

hms networks

Interim report 2019
January - March

First quarter

- Net sales for the first quarter reached SEK 380 m (320), corresponding to an increase of 19 %. Currency translations had a positive effect of SEK 25 m on net sales
- Operating profit reached SEK 60 m (63) equal to a 16 % (20) operating margin
- Order intake was SEK 387 m (350), corresponding to an increase of 11 %
- Cash flow from operating activities amounted to SEK 52 m (20)
- Profit for the period totalled SEK 41 m (37) and the earnings per share was SEK 0.88 (0.80)

Last twelve months

- Net sales for the last twelve months amounted to SEK 1,425 m (1,225), corresponding to a 16 % increase. Currency translations had a positive effect of SEK 88 m of net sales
- Operating profit was SEK 248 m (218), equal to a 17 % (18) operating margin
- Order intake reached SEK 1,470 m (1,255), corresponding to an increase of 17 %
- Cash flow from operating activities amounted to SEK 224 m (174)
- Profit for the period totalled SEK 175 m (140) and the earnings per share was SEK 3.76 (2.99)

Subsequent events

- After the quarter, HMS acquired 74.9 % of the shares in the German company WEB-factory GmbH. The acquisition will have a limited impact on HMS' s earnings per share in 2019



Hms

Connecting Devices™

Comment from the CEO

The year has started with solid growth and profitability, which in the first quarter led to new record sales of SEK 380 m. The increase is mainly explained by acquisition effects from the German Beck IPC and favorable currency situation. At the same time, we see signals of increased uncertainty in the short-term perspective on investments in our industrial segment, but we believe that the long-term picture continues to look bright thanks to favorable technology trends that drive investments and transformations in our business segments in the longer term.

During the quarter, we have seen continued positive development in the US, but with signals of a coming slowdown in the future. In Germany and the rest of Central Europe, we see a mixed picture with continued weak development in the Automotive segment, which also impacts the investments made by their subcontractors, but the market remains favorable in other segments. In Asia, the weak trend we saw at the end of 2018 continues with a mix where China and India are relatively good, but the Japanese market, which is HMS largest area in Asia, is hesitant mainly in the Automotive and Semiconductor segments.

We report a somewhat weaker gross margin than normal, which is primarily explained by lower margins from the previously acquired company Beck IPC. The integration work of Beck IPC is ongoing and various initiatives to improve the gross margins are ongoing.

We continue to invest in expanding our sales organization. During the quarter, new sales offices were opened in Seoul (South Korea) and Dubai (UAE). We see these as important markets in the long-term and our own presence will give us increased growth in these markets. Our continued investments within sales and markets combined with the lower gross margin affects our operating margin, which is a few percentage points lower than normal in the quarter.

During the quarter, we presented new future concepts for 5G. This has been done in demonstration applications together with, among others, Ericsson and ABB at the Mobile World Congress and Hannover Messe. We see 5G as a future important technology for wireless secure communication in industrial applications. Although it will take a few years before these will be installed on a larger scale, we already see a great interest from industrial customers to move from today's Wi-Fi solutions to new private cellular solutions based on 4G and 5G.

At the German Hannover Messe in early April, we successfully

launched our new HMS HUB cloud solution, based on a technology that is the result of the acquisition of Beck IPC in 2018. HMS HUB enables connection of HMS intelligent products to communicate via HMS HUB, via cloud or on-premise, to process and filter data before sending information to our customers' IT or cloud systems.

During the quarter, we entered into an agreement to acquire 74.9 % of the German software company WEBfactory GmbH. Closing took place after the end of the quarter, April 1, 2019. The company, with annual sales of approximately EUR 2.5 m and 27 employees, will be an important complement to HMS' Industrial IoT strategy and gives us the opportunity to create additional value for customers who use our products to connect industrial appliances and machines to our cloud solutions. In the short term, this acquisition will not have any major impact on HMS' profitability, but it is a strategically important reinforcement that we believe will be very important for HMS within a few years.

Despite the somewhat uncertain investment climate in our main segments going forward, we stick to our ambitious growth targets for the coming years - a long-term annual growth of 20% per year and an operating margin of 20%. Our focus is to drive continued growth in all our business areas. We continue to focus on our long-term growth goals based on a balanced view of our costs. In the long-term, we believe that the market for industrial data communication will be an interesting growth area and we will continue to focus on our motto "HMS - Connecting Devices".

