



9-MONTH REPORT 2016

KEY FIGURES

in € m*	01/01/ - 09/30/2015	01/01/ - 09/30/2016	Changes to previous year	07/01/ - 09/30/2015	07/01/ - 09/30/2016	Changes to previous year
Sales revenues	66.3	72.2	9%	22.1	23.7	7 %
Incoming orders	62.0	76.5	23%	20.4	26.3	29 %
Gross results	32.2	35.4	10%	10.8	11.4	6 %
Gross profit margin	48.6 %	49.0 %	0 Pp.	48.9 %	48.1 %	-1 Pp.
Full costs for research and development	9.3	10.0	8%	3.1	3.2	3 %
Research and development ratio	14.0 %	13.9 %	0 Pp.	14.0 %	13.5 %	-1 Pp.
EBITDA	13.1	14.0	7%	4.8	5.0	4 %
EBIT	9.1	9.2	1%	3.4	3.5	3 %
EBT	8.5	8.6	1%	3.2	3.3	3 %
Net income	6.0	6.8	13%	1.9	2.9	53 %
Weighted average number of shares	3,199,664	3,235,327	1%	3,235,195	3,226,954	0 %
Result per share (€)	1.89	2.10	11%	0.59	0.59	0 %
Cash flow from operating activities	7.7	12.3	60%	5	5.9	18 %
Cash flow from investing activities	-7.2	-6.2	-14%	-2	-2.4	20 %
Free Cash flow	0.5	6.1	>100%	3	3.5	17 %

in € m*	12/31/2014	12/31/2015	09/30/16	Changes to previous year
Total assets	72.3	76.7	85.9	12 %
Long-term assets	38.8	42.5	43.9	3 %
Equity	37.3	45.2	49.0	8 %
Liabilities	35.0	31.5	36.9	17 %
Equity ratio	51.6 %	58.9 %	57.0 %	-2 Pp.
Net cash	4.5	6.6	7.7	17 %
Working Capital	17.1	15.8	17.9	13 %
Number of employees for the financial (full time equivalents)	375	438	456	4 %
Share price (XETRA) in €	38.66	43.43	49.21	13 %
Number of shares in circulation	3,181,136	3,241,363	3,235,327	0 %
Market capitalization	123.0	140.8	159.2	13 %

*unless otherwise stated



OVERVIEW, GROUP RESULTS Q3/2016:

- Incoming orders: € 76.5 million (previous year: € 62.0 million, +23 %)
- Sales: € 72.2 million (previous year: € 66.3 million, +9 %)
- EBIT: € 9.2 million (previous year: € 9.1 million, +1 %)
- EBT: € 8.6 million (previous year: € 8.5 million, +1 %)
- Operating cash flow: € 12.3 million (previous year: € 7.7 million, +60 %)
- Free cash flow: € 6.1 million (previous year: € 0.5 million, >100 %)

Dear Ladies and Gentlemen,

In a relatively weak market environment Basler AG was again able to close the first 9 months with strong results for incoming orders and sales and to further increase its position as market leader.

For the first eight months of the year the VDMA (Verband Deutscher Maschinen- und Anlagenbau, German Engineering Federation) reported a stagnant market for German manufacturers of image processing components. In the same period, incoming orders increased by 10 % compared to the same period of the previous year.

Compared to the market, in the first nine months of 2016 Basler AG achieved an increase in sales of 9 % and thus clearly gained market share. In particular, with an increase of 23 % in order entry, Basler AG developed significantly better than the market. In the third quarter, incoming orders of Basler reached € 26.3 million (+ 29 % compared to previous year). Thus, in four consecutive quarters the trend of a positive book-to-bill ratio continued.

A high revenue level combined with a slightly improved gross margin led to a pre-tax return rate of 12 %. Progress in business performance and the increase in productivity in the last quarters have shown a significant positive effect on cash flow. It grew in the first nine month to a very high level of € 6.1 million (previous year: € 0.5 million >100 %).

In the third quarter, Basler AG celebrated a production achievement. The one millionth camera rolled off the assembly-line in June. This occasion marked an important milestone in the realization of the volume strategy.

