



2013

THREE-MONTH REPORT

25 Years
BASLER

Key Figures

in € m*	Q1 2011	Q1 2012	Q1 2013	Changes to previous year
Sales revenues	13.7	12.3	15.1	23 %
Incoming orders	17.2	13.8	17.6	28 %
Gross results	6	5.4	7.6	41 %
Gross margin	43.8 %	43.9 %	50.3 %	6 Pp.
Full costs for research and development	1.7	2.0	2.2	10 %
Research and development margin	12.4 %	16.3 %	14.6 %	-2 Pp.
EBITDA	3.5	2.9	3.3	14 %
EBIT	2.0	1.2	2.0	67 %
EBT	1.6	1.0	1.8	80 %
Quarterly surplus	1.3	0.8	1.2	50 %
Weighted average number of shares	3,500,000	3,432,164	3,324,192	-3 %
Result per share (€)	0.36	0.22	0.35	59 %
Cash flow from operational activity	2.2	1.4	1.9	36 %
Cash flow from financing activity	-1.9	-1.8	-1.2	-33 %

in € m*	12/31/2011	12/31/2012	03/31/2013	Changes to previous year
Total assets	55.9	58.5	59.2	1 %
Long-term assets	33.2	34.5	34.4	0 %
Equity	27	29.6	30.9	4 %
Borrowed capital	28.9	28.9	28.3	-2 %
Equity ratio	48.3 %	50.6 %	52.2 %	2 Pp.
Operating net debt	-2.4	-3.5	-3.4	-3 %
Working Capital	12.1	12.0	12.1	1 %
Number of employees for the fiscal year, equivalents of full-time employment	267	290	311	7 %
Share price (XETRA) in €	13.48	13.79	14.79	7 %
Number of shares in circulation	3,445,313	3,325,664	3,319,775	0 %
Market capitalization	46.4	45.9	49.1	7 %

*unless otherwise stated

THREE-MONTH REPORT 2013

- **Incoming orders:**
€ 17.6 million (previous year: € 13.8 million, +28 %)
- **Sales**
€ 15.1 million (previous year: € 12.3 million, +23 %)
- **EBIT:**
€ 2.0 million (previous year: € 1.2 million, +67 %)
- **Pre-tax earnings:**
€ 1.8 million (previous year: € 1.0 million, +80 %)
- **Operating cash flow:**
€ 1.9 million (previous year: € 1.4 million, +36 %)

Dear Ladies and Gentlemen,

Basler AG started with good results into fiscal year 2013.

Despite continuing global economic uncertainties, incoming orders, sales, and results in the reporting period were considerably above the comparative values of the previous year. Moreover, the double-digit percentage sales growth is clearly above the expectations published by the German Engineering Federation (Verband Deutscher Maschinen und Anlagenbau, VDMA) for the German image processing market (+2 %).

At the end of 2012, after completion of the transformation of Basler AG towards a pure camera manufacturer begun in 2009, from the beginning of the 2013 fiscal year on, the growth of the Basler group will be determined only by the core business with industrial cameras and no longer be influenced by the cyclicity and decreasing nature of other business units. The first quarter 2013 results show that henceforth Basler AG will again generate sales and profit growth on group level and is making progress in achieving the mid-term sales target of € 100 million.

GROUP INFORMATION

Sales, incoming orders, and gross profit

Incoming orders for the group summed to € 17.6 million in the first three months (previous year: € 13.8 million, +28 %). Sales revenues for the group amounted to € 15.1 million in the first three months (previous year: € 12.3 million, +23 %). In 2013, 38 % of the sales revenue derived from the Asian markets (previous year: 36 %), 38 % from the European market (previous year: 38 %) and 24 % from the North American market (previous year: 26 %). In the first three months, the group's gross profit developed better than in the previous year due to the product mix. As a result, the gross margin increased by 6 percentage points to 50.3 % in the first three months (previous year: 43.9 %).

