

# hms networks

YEAR-END REPORT 2014

## JANUARY - DECEMBER 2014

- ❑ Net sales for the full year 2014 increased by 18 % reaching SEK 589 m (501), corresponding to a 13 % increase in local currencies. The revaluation of the Swedish currency had a positive impact of SEK 25 m on net sales
- ❑ Operating profit reached SEK 98 m (87) corresponding to a 13 % increase and a 17 % (17) operating margin
- ❑ Order intake for the year increased to SEK 611 m (516), corresponding to a 14 % increase in local currencies
- ❑ Cash flow from operating activities amounted to SEK 94 m (90)
- ❑ Profit after taxes totalled SEK 63 m (63) and the result per share amounted to SEK 5.59 (5.54)
- ❑ The Board of Directors propose a dividend to the amount of SEK 2.50 (2.25)

## Fourth quarter

- ❑ Net sales for the fourth quarter reached SEK 156 m (126) corresponding to a 24 % increase
- ❑ Operating result reached SEK 18 m (13) corresponding to a 34 % increase and a 12 % (11) operating margin
- ❑ Order intake during the fourth quarter was SEK 162 m (132) corresponding to a 23 % increase



# Comment from the CEO

We saw a positive last quarter 2014 with good order intake and net sales. In combination with a continued weakening of the Swedish currency, we can report a 18 % growth for the year and an annual net sales volume on the new record level SEK 589 m. The 2014 order intake was SEK 611 m, also a new record level, corresponding to a 18 % growth.

For HMS, the North American market is starting to grow again. At the same time, both Germany and Japan shows stability over the last few months. Many of our customers are talking about an underlying concern regarding geopolitical effects and business cycle development in the future but in the short term, we can see a good order intake and a continuing growth of new design wins for our products.

During the year, we have continued to work with improvements in efficiency and quality. This shows in the stable gross margin for the year and the quality of our products which continues to be at an impressive level. As an example, our field returns for the year was below 200 PPM (0.02%). This is world class performance.

As previous years, we report seasonally high expenses for the fourth quarter. This is primarily related to many large market activities during October and November. We have returned to significantly lower levels of capitalized development expenses after previous years' significant investments in new technology platforms. Despite considerably lower capitalization of development expenses and consequently higher OPEX, this year's growth and strong gross margin result in an improved operating profit compared to the previous year.

We have now launched most of the new products within the Anybus Embedded product line group that has been developed during the recent years. For Anybus and IXXAT, we can see an inflow of 180 new design wins during 2014. This means that we today have 1 241 active design wins of which 929 is

in the production phase. In our opinion, we have a solid base of existing design wins and with the new products released, we have strengthened our attractiveness on the market which will give us new customers going forward.

IXXAT, which was acquired in 2013, has through the integration into the HMS global sales channel acquired more customers especially in North America. With a positive development both regarding customers and increasing sales volumes on the existing customer base, we can report an 11 % growth for IXXAT during 2014.

For the Netbiter product line, we have received an increased number of design wins for industrial applications during the year. Sales of the Netbiter product increased but is still on levels below our expectations. The product line for wireless communication acquired from u-blox AG in October last year has now been successfully transferred to HMS and is now offered in our Anybus Gateways product line. Subsequent to this acquisition, we have received positive feedback from the market regarding our product offer for wireless communication, which we believe to be an important future area for communication.

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".

*"With new products HMS becomes ever more attractive on the market for industrial communication"*

