hms networks

INTERIM REPORT 2015

JANUARY - SEPTEMBER

First nine months

- Net sales for the first nine months increased with 22 % reaching SEK 527 m (433), corresponding to a 11 % increase in local currencies
- Operating profit reached SEK 87 m (80), equal to a 17 % (18) operating margin
- Order intake for the first nine months increased with SEK 76 m to 524 m (488) corresponding to a 7 % increase in local currencies
- Cash flow from ongoing operations reached SEK 72 m (67)
- Net result after tax amounted to SEK 57 m (54) and result per share amounted to SEK 5.01 (4.76)
- Net sales for the last twelve months amounted to SEK 683 m (559) corresponding to a 13 % increase in local currencies
- Operating result for the last twelve months amounted to SEK 105 m (93) corresponding to a 15 % (17) operating margin

Third quarter

- Net sales for the third quarter reached SEK 180 m (152) corresponding to an 18 % increase
- Operating result reached SEK 31 m (37)
- Order intake during the third quarter was SEK 180 m (148)

Comment from the CEO

The positive development from the recent quarters continues and we can present another quarter with record sales – SEK 180 m. This means that we have had seven consequtive quarters with an unbroken sales increase.

A change in the product mix for the third quarter and a cost increase in our supply chain result in a somewhat weaker gross margin during the third quarter. Together with continuing intensive investments in product development and decreasing capitalization of development expenses, this results in a 17 % operating margin, which is lower than for the same period the previous year.

Our organic growth developed well during the first nine months, primarily driven by a good development of our Anybus products where both new product launches, and a solid, well-established customer base contributed to a good growth.

Central Europe and the Nordic region continues to develop well during the first nine months of the year. We can also see a positive trend in Italy where sales for the current year has developed very well. North America shows a relatively weak trend but the strong US currency raised reported sales. Sales in Asia, led by Japan and China developed well.

IXXAT INpact – the first product based on combined technology from both Anybus and IXXAT – was presented during the quarter. This is a network communication card for industrial PC applications, an area where IXXAT already provides a number of products for communication. This new product is developed using the HMS NP40 chip technology and opens up new application areas for our IXXAT products.

We continue to notice a substantial interest from IT companies intending to use HMS technology to bridge information from industrial machines to IT systems on the enterprise level, an expanding market in the area of Industrial Internet of Things (IIoT).

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".

"IXXAT INpact – the first product based on combined technology from both Anybus and IXXAT – was presented during the quarter. This opens up new application areas for our IXXAT products."

Staffan Dahlström,
CEO, HMS Networks AB

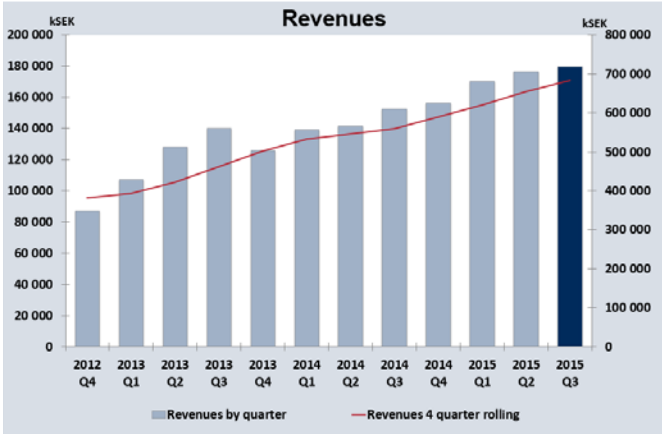
Quarterly data	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net sales (SEK m)	180	177	170	156	152	141	139	126
Order intake (SEK m)	180	170	174	162	148	153	148	132
Operating profit (SEK m)	31	24	32	18	37	21	22	13
Gross margin (%)	59.9	62.2	62.4	62.0	63.0	61.9	62.1	63.7
Operating margin (%)	17.3	13.7	18.7	11.5	24.4	14.8	15.5	10.7
Return on capital (%)	17.9	13.7	20.4	8.8	26.0	14.3	14.9	10.3
Earnings per share (SEK)	1.75	1.32	1.95	0.81	2.28	1.22	1.27	0.84
Equity per share (SEK)	40.28	38.18	39.18	37.43	36.19	33.95	34.75	33.44
Cash flow for operating activities per share (SEK)	3.13	2.52	0.72	2.32	2.56	2.57	0.81	2.18

Net sales

Net sales for the last twelve months amounted to SEK 683 m (559) corresponding to a 22 % increase. In total the devaluation of the Swedish currency in relation to the major HMS currencies had a SEK 54 m positive impact on net sales compared to the previous twelve month period. The order intake for the last four quarters amounted to SEK 687 m (580).

