

ISRA VISION AG: 13/14 financial year – double-digit growth in revenues and profit

Revenue milestone of 100 million euros achieved – strong basis for the next growth steps

- Revenue increase of 14% to 102.5 million euros (FY 12/13: 89.5 million euros)
- EBT growth plus 16% to 19.1 million euros (FY 12/13: 16.5 million euros)
- EBT margin to revenues rises to 19% (FY 12/13: 18%), to total output at 17% (FY 12/13: 17%)
- Continued high margins compared to total output:
 - EBITDA margin at 25% (FY 12/13: 26%)
 - EBIT margin at 17% (FY 12/13: 17%)
- Gross margin at stable level of 60% to total output (FY 12/13: 60%)
- Operative cash flow improved to 18.7 million euros (FY 12/13: 15.5 million euros)
- Order backlog of approx. 57 million euros (PY: approx. 51 million euros)
- GP Solar integration completed successfully – solar business continues positive development with new orders
- Earnings per share rise to 2.97 euros (FY 12/13: 2.64 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, reached the important milestone of 100 million euros – based on audited, but not yet certified figures – and again meets the forecast. With revenues of 102.5 million euros (FY 12/13: 89.5 million euros) and an EBT growth of 16 percent to 19.1 million euros, ISRA creates a strong basis for the next revenue dimension. The EBT margin compared to revenues increases by one percentage point to 19 percent (FY 12/13: 18 percent), compared to total output it is at 17 percent as in the previous year. With respect to operative cash flow, the 2013/2014 financial year closes with a positive trend – the operative cash flow improves to 18.7 million euros (FY 12/13: 15.5 million euros). Given the increase by one percentage point in equity ratio to 58 percent (September 30, 2013: 57 percent) and the available credit lines, the company is equipped with solid capital resources for future growth. The earnings per share after taxes (EPS) increases to 2.97 euros (FY 12/13: 2.64 euros).

Management considers the important revenue mark of 100 million euros a strategic milestone that demonstrates the development of the company in recent years in a particular way. At the same time, this landmark is trend-setting for the next growth phases. On the one hand, the market shares in relevant industries were expanded consequently, even market leadership in some of them was gained – on the other hand, investments were made in the global expansion of the company with employees that were hired successively at more than 25 locations worldwide. By exceeding the 100 million euros, the critical mass as the basis for future growth has also been reached in the different regions. As a result, ISRA is one of the best globalized companies worldwide in the relevant markets. These assets – infrastructure and international team – will continue to play an important role in the future in the support of global customers who are largely market leaders themselves in their industries. The sustainable expansion of market shares in different customer industries, the independence of individual markets and regions as well as the diversification render the company robust, even during weak economic periods. With the 100 million euro revenue milestone, a size has been reached to realize scale

effects and synergies as a catalyst for profitable growth.

The 2013/2014 financial year concludes with the traditionally strong fourth quarter. Revenues in Q4 rise by 20 percent to 32.7 million euros (Q4 12/13: 27.3 million euros), annual revenues (Q4-YTD) by 14 percent to 102.5 million euros (FY 12/13: 89.5 million euros) and total output to 114.6 million euros (FY 12/13: 99.8 million euros). The gross margin (total output minus cost of materials and cost of labor in production and engineering) with 60 percent (FY 12/13: 60 percent) confirms again the overall strong margin level of the company. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) increases by 10 percent to 28.8 million euros (FY 12/13: 26.1 million euros), the EBITDA margin amounts to 25 percent (FY 12/13: 26 percent). An increase of 16 percent for EBIT (Earnings Before Interest and Taxes) results in 20.0 million euros and a constantly high EBIT margin of 17 percent (FY 12/13: 17 percent). EBT also grows by 16 percent to 19.1 million euros (FY 12/13: 16.5 million euros). The net cash flow is positive and reaches 1.6 million euros (FY 12/13: 2.1 million euros). As a result, the net bank debt is reduced through scheduled repayment of bank loans by 2.1 million euros – a good basis for the continuation of the sustainable dividend strategy (PY: 0.35 euros per share).

The regional independence of the company continued to be reinforced further in 2013/2014. Growth – particularly in China, Taiwan and Korea – brought the Asian revenue share almost to the level of the European one of approx. 40 percent. The positive order situation in Europe with its double-digit rates also contributed in passing the strategic mark of 100 million euro revenues – a similar development is also expected for the 2014/2015 financial year. At the start of the current year, America is recording an increased demand. A slightly lower order entry dynamic than 2013/2014 is expected for Asia. The expansion of the global presence continues to remain an important instrument of the company strategy. Currently, in Asia the market entry for Indonesia is being prepared and in America for Mexico.

