questions concerning this report should be directed to the Group Managing Director,  
tel. +46-8-627 24 20.*

(This interim report has not been audited.)

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