

hms networks

YEAR-END REPORT 2015

JANUARY - DECEMBER

Yearly

- Net sales for the full year 2015 increased by 19 % reaching SEK 702 m (589), corresponding to a 10 % increase in local currencies. The revaluation of the Swedish currency had a positive impact of SEK 51 m on net sales.
- Operating profit reached SEK 102 m (98) corresponding to a 14 % (17) operating margin.
- Order intake for the year increased to SEK 682 m (611), corresponding to a 3 % increase in local currencies.
- Cash flow from operating activities amounted to SEK 90 m (93).
- Profit after taxes totalled SEK 60 m (63) and the result per share amounted to SEK 5.33 (5.59).
- The Board of Directors propose a dividend to the amount of SEK 2.50 (2.50).

Fourth quarter

- Net sales for the fourth quarter reached SEK 175 m (156) corresponding to an 8 % increase in local currencies.
- Operating result reached SEK 14 m (18) corresponding to an 8 % (12) EBIT margin.
- Order intake during the fourth quarter was SEK 157 m (162) corresponding to a 3 % decrease.

Subsequent events

- HMS signs an agreement to acquire the Belgian company eWON SA.



Comment from the CEO

With continued growth in the last quarter, we sum up 2015 with a turnover of 702 million SEK, a growth of 19% compared to the previous year. During 2015, we had a tailwind from the weakened Swedish krona but also in local currencies, we had double-digit growth rates. As usual, the fourth quarter brought high costs for HMS with a large number of marketing activities. Order intake for the final quarter was weaker than expected.

Furthermore, the continually reduced activation of the company's development costs had a negative effect on the results. Geographically, Germany, Scandinavia and Japan have shown steady growth during the year, while the US market has continued to be relatively weak.

Product-wise, all of our three product lines – Anybus, IXXAT and Netbiter – show good growth. We also see a continued strong growth in the number of new design wins in 2015. In total, we got 195 new design wins for our products during the year and the total number of active design wins now amounts to 1381, an increase of 12% compared to the previous year. Out of these, 1023 are in production while 358 are expected to go into production in the coming years.

The fact that we received a record number of new design wins during the year, shows that we have an attractive product offering and good prospects for continued growth.

The exciting work of launching new products for the Industrial Internet of Things (IIoT) was initiated in 2015. This has now resulted in the Anybus Wireless Bolt, OPC UA communication, EtherNet/IP Linking Devices and SG-gateways for smart energy grids.

These new products are focused on efficient data collection and data transfer within IIoT applications. The focus on IIoT during the year meant increased investments in sales, marketing and development.

Our efforts to improve efficiency and quality continue. This is seen in a stable gross margin for the year and continued good quality levels. As in previous years, we can conclude that our field returns are just below 200 ppm (0.02%) – This is world class!

In early February 2016, HMS signed an agreement to acquire the Belgian company eWON SA. eWON is market leading in the field of remote monitoring and remote control, and will significantly strengthen HMS' position in this field. The company has 58 employees and sales of approximately 140 million SEK with an operating margin of over 20%.

The products that eWON manufacture and market are a strong complement to our existing solution for remote management. Together, these products will become a competitive offer, where we now have a strong position as the leading provider of solutions for remote control and remote monitoring of industrial applications. Particularly gratifying is that the two entrepreneurs behind eWON have chosen to remain in the company and become major shareholders of HMS.

Our focus is to continue to drive growth with our product brands Anybus, Netbiter, IXXAT and the newly acquired eWON. We continue to work with our long-term growth strategy while retaining a balanced view of costs and new resources. In the long term, we believe that the market for industrial data communication and remote management will be an interesting growth area, and we continue to focus on our motto "HMS – Connecting Devices".