Net sales for the first nine months amounted to SEK 527 m (433) corresponding to a 22 % increase. Adjusted for a SEK 44 m positive fluctuation in currencies the increase was 11 %. Order intake for the first nine months was SEK 524 m (448).

Net sales for the third quarter 2015 totalled to SEK 180 m (152), corresponding to a 18 % increase compared to the same quarter the previous year. Adjusted for a SEK 12 m positive currency effect the volume increase was 10 % in local currencies. Order intake increased with SEK 32 m to SEK 180 m (148), of which SEK 175 m will be delivered during the upcoming twelve months. In local currencies order intake during the third quarter increased with 14 %.



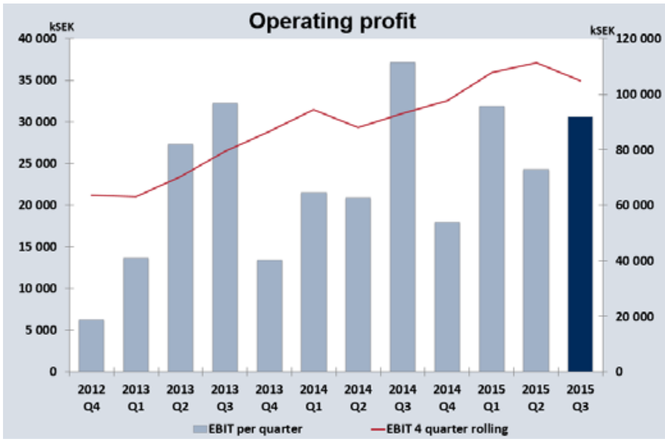
The graph shows turnover per quarter on the bars referring to the scale on the left axis. The line shows turnover for the latest 12 month period referring to the scale on the axis to the right.

Operating profit

Operating profit totalled to SEK 105 m (93) for the last four quarters, equivalent to an operating margin of 15 % (17). Currency effects had a SEK 23 m positive impact on the operating result compared to the previous year.

Operating profit for the first nine months amounted to SEK 87 m (80), corresponding to an 17 % (18) operating margin. Currency fluctuations compared to the same period the previous year had a SEK 20 m positive impact.

The operating profit for the third quarter 2015 totalled to SEK 31 m (37), corresponding to a 17 % (24) operating margin. On Group level changes in exchange rates had a SEK 6 m positive impact compared to the same period the previous year.



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.

Equity

The Group's equity amounted to SEK 455 m (409). The total number of shares at the end of the year was 11,322,400. The Group's equity/assets ratio amounted to 54 % (50).

Tax

The tax charge for the first half-year was SEK 19 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 2015**	**Sep 30 2014**	**Dec 31 2014**
Balance at 1 January	422,599	377,557	377,557
Total comprehensive income for the period	59,165	55,635	69,209
Share related-payment	1,329	894	1,238
Dividends	-28,229	-25,406	-25,405
Closing balance	**454,864**	**408,680**	**422,599**

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 61 % in EURO, 25 % in USD, 7 % in Japanese Yen and 7 % in SEK and other currencies. Cost of goods sold consists of 72 % in EURO, 22 % in USD and 1 % in Japanese Yen. Operating expenses consists of 38 % in EURO, 11 % in USD, 4 % in Japanese Yen and 47 % 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 2015 amounted to SEK 72 m (67).

The investments in tangible assets for the nine month period totalled SEK 4 m (2). Investments in intangible assets for the period totalled SEK 12 m (22) 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 13 m (10) 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 2015 depreciation on purchase price allocated to assets acquired was reflected with SEK 5 m (5) 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 22 m€.

At the end of the period the cash equivalents totalled SEK 19 m (24) and unutilized credit facilities SEK 30 m. The Group's net debt amounted to SEK 194 m (233). The group's long term debt is amortized with SEK 36 m annually. During the first nine months 2015 SEK 28 m (27) was amortized. During the second quarter HMS distributed dividend payments to its shareholder equal to SEK 2.50 per share (2.25), in total SEK 28 m.

