



3-MONTH REPORT 2017

KEY FIGURES

in € m*	Q1 2015	Q1 2016	Q1 2017	Changes to previous year
Sales revenues	22.3	22.4	36.3	62 %
Incoming orders	21.0	23.5	60.4	157 %
Gross results	10.9	11.0	18.0	64 %
Gross profit margin	48.9 %	49.1 %	49.6 %	1 Pp.
Full costs for research and development	2.9	3.4	4.0	18 %
Research and development ratio	13.0 %	15.2 %	11.0 %	-4 Pp.
EBITDA	4.5	4.0	10.0	150 %
EBIT	3.2	2.4	8.0	233 %
EBT	3.0	2.2	7.9	259 %
Net income	2.3	1.6	5.7	256 %
Weighted average number of shares	3,176,492	3,241,363	3,226,407	
Result per share (€)	0.72	0.51	1.78	249 %
Cash flow from operating activities	1.6	0.8	4.2	425 %
Cash flow from investing activities	-2.9	-2.0	-2.5	25 %
Free Cash flow	-1.3	-1.2	1.7	242 %

in € m*	12/31/2015	12/31/2016	03/31/17	Changes to previous year
Total assets	76.7	90.4	100.4	11 %
Long-term assets	42.5	43.9	44.4	1 %
Equity	45.2	50.0	55.1	10 %
Liabilities	31.5	40.4	45.3	12 %
Equity ratio	58.9 %	55.3 %	54.9 %	0 Pp.
Net cash	6.6	8.8	9.2	5 %
Working Capital	15.8	18.6	24.6	32 %
Number of employees for the fiscal year (full time equivalents)	438	457	480	5 %
Share price (XETRA) in €	43.43	60.37	73.40	22 %
Number of shares in circulation	3,241,363	3,215,247	3,204,566	0 %
Market capitalization	140.8	194.1	235.2	21 %

*unless otherwise stated

OVERVIEW, GROUP RESULTS Q1/2017:

- Incoming orders: € 60.4 million (previous year: € 23.5 million, +157 %)
- Sales: € 36.3 million (previous year: € 22.4 million, +62 %)
- EBIT: € 8.0 million (previous year: € 2.4 million, +233 %)
- EBT: € 7.9 million (previous year: € 2.2 million, +259 %)
- Operating cash flow: € 4.2 million (previous year: € 0.8 million, +425 %)
- Free cash flow: € 1.7 million (previous year: € -1.2 million, >100 %)

Dear Ladies and Gentlemen,

In a dynamic market environment, Basler AG had a very strong start in the first three months of 2017. Record values for incoming orders and sales led to a further expansion of the market position and to a considerable order backlog. The high business level led to significant economies of scale and thus to a considerable increase of the pre-tax result.

BUSINESS DEVELOPMENT

For the first quarter of 2017, the VDMA (Verband Deutscher Maschinen- und Anlagenbau, German Engineering Federation) reported a sales growth amounting to +37 % for the German manufacturers of image processing components. According to the VDMA (Verband Deutscher Maschinen- und Anlagenbau, German Engineering Federation) incoming orders in the industry grew by 65 % in the same period.

In comparison to the market, in the first three months of 2017, Basler AG achieved an increase in sales of 62 % and thus considerably gained market shares. The historical increase in incoming orders (+ 157 % compared to the previous year) was unforeseen and developed dynamically, particularly in the month of March. Despite immediate expansions of production capacities this extraordinarily high increase led to a considerable order backlog and to an extension of delivery times.

The very high sales level together with an improved gross margin led to significant economies of scale and to a pre-tax rate of return of 22 %. Despite a strong increase of receivables, the free cash flow accumulated on a level of € 1.7 million (previous year: € -1.2 million, > 100 %) in the first quarter.

