

## **ISRA VISION AG: 3<sup>rd</sup> quarter 2015/2016 – Again double-digit growth: Revenues +10%, EBT +15%**

### **ISRA continues profitable growth – Outlook on strong fourth quarter**

- Revenues at 84.3 million euros, plus 10% (Q3-YTD-14/15: 76.4 million euros)
- EBT at 16.2 million euros, plus 15% (Q3-YTD-14/15: 14.1 million euros)
- Again increased margins to total output
  - EBITDA margin plus 19% at 27% (Q3-YTD-14/15: 25%)
  - EBIT margin plus 14% at 18% (Q3-YTD-14/15: 17%)
  - EBT margin plus 15% at 18% (Q3-YTD-14/15: 17%)
- Gross margin again at high level of 61% to total output (Q3-YTD-14/15: 61%)
- Operational cash flow increases to 21.1 million euros (Q3-YTD-14/15: 12.0 million euros)
- Net debt reduced by 9.2 million euros as of the reporting date
- High order backlog of currently over 85 million euros gross (PY: 70 million euros gross)
- Earnings per share (EPS) plus 18% at 2.60 euros (Q3-YTD-14/15: 2.20 euros)
- Annual forecast specified: Revenues over 10%, overproportional growth of earnings 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, confirms with the 9-month results once again its profitable growth. In the period under review, revenues increase considerably compared to the first nine months of the previous year by 10 percent to 84.3 million euros (Q3-YTD-14 / 15: 76.4 million euros). EBT (Earnings Before Taxes) grows overproportionately by 15 percent to 16.2 million euros (Q3-YTD-14/15: 14.1 million euros). As a result, ISRA achieves the best Q3 result since company foundation. As in the previous quarters, the operational cash flow further improves to 21.1 million euros (Q3-YTD-14/15: 12.0 million euros). Given the current order entries and the traditionally strong fourth quarter, ISRA expects a dynamic conclusion of the current financial year.

The company further improved its high profitability also in the third quarter of the current financial year. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) with 25.2 million euros (Q3-YTD-14/15: 21.2 million euros) is 19 percent above the compared period of the previous year, which corresponds to a margin plus of two percentage points to 27 percent to total output (Q3-YTD-14/15: 25%). With a growth of 14 percent compared to the 9-month results of the previous year to 16.6 million euros (Q3-YTD-14/15: 14.5 million euros), EBIT (Earnings Before Interest and Taxes) reaches a margin increase of one percentage point to 18 percent to total output (Q3-YTD-14/15: 17%). EBT (Earnings Before Taxes) climbs to 16.2 million euros (Q3-YTD-14/15: 14.1 million euros) and achieves a margin of 18 percent to total output (Q3-YTD-14/15: 17%). Compared to the same period of the previous year, the gross margin (total output minus cost of material and labor of production) grows by 11 percent and equals 61 percent to total output (Q3-YTD-14/15: 61%).

The high order backlog and the thereby increased manufacturing products for the expected strong fourth quarter lead to inventories of 36.4 million euros (September 30, 2015: 30.7 million euros) in the third quarter of the financial year. Trade receivables add up to 81.2 million euros (September 30, 2015: 86.8 million euros). Receivables from delivered and invoiced systems amount to 36.4 million euros (September 30, 2015:

32.1 million euros). The receivables from unfinished orders valued according to the percentage of completion (POC) method are reduced significantly as planned by 9.9 million euros to 44.8 million euros (September 30, 2015: 54.7 million euros). The net debt (short-term and long-term financial liabilities minus cash and cash equivalents) decreases by 9.2 million euros to 25.7 million euros (September 30, 2015: 34.9 million euros). As already in previous quarters, the measures to improve the cash flow show positive results: the operating cash flow increases considerably in the third quarter to 21.1 million euros (Q3-YTD-14/15: 12.0 million euros). Cash flow from financing activities totals to -15.4 million euros (Q3-YTD-14/15: -2.1 million euros), including dividend payout in the amount of 1.8 million euros (Q3-YTD-14/15: 1.7 million euros) and the repayment of financial liabilities to banks of 13.1 million euros (Q3-YTD-14/15: 3.0 million euros). Thereby, the company takes another step to further optimize its capital structure. After investments in product innovations and tangible assets of 8.8 million euros (Q3-YTD-14/15: 8.6 million euros), the net cash flow amounts to -3.8 million euros as of the reporting date (Q3-YTD-14/15: 1.4 million euros). Given an increased equity ratio of 61 percent (September 30, 2015: 56%) and the available credit lines, the company is equipped with good capital resources for future growth. The EPS after taxes improves by 18 percent to 2.60 euros (Q3-YTD-14/15: 2.20 euros).