Staffan Dahlström,  
CEO, HMS Networks AB



Quarterly data	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	2014	2014	2014	2014	2013	2013	2013	2013
Net sales (SEK m)	156	152	141	139	126	140	128	107
Order intake (SEK m)*	162	148	153	148	132	125	140	119
Operating profit (SEK m)	18	37	21	22	13	32	27	14
Gross margin (%)	62.0	63.0	61.9	62.1	63.7	63.4	62.2	61.0
Operating margin (%)	11.5	24.4	14.8	15.5	10.7	23.0	21.3	12.8
Return on capital (%)	8.8	26.0	14.3	14.9	10.3	26.4	23.4	10.7
Earnings per share (SEK)**	0.81	2.28	1.22	1.27	0.84	2.07	1.80	0.82
Equity per share (SEK)	37.43	36.19	33.95	34.75	33.44	32.30	30.41	31.18
Cash flow for operating activities per share (SEK)	2.43	2.56	2.57	0.81	2.18	2.81	1.40	1.52
Yearly data	2014	2013	2012	2011	2010	2009	2008	2007
Net sales (SEK m)	589	501	382	384	345	245	317	270
Order intake (SEK m)	611	516	424	388	342	258	313	268
Operating profit (SEK m)	98	87	64	72	84	31	85	55
Gross margin (%)	62.3	62.6	60.1	60.6	60.2	58.4	57.4	52.6
Operating margin (%)	16.6	17.3	16.7	18.8	24.2	12.7	26.9	20.2
Return on capital (%)	15.8	17.4	16.3	18.6	23.2	8.8	28.6	17.5
Earnings per share (SEK)**	5.59	5.54	4.64	4.84	5.41	1.88	5.43	2.81
Equity per share (SEK)	35.43	31.82	30.21	26.77	25.30	21.25	20.91	17.05
Cash flow for operating activities per share (SEK)	8.36	7.92	7.27	3.96	6.71	2.89	6.52	3.29

\* The order intake for Q1 and Q2 2014 was adjusted in relation to previously issued quarterly reports. For more information see page 4.

\*\* Year 2014 profit per share is calculated in relation to total number of shares outstanding. Previous years ratio is calculated in to number of shares before dilution.

## Net sales

Net sales for 2014 amounted to SEK 589 m (501). In total, the revaluation of the Swedish currency in relation to the major HMS currencies had a positive effect of SEK 25 m on net sales compared to the previous year. The order intake amounted to SEK 611 m (516).

Net sales for the fourth quarter 2014 totalled to SEK 156 m (126), corresponding to a 24 % increase compared to the same quarter the previous year. Changes in currency exchange rates compared to the corresponding quarter last year had a SEK 9 m positive effect on the sales volume. Order intake increased by SEK 30 m to SEK 162 m (132), of which SEK 160 m will be delivered during the upcoming twelve months. Of the fourth quarter order intake SEK 3 m is related to the product line for wireless gateways acquired during the period.

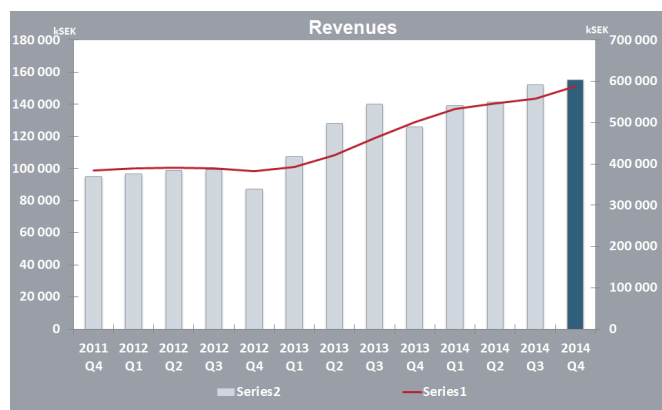
## Operating profit

Operating profit for 2014 totalled to SEK 98 m (87), equivalent to an operating margin of 17 % (17). Currency effects related to income and expenses had a SEK 9 m positive impact on the operating result compared to the previous 12 months. During the year expenses for research and development increased to SEK 85m (52). Capitalized development expenses decreased to SEK 27 m (52) increasing OPEX with SEK 25 m.

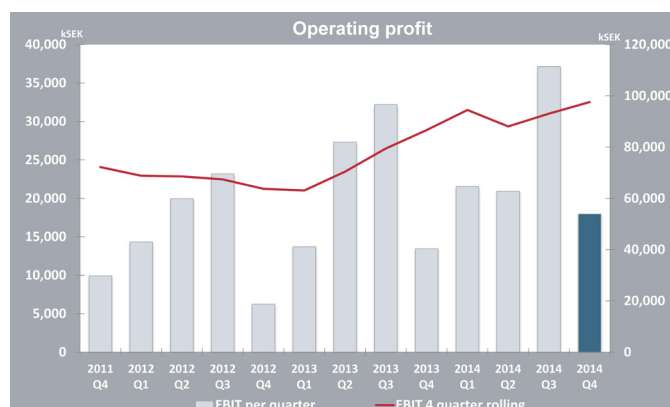
The operating profit for the fourth quarter 2014 totalled to SEK 18 m (13), corresponding to a 34 % increase and a 12 % (11) operating margin. Changes in exchange rates related to income and expenses had a SEK 2 m positive impact compared to the same period the previous year. During the fourth quarter expenses for research and development increased to SEK 24 m (17). Capitalized development expenses decreased to SEK 6 m (12) increasing OPEX with SEK 6 m.