BUSINESS DEVELOPMENT

The increase of sales and incoming orders is mostly a result of the very positive development in the Asian markets combined with a healthy demand in Germany. Basler AG has expanded its sales in Asia to 44 % of worldwide sales (previous year: 36 %). Continuing high demand from Asian regions is expected for the coming months. The high utilization of the production facilities in Singapore also reflects this development. Despite lacking major projects in the EMEA region compared to the

previous year, the company registered strong growth rates, especially in Germany. The sales shares in the EMEA region decreased by the end of the third quarter to 39 % (previous year 44 %). The American sales had a share of 17 % (previous year 20 %).

As already mentioned in the Q2-report, the Asian market was slightly overheated in the second quarter. Allocation situations on semiconductor factories as well as earthquakes led to a shortage in the procurement markets for sensors and electronic components. This in turn caused longer delivery times for camera products and consequently led to panic buying. Because of the overheated demand in the first half-year 2016, the company had a rather restrained start in regard to order entries in the third quarter. During the latter part of the quarter, the demand revived. Indeed, in September 2016, order entries reached a new monthly record.

Apart from the Asian regions, other growth drivers in the first nine months of the current financial year were the semiconductor and electronic industries, the interface technologies GigE, USB as well as CMOS-sensor based cameras.

Parallel to the commercial progress, new attractive product variants of the ace camera line using CMOS sensors went into serial production. Furthermore, the company worked on the expansion of the camera business into medical applications. Thus, it has presented itself for the first time on the leading trade fair for laboratory automation and microscopy "Analytica". In regard to new technology, the approaches to 3D applications based on Time-of-Flight (TOF) technology were particularly substantiated in the first nine months. Lead customers have increasingly tested and positively evaluated 3D-cameras.

INTERIM GROUP MANAGEMENT REPORT

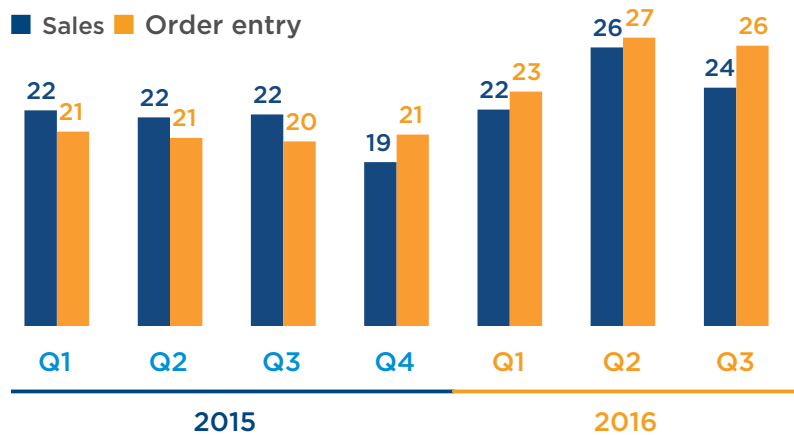
SALES & ORDER ENTRY

For the last seven quarters (in € mill.)