The very strong increase in incoming orders is particularly due to the following factors. Firstly, to a very high demand in all regions and industries. Secondly, to a very strong investment cycle in the Asian electronic goods industry, and thirdly, to early order placements due to extended delivery times. In the upcoming months, incoming orders are expected to considerably weaken. However, the high order backlog will have positive effects on the sales levels in the months to come.



INTERIM GROUP MANAGEMENT REPORT

ORDER ENTRY & SALES

For the last five quarters (in € million)



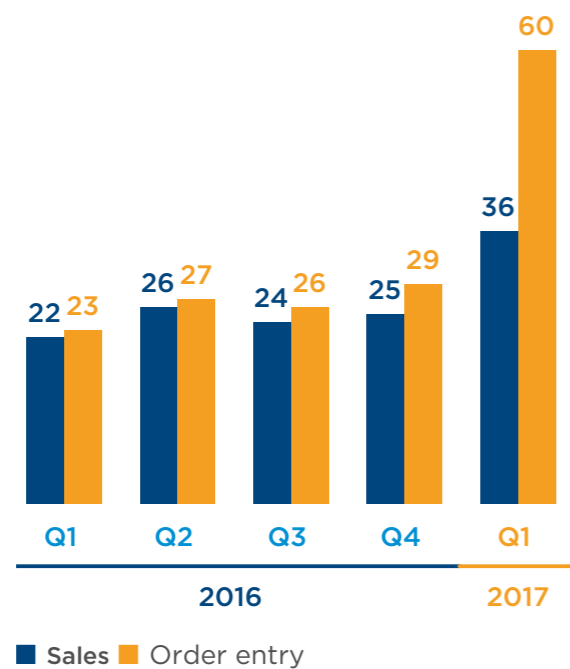
+62 %

Sales revenues to previous year



+157 %

Order entry to previous year

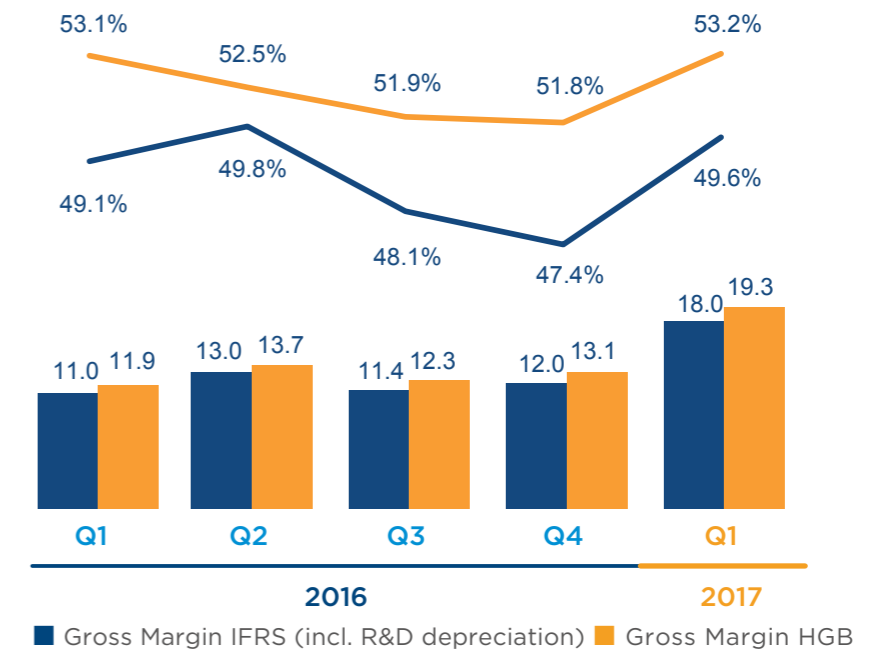


Incoming orders, sales, and gross profit

In the first quarter of 2017, the positive trend of the elapsed fiscal year clearly strengthened. Sales as well as incoming orders in particular significantly increased. In the current fiscal year, first quarter sales amounted to € 36.3 million (previous year: € 22.4 million, + 62 %) and incoming orders to € 60.4 million (previous year: € 23.5 million, + 157 %). Due to the high utilization, the costs for performance developed slightly disproportionately and thus, the gross margin increased to 49.6 % (previous year: 49.1 %). In absolute terms, compared to the previous year, the gross result increased by € 7.0 million to € 18.0 million (previous year: € 11.0 million).