## Equity

The Group's equity amounted to SEK 423 m (378). The total number of shares at the end of the period was 11,322,400. The Group's equity/assets ratio improved to 51 % (49). In connection with the share saving program initiated in 2013, 31 000 HMS own shares has been purchased as of December 31, 2014.



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 year was SEK 23 m (19). The tax charge for the year was 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)

	Dec 31 2014	Dec 31 2013
Balance at 1 January	377,557	342,056
Total comprehensive income for the period	69,209	64,127
Repurchase of own shares	0	-3,895
Share-based payment	1,238	744
Dividends	-25,406	-25,475
<b>Closing balance</b>	<b>422,599</b>	<b>377,557</b>



## 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 net-investments are disclosed under the Company statement of comprehensive income. 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 year consist of 64 % in EURO, 24 % in USD, 7 % in Japanese Yen and 5 % in SEK and other currencies. Cost of goods sold consists of 72 % in EURO, 19 % in USD and 1 % in Japanese Yen. Operating expenses consists of 40 % in EURO, 9 % in USD, 3 % in Japanese Yen and 48 % 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 during 2014 amounted to SEK 94 m (90).

The investments in tangible assets for the year totalled SEK 6 m (4). Investments in intangible assets for the year totalled SEK 32 m (53) and comprise to a material part capitalization of expenses related to technology platforms.. As several new technology platforms recently were completed a comparably smaller part of the Groups development expenses was capitalized during the year. Depreciation on capitalized development costs amounted to SEK 13 m (5) and write downs to SEK 2 m (0) during the year.

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 year 2014 depreciation on the purchase price allocated to assets acquired was reflected with SEK 7 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 year 2014 the loan amounted to 25 m€.

At the end of the period the cash equivalents totalled SEK 18 m (16) and unutilized credit facilities SEK 30 m. The Group's net debt amounted to SEK 228 m (244). The group's long term debt is amortized with SEK 37 m annually. In total SEK 37 m (26) was amortized during 2014. 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.

During the fourth quarter 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.

## 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 year 2014 amounted to SEK 0.0 m (0.0). Cash and cash equivalents amounted to SEK 0.2 m (0.8) and borrowing amounted to SEK 0.0 m (0.0).

## 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 0.6m€ order to connect vibration sensors to industrial networks.
- ❑ 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 %.
- ❑ HMS acquires a product line of wireless gateways from the Swiss company u-blox.
- ❑ HMS receives a 0.5 m€ order for Anybus Ethernet/IP technology used in safety controller.
- ❑ HMS delivers the 3,000,000th Anybus module to Bosch Rexroth.

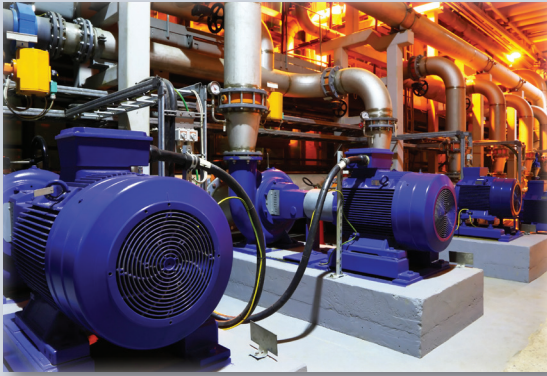
## Outlook

The HMS Group long term growth is supported by a continued inflow of design-wins, a broader product offering especially 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 %.

## Nomination committee

In accordance with principles adopted at the 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.



## HMS Networks AB's share

HMS Networks AB (publ) is listed on the Nasdaq OMX Stockholm Mid Cap list, in the Information Technology Sector. The total number of shares amounted to 11,322,400 whereof 31 000 shares are held by the Company.

## Share Savings Program

The Company has three share saving programs.

