

## **ISRA VISION AG: 2016/2017 financial year – Revenues and EBT +11%, cash flow significantly stronger**

### **ISRA again matches full year guidance: Heading for the next revenue level with double-digit growth rates**

- Revenues at 143.0 million euros, plus 11 % (FY 15/16: 128.8 million euros)
- EBT growth of 11 % to 28.0 million euros (FY 15/16: 25.2 million euros)
- High margin level continues:
  - EBITDA plus 14 %, margin rises to 30% to revenues and 27% to total output (FY 15/16: 29% and 26%)
  - EBIT plus 11 %, margin at 20% to revenues and 18% to total output (FY 15/16: 20% and 18%)
  - EBT plus 11 %, margin at 20% to revenues and 18% to total output (FY 15/16: 20% and 18%)
- Gross margin of 61 % to total output (FY 15/16: 61 %) and 57% to revenues (FY 15/16: 56%) remains on high level of previous year
- Operational cash flow rises to 37.1 million euros (FY 15/16: 34.3 million euros)
- Strong net cash flow of 12.8 million euros (FY 15/16: 1.8 million euros)
- Net debt reduced significantly by 17.8 million euros
- Order backlog of currently more than 90 million euros gross (PY: 85 million euros gross)
- Earnings per share (EPS) plus 17 % to 4.68 euros (FY 15/16: 4.01 euros)
- Guidance for 2017/2018: continued double-digit growth with at least stable margins; targeting a new dimension in revenues – detailed forecast in February 2018

ISRA VISION AG (ISIN: DE 0005488100), one of the world's top companies for industrial image processing (Machine Vision) and a global leader for the surface inspection of web materials and 3D machine vision, has – after audited, but not yet confirmed figures – again achieved its forecast targets for the 2016/2017 financial year with its usual planning consistency, and systematically continued its profitable development. With an increase in revenues of 11 percent to 143.0 million euros (FY 15/16: 128.8 million euros), the Company has almost achieved its pursued revenue target of 150 million euros – a key milestone for additional economies of scale and further growth. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) rise by 14 percent to 42.9 million euros (FY 15/16: 37.7 million euros), thus bringing the EBITDA margin to 30 percent of revenues and 27 percent of total output (FY 15/16: 29% and 26% respectively). EBT (Earnings Before Taxes) improve by 11 percent to 28.0 million euros (FY 15/16: 25.2 million euros), corresponding to an EBT margin of 20 percent to revenues and 18 percent to total output (FY 15/16: 20% and 18% respectively). The measures in past quarters for optimizing cash flow result in a significant increase – operational cash flow rises to 37.1 million euros (FY 15/16: 34.3 million euros) and net cash flow to 12.8 million euros (FY 15/16: 1.8 million euros). With the current cash flow, an improvement in the equity ratio by 2 percentage points to 62 percent (September 30, 2016: 60%) and the credit facilities available, ISRA has optimal capital resources to respond effectively to expansion and market opportunities.

The 2016/2017 financial year closed out as another year of continuous double-digit growth in revenues and earnings, with recurring strong margins. As with EBITDA and EBT, gross margin and EBIT achieve the high

level of previous year, with the total amounts rising by 11 percent. The gross margin (total output minus costs of materials and costs of labor in production and engineering) lies at 57 percent to revenues (FY 15/16: 56%) and 61 percent to total output (FY 15/16: 61%), adding up to 96.6 million euros (FY 15/16: 86.8 million euros). EBIT (Earnings Before Interest and Taxes) increase to 28.3 million euros (FY 15/16: 25.6 million euros), while the EBIT margin amounts to 20 percent of revenues (FY 15/16: 20%) and 18 percent of total output (FY 15/16: 18%). Earnings per share after taxes (EPS) rise by 17 percent to 4.68 euros (FY 15/16: 4.01 euros). The management team will recommend a dividend of more than 50 cents per share for the 2016/2017 financial year.