The first quarter of the year has been eventful, especially on the product side. We have shown our new cloud solution HMS HUB and demonstrated future concepts for 5G



Staffan Dahlström, CEO, HMS Networks AB

+11%

Order intake
Q1

+19%

Net sales
Q1

16%

Operating margin
Q1

Order intake, net sales and earnings

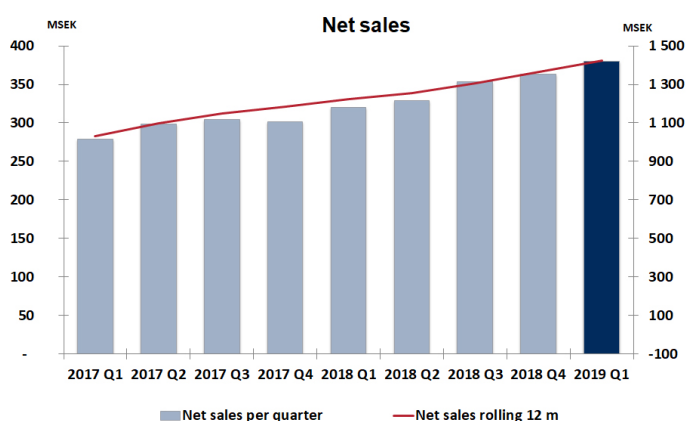
First quarter

Order intake increased by 11 % to SEK 387 m (350). The organic increase in order intake in local currencies was 2 %. Net sales increased by 19 % to SEK 380 m (320) of which currency translation effects affected by SEK 25 m (2). The organic increase in net sales in local currencies was 4 %. Gross profit increased by SEK 27 m to SEK 225 m (198) to a gross margin of 59.3 % (61.8). Operating expenses increased in total by SEK 30 m to SEK 165 m (135). Operating profit before depreciation amounted to SEK 79 m (75), corresponding to a margin of 20.9 % (23.5). Depreciations amounted to SEK 19 m (12) whereof SEK 8 m is related to the new accounting standard IFRS 16 Leases. Operating profit decreased by SEK 3 m corresponding to a decline of 5 % to SEK 60 m (63). Currency translations had a positive effect of SEK 10 m (1) on the operation profit after depreciations.

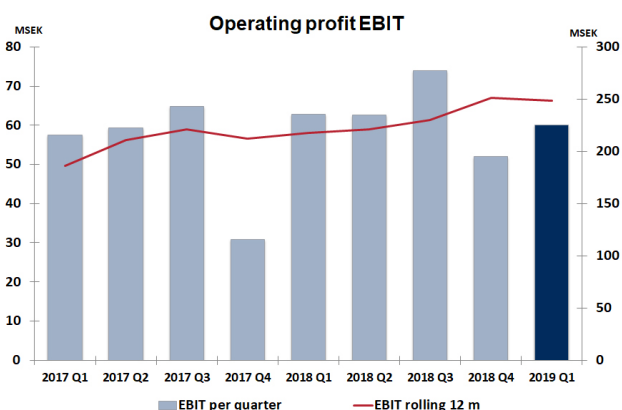
During the quarter, Beck IPC GmbH, which was acquired during Q3 2018, contributed to the Group's net sales by SEK 22 m and the order intake by SEK 9 m.

Net financials was SEK -4 m (-11) which gave a profit before tax of SEK 56 m (52). Profit for the period amounted to SEK 41 m (37) and earnings per share before and after dilution was SEK 0.88 (0.80) and SEK 0.87 SEK (0.79) respectively.

SEK millions	Q1 2019	Q1 2018	%
Order intake	387	350	10.6
Net sales	380	320	18.6
Gross profit	225	198	13.8
Gross margin (%)	59.3	61.8	
EBITDA	79	75	5.7
EBITDA (%)	20.9	23.5	
EBIT	60	63	-4.6
EBIT (%)	15.8	19.6	



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



The graph shows operating profit 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.