In the 2013/2014 financial year, ISRA maintained its market position worldwide in both segments – Industrial Automation and Surface Vision. With a revenue increase of 30 percent, the Industrial Automation segment was one of the strongest drivers in 2012/2013. In the current reporting period, revenues were not only kept at the high level of the previous year – but even increased by 3 percent to 25.0 million euros (FY 12/13: 24.3 million euros). The continuously positive demand is carried by innovative 3D system solutions. EBIT increases by 6 percent to 5.0 million euros (FY 12/13: 4.7 million euros), the EBIT margin improved as in the previous year – by one percentage point to 18 percent to total output (FY 12/13: 17 percent). For the current financial year, the company expects additional larger orders from the 3D segment and assumes a positive development in this segment.

The revenues in the Surface Vision division rose significantly by 19 percent to 77.4 million euros (FY 12/13: 65.3 million euros). EBIT is at 15.0 million euros (FY 12/13: 12.6 million euros), the EBIT margin at 17 percent to total output (FY 12/13: 17 percent). The segments Plastics, Metal and Paper contributed to revenues with significant double-digit growth rates. These dynamics continue at the beginning of the new financial year. A similar picture is also evident in the order entries from the Specialty Paper industry. The development in the glass segment is further supported with investments in innovations and sales. In the Print sector, management was reinforced; the product innovations are being promoted with a worldwide marketing offensive. In the solar business, ISRA is in a strategically strong position with the successful integration of GP Solar, and profited with several large-scale orders from the positive demand from Asia. The continuation of this high level is also apparent for the 2014/2015 financial year – the order entries from the first quarter of the current year confirm this trend. The new version of the intelligent yield management software „[®]PROMI“ for efficiency and productivity increase was successfully started with a strategic order in the millions from China. A positive step in the direction of the strategic objective in the CSSC (Customer Support and Service Center) business to expand

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the share in revenues was realized with an annual result in the double-digit million range.

Besides organic growth, pursuing external growth by acquiring suitable companies is an important part of the long-term strategy. GP Solar, which was acquired in May 2013, was successfully integrated. Already in 2009, ISRA acquired an interest in the Turkish Machine Vision specialist Vistek – in the reporting period, the full integration of the company was completed. Management is intensively monitoring and analyzing targets which will strategically strengthen ISRA. With some of them, the company is already in an advanced state and plans on finalizing an additional project in the course of the current financial year upon positive evaluation result.

With a current order backlog of approx. 57 million euros (PY: approx. 51 million euros), ISRA had a good start into the new financial year. The company responds to the different market situations in the individual business areas with targeted marketing and sales measures as well as innovations that support the growth strategy. For the current financial year, ISRA is planning with a double-digit profitable revenue growth and at least stable margins, whereby further margin improvements as well as the cash flow optimization remain the focus of management. ISRA will release a detailed forecast for the current financial year in February 2015.

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 more than 600 people worldwide.

Further information are available at www.isravision.com.