"The acquisition of eWON is a strong complement to our existing solution for remote management"

Staffan Dahlström, CEO, HMS Networks AB



Quarterly data	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	2015	2015	2015	2015	2014	2014	2014	2014
Net sales (SEK m)	175	180	177	170	156	152	141	139
Order intake (SEK m)	157	180	170	174	162	148	153	148
Gross margin (%)	60.5	59.9	62.2	62.4	62.0	63.0	61.9	62.1
EBITDA (SEK m)	23	40	33	40	26	44	28	28
EBITDA (%)	13.1	22.2	18.6	23.4	16.5	29.0	20.0	20.0
Operating profit EBIT (SEK m)	14	31	24	32	18	37	21	22
Operating margin EBIT (%)	8.2	17.3	13.7	18.7	11.5	24.4	14.8	15.5
Return on capital (%)	3.0	17.9	13.7	20.4	8.8	26.0	14.3	14.9
Earnings per share (SEK)	0.31	1.75	1.32	1.95	0.81	2.28	1.22	1.27
Equity per share (SEK)	40.34	40.28	38.18	39.18	37.43	36.19	33.95	34.75
Cash flow for operating activities per share (SEK)	1.54	3.15	2.56	0.72	2.32	2.56	2.57	0.81

Net sales

Net sales for 2015 amounted to SEK 702 m (589) corresponding to a 19% increase. In total, the revaluation of the Swedish currency in relation to the major HMS currencies had a positive effect of SEK 51 m on net sales compared to the previous year. The order intake amounted to SEK 682 m (611).

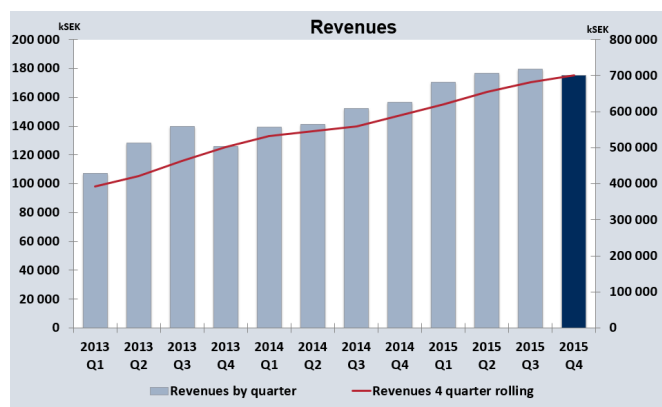
Net sales for the fourth quarter 2015 totalled to SEK 175 m (156), corresponding to a 12 % increase compared to the same quarter the previous year. Changes in currency exchange rates compared to the corresponding quarter last year had a SEK 7 m positive effect on the sales volume.

Order intake decreased by SEK 5 m to SEK 157 m (162), of which SEK 155 m will be delivered during the upcoming twelve months.

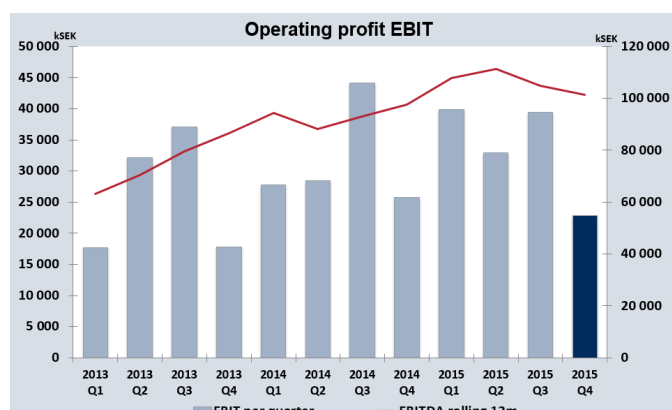
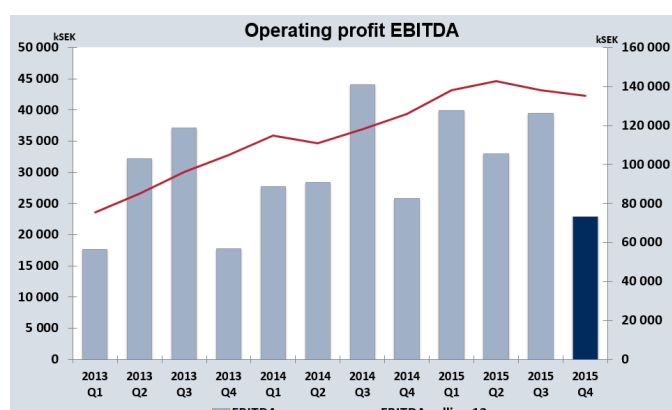
Operating profit

