

Financial Results Q2 2014



Dietmar Ley (CEO), Hardy Mehl (CFO/COO)

Disclaimer

This document includes forward looking statements on Basler AG, its subsidiaries and associates, and on the economic und political conditions that may influence the business performance of Basler AG.

All these statements are based on assumptions made by the Executive Board using information available to it at the time.

Should these assumptions prove to be wholly or partly incorrect, or should further risks arise, actual business performance may differ from that expected.

The Executive Management Board therefore cannot assume any liability for the statements made.

Agenda

- **Company Profile**
- Growth Strategy
- Review & Financials
- Outlook



Company Profile

Who We Are

- A public listed family business
- The most trusted name in industrial cameras
- Founded in 1988
- € 65.1 million revenue (2013)
- 368 employees
- Headquarters in Ahrensburg, Germany



Company Profile

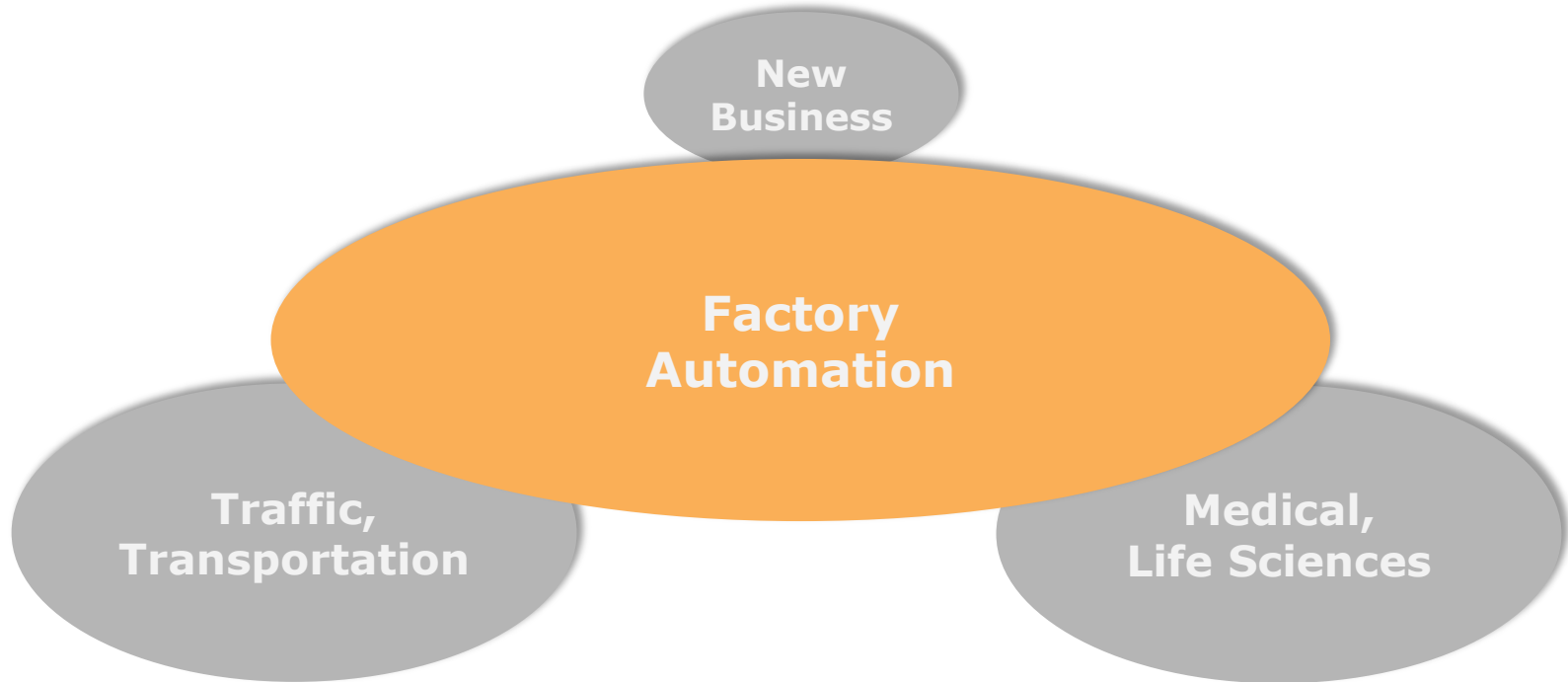
What We Make

- Cameras, made for
 - professional users (e.g. OEMs)
 - usage in investment goods (i.e. integration into machines)
 - automated imaging applications (e.g. quality inspection, license plate reading, blood analysis, face recognition)
 - 8 - 10 year product life cycle



