

BASLER



6-MONTH REPORT 2017

KEY FIGURES

in € m*	01/01/ - 06/30/2016	01/01/ - 06/30/2017	Changes to previous year	04/01/ - 06/30/2016	04/01/ - 06/30/2017	Changes to previous year
Sales revenues	48.5	78.5	62%	26.1	42.2	62 %
Incoming orders	50.2	100.4	100%	26.7	40.0	50 %
Gross results	24.1	39.5	64%	13.0	21.5	65 %
Gross profit margin	49.7 %	50.3 %	1 Pp.	49.8 %	50.9 %	1 Pp.
Full costs for research and development	6.8	7.9	16%	3.4	3.9	15 %
Research and development ratio	14.0 %	10.1 %	-4 Pp.	13.0 %	9.2 %	-4 Pp.
EBITDA	9.0	23.0	156%	5.0	13.0	160 %
EBIT	5.7	18.5	225%	3.3	10.5	218 %
EBT	5.3	18.2	243%	3.1	10.3	232 %
Net income	3.8	13.0	242%	2.2	7.3	232 %
Weighted average number of shares	3,240,137	3,223,304	-1%	3,239,218	3,206,209	-1 %
Result per share (€)	1.19	4.03	239%	0.68	2.26	232 %
Cash flow from operating activities	6.4	11.4	78%	5.7	7.3	28 %
Cash flow from investing activities	-3.8	-7.3	92%	-1.8	-4.8	167 %
Free Cash flow	2.6	4.1	58%	3.9	2.5	-36 %

in € m*	12/31/2015	12/31/2016	06/30/17	Changes to previous year
Total assets	76.7	90.4	111.8	24 %
Long-term assets	42.5	43.9	47.6	8 %
Equity	45.2	50.0	60.6	21 %
Liabilities	31.5	40.4	51.2	27 %
Equity ratio	58.9 %	55.3 %	54.2 %	-1 Pp.
Net cash	6.6	8.8	9.4	7 %
Working Capital	15.8	18.6	30.8	65 %
Number of employees for the fiscal year (full time equivalents)	438	457	500	9 %
Share price (XETRA) in €	43.43	60.37	129.6	115 %
Number of shares in circulation	3.241.363	3.215.247	3.211.136	0 %
Market capitalization	140.8	194.1	416.2	114 %

* sofern nicht anders angegeben

OVERVIEW, GROUP RESULTS Q2/2017:

- Incoming orders: Euro 100.4 million (previous year: Euro 50.2 million, + 100 %)
- Sales: Euro 78.5 million (previous year: Euro 48.5 million, + 62 %)
- EBIT: Euro 18.5 million (previous year: Euro 5.7 million, + 225 %)
- EBT: Euro 18.2 million (previous year: Euro 5.3 million, + 243 %)
- Operating cash flow: Euro 11.4 million (previous year: Euro 6.4 million, + 78 %)
- Free cash flow: Euro 4.1 million (previous year: Euro 2.6 million, + 58 %)

Dear Ladies and Gentlemen,

In a dynamic market environment, Basler AG started very strongly in the first six months of 2017. Record values in incoming orders and sales led to a further expansion of its market position. The high business level led to significant economies of scale and thus to a considerable increase of the pre-tax result. In addition to the strong operational results, Basler AG expanded in the embedded vision field by purchasing the company mycable based in Neumünster.

BUSINESS DEVELOPMENT

For the months of January through June 2017, the VDMA (Verband Deutscher Maschinen- und Anlagenbau, German engineering association) reported a sales growth of 43 % for the German manufacturers of image processing components – the highest industry value since 15 years. Also according to VDMA, incoming orders of the industry grew by 47 % in the same period.

Compared to the market, in the first six months Basler AG increased its sales by 62 % and thus considerably gained market shares. The historical rise in incoming orders (+ 100 % compared to the previous year) shows even a more marked distance compared to the industry. Particularly, the strong incoming orders in the first quarter were unforeseen and were very dynamic. Despite an immediate expansion of production capacities, this extraordinarily strong increase led to a considerable order backlog and to extended delivery times. In the course of the second quarter, delivery times stabilized and finally started to gradually shorten.

