

ISRA VISION AG: 3rd quarter 2016/2017 – revenues grow by 11 %, EBT by 12%

ISRA fully in line with guidance: double digit growth continues with high margins and strong cash flow

- Revenues plus 11 % to 93.3 million euros (Q3-YTD-15/16: 84.3 million euros)
- EBT growth plus 12% to 18.1 million euros (Q3-YTD-15/16: 16.2 million euros)
- Continued high margin level:
 - EBITDA margin plus 13% to 31% to revenues and 28% to total output (Q3-YTD-15/16: 30% and 27%)
 - EBIT margin plus 10% to 20% to revenues and 18% to total output (Q3-YTD-15/16: 20% and 18%)
 - EBT margin plus 12% to 19% to revenues and 18% to total output (Q3-YTD-15/16: 19% and 18%)
- Gross margin of 61 % to total output (Q3-YTD-15/16: 61 %) remains at the high level of the previous quarters
- Operational cash flow increases to 23.3 million euros (Q3-YTD-15/16: 21.1 million euros)
- Net cash flow significantly positive at 5.3 million euros (Q3-YTD-15/16: -3.8 million euros)
- Net debt reduced considerably by a total of 10.3 million euros
- Order backlog of around 83 million euros gross (PY: 85 million euros gross)
- Customer Service and Support continues to increase and contributes to growth with double-digit revenues
- Outlook for FY 2016/2017 confirmed: approx. 10 % profitable revenue growth

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, underscores the outlook for the financial year with its strongest third quarter ever and consistently continues its long-term profitable growth. Compared to the first nine months of the previous year, revenues reach a plus of 11 percent to 93.3 million euros (Q3-YTD-15/16: 84.3 million euros). EBT (Earnings Before Taxes) grow by 12 percent to 18.1 million euros (Q3-YTD-15/16: 16.2 million euros). Operational cash flow continues to improve and rises to 23.3 million euros (Q3-YTD-15/16: 21.1 million euros). Net cash flow increases significantly to 5.3 million euros (Q3-YTD-15/16: -3.8 million euros) while net debt (short-term and long-term financial liabilities minus cash and cash equivalents) is simultaneously reduced double digit by 10.3 million euros to 8.8 million euros (September 30, 2016: 19.0 million euros). Thanks to further optimization, the productive capacity expanded continuously and the order backlog decreases to around 83 million euros, despite the record level of the order entries.

Also in the third quarter of 2016/2017, ISRA again enhanced its profitability and underlined its sustainable growth course. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is 13 percent higher than in the same period of the previous year at 28.5 million euros (Q3-YTD-15/16: 25.2 million euros), corresponding to an increase in the EBITDA margin of one percentage point to 31 percent of revenues (Q3-YTD-15/16: 30%) and 28 percent of total output (Q3-YTD-15/16: 27%). Compared to last year's 9-month results, EBIT (Earnings Before Interest and Taxes) grow by 10 percent to 18.4 million euros (Q3-YTD-15/16: 16.6 million euros). The EBIT margin therefore amounts to 20 percent of revenues (Q3-YTD-15/16: 20%) and

18 percent of total output (Q3-YTD-15/16: 18%). The EBT (Earnings Before Taxes) increases by 12 percent to 18.1 million euros, corresponding to an EBT margin of 19 percent of revenues (Q3-YTD-15/16: 19%) and 18 percent of total output (Q3-YTD-15/16: 18%). With 61 percent, the gross margin (total output minus cost of materials and costs of labor in production and engineering) remains at the level of the same period of the previous year (Q3-YTD-15/16: 61%).

