

hms networks

INTERIM REPORT 2017

JANUARY - MARCH

Last twelve months

- Net sales for the last twelve months amounted to SEK 1 030 m (732) corresponding to a 37 % increase in local currencies. The revaluation of the Swedish currency had a positive impact of SEK 24 m on net sales
- Operating profit for the last twelve months was SEK 186 m (90) corresponding to a 18 % (12) operating margin
- Order intake for the twelve-month period was SEK 1 065 m (706)
- Cash flow from operating activities for the twelve-month period amounted to SEK 203 m (87)
- Profit after tax for the last twelve months amounted to SEK 128 m (51) and earnings per share was SEK 11.07 (4.46)

First quarter

- Net sales for the first quarter reached SEK 279 m (201) corresponding to a 35% increase in local currencies
- Operating profit was SEK 57 m (20) corresponding to a 21 % (10) operating margin
- Order intake for the first quarter was SEK 299 m (199)





Comment from the CEO

2017 is off to a good start for HMS. We can report record levels when it comes to order intake, sales and operating income. Our turnover for the first quarter landed on 279 MSEK. With stable gross margin and a disciplined expansion on the cost side, we reached an operating profit of 57 MSEK, corresponding to an operating margin of 21%. Order income is on a new record level (299 MSEK), the profit trend is positive and cash flow is strong – all resulting in good opportunities for us to actively work towards continued growth.

We see an underlying improvement in the economy boosting our organic growth to almost 20%. This combined with last year's acquisitions give us an overall growth of 35% in local currencies for the first quarter.

We see very good growth in the U.S. where the willingness to invest has improved significantly. The weaker growth that we saw in Japan at the end of last year, has turned around, and Japan is now showing good growth again. Our largest market, Germany, continues to grow at a stable rate which concludes that all our markets and product lines are developing well.

The acquisitions made in 2016 developed according to plan. Belgian eWON is now an integral part of the HMS organization and continues to show good growth. Spanish Intesis is now expanding its resources in sales, marketing and development to in order to expand its international sales. The current sales trend continues to be positive.

We have initiated a number of partnerships in the United States within the area of "Industrial Internet of Things" and we see concrete inquiries and business beginning to take shape in this area. Our partnerships are primarily about complementary software solutions that can make use of the HMS communication products to gather data from industrial machines to various IT and IoT solutions.

Our focus is to drive continued growth in our business. We continue to balance our long term growth strategy with a cautious approach to costs. We believe that the market for industrial data communication is an interesting growth area, and we continue to focus on our motto "HMS — Connecting Devices."

"2017 is off to a good start for HMS. We can report new record levels when it comes to order intake, invoicing and operating profit. The new record levels for order intake means that we anticipate continued growth in the future."



Staffan Dahlström,
VD, HMS Networks AB

Quarterly data	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net sales (SEK m)	279	265	254	232	201	175	180	177
Order intake (SEK m)	299	267	252	247	199	157	180	170
Gross margin (%)	61.0	61.5	62.2	60.9	59.2	60.5	59.9	62.2
EBITDA (SEK m)	68	51	65	44	30	23	40	33
EBITDA (%)	24.5	19.1	25.4	18.8	14.8	13.1	22.2	18.6
Operating profit (SEK m)	57	40	55	35	20	14	31	24
Operating margin (%)	20.6	14.9	21.5	15.0	10.1	8.2	17.3	13.7
Return on capital (%)	24.8	16.4	25.0	18.4	9.9	3.0	17.9	13.7
Earnings per share before dilution (SEK)	3.45	2.19	3.18	2.25	1.10	0.31	1.75	1.32
Earnings per share before after dilution (SEK)	3.44	2.18	3.16	2.24	1.10	0.31	1.75	1.32
Equity per share (SEK)	57.00	54.52	52.27	48.15	47.86	40.34	40.28	38.18
Cash flow for operating activities per share (SEK)	4.52	3.10	5.94	3.98	0.44	1.54	3.15	2.56

Net sales

Net sales for the last twelve months amounted to SEK 1 030 m (732) corresponding to a 41 % increase. In total, the devaluation of the Swedish currency in relation to the major HMS currencies had a positive effect of SEK 24 m on net sales compared to the previous twelve month period. The order intake amounted to SEK 1 065 m (706).