The very high sales level in conjunction with a slightly improved gross margin led to considerable economies of scale and to a pre-tax rate of return of 23 %. Despite a strong temporary rise in receivables and the company acquisition of mycable GmbH, the free cash flow amounted to Euro 4.1 million (previous year: Euro 2.6 million).

The strong increase in incoming orders is particularly due to the following reasons: First, to a very high demand in all regions and industries. Second, to a very strong investment cycle in the Asian electronic goods industry, and third, to early order placements due to extended delivery times. At the end of the second quarter, incoming orders cooled down and are expected to continue to weaken in the upcoming months. However, the high order backlog will have positive effects on the sales levels in the months to come, despite weakening incoming orders.

On June 1, 2017, Basler AG purchased mycable GmbH in Neumünster and thus strategically strengthened the position in the embedded vision technology field.

Mycable GmbH is a highly specialized consultancy in the area of embedded computing systems. Founded in 2001, the 13 employees of mycable GmbH support their customers in selecting embedded computing architectures. According to customer requirements, prototypes and series products are developed. If required, mycable also coordinates the production of prototypes and small batches. The customers are mainly operating in the automotive sector and the computer vision industry. In 2016, sales amounted to approximately Euro 2.6 million.

Basler AG believes in the embedded vision trend, and assumes the dominant PC architecture of today's vision systems will be noticeably substituted by embedded processor architectures in the long term. Furthermore, embedded vision systems provide the opportunity to open up new application fields for computer vision due to very compact designs and low costs. In order to do so, the integration effort for embedded vision technologies has to be considerably reduced compared to today. Against this background, mycable's technological knowledge excellently supplements Basler AG's competency profile, and will significantly support it to develop embedded vision technology for a broader group of users.

20 % of the purchase price will be paid in Basler shares and 80 % will be paid in cash. The parties have agreed not to disclose information on the purchase price.

The mycable GmbH results were consolidated in the Basler group at June 30, 2017.

In its core business, in the second quarter Basler AG expanded its most successful ace camera series by 20 new high-resolution models equipped with Sony Pregius and STARVIS sensors. This portfolio expansion makes the ace line grow to more than 120 cameras

INTERIM GROUP MANAGEMENT REPORT

ORDER ENTRY & SALES

For the last six quarters (in € million)