Company Profile

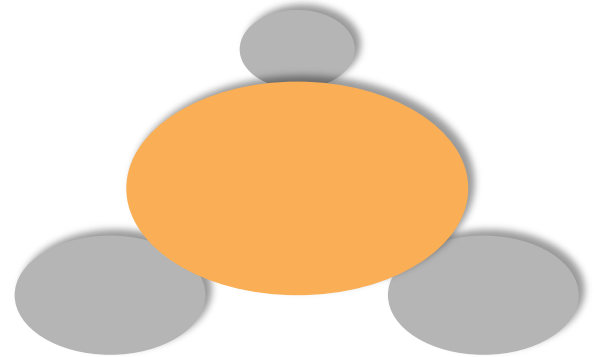
Which Markets We Serve



Company Profile

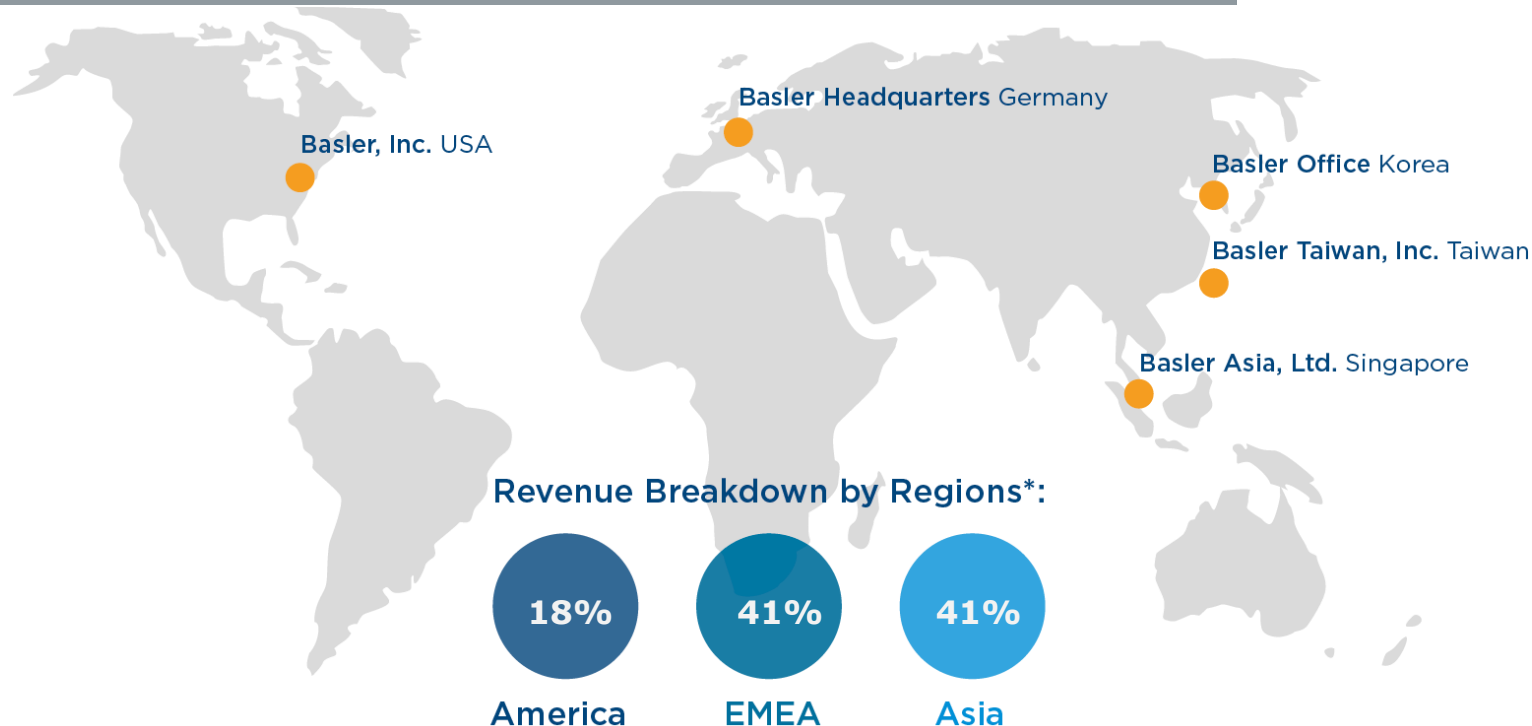
Which Markets We Serve

- Factory Automation,
Medical & Life Sciences,
Traffic & Transportation
 - Professional camera market ~ € 750 mill.
 - CAGR 8 – 10 %
- New Business
 - E.g. retail/POS, logistics, commercial vehicle
 - Professional camera market ~ € 100 mill.
 - CAGR > 20 %



Company Profile

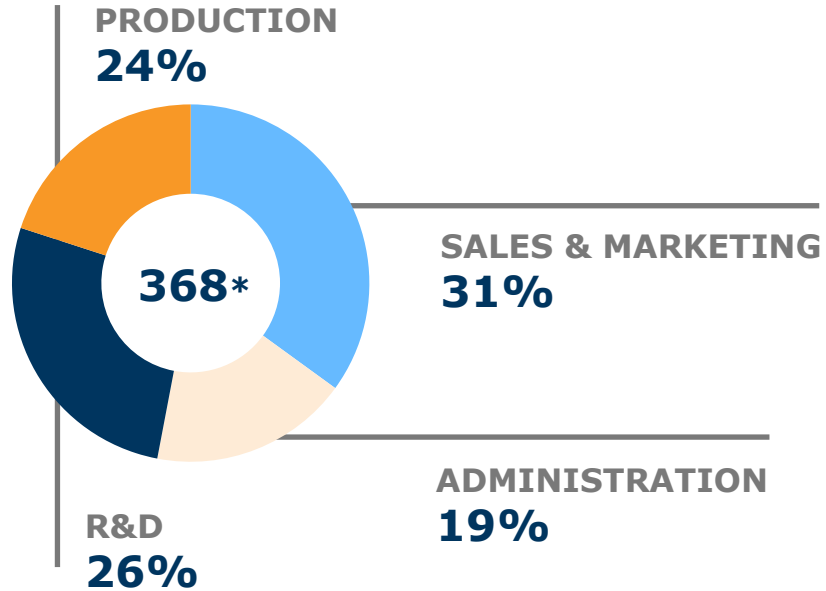
Where We Are



*as of June 30, 2014

Company Profile

Our Employees



*368 fulltime equivalent jobs as of June 30, 2014

Company Profile

Experienced Management-Team



Dr. Dietmar Ley
(Chief Executive Officer)