Net sales for the first quarter 2017 totaled to SEK 279 m (201), corresponding to a 39 % increase compared to the same quarter the previous year. Changes in currency exchange rates compared to the corresponding quarter last year had a SEK 8 m positive effect on the sales volume. The acquired subsidiaries last year contributed with SEK 64 m (28) to net sales. Order intake increased by SEK 100 m to SEK 299 m (199), of which SEK 296 m (197) will be delivered during the upcoming twelve months.

Operating profit

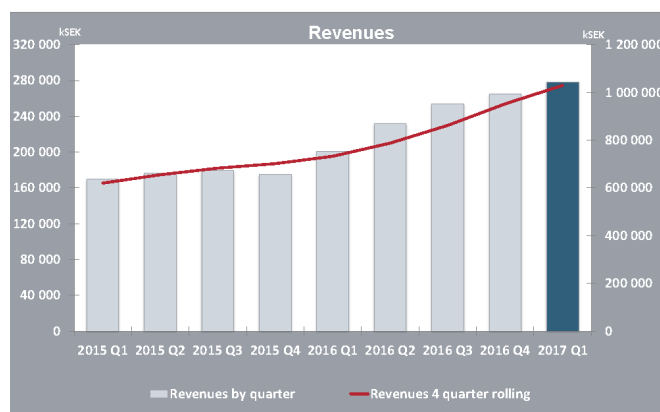
Operating profit before depreciation EBITDA for the last twelve months totaled to SEK 227 m (125), equivalent to an operating margin EBITDA of 22 % (17). Operating result EBIT for the last twelve months amounted to SEK 186 m (90) corresponding to an 18% (12) EBIT margin. Currency effects related to income and expenses had a SEK 11 m positive impact on the operating result compared to the previous 12 months.

The operating profit before depreciation EBITDA for the first quarter 2017 totaled to SEK 68 m (30), corresponding to a 25 % (15) EBITDA margin. Operating result after depreciation EBIT totaled SEK 57 m (20) corresponding to a 21 % (10) 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. The acquired subsidiaries last year had a SEK 23 m (7) positive impact on the group operating result.

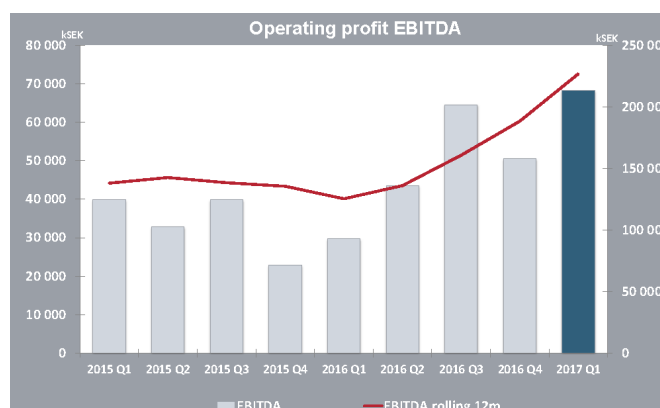
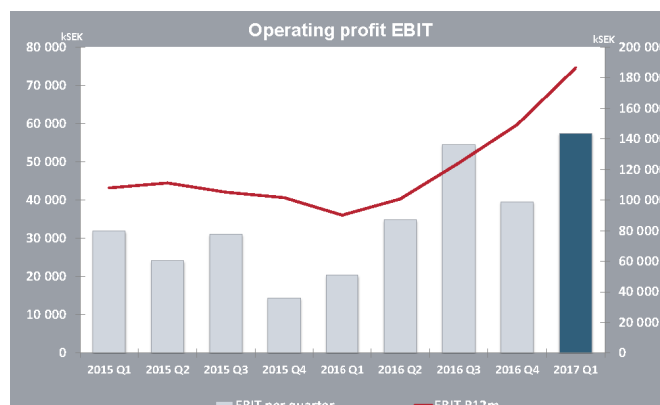
Equity

The Group's equity amounted to SEK 666 m (559). The total number of shares at the end of the period was 11 704 717. The Group's equity/assets ratio amounted to 47 % (47). On December 31, 2016 we concluded the share saving program from 2013. In the first quarter of 2017, 28 117 shares, of which 5,659 were performance shares, were distributed free of charge to the participants. For the allocation of these shares, HMS used shares in our own possession.

