

# hms networks

INTERIM REPORT 2015

JANUARY - JUNE

## First six months

- Net sales for the first six months increased with 24 % reaching SEK 347 m (281), corresponding to a 13 % increase in local currencies
- Operating profit for the first six months reached SEK 56 m (42), equal to a 16 % (15) operating margin
- Order intake for the first half year increased with 15 % to SEK 345 m (301)
- Cash flow from operating activities amounted to SEK 37 m (38)
- Profit after taxes totalled SEK 37 m (28) and result per share amounted to SEK 3.26 (2.49)
- Net sales for the last twelve months amounted to SEK 655 m (546) corresponding to a 20 % increase. Operating result amounted to SEK 111 m (88) corresponding to a 17 % (16) operating margin

## Second quarter

- Net sales for the second quarter increased with 25 % reaching SEK 177 m (141), corresponding to a 15 % increase in local currencies
- Operating result reached SEK 24 m (21) corresponding to an operating margin of 14 % (15)
- Order intake during the second quarter was SEK 170 m (153)



# Comment from the CEO

During the second quarter net sales reached 177 m SEK, a 25 % increase compared to the same quarter previous year and a new sales record for HMS. Net sales was positively affected by currency fluctuations mainly against the US dollar.

Europe and Asia continues to show a growth in sales numbers. At the same time the market in North America is weak mainly due to delays in customer projects and currency head wind on the export market for our US customers. All our product groups show a solid growth during the quarter. Anybus and IXXAT develops well with a healthy mix of repeat business and new customers. Netbiter growth rate continues on a good level but still below our expectations.

A continuing stable gross margin improves our operating profit but higher activity levels increases our expenses mainly within sales and marketing. Simultaneously the proportion of capitalized development costs goes down resulting in an operating margin of 14 % during the second quarter.

The final step in the integration of IXXAT Automation GmbH, which was acquired in 2013, is now completed. Sales and manufacturing are fully integrated in the HMS global organization. The Technology and Product development organization has changed its name to HMS Technology Center Ravensburg GmbH, an operation that moved in to newly built premises in Ravensburg in June. The IXXAT name will live on, with an ever stronger market position, as a product brand name within the HMS Group.

We are cautiously positive to the market development and we are optimistic about the conditions for a long term growth.

Our focus remains to develop growth within our three product trademarks Anybus, Netbiter and IXXAT. We continue to balance our long term growth strategy with a restrictive view on expenses and new resources. Long term we consider the market for industrial data communication and remote monitoring to be interesting growth areas and we continue to focus around our motto "HMS-connecting devices".

*"During the second quarter we can report a 15 % growth in local currencies. Including currency effects the growth was 25 % which means that HMS can report new record levels in sales for the sixth consecutive quarter."*



Staffan Dahlström,  
CEO, HMS Networks AB

Quarterly data	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2015	2015	2014	2014	2014	2014	2013	2013
Net sales (SEK m)	177	170	156	152	141	139	126	140
Order intake (SEK m)	170	174	162	148	153	148	132	125
Operating profit (SEK m)	24	32	18	37	21	22	13	32
Gross margin (%)	62.2	62.4	62.0	63.0	61.9	62.1	63.7	63.4
Operating margin (%)	13.7	18.7	11.5	24.4	14.8	15.5	10.7	23.0
Return on capital (%)	13.7	20.4	8.8	26.0	14.3	14.9	10.3	26.4
Earnings per share (SEK)*	1.32	1.95	0.81	2.28	1.22	1.27	0.84	2.07
Equity per share (SEK)	38.18	39.18	37.43	36.19	33.95	34.75	33.44	32.30
Cash flow for operating activities per share (SEK)	2.52	0.72	2.32	2.56	2.57	0.81	2.18	2.81