GROSS PROFIT

Development of Gross Margin (acc. to IFRS and HGB)



Expenses, Costs, earnings, and Equity

The personnel and material costs developed more slowly despite provisions made for possible profit sharing. Due to the strong increase of the gross result as well as economies of scale in the personnel and material costs, compared to the previous year's first quarter, the pre-tax result (EBT) increased by € 5.7 million to € 7.9 million (Q1 2016: € 2.2 million). The pre-tax return rate of nearly 22 % was much higher than the long-term goal for the EBT margin of 11 %. The net result amounted to € 5.7 million (previous year: € 1.6 million). The result per share increased to € 1.78 (previous year: € 0.51, + 249 %).

Since the beginning of the year, equity increased by approximately € 5.1 million to € 55.1 million (Dec. 31, 2016: € 50 million, + 10 %). Furthermore, in the reporting period, own shares in an amount of € 657 thousand were purchased. As of the end of the reporting period, the number of own shares amounted to 295,434 pieces.



EARNINGS BEFORE TAX

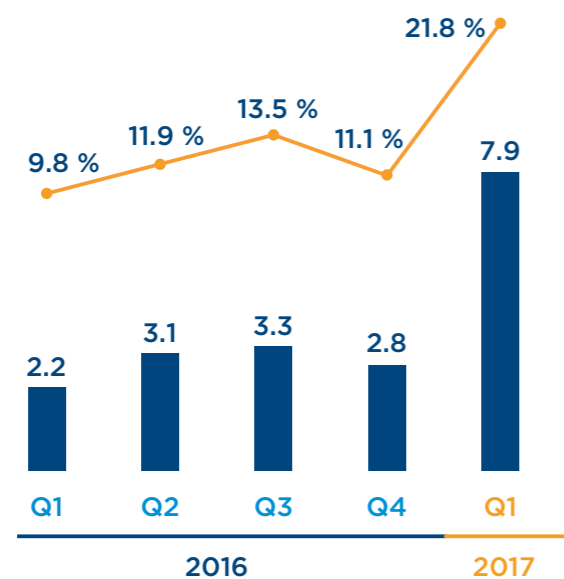
For the last five quarters



Keyfact

+259 %

EBT growth compared to previous year



■ EBT in mill. € ■ EBT in %

CASH FLOW AND LIQUIDITY

Despite the significant increase in sales and the accompanying higher receivables, the operating cash flow significantly increased and amounted to € 4.2 million (previous year: € 0.8 million, +425 %) in the reporting period. The cash flow from investing activities increased by 25 % to € -2.5 million (previous year: € -2.0 million).

In total, the free cash flow reached a level of € 1.7 million (previous year: € -1.2 million) and covered the cash flow from financing activities amounting to € -1.5 million and additionally generated a liquidity increase of € 0.2 million. Thus, liquid assets increased to € 19.7 million on the reporting period closing date. The net cash position amounted to € 9.2 million at the reporting date (Dec. 31, 2016: € 8.8 million, +5 %).