Keyfact

+9 %

Sales revenues to previous year





Incoming orders, sales, and gross profit

Keyfact

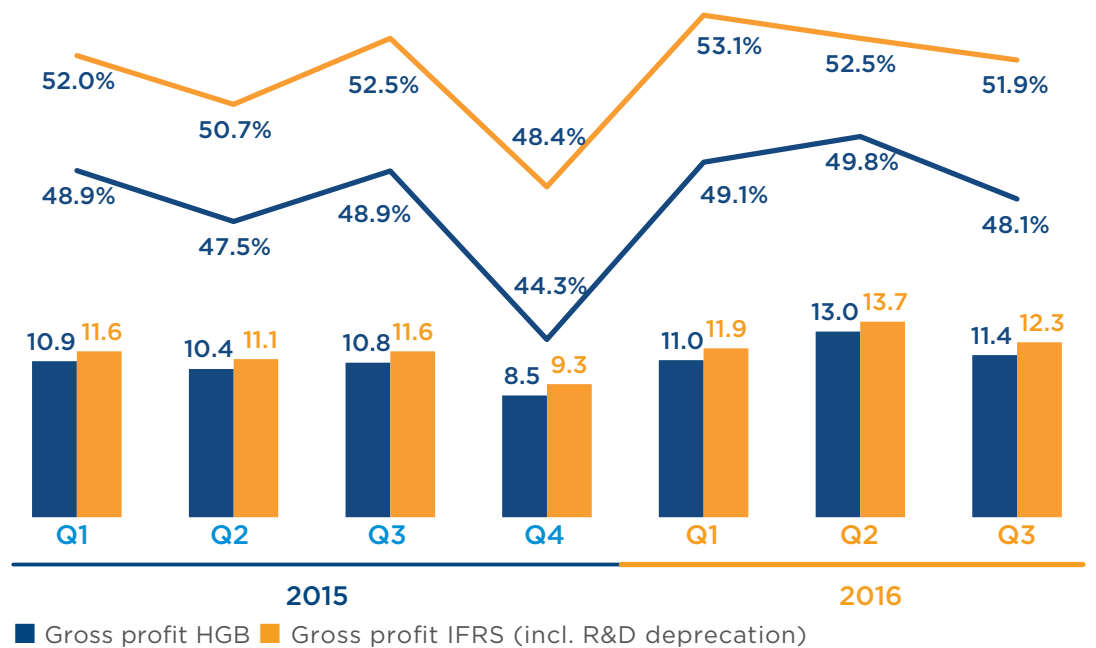
+23 %

Order entry to previous year

In the third quarter of 2016, the positive trend continued and incoming orders as well as sales significantly increased. In the accumulated financial year sales amounted to € 72.2 million (previous year: € 66.3 million, +9 %) and incoming orders amounted to € 76.5 million (previous year: € 62.0 Million, +23 %). Gross margin remained stable with 49,0 % (previous year: 48,6 %).

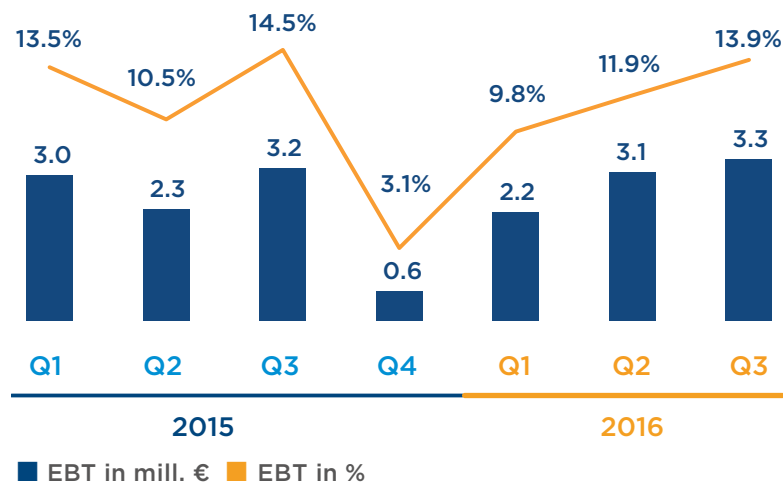
GROSS PROFIT (IFRS)

Development of IFRS Gross Profit (incl. R&D depreciation)



EARNING BEFORE TAX

For the last seven quarters



Expenses, costs, profit, and equity

The gross result increased by € 3.2 million to € 35.4 million (previous year: € 32.2 million) in the reporting period. The additional revenues, however were partly invested into higher personnel costs. Furthermore, the result was extraordinarily influenced by setting up provisions for possible bonus payments. In addition, a lower capitalization ratio of R&D caused by one-off effects proved to be dampening for the extraordinary results. In comparison to the previous year the capitalization ratio reached a level 4 percentage points below last year's.

Thus, the EBT stayed stable at € 8.6 million (previous year: € 8.5 million) in spite of the increased gross result. With 12%, the EBT is above the long-term targeted EBT-return of 10%. Due to the higher Asian sales share the net result grew disproportionately to € 6.8 million (previous year: € 6.0 million).

The equity increased to € 49.0 million at the end of the reporting period (31.12.2015: € 45.2 million, +8 %). During this period own shares worth about 1 million € were purchased back. At the end of the reporting period the company had 278.975 own shares in their stock portfolio.