Costs

In the first three months, expenses for sales and marketing amounted to € 2.7 million and thus were above the previous year's figure of € 2.2 million (+23 %). The general administrative costs of € 1.7 million remained on the previous year's level (previous year: € 1.7 million). The full costs for research and development amounted to € 2.2 million corresponding to an increase of 10 % compared to the previous year's figure of € 2.0 million. The increase of the research and development costs is due to ongoing investments that are made in order to expand our product range in view of future growth.

Result

In the first three months of 2013, Basler AG achieved earnings before taxes (EBT) for the group of € 1.8 million. This result exceeds the EBT of € 1.0 million generated in the same period of the previous year by 80 %. The pre-tax return amounted to 12 % (previous year: 8 %) and was therefore above the corridor of 8 % to 10 %, predicted for fiscal year 2013. The group's earnings before interest and taxes (EBIT) amounted to € 2.0 million (previous year: € 1.2 million, +67 %). This corresponds to an EBIT return of 13 % (previous year: 10 %).

This improved profit situation is due to a combination of an above plan level of sales revenues and gross margin, and below plan developing operational costs. In comparison, the same period of the previous year was characterized by restrained sales, a weaker gross margin, and scheduled operational costs.

BUSINESS DEVELOPMENT

In its core business with digital cameras for applications in industry and video surveillance, Basler AG set again new benchmarks for incoming orders, sales, and profit in the first three months. The growth in sales of +23 % is considerably above the growth rate of 2 % assumed by the German Engineering Federation (Verband Deutscher Maschinen und Anlagenbau, VDMA) for the German image processing industry.

Due to Basler AG's strategic focus on the mainstream and entry level segments in the market for industrial cameras, the delivered quantities increased more strongly than the revenues. Once more, the main driver for the increase in sales and quantities were our industrial cameras with Gigabit Ethernet interface (GigE) for which we generated growth in the double-digit percentage range. Also our new racer line scan camera family met with lively customer interest. As a result, the series start-up of our racer family is progressing faster than planned. The response to the ace cameras with USB3 3.0 interface that were recently launched

onto the market is also promising. This product line will be important for the future growth of Basler AG. The series start-up will begin in the second quarter of 2013 as scheduled. During a period of global economic instability, we consider the growth momentum of the camera business as evidence for the effectiveness of our business strategy.

Basler regularly carries out customer satisfaction measurements in order to obtain feedback concerning the product portfolio, the product and service quality on the basis of which improvements are systematically implemented. The already high level of customer satisfaction has again increased in all regional markets this year. Also in the future we will use this important instrument in order to further develop and improve products, services, and processes of our company in line with customer requirements.

Employees

The number of employees of the Basler group was 311 on the reporting date (previous year: 277, 12 %). The regional allocation is as follows:

- Headquarters in Ahrensburg, Germany: 272 (previous year: 236).
- Subsidiary in U.S.A.: 14 (previous year: 18)
- Subsidiary in Taiwan: 8 (previous year: 10)
- Subsidiary in Singapore: 13 (previous year: 8)
- Representative offices in Korea and Japan: 4 (previous year: 5)

Cash flow, liquid assets, and debts

The operating cash flow amounted to € 1.9 million in the reporting period (previous year: € 1.4 million, +36 %). With lower investments in the fixed assets in the amount of € 1.2 million (previous year: € 1.8 million, -33 %), the free cash flow (calculated as operating cash flow less cash flow from investments) amounted to € 0.7 million (previous year: € -0.4 million).

At the end of the reporting period, liquid assets amounted to € 8.1 million and were thus 45 % above the level of the same period of last year (€ 5.6 million).

The equity amounted to € 30.9 million at the end of the reporting period (previous year: € 29.6 million; +4 %). The net cash position amounted to € 3.4 million at the reporting date (previous year: € 3.5 million, -3 %).