Quarterly data ¹	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Order intake (SEK m)	387	387	360	336	350	288	289	328
Net sales (SEK m)	380	363	353	329	320	301	305	299
Gross margin (%)	59.3	59.6	60.3	62.8	61.8	60.3	60.9	61.8
EBITDA (SEK m)	79	65	87	75	75	43	77	71
EBITDA (%)	20.9	17.9	24.5	22.9	23.5	14.3	25.1	23.7
EBIT (SEK m)	60	52	74	63	63	31	65	59
EBIT (%)	15.8	14.3	20.9	19.0	19.6	10.2	21.2	19.9
Cash flow from operating activities per share (SEK) ²	1.11	1.05	1.57	1.08	0.43	0.77	1.33	1.21
Earnings per share before dilution (SEK) ²	0.88	0.90	1.09	0.90	0.80	0.43	0.90	0.86
Earnings per share after dilution (SEK) ²	0.87	0.89	1.08	0.89	0.79	0.43	0.90	0.86
Equity per share (SEK) ²	18.96	17.98	17.13	16.88	16.28	15.37	14.76	14.32

¹ Q1 2019 is effected by IFRS 16 Leases. For more information, see page 7.

² Key ratios have been recalculated based on the 4:1 share split in the second quarter of 2017.

Cash flow, investments and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 60 m (70). Changes in working capital was SEK -9 m (-50). Cash flow from operating activities was therefore SEK 52 m (20).

During the quarter, investments in new intangible and tangible assets claimed 10 SEK m (10) and financing activities claimed SEK 1 m (0). Cash flow from investing activities therefore amounted to SEK -11 m (-10).

Cash flow from financing activities amounted to SEK -9 m (-33), which mainly can be explained by amortizations of lease liabilities of SEK 8 m and repayment of loans of SEK 1 m. The cash flow for the quarter was therefore SEK 32 m (-22).

Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 93 m (71) and unused credit facilities to SEK 162 m (136). Net debt amounted to SEK 409 m (335) and net debt to EBITDA ratio for the last twelve months was 1.33 (1.26). Net debt/Equity ratio was 45 % (42).

Net debt and the ratios above for 2019 are calculated according to the new accounting standard IFRS 16. See the table on page 7 for corresponding amount and ratios excluding IFRS 16.



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 46,818,868 of which 202,999 shares are held by the Company. A list of the Company's ownership structure can be found on the Company's website (www.hms-networks.com).

Annual General Meeting and dividend

The Annual General Meeting will be held at the Company's premises on Thursday, April 25, 2019 at 10.30 CET. The Board proposes to the Annual General Meeting 2019 that an ordinary dividend of SEK 1.80 (1.50) per share will be paid for the 2018 fiscal year. Excluding shares held by the Company, this corresponds to a total of SEK 84 m (70). The dividend is proposed to be paid on one occasion with record date April 29, 2019.

Share savings program

The Company has four ongoing share saving programs. Based on a decision by the Annual General Meetings permanent employees are offered to save in HMS shares in an annual share saving program. Between 46 % and 60 % of the employees opted to participate in the respective program. If certain criterias 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, 2019, the total number of saved shares amounted to 125,326 (132,671) within ongoing programs.

On December 31, 2018 the share saving program from 2015 was concluded. During the first quarter of 2019, 89,826 shares, of which 44,913 were performance shares, were distributed free of charge to the participants. For the allocation of these shares, HMS used shares in its own possession. The total holding of own shares at the end of the period were 202,999 shares.

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 amounted to SEK 0 m (0). The profit for the period amounted to SEK 1 m (0) Cash and cash equivalents amounted to SEK 1 m (0), external borrowing does not occur.

Related party transactions

No material transactions with related parties have occurred during the period.

Contingent liabilities

There have been no changes in the Group's contingent liabilities, described on page 98 in Note 34 of the Annual Report for 2018.

Significant events

There are no significant events during the period to report.

Subsequent events

During the quarter, an agreement was signed to acquire 74.9 % of the German software company WEBfactory GmbH. Access took place after the end of the quarter, April 1, 2019. WEBfactory GmbH is a leading provider of web-based software solutions for the Industrial Internet of Things, IIoT. WEBfactory GmbH, including its fully owned subsidiary in Romania, employs 27 people and is expected to generate EUR 2.5 m in net sales in 2019. The acquisition was completed on 1 April 2019 and will have a limited impact on HMS' earnings per share in 2019.

Outlook

The HMS Group long-term growth is supported by a continued inflow of Design-Wins, a broader product offering within the Industrial Internet of Things (IIoT) and Wireless, supplementary technology platforms from earlier acquisitions, an expansion of the HMS sales channels according to the existing strategy.

The global economic development for the HMS market areas is considered somewhat uncertain. The impact that economic developments and currency fluctuations have on HMS are difficult to assess. HMS long-term goals are unchanged: Long-term growth on average 20 % per annum and an operating margin of above 20 %.