In preparation for the strong fourth quarter and on the basis of the high order entries, inventories amount to 35.0 million euros (September 30, 2016: 33.7 million euros). Trade receivables, which include receivables from delivered and invoiced systems and receivables according to the POC (percentage of completion) method, decrease to 86.0 million euros (September 30, 2016: 88.5 million euros). As reported above, cash flow improves significantly due to the initiated measures: Cash flow from operational activities increases to 23.3 million euros (Q3-YTD-15/16: 21.1 million euros) and net debt is reduced by 10.3 million euros to 8.8 million euros (September 30, 2016: 19.0 million euros), following the repayment of financial liabilities in the amount of 5.0 million euros (Q3-YTD-15/16: 13.1 million euros) and a dividend distribution of 2.1 million euros. The net cash flow – after financing activities totaling 7.4 million euros (Q3-YTD-15/16: 15.4 million euros) – amounts to 5.3 million euros (Q3-YTD-15/16: -3.8 million euros). Given the robust equity ratio of 63 percent (September 30, 2016: 60%) together with the available credit lines, the Company is equipped with solid capital resources for future growth. Earnings per share (EPS) after taxes were improved by 10 percent to 2.85 euros (Q3-YTD-15/16: 2.60 euros).

The business again develops to be persistently positive in the regions. On the American markets ISRA is recording double digit revenue growth. After a successful first half year, the dynamic in Europe, especially in Western Europe, is continuing. In Asia, particularly in China, the Company notes further revenue growth in the reporting period.

The global market position in the two segments Industrial Automation and Surface Vision was again strengthened in the third quarter of the 2016/2017 financial year. In the segment Industrial Automation, ISRA concentrates on a broad customer base of international car manufacturers – including renowned premium providers – as well as global industry-leading companies from other sectors. Segment revenues increase considerably by 19 percent to 22.8 million euros (Q3-YTD-15/16: 19.2 million euros), while EBIT grows by 16 percent to 4.5 million euros (Q3-YTD-15/16: 3.8 million euros). Segment earnings are mainly driven by the orders from automotive customers. Premium car manufacturers in particular are showing continuing interest in 3D robot automation solutions. Additional future potential is expected by new product developments for 3D measurement and fully automated paint inspection.

Revenues in the Surface Vision segment increase by 8 percent to 70.5 million euros in the third quarter of 2016/2017 (Q3-YTD-15/16: 65.0 million euros). EBIT amounts to 13.9 million euros (Q3-YTD-15/16: 12.8 million euros), corresponding to an EBIT margin of 18 percent of total output (Q3-YTD-15/16: 18%). In the glass business, growth continues at the same high level and is partly strengthened by the continuing demand for products for the inspection of float and display glass. Frugal solutions with embedded system architecture are generating new revenue sources in the plastics industry. The Company is benefiting from its complete-portfolio strategy in the metal industry. After extensive marketing and sales measures and the positioning of cost-optimized solutions, the paper business is seeing strong order entries. The key account activities in the printing industry are intensified; expanded activities in Europe and Asia are opening up additional potentials. New product developments for high-security printing are motivating strategical order entries in the niche market for specialty paper inspection. For the solar market the Management is focused on innovations, a consistent design-to-cost approach and intensified sales activities in order to stimulate new customer orders especially in China. After initial successful steps in Europe, new strategical orders are shortly

expected in the semiconductor wafer inspection business. The market introduction in Asia is planned to start next quarter based on the European references. With a product portfolio for high precision 3D quality control, ISRA also offers comprehensive inspection solutions for various markets. A major order from Asia and further order entries for the measurement of reflective surfaces underscore the successful positioning of the products. As planned, the customer support and service revenue is making up a double-digit share of total revenues. The Company is systematically advancing with the internationalization of its service strategy in order to continue achieving over proportional growth in the medium term.

Management sees potential for future growth in the field of INDUSTRY 4.0 thanks to the new product generations with high connectivity and embedded technologies. Impetus is also expected from the enhanced software tool Enterprise PROduction Management Intelligence „EPROMI“ for improving productivity on automated production lines. In order to realize new market opportunities, ISRA has planned significant investments in Digital Marketing and Business Development.

Besides the organic growth, acquisitions of suitable companies remain an important part of the long-term strategy. The focus here is on targets that will sustainably advance ISRA's technology leadership, market position or expansion into new markets. Several projects are currently in different stages of negotiation. Investments in technology businesses in the 3D field are planned for the current financial year – the respective discussions will soon be completed.

