

hms networks

INTERIM REPORT 2014

JANUARY - SEPTEMBER 2014

First nine months

- ❑ Net sales for the first nine months increased with 15 % reaching SEK 433 m (375), corresponding to a 11 % increase in local currencies
- ❑ Operating profit reached SEK 80 m (73), equal to a 18 % (20) operating margin
- ❑ Order intake for the first nine months increased to SEK 448 m (384) corresponding to a 13 % increase
- ❑ Cash flow from operating activities amounted to SEK 67 m (65)
- ❑ Profit after taxes totaled SEK 54 m (53) and result per share amounted to SEK 4.76 (4.70)
- ❑ Net sales for the last twelve months amounted to SEK 559 m (463) corresponding to a 17 % increase in local currencies. Operating result amounted to SEK 93 m (79) corresponding to a 17 % (17) operating margin

Third quarter

- ❑ Net sales for the third quarter reached SEK 152 m (140) corresponding to a 9 % increase. Operating result reached SEK 37 m (32)
- ❑ Order intake during the third quarter was SEK 148 m (125)



CEO comments

During the third quarter, HMS could present new record levels for net sales and operating result despite an increased precaution and hesitance in our market during recent months. Our Anybus products continue to perform well and sales are at a steady level. The IXXAT operations, acquired in the beginning of 2013, grows and develops well while our solutions for Remote Management under the brand name Netbiter is not gaining the expected momentum although the product continues to generate interest from the market.

The strong development on the Japanese market continues. The important German market had a solid development during the first nine months although we see indications of a weaker development going forward. Our sales on the US market shows a slightly positive development.

Increasing sales volumes and a retained strong gross margin enable us to show a higher gross profit compared to the previous year. Despite increasing operating expenses, mainly due to a lower level of capitalized development expenses compared to 2013, we can present an improved operating result for the first nine months and for the third quarter.

After closing the third quarter, HMS acquired a product line for wireless communication from the Swiss company u-blox AG. This acquisition was an asset deal and HMS takes over product rights, Intellectual Property and existing customer base for these products. In 2013, this product line generated an annual turnover of approximately SEK 9 m. These products will be offered to the market under our Anybus brand. We see wireless communication as an important area for industrial applications going forward. Gaining acceptance for wireless communication within industrial applications is a long process

but we can see progress in this field, primarily in the areas of diagnostics and monitoring. We can also see a major potential in the area of connecting existing equipment —retrofitting— in areas without existing infrastructure for communication. The increasing demand to connect more and more devices, driven by trends like “Internet of things” and “industry 4.0,” will increase the need for wireless connectivity and this product line will represent a foundation in our future investment in the area of wireless communication.

We assume a cautious approach to the market development and we consider the conditions for a long-term growth as positive.

Our focus remains to grow our three product brands Anybus, Netbiter and IXXAT. We continue to balance our long-term growth strategy with a restrictive approach to expenses and new resources. In the long term, we consider the market for industrial data communication and remote monitoring to be interesting growth areas and we continue to focus on our motto “Connecting devices”.

“HMS acquired a product line for wireless communication, an area we consider to be important for industrial applications in the future”

Staffan Dahlström,
CEO, HMS Networks AB



Quarterly data	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	2014	2014	2014	2013	2013	2013	2013	2012
Net sales (SEK m)	152	141	139	126	140	128	107	87
Order intake (SEK m)*	148	153	148	132	125	140	119	100
Operating profit (SEK m)	37	21	22	13	32	27	14	6
Gross margin (%)	63.0	61.9	62.1	63.7	63.4	62.2	61.0	57.6
Operating margin (%)	24.4	14.8	15.5	10.7	23.0	21.3	12.8	7.2
Return on capital (%)	26.0	14.3	14.9	10.3	26.4	23.4	10.7	16.3
Earnings per share (SEK)	2.28	1.22	1.27	0.84	2.07	1.80	0.82	0.86
Equity per share (SEK)	36.17	33.93	34.73	33.42	32.28	30.41	31.18	30.21
Cash flow for operating activities per share (SEK)	2.56	2.57	0.81	2.18	2.81	1.40	1.52	1.67

* Information for Q1 and Q2 2014 has been adjusted in relation to information previously communicated with SEK -19 m for Q1 and SEK -17 m for Q2. For more information see page 4.