The positive changes in various balance sheet positions reaffirm the success of measures taken to improve cash flow and to reduce inventories. On the assets side, cash and cash equivalents are up 76 percent to 29.7 million euros (September 30, 2016: 16.9 million euros). Despite the traditionally strong fourth quarter, inventories decrease by 3 percent to 32.7 million euros (September 30, 2016: 33.7 million euros). Trade receivables amount to 98.0 million euros at the end of the financial year (September 30, 2016: 88.5 million euros); 50.6 million euros of this amount relate to system deliveries already invoiced (September 30, 2016: 38.7 million euros). Receivables measured according to the percentage of completion (POC) method decline to 47.4 million euros (September 30, 2016: 49.9 million euros).

On the equity and liabilities side, net debt (short-term and long-term liabilities minus cash and equivalents) reduces significantly by 17.8 million euros to 1.3 million euros as of September 30, 2017 (September 30, 2016: 19.0 million euros), while a total dividend of 2.1 million euros was distributed (FY 15/16: 1.8 million euros). After the repayment of liabilities to banks of 5.0 million euros, the respective balance sheet item declines by 14 percent to 31.0 million euros (September 30, 2016: 36.0 million euros).

With more than 25 locations worldwide, ISRA is currently represented in all relevant industrial nations, making the Company one of the world's most broadly positioned providers in the machine vision industry. An international presence and early positioning on future-oriented markets are fixed components of its corporate strategy. The Company is currently recording high demand on the American markets. Business in Asia is reporting double-digit growth rates, and the positive order situation indicates the potential for further revenues. In Europe, the market dynamic is continuing at the high level of the previous year.

In the past twelve months, ISRA has globally expanded its leading market position in both business segments, Industrial Automation and Surface Vision. The extensive customer base in Industrial Automation includes international automotive manufacturers – among them several ones in the premium segment – and leading companies from a wide range of industries. The segment's revenues increase by 20 percent at 37.2 million euros (FY 15/16: 31.1 million euros), and its EBIT rise by 21 percent to 7.6 million euros (FY 15/16: 6.2 million euros), corresponding to an EBIT margin of 19 percent to segment revenues (FY 15/16: 18%). As in previous quarters, the organizational expansion of the sales unit for generic products leads to higher revenues from 3D measurement and 3D robot guidance systems.

The overall demand in the segment Surface Vision is being stimulated by specifically targeting the market with innovations and products based on embedded technologies. Revenues rise by 8 percent to 105.8 million euros (FY 15/16: 97.7 million euros), bringing the EBIT margin to 18 percent of the segment's total output (FY 15/16: 18%). As in previous quarters, the glass business reports strong growth as a result of consistently high interest in systems for the high resolution inspection of smart touch devices as well as float and display glass. ISRA is continuing to benefit from its complete portfolio strategy in the metal industry with products for the entire process chain; the combination of 3D surface measurement and inspection as well as Production

Analytics tools is expected to provide additional revenues. In the printing industry, ISRA is focusing in particular on more intensive sales activities in Asia and an international key account strategy; contributions to further growth are also expected from digital print and flexible packaging. The favorable revenue and order situation on the specialty paper niche market is getting a substantial increase from new opportunities for inspecting high security printing. Management is stepping up its marketing and sales activities in the solar business, and is also optimizing the product cost base to expand its competitiveness in Asia, especially in China. In the paper unit, the Company is reaching out to new customer groups with innovations and design-to-cost approaches by concentrating on dynamic market segments such as packaging materials. Further revenue potentials in the plastics industry are expected especially due to product extensions for the comprehensive control of film and nonwoven materials as well as advanced solutions equipped with embedded technologies. A new strategic customer order in the relatively young semiconductor wafer business provides a good basis for further expansion and the planned market launch in Asia. The ongoing efforts to grow the service business are showing constant results: With international teams serving customers worldwide and a diversified service range, ISRA is planning to increase the revenue contribution by the Customer Service and Support Center at a significantly faster rate in the medium term.

In advancing the connective smart sensor portfolio the Company sees extended future chances related to INDUSTRIE 4.0. Moreover, the Management is expecting additional potential from Production Analytics software tools, allowing for efficient process control and yield maximization on the basis of inspection and automation technology data.

Besides organic growth, expansion through acquisitions with promising market potential remains a key element of the Company's strategy. These activities are focused on targets that offer sustainable advantages and opportunities for technological leadership, market position or entry into new markets. ISRA is currently monitoring and analyzing several potential targets in various industries. Due to the constantly shifting market environment no closing of a current acquisition projects could be coordinated during the past financial year. In the opening quarters of the new financial year, at least one project is expected to be completed.