Important events

- HMS Netbiter EC 300-series is certified for use in the Schneider Electric Collaborative Automation Partner Program
- The industrial PC manufacturer AAEON chooses IXXAT INpact Real-Time Ethernet PC-Interface for a strategic cooperation
- IXXAT safety products receives a global certification from the German TÜV institute
- The HMS Annual General Meeting was held on Tuesday April 28, 2015
- HMS starts collaboration with Xilinx to deliver 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, 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 %.

The HMS Networks AB 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 of which 31,000 shares 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 50,000.

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 2015 amounted to SEK 0 m (0). Cash and cash equivalents amounted to SEK 0.3 m (0.2) and borrowing amounted to SEK 0 m (0).

Buildings

Energy

Life-Science

Manufacturing

Transport

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

PRODUKTION 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, 2015 did not affect the Groups reporting as of September 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.

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.

Nomination committee

In accordance with principles adopted at HMS 2015 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, 2016.

Reporting occasions

- Year-end Report 2015 will be published on February 5, 2016
- First quarter report 2016 will be presented on April 26, 2016
- Annual General Meeting will be held on April 28, 2016
- Half year report 2016 will be published on July 19, 2016

Halmstad, October 28, 2015

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, 2015.

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) of HMS Networks AB (publ) as of 30 September 2015 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information 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, 28 October 2015
Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorized Public Accountant

Financial accounts

	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014	1410-1509 12 months
Net increase in revenue (%)	18.1	8.8	21.6	15.3	17.6	22.2
Gross margin (%)	59.9	63.0	61.5	62.4	62.3	61.6
Operating margin EBIT (%)	17.3	24.4	16.5	18.4	16.6	15.4
EBITDA (SEK t)	39,899	44,101	112,585	100,169	125,955	138,371
EBITDA (%)	22.2	29.0	21.4	23.1	21.4	20.3
Return on capital empolyed (%)	4.7	5.6	13.0	12.2	15.0	15.8
Return on total equity (%)	17.9	26.0	17.2	18.2	15.8	15.3
Working capital in relation to sales (%)*	7.0	8.0	7.0	8.0	6.1	7.0
Capital turnover rate	0.86	0.75	0.84	0.72	0.74	0.82
Debt/equity ratio	0.43	0.57	0.43	0.57	0.54	0.43
Equity/assets ratio (%)	54.1	49.9	54.1	49.9	50.8	54.1
Capital expenditure in property, plant and equipm (SEK 000s)	884	680	4,027	2,170	6,037	7,894
Capital expenditure in intagible fixed assets (SEK 000s)	3,981	7,994	12,396	23,869	31,773	20,301
Depreciation of property, plant and equipment (SEK 000s)	-2,017	-1,826	-6,070	-5,508	-7,453	-8,015
Amortisation of intangible fixed assetes (SEK 000s)	-6,799	-5,124	-19,383	-15,057	-20,920	-25,246
Number of employees (average)	359	351	359	352	352	357
Revenue per employees (SEK m)*	1.9	1.6	1.9	1.6	1.7	1.9
Equity per share, SEK	40.28	36.19	38.86	24.82	35.43	28.24
Cash flow from operations per share, SEK	3.13	2.56	6.37	5.94	8.26	8.69
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)	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014	1410-1509 12 months
Revenue	179,835	152,316	526,602	432,894	589,212	682,919
Cost of goods and services sold	-72,094	-56,325	-202,837	-162,915	-222,366	-262,288
Gross profit	**107,742**	**95,991**	**323,765**	**269,979**	**366,846**	**420,632**
Sales and marketing costs	-38,054	-32,053	-115,975	-96,671	-138,766	-158,069
Administrative expenses	-14,141	-11,360	-45,102	-38,957	-53,750	-59,894
Research and development costs	-26,141	-17,784	-77,258	-61,291	-85,052	-101,019
Other operating income	2,892	2,792	8,321	6,981	9,809	11,149
Other costs	-1,215	-436	-6,607	-436	-1,506	-7,677
Operating profit	**31,083**	**37,150**	**87,144**	**79,605**	**97,582**	**105,121**
Financial income	1	0	1	0	37	38
Financial costs	-4,725	-3,686	-11,497	-9,558	-11,809	-13,748
Profit before tax	**26,359**	**33,465**	**75,648**	**70,047**	**85,811**	**91,412**
Tax	-6,590	-7,687	-18,912	-16,111	-22,713	-25,514
Profit for the period	**19,769**	**25,778**	**56,736**	**53,936**	**63,098**	**65,899**
Basic earnings per share, SEK	1.75	2.28	5.01	4.77	5.59	6.26

