ISRA VISION AG: First quarter 2018/2019 – Growth path on track towards 200+:
Revenues +10%, EBT +11%

Dynamic start into 2018/2019: ISRA profits from investments –
double-digit growth guidance

- Revenues rises to 34.2 million euros, up 10% (Q1 17/18: 31.2 million euros)
- EBT growth of 11% to 6.9 million euros (Q1 17/18: 6.2 million euros)
- Earnings margins remain at high level:
  - EBITDA up 18%, margin at 34% of revenues and 31% of total output
    (Q1 17/18: 32% and 29%)
  - EBIT up 11%, margin at 20% of revenues and 18% of total output
    (Q1 17/18: 20% and 18%)
  - EBT up 11%, margin at 20% of revenues and 18% of total output
    (Q1 17/18: 20% and 18%)
- Gross margin at 62% of total output (Q1 17/18: 61%) and 57% of revenues (Q1 17/18: 57%)
- Operating cash flow rises to 4.8 million euros (Q1 17/18: 4.4 million euros)
- Intense actions to improve efficiency in production continue to be in focus –
cash flow expected to increase
- High order backlog of around 96 million euros gross (PY: 83 million euros gross)
- Acquisitions with focus on market and technology expansion at advanced stage
- Earnings per share after taxes up 15% to 0.23 euros (Q1 17/18: 0.20 euros)
- Dividend increase of 27% to 0.15 euros per share planned (PY: 0.118 euros)
- High equity ratio of 66% (September 30, 2018: 63%)
additional inorganic effects anticipated

ISRA VISION AG (ISIN: DE 0005488100) – the TecDAX company for industrial image processing (machine
vision) and one of the world’s leading providers of surface inspection solutions and 3D machine vision
applications, recorded double-digit revenue and earnings growth in the first quarter of the 2018 / 2019 financial
year to continue on its profitable growth path: With revenues increasing by 10 percent to 34.2 million euros (Q1
17/18: 31.2 million euros) and EBT growth of 11 percent to 6.9 million euros (Q1 17/18: 6.2 million euros), the
Company made further progress toward its medium-term target of 200+. The operating cash flow increased
to 4.8 million euros (Q1 17/18: 4.4 million euros). With the equity ratio rising by three percentage points to 66
percent (September 30, 2018: 63%), net liquidity of 1.8 million euros (September 30, 2018: 1.8 million euros)
and the available credit lines, ISRA has solid capital resources for future growth opportunities and is optimally
prepared for potential acquisition projects. Earnings per share (EPS) after taxes increased by 15 percent to
0.23 euros (Q1 17/18: 0.20 euros). ISRA is continuing its sustainable dividend policy; at the Annual General
Meeting on March 19, 2019 the management will propose an increase in the dividend for the 2017/2018
financial year of 27 percent to 0.15 euros per share.
In the first quarter, ISRA confirmed and further extended the high margin level it achieved in the previous financial year: The gross margin (total output minus material and labor costs of production) increased to 62 percent of total output (Q1 17/18: 61%) and remains unchanged at 57 percent of revenues (Q1 17/18: 57%). EBITDA (earnings before interest, taxes and depreciation) increased significantly by 18 percent to 11.7 million euros (Q1 17/18: 10.0 million euros), thereby the EBITDA margin improved by two percentage points each to 34 percent of revenues (Q1 17/18: 32%) and 31 percent of total output (Q1 17/18: 29%). EBIT (earnings before interest and taxes) increased by 11 percent to 6.9 million euros (Q1 17/18: 6.3 million euros), the EBIT margin therefore corresponds to 20 percent of revenues (Q1 17/18: 20%) and 18 percent of total output (Q1 17/18: 18%). EBT (earnings before taxes) also improved by 11 percent to 6.9 million euros (Q1 17/18: 6.2 million euros), resulting in an EBT margin of 20 percent of revenues (Q1 17/18: 20%) and 18 percent of total output (Q1 17/18: 18%).

The first three months of the current financial year demonstrate the initial positive effects of the recently initiated measures for an increased production efficiency through process and capacity optimization: Inventories in the consolidated balance sheet declined slightly to 36.7 million euros (September 30, 2018: 36.9 million euros). Trade receivables amount to 105.0 million euros (September 30, 2018: 111.8 million euros). Net debt (short-term and long-term liabilities minus cash and equivalents) was eliminated completely in the 2017/2018 financial year – this means the Company is mathematically debt-free, with equity of 201.2 million euros at the end of the first quarter (September 30, 2018: 197.8 million euros).