### Program 1

In accordance with the decision of the Annual General Meeting 2012, all employees of the HMS Group were offered to save in HMS shares in a share saving program during 2013. Of the total number of employees 60 % choose to participate in the program. The total number of shares purchased in this program was 24 939. In connection to the share saving programs HMS purchased 31 000 own shares to fulfil the requirement of future matching and performance shares.

### Program 2

In accordance with the decision of the Annual General Meeting 2013, all employees of the HMS Group have been offered to participate in a share savings program. The application period took place during the month of December and about 51 % of the employees have chosen to participate. The total number of shares purchased in this program was 20 049.

### Program 3

In accordance with the decision of the Annual General Meeting 2014, all employees of the HMS Group have been offered to participate in a share saving program. The registration period for this program continued during December of 2014 and 47 % of the total number of employees decided to participate. For program 3 saving in HMS shares will take place during 2015.

## Dividend

The Board of Directors proposes a dividend to the amount of SEK 2.50 (2.25).

The HMS policy for dividend stipulates: The objective of the Board of Director's is to propose a dividend of approximately 50 % of the profit after tax subject to the Company having a financial position allowing for freedom to action.

## Annual General Meeting

The Annual General Meeting will be held at the Company's head office on Tuesday April 28, 2015 at 10.30 am. The 2014 Annual Report (in Swedish) will be available on the Company's homepage four weeks previous to the date of the Annual General Meeting. A printed version of the 2014 Annual Report can be ordered by sending name and address to [ir@hms.se](mailto:ir@hms.se).

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

# 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.

# 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 December 31, 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.

# Reporting occasions

- First quarter report 2015 will be presented on April 24, 2015
- Annual General Meeting will be held on April 28, 2015
- Half year report will be presented on July 23, 2015
- Third quarter report will be presented on October 28, 2015

Halmstad February 4, 2015

Staffan Dahlström  
Chief Executive Officer

This Year-End Report has not been reviewed by the Company's auditor.

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 February 4, 2015.



# Financial accounts

	Q4 2014	Q4 2013	Q1-Q4 2014	Q1-Q4 2013
Net increase in revenue (%)	24.3	44.1	17.6	31.3
Gross margin (%)	62.0	63.7	62.3	62.6
Operating margin EBIT (%)	11.5	10.7	16.6	17.3
EBITDA (SEK t)	24,786	17,780	125,955	104,759
EBITDA (%)	16.5	14.1	21.4	20.9
Return on capital employed (%)	2.7	2.1	15.0	17.7
Return on total equity (%)	8.8	10.3	15.8	17.4
Working capital in relation to sales (%)*	6.1	6.3	6.1	6.3
Capital turnover rate	0.76	0.65	0.74	0.84
Debt/equity ratio	0.54	0.65	0.54	0.65
Equity/assets ratio (%)	50.8	49.0	50.8	49.0
Capital expenditure in property, plant and equipment (SEK t)	3,867	1,827	6,037	4,493
Capital expenditure in intangible fixed assets (SEK t)	9,797	12,666	31,773	52,609
Depreciation of property, plant and equipment (SEK t)	-1,945	-1,195	-7,453	-6,674
Amortisation of intangible fixed assets (SEK t)	-5,863	-3,142	-20,920	-11,438
Number of employee (average)	352	346	352	344
Revenue per employee (SEK m)*	1.7	1.4	1.7	1.5
Total equity per share, SEK	37.43	33.44	35.43	31.82
Cash flow from operations per share, SEK	2.43	2.18	8.36	7.92
Total number of shares, average, thousands	11,322	11,322	11,322	11,322
Holding of own shares, average, thousands	31	31	31	16
Total outstanding shares, average, thousands	11,291	11,291	11,291	11,307

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

# Income statements

(SEK 000s)	Q4 2014	Q4 2013	Q1-Q4 2014	Q1-Q4 2013
Revenue	156,318	125,758	589,212	501,145
Cost of goods and services sold	-59,450	-45,702	-222,366	-187,229
<b>Gross profit</b>	<b>96,867</b>	<b>80,056</b>	<b>366,846</b>	<b>313,916</b>
Sales and marketing costs	-42,095	-36,872	-138,766	-128,346
Administrative expenses	-14,792	-13,390	-53,750	-48,442
Research and development costs	-23,761	-16,860	-85,052	-52,018
Other operating income	2,828	189	9,809	2,828
Other costs	-1,070	320	-1,506	-1,290
<b>Operating profit</b>	<b>17,977</b>	<b>13,443</b>	<b>97,582</b>	<b>86,647</b>
Financial income	239	203	239	203
Financial costs	-2,453	-1,249	-12,011	-5,357
<b>Profit before tax</b>	<b>15,764</b>	<b>12,397</b>	<b>85,811</b>	<b>81,494</b>
Tax	-6,602	-2,851	-22,713	-18,744
<b>Profit for the period</b>	<b>9,162</b>	<b>9,545</b>	<b>63,098</b>	<b>62,750</b>
Earnings per share, SEK	0.81	0.84	5.59	5.54