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 2018. In addition to the risks described in these documents, no additional significant risks have been identified.

Audit review

This report has not been reviewed by the Company's auditors.

Accounting policies

HMS's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act.

The accounting principles applied conform to those described in the 2018 Annual Report, except for the implementation of IFRS 16 Leases. Other new or revised IFRS standards or other IFRIC-interpretations that came into effect after January 1, 2019 have not had any significant impact on the Group's financial reports as of March 31, 2019.

HMS applies the European Securities and Market Authority's (ESMA) guidelines on alternative key indicators (measures that are not defined in accordance with IFRS).

IFRS 16 Leases

As of January 1, 2019, the new accounting standard related to lease

are applied (IFRS 16). The lease standard requires that assets and liabilities attributable to all lease contracts, with some exceptions, are reported in the balance sheet. For more information, please see Note 38 in the Annual Report for 2018.

HMS has chosen to apply the simplified method and will not apply the standard retrospectively. In accordance with the simplified transition method, the comparison figures for 2018 have not been recalculated. The main impact on HMS's accounts arise from the reporting of lease contracts for premises.

The change means that leases are recognized as a right-of-use asset and a lease liability in the balance sheet. In the income statement the linear operating lease cost is replaced by depreciation of the right-of-use asset and an interest expense attributable to the lease liability. HMS has used a discount rate of 1.8 % to determine the lease liability in the opening balance as of January 1, 2019.

The effects in the Balance sheet and Income statements as well as in key figures, which the transition to the new lease standard entails, are presented below.

Income statements, SEK million	Q1-19 incl IFRS 16	Q1-19 IFRS 16 effect	Q1-19 excl IFRS 16	R12 excl IFRS 16
Net sales	380	-	380	1,425
Cost of goods and services sold	-155	-	-155	-564
GROSS PROFIT	225	0	225	861
Operating expenses	-155	-8	-163	-601
Depreciation and amortization	-10	8	-3	-13
OPERATING PROFIT	60	-1	59	248
Financial net	-4	1	-4	-12
Profit before tax	56	0	55	236
Tax	-15	0	-15	-61
PROFIT FOR THE PERIOD	41	0	41	175

Balance sheets, SEK million	Q1-19 incl IFRS 16	Q1-19 IFRS 16 effect	Q1-19 excl IFRS 16	CB 1812	IFRS 16 effect	OB 1901
ASSETS						
Total fixed assets	1,273	-102	1,171	1,158	103	1,261
Total current assets	475	-	475	419	-	419
Total assets	1,748	-102	1,646	1,577	103	1,680
EQUITY AND LIABILITIES						
Equity	910	-3	907	857	0	857
Total non-current liabilities	527	-70	457	454	75	529
Total current liabilities	310	-28	283	266	27	293
Total Equity and liabilities	1,748	-102	1,646	1,577	103	1,680
Net debt	409	-98	310			

Financial accounts	Q1-19 incl IFRS 16	Q1-19 excl IFRS 16	R12 incl IFRS 16	R12 excl IFRS 16
EBITDA (SEK m)	79	71	306	298
EBITDA (%)	20.9	18.7	21.5	20.9
Return on capital employed (%)	-	-	19.5	19.8
Equity/assets ratio (%)	-	-	52.1	55.1
Net debt/equity ratio	-	-	0.45	0.34
Net debt/EBITDA	-	-	1.33	1.04

Short about the company

Strategies

GROWTH STRATEGY – HMS Networks focuses primarily on organic growth, where expansion in existing markets is done through a continuously improved and expanded product offering, often including new technology. This is combined with a high level of service and active investments in new sales channels globally. New markets are addressed with innovative and targeted solutions. Growth can also be generated through selective acquisitions of businesses with complementary offerings.

DEVELOPMENT STRATEGY – The Company's core competence is the broad and deep knowledge of industrial communication and IIoT, Industrial Internet of Things. A clear platform strategy ensures that all development centers within HMS are using core HMS technology.

PRODUCT STRATEGY – HMS offers solutions for industrial communication and IIoT under the trademarks Anybus®, Ewon® and Ixxat®. Communication solutions for building automation are offered through the subsidiary Intesis.

