

ISRA VISION AG: 3rd quarter 2014/2015 – revenues rise by 9%, EBT by 10%

ISRA continues forecasted growth course; strategy is the key in challenging market environment

- Revenue increase of 11 % in the quarter (3 months); plus 9% in 9-months period to 76.4 million euros (Q3-YTD-13/14: 69.8 million euros)
- EBT grow by 10% to 14.1 million euros (Q3-YTD-13/14: 12.8 million euros)
- Margins with respect to total output again at high level:
 - EBITDA margin at 25% (Q3-YTD-13/14: 26%)
 - EBIT margin at 17% (Q3-YTD-13/14: 17%)
 - EBT margin at 17% (Q3-YTD-13/14: 17%); with respect to revenues at 18% (Q3-YTD-13/14: 18%)
- Gross margin increases to 61% referenced to total output (Q3-YTD-13/14: 60%); a plus of 12% in the quarter (3 months); plus 10% in the 9-months period
- Operative cash flow improves to 12.0 million euros (June 30, 2014: 11.4 million euros); net cash flow to 1.4 million euros
- High order backlog of more than 70 million euros (PY: 61 million euros)
- Targeted strengthening of the core business in the printing industry through acquisition of Vision Experts GmbH
- Earnings per share (EPS) at 2.20 euros (Q3-YTD-13/14: 2.02 euros)

ISRA VISION AG (ISIN: DE 0005488100), one of the world's top companies for industrial image processing (Machine Vision) as well as globally leading in surface inspection of web materials and 3D machine vision applications, continues its successful growth course in the third quarter of the financial year. The company profits from its long-term multibranch strategy, whose core it is to grow diversified across markets and regions with a broad portfolio. As such, ISRA – being less affected by economic impacts – continues to show a sustainable development also in the third quarter.

With a revenue increase of 11 percent in the quarter and 9 percent in the 9-months period to 76.4 million euros (Q3-YTD-13/14: 69.8 million euros) as well as an EBT growth (Earnings Before Taxes) of 10 percent to 14.1 million euros (Q3-YTD-13/14: 12.8 million euros), the company has continuously implemented its growth targets. The EBT margin amounts with 18 percent referenced to revenues (Q3-YTD-13/14: 18%) and 17 percent to total output at the same level of the previous-year period. Operative cash flow amounts to 12.0 million euros (June 30, 2014: 11.4 million euros). Given an improved equity ratio of 59 percent (September 30, 2014: 58%) and the available credit lines, ISRA is equipped with solid capital resources for future growth. With the latest acquisition of Vision Experts GmbH, the printing business was strengthened. Earnings per share after taxes raise by 9 percent to 2.20 euros (Q3-YTD-13/14: 2.02 euros).

The earnings margins again reach the high level of the previous quarters. In addition to the EBT increase of 10 percent, EBIT (Earnings Before Interest and Taxes) referenced to total output grows by 9 percent to 14.5

million euros in the 9-months period (Q3-YTD-13/14: 13.4 million euros). This results in an EBIT margin of 19 percent referenced to revenues and 17 percent to total output (Q3-YTD-13/14: 17%). EBITDA amounts to 21.2 million euros (Q3-YTD-13/14: 19.9 million euros) and reaches with an EBITDA margin of 25 percent (Q3-YTD-13/14: 26%) a similar share to total output as in the previous year. The gross margin (total output minus cost of materials and labor of production) in respect to total output rises by one percentage point to 61 percent (Q3-YTD-13/14: 60%) to a total of 51.0 million euros (Q3-YTD-13/14: 46.5 million euros) - which corresponds to a plus of 12 percent in the quarter as well as 10 percent in the 9-months period. The goal is to reflect the increase in the gross margin in the next quarters also in the profitability. The costs for administration are reduced by 6 percent in the quarter as well as in the 9-months period and strengthen the target of overall 4 percent referenced to total output. With regard to activities for future growth, ISRA continues with the targeted investments in marketing and sales as in the previous quarters – the expenditures in this area grow by 19 percent to 14.6 million euros (Q3-YTD-13/14: 12.3 million euros). Inventories develop significantly disproportionate to the revenues (plus 3%) and amount to 28.7 million euros (September 30, 2014: 28.0 million euros). The cash trade receivables decrease by 16 percent to 30.9 million euros (September 30, 2014: 36.6 million euros). After a dividend payout in the amount of 1.7 million euros, the net cash flow increases to 1.4 million euros (June 30, 2014: 1.1 million euros).