Operating profit before depreciation EBITDA for 2015 totalled to SEK 136 m (126), equivalent to an operating margin EBITDA of 19 % (21). Operating result EBIT amounted to SEK 102 m (98) corresponding to a 15% (17) EBIT margin. Currency effects related to income and expenses had a SEK 23 m positive impact on the operating result compared to the previous 12 months. During the year expenses for research and development increased to SEK 103 m (85). Considering a decrease in capitalized development expenses to SEK 20 m (27) the increase in total development resources was SEK 11 m. The increase in total expenses during the year is mainly related to the Company's efforts to establish a position in the market for Industrial Internet of Things.

The operating profit before depreciation EBITDA for the fourth quarter 2015 totalled to SEK 23 m (26), corresponding to a 13 % (17) EBITDA margin. Operating result after depreciation EBIT totalled SEK 14 m (18) corresponding to an 8 % (12) EBIT margin. Changes in exchange rates related to income and expenses had a SEK 3 m positive impact compared to the same period the previous year. During the fourth quarter expenses for research and development increased to SEK 26 m (24). Capitalized development expenses was SEK 8 m (6) increasing total development resources with SEK 4 m.



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.

Yearly data	2015	2014	2013	2012	2011	2010	2009	2008
Net sales (SEK m)	702	589	501	382	384	345	245	317
Order intake (SEK m)	682	611	516	424	388	342	258	313
Gross margin (%)	61.2	62.3	62.6	60.1	60.6	60.2	58.4	57.4
EBITDA (SEK m)	136	126	105	75	82	93	39	93
EBITDA (%)	19.3	21.4	20.9	19.5	21.5	26.9	16.1	29.4
Operating profit EBIT (SEK m)	102	98	87	64	72	84	31	85
Operating margin EBIT (%)	14.5	16.6	17.3	16.7	18.8	24.2	12.7	26.9
Return on capital (%)	13.7	15.8	17.4	16.3	18.6	23.2	8.8	28.6
Earnings per share (SEK)	5.33	5.59	5.54	4.64	4.84	5.41	1.88	5.43
Equity per share (SEK)	38.88	35.43	31.82	30.21	26.77	25.30	21.25	20.91
Cash flow for operating activities per share (SEK)	7.97	8.36	7.92	7.27	3.96	6.71	2.89	6.52

Change in Group Equity (SEK 000s)

	Dec 31 2015	Dec 31 2014
Balance at 1 January	422,599	377,557
Total comprehensive income for the period	59,376	69,209
Share related-payment	1,737	1,238
Dividends	-28,229	-25,405
Closing balance	455,482	422,599

Equity

The Group's equity amounted to SEK 455 m (423). The total number of shares at the end of the period was 11,322,400. The Group's equity/assets ratio improved to 55 % (51). In connection with the share saving program initiated in 2013, 31,000 HMS own shares has been purchased as of December 31, 2015.

Tax

The tax charge for the year was SEK 27 m (23). The tax charge for the year was calculated on the basis of the tax situation applying to the Group at present and the profit development of the reporting entities belonging to the Group

Currency effects

Assets and liabilities in foreign currencies are revaluated at closing date. Currency hedging contracts are revaluated at the date of closing and are also affecting the result on the date of expiration. Changes in book value due to revaluation of operating balance sheet items and currency hedging contracts are disclosed as other operating income and other operating expenses. Changes in book value related to net-investments are disclosed under the Company statement of comprehensive income. Changes in book value related to assets in foreign currencies i.e. liquid funds, are disclosed as financial income and expenses. Net sales and expenses are affected by changes in exchange rates. This will have an impact on income and costs.

Net sales for the year consist of 60 % in EURO, 25 % in USD, 7 % 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 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 during 2015 amounted to SEK 90 m (93).