The Basler Share

The Basler share opened at a price of € 14.00 at the beginning of the first quarter of 2013. After a temporary increase in February to more than € 15.00, subsequent to the publication of the preliminary business figures of 2012, the share price slightly decreased again and closed at € 14.79 at the end of the quarter. The average daily trade volume in the first quarter was close to 4,700 units. At the end of the first quarter, the market capitalization of Basler AG amounted to € 49.1 million (December 31, 2012: € 45.9 million, +7 %).

On March 19, 2013, the management board informed the Basler investors about a buyback of bearer shares with an equivalent value of up to € 1.0 million via the stock market. This buyback program started on March 20, 2013. It is based on a resolution of the shareholders' meeting of May 18, 2010, authorizing the company to buy own shares amounting to a total of up to 10 % of the share capital of the corporation existing at the time the resolution was adopted. The authorization is approved until May 18, 2015. The shares can be used for all purposes provided for in the authorization of the shareholders' meeting of May 18, 2010. Basler AG wants to make use of the share's current valuation that is considered favorable and further expand the package of shares already bought last year. The buyback programs will be carried out through a credit institution that will decide upon the time for the individual buybacks independently of Basler AG and according to Commission Regulation (EC) No 2273/2003 of December 22, 2003.

As of March 31, 2013, the management board and the supervisory board held the following shares:

	03/31/2013 Number of Shares	03/31/2012 Number of Shares
Supervisory Board		
Norbert Basler	1,816,891	1,808,761
Konrad Ellegast	-	-
Prof. Dr. Eckart Kottkamp	-	-
Management Board		
Dr. Dietmar Ley	144,358	144,043
John P. Jennings	5,500	5,500
Arndt Bake	700	0

Corporate Governance - declaration of compliance according to Section 161 AktG

The management board and the supervisory board declare that in fiscal year 2013 to date Basler AG complied with the recommendations for conduct as amended on May 15, 2012 by the "Government Commission of the German Corporate Governance Code" (hereinafter called "code") with the following exceptions:

Clause 3.8, Paragraph 3 - D&O Insurance Deductible for the Supervisory Board

Clause 3.8, paragraph 3, of the code sets forth that an appropriate deductible should be stipulated when the company takes out a D&O insurance policy for the supervisory board. The D&O insurance coverage for the management board comprises a deductible according to statutory provisions. However, the insurance policy does not provide for a deductible for the members of the supervisory board. The management board and the supervisory board are convinced that responsible action is a self-evident obligation for all members of the company's executive bodies. Therefore, a deductible for the members of the supervisory board is not necessary.

Clause 5.3 - Establishment of committees within the Supervisory Board

The supervisory board does not establish any committees. The supervisory board of Basler AG comprises three persons. This configuration ensures efficient work in all matters of the supervisory board, especially as the generally accepted minimum size for a committee is a membership of three.

Clause 5.4.1 - Composition of the Supervisory Board

For nominations to the general meeting, the supervisory board will also in the future continue to align itself to legal requirements and will emphasize the candidates' professional and personal qualifications independent of gender. Consideration will also be given to the international activities of the company, to potential conflicts of interest, and to diversity. Basler AG does not state specific pertinent goals in these areas.

The respective current version of the declaration of compliance with the code can be accessed on the Basler website's Investors area at www.baslerweb.com.

If you have any questions regarding the Corporate Governance Code please contact the compliance officer of Basler AG, Dr. Dietmar Ley (CEO), Tel. +49 4102 - 463 100, ir@baslerweb.com

Outlook

For Basler AG, fiscal year 2013 has started better than expected. We have made good progress in expanding our product portfolio and market access and have grown stronger than the image processing market average growth.

Nevertheless, the uncertainties due to the global economic development that were taken into consideration in the planning for 2013 remain unchanged. Due to these risks and the fact that we are still early in the fiscal year, for the time being we reaffirm our planning according to which the group's sales in 2013 will be within a corridor between € 60 million to € 63 million and a pre-tax return of 8 to 10 %.