FREE CASH FLOW

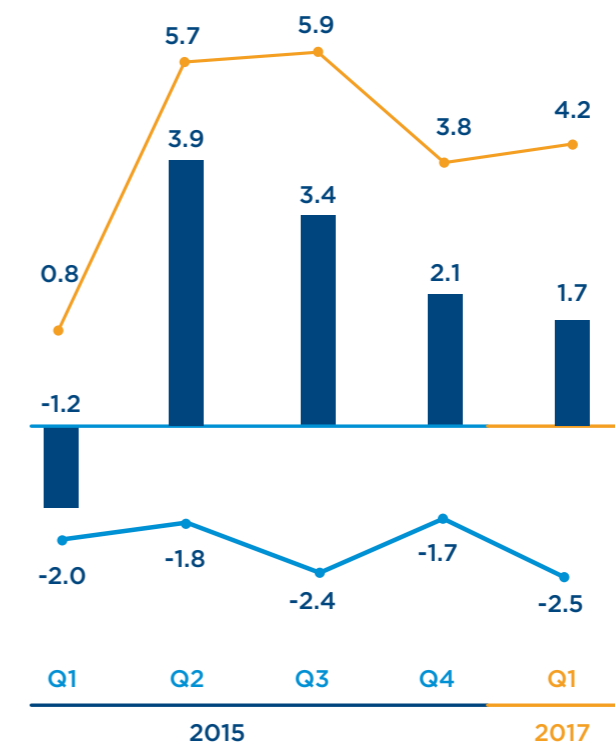
For the last five Quarters (in € million)



Keyfact

€ 1.7 million

Free Cashflow



■ FCF ■ CFO ■ CFI

Outlook

So far, fiscal year 2017 has been very dynamic and successful for Basler AG. The growth and planning targets were clearly exceeded and due to the large order volume, Basler AG started with strong tailwind into the second quarter. Already for the upcoming quarter the management expects a weakening and normalization of the incoming orders. However, due to the large order volume, sales will be on a very high level at full capacity in the next months and probably be back to normal in the course of the second half of the year. With a very high priority, the organization is working on the expansion of capacities and reduction of delivery times as well as securing the supply chain. The management is very positive about the coming months of the fiscal year and confirms the forecast published in March according to which the group's sales 2017 will be within a corridor of € 120 - 130 million at a pre-tax return margin of 13 - 15 %. Based on the positive results and positive outlook we will continue to forge ahead with our growth strategy in the coming months.