- Anybus – connection of automation products and machines to industrial networks and IIoT applications, through embedded network cards, gateways and wireless solutions
- Ewon – remote access, monitoring, data collection and control of machines as well as other industrial applications
- Ixxat – communication within machines and smart grids, as well as solutions for functional safety and automotive testing

PRODUCTION STRATEGY – Flexible low volume production in own factories in Halmstad, Nivelles and Igualada is combined with high volume production in Europe and Asia in close collaboration with carefully selected subcontractors.

MARKETING STRATEGY – HMS markets targeted solutions to all key players in the industrial value chain. Device manufacturers and machine builders are offered solutions that are tightly integrated into the customer's application. System integrators and end users are offered flexible infrastructure products that solve all kinds of communication problems in industrial systems and IoT applications. HMS's most important market is still factory automation, but other important markets are energy and infrastructure, transport and logistics, and building automation.

SALES STRATEGY – HMS combines direct sales from own sales offices with sales through distribution. HMS has sales offices in key markets in 16 countries, complemented by a network of distributors and solution partners in more than 50 countries.

Business model

HMS has developed its business models by packaging advanced industrial communication and IIoT technology into targeted solutions that match the needs of each target group. With device manufacturers and machine builders, HMS signs long-term framework agreements, so-called Design-Wins. This model is characterized by a relatively long sales cycle and design phase during which HMS's solutions are specified into the customer's application, after which long-term revenues are secured. The close collaboration gives HMS clear insight into the customer's future needs.

The business model towards system integrators is more traditional with a short sales cycle and manufacturing against customer orders or short-term forecasts. This sale is often handled by local distributors who are supported by HMS's sales and marketing organization.

Report occasions

- Annual General Meeting will be held on April 25, 2019
- Half year report 2019 will be published on July 16, 2019
- Third quarter report 2019 will be published on October 22, 2019
- Year-end report 2019 will be published in January/February, 2020

Halmstad April 25, 2019

Staffan Dahlström

Chief Executive Officer

Further information can be obtained by:

CEO Staffan Dahlström, telephone +46 35 17 29 01 or

CFO Joakim Nideborn, telephone +46 35 710 69 83

This information is such that HMS Networks AB (publ) is required to disclose in accordance with the Swedish Financial Instruments Trading Act and the Swedish Securities Market Act. The information was submitted for publication, through the contact persons set out above, at 08.00 CET on April 25, 2019.

Income statements

SEK millions	Q1 2019	Q1 2018	1804-1903 12 months	Q1-Q4 2018
Net sales	380	320	1,425	1,366
Cost of goods and services sold	-155	-122	-564	-532
GROSS PROFIT	225	198	861	834
Sales and marketing costs	-79	-69	-320	-310
Administrative expenses	-31	-28	-115	-111
Research and development costs	-50	-38	-174	-162
Other operating income	0	1	5	6
Other operating costs	-5	-1	-9	-5
OPERATING PROFIT	60	63	248	251
Financial income and costs	-4	-11	-13	-20
Profit before tax	56	52	236	232
Tax	-15	-14	-61	-61
PROFIT FOR THE PERIOD	41	37	175	171
Earnings per share before dilution, SEK	0.88	0.80	3.76	3.68
Earnings per share after dilution, SEK	0.87	0.79	3.73	3.65

Statement of comprehensive income

SEK millions	Q1 2019	Q1 2018	1804-1903 12 months	Q1-Q4 2018
Profit for the period	41	37	175	171
Other comprehensive income				
Items that may be reclassified subsequently to income statement				
Cash flow hedges	-5	0	-5	0
Hedging of net investments	-4	-11	-4	-10
Translation differences	18	44	21	48
Income tax relating to components of other comprehensive income	2	2	2	2
Other comprehensive income for the period, net of tax	11	36	14	39
Total comprehensive income for the period	52	73	189	211

Balance sheets

SEK millions	Mar 31 2019	Mar 31 2018	Dec 31 2018
ASSETS			
Goodwill	849	784	841
Other intangible assets	251	263	254
Property, plant and equipment	36	29	33
Right-to-use assets/Lease assets	120	22	19
Deferred tax assets	7	4	4
Other financial assets	8	2	7
Total fixed assets	1,273	1,104	1,158
Inventories	159	133	157
Accounts receivables - trade	176	160	161
Other current receivables	48	26	42
Cash and cash equivalents	93	71	59
Total current assets	475	390	419
TOTAL ASSETS	1,748	1,494	1,577
EQUITY AND LIABILITIES			
Equity	910	796	857
Liabilities			
Non-current interest-bearing liabilities	361	381	359
Non-current lease liabilities	89	21	19
Deferred income tax liabilities	77	81	76
Total non-current liabilities	527	483	454
Current interest-bearing liabilities	21	0	21
Current lease liabilities	30	4	3
Accounts payable - trade	106	87	105
Other current liabilities	153	124	138
Total current liabilities	310	215	266
TOTAL EQUITY AND LIABILITIES	1,748	1,494	1,577