Net sales

Net sales for the last twelve months amounted to SEK 559 m (463) corresponding to a 21 % increase. In total the revaluation of the Swedish currency in relation to the major HMS currencies had a SEK 16 m positive impact on net sales compared to the previous twelve month period. The order intake for the last four quarters amounted to SEK 580 m (484).

Net sales for the first nine months amounted to SEK 433 m (375) corresponding to a 15 % increase. Adjusted for a SEK 16 m positive fluctuation in currencies the increase was 11 %. Order intake for the first nine months was SEK 448 m (384).

Net sales for the third quarter 2014 totalled to SEK 152 m (140), corresponding to a 9 % increase compared to the same quarter the previous year. Adjusted for a SEK 8 m positive currency effect the volume increase was 3 % in local currencies. Order intake increased with SEK 23 m to SEK 148 m (125), of which SEK 147 will be delivered during the upcoming twelve months. In local currencies order intake during the third quarter increased with 12 %.

Operating profit

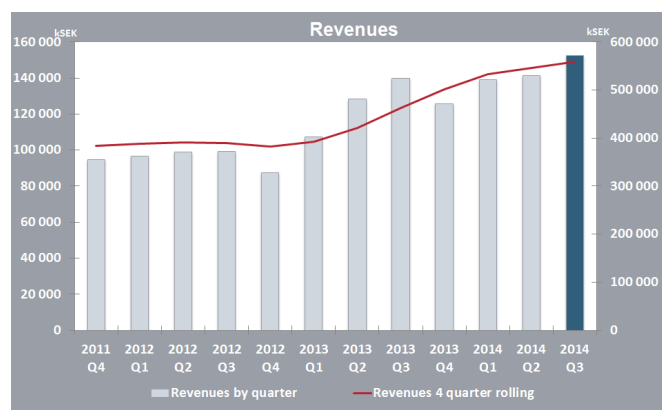
Operating profit totalled to SEK 93 m (79) for the last four quarters, equivalent to an operating margin of 17 % (17). Currency effects had a SEK 5 m positive impact on the operating result compared to the previous year.

Operating profit for the first nine months amounted to SEK 80 m (73), corresponding to an 18 % (20) operating margin. Currency fluctuations compared to the same period the previous year had a SEK 5 m positive impact.

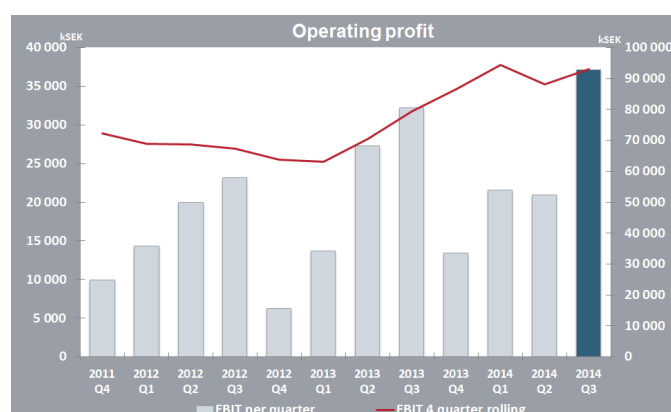
The operating profit for the third quarter 2014 totalled to SEK 37 m (32), corresponding to a 24 % (23) operating margin. On Group level changes in exchange rates had a SEK 3 m positive impact compared to the same period the previous year.

Equity

The Group's equity amounted to SEK 409 m (365). The total number of shares at the end of the year was 11,322,400. The Group's equity/assets ratio amounted to 50 % (47).