Keyfact

+62 %

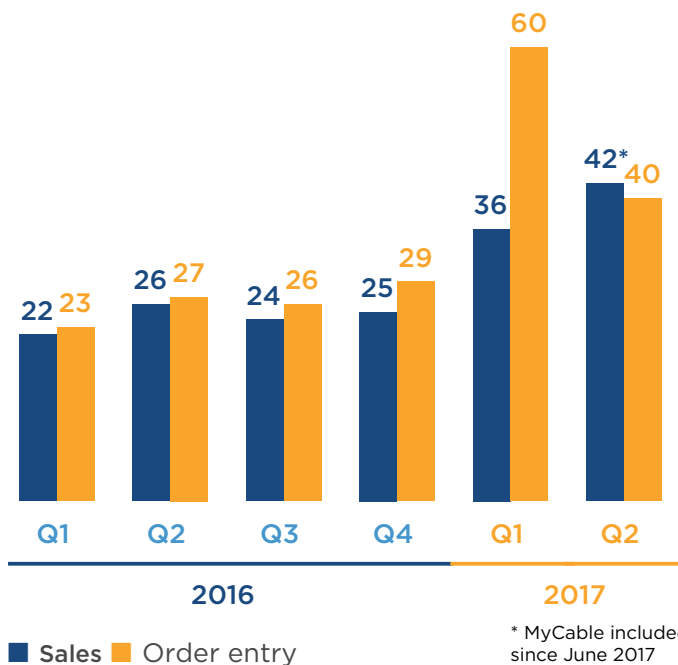
Sales revenues to
previous year



Keyfact

+100 %

Order entry to
previous year

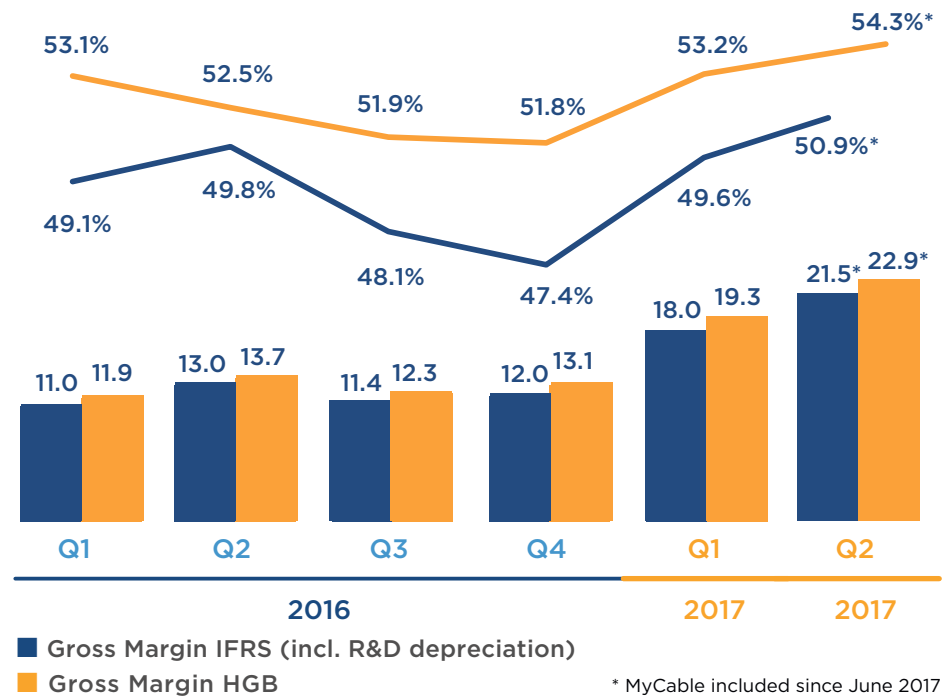


Incoming orders, sales, and gross profit

In the second quarter of 2017, the positive trend of the first quarter continued. As planned, compared to the first quarter, incoming orders cooled down, however, sales continued to increase. Compared to the first six months of the previous year, sales and incoming orders significantly increased. In the first 6 months of the current fiscal year, sales amounted to Euro 78.5 million (previous year: Euro 48.5 million, + 62 %) and incoming orders to Euro 100.4 million (previous year: Euro 50.2 million, + 100 %). Due to the high capacity utilization, costs developed slightly under proportionate and thus the gross margin increased to 50.3 % (previous year: 49.7 %). In absolute terms, compared to the previous year, the gross result increased by Euro 15.4 million to Euro 39.5 million (previous year: Euro 24.1 million).

GROSS PROFIT

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



Expenses, Costs, earnings, and Equity

The personnel and material costs developed clearly disproportionately 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 half-year, the pre-tax result (EBT) increased by € 12.9 million to € 18.2 million (previous year: € 5.3 million). The pre-tax return rate of approximately 23 % was much higher than the long-term goal for the EBT margin of 11 - 12 %. The net result amounted to € 13.0 million (previous year: € 3.8 million). The result per share increased to € 4.03 (previous year: € 1.19, + 239 %).

Since the beginning of the year, equity increased by approximately € 10.6 million to € 60.6 million (Dec. 31, 2016: € 50 million, + 21 %). Furthermore, in the reporting period, own shares in an amount of approximately € 658 thousand were purchased. Furthermore, 6,570 pieces were submitted in the course of the purchase process of mycable GmbH. As of the end of the reporting period, the number of own shares amounted to 288.864 pieces..