Statements of comprehensive income

(SEK 000s)	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014	1410-1509 12 months
Profit for the period	19,769	25,778	56,736	53,936	63,098	65,899
Other comprehensive income						
Items that may be reclassified subsequently to income statement						
Cash flow hedges	-237	-836	1,319	-1,790	-2,720	389
Translation differences	6,685	-856	-2,469	7,181	18,395	8,745
Hedging of net investments	-3,686	965	4,960	-5,238	-13,029	-2,831
Income tax relating to components of other comprehensive income	863	-28	-1,381	1,546	3,465	538
Other comprehensive income for the period, net of tax	**3,625**	**-755**	**2,429**	**1,699**	**6,111**	**6,841**
Total comprehensive income for the period	**23,394**	**25,023**	**59,165**	**55,635**	**69,209**	**72,740**

Balance sheets

(SEK 000s)	Sep 30 2015	Sep 30 2014	Dec 31 2014
ASSETS			
Goodwill	398,959	394,972	400,752
Other intangible assets	248,492	249,940	257,078
Property, plant and equipment	16,399	16,420	18,520
Deferred tax assets	424	805	1,328
Other long term receivables	1,739	0	1,498
Total fixed assets	**666,013**	**662,137**	**679,176**
Inventories	58,601	46,092	53,953
Trade and other receivables	81,258	66,937	69,494
Other current receivables	15,980	19,158	12,089
Cash and cash equivalents	19,136	23,921	17,629
Total current assets	**174,975**	**156,108**	**153,165**
TOTAL ASSETS	**840,988**	**818,245**	**832,341**
EQUITY AND LIABILITIES			
Equity	**454,864**	**408,680**	**422,599**
Liabilities			
Non-current liabilities	172,654	202,279	204,891
Deffered income tax liabilities	67,711	65,944	65,115
Total non-current liabilities	**240,365**	**268,223**	**270,006**
Interest-bearing current liabilities	40,082	54,185	40,497
Trade payables	45,715	37,991	40,695
Other current liabilities	59,962	49,166	58,544
Total current liabilities	**145,759**	**141,342**	**139,736**
TOTAL EQUITY AND LIABILITIES	**840,988**	**818,245**	**832,341**

Cash flow statements

(SEK 000s)	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014	1410-1509 12 months
Cash flow from operating activities before changes in working capital	31,415	34,902	81,381	99,442	99,442	105,134
Cash flow from changes in working capital	4,112	-6,008	-9,264	-8,673	-6,187	-6,778
Cash flow from operating activities	**35,527**	**28,894**	**72,117**	**67,016**	**93,255**	**98,356**
Cash flow from investing activities	-4,313	-6,781	-16,116	-24,146	-37,982	-29,952
Cash flow from financing activities	-29,022	-20,875	-54,938	-34,767	-54,808	-74,979
Cash flow for the period	**2,192**	**1,238**	**1,063**	**8,103**	**465**	**-6,575**
Cash and cash equivalents at beginning of the period	16,594	22,683	17,629	15,818	15,818	23,921
Translation differences in cash and cash equivalents	350	0	444	0	1,346	1,790
Cash and cash equivalents at end of period	19,136	23,921	19,136	23,921	17,629	19,136

Quarterly data

Revenue per region (SEK 000s)	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
EMEA	109,576	104,637	104,580	99,014	97,567	90,601	91,628	78,378	89,455	82,481	69,182	52,971
Americas	38,898	37,248	39,999	33,123	30,157	27,519	27,291	26,359	30,592	26,439	22,480	19,686
Asia	31,362	34,629	25,672	24,181	24,592	23,330	20,207	21,021	19,920	19,285	15,553	14,608