The graph shows turnover per quarter on the bars referring to the scale on the left axis. The line shows turnover for the latest 12 month period referring to the scale on the axis to the right.



The graph shows operating result per quarter in the bars referring to the scale on the left axis. The line shows operating result for the last 12 month period referring to the scale on the axis to the right.

Tax

The tax charge for the first half-year was SEK 16 m (16). The tax charge for the current period has been calculated on the basis of the tax situation applying to the Group at present and the profit development of the reporting entities belonging to the Group.

Change in Group Equity (SEK 000s)	Sep 30 2014	Sep 30 2013	Dec 31 2013
Balance at 1 January	377,557	342,056	342,056
Total comprehensive income for the period	55,635	51,464	64,127
Repurchase of own shares	0	-3,895	-3,895
Share-related payment	894	543	744
Dividends	-25,406	-25,475	-25,475
Closing balance	408,680	364,693	377,557

Currency effects

Assets and liabilities in foreign currencies are revaluated at closing date. Currency hedging contracts are revaluated at the date of closing and are also affecting the result on the date of expiration. Changes in book value due to revaluation of operating balance sheet items and currency hedging contracts are disclosed as other operating income and other operating expenses. Changes in book value related to assets in foreign currencies i.e. liquid funds, are disclosed as financial income and expenses. Net sales and expenses are affected by changes in exchange rates. This will have an impact on income and costs.

Net sales for the first nine months consist of 64 % in EURO, 23 % in USD, 7 % in Japanese Yen and 6 % in SEK and other currencies. Cost of goods sold consists of 71 % in EURO, 18 % in USD and 1 % in Japanese Yen. Operating expenses consists of 39 % in EURO, 9 % in USD, 3 % in Japanese Yen and 49 % of SEK and other currencies.

The Group applies a policy for currency hedging described in the annual report.

Cash flow, investments and financial position

Cash flow from operating activities in the first nine months 2014 amounted to SEK 67 m (65).

The investments in tangible assets for the nine month period totalled SEK 2 m (3). Investments in intangible assets for the period totalled SEK 22 m (40) and comprise internal development costs. Capitalized expenses is to the majority related to the development of new technology platforms. As several new technology platforms recently were completed a comparably smaller part of the Groups development expenses was capitalized during the period. Depreciation on capitalized development costs amounted to SEK 15 m (8) during the period.

The acquisition of IXXAT in February 2013 has generated a SEK 255 m overvalue before tax for the group of which SEK 144 m is allocated to technology platforms, customers and brand name included in the acquisition. During the first nine months 2014 depreciation on purchase price allocated to assets acquired was reflected with SEK 5 m in the income statement.

To balance the Group's currency exposure a 32 m€ loan was used to finance the acquisition made in the first quarter 2013. At the end of the period the loan amounted to 26 m€.

At the end of the period the cash equivalents totalled SEK 24 m (25) and unutilized credit facilities SEK 13 m. The Group's net debt amounted to SEK 233 m (244). The group's long term debt is amortized with SEK 36 m annually. During the first nine months 2014 SEK 27 m (17) was amortized. During the second quarter HMS distributed dividend payments to its shareholder equal to SEK 2.25 per share (2.25), in total SEK 26 m. Subsequent to the period ending September 30, 2014 HMS

acquired a product line for wireless gateways from the Swiss company u-blox. The acquisition has no material impact on the company's liquidity and financial position.

Important events

- ❑ The HMS Annual General Meeting was held on Friday April 25, 2014
- ❑ HMS and Nokia showcase an energy saving solution for telecom base station at a trade show in Turkey
- ❑ HMS receives a EURO 0.6m order to connect vibration sensors to industrial networks
- ❑ HMS acquires a product line of wireless gateways from the Swiss company u-blox
- ❑ The order intake reported for the first six months of 2014 was overstated with 11 %. The correct order intake for Q1 was SEK 19 m lower and for Q2 SEK 17 m lower than previously communicated. After the adjustment the growth in order intake was 12 %.