# Statements of comprehensive income

(SEK 000s)	Q4 2014	Q4 2013	Q1-Q4 2014	Q1-Q4 2013
Profit for the period	9,162	9,545	63,098	62,750
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to income statement</b>				
Cash flow hedges	-930	838	-2,720	-1,751
Translation difference	11,214	8,469	18,395	10,004
Hedging of net investments	-7,791	-7,698	-13,029	-9,309
Income tax relating to components of other comprehensive income	1,919	1,509	3,465	2,433
<b>Other comprehensive income for the period, net of tax</b>	<b>4,412</b>	<b>3,118</b>	<b>6,111</b>	<b>1,377</b>
<b>Total comprehensive income for the period</b>	<b>13,574</b>	<b>12,663</b>	<b>69,209</b>	<b>64,127</b>

# Balance Sheets

(SEK 000s)	Dec 31 2014	Dec 31 2013
<b>ASSETS</b>		
Goodwill	400,752	390,844
Other intangible assets	257,078	239,405
Property, plant and equipment	18,520	20,179
Deferred tax assets	1,328	724
Other long term receivables	1,498	0
<b>Total fixed assets</b>	<b>679,176</b>	<b>651,152</b>
Inventories	53,953	35,971
Trade and other receivables	69,494	53,985
Other current receivables	12,088	13,637
Cash and cash equivalents	17,629	15,818
<b>Total current assets</b>	<b>153,164</b>	<b>119,411</b>
<b>TOTAL ASSETS</b>	<b>832,340</b>	<b>770,563</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>422,599</b>	<b>377,557</b>
<b>Liabilities</b>		
Non-current interest-bearing liabilities	205,648	224,076
Deferred income tax liabilities	65,115	65,143
<b>Total non-current liabilities</b>	<b>270,763</b>	<b>289,219</b>
Interest-bearing current liabilities	39,740	35,772
Trade payables	40,695	28,342
Other current liabilities	58,543	39,673
<b>Total current liabilities</b>	<b>138,978</b>	<b>103,787</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>832,340</b>	<b>770,563</b>



# Cash flow statements

(SEK 000s)	Q4 2014	Q4 2013	Q1-Q4 2014	Q1-Q4 2013
Cash flow from operating activities before changes in working capital	24,382	21,607	100,071	85,268
Cash flow from changes in working capital	3,033	3,043	-5,640	4,234
<b>Cash flow from operating activities</b>	<b>27,415</b>	<b>24,650</b>	<b>94,431</b>	<b>89,502</b>
Cash flow from investing activities	-13,664	-14,482	-37,810	-324,554
Cash flow from financing activities	-20,043	22,724	-54,810	219,383
<b>Cash flow for the period</b>	<b>-6,292</b>	<b>32,892</b>	<b>1,811</b>	<b>-15,669</b>
Cash and cash equivalents at beginning of the period	23,921	-17,074	15,818	31,487
Cash and cash equivalents at end of period	17,629	15,818	17,629	15,818

