

hms networks

INTERIM REPORT 2016

JANUARY - MARCH

Last twelve months

- Net sales for the last twelve months amounted to SEK 732 m (620) corresponding to a 13 % increase in local currencies. The revaluation of the Swedish currency had a positive impact of SEK 35 m on net sales
- Operating profit for the last twelve months was SEK 90 m (108) corresponding to a 12 % (17) operating margin
- Order intake for the twelve-month period was SEK 706 m (637)
- Cash flow from operating activities for the twelve-month period amounted to SEK 87 m (92)
- Profit after tax for the last twelve months amounted to SEK 51 m (71) and earnings per share was SEK 4.46 (6.26)

First quarter

- Net sales for the first quarter increased by 18 % to SEK 201 m (170)
- Operating profit was SEK 20 m (32) corresponding to a 10 % (19) operating margin
- Order intake for the first quarter was SEK 199 m (174)
- eWON SA, acquired during the first quarter, affected sales and the result during two months
- Costs related to the acquisition had a SEK 3 m negative impact on the operating profit during the first quarter



Comment from the CEO

During the first quarter 2016 we reached a new sales record of SEK 201 m and a growth of 18%. Behind these figures we have a substantial positive impact from the acquired Belgium company eWON SA but also a weaker than expected development from HMS traditional operations. eWON develops and sells products for remote access and remote monitoring of industrial control systems to, for example machine manufacturers. The acquisition is an excellent complement to the HMS technology platforms for Remote Management as well as it contributes with a well established network of sales channels in Europe and USA.

For the traditional operations of HMS we saw a continuing cautious development of the market with a weak growth. In the quarter we can also report an unfavourable product mix to a few large customers resulting in a lower gross margin. This in combination with investments in new resources and the Industrial Internet of Things initiated during the previous year resulted in a weak start of 2016.

During the first quarter, we have started to coordinate the eWON sales and marketing resources with HMS existing organization for our three brands Anybus®, IXXAT® and eWON®. In the longer term there are also good opportunities to coordinate technology and development of the acquired business, which is expected to have a positive impact on future generations of products from HMS.

Our aim now is to achieve the full effect of the opportunities we see in the newly acquired operations and the recent investments in new resources.

Order intake also including eWON improved during the period compared to Q4 2015, but we did not quite reach the level reported for the same quarter in 2015. Including eWON, we can see an increasing order intake in the first quarter of 2016. However, the uncertainty we previously expressed, remains in our markets. We continue to see new design wins which strengthens our strong position in the market.

An increased strain from the amortization of intangible assets, costs related to the acquisition and investments in additional resources, primarily in sales and marketing, are affecting the profit for the first quarter.

The German and Japanese markets continue to develop strongly. For the US, we continue to see a mixed picture with a weak market and some delays in placing orders from some customers.

The product line Netbiter, which in the future will be a part of the eWON brand, is showing a sales increase of 40% in the first quarter, although from small volumes. With the strong products from eWON, we believe that this area of the HMS product offering will be able to develop even better in the future.

During the first quarter, we launched two interesting products within the Industrial Internet of Things (IIoT). Firstly, the Anybus .NET gateway which is an easy way to connect industrial control systems (OT) to IT systems via .NET. We also launched the Anybus SG-gateway for Smart Grid applications, which enables communication between machines with high power consumption and systems for Smart Grid energy distribution.

Our focus is to drive growth within our three product brands. We continue to balance our long term growth strategy with a cautious approach to costs. In the long term, we believe that the market for industrial communication and remote monitoring will be an interesting growth area, and we continue to focus on our motto "HMS - Connecting Devices".

"Sales and marketing resources within eWON are now being coordinated with HMS's existing organization and in the longer term, we see opportunities to also coordinate technology and development."