Outlook

The HMS Group long term growth is supported by a continued inflow of design-wins, a broader product offering within the Gateway product family and Remote Management, supplementary technology platforms from IXXAT, a stronger customer focus and an expansion of the HMS sales channels according to the existing strategy.

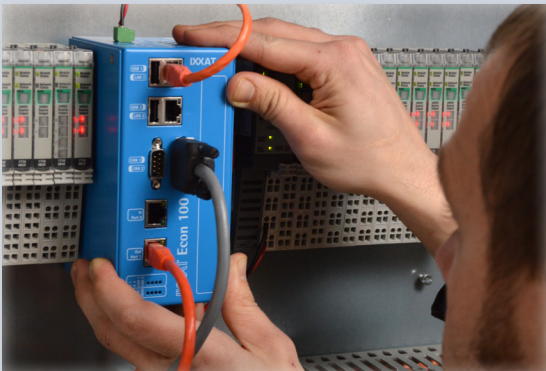
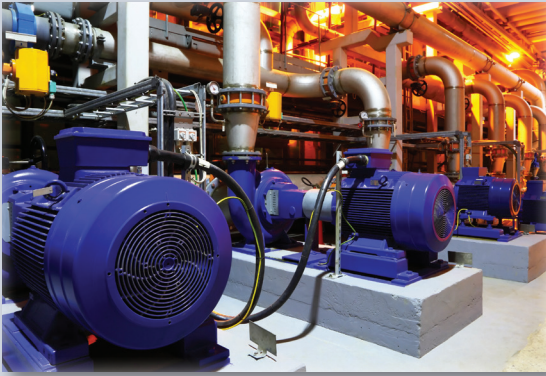
At present the global market for HMS products is viewed as irregular with cautiously positive undertones. The effect on the market for HMS product offer and currency effects are difficult to predict but HMS overall goals are unchanged: A long term average growth of 20 % per year and an operating margin above 20 %.

HMS Networks AB's share

HMS Networks AB (publ) is listed on the Nasdaq OMX Stockholm Small Cap list, in the Information Technology sector. The total number of shares amounted to 11,322,400 of which 24,939 shares are held by the company.

The parent company

The Parent Company's operations are primarily focused on Group-wide management and financing. Apart from the Group's CEO, the Parent Company has no employees. The operating profit for the first nine months 2014 amounted to SEK 0 m (0). Cash and cash equivalents amounted to SEK 0.2 m (0.1) and borrowing amounted to SEK 0 m (0).



Short of the company

Strategies

Growth strategy - HMS's main focus is on organic growth. Expansion on existing markets will be through improved and extended product ranges, new technology, high level of service and new sales channels. A certain degree of growth can be through the selective acquisition of businesses that will be a valuable complement to the company's organic growth strategy.

Development strategy - The Company's core expertise is made up of an extensive understanding of industrial network communication. Based on this competence in combination with an extensive network of customers, suppliers and external partners the existing and new product offers and solutions are developed for the best possible customer benefits.

Product strategy - HMS markets four product lines, which to a certain degree are based on a common technical platform:

- Anybus Embedded – Embedded network interface cards
- Anybus Gateways – Communication translators between different networks and for wireless communication
- IXXAT – Communication platforms for industrial machines and equipment
- Netbiter Remote Management – Remote monitoring and controlling of industrial devices

Production strategy - HMS maintains an in-house low-volume production of Anybus products in Halmstad. Volume production takes place in close partnership with subcontractors in Europe and Asia in order to achieve flexible costs and to make use of economies of scale.

Marketing strategy - The Anybus network interface cards are marketed and sold to players in industrial and infrastructure automation and Anybus Gateways to system integrators, machine manufacturers and end-users in industrial and infrastructure automation. IXXAT communication platforms are marketed and sold to machine builders of industrial applications, medical equipment and the automotive industry. Netbiter products are marketed and sold to a wide range of customers, from device manufacturers to owners of installations in need of remote management.