With a high order backlog of currently more than 90 million euros gross (PY: 85 million euros gross), the Company had a good start into the new financial year. ISRA is responding to the different situations in the various markets with customer-oriented innovations to drive forward its sustainable corporate development. Strategic and operational planning is targeting progress in sales and regional development as well as the expansion of the corporate structures in all business areas to prepare the Company for the next dimension in revenues beyond 200 million euros. For the financial year 2017/2018, Management is planning further revenue growth in the low double-digit range with at least stable margins, similar to the previous year. ISRA will release a detailed guidance in February 2018.

## 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.

# Press Release

December 15, 2017



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>4)</sup>

from October 01, 2016 to September 30, 2017 in € k

(in € k)	FY 2016/2017 <sup>1)</sup> 12 months (Oct. 01, 2016 - Sep. 30, 2017)		FY 2015/2016 <sup>2)</sup> 12 months (Oct. 01, 2015 - Sep. 30, 2016)		FY 2016/2017 3 months (Jul. 01, 2017 - Sep. 30, 2017)		FY 2015/2016 3 months (Jul. 01, 2016 - Sep. 30, 2016)	
Net sales	142,995	91 %	128,815	91 %	49,723	89 %	44,562	89 %
Capitalized work	14,992	9 %	13,506	9 %	6,237	11 %	5,705	11 %
Total output	157,987	100 %	142,321	100 %	55,960	100 %	50,267	100 %
Cost of materials	31,796	20 %	28,983	20 %	12,742	23 %	11,018	22 %
Cost of labour excluding depreciation	29,569	19 %	26,500	19 %	9,119	16 %	8,830	18 %
Cost of production excluding depreciation	61,365	39 %	55,483	39 %	21,861	39 %	19,848	39 %
Gross profit	96,621	61 %	86,838	61 %	34,099	61 %	30,419	61 %
Research and development Total	22,475	14 %	21,063	15 %	8,487	15 %	8,023	16 %
Sales and marketing costs	27,629	17 %	24,665	17 %	9,133	16 %	8,684	17 %
Administration	4,889	3 %	4,818	3 %	1,597	3 %	1,742	3 %
Sales and administration costs excluding depreciation	32,519	21 %	29,483	21 %	10,731	19 %	10,426	21 %
Other revenues	1,317	1 %	1,388	1 %	-415	-1 %	477	1 %
EBITDA	42,945	27 %	37,680	26 %	14,467	26 %	12,446	25 %
Depreciation and amortization	14,613	9 %	12,089	8 %	4,499	8 %	3,482	7 %
Total costs	69,606	44 %	62,635	44 %	23,716	42 %	21,932	44 %
EBIT	28,332	18 %	25,591	18 %	9,968	18 %	8,964	18 %
Interest income	48	0 %	41	0 %	33	0 %	27	0 %
Interest expenses	-346	0 %	-477	0 %	-61	0 %	-44	0 %
Financing result	-297	0 %	-436	0 %	-28	0 %	-17	0 %
EBT	28,035	18 %	25,155	18 %	9,939	18 %	8,947	18 %
Income taxes	7,311	5 %	7,398	5 %	1,777	3 %	2,665	5 %
Consolidated net profit	20,723	13 %	17,757	12 %	8,162	15 %	6,282	12 %
Of which accounted to non-controlling shareholders	215	0 %	201	0 %	120	0 %	121	0 %
Of which accounted to shareholders of ISRA VISION AG	20,508	13 %	17,556	12 %	8,042	14 %	6,161	12 %
Earnings per share in € before income taxes <sup>3)</sup>	6.40		5.74		2.27		2.04	
Earnings per share in € <sup>3)</sup>	4.68		4.01		1.84		1.41	
Shares issued <sup>5)</sup>	4,378,240		4,379,295		4,378,240		4,378,240	

<sup>1)</sup> Audited in accordance with IFRS and released, but not confirmed

<sup>2)</sup> IFRS audited and confirmed

<sup>3)</sup> Per-share result undiluted and diluted

<sup>4)</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>5)</sup> Weighted number of shares