Based on the authorization of the Annual General Meeting on 28 April 2016, the Board of HMS Networks AB (publ) has decided to purchase own shares in a repurchase program worth a maximum of SEK 10.4 million. The purpose of the repurchase is to ensure HMS's commitments to deliver shares in the HMS share saving program. In total, 22 550 shares were acquired at a value of SEK 7.8 million. The total holding of own shares at the end of the period were 25,433 shares.



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 16 m (5). 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 2017	Mar 31 2016	Dec 31 2016
Balance at 1 January	636 444	455 482	455 482
Total comprehensive income for the period	35 925	9 285	115 001
Repurchase of own shares	-7 828	0	0
Issue of new shares	0	93 285	92 715
Share related-payment	1 218	631	2 430
Dividends	0	0	-29 184
Closing balance	665 759	558 683	636 444

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 quarter consist of 63 % in EURO, 25 % in USD, 5 % in Japanese Yen and 7 % in SEK and other currencies. Cost of goods sold consists of 64 % in EURO, 22 % in USD, 1 % in Japanese Yen. Operating expenses consists of 46 % in EURO, 13 % in USD, 3 % in Japanese Yen and 38 % 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 the first quarter amounted to SEK 53 m (5).

The investments in tangible assets for the first quarter totaled SEK 1 m (2). Investments in intangible assets totaled SEK 4 m (7). Capitalized expenses is to the majority related to the development of new technology platforms. Depreciation on capitalized development costs amounted to SEK 5 m (5) 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. Estimated annual amortization of acquired overvalue amounts to about SEK 7 m (7).

The acquisition of eWON in February 2016 generated, a SEK 233 m overvalue before tax, of which SEK 20 m is allocated on brand name and customers included in the acquisition. Amortization on overvalues acquired is estimated to SEK 2.0 m annually. Amortization on overvalues acquired was recognized with SEK 0.5 m during the quarter.

The acquisition of Intesis in June 2016 generated, according to the preliminary acquisition analysis, a SEK 131 m overvalue before tax of which approximately SEK 18 m was allocated to brand and customers included in the acquisition. Amortization on overvalues acquired is estimated to SEK 1.8 m annually. Amortization on overvalues acquired was recognized with SEK 0.4 m during the quarter.

The acquisition of eWON was financed by issuing 382 317 new shares in HMS Networks AB and by a bank loan of EUR 19 m. The acquisition of Intesis Software SLU was financed by a bank loan of EUR 16 m. The bank loans are amortized with, in total, EUR 6.5 m annually. At the end of the period the loans related to the acquisitions amounted to EUR 30 m equivalent to SEK 280 m.

Other loans in the Group amounted to SEK 199 m at the end of the period. In total SEK 15 m (9) was amortized during the quarter. At the end of the period cash and cash equivalents totaled SEK 121 m (48) and unutilized credit facilities amounted to SEK 30 m. The Group's net debt amounted to SEK 381 m (361).

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 2017 amounted to SEK 0 m (0). Cash and cash equivalents amounted to SEK 0.4 m (0.3) and borrowing amounted to SEK 0 m (0).

Important events

○ The Share Savings Program 2013 ended

On December 31, 2016 we concluded the share saving program from 2013. In the first quarter of 2017, 28 117 shares, of which 5,659 were performance shares, were distributed free of charge to the participants. For the allocation of these shares, HMS used shares in our own possession.

○ Repurchase of own shares

Based on the authorization of the Annual General Meeting on 28 April 2016, the Board of HMS Networks AB (publ) ("HMS") has decided to purchase own shares in a repurchase program worth a maximum of SEK 10.4 million. The purpose of the repurchase is to ensure HMS's commitments to deliver shares in the HMS share saving program. In total, 22 550 shares were acquired at a value of SEK 7.8 million. The total holding of own shares at the end of the period were 25,433 shares.



Outlook

The HMS Group long term growth is supported by a continued in-flow of design-wins, a broader product offering within the Gate-way product family and Remote Solutions, supplementary technology platforms from IXXAT, eWON and Intesis, a stronger customer focus and an expansion of the HMS sales channels according to the existing strategy.

The global economic development for the HMS market areas is expected to improve in 2017. The impact that economic developments and currency fluctuations have on HMS is difficult to assess, but our assessment is that it will mean an improved market situation for HMS. Our long-term goals are unchanged: Long-term growth at approximately 20% per annum and an operating margin of more than 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 of which 25 433 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 respective program. 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, 2017 the total number of shares saved amounted to approximately 68 000.