As a result of the investments in marketing and sales in the previous quarters, the regions show an overall positive picture despite of the varying developments. In the US, the growth continues based on the strong order entry of the first half-year. From Asia, the company records a good order situation and expects a general improvement of business in the next quarters after short-term delays in investments. Management responds to the current economic situation, particularly in China, with extensive measures for strengthening marketing and sales as well as additional innovations and cost optimizations in the product portfolio. In the European markets, the high revenue level of the previous year was reached again and even improved.

In both segments – Surface Vision and Industrial Automation – ISRA is showing growth. Industrial Automation continues to benefit from strong order entries – including from premium car manufacturers – and achieved 17.1 million euros in revenues by the end of the quarter (Q3-YTD-13/14: 15.8 million euros). EBIT amounts to 3.2 million euros, resulting in an EBIT margin to total output of 17 percent as in the previous year. For the fourth quarter of the financial year, the company expects a continuation of the good order situation and further increasing revenues.

In the Surface Vision segment, the revenues grow by 10 percent to 59.3 million euros (Q3-YTD-13/14: 54.0 million euros). Concerning the earnings margins, the EBIT also shows an increase of 10 percent and amounts to 11.4 million euros, which corresponds to a margin of 17 percent to total output (Q3-YTD-13/14: 17%). The strong dynamic from the plastics industry of the first half-year also continues in the third quarter. The positive order situation of the Metal unit benefits from intensive marketing and sales activities. A strategic large-scale order from China is currently at an advanced stage of negotiation. The solar business remains to be dynamic at the high level of the previous-year period and will grow in the double-digit range. Orders for the inspection of solar wafers, cells and modules continue to come in, particularly from the Asian region. The activities in the glass and paper industry are strengthened through targeted investments in marketing and sales. In the Security Paper unit, new revenue impulses are expected in the short term from key customers – including from China – through innovations and the expansion of the portfolio for banknote inspection.

With the acquisition of Vision Experts GmbH, ISRA expands the product portfolio for the inspection of metal and pharmaceutical packaging printing and gains important international customers of the printing industry. The company expects synergies in the coming quarters by focusing on joined target markets and the global

Press Release

August 31, 2015



sales of the expanded product portfolio. Management further analyzes promising acquisition targets and is engaged in intensive discussions or at an advanced stage of negotiation.

The realization of the planned growth in a challenging market environment underscores ISRA's long-term multibranch strategy. Based on the strong order backlog of more than 70 million euros, a revenue increase in the lower double-digit percentage range for the current financial year is expected, even despite the currently inconsistent economic situation in some regions and industries. The company assumes that the overall basic economic conditions will not change further in negative direction and confirms the growth target communicated at the beginning of the financial year. In terms of profit, management plans a continuation of the high margin level of the preceding nine months. By focusing on innovations and efficiency as well as strengthening individual regions, ISRA is actively preparing for the medium-term targeted revenue dimension of 150 million euros.

Company profile

ISRA Vision AG, together with its subsidiaries, is worldwide leading in surface inspection of web materials. Furthermore, it is one of the globally leading providers of machine vision programs, specialising in the area of 3D machine vision, in particular for "3D robot vision".

The core competence of the company is the ISRA-BrainWARE®, an innovative software for intelligent machine vision systems. Here, the scientific know-how from the fields of optics, lighting technology, surveying technology, physics, image processing and classification algorithms and a complex system design are combined. Machine vision is a key technology for visualising systems that imitate the human eye. Today's ISRA applications focus primarily on the automation of production and quality assurance of goods and products supplied to large, future-oriented markets such as energy, healthcare, food, mobility and information. The customers mainly include renowned global players from the respective sectors. With more than 25 locations worldwide, ISRA offers customer proximity everywhere and ensures optimum service and support.

In the past sixteen years, ISRA has shown profitable growth with an annual average increase in sales of approx. 25 percent. Currently the company employs approx. 600 people worldwide.

Further information are available at www.isravision.com.