Half-year data	Q1-Q2	Q3-Q4	Q1-Q2	Q3-Q4	Q1-Q2	Q3-Q4	Q1-Q2	Q3-Q4
	2015	2014	2014	2013	2013	2012	2012	2011
Net sales (SEK m)	347	309	281	266	235	186	195	196
Order intake (SEK m)	345	310	301	257	259	195	229	191
Operating profit (SEK m)	56	55	42	46	41	29	34	34
Gross margin (%)	62.3	62.5	62.0	63.5	61.7	58.8	61.3	60.7
Operating margin (%)	16.2	17.9	15.1	17.2	17.4	15.8	17.6	17.5
Return on capital (%)	17.3	17.3	14.8	18.3	17.3	16.1	16.7	18.6
Earnings per share (SEK)*	3.26	3.09	2.49	2.92	2.63	2.35	2.29	2.38
Equity per share (SEK)	37.80	35.69	33.69	31.97	30.31	29.08	27.49	25.58
Cash flow for operating activities per share (SEK)	3.24	4.88	3.38	5.00	2.92	3.91	3.35	2.14

\*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 the last twelve months amounted to SEK 655 m (546) corresponding to an 20 % increase. In total the revaluation of the Swedish currency in relation to the major HMS currencies had a SEK 48 m positive impact on net sales compared to the previous twelve month period. The order intake for the last four quarters amounted to SEK 655 m (557).

Net sales for the first six months amounted to SEK 347 m (281) corresponding to a 24 % increase. Adjusted for a SEK 31 m positive fluctuation in currencies the increase was 13 %. Order intake for the first six months was SEK 345 m (301).

Net sales for the second quarter 2014 totalled to SEK 177 m (141), corresponding to a 25 % increase compared to the same quarter the previous year. Adjusted for a SEK 14 m positive currency effect the volume increase was 15 % in local currencies. The second quarter order intake increased to SEK 170 m (153), of which SEK 161 m will be delivered during the coming twelve months.

## Operating profit

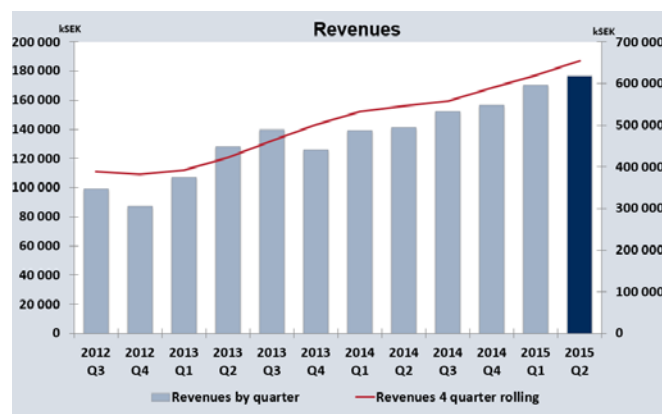
Operating profit totalled to SEK 111 m (88) for the last four quarters, equivalent to an operating margin of 17 % (16). Currency effects had in total a SEK 19 m positive impact on net income and expenses compared to the previous 12 months.

Operating profit for the first six months amounted to SEK 56 m (42), corresponding to a 16 % (15) operating margin. Currency fluctuation compared to the same period the previous year had in total a SEK 13 m positive impact on income and expenses.

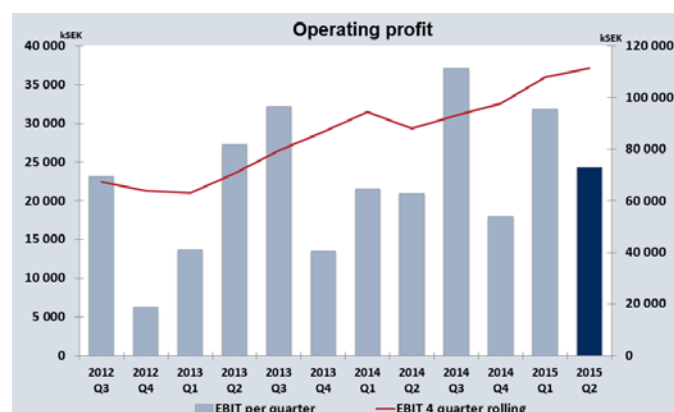
The operating profit for the second quarter 2015 totalled to SEK 24 m (21). On Group level changes in exchange rates in total had a SEK 6 m positive impact on income and expenses compared to the same period the previous year.