Sales strategy - Sales take place via the company's sales offices on defined key markets in 10 countries. Sales on the company's other markets, in some 50 countries, takes place via agents/ distributors.

Business model

HMS has designed its business models to fit each market and product line. For the Embedded market, most business is via framework agreements (i.e. design-wins). The sales cycle is relatively long and the design phase is performed in close cooperation with the customer. After that, there is steady revenue over a long period of time. For Gateways and Remote Management, the business model is more traditional, with a short business cycle and manufacturing based on customer orders. IXXAT uses a mix of the above mentioned business models.

HALMSTAD COVENTRY PUNE
GOTHENBURG BEIJING TOKYO
COPENHAGEN WEINGARTEN
KARLSRUHE CHICAGO PARIS
MILAN BOSTON MULHOUSE LA

Accounting policies

This report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34, for Interim Reporting. Amendments to existing standards, new interpretations and new standards that came into effect as of January 1, 2014 did not affect the Groups reporting as of September 30, 2014.

HMS continues to apply the same accounting principles and valuation methods as those described in the most recent Annual Report. The parent company report is prepared in accordance with RFR 2, accounting for legal entities, and the Swedish Annual Accounts Act and accounting principles and the valuation methods as those described in the most recent Annual Report.

Risk management

The HMS Group is exposed to business and financial risks through its operations. These risks have been described at length in the Company's annual report 2013. In addition to the risks described in these documents, no additional significant risks have been identified.

Nomination committee

In accordance with principles adopted at HMS 2014 annual general meeting, the following persons have been assigned to be a part of the Nomination Committee: Jan Svensson, Investment AB Latour, representing 27 % of the shares, Staffan Dahlström representing 14 % of the shares, Evert Carlsson, Swedbank Robur Fonder AB representing 10 % of the shares and Urban Jansson, Chairman of the Board. The Nomination Committee has appointed Jan Svensson as its Chairman.

Shareholders who wish to present proposals to HMS's Nomination Committee may do so by e-mail to: valberedning@hms.se or in writing to: HMS Networks AB, Investors Relations, Att: Nomination Committee, Box 4126, SE 300 04 Halmstad, Sweden no later than February 1, 2015.

Reporting occasions

- Year-end Report 2014 will be published on February 4, 2015
- First quarter report 2015 will be presented on April 24, 2015
- Annual General Meeting will be held on April 28, 2015

Halmstad, October 28, 2014

Staffan Dahlström
Chief Executive Officer

Further information can be obtained from:
CEO Staffan Dahlström, telephone +46 (0) 35-17 29 01 or
CFO Gunnar Högberg, telephone +46 (0) 35-17 29 95

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 07.50 CET on October 28, 2014.

Report of Review of Interim Financial Information

Introduction

We have reviewed this report for the period 1 January 2014 to 30 September 2014 for HMS Networks AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Halmstad, October 28, 2014
PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