Consolidated Total Operating Revenue EBITDA-EBIT statement ¹⁾³⁾

from October 1, 2014 to June 30, 2015 in € k

(in € k)	FY 2014/2015 9 months (Oct. 1, 2014 - Jun. 30, 2015)		FY 2013/2014 9 months (Oct. 1, 2013 - Jun. 30, 2014)		FY 2014/2015 3 months (Apr. 1, 2015 - Jun. 30, 2015)		FY 2013/2014 3 months (Apr. 1, 2014 - Jun. 30, 2014)	
Net sales	76,368	91%	69,807	90%	27,715	91%	25,030	91%
Capitalized work	7,809	9%	7,545	10%	2,715	9%	2,615	9%
Total output	84,177	100%	77,352	100%	30,430	100%	27,645	100%
Cost of materials	16,418	20%	15,412	20%	6,189	20%	5,648	20%
Cost of labour excluding depreciation	16,729	20%	15,416	20%	5,746	19%	5,548	20%
Cost of production excluding depreciation	33,147	39%	30,828	40%	11,935	39%	11,196	40%
Gross profit	51,030	61%	46,524	60%	18,495	61%	16,449	60%
Research and development Total	12,920	15%	11,807	15%	4,644	15%	4,159	15%
Sales and marketing costs	14,607	17%	12,290	16%	5,254	17%	4,468	16%
Administration	3,189	4%	3,383	4%	1,085	4%	1,150	4%
Sales and administration costs excluding depreciation	17,795	21%	15,673	20%	6,340	21%	5,618	20%
Other revenues	910	1%	877	1%	-82	0%	242	1%
EBITDA	21,225	25%	19,921	26%	7,430	24%	6,914	25%
Depreciation and amortization	6,678	8%	6,542	8%	2,238	7%	2,163	8%
Total costs	37,393	44%	34,022	44%	13,221	43%	11,940	43%
EBIT	14,547	17%	13,379	17%	5,192	17%	4,751	17%
Earnings from associated companies	0	0%	0	0%	0	0%	0	0%
Interest income	13	0%	35	0%	-1	0%	0	0%
Interest expenses	-472	-1%	-571	-1%	-158	-1%	-169	-1%
Financing result	-459	-1%	-536	-1%	-158	-1%	-169	-1%
EBT	14,088	17%	12,843	17%	5,034	17%	4,582	17%
Income taxes	4,398	5%	3,914	5%	1,560	5%	1,418	5%
Consolidated net profit	9,690	12%	8,929	12%	3,474	11%	3,164	11%
Of which accounted to non-controlling shareholders	90	0%	96	0%	21	0%	37	0%
Of which accounted to shareholders of ISRA VISION AG	9,600	11%	8,833	11%	3,453	11%	3,127	11%
Earnings per share in € before income taxes ²⁾	3.22		2.93		1.15		1.05	
Earnings per share in € ²⁾	2.20		2.02		0.79		0.71	
Shares issued	4,371,172 ⁴⁾		4,380,940		4,372,440 ⁴⁾		4,380,940	

¹⁾ According to IFRS unaudited

²⁾ Per-share result undiluted and diluted

³⁾ This pro forma statement is an additional presentation based on the comprehensive presentation given in previous years and not part of the IFRS consolidated financial statements