## Equity

The Group's equity amounted to SEK 431 m (383). The Group's equity/assets ratio improved to 51 % (47). The total number of shares at the end of the year was 11,322,400. In connection with the share saving programs first initiated in 2013 the company has acquired in total 31 000 own shares as of June 30, 2015.



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 12 m (8). 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)

	2015-06-30	2014-06-30	2014-12-31
Balance at 1 January	422,599	377,557	377,557
Total comprehensive income for the period	35,771	30,612	69,209
Share related-payment	964	555	1,238
Dividends	-28,229	-25,406	-25,405
<b>Closing balance</b>	<b>431,105</b>	<b>383,319</b>	<b>422,599</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 quarter consist of 61 % in EURO, 25 % in USD, 6 % in Japanese Yen and 8 % in SEK and other currencies. Cost of goods sold consists of 73 % in EURO, 22 % in USD and 1 % in Japanese Yen. Operating expenses consists of 37 % in EURO, 10 % in USD, 4 % in Japanese Yen and 49 % of SEK and other currencies.

## Cash flow, investments and financial position

Cash flow from operating activities during the first six months amounted to 37 MSEK (38).

The investments in tangible assets for the first six months amounted 3 MSEK (1). Investments in intangible assets for the period totalled 8 MSEK (16) 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 period. Amortization of capitalized development costs amounted to 9 MSEK (6) during the quarter.

The acquisition of IXXAT in February 2013 has generated a 255 MSEK overvalue before tax for the group of which 144 MSEK is allocated to technology platforms, customers and brand name included in the acquisition. Annual amortization on acquired overvalues amounts to approximately 7 MSEK. During the first six months 2015 amortization on the purchase price allocated to assets acquired was 4 MSEK (4).

To balance the Group's currency exposure a 32 MEUR loan was used to finance the acquisition made in the first quarter 2013. At the end of the second quarter 2015 the loan amounted to 23 MEUR. The loan is amortized by approximately 37 MSEK annually. In total 18 MSEK (18) was amortized during the first six months of 2015.

At the end of the period the cash equivalents amounted to 17 MSEK (23) and unutilized credit facilities to 11 MSEK. The Group's net debt amounted to 221 MSEK (256).

During the second quarter a SEK 2.50 (2.25) dividend was paid out, in total SEK 28 m.

## Important events

- HMS Netbiter EC 300-series is certified for use in the Schneider Electric Collaborative Automation Partner Program
- AAEON choose IXXAT INpact Real-Time Ethernet PC-Interface for a strategic cooperation
- IXXAT safety products receives TÜV certification
- The HMS Annual General Meeting was held on Tuesday April 28, 2015
- HMS starts collaboration with Xilinx to deliver next generation industrial networking solutions
- HMS Receives a SEK 14 m order for Ethernet POWERLINK technology used in electrical drive systems

## 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 and an expansion of the HMS sales channels according to the existing strategy.

At present the global market for HMS products is viewed as cautiously optimistic. 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 %.



## 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, 2015 did not affect the Groups reporting as of June 30, 2015.

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.

## The HMS Networks AB 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 31 000 are held by the Company.

## Share Savings Program

The Company has launched three share saving programs. Based on a decision by the Annual General Meeting permanent employees are offered to save in HMS shares in an annual share saving program. Between 47 % and 60 % of the employees opted to participate in the programs. If certain criteria's are met the Company is committed to give the participant a maximum of two HMS shares for every share saved by the employee. As of June 30, 2015 the total number of shares saved amounted to approximately 48 000.

## 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 2014. In addition to the risks described in these documents, no additional significant risks have been identified.

## 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 half-year 2015 amounted to SEK 0 m (0). Cash and cash equivalents amounted to SEK 0.3 m (0.9) and borrowing amounted to SEK 0 m (0).

# Short about 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.

# Reporting occasions

- Interim report for the 3rd quarter will be presented on October 28, 2015
- 2015 Year-end report will be presented on February 5, 2016

## Assurance

The Board of Directors and CEO assure that the interim report provides a true and fair overview of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the Group.