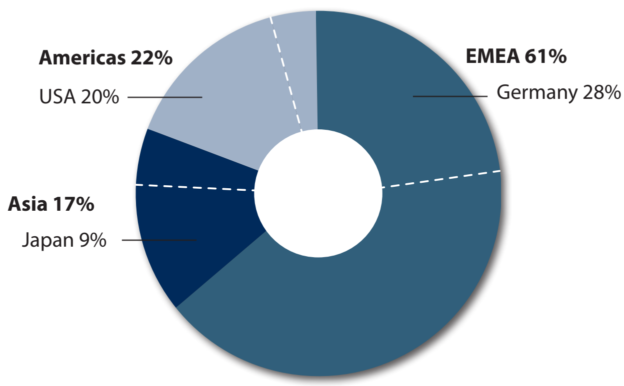
Income statement (SEK 000s)	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Revenue	**179,835**	**176,515**	**170,251**	**156,318**	**152,316**	**141,451**	**139,127**	**125,758**	**139,967**	**128,205**	**107,215**	**87,265**
Gross profit	**107,742**	**109,854**	**106,168**	**96,867**	**95,991**	**87,618**	**86,369**	**80,056**	**88,704**	**79,709**	**65,446**	**50,269**
Gross margin	*59.9%*	*62.2%*	*62.4%*	*62.0%*	*63.0%*	*61.9%*	*62.1%*	*63.7%*	*63.4%*	*62.2%*	*61.0%*	*57.6%*
Operating profit	**31,083**	**24,178**	**31,884**	**17,977**	**37,150**	**20,928**	**21,527**	**13,443**	**32,226**	**27,260**	**13,745**	**6,248**
Operating margin	*17.3%*	*13.7%*	*18.7%*	*11.5%*	*24.4%*	*14.8%*	*15.5%*	*10.7%*	*23.0%*	*21.3%*	*12.8%*	*7.2%*
Profit before tax	**26,359**	**19,883**	**29,406**	**15,764**	**33,465**	**17,971**	**18,611**	**12,397**	**30,479**	**26,919**	**11,699**	**7,001**

Sales

Sales by geographical area for the first nine months 2015 are presented in the graph to the right.

Embedded products reached 53 % (53) of the Group's total sales, IXXAT products 18 % (19), 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)	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014	1410-1509 12 months
Revenue	2,499	1,771	7,901	6,027	8,835	10,709
Gross profit	**2,499**	**1,771**	**7,901**	**6,027**	**8,835**	**10,709**
Administrative expenses	-2,499	-1,771	-7,901	-6,026	-8,834	-10,709
Operating profit	**0**	**0**	**0**	**1**	**1**	**0**
Interest expense and similar income	0	0	0	-1	-1	0
Profit before tax	**0**	**0**	**0**	**0**	**0**	**0**
Tax	0	0	0	-2	-48	-47
Profit of the period	**0**	**0**	**0**	**-2**	**-48**	**-47**

Parenty company balance sheets

(SEK 000s)	Sep 30 2015	Sep 30 2014	Dec 31 2014
ASSETS			
Financial fixed assets	244,039	244,039	244,039
Total financial fixed assets	**244,039**	**244,039**	**244,039**
Other receivables	494	428	454
Cash and cash equivalents	322	243	192
Total current assets	**816**	**670**	**646**
TOTAL ASSETS	**244,855**	**244,709**	**244,685**
EQUITY AND LIABILITIES			
Equity	**90,249**	**118,524**	**118,477**
Untaxed reserves	**8**	**8**	**8**
Liabilities			
Trade payables	130	58	427
Liabilities to Group companies	151,865	124,153	122,888
Other current liabilities	2,603	1,966	2,885
Total current liabilities	**154,598**	**126,177**	**126,200**
TOTAL EQUITY AND LIABILITIES	**244,855**	**244,709**	**244,685**

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 350 people and reported sales of 589 million SEK in 2014. HMS is listed on the NASDAQ OMX in Stockholm, category Mid Cap, Information Technology.

Our vision

"In a world where all devices are intelligent and networked... HMS is the leader in making industrial devices and systems communicate – for a more productive and sustainable world.".

Our mission

"We drive innovation in collaboration with partners and customers creating leading technologies, products and solutions bringing value to real-world challenges".

HMS Connecting Devices™

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