⁴⁾ Weighted number of shares

Consolidated Income Statement ¹⁾³⁾

from October 1, 2014 to June 30, 2015 in € k

(in € k)	FY 2014/2015 9 months (Oct. 1, 2014 - Jun. 30, 2015)		FY 2013/2014 9 months (Oct. 1, 2013 - Jun. 30, 2014)		FY 2014/2015 3 months (Apr. 1, 2015 - Jun. 30, 2015)		FY 2013/2014 3 months (Apr. 1, 2014 - Jun. 30, 2014)	
Net sales	76,368	100%	69,807	100%	27,715	100%	25,030	100%
Cost of sales	33,632	44%	31,233	45%	12,066	44%	11,335	45%
Gross operating result (gross profit)	42,736	56%	38,574	55%	15,649	56%	13,695	55%
Research and development	10,685	14%	9,654	14%	3,888	14%	3,408	14%
Total costs	12,920	17%	11,807	17%	4,644	17%	4,159	17%
Depreciation and amortization	5,676	7%	5,725	8%	1,959	7%	1,883	8%
Grants	-102	0%	-332	0%	0	0%	-19	0%
Capitalized work	-7,809	-10%	-7,545	-11%	-2,715	-10%	-2,615	-10%
Sales and marketing costs	15,030	20%	12,613	18%	5,377	19%	4,580	18%
Administration	3,281	4%	3,472	5%	1,110	4%	1,179	5%
Sales and administration costs	18,312	24%	16,085	23%	6,487	23%	5,759	23%
Other revenues	807	1%	545	1%	-82	0%	223	1%
Earnings from associated companies	0	0%	0	0%	0	0%	0	0%
Interest income	13	0%	35	0%	-1	0%	0	0%
Interest expenses	-472	-1%	-571	-1%	-158	-1%	-169	-1%
Financing result	-459	-1%	-536	-1%	-158	-1%	-169	-1%
Earnings before taxes (EBT)	14,088	18%	12,843	18%	5,034	18%	4,582	18%
Income taxes	4,398	6%	3,914	6%	1,560	6%	1,418	6%
Consolidated net profit	9,690	13%	8,929	13%	3,474	13%	3,164	13%
Of which accounted to shareholders of ISRA VISION AG	9,600	13%	8,833	13%	3,453	12%	3,127	12%
Of which accounted to non-controlling shareholders	90	0%	96	0%	21	0%	37	0%
Earnings per share in € before income taxes ²⁾	3.22		2.93		1.15		1.05	
Earnings per share in € ²⁾	2.20		2.02		0.79		0.71	
Shares issued	4,371,172 ⁴⁾		4,380,940		4,372,440 ⁴⁾		4,380,940	

¹⁾ According to IFRS unaudited

²⁾ Per-share result undiluted and diluted

³⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). In the year under review the IFRS and SICs which must compulsorily be applied were followed.

⁴⁾ Weighted number of shares

Consolidated Balance Sheet ¹⁾²⁾

at June 30, 2015 in € k

(in € k)	Jun. 30, 2015	Sep. 30, 2014
ASSETS		
Assets		
Short-term assets		
Inventories	28,682	27,963
Trade receivables	74,319	70,191
Cash and cash equivalents	12,433	10,924
Financial assets	5,300	3,778
Other receivables	815	789
Income tax receivables	255	605
Total short-term assets	121,804	114,250
Long-term assets		
Intangible assets	100,678	98,043
Tangible assets	5,509	5,865
Cash and cash equivalents	210	315
Financial assets	1,115	1,210
Deferred tax claims	2,066	2,777
Total long-term assets	109,578	108,210
Total assets	231,382	222,460
EQUITY AND LIABILITIES		
Short-term liabilities		
Trade payables	7,737	8,681
Financial liabilities to banks	40,186	31,974
Other financial liabilities	10,094	12,135
Other accruals	1,050	1,177
Income tax liabilities	1,815	2,282
Other liabilities	797	608
Total short-term liabilities	61,679	56,857
Long-term liabilities		
Deferred tax liabilities	28,934	25,176
Financial liabilities to banks	0	8,025
Pension provisions	3,276	2,888
Total long-term liabilities	32,210	36,089
Total liabilities	93,889	92,946
Equity		
Issued capital	4,381	4,381
Capital reserves	38,623	38,623
Profit brought forward	82,406	71,111
Net profit accounted to the shareholders of ISRA VISION AG	9,600	12,999
Other comprehensive income	1,383	1,224
Own shares	-328	-162
Share of equity capital held by ISRA VISION AG shareholders	136,065	128,176
Equity capital accounted to non-controlling shareholders	1,428	1,338
Total equity	137,493	129,514
Total equity and liabilities	231,382	222,460

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). In the year under review the IFRS/IASs and SICs which must compulsorily be applied were followed.