Financial accounts

	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	Q1-Q4 2013	1310-1409 12 months
Net increase in revenue (%)	8.8	41.2	15.3	27.4	31.3	20.7
Gross margin (%)	63.0	63.4	62.4	62.3	62.6	62.7
Operating margin EBIT (%)	24.4	23.0	18.4	19.5	17.3	16.7
EBITDA (SEK t)	44,101	37,137	100,252	87,007	104,759	117,851
EBITDA (%)	29.0	26.5	23.2	23.2	20.9	21.1
Return on capital employed (%)	6.2	5.5	13.1	20.9	18.4	15.5
Return on total equity (%)	26.0	26.5	18.2	20.0	17.4	16.4
Working capital in relation to sales (%)*	-0.7	13.8	-0.7	13.8	2.7	-0.7
Capital turnover rate	0.75	0.72	0.75	0.72	0.84	0.70
Debt/equity ratio	0.57	0.55	0.57	0.55	0.59	0.57
Equity/assets ratio (%)	49.9	47.3	49.9	47.3	49.0	49.9
Capital expenditure in property, plant and equipm, (SEK t)	680	963	2,170	2,666	4,493	3,997
Capital expenditure in intangible fixed assets (SEK t)	5,982	9,423	21,857	39,944	52,609	34,523
Depreciation of property, plant and equipment (SEK t)	-1,826	-1,868	-5,507	-5,479	-6,674	-6,521
Amortisation of intangible fixed assets (SEK t)	-5,124	-3,042	-15,057	-8,296	-11,438	-18,199
Number of employees (average)	351	344	352	343	344	351
Revenue per employee (SEK m)	1.6	1.3	1.6	1.3	1.5	1.6
Total equity per share, SEK	36.17	32.28	34.80	31.23	31.81	34.23
Cash flow from operations per share, SEK	2.56	2.81	5.93	5.73	7.91	8.11
Total number of shares, average, thousands	11,322	11,322	11,322	11,322	11,322	11,322
Holding of own shares, average, thousands	25	25	25	-8	12	25
Total outstanding shares, average, thousands	11,297	11,297	11,297	11,314	11,310	11,297

*The key ratio has been translated into trailing 12 month value when applicable.

Income statements

(SEK 000s)	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	Q1-Q4 2013	1310-1409 12 months
Revenue	152,316	139,967	432,894	375,387	501,145	558,652
Cost of goods and services sold	-56,325	-51,262	-162,915	-141,527	-187,229	-208,617
Gross profit	95,991	88,704	269,979	233,859	313,916	350,035
Sales and marketing costs	-32,053	-30,124	-96,671	-91,546	-128,346	-133,471
Administrative expenses	-11,360	-10,777	-38,957	-34,882	-48,442	-52,517
Research and development costs	-17,784	-14,038	-61,291	-35,229	-52,018	-78,079
Other operating income	2,792	0	6,545	2,639	2,828	6,734
Other costs	-436	-1,539	0	-1,610	-1,290	320
Operating profit	37,150	32,226	79,605	73,232	86,647	93,021
Financial income	0	0	0	0	203	203
Financial costs	-3,686	-1,748	-9,558	-4,135	-5,357	-10,780
Profit before tax	33,465	30,479	70,047	69,097	81,494	82,443
Tax	-7,687	-7,010	-16,111	-15,893	-18,744	-18,962
Profit for the period	25,778	23,469	53,936	53,205	62,750	63,481
Earnings per share, SEK	2.28	2.07	4.76	4.70	5.54	5.61

Statements of comprehensive income

(SEK 000s)	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	Q1-Q4 2013	1310-1409 12 months
Profit for the period	25,778	23,469	53,936	53,205	62,750	63,481
Other comprehensive income						
Items that may be reclassified subsequently to income statement						
Cash flow hedges	-836	660	-1,790	-2,589	-1,751	-952
Translation differences	-856	-1,981	7,181	1,535	10,004	15,650
Hedging of net investments	965	2,596	-5,238	-1,611	-9,309	-12,936
Income tax relating to components of other comprehensive income	-28	-716	1,546	924	2,433	3,055
Other comprehensive income for the period, net of tax	-755	559	1,699	-1,741	1,377	4,817
Total comprehensive income for the period	25,023	24,028	55,635	51,464	64,127	68,298