The positive development in all regions – Asia, Europe and America – continues in the third quarter of 2015/2016 with double-digit growth rates in order entries. In particular, the local sales activities in Asia are showing an effect: Revenues increase significantly, predominantly driven by the high level of customer interest from China. After the strong contributions to the half-year result, the European markets continue to show a high demand. The positive development on the American markets also continues in the third quarter with increasing order entries. With over 25 locations worldwide, ISRA is one of the globally most broadly positioned Machine Vision providers in the industry. Strengthening the regional presences will remain an important part of the company strategy in the future contributing to continued profitable growth. In addition to establishing the location in Querétaro (Mexico) and Tehran (Iran), expanding the sales and the service network in strategic growth regions, such as Southeast Asia, is being advanced in a targeted way.

In the period under review, ISRA achieved additional revenue increase in both segments, Industrial Automation and Surface Vision. The Industrial Automation segment, whose customer base predominantly includes the international automotive industry, completes the third quarter of the current financial year with a 13 percent growth in revenues to 19.2 million euros (Q3-YTD-14/15: 17.1 million euros). EBIT increases to 3.8 million euros (Q3-YTD-14/15: 3.2 million euros), which corresponds to an EBIT margin of 19 percent to total output (Q3-YTD-14/15: 17%). The successful participation at the internationally largest trade fair for industrial automation, AUTOMATICA, had an extremely positive effect on demand. Particularly customers from the automotive industry placed additional orders following the trade fair, accompanied by extensive inquiries for Plug & Automate products. The demand for solutions from 3D measurement technology also supports the positive development of the segment.

The Surface Vision segment demonstrates a continued positive development with a revenue plus of 10 percent to 65.0 million euros (Q3-YTD-14/15: 59.3 million euros) and a considerable increase in order entries. EBIT of the segment rises by 12 percent to 12.8 million euros (Q3-YTD-14/15: 11.4 million euros), the EBIT margin improves to 18 percent to total output (Q3-YTD-14/15: 17%). After a strong half-year result, the solar unit continues its dynamic growth with new order entries – particularly from China. The revenues from the printing industry show a significant rise following the successful presence at the worldwide largest industry trade fair, DRUPA, and the continued customer interest in solutions for quality assurance of print products. The sustained positive development in the plastics area was driven in the third quarter by an increased demand for inspection solutions for high-end products made of plastic web and non-woven materials. Besides systems

for quality assurance of floatglass, the expansion of the portfolio for the inspection of display glass forms the basis for additional growth impulses from the glass industry. In the paper unit, ISRA intensifies the activities in dynamic market segments such as the packaging industry. Order entries for solutions in the security paper area continue to develop positively; the expansion of the portfolio to high-security printing is intended to open new revenue potentials. Targeted measures in marketing and sales as well as additional product innovations strengthen the business in the metal customer market. In the third quarter, service products contribute to the quarterly result with a double-digit growth. The continuous increase of the service revenues worldwide will remain a strategic goal of management for the coming quarters.

The company plans to reach its growth targets through an expansion of the core business – in particular driven by a strong, future-oriented innovation pipeline – as well as acquisitions. In the focus of the acquisition activities are target companies that will sustainably advance ISRA's technology leadership, market position or expansion to new markets. Thereby, the continuous analysis of possible targets and the conclusion of a suitable project are further a central task.

With an again high order backlog of currently more than 85 million euros gross (PY: 70 million euros gross), ISRA robustly started into the last quarter of the 2015/2016 financial year. For the traditionally strong fourth quarter, the company is counting on further growth in the double digit percentage range. For the full year 2015/2016, ISRA expects a revenue increase of over 10 percent and margins on the high level of the previous quarters. Based on the current order entry dynamics, the planning of the management provides for double digit revenue growth also in the upcoming financial year 2016/2017. At the same time, the margins shall be strengthened and further potential realized. Optimizing operational productivity and cash flow stays in the strategic focus of the management. The target of the company remains to grow diversified across industries and regions and to exceed the revenue mark of 150 million euros in the medium term.