After the second quarter, we will review our forecast in the second half year when the development of our business is more visible for us.

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.

Management Board



Dr. Dietmar Ley
(CEO)



John P. Jennings
(CCO)



Arndt Bake
(COO)

Consolidated Profit and Loss Statement

Group's annual balance sheet according to IFRS for the period January 1, 2013 to March 31, 2013

in € k	01/01/ - 03/31/2013	01/01/ - 03/31/2012
Sales	15,119	12,319
Cost of sales	-7,546	-6,882
- of which depreciations on capitalized developments	-805	-1,206
Gross profit on sales	7,573	5,437
Other internal income	407	313
Sales and marketing costs	-2,706	-2,158
General administration costs	-1,706	-1,661
Other expenses	-1,573	-695
Operating result	1,995	1,236
Financial income	346	1
Financial expenses	-497	-224
Financial result	-151	-223
Earnings before tax	1,844	1,013
Income tax	-694	-258
Group's quarterly surplus	1,150	755
of which are allocated to		
shareholders of the parent company	1,150	755
non-controlling shareholders	0	0
Average number of shares	3,324,192	3,432,164
Earnings per share diluted / undiluted (Euro)	0.35	0.22

Consolidated Statement of Comprehensive Income

Group's annual balance sheet according to IFRS for the period January 1, 2013 to March 31, 2013

in € k	01/01/ - 03/31/2013	01/01/ - 03/31/2012
Group's Quarterly surplus	1,150	755
Result from differences due to currency conversion, directly recorded in equity	40	1
Surplus/ Net loss from cashflow hedges	168	166
Total result, through profit or loss	208	167
Total result	1,358	922
of which are allocated to		
shareholders of the parent company	1,358	922
non-controlling shareholders	0	0

Consolidated Cash Flow Statement

Group's annual balance sheet according to IFRS for the period January 1, 2013 to March 31, 2013

in € k	01/01/ - 03/31/2013	01/01/ - 03/31/2012
Operational activity		
Group's period surplus	1,150	755
Increase / decrease in deferred taxes	408	103
Interest outpayment / interest inpayment	384	290
Depreciations on fixed assets objects	1,305	1,685
Change in the capital resources without affecting payment	209	165
Increase (+) / decrease (-) in the accruals	-585	71
Profit (-) / loss (+) from the outflow of fixed asset objects	0	-6
Increase (+) / decrease (-) in the reserves	-349	-499
Increase (+) / decrease (-) in the down payments received	314	-61
Increase (+) / decrease (-) in the receivables from deliveries and services	-417	-500
Increase (+) / decrease (-) in other assets	-124	-27
Increase (+) / decrease (-) in the payables from deliveries and services	-241	-213
Increase (+) / decrease (-) in other liabilities	-140	-352
Cash inflow from business activity	1,914	1,411
Investment activity		
Outpayments for investments in fixed assets	-1,204	-1,788
Inpayment from outflow of fixed asset objects	0	8
Cash outflow from investment activity	-1,204	-1,780
Financing activity		
Outpayment from repayment of bank loans	-38	-511
Silent partnership outpayment	0	0
Outpayment for the clearing of financing liabilities	-307	-285
Inpayment from the taking out of bank loans	0	0
Outpayment from the taking out of loans from closely affiliated persons	0	0
Interest outpayment	-384	-291
Outpayment for own shares	-86	-386
Outpayment for dividends	0	0
Cash outflow from financing activity	-815	-1,473
Changes in the funds that affect the payment in the period	-105	-1,842
Funds at the beginning of the period	8,197	7,438
Funds at the end of the period	8,092	5,596
Composition of the funds at the end of the period		
Cash in bank and cash in hand	8,092	5,596
Outpayment for taxes	0	139