With good results in the third quarter and an again high order backlog of around 83 million euros gross (PY: 85 million euros gross), ISRA had a robust start into the traditionally strong fourth quarter. Given that the current economic conditions do not significantly change, management expects revenue growth of approx. 10 percent and high margins at least at the previous year's level in 2016/2017. Optimizing operational productivity and cash flow remains one of the management's key strategic objectives. The Company will continue to focus on achieving diversified growth across industries and regions and on exceeding its revenue target of 150 million euros already in the financial year 2017/2018.

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[®], 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.

Consolidated Total Operating Revenue EBITDA-EBIT statement ^{1) 3)}

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

(in € k)	FY 2016/2017 9 months (Oct. 01, 16 - Jun. 30, 17)		FY 2015/2016 9 months (Oct. 01, 15 - Jun. 30, 16)		FY 2016/2017 3 months (Apr. 01, 17 - Jun. 30, 17)		FY 2015/2016 3 months (Apr. 01, 16 - Jun. 30, 16)	
Net sales	93,272	91 %	84,253	92 %	34,363	92 %	30,952	92 %
Capitalized work	8,755	9 %	7,801	8 %	2,952	8 %	2,652	8 %
Total output	102,027	100 %	92,054	100 %	37,314	100 %	33,604	100 %
Cost of materials	19,054	19 %	17,965	20 %	7,077	19 %	6,828	20 %
Cost of labour excluding depreciation	20,450	20 %	17,670	19 %	7,469	20 %	6,225	19 %
Cost of production excluding depreciation	39,505	39 %	35,635	39 %	14,546	39 %	13,054	39 %
Gross profit	62,522	61 %	56,419	61 %	22,768	61 %	20,551	61 %
Research and development Total	13,988	14 %	13,039	14 %	4,987	13 %	4,437	13 %
Sales and marketing costs	18,496	18 %	15,981	17 %	6,880	18 %	5,592	17 %
Administration	3,292	3 %	3,076	3 %	1,177	3 %	1,061	3 %
Sales and administration costs excluding depreciation	21,788	21 %	19,057	21 %	8,057	22 %	6,652	20 %
Other revenues	1,732	2 %	911	1 %	378	1 %	-536	-2 %
EBITDA	28,478	28 %	25,234	27 %	10,103	27 %	8,926	27 %
Depreciation and amortization	10,114	10 %	8,606	9 %	3,398	9 %	2,887	9 %
Total costs	45,890	45 %	40,703	44 %	16,442	44 %	13,976	42 %
EBIT	18,364	18 %	16,628	18 %	6,704	18 %	6,039	18 %
Interest income	16	0 %	14	0 %	8	0 %	3	0 %
Interest expenses	-284	0 %	-433	0 %	-88	0 %	-156	0 %
Financing result	-269	0 %	-419	0 %	-81	0 %	-153	0 %
EBT	18,095	18 %	16,209	18 %	6,624	18 %	5,886	18 %
Income taxes	5,534	5 %	4,733	5 %	1,956	5 %	1,716	5 %
Consolidated net profit	12,561	12 %	11,475	12 %	4,668	13 %	4,170	12 %
Of which accounted to non-controlling shareholders	95	0 %	80	0 %	36	0 %	31	0 %
Of which accounted to shareholders of ISRA VISION AG	12,466	12 %	11,395	12 %	4,632	12 %	4,138	12 %
Earnings per share in € before income taxes ²⁾	4.13		3.70		1.51		1.34	
Earnings per share in € ²⁾	2.85		2.60		1.06		0.95	
Shares issued ⁴⁾	4,378,240		4,379,650		4,378,240		4,378,240	

¹⁾ According to IFRS unaudited

²⁾ Per-share result undiluted and diluted

³⁾ 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.

⁴⁾ Weighted number of shares

ISRA VISION AG voluntarily publishes a consolidated total operating revenue EBITDA-EBIT statement typical for the industry oriented to the cost-summary method. The key differences between the cost of sales method and the pro forma consolidated total operating revenue/EBITDA-EBIT calculation are as follows: Profit margins increase because they are now associated with net sales instead of total output (net sales plus capitalized work). Capitalized work no longer appears in the cost of sales method and is assigned to the R&D functional area. Depreciation and amortization is now spread over the relevant functional areas. The EBIT earnings and the EBT earnings of the pro forma total output EBITDA-EBIT statement do not deviate from the consolidated income statement, which corresponds to IFRS.

