



2015

THREE-MONTH REPORT

BASLER 

Key Figures

in € m*	Q1 2013	Q1 2014	Q1 2015	Changes to previous year
Sales revenues	15.1	17.2	22.3	30 %
Incoming orders	17.6	19.3	21	9 %
Gross results	7.6	8.7	10.9	25 %
Gross profit margin	50.3 %	50.6 %	48.9 %	-2 Pp.
Full costs for research and development	2.2	2.8	2.9	4 %
Research and development ratio	14.6 %	16.3 %	13.0 %	-3 Pp.
EBITDA	3.3	3.7	4.5	22 %
EBIT	2.0	2.3	3.2	39 %
EBT	1.8	1.9	3.0	58 %
Net income	1.2	1.3	2.3	77 %
Weighted average number of shares	3,324,192	3,237,476	3,176,492	-2 %
Result per share (€)	0.35	0.39	0.72	85 %
Cash flow from operating activities	1.9	1.6	1.6	0 %
Cash flow from investing activities	-1.2	-1.8	-2.9	61 %
Free Cash flow	0.7	-0.2	-1.3	550 %

in € m*	12/31/2013	12/31/2014	03/31/2015	Changes to previous year
Total assets	63.3	72.3	75.4	4 %
Long-term assets	35.6	38.8	40.5	4 %
Equity	32.5	37.3	39.8	7 %
Liabilities	30.8	35.0	35.6	2 %
Equity ratio	51.3 %	51.6 %	52.8 %	1 Pp.
Net cash	3.7	4.5	2.3	-49 %
Working Capital	13.7	17.1	19.8	16 %
Number of employees for the fiscal year (full time equivalents)	325	375	417	11 %
Share price (XETRA) in €	29.00	38.66	50.98	32 %
Number of shares in circulation	3,238,184	3,181,136	3,174,944	0 %
Market capitalization	93.9	123.0	161.9	32 %

*unless otherwise stated

OVERVIEW, OF THE FIRST THREE MONTHS 2015:

- **Incoming orders:**
€ 21.0 million (previous year: € 19.3 million, +9 %)
- **Sales:**
€ 22.3 million (previous year: € 17.2 million, +30 %)
- **EBIT:**
€ 3.2 million (previous year: € 2.3 million, +39 %)
- **Pretax result (EBT):**
€ 3.0 million (previous year: € 1.9 million, +58 %)
- **Operating cash flow:**
€ 1.6 million (previous year: € 1.6 million)
- **Free cash flow:**
€ -1.3 million (previous year: € -0.2 million)

Dear Ladies and Gentlemen,

Basler AG started with convincing results into the new fiscal year.

In a similar economic environment as in the previous year and strengthened by a high number of incoming orders placed in the previous quarter, in the first quarter of the fiscal year 2015, Basler AG again gained market shares and significantly increased its sales compared to the previous year. In particular, the double-digit percentage sales growth is clearly above the expectations published for fiscal year 2015 by the German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau, VDMA) for the German image processing market (approximately 5 %).

Driven by higher sales and economies of scale in the expenses for personnel and material the result considerably increased compared to the first quarter of the previous year.

The results of the first quarter 2015 prove that Basler AG continues to make major progress towards its medium-term sales goal of € 120 million and further expands its position in the market of digital industrial cameras.

INTERIM GROUP MANAGEMENT REPORT Profit situation

Incoming orders, sales, and gross profit

Incoming orders for the group summed up to € 21.0 million (previous year: € 19.3 million, +9 %) in the first three months. Sales revenue for the group amounted to € 22.3 million in the first three months (previous year: € 17.2 million, +30 %). In 2015, 31 % of the sales revenues derived from the Asian market (previous year: 30 %), 51 % from the European market (previous year: 51 %), and 18 % from the North American market (previous year: 19 %). Despite a positive dollar effect and lower depreciations on developments, the group's gross profit decreased by almost 2 percentage points to 49 % (previous year: 51 %), particularly due to changes in the product mix and material devaluations.

Costs

In the first three months, expenses for sales and marketing amounted to € 3.7 million and thus were above the previous year's figure of € 3.0 million which is mainly due to the expansion of the sales organization for developing future growth. The general administration costs amounted to € 3.5 million (previous year: € 2.5 million). The increase of the administration costs is strongly influenced by currency losses due to forward exchange transactions of approximately € 700 thousand. In contrast to this, currency gains amounting to € 500 thousand are, however, shown under other operating income. The full costs for research and development amounted to € 2.9 million, corresponding to an increase of 4 % compared to the previous year's figure of € 2.8 million. We continue to pursue our strategy to invest 15 % of sales in research and development. These costs include ongoing product updating, as well as expenses for the expansion of the product portfolio for existing and new markets.

