

PRESS RELEASE

Halmstad, 3 February 2016

HMS Industrial Networks AB acquires eWON SA, Belgium

HMS Industrial Networks AB, a wholly owned subsidiary of HMS Networks AB (publ), has signed an agreement to acquire all of the shares of the Belgium-based company eWON SA – a leading IIoT (Industrial Internet of Things) player and provider of intelligent Internet-based remote access routers. The purchase price amounts to EUR 30 million on a cash-free/debt-free basis, to be paid in a combination of cash and shares in HMS Networks AB (publ).

About eWON and the transaction

eWON was founded in 2001 and is headquartered in Nivelles, Belgium. With subsidiaries in the USA and Japan, eWON offers cutting edge communication products and services for industrial applications such as for remote access to programmable logic controllers (PLCs), data collection applications and cloud-based routing software. eWON works with major manufacturers of PLC and automation systems globally.

“We see great opportunities to further strengthen our business and technology platform by gaining access to HMS’s well-established development organization and sales channels,” says Serge Bassem, CEO and co-founder of eWON. “We are excited to be joining HMS. Its knowledge in industrial communication will be a great asset for our ongoing development projects and new technologies in future,” says Pierre Crokaert, CTO and co-founder.

“eWON’s products are great complements to HMS’s product range,” says Staffan Dahlström, CEO of HMS Networks AB. “Its strong position primarily in the market for remote access to PLCs providing a secure “data tunnel” between a software application and a remote machine will complement and reinforce HMS’s existing remote management offering in the form of Netbiter. eWON is world-leading when it comes to PLC remote access and joining the two teams and operations will create a strong market position and unique value proposition to our OEM partners and worldwide customer universe.”

With more than 15 years of experience, eWON is a fast-growing and leading player in the market for intelligent Internet-based remote access routers. The company employs 57 people of which 13 are product development engineers. eWON has a world-wide sales network with distributors in 45 countries.

Terms and time schedule

The acquisition is expected to be completed on 5 February 2016 on which date 60 per cent of the shares in eWON will be acquired directly from the sellers – Serge Bassem and Pierre Crokaert – and 40 per cent of the shares will be acquired indirectly through the acquisition of all of the shares in FAR SPRL, a Belgian limited liability company, whose only business activity is the holding of shares in eWON, wholly owned by the sellers. The acquisition does not require any regulatory clearances. eWON will be consolidated into the HMS Group as of 1 February 2016.

The acquisition will be financed through new credit facilities and the issuance of new shares in HMS Networks AB (publ) to the sellers. The purchase price amounts to EUR 30 million on a cash-free/debt-free basis, EUR 10 million of which will be paid in 382 317 newly issued shares in HMS Networks AB (publ) against payment of 431 shares in eWON. The share issue is made in accordance with the authorization from the 2015 Annual General Meeting in HMS Networks AB (publ) and subject to a lock-up period of 12 months after the closing date in respect of one third of the new shares and 18 months after the closing date in respect of the remaining two thirds of the new shares. The remaining part of the purchase price will be paid in cash and adjusted for the net debt and working capital position on closing. While Serge Bassem and Pierre Crokaert will continue to lead eWON in their current roles, the two company founders will through the transaction become also two of the top ten shareholders in HMS Networks AB (publ) with an approximate holding of 1.63 % of all outstanding shares each. The new share issue corresponds to a dilution of existing shareholders of approximately 3.27 %.

Financial information

In 2014, eWON and its subsidiaries had net sales of EUR 12.3 million and EBITDA of EUR 2.1 million. In 2015, based on eWON's preliminary accounts for 2015, eWON had net sales of approximately EUR 15.3 million and EBITDA of approximately EUR 3.3 million.

The acquisition of eWON is expected to have an accretive effect on the earnings per share in HMS Networks AB (publ) already in 2016 and onwards.

Acquisition rationale and future development

eWON's strong position on the European and US markets is expected to widen HMS's customer base and to provide a stronger footprint on the market for remote management of PLCs. The acquisition will strengthen HMS's existing Netbiter position and create complementing sales channels. The additional engineering resources and experience are important additions to HMS's current offering, and eWON's world-wide distribution sales channels will give HMS access to a wider market. In addition, HMS's experience within manufacturing and logistics will provide opportunities for improved efficiency and sustained profitability in eWON.

With this acquisition, HMS will become a market leader in providing remote access and remote monitoring within the industrial communications market. The acquisition gives HMS access to a successful distribution network in Europe and North America and adds around 15 development engineers to HMS's total R&D resources. The extended R&D resources are expected to increase flexibility generating opportunities to develop new solutions in the area of remote management.

HMS Networks AB (publ) will publish its Financial Report 2015 on 5 February 2016.

Ellestad AB is acting as financial advisor, Advokatfirman Lindahl KB and Janson Baugniet are acting as legal counsel and EY is acting as financial due diligence advisor to HMS. Deloitte Belgium is acting as financial advisor and financial due diligence advisor, and LAGA is acting as legal counsel to the sellers.

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This information is such that HMS Networks AB (publ) is required to disclose in accordance with the Swedish Financial Instruments Trading Act and/or the Swedish Securities Market Act. The information was submitted for publication at 08.30 am CET on February 3, 2016.

HMS Networks AB (publ) is a market-leading supplier of products for industrial communication including remote management. HMS develops and manufactures solutions for connecting automation devices and systems to industrial networks under the Anybus, IXXAT and Netbiter brands. Development and manufacturing take place at the headquarters in Halmstad, Sweden and in Ravensburg, Germany. Local sales and support are handled by sales offices in China, France, Germany, Switzerland, India, Italy, Japan, UK, and USA. HMS employs more than 370 people and reported sales of SEK 589 m in 2014. HMS is listed on the NASDAQ OMX Nordic Exchange in Stockholm in the category Mid Cap, Information Technology.