Halmstad July 22, 2015

Staffan Dahlström                      Charlotte Brogren  
Chief Executive Officer                      Chairman of the Board

Henrik Johansson                      Ray Maurtisson

Kerstin Lindell                      Fredrik Hansson

Karl Thedéen

This interim 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 April 24, 2015.

# Financial accounts

	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Q1-Q4 2014	1407-1506 12 months
Net increase in revenue (%)	24.8	10.3	23.6	19.2	17.6	20.0
Gross margin (%)	62.2	61.9	62.3	62.0	62.3	62.4
Operating margin EBIT (%)	13.7	14.8	16.2	15.1	16.6	17.0
EBITDA (SEK t)	32,827	28,310	72,687	56,069	125,955	142,573
EBITDA (%)	18.6	20.0	21.0	20.0	21.4	21.8
Return on capital employed (%)	3.6	3.2	8.4	6.5	15.0	16.8
Return on total equity (%)	13.7	14.3	17.3	14.8	15.8	17.7
Working capital in relation to sales (%)*	7.5	7.8	7.5	7.8	6.1	7.5
Capital turnover rate	0.84	0.71	0.83	0.69	0.74	0.80
Debt/equity ratio	0.51	0.67	0.51	0.67	0.54	0.51
Equity/assets ratio (%)	51.4	47.3	51.4	47.3	50.8	51.4
Capital expenditure in property, plant and equipm (SEK 000s)	2,091	418	3,143	1,490	6,037	7,689
Capital expenditure in intangible fixed assets (SEK 000s)	4,132	9,071	8,415	15,875	31,773	24,313
Depreciation of property, plant and equipment (SEK 000s)	-2,050	-1,873	-4,052	-3,682	-7,453	-7,823
Amortisation of intangible fixed assets (SEK 000s)	-6,595	-5,509	-12,585	-9,933	-20,920	-23,572
Number of employees (average)	363	353	359	353	352	355
Revenue per employees (SEK m)*	1.8	1.5	1.8	1.5	1.7	1.8
Equity per share, SEK	38.18	33.95	37.80	33.69	35.43	36.06
Cash flow from operations per share, SEK	2.52	2.57	3.24	3.38	8.26	8.12
Total number of share, average, thousands	11,322	11,322	11,322	11,322	11,322	11,322
Holding of own shares, average, thousands	31	31	31	31	31	31
Total outstanding shares, average, thousands	11,291	11,291	11,291	11,291	11,291	11,291

\* The key ratio has been translated into 12 months rolling value when applicable.

# Income statements

(SEK 000s)	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Q1-Q4 2014	1407-1506 12 months
Revenue	176,515	141,451	346,766	280,578	589,212	655,400
Cost of goods and services sold	-66,660	-53,833	-130,743	-106,591	-222,366	-246,519
<b>Gross profit</b>	<b>109,854</b>	<b>87,618</b>	<b>216,023</b>	<b>173,987</b>	<b>366,846</b>	<b>408,882</b>
Sales and marketing costs	-39,809	-33,729	-77,921	-64,618	-138,766	-152,068
Administrative expenses	-16,041	-15,738	-30,961	-27,597	-53,750	-57,114
Research and development costs	-27,640	-20,090	-51,116	-43,506	-85,052	-92,662
Other operating income	672	2,868	5,429	4,189	9,809	11,049
Other costs	-2,859	0	-5,392	0	-1,506	-6,898
<b>Operating profit</b>	<b>24,178</b>	<b>20,928</b>	<b>56,061</b>	<b>42,455</b>	<b>97,582</b>	<b>111,189</b>
Financial income	0	0	0	0	37	37
Financial costs	-4,295	-2,958	-6,772	-5,873	-11,809	-12,709
<b>Profit before tax</b>	<b>19,883</b>	<b>17,971</b>	<b>49,289</b>	<b>36,582</b>	<b>85,811</b>	<b>98,518</b>
Tax	-4,971	-4,143	-12,322	-8,424	-22,713	-26,611
<b>Profit for the period</b>	<b>14,912</b>	<b>13,827</b>	<b>36,967</b>	<b>28,158</b>	<b>63,098</b>	<b>71,907</b>
Basic earnings per share, SEK	1.32	1.22	3.26	2.49	5.59	6.26