Balance sheets

(SEK 000s)	Sep 30 2014	Sep 30 2013	Dec 31 2013
ASSETS			
Goodwill	394,972	386,218	390,844
Other intangible assets	249,940	225,712	239,405
Property, plant and equipment	16,420	19,785	20,179
Deferred tax assets	805	715	724
Total fixed assets	662,137	632,430	651,152
Inventories	46,092	35,015	35,971
Trade and other receivables	66,937	61,543	53,985
Other current receivables	19,158	16,669	13,637
Cash and cash equivalents	23,921	25,011	15,818
Total current assets	156,108	138,238	119,411
TOTAL ASSETS	818,245	770,668	770,563
EQUITY AND LIABILITIES			
Equity	408,680	364,693	377,557
Liabilities			
Non-current interest-bearing liabilities	202,279	226,518	224,076
Deferred income tax liabilities	65,944	67,508	65,143
Total non-current liabilities	268,223	294,026	289,219
Interest-bearing current liabilities	54,185	42,761	35,772
Trade payables	37,991	28,986	28,342
Other current liabilities	49,166	40,202	39,673
Total current liabilities	141,342	111,949	103,787
TOTAL EQUITY AND LIABILITIES	818,245	770,668	770,563

Cash flow statements

(SEK 000s)	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	Q1-Q4 2013	1310-1409 12 months
Cash flow from operating activities before changes in working capital	34,902	35,535	75,689	63,661	85,268	97,296
Cash flow from changes in working capital	-6,008	-3,770	-8,673	1,191	4,234	-5,630
Cash flow from operating activities	28,894	31,765	67,016	64,852	89,502	91,666
Cash flow from investing activities	-6,781	-9,987	-24,146	-267,987	-324,554	-80,713
Cash flow from financing activities	-20,875	-25,226	-34,767	196,659	219,383	-12,043
Cash flow for the period	1,238	-3,448	8,103	-6,476	-15,669	-1,090
Cash and cash equivalents at beginning of the period	22,683	28,459	15,818	31,487	31,487	25,011
Cash and cash equivalents at end of period	23,921	25,011	23,921	25,011	15,818	23,921

Quarterly data

Revenue per region (SEK 000s)	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
EMEA	97,567	90,601	91,628	78,378	89,455	82,481	69,182	52,971	60,049	59,169	60,387	55,876
Americas	30,157	27,519	27,291	26,359	30,592	26,439	22,480	19,686	22,687	20,813	20,429	20,330
Asia	24,592	23,330	20,207	21,021	19,920	19,285	15,553	14,608	16,408	18,920	15,677	18,642

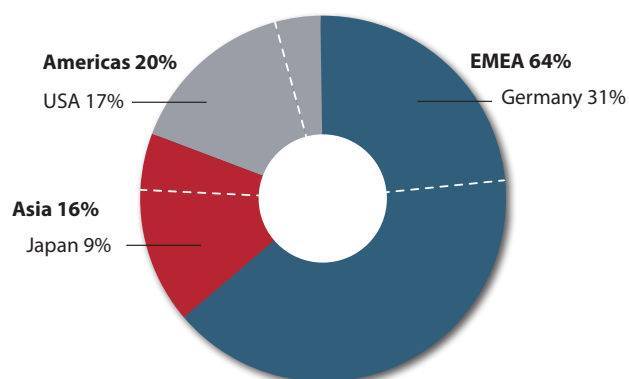
Income statement (SEK 000s)	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Revenue	152,316	141,451	139,127	125,758	139,967	128,205	107,215	87,265	99,144	98,902	96,493	94,848
Gross profit	95,991	87,618	86,369	80,056	88,704	79,709	65,446	50,269	59,382	59,953	59,766	57,686
<i>Gross margin</i>	63.0%	61.9%	62.1%	63.7%	63.4%	62.2%	61.0%	57.6%	59.9%	60.6%	61.9%	60.8%
Operating profit	37,150	20,928	21,527	13,443	32,226	27,260	13,745	6,248	23,186	19,953	14,338	9,925
<i>Operating margin</i>	24.4%	14.8%	15.5%	10.7%	23.0%	21.3%	12.8%	7.2%	23.4%	20.2%	14.9%	10.5%
Profit before tax	33,465	17,971	18,611	12,397	30,479	26,919	11,699	7,001	23,100	20,810	14,286	10,715

Sales

Sales by geographical area for the first nine months 2014 are presented in the graph to the right.

