ISRA VISION AG: First quarter 2015/2016 – Double-digit profitable growth: EBT plus 14 %, revenues plus 9 %

ISRA starts into the new financial year with positive order flow; again a quarter of profitable growth

- Revenue plus of 9 % to 26.0 million euros (Q1 14 / 15: 23.8 million euros)
- EBT growth of 14 % to 5.0 million euros (Q1 14 / 15: 4.4 million euros)
- Strong margin level to total output continues:
  - EBITDA margin at 28 % (Q1 14 / 15: 26 %); plus 13 %
  - EBIT margin at 18 % (Q1 14 / 15: 18 %); plus 12 %
  - EBT margin at 18 % (Q1 14 / 15: 17 %); plus 14 %
- Gross margin at high level of 61 % to total output (Q1 14 / 15: 61 %)
- Net cash flow at 3.5 million euros (Q1 14 / 15: 1.4 million euros)
- Strengthening of Central American business with new location in Mexico
- Restart of sales activities address market potential in Iran
- Order backlog over 85 million euros gross (PY: approx. 65 million euros gross)
- Earnings per share (EPS) plus 14 % to 0.79 euro (Q1 14 / 15: 0.69 euro);
  Dividend recommendation plus 0.02 euro to 0.41 euro
- Outlook FY 2015 / 2016: further profitable growth as forecasted

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 the profitable development of the 2014 / 2015 financial year also at the beginning of the new 2015 / 2016 financial year. An increase in revenues of 9 percent compared to the first quarter of the previous year to 26.0 million euros (Q1 14 / 15: 23.8 million euros) and an EBT plus of 14 percent to 5.0 million euros (Q1 14 / 15: 4.4 million euros) underscore ISRA's robust growth course. With its multibranch strategy – to grow diversified across different markets and regions – the company has once again succeeded in realizing a roughly double-digit growth in revenues and EBT in a challenging market environment. Close relationships to a broad international customer base consisting of many industry-leading global players are of great importance for this. The long-term and sustainable investment decisions of these customers enable ISRA a consistent forecast and an active planning of future growth.

The gradual increase of efficiency and profitability remain a focus of the management. The EBT margin increases by one percentage point to 18 percent to total output (Q1 14 / 15: 17 %) and again reaches 19 percent to revenues (Q1 14 / 15: 19 %). The cash flow from operating activities improves to 4.9 million euros (Q1 14 / 15: 2.0 million euros). By the end of the first quarter, ISRA shows a net cash flow as of the reporting date in the amount of 3.5 million euros (Q1 14 / 15: 1.4 million euros). In the first three months of the financial year, trade payables decrease by 5.7 million euros. Given an increased equity ratio by two percentage points to 58 percent (September 30, 2015: 56 %) and the available credit lines, the company is equipped with solid capital resources for future growth. The earnings per share (EPS) after taxes improve by 14 percent to 0.79 euro (Q1 14 / 15: 0.69 euro).
The earnings margins to total output again reach a high level. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) total 7.8 million euros and are 13 percent above the period of the previous year (Q1 14/15: 6.9 million euros) – with this result ISRA achieves a margin increase by two percentage points to 28 percent (Q1 14/15: 26%). EBIT (Earnings Before Interest and Taxes) grows by 12 percent to 5.2 million euros compared to the first quarter of the previous year (Q1 14/15: 4.6 million euros), which corresponds to an EBIT margin of 18 percent (Q1 14/15: 18%). EBT (Earnings Before Taxes) rises to 5.0 million euros (Q1 14/15: 4.4 million euros). The gross margin (total output minus cost of materials and labor of production) increases by 9 percent and again reaches 61 percent (Q1 14/15: 61%).

During the first months of the new financial year, the company successfully expanded its strong position in the different regions even further. The results in the markets show a positive picture, despite inconsistent business environments. By maximizing the efficiency of production lines, the inspection solutions from ISRA offer an attractive way to sustainably reduce production costs by automation of production and quality assurance. Supported by locally optimized activities in marketing and sales, ISRA currently also records a good order situation in Asia – contrary to the declining overall economic dynamics. The business development in Europe exceeds the high level of the previous year-period and confirms the company's strong position in strategically important industrial countries. On the American continents, the business continues to develop positively, especially driven by order entries from the United States. Management anticipates further growth impulses in the region Central America, particularly in Mexico. With a location at one of the main industrial sites in Mexico, new market potential will be addressed. A similar goal is pursued with the resumed sales activities in Iran with a new location in Teheran.