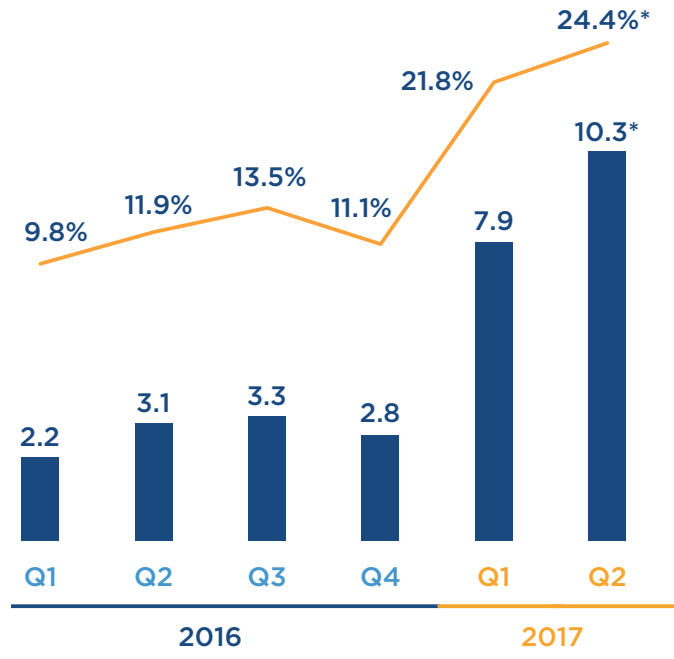


+243 %

EBT growth compared to previous year

EARNINGS BEFORE TAX

For the last five quarters



■ EBT in mill. € ■ EBT in %

* MyCable included since June 2017

CASH FLOW AND LIQUIDITY

Despite the higher receivables due to the increase in sales and the shift of business to Asia, the operating cash flow significantly increased. In the reporting period, it amounted to € 11.4 million (previous year: € 6.4 million, + 78 %).

The cash flow from investing activities increased by 92 % to € -7.3 million (previous year: € -3.8 million). The increase of the investing cash flow is mainly due to the extraordinary investment in mycable GmbH. In total, the free cash flow reached a level of € 4.1 million (previous year: € 2.6 million) and covered the cash flow from financing activities amounting to € -2.6 million and additionally generated a liquidity increase of € 1.5 million. Thus, liquid assets increased to € 9.4 million on the reporting period closing date. The net cash position amounted to € 9.4million at the reporting date (Dec. 31, 2016: € 8.8 million, + 7 %).

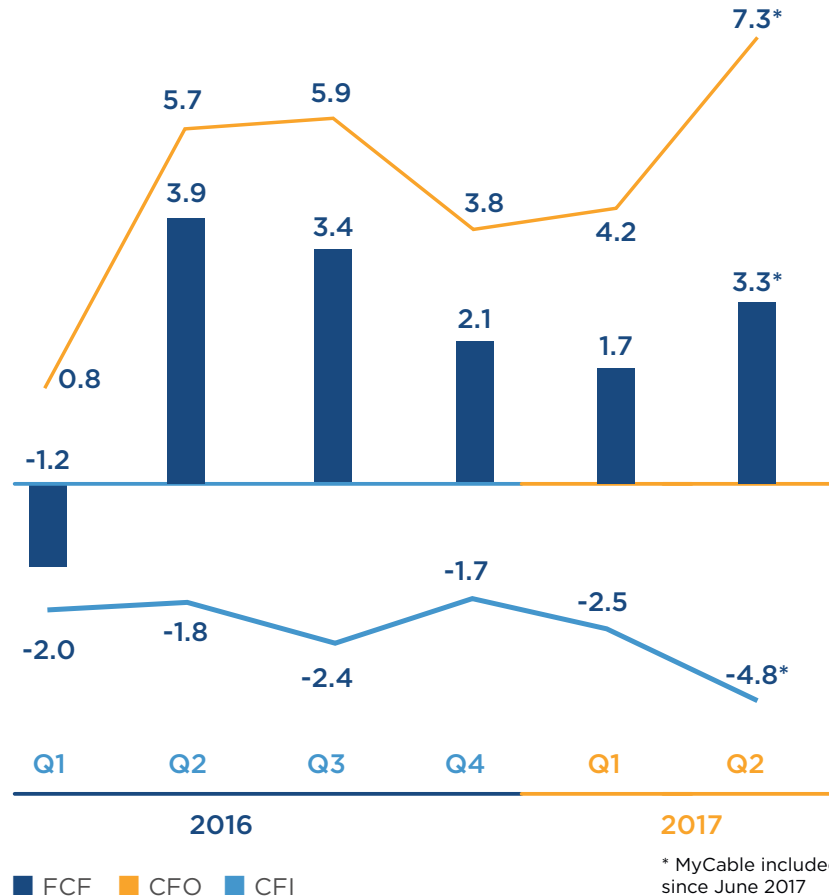
FREE CASH FLOW

For the last five Quarters (in € million)