Embedded products reached 53 % (55) of the Group's total sales, IXXAT products 19 % (21), Gateway products 20 % (19) and Remote Management amounted to 3 % (3).

All product groups are based on a common technology platform and are marketed and sold in the common sales channels. Therefore, no complete segment reporting is disclosed.



Parent company income statements

(SEK 000s)	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	Q1-Q4 2013	1310-1409 12 months
Revenue	1,771	1,590	6,027	5,651	7,845	8,221
Cost of sales and services	0	0	0	0	0	0
Gross profit	1,771	1,590	6,027	5,651	7,845	8,221
Administrative expenses	-1,771	-1,590	-6,026	-5,657	-7,833	-8,202
Operating profit	0	0	1	-7	12	19
Interest income, dividends and similar items	0	50,000	0	50,007	50,009	2
Interest expense and similar items	0	0	-1	0	0	-1
Profit before tax	0	50,000	0	50,000	50,020	20
Tax	0	0	-2	0	-4	-6
Profit of the period	0	50,000	-2	50,000	50,016	14

Parent company balance sheets

(SEK 000s)	Sep 30 2014	Sep 30 2013	Dec 31 2013
ASSETS			
Financial fixed assets	244,039	244,039	244,039
Total financial fixed assets	244,039	244,039	244,039
Other receivables	428	371	247
Cash and cash equivalents	243	126	808
Total current assets	670	497	1,056
TOTAL ASSETS	244,709	244,536	245,095
EQUITY AND LIABILITIES			
Equity	118,524	143,915	143,931
Untaxed reserves	8	8	8
Liabilities			
Trade payables	58	24	535
Liabilities to Group companies	124,153	98,597	99,321
Other current liabilities	1,966	1,992	1,299
Total current liabilities	126,177	100,613	101,155
TOTAL EQUITY AND LIABILITIES	244,709	244,536	245,095

Definitions

Capital employed

Total assets less non interest bearing current liabilities and provisions, as well as total deferred tax liabilities.

Capital turnover rate

Operating income in relation to total assets.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

Earnings per share

Share of the profit after tax attributable to the parent company's shareholders in relation to the average number of outstanding shares.

Earnings per share after dilution

Share of the profit after tax attributable to the parent company's shareholders in relation to the average number of outstanding shares with addition for the average number of shares that are added when converting the outstanding number of convertible securities and options.

Equity/assets ratio

Shareholders' equity in relation to total assets.

Net debt

Long-term and current financial liabilities less financial assets.

Net debt/equity ratio

Net debt in relation to shareholders' equity including non-controlling interests.

Number of outstanding shares

Number of registered shares less shares bought back, which are held by the company.

Operating margin

Operating income in relation to net sales.

Return on capital employed

Share of the profit after financial income in relation to the average capital employed.

Return on shareholders' equity

Share of profit after tax attributable to the parent company's shareholders in relation to the average shareholders' equity excluding non-controlling interests.

Total equity per share

Total equity attributable to the parent company's shareholders in relation to total outstanding shares by the end of the period.

Working capital

Current assets less cash equivalents and current liabilities.



HMS Industrial Networks is the leading independent 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 Netbiter, Anybus and IXXAT brands.

Development and manufacturing take place at the headquarters in Halmstad, Sweden and in Weingarten, Germany. Local sales and support are handled by branch offices in China, Denmark, France, Germany, India, Italy, Japan, UK, and USA. HMS employs over 350 people and reported sales of 58 million EUR in 2013. HMS is listed on the NASDAQ OMX in Stockholm.

Our vision

“All industrial devices will be intelligent and networked. We shall be the market leading partner in the world of industrial communication”.

Our purpose

“To create long term value for our customers, employees and investors”.

Our mission

“We provide reliable, flexible and easy-to-use communication and remote management solutions to the world of industrial communication”.