Consolidated Income Statement ^{1) 3)}

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

(in € k)	FY 2016/2017 9 months (Oct. 01, 16 - Jun. 30, 17)		FY 2015/2016 9 months (Oct. 01, 15 - Jun. 30, 16)		FY 2016/2017 3 months (Apr. 01, 17 - Jun. 30, 17)		FY 2015/2016 3 months (Apr. 01, 16 - Jun. 30, 16)	
Net sales	93,272	100 %	84,253	100 %	34,363	100 %	30,952	100 %
Cost of sales	40,076	43 %	36,139	43 %	14,747	43 %	13,409	43 %
Gross operating result (gross profit)	53,197	57 %	48,114	57 %	19,616	57 %	17,543	57 %
Research and development	14,091	15 %	12,741	15 %	4,973	14 %	4,320	14 %
Total costs	13,988	15 %	13,039	15 %	4,987	15 %	4,341	14 %
Depreciation and amortization	8,934	10 %	7,558	9 %	2,981	9 %	2,643	9 %
Grants	- 77	0 %	- 56	0 %	- 45	0 %	- 13	0 %
Capitalized work	- 8,755	- 9 %	- 7,801	- 9 %	- 2,952	- 9 %	- 2,652	- 9 %
Sales and marketing costs	19,012	20 %	16,437	20 %	7,065	21 %	5,520	18 %
Administration	3,384	4 %	3,164	4 %	1,209	4 %	1,116	4 %
Sales and administration costs	22,396	24 %	19,601	23 %	8,273	24 %	6,636	21 %
Other revenues	1,655	2 %	855	1 %	334	1 %	- 549	- 2 %
Interest income	16	0 %	14	0 %	8	0 %	3	0 %
Interest expenses	- 284	0 %	- 433	- 1 %	- 88	0 %	- 156	- 1 %
Financing result	- 269	0 %	- 419	0 %	- 81	0 %	- 153	0 %
Earnings before taxes (EBT)	18,095	19 %	16,209	19 %	6,624	19 %	5,886	19 %
Income taxes	5,534	6 %	4,733	6 %	1,956	6 %	1,716	6 %
Consolidated net profit	12,561	13 %	11,475	14 %	4,668	14 %	4,170	13 %
Of which accounted to shareholders of ISRA VISION AG	12,466	13 %	11,395	14 %	4,632	13 %	4,138	13 %
Of which accounted to non-controlling shareholders	95	0 %	80	0 %	36	0 %	31	0 %
Earnings per share in € before income taxes ²⁾	4.13		3.70		1.51		1.34	
Earnings per share in € ²⁾	2.85		2.60		1.06		0.95	
Shares issued ⁴⁾	4,378,240		4,379,650		4,378,240		4,378,240	

¹⁾ According to IFRS unaudited

²⁾ Per-share result undiluted and diluted

³⁾ 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.

⁴⁾ Weighted number of shares

Consolidated Group Balance Sheet ²⁾

at June 30, 2017 in € k

(in € k)	Jun. 30, 2017 ¹⁾	Sept. 30, 2016
ASSETS		
Assets		
Short-term assets		
Inventories	34,984	33,726
Trade receivables	85,994	88,520
Cash and cash equivalents	22,185	16,919
Financial assets	4,751	2,707
Other receivables	448	1,645
Income tax receivables	750	1,845
Total short-term assets	149,112	145,362
Long-term assets		
Intangible assets	109,569	109,563
Tangible assets	5,209	5,700
Financial assets	1,192	1,194
Deferred tax claims	1,574	1,997
Total long-term assets	117,544	118,454
Total assets	266,656	263,816
EQUITY AND LIABILITIES		
Short-term liabilities		
Trade payables	10,395	12,422
Financial liabilities to banks	30,969	35,954
Other financial liabilities	10,021	11,922
Other accruals	741	1,568
Income tax liabilities	2,924	3,487
Other liabilities	2,555	1,741
Total short-term liabilities	57,605	67,094
Long-term liabilities		
Deferred tax liabilities	37,029	33,249
Pension provisions	4,218	4,134
Total long-term liabilities	41,247	37,383
Total liabilities	98,852	104,477
Equity		
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	12,466	17,556
Other comprehensive income	-160	1,833
Own shares	-159	-159
Share of equity capital held by ISRA VISION AG shareholders	166,214	157,843
Equity capital accounted to non-controlling shareholders	1,590	1,495
Total equity	167,804	159,338
Total equity and liabilities	266,656	263,816