Dividend

The Board of Directors proposes a dividend to the amount of SEK 4.00 (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 Wednesday April 26, 2017 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 in Halmstad, Nivelles and Igualada. Volume production takes place in close partnership with subcontractors (in Europe and Asia) in order to achieve costs flexibility 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. Intesis products are marketed and sold to manufacturer, system integrators and end users in the area of building automation.

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 more than 50 countries, take 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 eWON Remote Management and Control, the business model is more traditional, with a short business cycle and manufacturing based on customer orders. IXXAT and Intesis 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, 2017 did not affect the Groups reporting as of March 31, 2017.

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.

HMS applies the ESMA guidelines on alternative key indicators (measures that are not defined in accordance with IFRS).

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 2016. 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 26, 2017
- Half year report will be presented on July 20, 2017
- Interim report for the 3rd quarter will be presented on October 27, 2017
- Year-end report will be presented in February, 2018

Halmstad April 24, 2017

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 Högberg, telephone +46 (0) 35-17 29 95

This information is such that HMS Networks AB (publ) is required to disclose in accordance with the Swedish Financial Instruments Trading Act and/or the Swedish Securities Market Act. The information was submitted for publication at 07.50 CET on April 25, 2017.

Financial accounts

	Q1 2017	Q1 2016	Q1-Q4 2016	1604-1703 12 months
Net increase in revenue (%)	38.5	18.1	35.7	40.6
Gross margin (%)	61.0	59.2	61.0	61.4
Operating margin EBIT (%)	20.6	10.1	15.7	18.1
EBITDA (SEK m)	68	30	188	227
EBITDA (%)	24.5	14.8	19.7	22.0
Return on capital employed (%)	5.0	2.5	16.9	17.9
Return on total equity (%)	24.8	9.9	18.4	20.9
Working capital in relation to sales (%)*	7.3	9.4	6.2	7.3
Capital turnover rate	0.79	0.80	0.85	0.71
Debt/equity ratio	0.57	0.65	0.66	0.44
Equity/assets ratio (%)	46.8	47.1	45.3	46.8
Capital expenditure in property, plant and equipm (SEK 000s)	1 227	1 630	8 843	10 150
Capital expenditure in intangible fixed assets (SEK 000s)	4 720	7 347	24 041	21 625
Depreciation of property, plant and equipment (SEK 000s)	-2 566	-2 243	-6 766	-10 177
Amortization of intangible fixed assets (SEK 000s)	-8 263	-7 066	-28 727	-30 485
Number of employees (average)	474	429	467	462
Revenue per employees (SEK m)	2.2	1.7	2.0	2.2
Equity per share, SEK	57.00	48.39	46.90	52.44
Cash flow from operations per share, SEK	4.52	0.44	7.97	17.37
Total number of share, average, thousands	11 705	11 577	11 673	11 705
Holding of own shares, average, thousands	25	31	31	28
Total outstanding shares, average, thousands	11 679	11 546	11 642	11 675

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

Income statements

(SEK 000s)	Q1 2017	Q1 2016	Q1-Q4 2016	1604-1703 12 months
Revenue	278 523	201 073	952 282	1 029 732
Cost of goods and services sold	-108 726	-82 039	-370 964	-397 651
Gross profit	169 797	119 035	581 318	632 080
Sales and marketing costs	-59 979	-48 858	-226 029	-237 150
Administrative expenses	-20 443	-19 795	-78 987	-79 635
Research and development costs	-32 443	-29 187	-119 079	-122 334
Other operating income	517	0	0	517
Other costs	-26	-821	-7 911	-7 116
Operating profit	57 422	20 374	149 313	186 361
Financial income	767	17	3 568	4 318
Financial costs	-2 205	-3 237	-13 147	-12 115
Profit before tax	55 985	17 154	139 734	178 565
Tax	-15 676	-4 632	-39 269	-50 313
Profit for the period	40 309	12 523	100 466	128 252
Earnings per share before dilution (SEK)	3.45	1.10	8.63	11.07
Earnings per share before after dilution (SEK)	3.44	1.10	8.59	11.02