Result

In the first three months of 2015, Basler AG achieved earnings before interest and taxes (EBIT) for the group of € 3.2 million (previous year: € 2.3 million, + 39 %). This corresponds to an EBIT margin of 14 % (previous year: 13 %). The earnings before taxes amounted to € 3.0 million. This result exceeds the EBT of € 1.9 million generated in the same period of the previous year by 58 %. The pretax return rate amounted to 13.5 % (previous year: 11 %) and was thus above the corridor of 9 to 10 % predicted for fiscal year 2015. The increased EBT margin is in particular due to the execution of a major order that was placed in the fourth quarter of 2014 and thus is included in the forecasts for the entire year. The additional sales from this major order lead to higher gross revenues as well as economies of scale in personnel and material costs.

Cash flow, liquid assets, and equity

The operating cash flow amounted to € 1.6 million (previous year: € 1.6 million) in the reporting period. Regarding the operating cash flow it should be added that it was extraordinarily affected by a growth in receivables due to the significant payment of bonus obligations to the management board and executives from the fiscal year 2014. Additionally, with higher investments in fixed assets amounting to € 2.9 million (previous year: € 1.8 million), the free cash flow (calculated as operating cash flow less cash flow from investments) amounted to € -1.3 million (previous year: € -0.2 million). The higher investment level is in particular explained by the investment made in the expansion of the pick and place circuit board system and the reconstruction measures in the company building.

At the end of the reporting period, liquid assets amounted to € 10.4 million and were thus 21 % above the level of the same period of last year (€ 8.6 million).

The equity increased to € 39.8 million at the end of the reporting period (previous year € 33.7 million, + 18 %). The net cash position amounted to € 2.3 million (previous year: € 2.7 million, -15 %) at the reporting date.

Business development

In the first quarter, Basler AG again set a new benchmark for sales and consistently continued to pursue its course of growth. Positively influenced by a major project order in the previous quarter, sales revenues increased significantly.

Incoming orders in the first three months of the current fiscal year were above the previous year's level (+ 9%). Thus, Basler AG again grew faster than the market. For 2015, the German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau, VDMA) assumes a growth rate of approximately 5 % for the German image processing industry. Due to Basler AG's strategic focus on the mainstream and entry level of the industrial camera market the delivered camera units again increased disproportionately compared to the sales. The increases in the number of units and sales are mainly due to industrial cameras with Gigabit Ethernet interface (GigE Vision).

The recently launched entry level product lines "Basler dart" and "Basler pulse" as well as the new lenses that were developed in cooperation with Fujinon met a high level of interest in the market. Additionally, "Basler ace" products based on a new and highly demanded Sony CMOS-image sensor were introduced to the market in the first quarter.

The scheduled expansion and the development of the sales structure were strongly pushed forward in the first quarter of 2015, for example, a direct sales presence was set up in Canada.

Also by expanding and modernizing the pick and place circuit board system in the production, in the first quarter the right steps were taken for further future growth and technological progress in operations.

Employees

The number of employees of the Basler group was 417 on the reporting date (previous year: 351, +19 %). The regional allocation is as follows:

- Headquarters
Ahrensburg, Germany: 357 (previous year: 297)
- Subsidiary in the USA: 19 (previous year: 17)
- Subsidiary in Taiwan: 11 (previous year: 10)
- Subsidiary in Singapore: 22 (previous year: 18)
- Representative offices
in Korea, China and Japan: 8 (previous year: 9)

Outlook

For Basler AG, fiscal year 2015 has started successfully according to our budget planning. We implemented the intended steps of our planned growth strategy and have again grown stronger than the image processing market.

For the time being, we reaffirm our planning according to which the group's sales in 2015 will be within a corridor of € 81 million to € 84 million and a pretax return rate of 9 to 10 %. On the basis of the positive results of the first quarter we will decisively push forward our growth strategy in the course of the year.

The Basler share

In the beginning of the first quarter 2015, the Basler share opened at a share price of € 38.66. Following the publication of the preliminary business figures of fiscal year 2014, the share price increased to more than € 50.00. This positive development strengthened the share by the end of the quarter. The share closed at a price € 50.98 at the end of the quarter. The average daily trading volume in the first quarter was approximately 3,358 units. The market capitalization of Basler AG amounted to € 161.9 million at the end of the first quarter (12/31/2014: € 123.0 million, +32 %).

