

## **ISRA VISION AG: 1st half year 2015/2016 – Again double-digit growth in revenues and profit**

### **Continued profitable growth – half-year results and solid order backlog confirm ISRA's annual forecast**

- Revenue plus of approx. 10% to 53.3 million euros (Q2-YTD-14/15: 48.7 million euros)
- EBT growth of 14% to 10.3 million euros (Q2-YTD-14/15: 9.1 million euros)
- Strong margin level referenced to total output continues:
  - EBITDA margin at 28% (Q2-YTD-14/15: 26%); plus 18%
  - EBIT margin at 18% (Q2-YTD-14/15: 17%); plus 13%
  - EBT margin at 18% (Q2-YTD-14/15: 17%); plus 14%
- Gross margin again at high level of 61% to total output (Q2-YTD-14/15: 61%)
- Operational cash flow increases to 13.9 million euros (Q2-YTD-14/15: 7.3 million euros)
- Net debt reduced by 5.7 million euros
- Strong order entry results in repeated high backlog of over 85 million euros gross (PY: 65 million euros gross)
- Outlook for FY 2015/2016 confirmed: Continued profitable growth in the lower double-digit per-centage range with at least stable margins

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, successfully continues the positive development of the first quarter also in the second quarter of the 2015/2016 financial year and concludes the first six months with double-digit growth in revenues and EBT. While group revenues increase by approx. 10 percent to 53.3 million euros (Q2-YTD-14/15: 48.7 million euros) compared to the first six months of the previous year, the EBT (Earnings Before Taxes) rises disproportionately by 14 percent to 10.3 million euros (Q2-YTD-14/15: 9.1 million euros). At the same time, the operational cash flow increases to 13.9 million euros in the first six months of the financial year (Q2-YTD-14/15: 7.3 million euros), the net debt (short-term and long-term liabilities minus cash and equivalents) was reduced by 5.7 million euros. With strong order entries and the resulting, continuously high order backlog of over 85 million euros gross (PY: 65 million euros gross), ISRA starts dynamically into the second half of the year.

The first half-year results again show ISRA's sustainable course of business. In line with the forecasted double-digit growth rates for the financial year, group revenues for the half-year increase to 53.3 million euros (Q2-YTD-14/15: 48.7 million euros). The strong margin level of the previous quarters was also confirmed, with a further improvement in important earnings margins. Compared to the same period of the previous year, the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) increases by 18 percent to 16.3 million euros (Q2-YTD-14/15: 13.8 million euros), resulting in an EBITDA margin growth of two percentage points to 28 percent to total output (Q2-YTD-14/15: 26%). EBIT (Earnings Before Interest and Taxes) rises by 13 percent to 10.6 million euros compared to the first six months of the previous year (Q2-YTD-14/15: 9.4 million euros), which corresponds to an EBIT margin of 18 percent to total output (Q2-YTD-14/15: 17%). The EBT (Earnings Before Taxes) grows by 14 percent to 10.3 million euros (Q2-YTD-14/15: 9.1 million euros) resulting in a margin increase by one percentage point to 18 percent (Q2-YTD-14/15: 17%). With 61 percent (Q2-YTD-14/15: 61%), the gross margin (total output minus cost of material and labor of production) again reaches a high level.

The half-year balance sheet reflects the increased order entries and the high order backlog of over 85 million euros gross (PY: 65 million euros gross). Inventories climb disproportionately to 33.4 million euros (September 30, 2015: 30.7 million euros). Trade receivables were reduced to 79.4 million euros (September 30, 2015: 86.8 million euros). The net debt (short-term and long-term liabilities minus cash and equivalents) was decreased by 5.7 million euros to 29.2 million euros (September 30, 2015: 34.9 million euros) after repayment of financial liabilities in the amount of 10.3 million euros and a dividend distribution of 1.8 million euros. The net cash flow in total amounts to -4.6 million euros (Q2-YTD-14/15: -1.3 million euros). Given the strong increase in equity ratio to 61 percent (September 30, 2015: 56%) and the available credit lines, ISRA is equipped with solid capital resources for future growth. The earnings per share (EPS) after taxes improve by 18 percent to 1.66 euro (Q2-YTD-14/15: 1.41 euro).