Cash flow statements

SEK millions	Q1 2019	Q1 2018	1804-1903 12 months	Q1-Q4 2018
Cash flow from operating activities before changes in working capital	60	70	223	232
Cash flow from changes in working capital	-9	-50	2	-39
Cash flow from operating activities	52	20	224	193
Cash flow from investing activities	-11	-10	-63 ¹	-62 ¹
Cash flow from financing activities	-9	-33	-142	-166
Cash flow for the period	32	-22	19	-35
Cash and cash equivalents at beginning of the period	59	91	71	91
Translation differences in cash and cash equivalents	2	2	3	3
Cash and cash equivalents at end of period	93	71	93	59
Interest-bearing liabilities	501	406	501	401
Net debt	409	335	409	342

¹The acquisition of Beck's impact on the Group's cash and cash equivalents, after deduction of Beck's cash and cash equivalents, amounted to SEK 22 m in Q3 2018. Cash and cash equivalents in Beck amounted to SEK 0 m.

Equity

Change in Group Equity, SEK millions	Mar 31 2019	Mar 31 2018	Dec 31 2018
Opening balance at January 1	857	721	721
Total comprehensive income for the period	52	73	211
Share-related payment	2	1	5
Repurchase of own shares	-	-	-11
Dividends	-	-	-70
Closing balance	910	796	857

Financial accounts

	Q1 2019	Q1 2018	1804-1903 12 months	Q1-Q4 2018
Net increase in net sales (%)	18.6	15.0	16.3	15.4
Gross margin (%)	59.3	61.8	60.4	61.1
EBITDA (SEK m)	79	75	306	302
EBITDA (%)	20.9	23.5	21.5	22.1
EBIT (SEK m)	60	63	248	251
EBIT (%)	15.8	19.6	17.4	18.4
Return on capital employed (%)	-	-	19.5	20.7
Return on Shareholder's equity (%)	-	-	21.1	21.6
Working capital in relation to sales (%)	-	-	8.1	7.2
Capital turnover rate	-	-	0.90	0.89
Net debt/equity ratio	-	-	0.45	0.40
Equity/assets ratio (%)	-	-	52.1	54.3
Investments in tangible fixed assets (SEK m)	7	4	16	13
Investments in right-to-use assets/lease assets	6	-	6	-
Investments in intangible fixed assets (SEK m)	4	5	17	17
Depreciation of tangible fixed assets (SEK m)	-3	-2	-13	-10
Depreciation of right-to-use assets/lease assets (SEK m)	-8	-1	-8	-4
Amortization of intangible fixed assets (SEK m)	-9	-9	-37	-37
<i>Of which amortization of overvalues acquired</i>	-3	-3	-13	-13
<i>Of which amortization of capitalized development costs</i>	-6	-6	-24	-24
Number of employees (average)	587	523	551	536
Net sales per employees (SEK m)	0.65	0.61	2.6	2.6
Equity per share, (SEK)	18.96	16.28	17.84	17.06
Cash flow from operations per share, (SEK)	1.11	0.43	4.82	4.14
Total number of share, average (thousands)	46,819	46,819	46,819	46,819
Holding of own shares, average (thousands)	248	292	247	279
Total outstanding shares, average (thousands)	46,571	46,527	46,572	46,540

Quarterly data

Division of income per brand SEK millions	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Anybus	225 ¹	211 ¹	209 ¹	183	189	182	185	175
Ixxat	48	44	45	39	38	39	40	36
Ewon	73	67	63	70	64	58	57	60
Intesis	25	24	25	25	24	16	21	20
Other	8	18	11	12	5	6	2	8
Total	380	363	353	329	320	301	305	299

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

¹Including net sales of SEK 22 m in Q1 2019, SEK 20 m in Q4 2018 and SEK 10 m in Q3 2018 from the previously acquired company Beck IPC