The investments in tangible assets for the year totalled SEK 5 m (6). Investments in intangible assets for the year totalled SEK 20 m (32) and comprise to a material part capitalization of expenses related to the development of technology platforms. As several new technology platforms recently were completed a comparably smaller part of the Groups development expenses was capitalized during the year. Depreciation on capitalized development costs amounted to SEK 18 m (13) and write downs to SEK 0 m (2) during the year.

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. During the year 2015 depreciation on the purchase price allocated to assets acquired was reflected with SEK 7 m in the income statement.

To balance the Group's currency exposure a 32 m€ loan was used to finance the acquisition made in the first quarter 2013. At the end of the year 2015 the loan amounted to 21 m€.

At the end of the period the cash equivalents totalled SEK 20 m (18) and unutilized credit facilities SEK 30 m. The Group's net debt amounted to SEK 177 m (228). The group's long term debt is amortized with SEK 37 m annually. In total SEK 37 m (37) was amortized during 2015. 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 after the balance sheet date

After the balance sheet date HMS has entered into an agreement to acquire 100 % of the Belgian company eWON. The preliminary acquisition price amounts to EURO 30 m on a debt free basis of which EURO 10 m will be paid with a new issue of 382,317 shares in HMS Networks AB. The remaining part will be paid in cash. The acquisition is estimated to generate a SEK 223 m overvalue. The new issue of shares in accordance with the authorization from the 2015 Annual General Meeting to the Board of Directors is expected to create a 3.27% dilution. The acquired company will be included in the consolidated income statement and balance sheet of HMS as of February 1, 2016.

The parent company

The Parent Company's operations are primarily focused on Group-wide management and financing. Apart from the Group's CEO, the Parent Company has no employees. The operating profit for the year 2015 amounted to SEK 0.3 m (0.0). Cash and cash equivalents amounted to SEK 0.3 m (0.2) and borrowing amounted to SEK 0.0 m (0.0).

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
- After balance sheet day, HMS has entered into an agreement to acquire the Belgian company eWON SA

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 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

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.

Outlook

The HMS Group long term growth is supported by a continued inflow of design-wins, a broader product offering especially within the Gateway product family and Remote Management strengthened by the eWON product offer, supplementary technology platforms from IXXAT, a stronger customer focus and an expansion of the HMS sales channels according to the existing strategy.

At present the global market for HMS products is viewed as irregular with cautiously positive undertones. The effect on the market for HMS product offer and currency effects are difficult to predict but HMS overall goals are unchanged: A long term average growth of 20 % per year and an operating margin above 20 %.

Nomination committee

In accordance with principles adopted at the HMS 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 Charlotte Brogren, Chairman of the Board. The Nomination Committee has appointed Jan Svensson as its Chairman.

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 December 31, 2015 the total number of shares saved amounted to approximately 54,000.

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. The 2015 Annual Report (in Swedish) will be available on the Company's homepage four weeks prior to the date of the Annual General Meeting. A printed version of the 2015 Annual Report can be ordered by sending name and address to ir@hms.se.

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 December 31, 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.

Reporting occasions

- First quarter report 2016 will be presented on April 26, 2016
- Annual General Meeting will be held on April 28, 2016
- Half year report will be presented on July 19, 2016
- Third quarter report will be presented on October 26, 2016

Halmstad, February 5, 2016

Staffan Dahlström
Chief Executive Officer

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

Further information can be obtained from:
CEO Staffan Dahlström, telephone +46 (0) 35-17 29 01 or
CFO Gunnar Högberg, telephone +46 (0) 35-17 29 95

This information is such that HMS Networks AB (publ) is required to disclose in accordance with the Swedish Financial Instruments Trading Act and/or the Swedish Securities Market Act. The information was submitted for publication at 07.50 CET on February 5, 2016.