In the first six months of the 2015/2016 financial year, the course of business in the regions showed an overall positive dynamic. In Asia, the demand continues at a high level. ISRA also records continued high order entries from Europe. On the American markets, the order situation develops positively, particularly driven by orders from the US. For further development of the South American markets, the company is examining new expansion opportunities in neighboring countries next to the location in Brazil. The initial setup of sales for the growth market in Mexico was advanced in a targeted way at the new location in Querétaro. Similarly, new potentials in the Near East will be developed with the re-established market activities in Iran with the new location in Tehran and a local sales team.

In both company segments – Surface Vision and Industrial Automation – the order entries in the first six months of the 2015/2016 financial year show a positive development. In the Industrial Automation segment, ISRA serves customers from the international automotive industry – including a high range of globally operating German premium car manufacturers – as well as other industry leading companies with systems for efficient automation. The revenues of the Industrial Automation segment rise by 23 percent compared to the same period of the previous year to 11.8 million euros (Q2-YTD-14/15: 9.6 million euros), while EBIT grows by 26 percent to 2.3 million euros (Q2-YTD-14/15: 1.8 million euros). With modular applications for the networked production in the automotive industry and the extension of regional sales structures, ISRA plans to further develop the segment. The concept for a new product series was already presented at the “Hannover Messe” at the end of April.

In the second quarter, the Surface Vision segment contributes to ISRA's high order backlog with double-digit growth rates in order entries and continues the positive outlook of the first quarter also for the full half-year. Revenues grow by 6 percent to 41.5 million euros (Q2-YTD-14/15: 39.1 million euros) compared to the period of the previous year. With 8.3 million euros (Q2-YTD-14/15: 7.6 million euros), the EBIT of the segment is 10 percent higher than in the same quarter of the previous year and thereby reaches a margin of 18 percent. The plastics business continues to profit strongly from the expansion of the application portfolio to a variety of new materials, which also enables the use in high-end products, such as battery film or carbon-fiber-reinforced plastics (CFRP). The business with customers from the glass industry continues to be driven by quality assurance solutions for float-glass production as well as the comprehensive product portfolio for the inspection of display glass. The order entries for the inspection of solar wafers, cells and modules also increased strongly, similar to the first three months of the financial year, particularly in China and other Asian countries. The positive order situation for printing inspection solutions continues with a double-digit growth and also profits from the most recent portfolio extensions which are being presented to an international audience at the world's largest industry trade fair for print media, DRUPA. New inspection solutions for metal surfaces, accompanied by targeted measures in marketing and sales, strengthen the activities in the metal industry. In

the paper unit, the company concentrates, next to several sales-generating measures, also on fast-growing market segments, such as the packaging industry. With modular high-end systems for the inspection of security paper, the company examines new sales potential in high security printing. The wafer inspection area remains to stay at the center of the development of the business; the expansion of the application portfolio with existing ISRA technologies thereby marks the strategic focus. Furthermore, service performance remains to be one of the management's priorities. Its expansion is continuously being advanced on a global level to gradually increase the double-digit revenue contribution.

Besides organic growth, acquisitions are an important part of ISRA's strategy. Of particular interest are target companies that are expected to meaningfully expand the technology and product portfolio, to increase the market shares, to develop new markets as well as to offer an efficient integration. Management is constantly examining new acquisition objects and plans to organize the coordination of the activities in a central management position. ISRA plans to expand the management team in the short term to purposefully accompany the further external growth in the context of future planning.