- Joined Basler in 1993
- Responsible for Product Development & HR



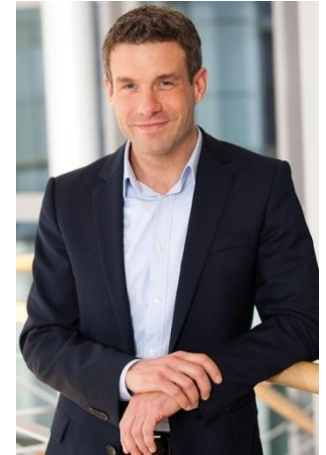
Arndt Bake
(Chief Marketing Officer)

- Joined Basler in 2001
- Responsible for Marketing & New Business



John P. Jennings
(Chief Commercial Officer)

- Joined Basler in 1998
- Responsible for Product Distribution & Subsidiaries



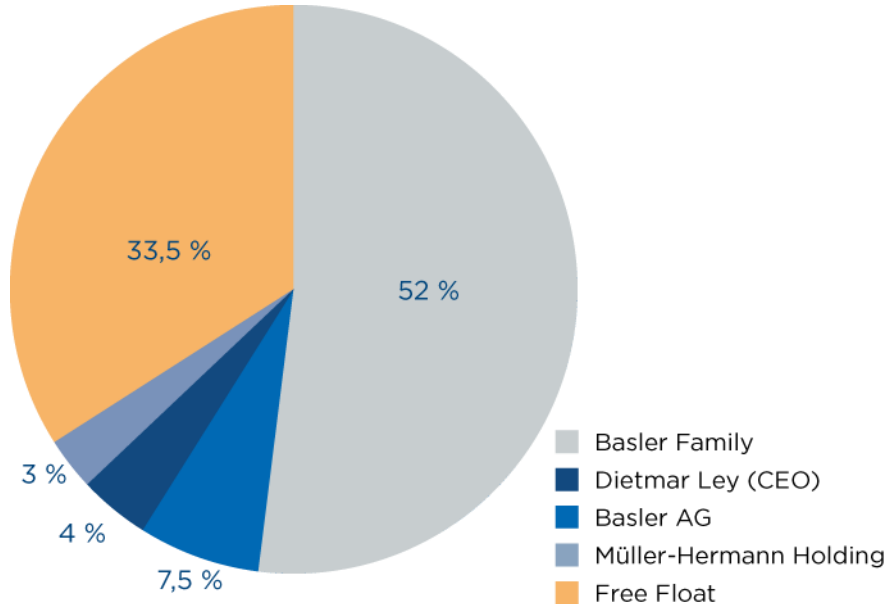
Hardy Mehl
(Chief Financial Officer,
Chief Operations Officer)