Financial accounts

	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Net increase in revenue (%)	12.0	24.3	19.1	17.6
Gross margin (%)	60.5	62.0	61.2	62.3
Operating margin EBIT (%)	8.2	11.5	14.5	16.6
EBITDA (SEK t)	22,870	25,786	135,517	125,955
EBITDA (%)	13.1	16.5	19.3	21.4
Return on capital employed (%)	2.2	2.7	15.4	15.0
Return on total equity (%)	3.0	8.8	13.7	15.8
Working capital in relation to sales (%)*	5.8	6.1	5.8	6.1
Capital turnover rate	0.84	0.76	0.84	0.74
Debt/equity ratio	0.39	0.54	0.39	0.54
Equity/assets ratio (%)	54.9	50.8	54.9	50.8
Capital expenditure in property, plant and equipm (SEK 000s)	1,008	3,867	5,042	6,037
Capital expenditure in intangible fixed assets (SEK 000s)	8,008	9,797	20,404	31,773
Depreciation of property, plant and equipment (SEK 000s)	-1,975	-1,945	-8,095	-7,453
Amortisation of intangible fixed assets (SEK 000s)	-6,454	-5,863	-25,838	-20,920
Number of employees (average)	370	352	362	352
Revenue per employees (SEK m)*	1.9	1.7	1.9	1.7
Equity per share, SEK	40.34	37.43	38.88	35.43
Cash flow from operating activities per share, SEK	1.54	2.32	7.97	8.26
Total number of share, average, thousands	11,322	11,322	11,322	11,322
Holding of own shares, average, thousands	31	31	31	31
Total outstanding shares, average, thousands	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)	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Revenue	175,074	156,318	701,676	589,212
Cost of goods and services sold	-69,081	-59,450	-271,918	-222,366
Gross profit	105,993	96,867	429,757	366,846
Sales and marketing costs	-48,958	-42,095	-164,932	-138,766
Administrative expenses	-16,252	-14,792	-61,354	-53,750
Research and development costs	-25,859	-23,761	-103,116	-85,052
Other operating income	205	2,828	8,526	9,809
Other costs	-688	-1,070	-7,296	-1,506
Operating profit	14,440	17,977	101,584	97,582
Financial income	1	37	2	37
Financial costs	-2,528	-2,251	-14,025	-11,809
Profit before tax	11,913	15,764	87,561	85,811
Tax	-8,444	-6,602	-27,356	-22,713
Profit for the period	3,469	9,162	60,205	63,098
Basic earnings per share, SEK	0.31	0.81	5.33	5.59

Statements of comprehensive income

(SEK 000s)	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Profit for the period	3,469	9,162	60,205	63,098
Other comprehensive income				
Items that may be reclassified subsequently to income statement				
Cash flow hedges	468	-930	1,787	-2,720
Translation differences	-8,775	11,214	-11,244	18,395
Hedging of net investments	6,605	-7,791	11,565	-13,029
Income tax relating to components of other comprehensive income	-1,556	1,919	-2,937	3,465
Other comprehensive income for the period, net of tax	-3,259	4,412	-830	6,111
Total comprehensive income for the period	210	13,574	59,376	69,209

Balance sheets

(SEK 000s)	Dec 31 2015	Dec 31 2014
ASSETS		
Goodwill	394,167	400,752
Other intangible assets	245,835	257,078
Property, plant and equipment	15,300	18,520
Deferred tax assets	2,779	1,328
Other long term receivables	1,723	1,498
Total fixed assets	659,804	679,176
Inventories	55,810	53,953
Trade and other receivables	81,973	69,494
Other current receivables	13,313	12,089
Cash and cash equivalents	19,503	17,629
Total current assets	170,599	153,165
TOTAL ASSETS	830,403	832,341
EQUITY AND LIABILITIES		
Equity	455,482	422,599
Liabilities		
Non-current liabilities	157,926	204,891
Deferred income tax liabilities	71,782	65,115
Total non-current liabilities	229,708	270,006
Interest-bearing current liabilities	38,975	40,497
Trade payables	44,704	40,695
Other current liabilities	61,534	58,544
Total current liabilities	145,213	139,736
TOTAL EQUITY AND LIABILITIES	830,403	832,341