The profitable first half-year 2015/2016 again confirms ISRA's planning consistency and underscores the forecast for the current financial year. The positive result of the first six months in a globally challenging economic background prove the strategy of the company to grow sustainably and robust with an innovative and broadly diversified application portfolio. With an order backlog of over 85 million euros gross (PY: 65 million euros gross), the company start into the second half of the financial year 2015/2016. Management assumes that the current economic framework conditions will continue unchanged and expects further profitable revenue growth in the lower double-digit percentage range as in previous years. In terms of profit, the planning anticipates a further increase of the margins, while at least maintaining the current high level. ISRA's strategy continues to be directed to grow diversified across industries and regions - while at the same time optimizing cash flow and profitability - to the medium-term revenue goal 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 seventeen years, ISRA has shown profitable growth with an annual average increase in sales of approx. 25 percent. Currently the company employs approx. 700 people worldwide.

Further information are available at [www.isravision.com](http://www.isravision.com).

## Consolidated Total Operating Revenue EBITDA-EBIT statement <sup>1) 3)</sup>

from October 01, 2015 to March 31, 2016 in € k

(in € k)	FY 2015 / 2016 6 months (Oct. 01, 2015 - Mar. 31, 2016)		FY 2014 / 2015 6 months (Oct. 01, 2014 - Mar. 31, 2015)		FY 2015 / 2016 3 months (Jan. 01, 2016 - Mar. 31, 2016)		FY 2014 / 2015 3 months (Jan. 01, 2015 - Mar. 31, 2015)	
Net sales	53,301	91%	48,653	91%	27,346	91%	24,848	90%
Capitalized work	5,149	9%	5,094	9%	2,753	9%	2,703	10%
Total output	58,450	100%	53,747	100%	30,099	100%	27,551	100%
Cost of materials	11,137	19%	10,229	19%	5,640	19%	5,254	19%
Cost of labour excluding depreciation	11,445	20%	10,983	20%	5,955	20%	5,693	21%
Cost of production excluding depreciation	22,582	39%	21,212	39%	11,595	39%	10,948	40%
Gross profit	35,868	61%	32,535	61%	18,504	61%	16,603	60%
Research and development Total	8,603	15%	8,276	15%	4,249	14%	4,204	15%
Sales and marketing costs	10,390	18%	9,352	17%	5,276	18%	4,763	17%
Administration	2,015	3%	2,104	4%	939	3%	1,064	4%
Sales and administration costs excluding depreciation	12,405	21%	11,456	21%	6,215	21%	5,827	21%
Other revenues	1,447	2%	991	2%	457	2%	325	1%
EBITDA	16,308	28%	13,794	26%	8,497	28%	6,898	25%
Depreciation and amortization	5,719	10%	4,440	8%	3,101	10%	2,186	8%
Total costs	26,727	46%	24,172	45%	13,565	45%	12,217	44%
EBIT	10,589	18%	9,354	17%	5,396	18%	4,711	17%
Interest income	11	0%	14	0%	8	0%	6	0%
Interest expenses	-277	0%	-314	-1%	-124	0%	-100	0%
Financing result	-266	0%	-300	-1%	-116	0%	-95	0%
EBT	10,323	18%	9,054	17%	5,280	18%	4,617	17%
Income taxes	3,017	5%	2,838	5%	1,483	5%	1,445	5%
Consolidated net profit	7,306	12%	6,216	12%	3,797	13%	3,171	12%
Of which accounted to non-controlling shareholders	49	0%	69	0%	17	0%	40	0%
Of which accounted to shareholders of ISRA VISION AG	7,257	12%	6,147	11%	3,779	13%	3,131	11%
Earnings per share in € before income taxes <sup>2)</sup>	2.36		2.07		1.21		1.06	
Earnings per share in € <sup>2)</sup>	1.66		1.41		0.86		0.72	
Shares issued <sup>4)</sup>	4,380,355		4,370,534		4,379,540		4,371,766	

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> Per-share result undiluted and diluted

<sup>3)</sup> 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.