Net sales per region SEK millions	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
EMEA	240 ¹	222 ¹	220 ¹	208	198	181	185	185
Americas	84	81	75	67	59	62	64	62
Asia	55	60	58	54	63	58	55	52
Total	380	363	353	329	320	301	305	299

¹Including net sales of SEK 22 m in Q1 2019, SEK 20 m in Q4 2018 and SEK 10 m in Q3 2018 from the previously acquired company Beck IPC

Income statement SEK millions	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net sales	380	363	353	329	320	301	305	299
Gross profit	225	216	213	206	198	182	186	185
<i>Gross margin (%)</i>	<i>59.3</i>	<i>59.6</i>	<i>60.3</i>	<i>62.8</i>	<i>61.8</i>	<i>60.3</i>	<i>60.9</i>	<i>61.8</i>
Operating profit	60	52	74	63	63	31	65	59
<i>Operating margin (%)</i>	<i>15.8</i>	<i>14.3</i>	<i>20.9</i>	<i>19.0</i>	<i>19.6</i>	<i>10.2</i>	<i>21.2</i>	<i>19.9</i>
Profit before tax	56	52	70	58	52	25	58	56

Parent Company's income statement

SEK millions	Q1 2019	Q1 2018	1804-1903 12 months	Q1-Q4 2018
Net sales	4	4	18	17
Gross profit	4	4	18	17
Administrative expenses	-4	-4	-18	-17
Operating profit	-	-	0	0
Profit from participations in subsidiaries	-	-	165	165
Interest income and similar items	1	-	1	1
Interest expenses and similar items	-	-	-1	-1
Profit before tax	1	-	165	164
Tax	-	-	-1	-1
Profit for the period	1	-	165	164

Parent Company's balance sheet

SEK millions	Mar 31 2019	Mar 31 2018	Dec 31 2018
ASSETS			
Financial assets	337	337	337
Total financial assets	337	337	337
Receivables from Group companies	65	-	64
Other receivables	1	2	0
Cash and cash equivalents	1	1	1
Total current assets	67	2	66
TOTAL ASSETS	404	339	404
EQUITY AND LIABILITIES			
Equity	203	118	202
Current liabilities			
Accounts payable - trade	1	0	0
Liabilities to Group companies	196	217	196
Other current liabilities	5	4	6
Total current liabilities	202	221	202
TOTAL EQUITY AND LIABILITIES	404	339	404

Definitions

NUMBER OF OUTSTANDING SHARES

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

RETURN ON SHAREHOLDER'S EQUITY

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

RETURN ON CAPITAL EMPLOYED

Profit after financial income in relation to the average capital employed.

EBIT

Operating income according to income statement.

EBITDA

Operating profit excluding depreciation and amortization of tangible and intangible assets.

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 less repurchased own shares that are held as treasury shares.

CAPITAL TURNOVER

Net sales in relation to average balance sheet total.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

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

NET DEBT

Current and non-current interest-bearing financial liabilities and leasing liabilities less financial interest-bearing assets.

NET DEBT/EQUITY RATIO

Net debt in relation to Shareholders' equity.

WORKING CAPITAL

Current assets less cash and cash equivalents and current liabilities calculated on average values.

OPERATING MARGIN

Operating profit in relation to net sales.

EQUITY/ASSETS RATIO

Shareholders' equity in relation to total assets.

CAPITAL EMPLOYED

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

EARNINGS PER SHARE, UNDILUTED

Share of the profit after tax attributable to the parent company 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 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.

Alternative key ratios

HMS presents certain financial measures in the interim report that has 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.

SEK millions	Q1 2019	Q1 2018	1804-1903 12 months	Q1-Q4 2018
Operating profit	60	63	248	251
Depreciation/amortization	19	12	58	51
EBITDA	79	75	306	302

HMS Networks AB (publ) is the leading independent supplier of solutions for industrial communication and the Industrial Internet of Things. HMS develops and manufactures products under the Anybus®, Ixxat® and Ewon® brands. Communication solutions for building automation are offered through the subsidiary Intesis. Development and manufacturing take place at the headquarters in Halmstad, and in Ravensburg, Nivelles, Igualada and Wetzlar. Local sales and support are handled by branch offices in Germany, USA, Japan, China, Singapore, Italy, France, Switzerland, Spain, India, UK, Sweden, Finland, South Korea and UAE, as well as through a worldwide network of distributors and partners. HMS employs over 600 people and reported sales of SEK 1,366 million in 2018. 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".