Consolidated Total Operating Revenue EBITDA-EBIT statement ^{1) 3) 4)}

from October 1, 2013 to September 30, 2014 in € k

(in € k)	FY 2013/2014		FY 2012/2013		FY 2013/2014 3 months		FY 2012/2013 3 months	
	(Oct. 1, 2013 - Sept. 30, 2014) ¹⁾		(Oct. 1, 2012 - Sept. 30, 2013) ⁵⁾		(Jul. 1, 2014 - Sept.30, 2014)		(Jul. 1, 2013 - Sept. 30, 2013) ⁵⁾	
Net sales	102,477	89%	89,541	90%	32,670	88%	27,327	89%
Capitalized work	12,089	11%	10,280	10%	4,544	12%	3,389	11%
Total output	114,566	100%	99,821	100%	37,214	100%	30,716	100%
Material costs	24,154	21%	20,866	21%	8,742	23%	7,252	24%
Personnel costs excluding depreciation	21,262	19%	18,973	19%	5,846	16%	4,882	16%
Production cost	45,416	40%	39,839	40%	14,588	39%	12,134	40%
Gross Profit	69,150	60%	59,982	60%	22,626	61%	18,582	60%
Research and development costs total excluding depreciation	18,253	16%	15,600	16%	6,446	17%	5,176	17%
Sales and marketing costs	19,083	17%	16,084	16%	6,793	18%	5,353	17%
Administration costs	4,746	4%	4,462	4%	1,363	4%	1,189	4%
Sales and administration costs excluding depreciation	23,829	21%	20,546	21%	8,156	22%	6,542	21%
Other operational revenue/ expenses	1,740	2%	2,309	2%	863	2%	1,628	5%
EBITDA	28,808	25%	26,145	26%	8,887	24%	8,492	28%
Depreciation and amortization	8,795	8%	8,857	9%	2,253	6%	2,919	10%
Total costs	50,877	44%	45,003	45%	16,855	45%	14,637	48%
EBIT	20,013	17%	17,288	17%	6,634	18%	5,573	18%
Shares in associated companies	0	0%	46	0%	0	0%	49	0%
Interest income	59	0%	127	0%	24	0%	105	0%
Interest expense	-927	-1%	-949	-1%	-356	-1%	-381	-1%
Total costs	51,749	45%	46,536	47%	17,386	47%	16,039	52%
EBT	19,145	17%	16,512	17%	6,302	17%	5,347	17%
Income taxes	6,017	5%	5,067	5%	2,103	6%	1,674	5%
Net profit for the period	13,128	11%	11,445	11%	4,199	11%	3,673	12%
Minority interests	129	0%	-103	0%	33	0%	-169	-1%
Net profit after minorities	12,999	11%	11,548	12%	4,166	11%	3,842	13%
Earnings per share in € before tax ²⁾	4.37		3.77		1.44		1.22	
Earnings per share in € ²⁾	2.97		2.64		0.95		0.88	
Shares issued ²⁾	4,381,507		4,381,093		4,383,209		4,380,940	

¹⁾ Audited in accordance with IFRS and released, but not confirmed

²⁾ Per share result undiluted and diluted (Number of shares previous year weighted)

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

⁴⁾ 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

⁵⁾ The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of September 30, 2014.

Consolidated Income Statement ^{1) 3)}

from October 1, 2013 to September 30, 2014 in € k

(in € k)	FY 2013/2014		FY 2012/2013		FY 2013/2014 3 months		FY 2012/2013 3 months	
	(Oct. 1, 2013 - Sept. 30, 2014) ¹⁾		(Oct. 1, 2012 - Sept. 30, 2013) ⁴⁾		(Jul. 1, 2014 - Sept. 30, 2014)		(Jul. 1, 2013 - Sept. 30, 2013) ⁴⁾	
Net sales	102,477	100%	89,541	100%	32,670	100%	27,327	100%
Cost of sales	45,944	45%	40,749	46%	14,711	45%	12,604	46%
Gross operating result (gross profit)	56,533	55%	48,792	54%	17,959	55%	14,723	54%
Research and development	13,507	13%	11,916	13%	3,852	12%	3,565	13%
Total costs	18,253	18%	15,600	17%	6,446	20%	5,176	19%
Capitalized work	-12,089	-12%	-10,280	-11%	-4,543	-14%	-3,389	-12%
Grants	-332	0%	-367	0%	0	0%	-123	0%
Depreciation	7,674	7%	6,962	8%	1,949	6%	1,902	7%
Sales and marketing costs	19,557	19%	16,855	19%	6,944	21%	5,789	21%
Administration costs	4,864	5%	4,676	5%	1,392	4%	1,300	5%
Sales and administration costs	24,421	24%	21,531	24%	8,336	26%	7,089	26%
Other operational revenue/ expenses	1,408	1%	1,942	2%	863	3%	1,505	0%
Shares in associated companies	0	0%	46	0%	0	0%	49	0%
Interest income	59	0%	127	0%	24	0%	105	0%
Interest expense	-927	-1%	-949	-1%	-356	-1%	-381	-1%
Earnings before taxes (EBT)	19,145	19%	16,512	18%	6,302	19%	5,347	20%
Income taxes	6,017	6%	5,067	6%	2,103	6%	1,674	6%
Net profit of the period	13,128	13%	11,445	13%	4,199	13%	3,673	13%
Minorities	129	0%	-103	0%	33	0%	-169	-1%
Net profit after minorities	12,999	13%	11,548	13%	4,166	13%	3,842	14%
Earnings per share in € before tax ²⁾	4.37		3.77		1.44		1.22	
Earnings per share in € ²⁾	2.97		2.64		0.95		0.88	
Shares issued ²⁾	4,381,507		4,381,093		4,383,209		4,380,940	