- Joined Basler in 1999
- Responsible for Finance, Admin & Operations

Company Profile

Basler Share

Shareholder Structure

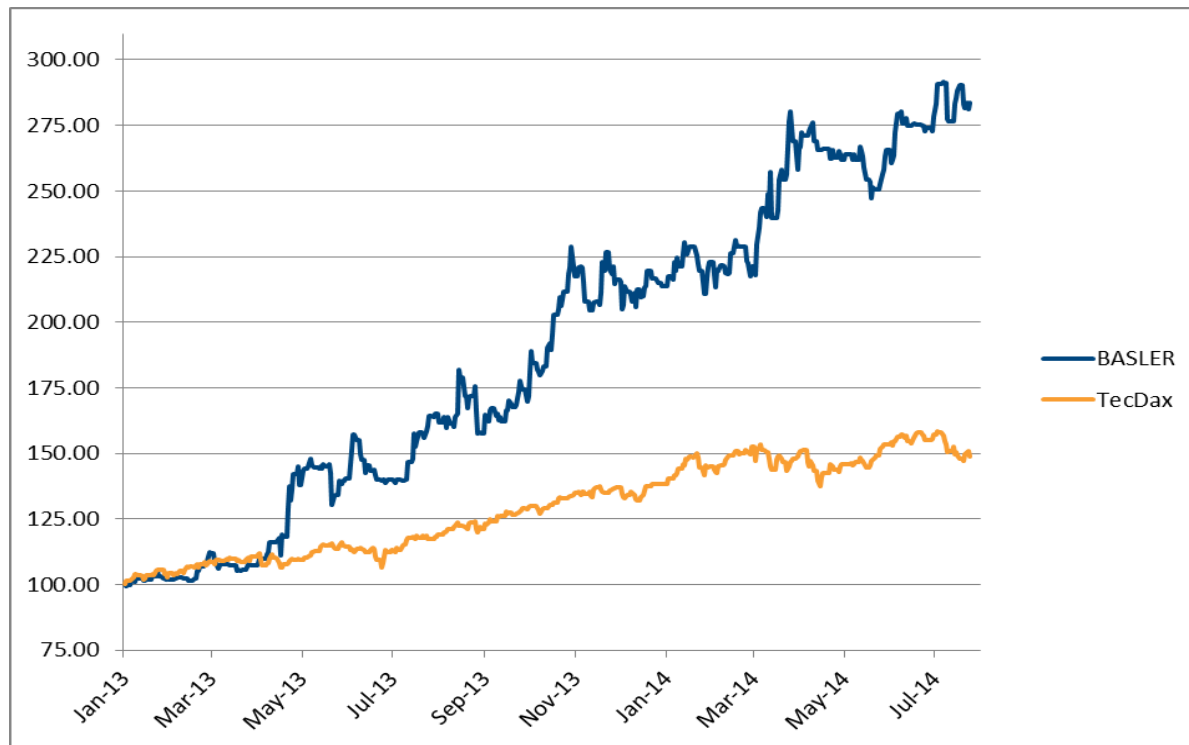


*as of June 30, 2014



Company Profile

Basler Share



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What Drives Us

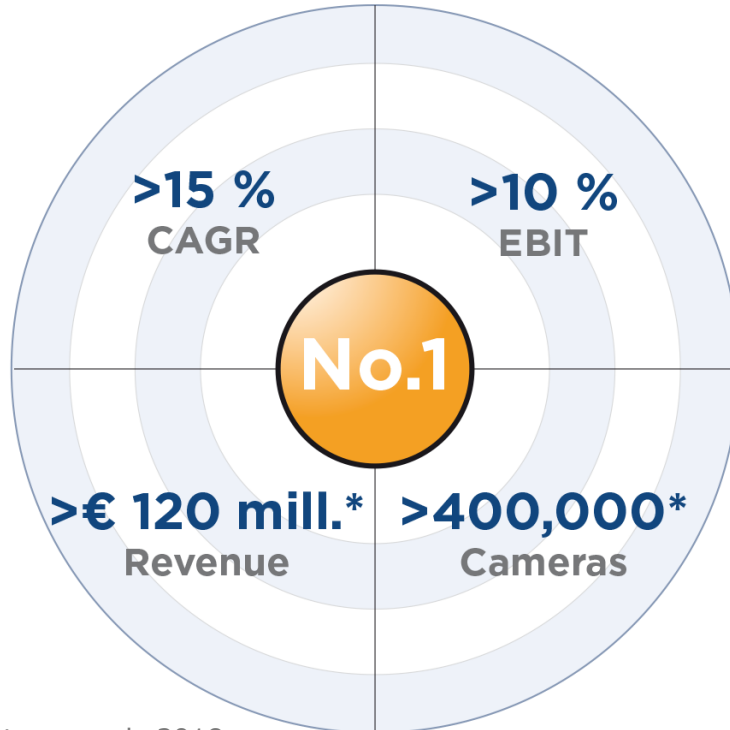
Our Vision & Mission

- Advances in technology will improve the quality of our lives
- We give technology the power of sight



Where We Are Going

Strategic Goals



*medium-term goals 2018

Where We Are Going

Strategic Goals

We achieve our 4YP by

- maximizing top-line growth at a healthy margin of $>10\%$ EBIT
- creating economic value with a $\sim 15\%$ ROCE (NOPAT) @ $7 - 9\%$ WACC
- generating positive free cash flows on a fiscal year base
- being focused on organic growth



How We'll Get There

Strategy

We evolve from

- being an industrial camera company
- to become a camera company (for B2B markets)

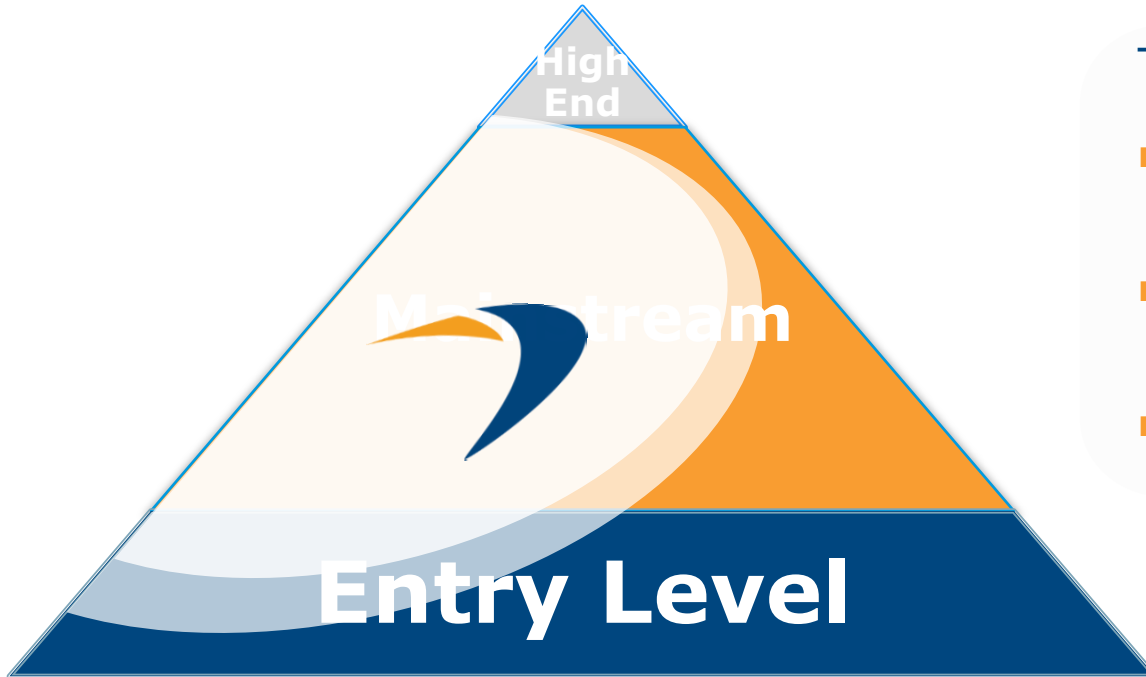
We grow by

- expanding our industrial camera business with regard to products and regions
- entering non-factory camera applications and markets