Both segments – Surface Vision and Industrial Automation – are showing further growth in the reporting period. The Industrial Automation segment confirms the long-term planning with a significant increase in revenues and as well as strong order entries. ISRA serves particularly customers from the international premium car manufacturing industry with innovative automation solutions for production. This is added by a growing number of orders for optical systems for 3D measurement. A strategic large-scale order for high-precision 3D surface measurement systems is at an advanced stage of negotiation. The segment revenues of 5.0 million euros (Q1 14/15: 4.1 million euros) are 24 percent higher compared to the same period of the previous year. The EBIT of the segment underscores the company's increasing efficiency with its disproportionate increase of 27 percent to 1.1 million euros (Q1 14/15: 0.8 million euros).

The order entries in the Surface Vision segment show substantial double-digit growth rates and present a positive outlook for the financial year. The high revenue level of the previous year continues with a further plus of 6 percent to 20.9 million euros (Q1 14/15: 19.7 million euros). ISRA profits from the expected economies of scale and achieves a disproportionate EBIT growth of 8 percent to 4.1 million euros (Q1 14/15: 3.8 million euros). This results in an EBIT margin development of one percentage point to 18 percent referenced to total output (Q1 14/15: 17%). The demand in the Plastics area also continues in the first quarter of the new financial year due to the consistent expansion of the application portfolio to new materials. The revenues with solutions for the metal industry also develop positively, accompanied by continued investments in marketing and sales. Product innovations for the inspection of glass were well received by customers, the order situation is developing in the double-digit range – a new large-scale order for quality assurance of glass products is about to receive the written confirmation. The solar business acts as an additional growth driver for the segment, carried by continued good order entries from the Asian region – with an increase also on the Chinese market. With the acquisition of Vision Experts in the past year, ISRA expanded the comprehensive print product portfolio – the positive development in this target industry confirms the strong interest in the
solutions and will further strengthen the market position of the company in the coming quarters. In the Paper
business, the company is focusing on growing markets like the packaging industry, supported by intensive
marketing and sales activities. ISRA expects additional revenue impulses from the further portfolio diversifi-
cation for the inspection of security paper. The recently started activities in the semiconductor business are
being advanced with the focused initial set up of the sales organization to develop market potential. Moreover,
the service business remains a strategical focus of the management. In order to increase customer proximity
worldwide, ISRA is investing in the expansion of the service portfolio at all locations. This will gradually raise
the overall double-digit share in revenues.

To realize the envisioned growth will require a future planning on management level. ISRA is about to extend
the executive board by new members; the major goal is to stimulate the generic products business as well as
the external growth. Besides organic growth, acquisitions are an additional strategic element in ISRA's long-
term development. Of particular interest are target companies that are expected to meaningfully expand the
technology and product portfolio, to increase the market shares, to development new markets as well as to
offer an efficient integration. Management continuously examines new acquisition projects. In case of a positive
result, the company plans to conclude an additional project in the course of the financial year.

With an order backlog of more than 85 million euros gross (PY: approx. 65 million euros gross), ISRA had a
good start into the new financial year and expects a continuation of the order entry dynamics in 2015/2016.
In this context, the different regions and target industries develop inconsistently. The Company meets weaker
developments, such as in China, particularly with an intensification of the marketing and sales activities as
well as with innovations that support the growth strategy. Under the assumption that the economic policy
measures undertaken in the different countries trigger the forecasted positive effects, management plans with
further profitable growth in the low double-digit percentage range. In terms of earnings, a further optimization
of the margins is anticipated, while at least maintaining the current high level. ISRA's strategy continues to be
directed at sustainably expanding its worldwide market position and to increase revenues – while optimizing
costs, working capital and cash flow at the same time – to the medium-term revenue goal of 150 million euros.