<sup>4)</sup> Weighted number of shares

## Consolidated Income Statement <sup>1) 3)</sup>

from October 01, 2015 to March 31, 2016 in € k

(in € k)	FY 2015 / 2016 6 months (Oct. 01, 2015 - Mar. 31, 2016)		FY 2014 / 2015 6 months (Oct. 01, 2014 - Mar. 31, 2015)		FY 2015 / 2016 3 months (Jan. 01, 2016 - Mar. 31, 2016)		FY 2014 / 2015 3 months (Jan. 01, 2015 - Mar. 31, 2015)	
Net sales	53,301	100 %	48,653	100 %	27,347	100%	24,848	100%
Cost of sales	22,730	43%	21,565	44%	11,552	42%	11,097	45%
Gross operating result (gross profit)	30,571	57 %	27,087	56%	15,795	58%	13,751	55%
Research and development	8,422	16%	6,797	14%	4,297	16%	3,368	14%
Total costs	8,698	16%	8,276	17%	4,344	16%	4,204	17%
Depreciation and amortization	4,915	9%	3,717	8%	2,705	10%	1,886	8%
Grants	-43	0%	-102	0%	0	0%	-19	0%
Capitalized work	-5,149	-10%	-5,094	-10%	-2,752	-10%	-2,703	-11%
Sales and marketing costs	10,918	20%	9,653	20%	5,625	21%	4,887	20%
Administration	2,048	4%	2,171	4%	934	3%	1,091	4%
Sales and administration costs	12,965	24%	11,825	24%	6,559	24%	5,978	24%
Other revenues	1,404	3%	889	2%	457	2%	306	1%
Interest income	11	0%	14	0%	8	0%	6	0%
Interest expenses	-277	-1%	-314	-1%	-124	0%	-100	0%
Financing result	-266	0%	-300	-1%	-116	0%	-95	0%
Earnings before taxes (EBT)	10,323	19%	9,054	19%	5,280	19%	4,617	19%
Income taxes	3,017	6%	2,838	6%	1,483	5%	1,445	6%
Consolidated net profit	7,306	14%	6,216	13%	3,797	14%	3,171	13%
Of which accounted to shareholders of ISRA VISION AG	7,257	14%	6,147	13%	3,779	14%	3,131	13%
Of which accounted to non-controlling shareholders	49	0%	69	0%	17	0%	40	0%
Earnings per share in € before income taxes <sup>2)</sup>	2.36		2.07		1.21		1.06	
Earnings per share in € <sup>2)</sup>	1.66		1.41		0.86		0.72	
Shares issued <sup>4)</sup>	4,380,355		4,370,534		4,379,540		4,371,766	

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> Per-share result undiluted and diluted

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

<sup>4)</sup> Weighted number of shares

## Consolidated Group Balance Sheet <sup>2)</sup>

at March 31, 2016 in € k

(in € k)	Mar. 31, 2016 <sup>1)</sup>	Sep. 30, 2015
<b>ASSETS</b>		
<b>Assets</b>		
<b>Short-term assets</b>		
Inventories	33,413	30,703
Trade receivables	79,425	86,838
Cash and cash equivalents	10,600	15,056
Financial assets	2,734	3,585
Other receivables	1,330	2,453
Income tax receivables	2,235	1,534
<b>Total short-term assets</b>	<b>129,737</b>	<b>140,169</b>
<b>Long-term assets</b>		
Intangible assets	106,335	105,614
Tangible assets	5,555	6,199
Cash and cash equivalents	0	105
Financial assets	1,180	1,168
Deferred tax claims	1,439	3,038
<b>Total long-term assets</b>	<b>114,509</b>	<b>116,124</b>
<b>Total assets</b>	<b>244,246</b>	<b>256,293</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Short-term liabilities</b>		
Trade payables	6,690	11,799
Financial liabilities to banks	39,810	50,103
Other financial liabilities	9,620	10,979
Other accruals	704	1,624
Income tax liabilities	2,460	1,028
Other liabilities	1,456	1,258
<b>Total short-term liabilities</b>	<b>60,740</b>	<b>76,791</b>
<b>Long-term liabilities</b>		
Deferred tax liabilities	30,799	31,913
Pension provisions	3,372	3,090
<b>Total long-term liabilities</b>	<b>34,171</b>	<b>35,003</b>
<b>Total liabilities</b>	<b>94,911</b>	<b>111,794</b>
<b>Equity</b>		
Issued capital	4,381	4,381
Capital reserves	38,623	38,623
Profit brought forward	95,432	82,406
Net profit accounted to the shareholders of ISRA VISION AG	7,257	14,821
Other comprehensive income	2,140	2,890
Own shares	159	83
<b>Share of equity capital held by ISRA VISION AG shareholders</b>	<b>147,992</b>	<b>143,204</b>
Equity capital accounted to non-controlling shareholders	1,343	1,294
<b>Total equity</b>	<b>149,335</b>	<b>144,498</b>
<b>Total equity and liabilities</b>	<b>244,246</b>	<b>256,293</b>