€ 4.1 million

Free Cashflow



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 half-year. Already today, incoming orders noticeably weaken and come back to normal levels. However, due to the strong order backlog, sales will continue to be on a high level within the upcoming months. 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 increased forecast published at the end of June according to which the group's sales 2017 will be within a corridor of € 140 - 150 million at a pre-tax return margin of 15 - 18 %. 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 2016/01/01-2017/06/30



Keyfact

€ 74.16

Opening price
03/04/2017



Keyfact

€ 129.6

Closing price 06/30/2017



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 8.3 % (288,864 pieces) own shares on June 30, 2017. 20 % of the purchase price for mycable GmbH in June 2017 was financed by the transfer of own shares

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.

On May 17, 2017, the yearly shareholders' meeting took place in the Handelskammer Hamburg. Please see all information, the management board's presentation as well as the voting results on our homepage:

www.baslerweb.com/de/Investoren/Hauptversammlung

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



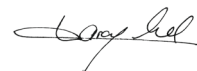
Dr. Dietmar Ley
CEO



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 June 30, 2017

in € k	01/01/ - 06/30/2016	01/01/ - 06/30/2017	04/01/ - 06/30/2016	04/01/ - 06/30/2017
Sales revenues	48,508	78,509	26,142	42,193
Cost of sales	-24,444	-39,000	-13,108	-20,715
- of which depreciations on capitalized developments	-1,516	-2,681	-696	-1,382
Gross profit on sales	24,064	39,509	13,034	21,478
Other operating income	594	773	288	598
Sales and marketing costs	-8,272	-9,643	-4,193	-4,944
General administration costs	-6,116	-7,197	-3,259	-3,842
Research and development	-4,136	-4,661	-2,197	-2,582
Other expenses	-411	-258	-380	-228
Operating result	5,723	18,523	3,293	10,480
Financial income	103	142	34	50
Financial expenses	-522	-481	-256	-231
Financial result	-419	-339	-222	-181
Earnings before tax	5,304	18,184	3,071	10,299
Income tax	-1,460	-5,187	-876	-3,039
Group's period surplus	3,844	12,997	2,195	7,260
of which are allocated to				
shareholders of the parent company	3,844	12,997	2,195	7,260
non-controlling shareholders	0	0	0	0
Average number of shares	3,240,137	3,223,304	3,239,218	3,206,209
Earnings per share diluted / undiluted (€)	1.19	4.03	0.68	2.26

Consolidated Statement of Comprehensive Income

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to June 30, 2017

in € k	01/01/ - 06/30/2016	01/01/ - 06/30/2017
Group's year surplus	3,844	12,997
Result from differences due to currency conversion, directly recorded in equity	-37	-237
Surplus from cashflow hedges	0	0
Total result, through profit or loss	-37	-237
Total result	3,807	12,760
of which are allocated to		
shareholders of the parent company	3,807	12,760
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 June 30, 2017