How We'll Get There

Strategy, Market Position

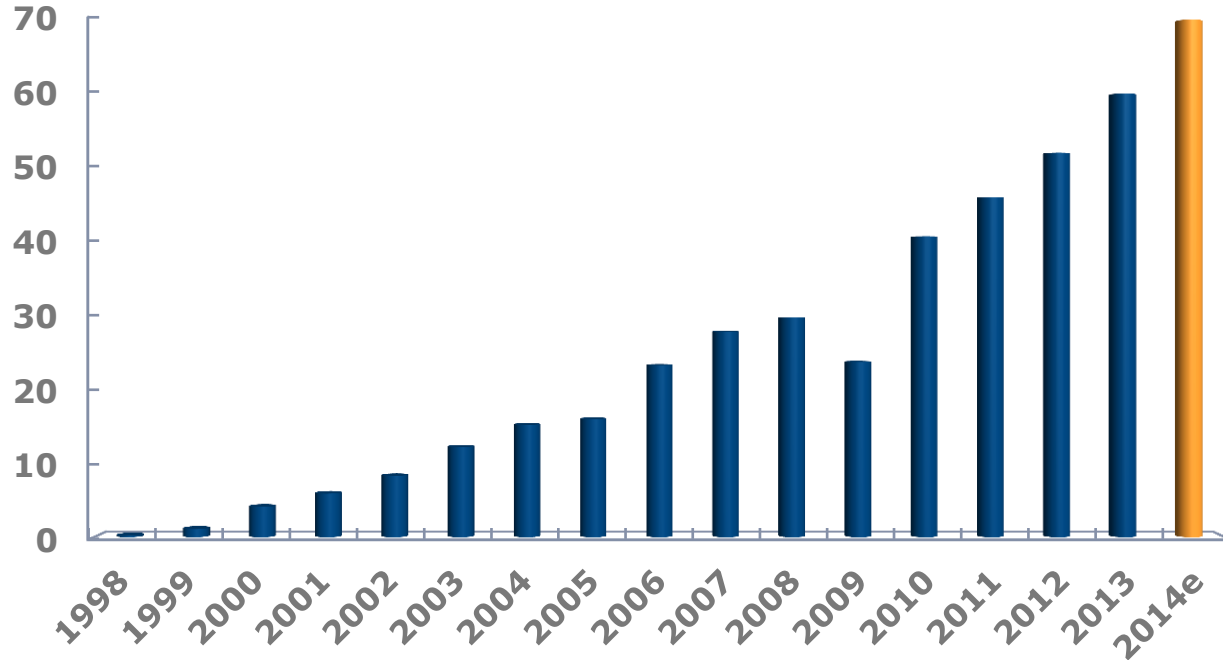


Tomorrow

- Maintain position in High-End
- Expand position in Mainstream
- Expand position in Entry-Level

What we have achieved

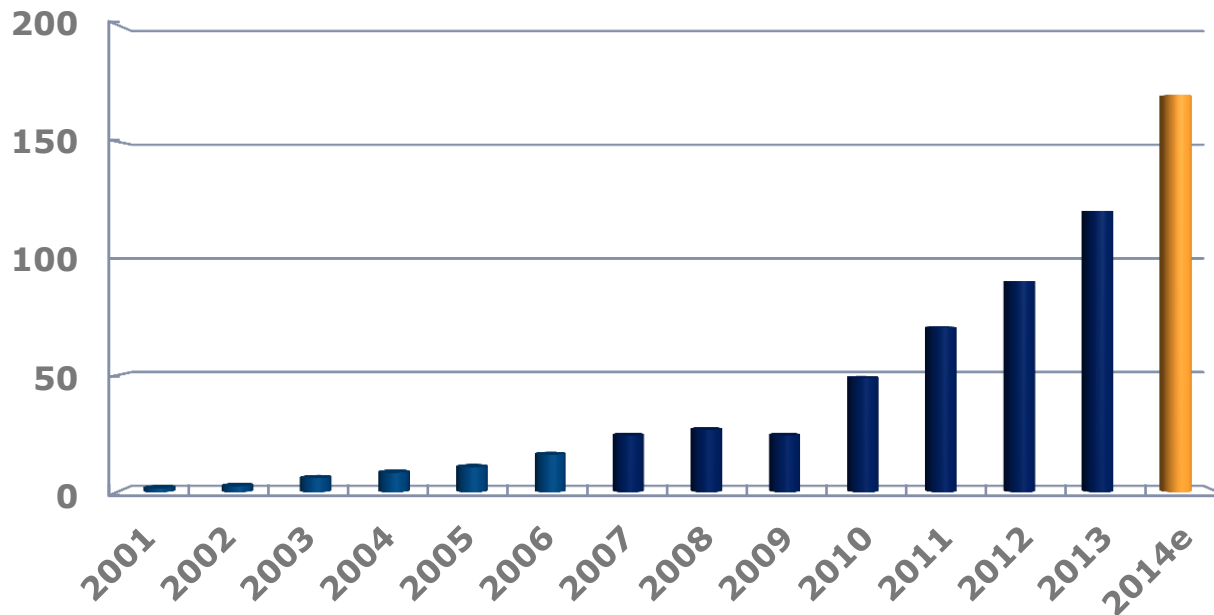
Sales Growth in Camera Business



*in Mio. €

What we have achieved

Growth of Camera Units



*in thousand pieces

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Business Review

Market Situation & Growth Drivers in Q2 2014

- Bookings and billings significantly above market*
- High profit growth due to economies of scale
- No business impact by geopolitical conflicts
- Gigabit Ethernet cameras drive revenue growth
- Asia continues to be the fastest growing region
- Bookings of recently introduced USB3 cameras continue to grow