The result per share rose to € 2,10 (previous year: € 1,89, +11 %).

CASH FLOW AND LIQUIDITY

FREE CASH FLOW

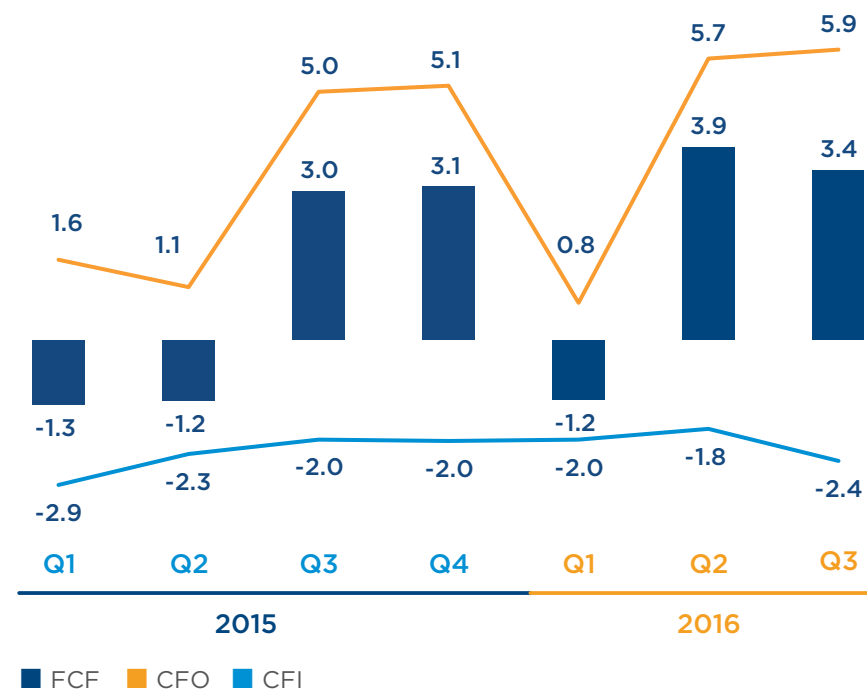
For the last seven Quarters (in € mill.)



Keyfact

6.1 mio. €

Free cash flow

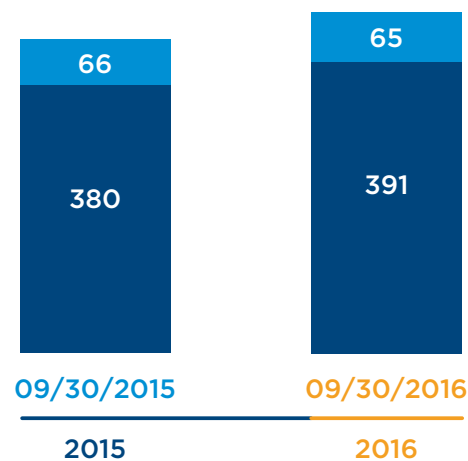




The operating cash flow amounted significantly to € 12.3 million at the end of the reporting period (previous year: € 7.7 million, +60 %). This very good outcome is a result of an increase in gross profit combined with successful Working Capital Management. The cash flow for investing activities decreased by 14 % to € -6.2 million (previous year: € -7.2 million). Compared to the previous year, there were no extraordinary large investments into tangible fixed assets.

The free cash flow reached the high level of € 6.1 million (previous year: € 0.5 million > 100 %). It covered the cash flow from financing activity in an amount of € -3.8 million and led to a liquidity surplus of € 2.2 million. At the end of the reporting period, liquid assets increased to € 16.3 million. The net cash position amounted to € 7.7 million (31.12.2015: € 6.6 million, +17 %) at the reporting date.

DEVELOPMENT EMPLOYEES FULL-TIME EQUIVALENTS (FTE)



■ Basler AG ■ Subsidiaries

The increase of personnel mainly took part in 2015. After a strong recruitment wave in the fiscal years 2014/ 2015 the company will focus on effectively integrating the new employees and adjusting the structures in order to make better use of the strong workforce and to increase productivity. Only few new positions will be added in the coming months.