## Consolidated Income Statement <sup>4)</sup>

from October 01, 2016 to September 30, 2017 in € k

(in € k)	FY 2016/2017 <sup>1)</sup> 12 months (Oct. 01, 2016 - Sep. 30, 2017)		FY 2015/2016 <sup>2)</sup> 12 months (Oct. 01, 2015 - Sep. 30, 2016)		FY 2016/2017 3 months (Jul. 01, 2017 - Sep. 30, 2017)		FY 2015/2016 3 months (Jul. 01, 2016 - Sep. 30, 2016)	
Net sales	142,995	100 %	128,815	100 %	49,723	100 %	44,562	100 %
Cost of sales	62,095	43 %	56,113	44 %	22,019	44 %	19,973	45 %
Gross operating result (gross profit)	80,900	57 %	72,703	56 %	27,703	56 %	24,588	55 %
Research and development	20,310	14 %	18,151	14 %	6,219	13 %	5,410	12 %
Total costs	22,475	16 %	21,063	16 %	8,487	17 %	8,023	18 %
Depreciation and amortization	13,081	9 %	10,758	8 %	4,146	8 %	3,200	7 %
Grants	-254	0 %	-164	0 %	-176	0 %	-107	0 %
Capitalized work	-14,992	-10 %	-13,506	-10 %	-6,237	-13 %	-5,705	-13 %
Sales and marketing costs	28,311	20 %	25,251	20 %	9,299	19 %	8,814	20 %
Administration	5,010	4 %	4,933	4 %	1,626	3 %	1,769	4 %
Sales and administration costs	33,321	23 %	30,184	23 %	10,925	22 %	10,583	24 %
Other revenues	1,063	1 %	1,224	1 %	-591	-1 %	369	1 %
EBITDA	42,945	30 %	37,680	29 %	14,467	29 %	12,446	28 %
EBIT	28,332	20 %	25,591	20 %	9,968	20 %	8,964	20 %
Interest income	48	0 %	41	0 %	33	0 %	27	0 %
Interest expenses	-346	0 %	-477	0 %	-61	0 %	-44	0 %
Financing result	-297	0 %	-436	0 %	-28	0 %	-17	0 %
Earnings before taxes (EBT)	28,035	20 %	25,155	20 %	9,939	20 %	8,947	20 %
Income taxes	7,311	5 %	7,398	6 %	1,777	4 %	2,665	6 %
Consolidated net profit	20,723	14 %	17,757	14 %	8,162	16 %	6,282	14 %
Of which accounted to shareholders of ISRA VISION AG	20,508	14 %	17,556	14 %	8,042	16 %	6,161	14 %
Of which accounted to non-controlling shareholders	215	0 %	201	0 %	120	0 %	121	0 %
Earnings per share in € before income taxes <sup>3)</sup>	6.40		5.74		2.27		2.04	
Earnings per share in € <sup>3)</sup>	4.68		4.01		1.84		1.41	
Shares issued <sup>5)</sup>	4,378,240		4,379,295		4,378,240		4,378,240	

<sup>1)</sup> Audited in accordance with IFRS and released, but not confirmed

<sup>2)</sup> IFRS audited and confirmed

<sup>3)</sup> Per-share result undiluted and diluted

<sup>4)</sup> The Company's annual 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>5)</sup> Weighted number of shares