With more than 25 locations worldwide, ISRA is one of the most broadly positioned providers in the machine vision industry. Its presence in all significant future markets and growth regions represents a further key pillar of its long-term business development alongside its multi-industry strategy. In addition to its existing locations, the Company is currently examining new opportunities for expansion in Great Britain, Eastern Europe, North and South America, as well as in India and South East Asia.

The first quarter of 2018/2019 showed positive business development in almost all regions. The Company recorded double-digit revenue growth in the European markets, with strong customer demand suggesting that the healthy order situation will continue in the coming months. Revenues in Asia were at a similar high level compared to the previous year. Orders from American customers saw similar development. Intensive marketing and sales activities and the strengthening of the regional management team in the US and Brazil are expected to result in increased order momentum in the coming months.

The Industrial Automation segment, whose customer base includes global automotive manufacturers and global players from a wide range of industries in particular, achieved growth of 7 percent in the first quarter of the 2018/2019 financial year, with revenues rising to 8.3 million euros (Q1 17/18: 7.8 million euros). EBIT also increased by 7 percent to 1.8 million euros (Q1 17/18: 1.7 million euros) with an EBIT margin at 18 percent of total output (Q1 17/18: 19%). In addition to innovative 3D machine vision solutions for robot-guided assembly and high-precision 3D metrology, the segment result was driven by the high level of customer demand for the “Touch & Automate” products that are designed for INDUSTRIE 4.0. ISRA expects to see additional momentum in the coming months thanks to its extended sales as well as its expanded business focus on smart factory automation and its planned entry into new markets for connected automation using machine vision, which will center on combining the Company’s 3D machine vision expertise with robot automation. To this end, ISRA has already expanded its organization in a targeted manner and intensified its sales activities.
Revenues in the Surface Vision segment increased by 10 percent to 25.9 million euros in the first quarter of 2018/2019 (Q1 17/18: 23.4 million euros). EBIT amounts to 5.2 million euros (Q1 17/18: 4.6 million euros), corresponding to an EBIT margin of 18 percent of total output (Q1 17/18: 18%). The metal inspection business is continuing to benefit from the complete portfolio strategy – in the current financial year, the management anticipates additional growth thanks to the enhancement of innovative steel inspection solutions for the automotive industry as well as the expansion of new software solutions for the entire metal production process and INDUSTRIE 4.0-compatible systems. In the field of glass there are specifically demands for solutions for inspecting display glass and, increasingly, solar and automotive glass. The growth is being supported by intensive marketing and sales measures. With its extended focus on innovative materials, Advanced Materials (formerly Plastics) generated higher revenues than in the same period of the previous year; the Company is currently developing additional applications for innovative materials and extending well-established solutions. Revenues in the printing industry are rising significantly, with the management team being expanded in order to intensify activities in the area of digital print applications. Having implemented design-to-cost measures for the paper industry, the Company is concentrating on high-growth industries such as packaging and is stepping up its marketing and sales activities. In the security business (formerly specialty paper), ISRA is seeing high demand for its portfolio of specialized inspection solutions for high-security paper and printing. New revenue impulses emerge in the solar industry: Several major orders are already at an advanced stage of negotiation and expected to be completed in the near future. In the relatively new business area semiconductor, the Company is intensifying its focus on Asian market following the successful acquisition of strategic orders from leading European manufacturers. Two high-volume projects are currently being negotiated. Service business contributed to the positive business development in the first quarter 2018/2019, again accounting for a double-digit share of revenues. The Company is consequently extending its Customer Support and Service internationally and plans to increase the service revenues above average in its revenue share in the medium term by diversified offers and realignment of the management.

With its profitable results for the first three months of the 2018/2019 financial year and a high gross order backlog of around 96 million euros at present (previous year: 83 million euros gross), ISRA has made a robust start into the new financial year. A key element of ISRA’s growth strategy remains the acquisition of companies that will sustainably advance its technology leadership, market position or expansion into new markets. Several potential target companies from the areas of 3D industrial automation, production analysis software tools and embedded systems are currently being examined – some of them in advanced stages. In addition to the organic and acquisition-based growth, the management sees significant revenue potential in the enhancement of the product portfolio with INDUSTRIE 4.0 architecture for the new business areas of smart factory automation and production analytics.

Assuming no significant changes in the global economic conditions, the management is forecasting profitable organic revenue and earnings growth in the lower double-digit range in the 2018/2019 financial year; the potential closure of an acquisition project in the near future could lead to higher overall growth in the current year. The Company is addressing regional and industry-specific fluctuations by intensifying its marketing and sales activities. ISRA’s strategy remains focused on sustainably expanding its global market position through product innovations for industrial automation accompanied by efficiency improvements as well as increasing its revenues to over 200 million euros in the medium term, meanwhile optimizing costs and working capital.