Cash flow statements

(SEK 000s)	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Cash flow from operating activities before changes in working capital	14,948	24,382	96,808	99,442
Cash flow from changes in working capital	2,468	3,033	-6,796	-6,187
Cash flow from operating activities	17,416	27,415	90,012	93,255
Cash flow from investing activities	-8,803	-13,664	-25,398	-37,982
Cash flow from financing activities	-7,934	-20,043	-62,872	-54,808
Cash flow for the period	679	-6,292	1,742	465
Cash and cash equivalents at beginning of the period	19,136	23,921	17,629	15,818
Translation differences in cash and cash equivalents	-312	0	132	1,346
Cash and cash equivalents at end of period	19,503	17,629	19,503	17,629

Quarterly data

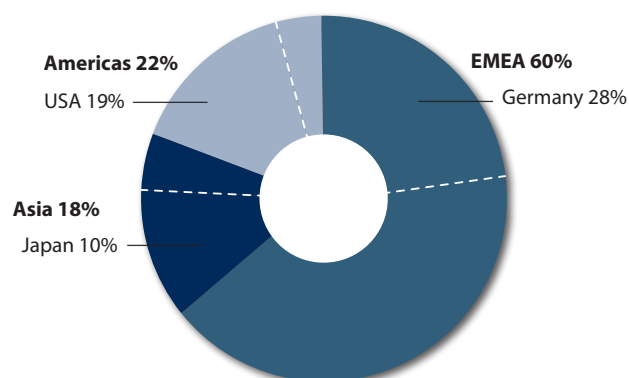
Revenue per region (SEK 000s)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
EMEA	99,757	109,576	104,637	104,580	99,014	97,567	90,601	91,628	78,378	89,455	82,481	69,182
Americas	40,938	38,898	37,248	39,999	33,123	30,157	27,519	27,291	26,359	30,592	26,439	22,480
Asia	34,379	31,362	34,629	25,672	24,181	24,592	23,330	20,207	21,021	19,920	19,285	15,553
Income statement (SEK 000s)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	175,074	179,835	176,515	170,251	156,318	152,316	141,451	139,127	125,758	139,967	128,205	107,215
Gross profit	105,993	107,742	109,854	106,168	96,867	95,991	87,618	86,369	80,056	88,704	79,709	65,446
Gross margin	60.5%	59.9%	62.2%	62.4%	62.0%	63.0%	61.9%	62.1%	63.7%	63.4%	62.2%	61.0%
Operating profit EBIT	14,440	31,083	24,178	31,884	17,977	37,150	20,928	21,527	13,443	32,226	27,260	13,745
Operating margin EBIT	8.2%	17.3%	13.7%	18.7%	11.5%	24.4%	14.8%	15.5%	10.7%	23.0%	21.3%	12.8%
Profit before tax	11,913	26,359	19,883	29,406	15,764	33,465	17,971	18,611	12,397	30,479	26,919	11,699

Sales

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

Embedded products reached 50 % (52) of the Group's total sales, Gateway products 21 % (20), IXXAT products 20 % (19), and Remote Management amounted to 3 % (3).

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



Parent company income statements

(SEK 000s)	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Revenue	4,031	2,808	11,933	8,835
Gross profit	4,031	2,808	11,933	8,835
Administrative expenses	-3,704	-2,808	-11,606	-8,834
Operating profit	327	0	327	1
Interest expense and similar income	0	0	0	-1
Profit before tax	327	0	327	0
Appropriations	8	0	8	0
Tax	-141	-47	-141	-48
Profit of the period	194	-47	194	-48

Parent company balance sheets

(SEK 000s)	Dec 31 2015	Dec 31 2014
ASSETS		
Financial fixed assets	244,039	244,039
Total financial fixed assets	244,039	244,039
Other receivables	600	454
Cash and cash equivalents	276	192
Total current assets	876	646
TOTAL ASSETS	244,915	244,685
EQUITY AND LIABILITIES		
Equity	90,443	118,477
Untaxed reserves	0	8
Liabilities		
Trade payables	667	427
Liabilities to Group companies	149,890	122,888
Other current liabilities	3,915	2,885
Total current liabilities	154,472	126,200
TOTAL EQUITY AND LIABILITIES	244,915	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 370 people and reported sales of 702 million SEK in 2015. 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".



Connecting Devices™



Anybus®

IXXAT®

netbiter®



Anybus®

IXXAT®

netbiter®