

ISRA VISION AG: 1st Quarter 2014/2015 – revenues rise by 9%, EBT by 10%

ISRA continues profitable growth – successful start into financial year 2014/2015

- Revenue increase of 9% to 23.8 million euros (Q1 13/14: 21.9 million euros)
- EBT growth plus 10% to 4.4 million euros (Q1 13/14: 4.0 million euros)
- Strong margin level with respect to total output continues:
 - EBITDA margin at 26% (Q1 13/14: 26%)
 - EBIT margin increases to 18% (Q1 13/14: 17%)
 - EBT margin at 17% (Q1 13/14: 17%)
- Gross margin at 61% to total output (Q1 13/14: 61%)
- Earnings per share (EPS) increase to 0.69 euro (Q1 13/14: 0.64 euro)
- Operative cash flow improved
- High order backlog of significantly more than 65 million euros (PY: approx. 55.5 million euros)
- Continuation of double-digit profitable growth with at least stable margins planned
- Increased focus on efficiency and external growth
- Dividend recommendation for financial year 13/14 raised to 0.39 euro (PY: 0.35 euro)

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 growth in the first quarter of 2014/2015 after the successful 2013/2014 financial year and reaching the important revenue mark of 100 million euros. The company starts the new financial year with good order entries. With a revenue plus of 9 percent to 23.8 million euros (Q1 13/14: 21.9 million euros) compared to the same period of the previous year and an EBT growth of 10 percent to 4.4 million euros (Q1 13/14: 4.0 million euros), ISRA further pursues its strategy of double-digit profitable growth. The strong margin level also continues as forecasted. The EBT margin compared to revenues increases by one percentage point to 19 percent (FY Q1 13/14: 18%), compared to total output it reaches again 17 percent as in the previous year. Earnings Before Interest and Taxes (EBIT) increases slightly stronger with a plus of 11 percent to 4.6 million euros (Q1 13/14: 4.2 million euros) compared to the same period of the previous year. The EBIT margin compared to total output increases by one percentage point to 18 percent (Q1 13/14: 17%). With an EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of 6.9 million euros (Q1 13/14: 6.3 million euros), the EBITDA margin amounts to 26 percent to total output (Q1 13/14: 26%). The gross margin (total output minus cost of materials and labor of production and engineering) shows with 61 percent to total output a minor increase compared to the previous financial year (FY 13/14: 60%). Operative cash flow also rose slightly and amounts to 2.0 million euros as of the reporting date (December 31, 2013: 1.9 million euros), thereby continuing the positive trend of the previous quarters. Given the increase in equity ratio by one percentage point to 59 percent (September 30, 2014: 58%) and the available credit lines, the company is equipped with solid capital resources for future growth. Earnings per share after taxes (EPS) increase to 0.69 euro (Q1 13/14: 0.64 euro).

The investments in the global expansion of the company, the increase of market shares in relevant industries and the extension of the international team at more than 25 locations - actions that were systematically cont-

inued in the 2013/2014 financial year - positively contributed to the business development in the first quarter of 2014/2015. The order entry dynamics from America that started in the second half of the 2013/2014 year also proceeded in the first quarter of the current financial year. As expected, Asia records a slightly lower dynamics – but also contributes similarly to the revenues as in the previous year. The demand from Europe is stable – essential growth impulses are expected in the second half of the year. The regional diversification of the company and the expansion of the global presence are important instruments for a continued positive revenue development.

In the reporting quarter, ISRA grew in both segments – Surface Vision and Industrial Automation. The Industrial Automation segment is characterized by a broad customer base mainly from the automotive industry. In addition, several larger orders are expected in the medium term – the international sales team will be reinforced for this purpose. In the first three months of the financial year, revenues climbed by 12 percent to 4.1 million euros (Q1 13/14: 3.6 million euros). EBIT also increase by 12 percent to 0.8 million euros (Q1 13/14: 0.8 million euros), whereby the EBIT margin rose by one percentage point to 19 percent referenced to total output compared to the previous year (Q1 13/14: 18%). For the current year, management also expects a revenue contribution from the „Plug & Automate“ product series which, after the launch in the German market, have successfully been installed at some strategic customers.

In the Surface Vision segment, revenues increase to 19.7 million euros in the first three months of the financial year (Q1 13/14: 18.3 million euros). The strong annual result of 2013/2014 of 77.4 million euros – an improvement of 19 percent compared to previous year – continues with an increase of 8 percent in the first quarter. EBIT rose by 13 percent to 3.8 million euros (Q1 13/14: 3.4 million euros), which corresponds to a margin of 17 percent to total output (Q1 13/14: 17%). High order entries are recorded particularly from the Plastics segment. Metal profits from the innovations recently introduced to the market. The good order situation in glass industry continued in the new financial year. The business performance tendency in the solar industry is positive and on a similar level as in the previous year. In this context, ISRA profits specifically from the sustained demand for inspection systems from Asia and the strategically strong market position following the successful integration of GP Solar. The revenues in the Paper unit are intensively supported by innovations and investments in the expansion of the global sales team. The recently introduced product innovations for customers in the printing industry are accompanied by marketing activities and forced by sales. In the area of inspection systems for security paper, like banknote paper, intensive marketing campaigns are being prepared, especially to present the innovations at upcoming trade fairs.