Statements of comprehensive income

(SEK 000s)	Q1 2017	Q1 2016	Q1-Q4 2016	1604-1703 12 months
Profit for the period	40 309	12 523	100 466	128 252
Other comprehensive income				
Items that may be reclassified subsequently to income statement				
Cash flow hedges	248	282	483	449
Hedging of net investments	-3 896	-2 086	21 662	19 282
Translation differences	-874	-1 759	-9 620	-8 735
Income tax relating to components of other comprehensive income	138	325	2 010	1 823
Other comprehensive income for the period, net of tax	-4 384	-3 238	14 535	12 819
Total comprehensive income for the period	35 925	9 285	115 001	141 071

Balance sheets

(SEK 000s)	Mar 31 2017	Mar 31 2016	Dec 31 2016
ASSETS			
Goodwill	743 343	558 967	744 433
Other intangible assets	281 193	342 595	285 851
Property, plant and equipment	37 591	35 818	38 977
Deferred tax assets	1 572	506	1 440
Other long term receivables	2 304	1 837	2 174
Total fixed assets	1 066 004	939 723	1 072 874
Inventories	85 506	74 612	86 095
Trade and other receivables	129 626	106 873	123 170
Other current receivables	20 381	16 705	24 976
Cash and cash equivalents	120 942	47 652	99 036
Total current assets	356 454	245 842	333 277
TOTAL ASSETS	1 422 458	1 185 565	1 406 152
EQUITY AND LIABILITIES			
Equity	665 759	558 683	636 444
Liabilities			
Non-current liabilities	416 435	341 951	433 603
Deferred income tax liabilities	87 431	102 704	88 121
Total non-current liabilities	503 866	444 655	521 724
Interest-bearing current liabilities	85 660	66 291	86 095
Trade payables	65 799	47 686	64 275
Other current liabilities	101 375	68 250	97 613
Total current liabilities	252 833	182 227	247 984
TOTAL EQUITY AND LIABILITIES	1 422 458	1 185 565	1 406 152

Cash flow statements

(SEK 000s)	Q1 2017	Q1 2016	Q1-Q4 2016	1604-1703 12 months
Cash flow from operating activities before changes in working capital	58 041	14 658	149 530	192 913
Cash flow from changes in working capital	-5 248	-9 606	5 792	10 150
Cash flow from operating activities	52 793	5 052	155 322	203 063
Cash flow from investing activities	13 188	-160 854	-308 236	-134 194
Cash flow from financing activities	-44 120	183 805	231 313	3 388
Cash flow for the period	21 861	28 003	78 398	72 257
Cash and cash equivalents at beginning of the period	99 036	19 503	19 503	47 652
Translation differences in cash and cash equivalents	44	146	1 135	1 033
Cash and cash equivalents at end of period	120 942	47 652	99 036	120 942

Quarterly data

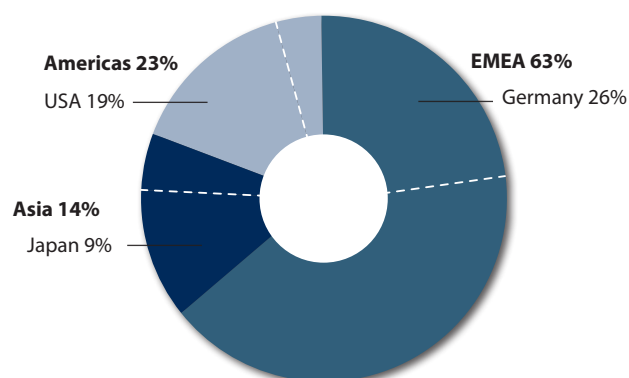
Revenue per region (SEK 000s)	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
EMEA	175 160	162 139	157 289	144 356	121 420	99 757	109 576	104 637
Americas	64 530	63 714	53 359	48 548	46 424	40 938	38 898	37 248
Asia	38 833	39 373	43 208	39 223	33 230	34 379	31 362	34 629
Income statement (SEK 000s)	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Revenue	278 523	265 226	253 856	232 127	201 073	175 074	179 835	176 515
Gross profit	169 797	162 986	157 968	141 330	119 035	105 993	107 742	109 854
<i>Gross margin</i>	61.0%	61.5%	62.2%	60.9%	59.2%	60.5%	59.9%	62.2%
Operating profit	57 422	39 574	54 538	34 827	20 374	14 440	31 083	24 178
<i>Operating margin</i>	20.6%	14.9%	21.5%	15.0%	10.1%	8.2%	17.3%	13.7%
Profit before tax	55 985	35 650	50 953	35 977	17 154	11 913	26 359	19 883

Sales

Sales by geographical area for the first quarter 2017 are presented in the graph to the right.