# Statements of comprehensive income

(SEK 000s)	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Q1-Q4 2014	1407-1506 12 months
Profit for the period	14,912	13,827	36,967	28,158	63,098	71,907
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to income statement</b>						
Cash flow hedges	2,193	-822	1,556	-954	-2,720	-210
Translation differences	-1,897	7,824	-9,154	8,037	18,395	1,204
Hedging of net investments	2,266	-6,378	8,646	-6,203	-13,029	1,820
Income tax relating to components of other comprehensive income	-981	1,583	-2,244	1,574	3,465	-353
<b>Other comprehensive income for the period, net of tax</b>	<b>1,581</b>	<b>2,207</b>	<b>-1,196</b>	<b>2,454</b>	<b>6,111</b>	<b>2,461</b>
<b>Total comprehensive income for the period</b>	<b>16,493</b>	<b>16,034</b>	<b>35,771</b>	<b>30,612</b>	<b>69,209</b>	<b>74,368</b>

# Balance sheets

(SEK 000s)	June 30 2015	June 30 2014	Dec 31 2014
<b>ASSETS</b>			
Goodwill	395,591	395,231	400,752
Other intangible assets	248,421	249,309	257,078
Property, plant and equipment	17,569	18,092	18,520
Deferred tax assets	407	750	1,328
Other long term receivables	1,914	0	1,498
<b>Total fixed assets</b>	<b>663,902</b>	<b>663,382</b>	<b>679,176</b>
Inventories	58,496	37,766	53,953
Trade and other receivables	83,047	66,855	69,494
Other current receivables	15,910	19,405	12,089
Cash and cash equivalents	16,594	22,683	17,629
<b>Total current assets</b>	<b>174,047</b>	<b>146,709</b>	<b>153,165</b>
<b>TOTAL ASSETS</b>	<b>837,949</b>	<b>810,091</b>	<b>832,341</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>431,105</b>	<b>383,319</b>	<b>422,599</b>
<b>Liabilities</b>			
Non-current liabilities	178,977	211,878	204,891
Deffered income tax liabilities	68,563	65,865	65,115
<b>Total non-current liabilities</b>	<b>247,540</b>	<b>277,743</b>	<b>270,006</b>
Interest-bearing current liabilities	58,506	66,558	40,497
Trade payables	43,937	34,762	40,695
Other current liabilities	56,861	47,709	58,544
<b>Total current liabilities</b>	<b>159,304</b>	<b>149,029</b>	<b>139,736</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>837,949</b>	<b>810,091</b>	<b>832,341</b>



# Cash flow statements

(SEK 000s)	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Q1-Q4 2014	1407-1506 12 months
Cash flow from operating activities before changes in working capital	20,417	22,327	49,966	40,787	99,442	108,621
Cash flow from changes in working capital	8,061	6,680	-13,376	-2,665	-6,187	-16,898
<b>Cash flow from operating activities</b>	<b>28,478</b>	<b>29,007</b>	<b>36,590</b>	<b>38,122</b>	<b>93,255</b>	<b>91,723</b>
Cash flow from investing activities	-6,144	-9,489	-11,803	-17,365	-37,982	-32,420
Cash flow from financing activities	-17,789	-15,535	-25,916	-13,892	-54,808	-66,832
<b>Cash flow for the period</b>	<b>4,545</b>	<b>3,983</b>	<b>-1,129</b>	<b>6,865</b>	<b>465</b>	<b>-7,529</b>
Cash and cash equivalents at beginning of the period	12,500	18,700	17,629	15,818	15,818	22,683
Translation differences in cash and cash equivalents	-451	0	94	0	1,346	1,440
Cash and cash equivalents at end of period	16,594	22,683	16,594	22,683	17,629	16,594

