

PRESS RELEASE

Halmstad, 30 January, 2013

HMS Networks AB (publ) acquires German IXXAT GmbH

HMS, the world-leading supplier of industrial communication technology, has acquired IXXAT GmbH – a leading supplier of communication technology for industrial automation, machine manufacturing and the automotive industry. The purchase price is approximately 32 million Euro cash and debt free.

IXXAT was founded in 1987 and is today headquartered in Weingarten, Germany. With subsidiaries in France and the U.S., IXXAT offers hi-tech communication products and services for industrial applications. IXXAT employs 85 people and has a turnover of 14 million Euro.

“IXXAT’s hi-tech products and services are great supplements to HMS’s operations,” says Staffan Dahlström, CEO at HMS Networks AB. “Their strong position especially on the important German market will reinforce HMS’s presence on the world’s leading market for industrial communication solutions. IXXAT is world-leading when it comes to CAN-based communication technology and they operate within business segments which will be important for HMS’s future business.”

The acquisition is to be carried out in January, 2013. The acquired business will be consolidated into the HMS Group as of January 31, 2013. The financing of the acquisition has been secured and the acquisition does not adhere to conditions or clearances from any authority.

IXXAT

IXXAT GmbH offers software and hardware solutions for CAN, a number of industrial Ethernet standards, IEEE 1588, FlexRay and LIN. They also offer customized hardware components within embedded subsystems as well as complete embedded system solutions for a broad range of industrial markets like automation, medical, power generation and automotive.

With more than 25 years of experience, IXXAT is a well-renowned supplier of products and services within embedded systems and data communication for industrial automation and the automotive industry. The company also develops technology platforms within safety solutions, according to IEC61508.

The company employs 85 people of which 50 are product development engineers. IXXAT has subsidiaries in the U.S. and France and also sell their products via distributors in 25 countries.

“We see great opportunities to further widen the market for our product offering by getting access to HMS’s well-established global sales channels,” says Christian Schlegel, Managing Director IXXAT GmbH. “HMS’s hi-tech product platforms will also be great assets for our ongoing development projects and for new technologies.”

Acquisition logics

IXXAT’s strong position on the important German market means a wider customer base and a more powerful German organization. The company’s technology platforms, based on the communication protocols CAN, Industrial Ethernet, FlexRay and “Safety,” are important additions to HMS’s current product offering. With 50 new development engineers, HMS’s development resources will be strengthened both when it comes to headcount and experience. The acquisition also gives HMS the opportunity to market products towards new segments such as medical equipment and the automotive industry.

HMS’s world-wide sales channels will give IXXAT access to a wider market. In addition, HMS’s experience within manufacturing and logistics will also provide opportunities for improved efficiency and profitability.

Financial results

In 2012, IXXAT had a turnover of 119 MSEK (EBITDA: 27 MSEK). Pro-forma earnings for HMS+IXXAT 2012 would have been approximately 500 MSEK (EBITDA: 101 MSEK).

EPS effect

The acquisition of IXXAT is expected to have a positive effect on earnings per share as of the acquisition date.

Future development

HMS's global sales channels will be used to market and sell IXXAT's wide product portfolio. Through IXXAT's connections to companies which develop their own communication solutions – the so-called “make market” – HMS will be given the opportunity to offer their solutions within this market. The acquisition also adds around 50 development engineers to HMS's R&D. The extended resources within R&D are expected to increase flexibility which opens up opportunities to develop customized solutions as well as standardized products. By coordinating purchasing and logistics channels, it will be possible to leverage on the acquisition even further.

Integration costs

The acquisition will initially bring minor integration benefits to the Group. The costs for achieving these are estimated to be minor.

The company is required to publish this information according to the securities market act. The information was distributed for publication on January 30, 2013 at 18.00 pm CET.

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HMS Networks AB (publ) is a world-leading supplier of communication technology for industrial automation. Sales for the last twelve months totaled SEK 380 million. Over 90% of these sales were to customers located outside Sweden. All product development and parts of the manufacturing are performed at the head office in Halmstad. Sales offices are located in Tokyo, Beijing, Karlsruhe, Chicago, Milan, Mulhouse, Pune, Coventry and Copenhagen. HMS has 265 employees and produces network interface cards and Gateways to interconnect different networks under the trademark Anybus® and products for remote management under the trademark Netbiter®. HMS is listed on NASDAQ-OMX Nordic Exchange in Stockholm in the category Small Cap, Information Technology.