Anybus products reached 58 % (63) of the Group's total sales, IXXAT 14 % (15) and Remote Management amounted to 19 % (18), whereof eWON 17 %.

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 2017	Q1 2016	Q1-Q4 2016	1604-1703 12 months
Revenue	3 544	4 053	14 168	13 659
Gross profit	3 544	4 053	14 168	13 659
Administrative expenses	-3 552	-4 055	-14 187	-13 684
Operating profit	-8	-2	-19	-25
Profit from shares in Subsidiary	0	0	50 000	50 000
Interest expense and similar income	8	0	0	8
Profit before tax	0	-2	49 981	49 983
Tax	0	0	-49	-49
Profit of the period	0	-2	49 931	49 934

Parent company balance sheets

(SEK 000s)	Mar 31 2017	Mar 31 2016	Dec 31 2016
ASSETS			
Financial fixed assets	337 324	337 468	337 324
Total financial fixed assets	337 324	337 468	337 324
Other receivables	1 561	1 300	255
Cash and cash equivalents	390	363	406
Total current assets	1 951	1 663	662
TOTAL ASSETS	339 275	339 131	337 986
EQUITY AND LIABILITIES			
Equity	196 078	183 727	203 905
Liabilities			
Trade payables	106	212	50
Liabilities to Group companies	139 643	153 431	131 198
Other current liabilities	3 449	1 761	2 833
Total current liabilities	143 198	155 404	134 081
TOTAL EQUITY AND LIABILITIES	339 275	339 131	337 986

Definitions

NO. OF OUTSTANDING SHARES

The number of registered shares, less repurchased shares that are held as treasury shares.

RETURN ON SHAREHOLDERS' EQUITY

Share of the profit after tax attributable to the parent company's shareholders in relation to the average equity.

RETURN ON CAPITAL EMPLOYED

Share of the profit after financial income in relation to the average capital employed.

RETURN ON TOTAL CAPITAL

Share of the profit after financial expenses attributable to the parent company's shareholders in relation to the average total capital.

EBIT

Operating income according to income statement excluding items affecting comparability.

EBITA

Operating profit (loss) excluding amortization of intangible assets and items affecting comparability.

EBITDA

Operating profit (loss) excluding depreciation of PPE, amortization of intangible assets and items affecting comparability.

EQUITY PER SHARE

Average equity attributable to the Parent Company's shareholders divided by the number of outstanding shares at the end of the period.

FINANCIAL ASSETS

Long-term and short-term financial receivables plus cash and cash equivalents.

AVERAGE NUMBER OF OUTSTANDING SHARES

The average number of registered shares during the year, less repurchased shares that are held as treasury shares.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE, SEK

Cash flow from operating activities in relation to the average number of outstanding shares.

NET DEBT

Long-term and current interest-bearing financial liabilities less financial assets.

NET DEBT/EQUITY RATIO

Net debt divided by equity.

P/E RATIO

Market price in relation to earnings per share.

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, DILUTED

Share of the profit after tax attributable to the parent company's shareholders in relation to the average number of outstanding shares plus an adjustment for the average number of shares that are added when converting the outstanding number of convertibles and options.

WORKING CAPITAL

Current assets less cash and cash equivalents and current liabilities

OPERATING MARGIN

Operating profit (loss) in relation to net sales.

EQUITY/ASSETS RATIO

Shareholders' equity in relation to total assets.

CAPITAL EMPLOYED

Total assets less non interest-bearing current liabilities, provisions, and total deferred tax liabilities.

Alternative key ratios

HMS presents certain financial measures in the interim report that have not been defined in accordance with IFRS. The company considers that these measures provide valuable additional information for investors and the company's management, as they enable the evaluation of relevant trends and the company's performance. As not all companies calculate financial measures in the same way, these are not always comparable with the measures used by other companies. These financial measures should therefore not be viewed as substitutes for IFRS-defined measures, unless otherwise stated.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

	Q1 2017	Q1 2016	Q1-Q4 2016	1604-1703 12 months
Tkr				
Operating profit	57 422	20 375	149 313	186 360
Deprec	10 829	9 316	39 184	40 661
EBITDA	68 250	29 691	188 497	227 021



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".