Staffan Dahlström,
VD, HMS Networks AB

Quarterly data	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2016	2015	2015	2015	2015	2014	2014	2014
Net sales (SEK m)	201	175	180	177	170	156	152	141
Order intake (SEK m)	199	157	180	170	174	162	148	153
Gross margin (%)	59.2	60.5	59.9	62.2	62.4	62.0	63.0	61.9
EBITDA (SEK m)	30	23	40	33	40	26	44	28
EBITDA (%)	14.8	13.1	22.2	18.6	23.4	16.5	29.0	20.0
Operating profit (SEK m)	20	14	31	24	32	18	37	21
Operating margin (%)	10.1	8.2	17.3	13.7	18.7	11.5	24.4	14.8
Return on capital (%)	9.9	3.0	17.9	13.7	20.4	8.8	26.0	14.3
Earnings per share (SEK)	1.08	0.31	1.75	1.32	1.95	0.81	2.28	1.22
Equity per share (SEK)	48.39	40.34	40.28	38.18	39.18	37.43	36.19	33.95
Cash flow for operating activities per share (SEK)	0.44	1.54	3.15	2.56	0.72	2.32	2.56	2.57

Net sales

Net sales for the last twelve months amounted to SEK 732 m (620) corresponding to a 18 % increase. In total, the depreciation of the Swedish currency in relation to the major HMS currencies had a positive effect on net sales by SEK 34 m compared to the previous twelve-month period. Order intake for the twelve month period amounted to SEK 706 m (637).

Net sales for the first quarter 2016 was SEK 201 m (170), corresponding to a 18 % increase compared to the same quarter during the previous year. Currency effects had a SEK 0.3 m positive impact on net sales compared to the same quarter the previous year. During the first quarter the acquired company eWON contributed with SEK 28 m to net sales. Order intake for the first quarter increased by SEK 25 m to SEK 199 m (174), of which SEK 197 m (169) is expected to be delivered during the next twelve months.

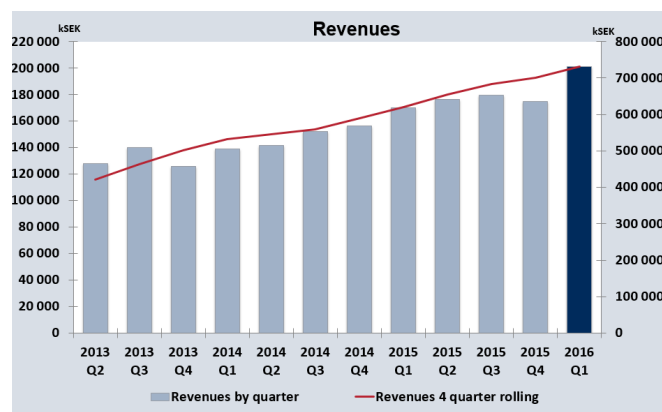
Operating profit

Operating profit before depreciation EBITDA for the last twelve months totalled to SEK 125 m (138), equivalent to an operating margin EBITDA of 17 % (22). Operating result EBIT for the last twelve months amounted to SEK 90 m (108) corresponding to a 12% (17) EBIT margin. Currency effects related to income and expenses had a SEK 15 m positive impact on the operating result compared to the previous 12 months.

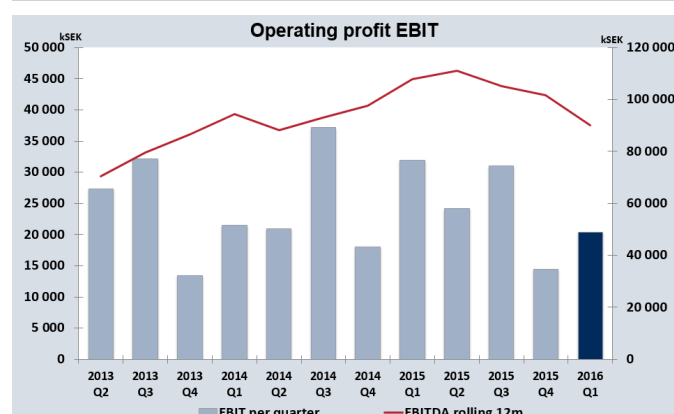
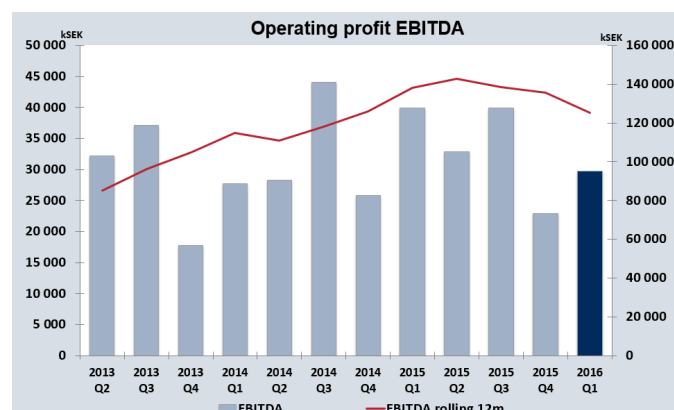
The operating profit before depreciation EBITDA for the first quarter 2016 totalled to SEK 30 m (40), corresponding to a 15 % (23) EBITDA margin. Operating result after depreciation EBIT for the first quarter totalled SEK 20 m (32) corresponding to an 10 % (19) EBIT margin. Changes in exchange rates related to income and expenses had a SEK 0.5 m positive impact compared to the same period the previous year. During the first quarter the acquired company, considering depreciation on allocated overvalues and acquisition expenses, had a SEK 7 m positive impact on the group operating result. The costs related to the acquisition amounted to SEK 3 m.