After having carried out four share buyback programs, the management board informed the Basler shareholders on June 30, 2014, that Basler AG will buy back bearer shares with an equivalent value of up to a maximum of € 3.5 million via the stock market in order to make full use of the resolution of the shareholders' meeting of June 4, 2014, authorizing the company to buy back up to a total of 10 % of own shares. In the first quarter of 2015, the company bought back 6,192 own shares and owns 9.29 % of the total number of bearer shares of Basler AG.

As of March 31, 2015, the management board and the supervisory board held the following shares:

	03/31/2015 Number of shares in pieces	03/31/2014 Number of shares in pieces
Management board		
Dr. Dietmar Ley	144,794	144,358
John P. Jennings	5,500	5,500
Arndt Bake	700	700
Hardy Mehl	450	321
Supervisory board		
Norbert Basler	1,816,891	1,816,891
Prof. Dr. Eckart Kottkamp	-	-
Konrad Ellegast	1,280	1,280

Corporate Governance – Declaration of compliance pursuant to section 161 AktG

The management board and the supervisory board declare that in the elapsed fiscal year 2014 Basler AG complied with the recommendations for conduct as amended on May 13, 2013 as well as on June 24, 2014 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 4.2.5, Paragraph 3 – Composition and Remuneration (Granted Benefits for the Reporting Year)

Please see no. 28.3 in the notes of the annual report 2014.

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 all necessary 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.

Clause 6.3 – Share Ownership of Members of the Management Board and the Supervisory Board

With regard to the share ownership, the management board and the supervisory board declare pursuant to clause 6.3: The total share ownership of all members of the management board and the supervisory board exceeds 1 % of the total of shares issued by the company. You will find a detailed overview in this report under “The Basler share”.

The declaration of compliance with the code and the constantly updated related compliance can be accessed on Basler website's Investors area (www.baslerweb.com/investors). 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

SELECTED EXPLANATORY NOTES

Principles and methods

As already the consolidated annual financial statements as of December 31, 2014, these consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as valid and mandatorily applicable on the reporting date. In particular, application has been made of the interim financial reporting requirements set out in IAS 34. The present quarterly report was neither reviewed by an auditor nor reviewed in accordance with § 317 of the Handelsgesetzbuch (HGB, German Commercial Code).

All interim financial statements of companies included in the consolidated interim financial statements were prepared according to uniform accounting and valuation principles that were also applied for the preparation of the consolidated financial statements as of December 31, 2014.

There have been no changes to the group of consolidated companies compared to the consolidated annual financial statements as of December 31, 2014.

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 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, 2015 to March 31, 2015

in € k	01/01/ - 03/31/2015	01/01/ - 03/31/2014
Sales revenues	22,317	17,238
Cost of sales	-11,371	-8,565
- of which depreciations on capitalized developments	-696	-865
Gross profit on sales	10,946	8,673
Other operating income	1,050	454
Sales and marketing costs	-3,732	-2,994
General administration costs	-3,503	-2,473
Research and development	-1,456	-1,253
Other expenses	-112	-136
Operating result	3,193	2,271
Financial income	124	7
Financial expenses	-311	-416
Financial result	-187	-409
Earnings before tax	3,006	1,862
Income tax	-709	-587
Group's quarterly surplus	2,297	1,275
of which are allocated to		
shareholders of the parent company	2,297	1,275
non-controlling shareholders	0	0
Average number of shares	3,176,492	3,237,121
Earnings per share diluted / undiluted (€)	0.72	0.39

Consolidated Statement of Comprehensive Income

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2015 to March 31, 2015

in € k	01/01/ - 03/31/2015	01/01/ - 03/31/2015
Group's period surplus	2,297	1,275
Result from differences due to currency conversion, directly recorded in equity	441	3
Surplus / Net loss from cash flow hedges	0	0
Total result, through profit or loss	441	3
Total result	2,738	1,278
of which are allocated to		
shareholders of the parent company	2,738	1,278
non-controlling shareholders	0	0