<sup>1)</sup> According to IFRS unaudited

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

## Consolidated Cash flow Statement <sup>1) 2)</sup>

from October 01, 2015 to March 31, 2016 in € k

(in € k)	Oct. 01, 2015 - Mar. 31, 2016	Oct. 01, 2014 - Mar. 31, 2015
<b>Consolidated net profit</b>	<b>7,306</b>	<b>6,216</b>
Income tax payments	1,153	1,083
Changes in deferred tax assets and liabilities	484	2,830
Changes in accruals	- 637	649
Depreciation and amortization	5,719	4,440
Changes in inventories	-2,709	-1,367
Changes in trade receivables and other assets	8,673	-2,975
Changes in trade payables and other liabilities	-6,528	-3,838
Interest income	-11	-14
Interest expenses	277	314
Other non-cash changes	151	-29
<b>Cash flow from operating activities</b>	<b>13,878</b>	<b>7,309</b>
Payments for investments in tangible assets	-311	-470
Payments for investments in intangible assets	-5,149	-5,094
Company acquisition	0	-160
<b>Cash flow from investment activities</b>	<b>-5,460</b>	<b>-5,724</b>
Payments to company owners through acquisition of own shares	-76	-165
Dividend payouts	-1,795	-1,705
Deposits from the assumption of financial liabilities	0	2,083
Repayments of financial liabilities	-10,292	-3,025
Interest income	11	14
Interest expenses	-277	-314
<b>Cash flow from financing activities</b>	<b>-12,429</b>	<b>-3,112</b>
Exchange rate-based value changes of the financial resources	-550	226
<b>Change of financial resources</b>	<b>-4,561</b>	<b>-1,300</b>
Net cash flow		
Financial resources on 30.09.2015/30.09.2014	15,161	11,239
Financial resources on 31.03.2016/31.03.2015	10,600	9,939

<sup>1)</sup> According to IFRS unaudited

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

## Consolidated Statement of Changes in Equity <sup>1) 2)</sup>

from October 01, 2015 to March 31, 2016 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, 2015	4,381	38,623	83	2,890	82,406	14,821	143,204	1,294	144,498
Profit brought forward	0	0	0	0	14,821	-14,821	0	0	0
Changes in own shares	0	0	76	0	0	0	76	0	76
Payout	0	0	0	0	-1,795	0	-1,795	0	-1,795
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	-750	0	7,257	6,507	49	6,556
As of Mar. 31, 2016	4,381	38,623	159	2,140	95,432	7,257	147,992	1,343	149,335

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> 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.

## Consolidated Statement of Changes in Equity <sup>1) 2)</sup>

from October 01, 2014 to March 31, 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	647	0	6,147	6,794	40	6,834
As of Mar. 31, 2015	4,381	38,623	-328	1,871	82,406	6,147	133,100	1,378	134,478

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> 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 <sup>1) 2)</sup>

for selected positions of the consolidated income statement in € k

(in € k)	Industrial Automation Division		Surface Vision Division	
	Oct. 01, 2015 - Mar. 31, 2016	Oct. 01, 2014 - Mar. 31, 2015	Oct. 01, 2015 - Mar. 31, 2016	Oct. 01, 2014 - Mar. 31, 2015
Revenues	11,789	9,569	41,512	39,084
EBIT	2,270	1,799	8,318	7,556

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> 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.

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