## Consolidated Group Balance Sheet <sup>3)</sup>

at September 30, 2017 in € k

(in € k)	Sep. 30, 2017 <sup>1)</sup>	Sep. 30, 2016 <sup>2)</sup>
<b>ASSETS</b>		
<b>Assets</b>		
<b>Short-term assets</b>		
Inventories	32,667	33,726
Trade receivables	98,049	88,520
Cash and cash equivalents	29,728	16,919
Financial assets	3,146	2,706
Other receivables	1,954	1,645
Income tax receivables	747	1,845
<b>Total short-term assets</b>	<b>166,291</b>	<b>145,362</b>
<b>Long-term assets</b>		
Intangible assets	111,682	109,563
Tangible assets	5,219	5,700
Shareholdings in associated companies	12	0
Financial assets	1,083	1,194
Deferred tax claims	730	1,997
<b>Total long-term assets</b>	<b>118,728</b>	<b>118,454</b>
<b>Total assets</b>	<b>285,019</b>	<b>263,816</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Short-term liabilities</b>		
Trade payables	18,064	12,422
Financial liabilities to banks	30,980	35,954
Other financial liabilities	14,450	11,921
Other accruals	945	1,568
Income tax liabilities	4,832	3,487
Other liabilities	1,952	1,741
<b>Total short-term liabilities</b>	<b>71,223</b>	<b>67,094</b>
<b>Long-term liabilities</b>		
Deferred tax liabilities	33,358	33,249
Pension provisions	3,390	4,134
<b>Total long-term liabilities</b>	<b>36,747</b>	<b>37,383</b>
<b>Total liabilities</b>	<b>107,970</b>	<b>104,478</b>
<b>Equity</b>		
Issued capital	4,381	4,381
Capital reserves	38,800	38,800
Profit brought forward	110,886	95,432
Net profit accounted to the shareholders of ISRA VISION AG	20,508	17,556
Other comprehensive income	921	1,833
Own shares	-159	-159
<b>Share of equity capital held by ISRA VISION AG shareholders</b>	<b>175,338</b>	<b>157,843</b>
Equity capital accounted to non-controlling shareholders	1,710	1,495
<b>Total equity</b>	<b>177,049</b>	<b>159,338</b>
<b>Total equity and liabilities</b>	<b>285,019</b>	<b>263,816</b>

<sup>1)</sup> Audited in accordance with IFRS and released, but not confirmed

<sup>2)</sup> IFRS audited and confirmed

<sup>3)</sup> The Company's annual 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>3)</sup>

from October 01, 2016 to September 30, 2017 in € k

(in € k)	Oct. 01, 2016 - Sep. 30, 2017 <sup>1)</sup>	Oct. 01, 2015 - Sep. 30, 2016 <sup>2)</sup>
<b>Consolidated net profit</b>	<b>20,723</b>	<b>17,757</b>
Income tax payments	-5,092	-2,498
Changes in deferred tax assets and liabilities	1,375	2,377
Changes in accruals	-1,368	989
Depreciation and amortization	14,509	12,089
Changes in inventories	1,059	-3,023
Changes in trade receivables and other assets	-9,069	-332
Changes in trade payables and other liabilities	14,601	6,478
Financial result	297	436
Other non-cash changes	40	32
<b>Cash flow from operating activities</b>	<b>37,077</b>	<b>34,305</b>
Payments for investments in tangible assets	-979	-889
Payments for investments in intangible assets	-15,692	-14,754
Payments for investments in financial assets	-12	0
<b>Cash flow from investment activities</b>	<b>-16,683</b>	<b>-15,643</b>
Payments to company owners through acquisition of own shares	0	-159
Deposits from sales of own shares	0	93
Dividend payouts	-2,102	-1,795
Repayments of financial liabilities	-4,974	-14,149
Interest income	48	41
Interest expenses	-346	-477
<b>Cash flow from financing activities</b>	<b>-7,373</b>	<b>-16,446</b>
Exchange rate-based value changes of the financial resources	-211	-458
<b>Change of financial resources</b>	<b>12,809</b>	<b>1,758</b>
<b>Net cash flow</b>		
Financial resources on 30.09.2016/30.09.2015	16,919	15,161
Financial resources on 30.09.2017/30.09.2016	29,728	16,919

<sup>1)</sup> Audited in accordance with IFRS and released, but not confirmed

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## Segment Reporting by Division<sup>3)</sup>

for selected positions of the consolidated income statement in € k

(in € k)	Industrial Automation Division		Surface Vision Division	
	Oct. 01, 2016 - Sep. 30, 2017 <sup>1)</sup>	Oct. 01, 2015 - Sep. 30, 2016 <sup>2)</sup>	Oct. 01, 2016 - Sep. 30, 2017 <sup>1)</sup>	Oct. 01, 2015 - Sep. 30, 2016 <sup>2)</sup>
Revenues	37,210	31,128	105,785	97,687
EBIT	7,551	6,216	20,781	19,376

<sup>1)</sup> Audited in accordance with IFRS and released, but not confirmed

<sup>2)</sup> IFRS audited and confirmed

<sup>3)</sup> The Company's annual 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.

### Additional Information

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