ISRA VISION AG: 2015/2016 financial year – Strong, double-digit growth for the full year: Revenues +15%, EBT +15%

ISRA with high growth rates in the 2015/2016 financial year – Revenues and EBT exceed forecast

- Revenues at 128.8 million euros, plus 15% (FY 14/15: 112.2 million euros)
- EBT at 25.2 million euros, plus 15% (FY 14/15: 21.8 million euros)
- Continued strong margin level to total output [to revenues]:
  - EBITDA margin at 26% [29%] (FY 14/15: 26%); plus 16%
  - EBIT margin at 18% [20%] (FY 14/15: 18%); plus 13%
  - EBT margin at 18% [20%] (FY 14/15: 18%); plus 15%
- Gross margin to total output remains at a high level of 61% (FY 14/15: 61%); to revenues at 56% (FY 14/15: 56%)
- Sustained improvement in operating cash flow to 34.3 million euros (FY 14/15: 12.2 million euros)
- Net debt as of the reporting date reduced considerably by 15.9 million euros
- High order backlog of currently more than 85 million euros gross (FY: 82 million euros gross)
- Revenue contribution of service further increased
- Earnings per share (EPS) improve by 18% to 4.01 euros (FY 14/15: 3.39 euros)

ISRA VISION AG (ISIN: DE 0005488100), one of the world’s top companies for industrial image processing (Machine Vision) as well as a global leader for the surface inspection of web materials and 3D machine vision applications, exceeded the forecasted annual target of revenue growth in the low double-digit percentage range – after audited, but not yet confirmed figures. The company is continuing the dynamic development of the previous quarters in the fourth quarter as well, achieving an increase in full year revenues of 15 percent to 128.8 million euros (FY 14/15: 112.2 million euros). The result was in particular driven by the traditionally strong Q4 with a revenue growth of 24 percent to 44.6 million euros (FY 14/15: 35.9 million euros). EBT rises by 15 percent to 25.2 million euros (FY 14/15: 21.8 million euros), corresponding to an improvement in the EBT margin to revenues of one percentage point to 20 percent (FY 14/15: 19%). As in the previous year, it equals 18 percent to total output (FY 14/15: 18%). This again demonstrates ISRA’s sustained profitable development resulting from the continuing measures to increase revenues and efficiency and to secure earnings. With cash flow increasing to 34.3 million euros (FY 14/15: 12.2 million euros), the strong equity ratio of 60 percent (FY 14/15: 56%) and available credit lines, the company is also optimally prepared to continue its growth course. Earnings per share after taxes (EPS) improve to 4.01 euros (FY 14/15: 3.39 euros).

The high profitability of the previous quarters was also extended in the last quarter of 2015/2016. With an increase of 16 percent to 37.7 million euros, the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is considerably higher than the previous year’s figure (FY 14/15: 32.4 million euros). This corresponds to an EBITDA margin of 26 percent to total output (FY 14/15: 26%) and 29 percent to revenues (FY 14/15: 29%). EBIT (Earnings Before Interest and Taxes) increases by 13 percent to 25.6 million euros (FY 14/15: 22.6 million euros), the EBIT margin reaches 18 percent to total output (FY 14/15: 18%) and 20 percent to revenues (FY 14/15: 20%). Another key performance indicator for the group’s management, EBT...
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(Earnings Before Taxes) rises by 15 percent to 25.2 million euros (FY 14/15: 21.8 million euros), which corresponds to an improvement of the EBT margin to revenues by one percentage point to 20 percent (FY 14/15: 19%). To total output it again reaches 18 percent (FY 14/15: 18%). The gross margin (total output minus cost of materials and cost of labor in production and engineering) is once again at the high level of 61 percent of total output (FY 14/15: 61%) and 56 percent to revenues (FY 14/15: 56%).

As a result of the strong revenue figure in the last quarter, inventories are increasing, but underproportional to revenues, to 33.7 million euros (September 30, 2015: 30.7 million euros). Trade receivables total 88.5 million euros (September 30, 2015: 86.8 million euros). This amount includes systems already delivered and invoiced of 38.7 million euros (September 30, 2015: 32.1 million euros) and the receivables measured according to the percentage of completion (POC) method of 49.9 million euros, which have been reduced by 4.8 million euros as scheduled (September 30, 2015: 54.7 million euros). By the end of the financial year, ISRA achieves a strong reduction in net debt of 15.9 million euros to 19.0 million euros (September 30, 2015: 34.9 million euros). The measures taken in the previous quarters to optimize cash flow are also having an impact and lead to a considerable improvement in the operating cash flow to 34.3 million euros (FY 14/15: 12.2 million euros). After repaying financial liabilities to banks of 14.1 million euros (FY 14/15: 3.6 million euros) and dividend payout in the amount of 1.8 million euros (FY 14/15: 1.7 million euros), cash flow from financing activities totals -16.4 million euros (FY 14/15: 7.9 million euros). As in the previous quarters, ISRA is thereby once more showing sustained improvements in the increase of liquidity. After investments in tangible assets and product innovations of 15.6 million euros (FY 14/15: 16.6 million euros), net cash flow as of the reporting date totals 1.8 million euros (FY 14/15: 3.9 million euros).