Consolidated Cash flow Statement ¹⁾²⁾

from October 1, 2014 to June 30, 2015 in € k

(in € k)	Oct. 1, 2014 - Jun. 30, 2015	Oct. 1, 2013 - Jun. 30, 2014
Consolidated net profit	9,690	8,929
Income tax payments	2,141	2,198
Changes in deferred tax assets and liabilities	4,470	3,964
Changes in accruals	260	-32
Depreciation and amortization	6,678	6,542
Changes in inventories	-719	-2,013
Changes in trade receivables and other assets	-5,231	1,551
Changes in trade payables and other liabilities	-5,749	-9,835
Interest income	-13	-23
Interest expenses	472	559
Other non-cash changes	0	-486
Cash flow from operating activities	11,999	11,354
Payments for investments in tangible assets	-643	-856
Payments for investments in intangible assets	-7,809	-7,733
Company acquisition	-160	-400
Cash flow from investment activities	-8,612	-8,990
Payments to company owners through acquisition of own shares	-165	0
Dividend payouts	-1,705	-1,533
Deposits from the assumption of financial liabilities	3,212	3,597
Repayments of financial liabilities	-3,025	-3,025
Interest income	13	23
Interest expenses	-472	-559
Cash flow from financing activities	-2,142	-1,497
Exchange rate-based value changes of the financial resources	159	189
Change of financial resources	1,405	1,057
Net cash flow		
Financial resources on 30.09.2014	11,239	9,655
Financial resources on 30.06.2015	12,643	10,714

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). In the year under review the IFRS/IASs and SICs which must compulsorily be applied were followed.

Consolidated Statement of Changes in Equity ¹⁾²⁾

for the period October 1, 2014 to June 30, 2015 in € k

(in € k)	Issued capital	Capital reserves	Own shares	Other not-income-affecting changes in equity	Profit brought forward	Net profit of the period	Equity of shareholders ISRA VISION AG	Accounted to non-controlling shareholders	Equity
As of Sep. 30, 2014	4,381	38,623	-162	1,224	71,111	12,999	128,176	1,338	129,514
Profit brought forward	0	0	0	0	12,999	-12,999	0	0	0
Changes in own shares	0	0	-166	0	0	0	-166	0	-166
Payout	0	0	0	0	-1,705	0	-1,705	0	-1,705
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	159	0	9,600	9,759	90	9,849
Cash flow hedge	0	0	0	0	0	0	0	0	0
Actuarial profits/ losses	0	0	0	0	0	0	0	0	0
Currency exchange variations	0	0	0	159	0	0	159	0	159
As of June 30, 2015	4,381	38,623	-328	1,383	82,406	9,600	136,065	1,428	137,493

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB). In the year under review the IFRS/IASs and SICs which must compulsorily be applied were followed.

Consolidated Statement of Changes in Equity ¹⁾²⁾

for the period October 1, 2013 to June 30, 2014 in € k

(in € k)	Issued capital	Capital reserves	Own shares	Other not-income-affecting changes in equity	Profit brought forward	Net profit of the period	Equity of shareholders ISRA VISION AG	Accounted to non-controlling shareholders	Equity
As of Sep. 30, 2013	4,381	38,623	-8	572	61,259	11,567	116,394	1,530	117,924
Profit brought forward	0	0	0	0	11,567	-11,567	0	0	0
Changes in own shares	0	0	0	0	0	0	0	0	0
Payout	0	0	0	0	-1,533	0	-1,533	0	-1,533
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	-495	-495
Overall earnings	0	0	0	153	0	8,833	8,986	96	9,082
Cash flow hedge	0	0	0	1	0	0	1	0	1
Actuarial profits/ losses	0	0	0	0	0	0	0	0	0
Currency exchange variations	0	0	0	152	0	0	152	0	152
As of June 30, 2014	4,381	38,623	-8	725	71,292	8,833	123,846	1,131	124,977

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB). In the year under review the IFRS/IASs and SICs which must compulsorily be applied were followed.

Segment Reporting by Division ¹⁾²⁾

for selected positions of the consolidated income statement in € k

(in € k)	Industrial Automation Division		Surface Vision Division	
	Oct. 1, 2014 - Jun. 30, 2015	Oct. 1, 2013 - Jun. 30, 2014	Oct. 1, 2014 - Jun. 30, 2015	Oct. 1, 2013 - Jun. 30, 2014
Revenues	17,052	15,834	59,316	53,973
EBIT	3,167	2,992	11,380	10,386

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). In the year under review the IFRS and SICs which must compulsorily be applied were followed.

Press Release

August 31, 2015



Explanatory information

Basic accounting and valuation methods

The company's quarterly consolidated financial statements were prepared in line with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB). In the year under review the IFRSs and SICs which must compulsorily be applied were followed.

Darmstadt, August 31, 2015

The Executive Board