Equity

The Group's equity amounted to SEK 559 m (442). The total number of shares at the end of the year was 11,704,717. In the new issue carried out in connection with the acquisition of eWON 382,317 new shares in HMS Networks AB were issued, which increased equity by SEK 38,232 in share capital and SEK 93 m in share premium. The Group's equity/assets ratio amounted to 47 % (53). In connection with the share saving program initiated during 2013 the Company has acquired 31 000 of shares in HMS Networks AB up until March 31, 2016.



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 two graphs above show operating result EBITDA and EBIT per quarter. The bars refer 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 quarter was SEK 5 m (7). 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)

	Mar 31 2016	Mar 31 2015	Dec 31 2015
Balance at 1 January	455,482	422,599	422,599
Total comprehensive income for the period	9,285	19,278	59,376
Issue of new shares	93,285	0	0
Share related-payment	631	481	1,737
Dividends	0	0	-28,229
Closing balance	558,683	442,357	455,482

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 59 % in EURO, 25 % in USD, 8 % in Japanese Yen and 8 % in SEK and other currencies. Cost of goods sold consists of 71 % in EURO, 22 % in USD and 1 % in Japanese Yen. Operating expenses consists of 41 % in EURO, 13 % in USD, 3 % in Japanese Yen and 43 % in 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 the first quarter amounted to SEK 5 (8).

The investments in tangible assets for the first quarter totalled SEK 2 m (1). Investments in intangible assets totalled SEK 7 m (4) and comprise to a material part capitalization of expenses related to the development of technology platforms. Depreciation on capitalized development costs during the period amounted to SEK 5 m (4).

The acquisition of IXXAT in February 2013 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. Estimated annual amortization of acquired overvalue amounts to about SEK 7 m.

The acquisition of eWON in February 2016 generated, according to the preliminary acquisition analysis, a SEK 232 m overvalue before tax, of which SEK 97 m is allocated on brand name and customers included in the acquisition. Amortization on overvalues acquired is estimated to SEK 1.5 m. Amortization on overvalues acquired was recognized with SEK 0.2 m during the first quarter 2016.

The acquisition of eWON was financed by issuing 382,317 shares in HMS Networks AB and by a bank loan of EUR 19 m. The loan is amortized with EUR 4 m annually and amounted to EUR 18 m at the end of the period.

In total SEK 18 m (9) was amortized during the first quarter 2016. At the end of the period the cash equivalents totalled SEK 48 m (13) and unutilized credit facilities SEK 30 m. The Group's net debt amounted to SEK 361 m (217).

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 quarter 2016 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).

Important events

HMS acquires eWON SA, Belgium

On 5 February 2016, the Group acquired 100 percent of the share capital in the Belgian company, eWON SA. eWON was founded in 2001 and its head office is in Nivelles, Belgium. Along with the subsidiaries in USA and Japan, eWON offers communications products and services for remote access of industrial applications and controllers (PLC), data collection applications and cloud-based software.

The acquisition price amounted to EUR 29 m on a debt free basis, of which approximately EUR 10 m was paid by issuing 382,317 shares in the company and the remainder in cash. The acquisition was financed via a bank loan for EUR 19 m.