The broad regional positioning and diversification across various markets has been confirmed again as a successful strategy in the completed 2015/2016 financial year. The strongest growth is reported in the Asian markets, which as a result of high demand in China, Korea and Taiwan in particular, increase the Asian share of total revenues to above 40 percent. After a good first six months, revenues in Europe continue to develop positively with double-digit growth rates in order entries. The Region North and South America contributes to the results with a similar amount as in the previous year. With over 25 locations worldwide, ISRA is one of the globally most broadly positioned Machine Vision providers in its industry. With locations in Tehran (Iran) and Querétaro (Mexico), the company addressed new regional markets in the 2015/2016 financial year. The expansion of the global positioning in order to continually open up additional market potential is an important part of ISRA's future strategy and forms a central driver for additional growth.

Apart from the diversification across various regions, the intensified customer contact in the two segments Surface Vision and Industrial Automation demonstrates an effective impact. Driven by product innovations and successful participation in leading industry trade fairs, both segments finished the 2015/2016 financial year with double-digit growth. The positive developments of almost all customer industries in the Surface Vision segment contributed to the 14-percent rise in segment revenues to 97.7 million euros (FY 14/15: 85.6 million euros). EBIT increases by 13 percent to 19.4 million euros (FY 14/15: 17.2 million euros), the EBIT margin reaches 18 percent of total output (FY 14/15: 18%). As in the previous quarters, the solar division was one of the strongest growth drivers. The high level of interest in quality assurance solutions for innovative cell designs boosted demand, especially in the Asian markets including Korea, China and Taiwan. In the customer industry glass, the expansion of the portfolio generated new revenue impulses as planned, which also continue into the new 2016/2017 financial year. The business with customers from the plastics industry also shows persistent order entry dynamics and contributes strongly to the overall result, also supported by product extensions for inspecting optical film properties. After a more restraint development in the last half-year, innovations in the
area of three-dimensional quality inspection, along with intensive marketing and sales activities, should drive the revenues in the metal industry going forward. After the successful integration of Vision Experts GmbH and the strengthening of the management, the print division is strategically well positioned and continues to profit from the strong demand for the expanded portfolio of solutions for print products. In the paper industry, the business prospects have been developing positively after intensified sales activities. In the specialty paper unit, the strategic focus for future growth remains on expanding the portfolio for applications in high security printing. After receiving its first orders in Europe, the new semiconductor division is still strongly in the market launch phase, another follow-up order for the first customer will soon be ready for delivery to Asia. ISRA’s service revenues reached a revenue share of over 13 percent in the past financial year. Management plans to increase this proportion considerably through a proactive service strategy and the expansion of the portfolio.

The Industrial Automation segment, whose customers include international premium automobile manufacturers in particular, achieves an increase in the full year revenue compared to the previous year of 17 percent to 31.1 million euros (FY 14/15: 26.6 million euros). EBIT in the segment increases by 16 percent to 6.2 million euros (FY 14/15: 5.3 million euros), which corresponds to an EBIT margin of 18 percent to total output (FY 14/15: 19%). The growth has mainly been driven by the strong increase in revenues with internationally leading automobile manufacturers, which are showing a sustained, high level of interest in innovative 3D technology solutions in the production line and in complex applications such as car paint inspection.

The company pursues its growth targets through the further targeted expansion of the core business – particularly driven by a strong, forward-looking innovation pipeline – and through acquisitions. The focus of the acquisition activities is on target companies that sustainably advance ISRA’s technological leadership, market position or expansion into new markets. The company constantly analyzes possible acquisition targets and, if the due diligence results are positive, plans to conclude a project for the 2016/2017 financial year.

With a high order backlog of currently more than 85 million euros gross (PY: 82 million euros gross), ISRA has started the new financial year well. For the 2016/2017 year, the company is planning with further low double-digit growth in revenues as well as stable margins, respectively increasing profitability. In addition, the development of new potentials in Industrie 4.0 will be pushed forward by the focus on a new product generation of intelligent Smart Factory automation sensors. Together with the further development of the software tool for production management “EPROMI”, these activities form the basis for future revenue potential. Optimizing operating productivity and the continuous improvement of cash flow and working capital remain in the strategic focus of management. ISRA will publish a detailed outlook for the current financial year in February 2017. The target of the company remains to grow diversified across industries and regions and to exceed the revenue level of 150 million euros in the medium term. For the 2015/2016 financial year, ISRA also intends to continue its sustainable dividend policy with a payout of a similar amount as in the previous year.