## 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<sup>®</sup>, 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 June 30, 2016 in € k

(in € k)	FY 2015 / 2016 9 months (Oct. 01, 2015 - Jun. 30, 2016)		FY 2014 / 2015 9 months (Oct. 01, 2014 - Jun. 30, 2015)		FY 2015 / 2016 3 months (Apr. 01, 2016 - Jun. 30, 2016)		FY 2014 / 2015 3 months (Apr. 01, 2015 - Jun. 30, 2015)	
Net sales	84,253	92 %	76,368	91 %	30,952	92 %	27,715	91 %
Capitalized work	7,801	8 %	7,809	9 %	2,652	8 %	2,715	9 %
Total output	92,054	100 %	84,177	100 %	33,604	100 %	30,430	100 %
Cost of materials	17,965	20 %	16,418	20 %	6,828	20 %	6,189	20 %
Cost of labour excluding depreciation	17,670	19 %	16,729	20 %	6,225	19 %	5,746	19 %
Cost of production excluding depreciation	35,635	39 %	33,147	39 %	13,054	39 %	11,935	39 %
Gross profit	56,419	61 %	51,030	61 %	20,551	61 %	18,495	61 %
Research and development Total	13,039	14 %	12,920	15 %	4,437	13 %	4,644	15 %
Sales and marketing costs	15,981	17 %	14,607	17 %	5,592	17 %	5,254	17 %
Administration	3,076	3 %	3,189	4 %	1,061	3 %	1,085	4 %
Sales and administration costs excluding depreciation	19,057	21 %	17,795	21 %	6,652	20 %	6,340	21 %
Other revenues	911	1 %	910	1 %	-536	-2 %	-82	0 %
EBITDA	25,234	27 %	21,225	25 %	8,926	27 %	7,430	24 %
Depreciation and amortization	8,606	9 %	6,678	8 %	2,887	9 %	2,238	7 %
Total costs	40,703	44 %	37,393	44 %	13,976	42 %	13,221	43 %
EBIT	16,628	18 %	14,547	17 %	6,039	18 %	5,192	17 %
Interest income	14	0 %	13	0 %	3	0 %	-1	0 %
Interest expenses	-433	0 %	-472	-1 %	-156	0 %	-158	-1 %
Financing result	-419	0 %	-459	-1 %	-153	0 %	-158	-1 %
EBT	16,209	18 %	14,088	17 %	5,886	18 %	5,034	17 %
Income taxes	4,733	5 %	4,398	5 %	1,716	5 %	1,560	5 %
Consolidated net profit	11,475	12 %	9,690	12 %	4,170	12 %	3,474	11 %
Of which accounted to non-controlling shareholders	80	0 %	90	0 %	31	0 %	21	0 %
Of which accounted to shareholders of ISRA VISION AG	11,395	12 %	9,600	11 %	4,138	12 %	3,453	11 %
Earnings per share in € before income taxes <sup>2)</sup>	3.70		3.22		1.34		1.15	
Earnings per share in € <sup>2)</sup>	2.60		2.20		0.95		0.79	
Shares issued <sup>4)</sup>	4,379,650		4,371,172		4,378,240		4,372,440	

<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 June 30, 2016 in € k

(in € k)	FY 2015/2016 9 months (Oct. 01, 2015 - Jun. 30, 2016)		FY 2014/2015 9 months (Oct. 01, 2014 - Jun. 30, 2015)		FY 2015/2016 3 months (Apr. 01, 2016 - Jun. 30, 2016)		FY 2014/2015 3 months (Apr. 01, 2015 - Jun. 30, 2015)	
Net sales	84,253	100 %	76,368	100 %	30,952	100 %	27,715	100 %
Cost of sales	36,139	43 %	33,632	44 %	13,409	43 %	12,066	44 %
Gross operating result (gross profit)	48,114	57 %	42,736	56 %	17,543	57 %	15,649	56 %
Research and development	12,741	15 %	10,685	14 %	4,320	14 %	3,888	14 %
Total costs	13,039	15 %	12,920	17 %	4,341	14 %	4,644	17 %
Depreciation and amortization	7,558	9 %	5,676	7 %	2,643	9 %	1,959	7 %
Grants	-56	0 %	-102	0 %	-13	0 %	0	0 %
Capitalized work	-7,801	-9 %	-7,809	-10 %	-2,652	-9 %	-2,715	-10 %
Sales and marketing costs	16,437	20 %	15,030	20 %	5,520	18 %	5,377	19 %
Administration	3,164	4 %	3,281	4 %	1,116	4 %	1,110	4 %
Sales and administration costs	19,601	23 %	18,312	24 %	6,636	21 %	6,487	23 %
Other revenues	855	1 %	807	1 %	-549	-2 %	-82	0 %
Interest income	14	0 %	13	0 %	3	0 %	-1	0 %
Interest expenses	-433	-1 %	-472	-1 %	-156	-1 %	-158	-1 %
Financing result	-419	0 %	-459	-1 %	-153	0 %	-158	-1 %
Earnings before taxes (EBT)	16,209	19 %	14,088	18 %	5,886	19 %	5,034	18 %
Income taxes	4,733	6 %	4,398	6 %	1,716	6 %	1,560	6 %
Consolidated net profit	11,475	14 %	9,690	13 %	4,170	13 %	3,474	13 %
Of which accounted to shareholders of ISRA VISION AG	11,395	14 %	9,600	13 %	4,138	13 %	3,453	12 %
Of which accounted to non-controlling shareholders	80	0 %	90	0 %	31	0 %	21	0 %
Earnings per share in € before income taxes <sup>2)</sup>	3.70		3.22		1.34		1.15	
Earnings per share in € <sup>2)</sup>	2.60		2.20		0.95		0.79	
Shares issued <sup>4)</sup>	4,379,650		4,371,172		4,378,240		4,372,440	