The acquisition generated consolidated goodwill of approximately SEK 232 m. The new issue of shares, which was in accordance with the authority of the Board to issue new shares granted by the 2015 AGM, had a dilutive effect of 3.27 %. The acquired company is included in the consolidated income statement and balance sheet for HMS as of 1 February 2016.

According to the preliminary acquisition analysis, the consideration, acquired net assets and goodwill amount to:

Consideration:	SEK t
Cash and cash equivalents	178,981
Issued shares	93,285
Total consideration, preliminary	272,266

The assets and liabilities that were recognized as a result of the acquisition are:	Fair value, SEK t
Cash and cash equivalents	26,783
Accounts receivable and other receivables	32,455
Inventories	19,253
Property, plant and equipment	21,551
Intangible assets	
<i>Customers</i>	15,045
<i>Brands</i>	81,675
<i>Deferred tax liabilities</i>	-30,950
Accounts payable and other liabilities	-30,228
Borrowings	-28,971
Deferred tax liabilities	-329
Total identifiable net assets	106,283
Goodwill*	165,982
Acquired net assets	272,266

*Goodwill is attributable to the employees and the high profitability of the acquired business. No portion of recognized goodwill is expected to be deductible for tax purposes.

Buildings



Energy



Life-Science



Manufacturing



Transport



Outlook

The HMS Group's 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 and eWON, 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 fluctuating 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 11,704,717 whereof 31 000 shares are held by the Company.

Share Savings Program

The Company has launched four 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 March 31, 2016 the total number of shares saved amounted to approximately 56,800.

Dividend

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

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 Thursday April 28, 2016 at 10.30 am.

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.

PRODUCT STRATEGY – HMS markets five 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
- eWON Remote Access – Remote monitoring and data access of industrial control system

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 Sweden, Germany, Baltics, Czech, France and Thailand) 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. eWON and 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 and Control, 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, 2016 did not affect the Groups reporting as of March 31, 2016.

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 2015. In addition to the risks described in these documents, no additional significant risks have been identified.

Reporting occasions

- Annual General Meeting will be held at 10.30 am on April 28, 2016
- Half year report will be presented on July 19, 2016
- Interim report for the 3rd quarter will be presented on October 26, 2016
- Year-end report will be presented on February 16, 2017

Halmstad April 26, 2016

Staffan Dahlström
Chief Executive Officer

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 Högborg, 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 26, 2016.

Financial accounts

	Q1 2016	Q1 2015	Q1-Q4 2015	1504-1603 12 months
Net increase in revenue (%)	18.1	22.4	19.1	18.1
Gross margin (%)	59.2	62.4	61.2	60.4
Operating margin EBIT (%)	10.1	18.7	14.5	12.3
EBITDA (SEK t)	29,763	39,885	135,517	125,395
EBITDA (%)	14.8	23.4	19.3	17.1
Return on capital employed (%)	2.5	4.8	15.4	11.0
Return on total equity (%)	9.9	20.4	13.7	10.1
Working capital in relation to sales (%)*	9.4	8.3	5.8	9.4
Capital turnover rate	0.80	0.82	0.84	0.73
Debt/equity ratio	0.65	0.49	0.39	0.65
Equity/assets ratio (%)	47.1	53.0	54.9	47.1
Capital expenditure in property, plant and equipm (SEK 000s)	1,630	1,052	5,042	5,621
Capital expenditure in intangible fixed assets (SEK 000s)	7,347	4,283	20,404	23,468
Depreciation of property, plant and equipment (SEK 000s)	-2,322	-2,012	-8,095	-8,404
Amortization of intangible fixed assets (SEK 000s)*	-7,066	-5,989	-25,838	-26,915
Number of employees (average)	429	354	362	380
Revenue per employees (SEK m)**	1.7	1.8	1.9	1.9
Equity per share, SEK	48.39	39.18	38.88	44.08
Cash flow from operations per share, SEK	0.44	0.72	7.97	7.66
Total number of share, average, thousands	11,577	11,322	11,322	11,386
Holding of own shares, average, thousands	31	31	31	31
Total outstanding shares, average, thousands	11,546	11,291	11,291	11,355

*Includes amortization on allocated excess value in acquired subsidiaries.