Consolidated Cash Flow Statement

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2015 to March 31, 2015

in € k	01/01/ - 03/31/2015	01/01/ - 03/31/2014
Operating activities		
Group's period surplus	2,297	1,275
Increase (+) / decrease (-) in deferred taxes	273	399
Payout / incoming payments for interest	335	432
Depreciation of fixed assets	1,310	1,382
Change in capital resources without affecting payment	441	3
Increase (+) / decrease (-) in accruals	-441	206
Profit (-) / loss (+) from asset disposals	0	-11
Increase (-) / decrease (+) in reserves	-412	-1,870
Increase (+) / decrease (-) in advances from demand	-174	-125
Increase (-) / decrease (+) in accounts receivable	-2,996	-1,368
Increase (-) / decrease (+) in other assets	-421	269
Increase (+) / decrease (-) in accounts payable	814	925
Increase (+) / decrease (-) in other liabilities	593	126
Net cash provided by operating activities	1,619	1,643
Investing activities		
Payout for investments in fixed assets	-2,980	-1,828
Incoming payments for asset disposals	62	29
Net cash provided by investing activities	-2,918	-1,799
Financing activities		
Payout for amortisation of bank loans	-222	-100
Payout for amortisation of finance lease	-347	-326
Incoming payment for borrowings from banks	0	0
Interest payout	-335	-432
Payout for own shares	-247	-42
Dividends paid	0	0
Net cash provided by financing activities	-1,151	-900
Change in liquid funds	-2,450	-1,056
Funds at the beginning of the period	12,812	9,665
Funds at the end of the period	10,362	8,609
Composition of liquid funds at the end of the period		
Cash in bank and cash in hand	10,362	8,609
Payout for taxes	359	19

Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2015 to March 31, 2015

in € k

	03/31/2015	12/31/2014
Assets		
A. Long-term assets		
I. Intangible assets	18,375	17,380
II. Fixed assets	6,163	5,365
III. Buildings and land in finance lease	15,835	16,008
IV. Other financial assets	5	5
V. Deferred tax assets	104	58
	40,482	38,816
B. Short-term assets		
I. Inventories	12,961	12,550
II. Receivables from deliveries and services and from production orders	9,959	6,963
III. Other short-term financial assets	326	351
IV. Other short-term assets	863	507
V. Claim for tax refunds	421	342
VI. Cash in bank and cash in hand	10,362	12,812
	34,892	33,525
	75,374	72,341

Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2015 to March 31, 2015

in € k

	03/31/2015	12/31/2014
Liabilities		
A. Equity		
I. Subscribed capital	3,175	3,181
II. Capital reserves	0	0
III. Retained earnings including group's earnings	35,987	33,931
IV. Other components of equity	636	195
	39,798	37,307
B. Long-term debt		
I. Long-term liabilities		
1. Long-term liabilities to banks	7,190	7,413
2. Other financial liabilities	16	0
3. Liabilities from finance lease	11,184	11,531
II. Non-current provisions	796	796
III. Deferred tax liabilities	2,966	2,647
	22,152	22,387
C. Short-term debt		
I. Other financial liabilities	2,796	2,286
II. Short-term accrual liabilities	3,288	3,861
III. Short-term other liabilities		
1. Liabilities from deliveries and services	3,082	2,277
2. Other short-term financial liabilities	1,271	1,369
3. Liabilities from finance lease	2,154	2,154
IV. Current tax liabilities	833	700
	13,424	12,647
	75,374	72,341

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2015 to March 31, 2015

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	
Shareholders' equity as of 01/01/2014	3,238	0	29,376	-154	0	-154	32,460
Total result	0	0	1,275	3	0	3	1,278
Share buyback	-1	0	-41	0	0	0	-42
Shareholders' equity as of 03/31/2014	3,237	0	30,610	-151	0	-151	33,696
Total result	0	0	6,903	346	0	346	7,249
Share buyback	-56	0	-2,063	0	0	0	-2,119
Dividend outpayment*	0	0	-1,519	0	0	0	-1,519
Shareholders' equity as of 12/31/2014	3,181	0	33,931	195	0	195	37,307
Total result	0	0	2,297	441	0	441	2,738
Share buyback	-6	0	-241	0	0	0	-247
Shareholders' equity as of 03/31/2015	3,175	0	35,987	636	0	636	39,798

* 0.47 € per share

Events 2015

Finance Events

Date		Venue
05/21/2015	Shareholders' meeting 2015	Hamburg, Germany
08/05/2015	Publication 6-month report 2015	Ahrensburg, Germany
11/04/2015	Publication 9-month report 2015	Ahrensburg, Germany

Shows and Conferences

Date		Venue
05/19-20/2015	NEW-TECH 2015 EXHIBITION	Tel Aviv, Israel
06/10-12/2015	Exhibition on Sensing via Image Information Japan	Yokohama, Japan
06/24-27/2015	Assembly Technology Thailand	Bangkok, Thailand
07/01-03/2015	Vision China, Shenzhen	Shenzhen, China
08/27-30/2015	Taipei Int'l Industrial Automation Exhibition	Taipeh, Taiwan
10/14-16/2015	Vision China, Beijing	Peking, China
11/03-07/2015	China International Industry Fair	Shanghai, China
11/18-19/2015	All-over-IP Expo 2015	Moskau, Russland
11/18-21/2015	Metalex Thailand	Bangkok, Thailand
12/02-04/2015	International Technical Exhibition on Image Technology and Equipment Japan	Yokohama, Japan

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