## Quarterly data

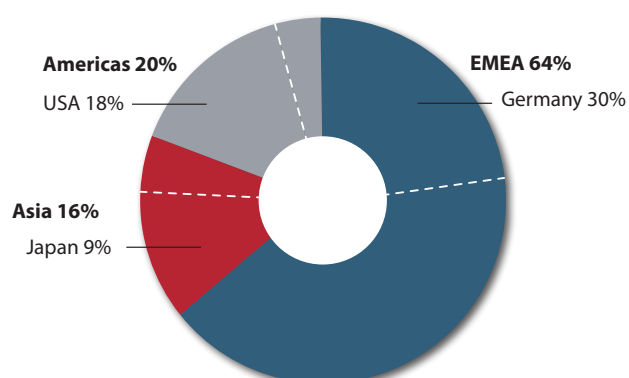
Revenue, per, region (SEK,000s)	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
EMEA	99,014	97,567	90,601	91,628	78,378	89,455	82,481	69,182	52,971	60,049	59,169	60,387
Americas	33,123	30,157	27,519	27,291	26,359	30,592	26,439	22,480	19,686	22,687	20,813	20,429
Asia	24,181	24,592	23,330	20,207	21,021	19,920	19,285	15,553	14,608	16,408	18,920	15,677
Income, statement (SEK,000s)	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
<b>Revenue (SEK m)</b>	<b>156,318</b>	<b>152,316</b>	<b>141,451</b>	<b>139,127</b>	<b>125,758</b>	<b>139,967</b>	<b>128,205</b>	<b>107,215</b>	<b>87,265</b>	<b>99,144</b>	<b>98,902</b>	<b>96,493</b>
<b>Gross profit</b>	<b>96,867</b>	<b>95,991</b>	<b>87,618</b>	<b>86,369</b>	<b>80,056</b>	<b>88,704</b>	<b>79,709</b>	<b>65,446</b>	<b>50,269</b>	<b>59,382</b>	<b>59,953</b>	<b>59,766</b>
<i>Gross margin</i>	62.0%	63.0%	61.9%	62.1%	63.7%	63.4%	62.2%	61.0%	57.6%	59.9%	60.6%	61.9%
<b>Operating profit</b>	<b>17,977</b>	<b>37,150</b>	<b>20,928</b>	<b>21,527</b>	<b>13,443</b>	<b>32,226</b>	<b>27,260</b>	<b>13,745</b>	<b>6,248</b>	<b>23,186</b>	<b>19,953</b>	<b>14,338</b>
<i>Operating margin</i>	11.5%	24.4%	14.8%	15.5%	10.7%	23.0%	21.3%	12.8%	7.2%	23.4%	20.2%	14.9%
<b>Profit before tax</b>	<b>15,764</b>	<b>33,465</b>	<b>17,971</b>	<b>18,611</b>	<b>12,397</b>	<b>30,479</b>	<b>26,919</b>	<b>11,699</b>	<b>7,001</b>	<b>23,100</b>	<b>20,810</b>	<b>14,286</b>

## Sales

Sales by geographical area for the year 2014 are presented in the graph to the right.

Embedded products reached 52 % (55) of the Group's total sales, Gateway products 20 % (20), IXXAT 19 % (20) 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)	Q4 2014	Q4 2013	Q1-Q4 2014	Q1-Q4 2013
Revenue	2,808	2,194	8,835	7,845
Cost of sales and services	0	0	0	0
<b>Gross profit</b>	<b>2,808</b>	<b>2,194</b>	<b>8,835</b>	<b>7,845</b>
Administrative expenses	-2,808	-2,176	-8,834	-7,833
<b>Operating profit</b>	<b>0</b>	<b>18</b>	<b>1</b>	<b>12</b>
Interest income, dividends and similar items	0	2	0	50,009
Interest expense and similar items	0	0	-1	0
<b>Profit before tax</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>50,020</b>
Tax	-47	-4	-48	-4
<b>Profit of the period</b>	<b>-47</b>	<b>16</b>	<b>-48</b>	<b>50,016</b>

## Parent company balance sheets

(SEK 000s)	Dec 31 2014	Dec 31 2013
<b>ASSETS</b>		
Financial fixed assets	244,039	244,039
<b>Total financial fixed assets</b>	<b>244,039</b>	<b>244,039</b>
Other receivables	454	247
Cash and cash equivalents	192	808
<b>Total current assets</b>	<b>646</b>	<b>1,056</b>
<b>TOTAL ASSETS</b>	<b>244,685</b>	<b>245,095</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>118,477</b>	<b>143,931</b>
<b>Untaxed reserves</b>	<b>8</b>	<b>8</b>
<b>Liabilities</b>		
Trade payables	427	535
Liabilities to Group companies	122,888	99,321
Other current liabilities	2,885	1,299
<b>Total current liabilities</b>	<b>126,200</b>	<b>101,155</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>244,685</b>	<b>245,095</b>

# 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 Networks AB (publ) 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 65 million EUR in 2014. 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”.