Group Balance Sheet

Group's annual balance sheet according to IFRS for the period January 1, 2013 to March 31, 2013

in € k	03/31/13	12/31/2012
Assets		
A. Long-term assets		
I. Intangible assets	13,689	13,642
II. Fixed assets	3,413	3,388
III. Buildings and land in finance lease	17,219	17,392
IV. Other financial assets	5	5
V. Deferred tax assets	123	94
	34,449	34,521
B. Short-term assets		
I. Inventories	7,985	7,636
II. Receivables from deliveries and services and from production orders	6,740	6,323
III. Other short-term financial assets	116	137
IV. Other short-term assets	1,034	937
V. Claim for tax refunds	773	726
VI. Cash in bank and cash in hand	8,092	8,197
	24,740	23,956
	59,189	58,477

in € k	03/31/13	12/31/2012
Liabilities		
A. Equity		
I. Subscribed capital	3,320	3,326
II. Capital reserves	0	0
III. Retained earnings including group's earnings	27,568	26,498
IV. Other components of equity	-31	-239
	30,857	29,585
B. Long-term debt		
I. Long-term liabilities		
1. Long-term liabilities to banks	3,155	3,289
2. Other financial liabilities	20	19
3. Liabilities from finance lease	13,797	14,103
II. Non-Current provisions	489	489
III. Deferred tax liabilities	457	19
	17,918	17,919
C. Short-term debt		
I. Other financial liabilities	2,956	3,222
II. Short-term accrual liabilities	2,091	2,212
III. Short-term other liabilities		
1. Liabilities from deliveries and services	1,612	1,846
2. Other short-term financial liabilities	1,185	658
3. Liabilities from finance lease	2,149	2,149
IV. Current tax liabilities	421	886
	10,414	10,973
	59,189	58,477

Consolidated Statement of Changes in Equity

Group's annual balance sheet according to IFRS for the period January 1, 2013 to March 31, 2013

in € k	Other components of equity						Total
	Subscribed capital	Capital reserve	Retained earnings incl. group's earnings	Differences due to currency conversion	Reserves for cash flow hedges	Sum of other components of equity	
Sharholders' equity as of 01/01/2012	3,445	446	24,256	-37	-1,093	-1,130	27,017
Total result			755	1	166	167	922
Share buyback	-32	-354				0	-386
Shareholders' equity as of 03/31/2012	3,413	92	25,011	-36	-927	-963	27,553
Total result			3,331	-35	759	724	4,055
Share buyback	-87	-92	-831			0	-1,010
Dividend outpayment ¹⁾			-1,013			0	-1,013
Shareholders' equity as of 12/31/2012	3,326	0	26,498	-71	-168	-239	29,585
Total result			1,150	40	168	208	1,358
Share buyback	-6	0	-80			0	-86
Shareholders' equity as of 03/31/2013	3,320	0	27,568	-31	0	-31	30,857

¹⁾ € 0.30 per share

Events 2013

Finance

Date	Fair	Venue
05/22/2013	General meeting 2013	Hamburg, Germany
08/08/2013	Publication of the six-month report 2013	Ahrensburg, Germany
11/07/2013	Publication of the nine-month report 2013	Ahrensburg, Germany

Trade Fairs and Conferences

Date	Fair	Venue
06/12-14/2013	Exhibition on Sensing via Image Information	Yokohama, Japan
06/18-20/2013	Photonics Festival	Taipei, Taiwan
06/26-28/2013	Vision China, Shenzhen	Shenzhen, China
08/28-31/2013	Taipei Int'l Industrial Automation Exhibition	Taipei, Taiwan
10/16-18/2013	Vision China, Beijing	Beijing, China
November	AOI Forum & Show	Hsinchu, Taiwan
11/20-23/2013	Metalex Thailand	Bangkok, Thailand
12/4-6/2013	International Technical Exhibition on Image Technology and Equipment	Yokohama, Japan
12/05-07/2012	International Technical Exhibition on Image Technology and Equipment	Yokohama, Japan

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