<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 June 30, 2016 in € k

(in € k)	Jun. 30, 2016 <sup>1)</sup>	Sep. 30, 2015
<b>ASSETS</b>		
<b>Assets</b>		
<b>Short-term assets</b>		
Inventories	36,436	30,703
Trade receivables	81,186	86,838
Cash and cash equivalents	11,333	15,056
Financial assets	3,463	3,585
Other receivables	1,111	2,453
Income tax receivables	2,188	1,534
<b>Total short-term assets</b>	<b>135,717</b>	<b>140,169</b>
<b>Long-term assets</b>		
Intangible assets	106,783	105,614
Tangible assets	5,471	6,199
Cash and cash equivalents	0	105
Financial assets	1,246	1,168
Deferred tax claims	1,324	3,038
<b>Total long-term assets</b>	<b>114,824</b>	<b>116,124</b>
<b>Total assets</b>	<b>250,541</b>	<b>256,293</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Short-term liabilities</b>		
Trade payables	10,194	11,799
Financial liabilities to banks	37,040	50,103
Other financial liabilities	10,439	10,979
Other accruals	1,082	1,624
Income tax liabilities	3,174	1,028
Other liabilities	1,821	1,258
<b>Total short-term liabilities</b>	<b>63,750</b>	<b>76,791</b>
<b>Long-term liabilities</b>		
Deferred tax liabilities	30,403	31,913
Pension provisions	3,519	3,090
<b>Total long-term liabilities</b>	<b>33,922</b>	<b>35,003</b>
<b>Total liabilities</b>	<b>97,672</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	11,395	14,821
Other comprehensive income	1,505	2,890
Own shares	159	83
<b>Share of equity capital held by ISRA VISION AG shareholders</b>	<b>151,495</b>	<b>143,204</b>
Equity capital accounted to non-controlling shareholders	1,374	1,294
<b>Total equity</b>	<b>152,869</b>	<b>144,498</b>
<b>Total equity and liabilities</b>	<b>250,541</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 June 30, 2016 in € k

(in € k)	Oct. 01, 2015 - Jun. 30, 2016	Oct. 01, 2014 - Jun. 30, 2015
<b>Consolidated net profit</b>	<b>11,475</b>	<b>9,690</b>
Income tax payments	1,870	2,141
Changes in deferred tax assets and liabilities	203	4,470
Changes in accruals	-113	260
Depreciation and amortization	8,606	6,678
Changes in inventories	-5,733	-719
Changes in trade receivables and other assets	6,384	-5,231
Changes in trade payables and other liabilities	-2,139	-5,749
Interest income	-14	-13
Interest expenses	433	472
Other non-cash changes	151	0
<b>Cash flow from operating activities</b>	<b>21,124</b>	<b>11,999</b>
Payments for investments in tangible assets	-1,014	-643
Payments for investments in intangible assets	-7,801	-7,809
Company acquisition	0	-160
<b>Cash flow from investment activities</b>	<b>-8,815</b>	<b>-8,612</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	3,212
Repayments of financial liabilities	-13,063	-3,025
Interest income	14	13
Interest expenses	-433	-472
<b>Cash flow from financing activities</b>	<b>-15,352</b>	<b>-2,142</b>
Exchange rate-based value changes of the financial resources	-785	159
<b>Change of financial resources</b>	<b>-3,828</b>	<b>1,405</b>
Net cash flow		
Financial resources on 30.09.2015/30.09.2014	15,161	11,239
Financial resources on 30.06.2016/30.06.2015	11,333	12,643

<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 June 30, 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	-1,385	0	11,395	10,010	80	10,090
As of Jun. 30, 2016	4,381	38,623	159	1,505	95,432	11,395	151,495	1,374	152,869

<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 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
As of Jun. 30, 2015	4,381	38,623	-328	1,383	82,406	9,600	136,065	1,428	137,493

<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 - Jun. 30, 2016	Oct. 01, 2014 - Jun. 30, 2015	Oct. 01, 2015 - Jun. 30, 2016	Oct. 01, 2014 - Jun. 30, 2015
Revenues	19,224	17,052	65,029	59,316
EBIT	3,849	3,167	12,779	11,380

<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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