Outlook

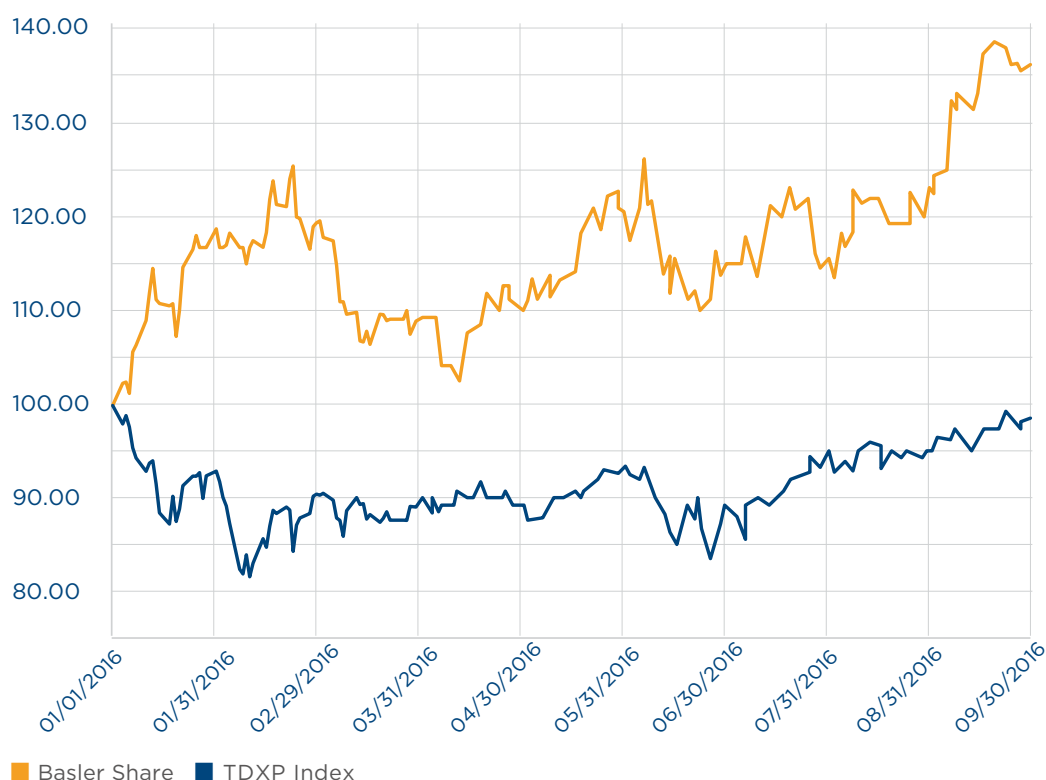
For Basler AG, the fiscal year 2016 has developed successfully and slightly above budget planning. We expect a continuing positive business development with a seasonal-related minor slowdown for the fourth quarter. We feel confident for the remaining months of the fiscal year and confirm the forecast, which was adjusted recently, according to which the group sales 2016 will be within a corridor of

€ 94 - 96 million at a pre-tax margin of 11 - 12 %. From what we know today, we are optimistic to reach the guidance on the upper end of the corridor. Given the solid results and the positive outlook, we will decisively push forward with our growth strategy until the end of the year and further into the next.

SHARE PRICE DEVELOPMENT

BASLER (Xetra) vs. TecDax 2016/01/01-2016/09/30

INDEX



Keyfact

45,50 €

Opening price 01/01/2016



Keyfact

49,21 €

Closing price 09/30/2016

On April 21, 2016, the Management Board together with the Supervisory Board of Basler AG decided to carry out an additional share buyback program. Based on a solid liquidity as well as an effective resolution of the shareholders' meeting of June 4, 2014, the company wants to use the currently favorable share price to buy back additional shares via the stock market. Ultimately in August 2015, the company sold bearer shares to the capital market. At the reporting date of September 30, 2016, Basler AG held 278,975 own shares, corresponding to 8 % of overall shares.