*VDMA predicts +12% market growth for 2014

Business Review

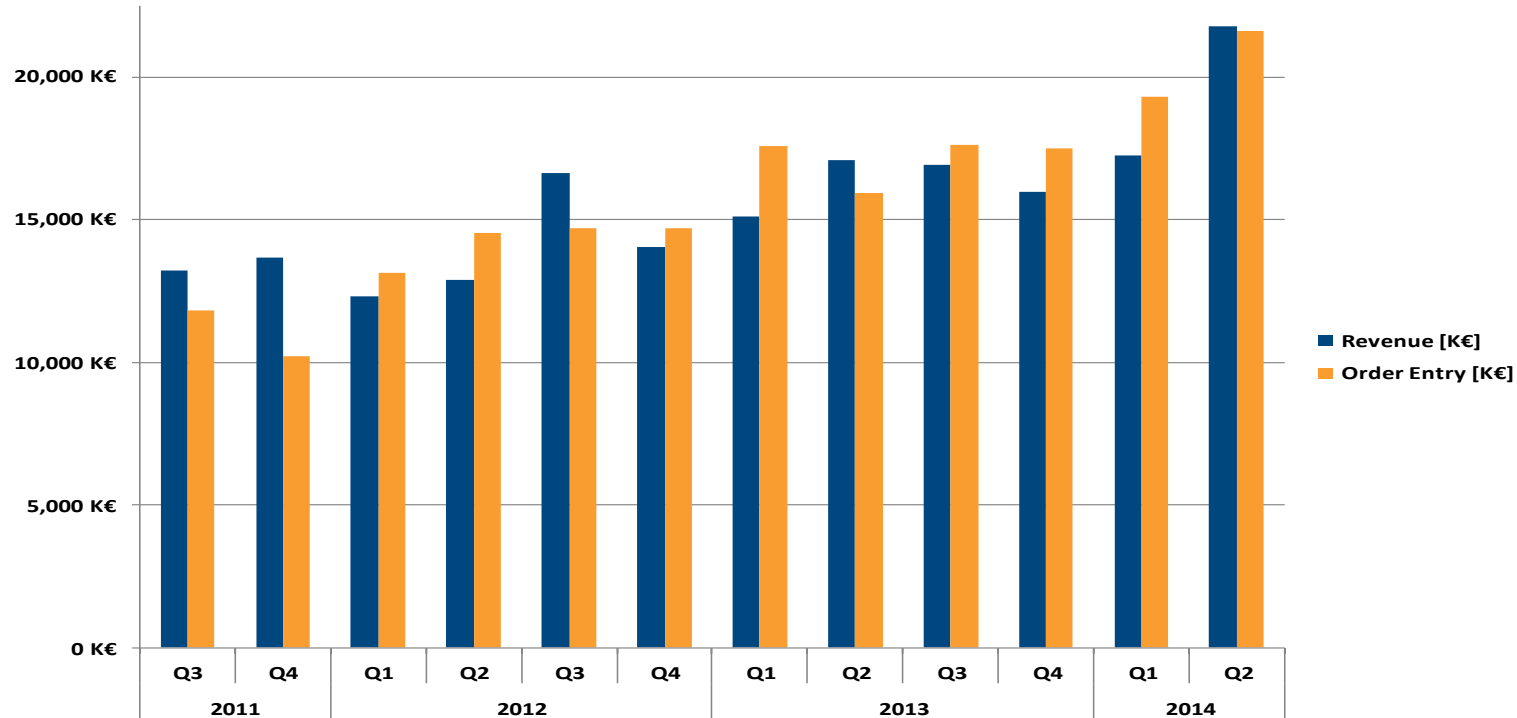
Highlights in Q2 2014

- Several monthly production records. All time high in May 2014: 19,835 camera units were produced
- Introduction of further ace models with high resolution CMOS sensors
- Official opening of production facility in Singapore on July 4th, 2014
- Fifth share buyback program started on June 30, 2014, in order to increase treasury shares from 7,5% up to 10%



