



HMS Networks acquires Red Lion Controls and significantly expands its presence in North America

HMS Networks AB (publ) (“HMS”), a global provider of industrial information and communication technology, has today entered into a binding agreement with Spectris Group Holdings Limited to acquire the Red Lion Controls business, a well-established US-based provider of industrial automation solutions, through the acquisition of 100 percent of the shares in Red Lion Controls Inc. and Red Lion Europe GmbH as well as certain assets in other jurisdictions (“Red Lion”), significantly expanding HMS’ presence in the North American market and complementing HMS’ offering.



Summary of the acquisition

- HMS has entered into a binding agreement to acquire Red Lion for a cash consideration of USD 345 million (approximately SEK 3,600 million) , on a cash and debt free basis (Enterprise Value).
- Red Lion is a well-established US-based provider of industrial automation solutions with an innovative product portfolio with premium brands. The acquisition will significantly strengthen HMS’ presence in North America and enable cross-selling of both HMS’ and Red Lion’s products through their respective market channels.
- The combination of HMS and Red Lion had annual sales exceeding SEK 4.4 billion , during the twelve-month period ending on September 30, 2023, with an adjusted EBIT margin of approximately 24 percent.
- The acquisition is expected to close during the first half of 2024, subject to customary regulatory approvals and closing conditions.

“We are very happy to welcome Red Lion into the HMS Networks family, the companies are a great match both when it comes to products, geographic presence, and cultural aspects. The combination of Red Lion’s product portfolio, which is complementary to HMS’ offering and has limited overlap, and the geographic match with Red Lion having a strong position in the attractive North American market, and HMS with its core markets in Europe, will generate good cross-selling opportunities.

Red Lion’s “Access” products fit well with HMS’ Anybus and Ewon product lines, while Red Lion’s “Connect” offering adds what HMS has been searching for several years; a strong Ethernet Switch offer with a strong market position. Finally, Red Lion’s “Visualize” offering brings new opportunities for HMS to explore the Data

Visualization offering that is becoming more and more interesting with its central role in the Industrial Automation environment and its ability to provide additional value on top of HMS' connectivity and network offering.

We are eager to start working together and to realize the synergies between the companies and to enable each other to take the next steps on our common future journey once the transaction closes.”, says Staffan Dahlström, CEO of HMS.



Strategic rationale

HMS has entered into a binding agreement to acquire Red Lion for a cash consideration of USD 345 million (approximately SEK 3,600 million) , on a cash and debt free basis (Enterprise Value).

For HMS it is of strategic importance to strengthen its presence in the attractive North American market and to improve its product offering range with products and offers that are specifically developed to meet the North American market demand.

The acquisition is expected to enable several cross-selling synergies of HMS and Red Lion, partly by capitalizing on the different market channels. With the greatest proportion of Red Lion's sales coming from North America, through a well-developed distributor network that HMS will be able to utilize to drive sales of HMS' gateway and remote access offering. HMS, with about 60 percent of its sales in the large automation markets in Europe and well-developed and targeted market channels, will be able to cross-sell selected parts of the Red Lion offering.

Furthermore, the acquisition is expected to have R&D and product development synergies on several parts of both HMS' and Red Lion's offerings which will be explored further after closing of the transaction.

Red Lion at a glance

Red Lion, headquartered in York, Pennsylvania, United States, is a well-established industrial data business with a 50 year plus history, empowering industrial organizations around the world to unlock the value of data by developing and manufacturing innovative and scalable products and solutions supporting their customers to gain real-time data and visibility to drive productivity. Red Lion's main customers are active in factory automation, alternative energy, oil and gas, power and utilities, transportation and water and wastewater segments.

The Red Lion offering is centered around three core product lines:

- Access products allow industrial end customers to get the most value out of their remote assets by offering enhanced cloud connectivity, edge intelligence, and remote device management. This product line includes Industrial Gateways, Protocol Converters, Routers and Access Points.
- Connect products protect and streamline communication between plant operators and their assets in a secure, reliable, and easy way to maximize operating performance and system uptime with Industrial Layer 1 and 2 Ethernet Switches representing the main parts of this product line.
- Visualize products allow plant operators to acquire, manage, and interact with their data to further

optimize performance in challenging and harsh environments with Human Machine Interfaces (HMI) and Panel Meters constituting the main products.

Red Lion has four development sites, located in York, Pennsylvania (US), Mobile, Alabama (US), Dinkelsbühl, Germany and Pune, India, and manufacturing sites located in York and Dinkelsbühl. Red Lion employs about 400 people globally, of which about 300 employees in the United States.

Regulatory approvals and closing

Closing of the acquisition is expected to take place during the first half year of 2024, subject to customary closing conditions, including filing with and approval by the appropriate authorities under the Hart-Scott-Rodino Antitrust Improvement Act of 1976 and filing with and approval by the Committee on Foreign Investment in the United States.

This information is such that HMS Networks AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 18:00 CET on December 11, 2023.

HMS Networks AB (publ) is a market-leading provider of solutions in industrial information and communication technology (Industrial ICT). HMS develops and manufactures products under the Anybus®, Ewon®, Intesis® and Ixxat® brands. Headquartered in Halmstad, Sweden, HMS also has offices in Germany, USA, Japan, China, Singapore, Italy, France, Spain, the Netherlands, India, UK, South Korea, Australia, and UAE, as well as a worldwide network of distributors and partners. HMS employs over 780 people and reported sales of SEK 2,506 million in 2022. HMS is listed on the NASDAQ OMX in Stockholm, category Large Cap, Information Technology.

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