In the course of the 2014/2015 financial year, the further expansion of the CSSC (Customer Support and Service Center) will be one of the strategic key issues with the goal to further expand the share of the service revenues. The new release of the intelligent yield management software „EPROMI“ for efficiency and productivity increase in production will be launched with extensive coverage in the second quarter of 2014/2015. At the same time, the first orders are delivered to Asia. Management expects not only additional revenue impulses from „EPROMI“, but also the extension of unique selling points in the core business.

Besides the organic, the external growth through acquisitions of suitable companies is an important part of the long-term strategy to grow sustainably, diversified across technologies, regions and markets. As acquisition targets, ISRA defined the access to new markets that can be assigned directly or indirectly to long-term large future markets, the expansion of the technological base, as well as the increase of market shares in existing customer markets. The management again intensified the acquisition activities following the successful integration of GP Solar. With the support of external M&A partner, numerous targets are being approached in par-

allel. Currently, several possible target companies are at a partially advanced stage. It is planned to conclude at least one acquisition project, following a positive evaluation result, in the current financial year.

In the 2014/2015 financial year, the company will concentrate strategically as well as operationally on the realization of the next revenue dimensions. Therefor ISRA strengthened the focus on efficiency with the appointment of the internationally experienced manager Andreas Gerecke to the Executive Board. In his function as Executive Director Group Operations, Gerecke is also responsible for the further optimization of the production processes – lean production – as well as the targeted expansion of the infrastructure for future growth. The further improvement of the production processes will also contribute significantly to optimizing the working capital and the cash flow.

Based on the strong order backlog of significantly more than 65 million euros (PY: approx. 55.5 million euros) in the first quarter, management plans a profitable revenue increase for the entire 2014/2015 financial year in the double-digit growth rate – similar to the previous years. In terms of profit, it is planned to further optimize the margins, at least to hold the current high levels. The business expectations in the individual industries and regions show an inconsistent picture. Despite the political uncertainties and the economic challenges in some regions, the company assumes in its forecast that the worldwide economic conditions will not change significantly. ISRA's goal for the next years remains firmly in view; with the intensive focus on efficiency and innovations as well as targeted reinforcement of individual regions, the company continuously and actively prepares 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 December 31, 2014 in € k

(in € k)	FY 2014 / 2015 3 months (Oct. 1, 2014 - Dec. 31, 2014)		FY 2013 / 2014 3 months (Oct. 1, 2013 - Dec. 31, 2013)	
Net sales	23,804	91%	21,934	90%
Capitalized work	2,391	9%	2,372	10%
Total output	26,196	100%	24,306	100%
Cost of materials	4,974	19%	4,760	20%
Cost of labour excluding depreciation	5,289	20%	4,834	20%
Cost of production excluding depreciation	10,264	39%	9,594	39%
Gross profit	15,932	61%	14,712	61%
Research and development Total	4,072	16%	3,926	16%
Sales and marketing costs	4,589	18%	3,977	16%
Administration	1,040	4%	1,068	4%
Sales and administration costs excluding depreciation	5,629	21%	5,045	21%
Other revenues	666	3%	557	2%
EBITDA	6,897	26%	6,298	26%
Depreciation and amortization	2,254	9%	2,108	9%
Total costs	11,955	46%	11,079	46%
EBIT	4,643	18%	4,190	17%
Earnings from associated companies	0	0%	0	0%
Interest income	8	0%	31	0%
Interest expenses	-214	-1%	-198	-1%
Financing result	-206	-1%	-167	-1%
EBT	4,437	17%	4,023	17%
Income taxes	1,393	5%	1,229	5%
Consolidated net profit	3,045	12%	2,794	11%
Of which accounted to non-controlling shareholders	29	0%	9	0%
Of which accounted to shareholders of ISRA VISION AG	3,016	12%	2,785	11%
Earnings per share in € before income taxes ²⁾	1.02		0.92	
Earnings per share in € ²⁾	0.69		0.64	
Shares issued	4,369,352 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 December 31, 2014 in € k

(in € k)	FY 2014 / 2015 3 Monate (01.10.14 - 31.12.14)		FY 2013 / 2014 3 Monate (01.10.13 - 31.12.13)	
Net sales	23,804	100%	21,934	100%
Cost of sales	10,468	44%	9,717	44%
Gross operating result (gross profit)	13,336	56%	12,217	56%
Research and development	3,429	14%	3,142	14%
Total costs	4,072	17%	3,926	18%
Depreciation and amortization	1,831	8%	1,857	8%
Grants	-83	0%	-269	-1%
Capitalized work	-2,391	-10%	-2,372	-11%
Sales and marketing costs	4,767	20%	4,078	19%
Administration	1,080	5%	1,095	5%
Sales and administration costs	5,847	25%	5,173	24%
Other revenues	583	2%	288	1%
Earnings from associated companies	0	0%	0	0%
Interest income	8	0%	31	0%
Interest expenses	-214	-1%	-198	-1%
Financing result	-206	-1%	-167	-1%
Earnings before taxes (EBT)	4,437	19%	4,023	18%
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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 December 31, 2014 in € k