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

Income statements

(SEK 000s)	Q1 2016	Q1 2015	Q1-Q4 2015	1504-1603 12 months
Revenue	201,073	170,251	701,676	732,498
Cost of goods and services sold	-82,039	-64,083	-271,918	-289,874
Gross profit	119,035	106,168	429,757	442,624
Sales and marketing costs	-48,858	-38,112	-164,932	-175,679
Administrative expenses	-19,795	-14,920	-61,354	-66,228
Research and development costs	-29,187	-23,477	-103,116	-108,827
Other operating income	0	4,757	1,230	-3,526
Other costs	-821	-2,533	0	1,712
Operating profit	20,374	31,884	101,584	90,075
Financial income	17	0	2	19
Financial costs	-3,237	-2,478	-14,025	-14,785
Profit before tax	17,154	29,406	87,561	75,310
Tax	-4,632	-7,352	-27,356	-24,636
Profit for the period	12,523	22,055	60,205	50,673
Basic earnings per share, SEK	1.08	1.95	5.33	4.46

Statements of comprehensive income

(SEK 000s)	Q1 2016	Q1 2015	Q1-Q4 2015	1504-1603 12 months
Profit for the period	12,523	22,055	60,205	50,673
Other comprehensive income				
Items that may be reclassified subsequently to income statement				
Cash flow hedges	282	-637	1,787	2,706
Hedging of net investments	-1,759	6,380	11,565	3,426
Translation differences	-2,086	-7,257	-11,244	-6,073
Income tax relating to components of other comprehensive income	325	-1,263	-2,937	-1,349
Other comprehensive income for the period, net of tax	-3,238	-2,777	-830	-1,291
Total comprehensive income for the period	9,285	19,278	59,376	49,383

Balance sheets

(SEK 000s)	Mar 31 2016	Mar 31 2015	Dec 31 2015
ASSETS			
Goodwill	558,967	396,796	394,167
Other intangible assets	342,595	251,913	245,835
Property, plant and equipment	35,818	17,588	15,300
Deferred tax assets	506	496	3,239
Other long term receivables	1,837	2,005	1,723
Total fixed assets	939,723	668,798	660,264
Inventories	74,612	53,974	55,810
Trade and other receivables	106,873	84,436	81,973
Other current receivables	16,705	14,794	13,313
Cash and cash equivalents	47,652	12,500	19,503
Total current assets	245,842	165,704	170,599
TOTAL ASSETS	1,185,565	834,502	830,863
EQUITY AND LIABILITIES			
Equity	558,683	442,357	455,482
Liabilities			
Non-current liabilities	341,951	190,195	158,142
Deffered income tax liabilities	102,704	64,272	72,242
Total non-current liabilities	444,655	254,467	230,384
Interest-bearing current liabilities	66,291	39,582	38,759
Trade payables	47,686	36,416	44,704
Other current liabilities	68,250	61,680	61,534
Total current liabilities	182,227	137,678	144,997
TOTAL EQUITY AND LIABILITIES	1,185,565	834,502	830,863

Cash flow statements

(SEK 000s)	Q1 2016	Q1 2015	Q1-Q4 2015	1504-1603 12 months
Cash flow from operating activities before changes in working capital	14,658	29,549	96,808	81,917
Cash flow from changes in working capital	-9,606	-21,437	-6,796	5,035
Cash flow from operating activities	5,052	8,112	90,012	86,952
Cash flow from investing activities	-160,854	-5,659	-25,398	-180,593
Cash flow from financing activities	183,805	-8,127	-62,872	129,060
Cash flow for the period	28,003	-5,674	1,742	35,419
Cash and cash equivalents at beginning of the period	19,503	17,629	17,629	12,500
Translation differences in cash and cash equivalents	146	545	132	-267
Cash and cash equivalents at end of period	47,652	12,500	19,503	47,652

*The impact on the Group's cash and cash equivalents related to the acquisition of eWON amounted to SEK -152 m in Q1 2016, net of eWON's liquid funds. Cash and cash equivalents in eWON amounted to SEK 27 m.