in T€	01/01/ - 06/30/2016	01/01/ - 06/30/2017	04/01/ - 06/30/2016	01/01/ - 06/30/2017
Operating activities				
Group's period surplus	3,844	12,997	2,195	7,260
Increase (+) / decrease (-) in deferred taxes	210	1,847	158	665
Payout/ incoming payments for interest	605	576	299	291
Depreciation of fixed assets	3,235	4,315	1,710	2,317
Change in capital resources without affecting payment	-37	-237	75	-230
Increase (+) / decrease (-) in accruals	1,618	4,490	1,224	3,047
Profit (-) / loss (+) from asset disposals	-2	-6	0	-6
Increase (-) / decrease (+) in reserves	-847	-1,865	-667	-426
Increase (+) / decrease (-) in advances from demand	58	-1	32	-265
Increase (-) / decrease (+) in accounts receivable	-5,110	-13,210	-2,579	-5,983
Increase (-) / decrease (+) in other assets	-377	-361	170	309
Increase (+) / decrease (-) in accounts payable	3,149	3,152	2,930	770
Increase (+) / decrease (-) in other liabilities	76	-256	121	-476
Net cash provided by operating activities	6,422	11,441	5,668	7,273
Investing activities				
Payout for investments in fixed assets	-3,801	-7,343	-1,791	-4,854
Incoming payments for asset disposals	6	16	4	15
Net cash provided by investing activities	-3,795	-7,327	-1,787	-4,839
Financing activities				
Payout for amortisation of bank loans	-344	-244	-122	-122
Payout for amortisation of finance lease	-741	-792	-373	-398
Incoming payment for borrowings from banks	1,600	1,200	1,600	1,200
Interest payout	-605	-576	-299	-291
Incoming payment for sale of own shares	0	0	0	0
Payout for own shares	-288	173	-288	830
Dividends paid	-1,878	-2,371	-1,878	-2,371
Net cash provided by financing activities	-2,256	-2,610	-1,360	-1,152
Change in liquid funds	371	1,504	2,521	1,282
Funds at the beginning of the period	14,043	19,437	11,893	19,659
Funds at the end of the period	14,414	20,941	14,414	20,941
Composition of liquid funds at the end of the period				
Cash in bank and cash in hand	14,414	20,941	14,414	20,941
Payout for taxes	845	766	785	549

Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to June 30, 2016

in € k

12/31/2016 06/30/2017

Assets

A. Long-term assets

I. Intangible assets	22,505	22,856
II. Fixed assets	6,711	7,206
III. Buildings and land in finance lease	14,624	14,278
IV. Firmenwert	0	3,139
V. Other financial assets	5	5
VI. Deferred tax assets	28	84
	43,873	47,568

B. Short-term assets

I. Inventories	14,577	16,843
II. Receivables from deliveries and services and from production orders	10,370	23,955
III. Other short-term financial assets	505	817
IV. Other short-term assets	741	1,002
V. Claim for tax refunds	847	645
VI. Cash in bank and cash in hand	19,437	20,941
	46,477	64,203
	90,350	111,771

in € k

12/31/2016 06/30/2017

Liabilities**A. Equity**

I. Subscribed capital	3,215	3,211
II. Capital reserves	2,443	2,443
III. Retained earnings including group's earnings	43,648	54,451
IV. Other components of equity	710	473
	50,016	60,578

B. Long-term debt

I. Long-term liabilities		
1. Long-term liabilities to banks	9,825	10,469
2. Other financial liabilities	0	540
3. Liabilities from finance lease	8,610	7,817
II. Non-current provisions	946	946
III. Deferred tax liabilities	5,379	7,282
	24,760	27,054

C. Short-term debt

I. Other financial liabilities	1,521	1,691
II. Short-term accrual liabilities	3,507	5,834
III. Short-term other liabilities		
1. Liabilities from deliveries and services	6,234	9,567
2. Other short-term financial liabilities	1,192	1,475
3. Liabilities from finance lease	2,159	2,160
IV. Current tax liabilities	961	3,412
	15,574	24,139
	90,350	111,771

Consolidated Statement of Changes in Equity

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to June 30, 2017

in € k	Sub-scribed 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 01/01/2016	3,241	2,443	38,944	543	0	543	45,171
Total result			3,844	-37		-37	3,807
Share salesback			0				0
Share buyback	-5		-283				-288
Dividend outpayment*			-1,878				-1,878
Shareholders' equity as of 06/30/2016	3,236	2,443	40,627	506	0	506	46,812
Total result			4,086	204		204	4,290
Share salesback			0				0
Share buyback	-21		-1,065				-1,086
Dividend outpayment*			0				0
Shareholders' equity as of 12/31/2016	3,215	2,443	43,648	710	0	710	50,016
Total result			12,997	-237		-237	12,760
Share salesback			0				0
Share buyback	-4		177				173
Dividend outpayment**			-2,371				-2,371
Shareholders' equity as of 06/30/2017	3,211	2,443	54,451	473	0	473	60,578

* 0,58 € per share

** 0,74 € per share

EVENTS 2017

IR-Events

Date	Event	Venue
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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