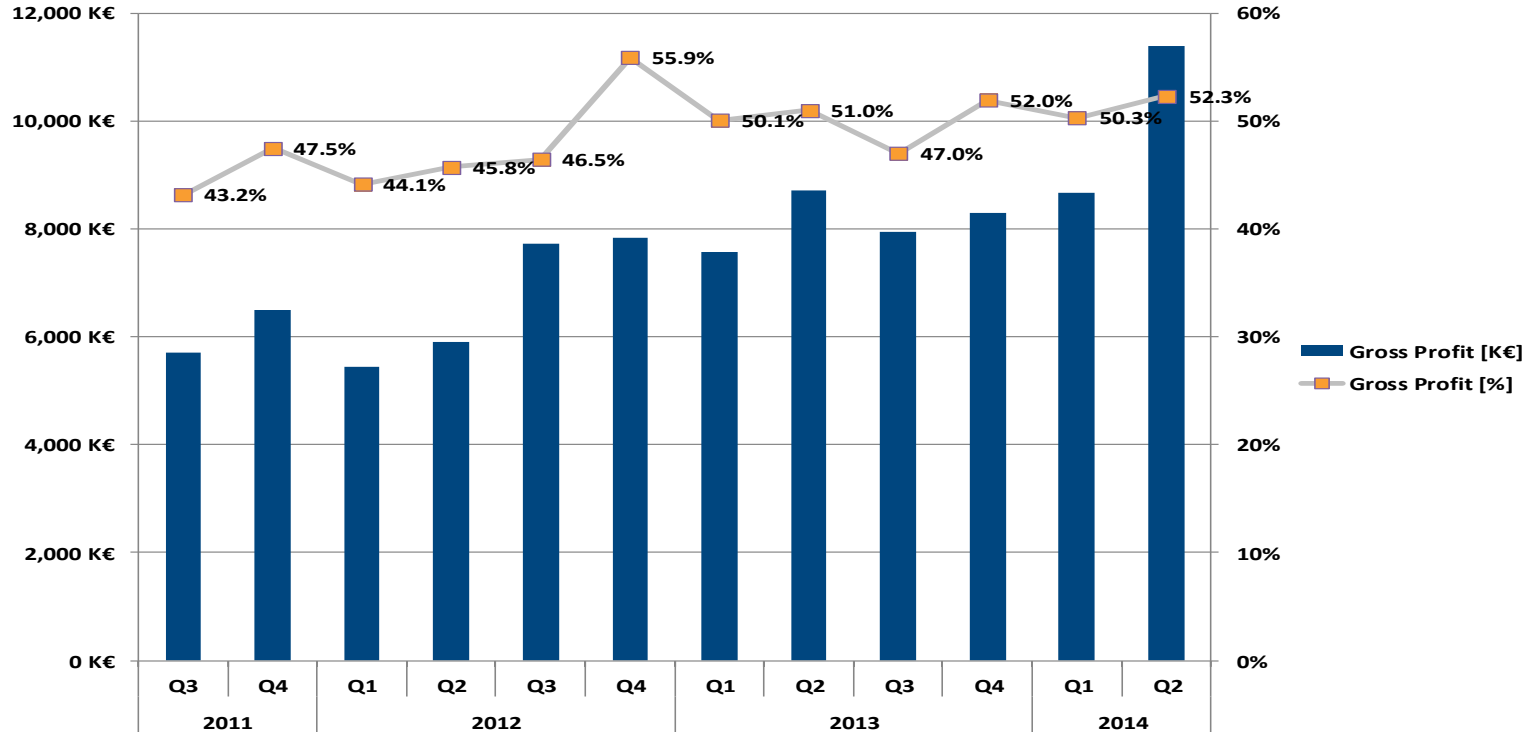
Revenue & Order entry

Last 12 Quarters



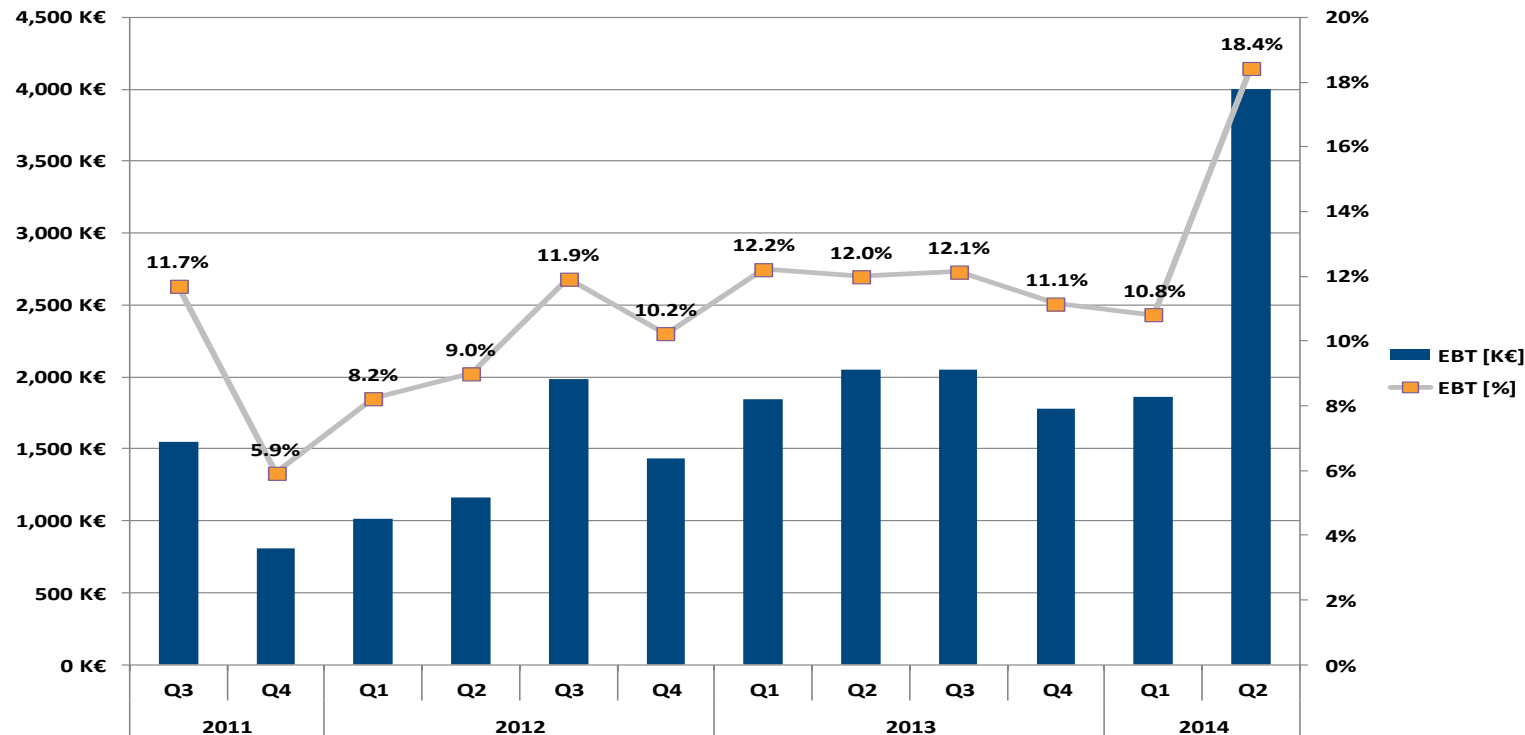
Gross Profit

Absolut and by percentage



EBT

Absolut and by percentage



Final Results HY1-2014

Profit & Loss

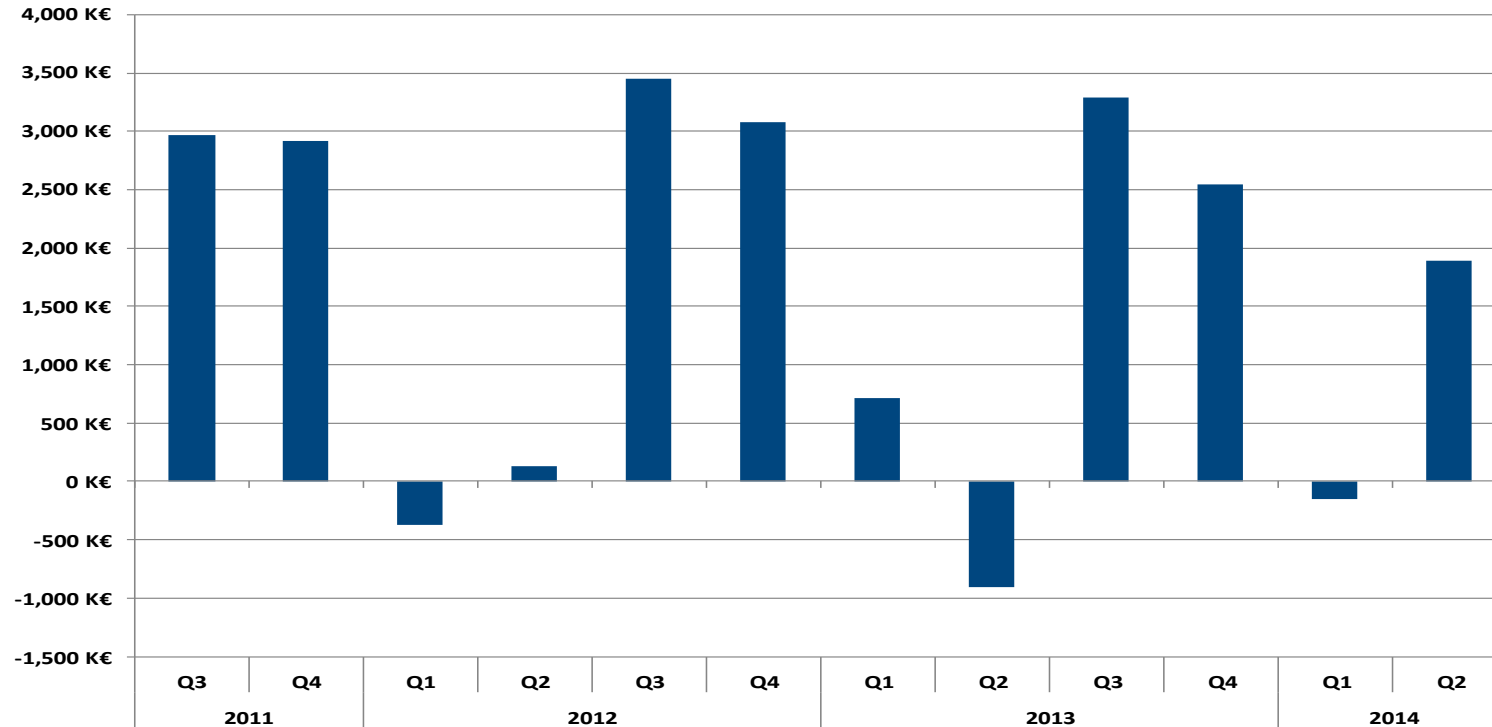
	HY1-2013	HY1-2014	+/-
Order Entry	33.3	40.9	+23%
Sales	32.2	39.0	+21%
Gross Profit	16.3	20.1	+23%
EBIT	4.2	6.7	+60%
EBT	3.9	5.9	+51%
Net Income	2.7	4.5	+67%
EPS*	0.82	1.38	+68%



*All numbers other than EPS in € mill., EPS in €

Free Cash Flow

Last 12 Quarters



Final Results HY1-2014

Cashflow

	HY1-2013	HY1-2014	+/-
Cash, b.o. period	8.2	9.7	+18%
Cashflow from Operations	2.3	5.3	+130%
Cashflow from Investments	-2.5	-3.6	+44%
Free Cashflow	-0.2	1,7	n.a.
Cashflow from Financing	-1.3	-0.8	+38%
Cash, e.o. period	6.7	10.6	+58%



*All numbers in € mill.

Final Results HY1-2014

Net Cash

	December 31st, 2013	June 30, 2014	+/-
Liabilities to banks	-6.0	-8.3	+38%
Total Debt	-6.0	-7.7	+28%
Cash & Cash equivalents	9.7	10.6	+9%
Operative Net Cash	3.7	2.2	-41%



*Numbers in € mill.

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- **Outlook**



Outlook

2014 Environment

- Global macro-economic environment expected to remain mostly unchanged (if geopolitical tensions can be managed)
- No significant devaluation of US Dollar and Japanese Yen anticipated



Outlook

What's Important For Basler In 2014?

- Further expand market leadership in Gigabit-Ethernet camera market
- Ramp-up USB-3 product line & leverage early-mover advantage
- Gain market share in line scan camera market
- Prepare for becoming a € 120 mill.+ company in all value-generating functions
- Accelerate growth investments (personnel and capex) to better balance top line and bottom line results
- Ramp up Asia production



Outlook

Guidance FY-2014

- Sales € 73 – 76 mill.
- EBT-Margin 12 – 14 %
- Positive free cashflow (on fiscal year base)
- 1st year w/o new orders from former business segment Solutions



Ask Questions

Get Answers



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