¹⁾ According to IFRS unaudited

²⁾ 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 ^{1) 2)}

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

(in € k)	Oct. 01, 2016 - Jun. 30, 2017	Oct. 01, 2015 - Jun. 30, 2016
Consolidated net profit	12,561	11,475
Income tax payments	-3,998	-1,870
Changes in deferred tax assets and liabilities	4,203	203
Changes in accruals	-744	-113
Depreciation and amortization	10,114	8,606
Changes in inventories	-1,257	-5,733
Changes in trade receivables and other assets	2,775	6,384
Changes in trade payables and other liabilities	-646	1,601
Financial result	269	420
Other non-cash changes	40	151
Cash flow from operating activities	23,317	21,124
Payments for investments in tangible assets	-748	-1,014
Payments for investments in intangible assets	-8,755	-7,801
Company acquisition	0	0
Cash flow from investment activities	-9,502	-8,815
Payments to company owners through acquisition of own shares	0	-159
Deposits from sales of own shares	0	83
Dividend payouts	-2,102	-1,795
Deposits from the assumption of financial liabilities	0	0
Repayments of financial liabilities	-4,985	-13,063
Interest income	16	14
Interest expenses	-284	-433
Cash flow from financing activities	-7,355	-15,352
Exchange rate-based value changes of the financial resources	-1,193	-785
Change of financial resources	5,266	-3,828
Net cash flow		
Financial resources on 30.09.2016/30.09.2015	16,919	15,161
Financial resources on 30.06.2017/30.06.2016	22,185	11,333

¹⁾ According to IFRS unaudited

²⁾ 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 ^{1) 2)}

from October 01, 2016 to June 30, 2017 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, 2016	4,381	38,800	- 159	1,833	95,432	17,556	157,843	1,495	159,338
Profit brought forward	0	0	0	0	17,556	- 17,556	0	0	0
Acquisition of own shares	0	0	0	0	0	0	0	0	0
Sales of own shares	0	0	0	0	0	0	0	0	0
Payout	0	0	0	0	- 2,102	0	- 2,102	0	- 2,102
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	- 1,993	0	12,466	10,473	95	10,568
As of Jun. 30, 2017	4,381	38,800	- 159	- 160	110,886	12,466	166,214	1,590	167,804

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IAS) 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 ^{1) 2)}

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
Acquisition of own shares	0	0	159	0	0	0	159	0	159
Sales of own shares	0	0	- 83	0	0	0	- 83	0	- 83
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

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IAS) 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 ^{1) 2)}

for selected positions of the consolidated income statement in € k

(in € k)	Industrial Automation Division		Surface Vision Division	
	Oct. 01, 2016 - Jun. 30, 2017	Oct. 01, 2015 - Jun. 30, 2016	Oct. 01, 2016 - Jun. 30, 2017	Oct. 01, 2015 - Jun. 30, 2016
Revenues	22,801	19,224	70,472	65,029
EBIT	4,471	3,849	13,893	12,779

¹⁾ According to IFRS unaudited

²⁾ 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.

Additional Information

ISRA VISION AG
Industriestraße 14
64297 Darmstadt
Germany

Tel.: +49 (0) 6151 948 - 0
Fax: +49 (0) 6151 948 - 140
Internet: www.isravisision.com

Investor Relations
E-Mail: investor@isravisision.com

Isabel Heinen
Tel.: +49 (0) 6151 948 - 209

Susanne Becht
Tel.: +49 (0) 6151 948 - 212