## Quarterly data

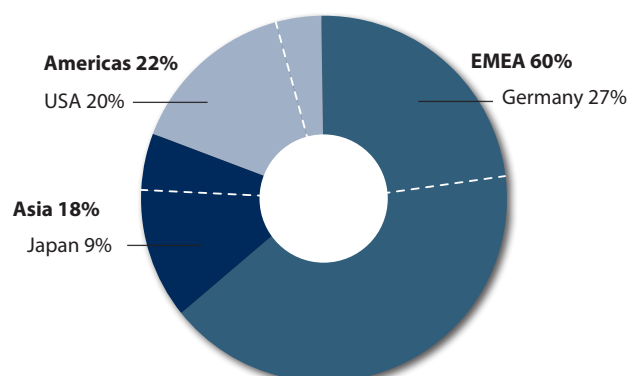
Revenue per region (SEK 000s)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
EMEA	104,743	104,580	99,014	97,567	90,601	91,628	78,378	89,455	82,481	69,182	52,971	60,049
Americas	37,128	39,999	33,123	30,157	27,519	27,291	26,359	30,592	26,439	22,480	19,686	22,687
Asia	34,645	25,672	24,181	24,592	23,330	20,207	21,021	19,920	19,285	15,553	14,608	16,408
Income statement (SEK 000s)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Revenue	176,515	170,251	156,318	152,316	141,451	139,127	125,758	139,967	128,205	107,215	87,265	99,144
Gross profit	109,854	106,168	96,867	95,991	87,618	86,369	80,056	88,704	79,709	65,446	50,269	59,382
Gross margin	62.2%	62.4%	62.0%	63.0%	61.9%	62.1%	63.7%	63.4%	62.2%	61.0%	57.6%	59.9%
Operating profit	24,178	31,884	17,977	37,150	20,928	21,527	13,443	32,226	27,260	13,745	6,248	23,186
Operating margin	13.7%	18.7%	11.5%	24.4%	14.8%	15.5%	10.7%	23.0%	21.3%	12.8%	7.2%	23.4%
Profit before tax	19,883	29,406	15,764	33,465	17,971	18,611	12,397	30,479	26,919	11,699	7,001	23,100

## Sales

Sales by geographical area for the first half-year 2015 are presented in the graph to the right.

Embedded products reached 51 % (53) of the Group's total sales, IXXAT 19 % (21), Gateway products 21 % (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)	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Q1-Q4 2014	1407-1506 12 months
Revenue	3,166	2,161	5,402	4,256	8,835	9,981
<b>Gross profit</b>	<b>3,166</b>	<b>2,161</b>	<b>5,402</b>	<b>4,256</b>	<b>8,835</b>	<b>9,981</b>
Administrative expenses	-3,166	-2,160	-5,402	-4,255	-8,834	-9,981
<b>Operating profit</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>
Interest income, dividends and similar items	0	0	0	0	0	0
Interest expense and similar income	0	-1	0	-1	-1	0
<b>Profit before tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax	0	0	0	-2	-48	-47
<b>Profit of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>-48</b>	<b>-47</b>

# Parent company balance sheets

Tkr	June 30 2015	June 30 2014	Dec 31 2014
<b>ASSETS</b>			
Financial fixed assets	244,039	244,039	244,039
<b>Total financial fixed assets</b>	<b>244,039</b>	<b>244,039</b>	<b>244,039</b>
Other receivables	765	603	454
Cash and cash equivalents	300	918	192
<b>Total current assets</b>	<b>1,064</b>	<b>1,520</b>	<b>646</b>
<b>TOTAL ASSETS</b>	<b>245,103</b>	<b>245,559</b>	<b>244,685</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>90,249</b>	<b>118,524</b>	<b>118,477</b>
<b>Untaxed reserves</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Liabilities</b>			
Trade payables	181	47	427
Liabilities to Group companies	152,415	124,757	122,888
Other current liabilities	2,250	2,223	2,885
<b>Total current liabilities</b>	<b>154,847</b>	<b>127,027</b>	<b>126,200</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>245,103</b>	<b>245,559</b>	<b>244,685</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.

## **EBIT**

Operating income according to income statement excluding items affecting comparability.

## **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.

## **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.

## **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 370 people and reported sales of 63 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 mission

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

## Our purpose

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