The shareholders' meeting of June 4, 2014, authorized the company to buy back own shares up to a total of 10 % of the share capital of Basler AG existing at the time the resolution was adopted. The authorization is approved until June 3, 2019. The shares can be used for all purposes provided for in the authorization of the shareholders' meeting of June 4, 2014. When acquiring own shares via the stock exchange, the price paid per share (without considering incidental purchase costs) must not differ



by more than 10 % from the share price of the company for shares with the same conditions as determined on the trading day by the opening auction for XETRA trade on the Frankfurt stock exchange.

Declaration of the legal representatives

We affirm to the best of our knowledge that the interim consolidated financial statements, in accordance with the accounting principles applicable to interim reporting, provide a true and fair view of the group's asset, financial, and earnings situation and that the group's interim annual report represents a true and fair picture of the course of business, including the operating result, and the group's financial situation as well as describing the essential opportunities and risks concomitant with the expected development of the group during the remainder of the fiscal year

The management board

Dr. Dietmar Ley
CEO

John P. Jennings
CCO

Arndt Bake
CMO

Hardy Mehl
CFO/COO

Consolidated Profit and Loss Statement

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2016 to September 30, 2016

in € k	01/01/ - 09/30/2015	01/01/ - 09/30/2016	07/01/ - 09/30/2015	07/01/ - 09/30/2016
Sales revenues	66,265	72,200	22,062	23,692
Cost of sales	-34,069	-36,766	-11,220	-12,322
- of which depreciations on capitalized developments	-2,189	-2,427	-798	-911
Gross profit on sales	32,196	35,434	10,842	11,370
Other operating income	2,142	857	750	263
Sales and marketing costs	-11,959	-12,253	-4,086	-3,981
General administration costs	-8,287	-8,778	-2,619	-2,662
Research and development	-4,608	-5,565	-1,317	-1,429
Other expenses	-431	-446	-156	-35
Operating result	9,053	9,249	3,414	3,526
Financial income	289	170	15	67
Financial expenses	-875	-773	-276	-251
Financial result	-586	-603	-261	-184
Earnings before tax	8,467	8,646	3,153	3,342
Income tax	-2,418	-1,855	-1,255	-395
Group's period surplus	6,049	6,791	1,898	2,947
of which are allocated to				
shareholders of the parent company	6,049	6,791	1,898	2,947
non-controlling shareholders	0	0	0	0
Average number of shares	3,199,664	3,235,327	3,235,195	3,226,954
Earnings per share diluted / undiluted (€)	1.89	2.10	0.59	0.91

Consolidated Statement of Comprehensive Income

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2016 to September 30, 2016

in € k	01/01/ - 09/30/2015	01/01/ - 09/30/2016
Group's year surplus	6,049	6,791
Result from differences due to currency conversion, directly recorded in equity	265	-43
Surplus from cashflow hedges	0	0
Total result, through profit or loss	265	-43
Total result	6,314	6,748
of which are allocated to		
shareholders of the parent company	6,314	6,748
non-controlling shareholders	0	0



Consolidated Cash Flow Statement

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2016 to September 30, 2016

in € k	01/01/ - 09/30/2015	01/01/ - 09/30/2016	07/01/ - 09/30/2015	07/01/ - 09/30/2016
Operating activities				
Group's period surplus	6,049	6,791	1,898	2,947
Increase (+) / decrease (-) in deferred taxes	1,002	558	635	348
Payout/ incoming payments for interest	1,018	903	327	298
Depreciation of fixed assets	4,088	4,819	1,444	1,584
Change in capital resources without affecting payment	265	-43	-36	-6
Increase (+) / decrease (-) in accruals	-1,496	1,607	40	-11
Profit (-) / loss (+) from asset disposals	0	-11	0	-9
Increase (-) / decrease (+) in reserves	560	-2,449	452	-1,602
Increase (+) / decrease (-) in advances from demand	-175	-8	-59	-66
Increase (-) / decrease (+) in accounts receivable	-2,461	-2,789	1,236	2,321
Increase (-) / decrease (+) in other assets	-177	-323	77	54
Increase (+) / decrease (-) in accounts payable	-407	3,137	-793	-12
Increase (+) / decrease (-) in other liabilities	-578	83	-220	7
Net cash provided by operating activities	7,688	12,275	5,001	5,853
Investing activities				
Payout for investments in fixed assets	-7,359	-6,251	-2,085	-2,450
Incoming payments for asset disposals	143	24	80	18
Net cash provided by investing activities	-7,216	-6,227	-2,005	-2,432
Financing activities				
Payout for amortisation of bank loans	-666	-466	-222	-122
Payout for amortisation of finance lease	-1,052	-1,119	-354	-378
Incoming payment for borrowings from banks	0	1,600	0	0
Interest payout	-1,018	-903	-327	-298
Incoming payment for sale of own shares	3,773	0	705	0
Payout for own shares	-247	-1,036	0	-748
Dividends paid	-2,223	-1,878	-1	0
Net cash provided by financing activities	-1,433	-3,802	-199	-1,546
Change in liquid funds	-961	2,246	2,797	1,875
Funds at the beginning of the period	12,812	14,043	9,054	14,414
Funds at the end of the period	11,851	16,289	11,851	16,289
Composition of liquid funds at the end of the period				
Cash in bank and cash in hand	11,851	16,289	11,851	16,289
Payout for taxes	1,660	1,100	612	255

Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2016 to September 30, 2016

in € k	12/31/2015	09/30/2016
Assets		
A. Long-term assets		
I. Intangible assets	20,859	22,572
II. Fixed assets	6,276	6,499
III. Buildings and land in finance lease	15,316	14,797
IV. Other financial assets	5	5
V. Deferred tax assets	64	71
	42,520	43,944
B. Short-term assets		
I. Inventories	10,763	13,212
II. Receivables from deliveries and services and from production orders	7,793	10,582
III. Other short-term financial assets	233	334
IV. Other short-term assets	521	880
V. Claim for tax refunds	791	656
VI. Cash in bank and cash in hand	14,043	16,289
	34,144	41,953
	76,664	85,897



in € k

12/31/2015 09/30/2016

Liabilities

A. Equity

I. Subscribed capital	3,241	3,221
II. Capital reserves	2,443	2,185
III. Retained earnings including group's earnings	38,944	43,099
IV. Other components of equity	543	500
	45,171	49,005

B. Long-term debt

I. Long-term liabilities		
1. Long-term liabilities to banks	6,825	8,009
2. Liabilities from finance lease	10,117	8,995
II. Non-current provisions	748	748
III. Deferred tax liabilities	4,046	4,611
	21,736	22,363
	21,736	22,363

C. Other financial liabilities

I. Other financial liabilities	1,579	1,807
II. Short-term accrual liabilities	1,970	3,374
III. Short-term other liabilities		
1. Liabilities from deliveries and services	2,732	5,869
2. Other short-term financial liabilities	1,194	992
3. Liabilities from finance lease	2,156	2,158
IV. Current tax liabilities	126	329
	9,757	14,529
	76,664	85,897

Consolidated Statement of Changes in Equity

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2016 to September 30, 2016

in € k	Subscribed capital	Capital reserve	Retained earnings incl. group's earnings	Other components of equity			Total
				Differences due to currency conversion	Reserves for cash flow hedges	Sum of other components of equity	
Shareholders' equity as of 01/01/2015	3,181	0	33,931	195	0	195	37,307
Total result			6,049	265	0	265	6,314
Share salesback	66		3,707			0	3,773
Share buyback	-6		-241			0	-247
Dividend outpayment*			-2,223			0	-2,223
Shareholders' equity as of 09/30/2015	3,241	0	41,223	460	0	460	44,924
Total result			164	83	0	83	247
Share salesback	0	2,443	-2,443			0	0
Dividend outpayment*			0			0	0
Shareholders' equity as of 12/31/2015	3,241	2,443	38,944	543	0	543	45,171
Total result			6,791	-43		-43	6,748
Share salesback			0			0	0
Share buyback	-20	0	-1,016			0	-1,036
Dividend outpayment**	0	0	-1,878			0	-1,878
Shareholders' equity as of 09/30/2016	3,221	2,443	42,841	500	0	500	49,005

* 0,70 € per share

** 0,58 € per share



IR EVENTS 2016

Date	Event	Venue
11/10/2016	Analyst conference on exhibition VISION	Stuttgart, Germany
11/21 - 22/2016	Deutsches Eigenkapitalforum 2016 (German equity forum)	Frankfurt am Main, Germany

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