¹⁾ Audited in accordance with IFRS and released, but not confirmed

²⁾ Per -share result undiluted and diluted (Number of shares previous year weighted)

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Consolidated Balance Sheet ^{1) 2)}

at September 30, 2014 in € k

(in € k)	Sept. 30, 2014 ¹⁾	Sept. 30, 2013 ³⁾
ASSETS		
Assets		
Short-term assets		
Inventories	27,963	25,848
Trade receivables	70,191	63,180
Cash and cash equivalents	10,924	9,130
Financial assets	3,777	1,268
Other assets	789	3,053
Income tax receivables	605	591
Total short-term assets	114,250	103,070
Long-term assets		
Intangible assets	98,043	92,831
Tangible assets	5,865	5,538
Cash and cash equivalents	315	525
Financial assets	1,210	1,335
Deferred tax claims	2,777	4,052
Total long-term assets	108,210	104,281
Total assets	222,460	207,351
EQUITY AND LIABILITIES		
Short-term liabilities		
Trade payables	8,681	6,676
Financial liabilities to banks	31,974	28,944
Other financial liabilities	12,135	11,208
Other accruals	1,177	961
Income tax liabilities	2,282	1,896
Other liabilities	608	1,659
Total short-term liabilities	56,857	51,344
Long-term liabilities		
Deferred tax liabilities	25,176	24,362
Financial liabilities to banks	8,025	11,575
Pension reserves	2,888	2,407
Total long-term liabilities	36,089	38,344
Equity		
Issued capital	4,381	4,381
Capital reserves	38,623	38,623
Profit brought forward	71,111	61,259
Accounted to the shareholders of ISRA VISION AG	13,000	11,547
Accumulated other comprehensive income	1,224	331
Own shares	-162	-8
Share of equity capital held by ISRA VISION AG shareholders	128,177	116,133
Equity capital accounted to non-controlling shareholders	1,337	1,530
Total equity	129,514	117,663
Total equity and liabilities	222,460	207,351

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Consolidated Cash flow Statement ^{1) 2)}

from October 1, 2013 to September 30, 2014 in € k

(in € k)	Oct. 1, 2013 - Sept. 30, 2014 ¹⁾	Oct. 1, 2012 - Sept. 30, 2013
Consolidation net profit for the period	13,129	11,465
Income tax payments	2,570	3,414
Changes in tax liabilities/reimbursement claims, including change in deferred taxes	1,710	3,341
Changes in accruals	1,076	-289
Depreciation	8,795	8,857
Changes in inventories	-2,115	-38
Changes in trade receivables, other assets, prepaid expenses	-7,147	659
Changes in trade payables, other liabilities, deferred income	343	-13,378
Interest income	927	859
Interest expenses	-59	-127
Other non cash transactions	-483	764
Cash flow from operating activities	18,746	15,527
Investments in tangible assets	-1,444	-1,394
Investments in intangible assets	-12,786	-9,878
Investments in acquisitions	-750	-1,410
Cash flow from investment activities	-14,980	-12,682
Payments to minorities through share buy-back	-154	-8
Dividend payouts	-1,533	-1,314
Acquisition of interests in subsidiaries	3,030	5,480
Payments of financial liabilities	-3,550	-4,130
Interest income	59	127
Interest expenses	-927	-859
Cash flow from financing activities	-3,075	-704
Changes in value resulting from exchange rate variations	892	-23
Change in fund assets	1,584	2,119
Net cash flow		
Fund assets as per Oct. 01, 2013/Oct. 01, 2012	9,655	7,536
Fund assets as per Sept. 30, 2014/Sept. 30, 2013	11,239	9,655

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Segment Reporting by Division

for selected positions of the consolidated income statement in € k ^{1) 2)}

(in € k)	Industrial Automation Division		Surface Vision Division	
	Oct. 1, 2013 - Sept. 30, 2014 ¹⁾	Oct. 1, 2012 - Sept. 30, 2013	Oct. 1, 2013 - Sept. 30, 2014 ¹⁾	Oct. 1, 2012 - Sept. 30, 2013
Revenues	25,038	24,285	77,439	65,256
EBIT	5,016	4,717	14,997	12,571

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Additional Information

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