SHARE PRICE DEVELOPMENT

BASLER (Xetra) vs. TecDax 2016/01/01-2017/03/31



Keyfact

€ 61.35

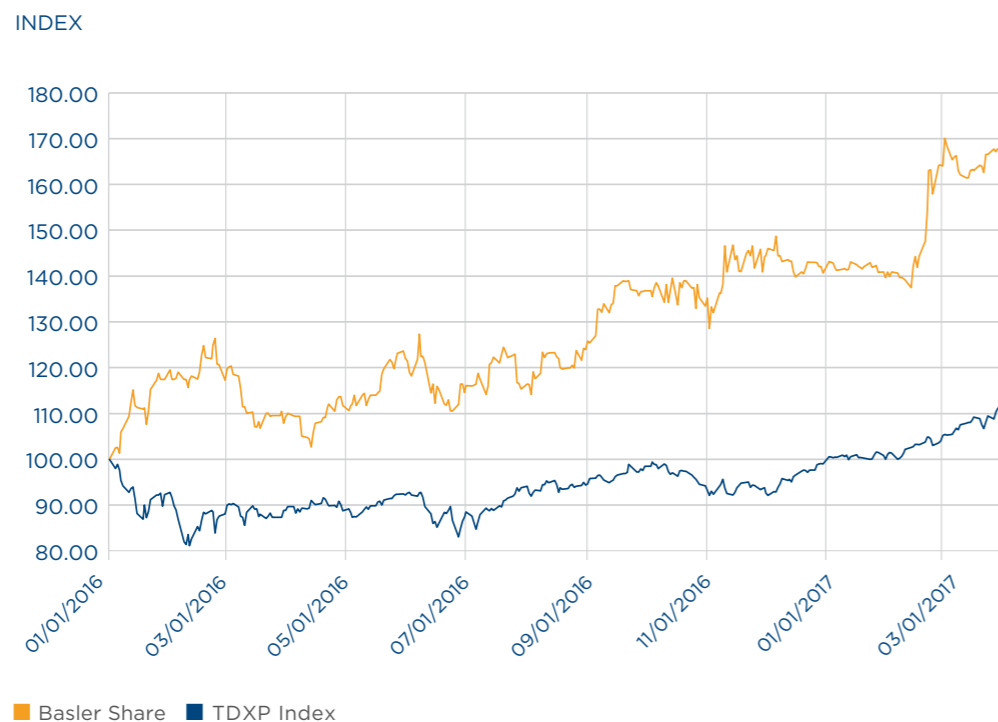
Opening price 01/01/2017



Keyfact

€ 73.40

Closing price 03/31/2017



On April 21, 2016, the management board and supervisory board of Basler AG adopted a resolution about buying additional own shares. In August 2015, the company ultimately sold non-par bearer shares to the capital market and holds nearly 8 % (295,434 pieces) own shares on March 31, 2017.

The general meeting of June 04, 2014, authorized the company to buy back 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 valid until June 03, 2019. The shares can be used for all purposes provided for in the authorization of the general meeting of June 04, 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 same conditions as determined on the trading day by the opening auction for XETRA trade on the Frankfurt/Main 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 management 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, 2017 to March 31, 2017

in € k	01/01/ - 03/31/2016	01/01/ - 03/31/2017
Sales revenues	22,366	36,316
Cost of sales	-11,336	-18,285
- of which depreciations on capitalized developments	-820	-1,299
Gross profit on sales	11,030	18,031
Other operating income	306	175
Sales and marketing costs	-4,079	-4,699
General administration costs	-2,857	-3,355
Research and development	-1,939	-2,079
Other expenses	-31	-30
Operating result	2,430	8,043
Financial income	69	92
Financial expenses	-266	-250
Financial result	-197	-158
Earnings before tax	2,233	7,885
Income tax	-584	-2,148
Group's period surplus	1,649	5,737
of which are allocated to		
shareholders of the parent company	1,649	5,737
non-controlling shareholders	0	0
Average number of shares	3,241,363	3,226,407
Earnings per share diluted / undiluted (€)	0.51	1.78

Consolidated Statement of Comprehensive Income

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to March 31, 2017

in € k	01/01/ - 03/31/2016	01/01/ - 03/31/2017
Group's period surplus	1,649	5,737
Result from differences due to currency conversion, directly recorded in equity	-112	-7
Surplus from cashflow hedges	0	0
Total result, through profit or loss	-112	-7
Total result	1,537	5,730
of which are allocated to		
shareholders of the parent company	1,537	5,730
non-controlling shareholders	0	0

Consolidated Cash Flow Statement

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to March 31, 2017

in € k	01/01/ - 03/31/2016	01/01/ - 03/31/2017
Operating activities		
Group's period surplus	1,649	5,737
Increase (+) / decrease (-) in deferred taxes	52	1,182
Payout/ incoming payments for interest	306	285
Depreciation of fixed assets	1,525	1,998
Change in capital resources without affecting payment	-112	-7
Increase (+) / decrease (-) in accruals	394	1,443
Profit (-) / loss (+) from asset disposals	-2	0
Increase (-) / decrease (+) in reserves	-180	-1,439
Increase (+) / decrease (-) in advances from demand	26	264
Increase (-) / decrease (+) in accounts receivable	-2,531	-7,227
Increase (-) / decrease (+) in other assets	-547	-670
Increase (+) / decrease (-) in accounts payable	219	2,382
Increase (+) / decrease (-) in other liabilities	-45	220
Net cash provided by operating activities	754	4,168
Investing activities		
Payout for investments in fixed assets	-2,010	-2,489
Incoming payments for asset disposals	2	1
Net cash provided by investing activities	-2,008	-2,488
Financing activities		
Payout for amortisation of bank loans	-222	-122
Repayment of silent participation	0	0
Payout for amortisation of finance lease	-368	-394
Incoming payment for borrowings from banks	0	0
Interest payout	-306	-285
Incoming payment for sale of own shares	0	0
Payout for own shares	0	-657
Dividends paid	0	0
Net cash provided by financing activities	-896	-1,458
Change in liquid funds	-2,150	222
Funds at the beginning of the fiscal period	14,043	19,437
Funds at the end of the fiscal period	11,893	19,659
Composition of liquid funds at the end of the fiscal period		
Cash in bank and cash in hand	11,893	19,659
Payout for taxes	60	217



Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to March 31, 2017

in € k	12/31/2016	03/31/2017
Assets		
A. Long-term assets		
I. Intangible assets	22,505	23,095
II. Fixed assets	6,711	6,784
III. Buildings and land in finance lease	14,624	14,451
IV. Other financial assets	5	5
V. Deferred tax assets	28	50
	43,873	44,385
B. Short-term assets		
I. Inventories	14,577	16,016
II. Receivables from deliveries and services and from production orders	10,370	17,597
III. Other short-term financial assets	505	715
IV. Other short-term assets	741	1,204
V. Claim for tax refunds	847	843
VI. Cash in bank and cash in hand	19,437	19,659
	46,477	56,034
	90,350	100,419

in € k	12/31/2016	03/31/2017
Liabilities		
A. Equity		
I. Subscribed capital	3,215	3,205
II. Capital reserves	2,443	2,443
III. Retained earnings including group's earnings	43,648	48,738
IV. Other components of equity	710	703
	50,016	55,089
B. Long-term debt		
I. Long-term liabilities		
1. Long-term liabilities to banks	9,825	9,547
2. Liabilities from finance lease	8,610	8,216
II. Non-current provisions	946	946
III. Deferred tax liabilities	5,379	6,582
	24,760	25,314
C. Short-term debt		
I. Other financial liabilities	1,521	1,600
II. Short-term accrual liabilities	3,507	4,204
III. Short-term other liabilities		
1. Liabilities from deliveries and services	6,234	8,605
2. Other short-term financial liabilities	1,192	1,742
3. Liabilities from finance lease	2,159	2,159
IV. Current tax liabilities	961	1,706
	15,574	20,016
	90,350	100,419



Consolidated Statement of Changes in Equity

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to March 31, 2017

in € k	Sub-scribed capital	Capital reserve	Retained earnings incl. group's earnings	Other components of equity			Total
				Differen-ces due to currency conversion	Reserves for cash flow hedges	Sum of other components of equity	
Shareholders' equity as of 01/01/2016	3,241	2,443	38,944	543	0	543	45,171
Total result			1,649	-112	0	-112	1,537
Share salesback	0	0	0			0	0
Share buyback	0		0			0	0
Shareholders' equity as of 03/31/2016	3,241	2,443	40,593	431	0	431	46,708
Total result			6,281	279	0	279	6,560
Share salesback			0			0	0
Share buyback	-26		-1,348			0	-1,374
Dividend outpayment*			-1,878			0	-1,878
Shareholders' equity as of 12/31/2016	3,215	2,443	43,648	710	0	710	50,016
Total result			5,737	-7	0	-7	5,730
Share salesback			0			0	0
Share buyback	-10		-647			0	-657
Shareholders' equity as of 03/31/2017	3,205	2,443	48,738	703	0	703	55,089

* 0.58 € per share

EVENTS 2017

IR-Events

Date	Event	Venue
17/05/2017	Shareholders' meeting 2017	Hamburg, Germany
09/08/2017	Publication 6-month report 2017	Ahrensburg, Germany
08/11/2017	Publication 9-month report 2017	Ahrensburg, Germany
11/27 - 29/2017	Deutsches Eigenkapitalforum 2017 (Germany equity forum)	Frankfurt am Main, Germany

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