(in € k)	Dec. 31, 2014	Sep. 30, 2014
ASSETS		
Assets		
Short-term assets		
Inventories	28,521	27,963
Trade receivables	68,953	70,191
Cash and cash equivalents	12,315	10,924
Financial assets	2,573	3,778
Other receivables	1,652	789
Income tax receivables	624	605
Total short-term assets	114,638	114,250
Long-term assets		
Intangible assets	98,812	98,043
Tangible assets	5,752	5,865
Cash and cash equivalents	315	315
Financial assets	1,210	1,210
Deferred tax claims	2,548	2,777
Total long-term assets	108,637	108,210
Total assets	223,275	222,460
EQUITY AND LIABILITIES		
Short-term liabilities		
Trade payables	5,614	8,681
Financial liabilities to banks	42,097	31,974
Other financial liabilities	9,402	12,135
Other accruals	1,369	1,177
Income tax liabilities	2,161	2,282
Other liabilities	1,071	608
Total short-term liabilities	61,715	56,857
Long-term liabilities		
Deferred tax liabilities	26,144	25,176
Financial liabilities to banks	525	8,025
Pension provisions	2,904	2,888
Total long-term liabilities	29,574	36,089
Total liabilities	91,289	92,946
Equity		
Issued capital	4,381	4,381
Capital reserves	38,623	38,623
Profit brought forward	84,111	71,111
Net profit accounted to the shareholders of ISRA VISION AG	3,016	12,999
Other comprehensive income	1,017	1,224
Own shares	-527	-162
Share of equity capital held by ISRA VISION AG shareholders	130,621	128,176
Equity capital accounted to non-controlling shareholders	1,366	1,338
Total equity	131,987	129,514
Total equity and liabilities	223,275	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 December 31, 2014 in € k

(in € k)	Oct. 1, 2014 - Dec. 31, 2014	Oct. 1, 2013 - Dec. 31, 2013
Consolidated net profit	3,045	2,794
Income tax payments	422	565
Changes in deferred tax assets and liabilities	1,197	1,240
Changes in accruals	208	229
Depreciation and amortization	2,254	2,108
Changes in inventories	-558	1,186
Changes in trade receivables and other assets	1,560	1,381
Changes in trade payables and other liabilities	-6,326	-7,745
Interest income	-8	-31
Interest expenses	214	198
Other non-cash changes	0	9
Cash flow from operating activities	2,008	1,934
Payments for investments in tangible assets	-251	-174
Payments for investments in intangible assets	-2,391	-2,372
Company acquisition	0	0
Cash flow from investment activities	-2,642	-2,546
Payments to company owners through acquisition of own shares	-365	0
Dividend payouts	0	0
Deposits from the assumption of financial liabilities	5,123	426
Repayments of financial liabilities	-2,500	-2,500
Interest income	8	31
Interest expenses	-214	-198
Cash flow from financing activities	2,052	-2,241
Exchange rate-based value changes of the financial resources	-27	36
Change of financial resources	1,391	-2,816
Net cash flow		
Financial resources on 30.09.2014	11,239	9,655
Financial resources on 31.12.2014	12,630	6,839

¹⁾ According to IFRS unaudited

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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 December 31, 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, 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	-365	0	0	0	-365	0	-365
Payout	0	0	0	0	0	0	0	0	0
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	-207	0	3,016	2,809	28	2,837
Cash flow hedge							0		0
Actuarial profits/ losses							0		0
Currency exchange variations				-207			-207		-207
As of Dec. 31, 2014	4,381	38,623	-527	1,017	84,111	3,016	130,621	1,366	131,987

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/IAS and SICs which must compulsorily be applied were followed.

Consolidated Statement of Changes in Equity ¹⁾²⁾

October 1, 2013 to December 31, 2013 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	116,393	1,530	117,923
Profit brought forward					11,567	-11,567	0		0
Changes in own shares							0		0
Payout							0		0
Changes in shares of non-controlling shareholders							0		0
Overall earnings	0	0	0	80	0	2,785	2,865	9	2,874
Cash flow hedge				1			1		1
Actuarial profits/ losses							0		0
Currency exchange variations				79			79		79
As of Dec. 31, 2013	4,381	38,623	-8	652	72,826	2,785	119,258	1,539	120,797

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly 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.

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 - Dec. 31, 2014	Oct. 1, 2013 - Dec. 31, 2013	Oct. 1, 2014 - Dec. 31, 2014	Oct. 1, 2013 - Dec. 31, 2013
Revenues	4,057	3,621	19,748	18,314
EBIT	844	755	3,799	3,365

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

February 27, 2015



Explanatory notes

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, February 27, 2015

The executive board