Quarterly data

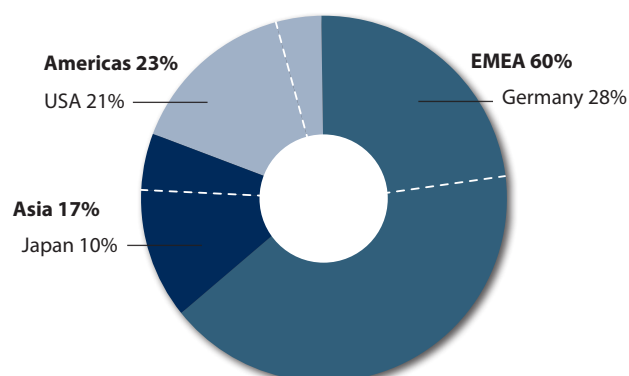
Revenue per region (SEK 000s)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
EMEA	121,420	99,757	109,576	104,637	104,580	99,014	97,567	90,601	91,628	78,378	89,455	82,481
Americas	46,424	40,938	38,898	37,248	39,999	33,123	30,157	27,519	27,291	26,359	30,592	26,439
Asia	33,230	34,379	31,362	34,629	25,672	24,181	24,592	23,330	20,207	21,021	19,920	19,285
Income statement (SEK 000s)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Revenue	201,073	175,074	179,835	176,515	170,251	156,318	152,316	141,451	139,127	125,758	139,967	128,205
Gross profit	119,035	105,993	107,742	109,854	106,168	96,867	95,991	87,618	86,369	80,056	88,704	79,709
Gross margin	59.2%	60.5%	59.9%	62.2%	62.4%	62.0%	63.0%	61.9%	62.1%	63.7%	63.4%	62.2%
Operating profit	20,374	14,440	31,083	24,178	31,884	17,977	37,150	20,928	21,527	13,443	32,226	27,260
Operating margin	10.1%	8.2%	17.3%	13.7%	18.7%	11.5%	24.4%	14.8%	15.5%	10.7%	23.0%	21.3%
Profit before tax	17,154	11,913	26,359	19,883	29,406	15,764	33,465	17,971	18,611	12,397	30,479	26,919

Sales

Sales by geographical area for the first quarter 2016 are presented in the graph to the right.

Embedded products reached 45 % (52) of the Group's total sales, IXXAT 15 % (19), Gateway products 18 % (20) and Remote Management amounted to 18 % (3), whereof eWON 14 %.

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



Parent company income statements

(SEK 000s)	Q1 2016	Q1 2015	Q1-Q4 2015	1504-1603 12 months
Revenue	4,053	2,236	11,933	13,749
Gross profit	4,053	2,236	11,933	13,749
Administrative expenses	-4,055	-2,236	-11,606	-13,424
Operating profit	-2	0	327	325
Interest expense and similar income	0	0	0	0
Profit before tax	-2,	0	327	325
Appropriations	0	0	8	8
Tax	0	0	-141	-141
Profit of the period	-2	0	194	192

Parent company balance sheets

(SEK 000s)	Mar 31 2016	Mar 31 2015	Dec 31 2015
ASSETS			
Financial fixed assets	337,468	244,039	244,039
Total financial fixed assets	337,468	244,039	244,039
Other receivables	1,300	1,230	600
Cash and cash equivalents	363	206	276
Total current assets	1,663	1,436	876
TOTAL ASSETS	339,131	245,475	244,915
EQUITY AND LIABILITIES			
Equity	183,727	118,477	90,443
Untaxed reserves	0	8	0
Liabilities			
Trade payables	212	48	667
Liabilities to Group companies	153,431	125,073	149,890
Other current liabilities	1,761	1,868	3,915
Total current liabilities	155,404	126,990	154,472
TOTAL EQUITY AND LIABILITIES	339,131	245,475	244,915

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 and remote management. Reported sales reached SEK 701 m in 2015. Development and manufacturing take place at the headquarters in Halmstad, Sweden, in Nivelles Belgium and in Weingarten, Germany. Local sales and support are handled by branch offices in China, Denmark, France, Belgium, Germany, India, Italy, Japan, UK, and USA. HMS employs over 430 people and develops and manufactures solutions for connecting automation devices and systems to industrial networks under the Anybus and IXXAT brand and products for remote management and control under the eWON and Netbiter brands. 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”.

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