

A line graph titled "Business Chart" is visible through a circular opening in a metal structure. The graph shows two data series: a solid blue line and a dashed blue line. Both lines show an overall upward trend with some fluctuations. The background of the graph is a light-colored grid.

Business Chart

3-MONTH REPORT 2018



Key Figures

in € m*	OI 2016	QI 2017	QI 2018	Changes to previous year
Sales revenues	22.4	36.3	44.9	24 %
Incoming orders	23.5	60.4	46.1	-24 %
Gross results	11.0	18.0	22.7	26 %
Gross profit margin	49.1 %	49.6 %	50.6 %	1.0 Pp.
Full costs for research and development	3.4	4.0	4.5	13 %
Research and development ratio	15.2 %	11.0 %	10.0 %	-1.0 Pp.
EBITDA	4.0	10.0	14.0	40 %
EBIT	2.4	8.0	10.8	35 %
EBT	2.2	7.9	10.8	37 %
Net income	1.6	5.7	8.1	42 %
Weighted average number of shares	3,241,363	3,226,407	3,209,620	-1 %
Result per share (€)	0.51	1.78	2.52	42 %
Cash flow from operating activities	0.8	4.2	-1.1	-126 %
Cash flow from investing activities	-2	-2.5	-3.1	24 %
Free Cash flow	-1.2	1.7	-4.2	-347 %

in € m*	12/31/2016	12/31/2017	03/31/2018	Changes to previous year
Total assets	90.4	117.7	124.8	6 %
Long-term assets	43.9	45.9	46.4	1 %
Equity	50	65.6	73.7	12 %
Liabilities	40.4	52.1	51.1	-2 %
Equity ratio	55.3 %	55.7 %	59.1 %	3.4 Pp.
Net cash	8.8	25.0	20.0	-20 %
Working Capital	18.6	19.8	32.3	63 %
Number of employees for the fiscal year (full time equivalents)	457	504	552	10 %
Share price (XETRA) in €	60.37	195.05	173.00	-11 %
Number of shares in circulation	3,215,247	3,211,136	3,211,136	0 %
Market capitalization	194.1	626.3	555.5	-11 %

*unless otherwise stated

THREE-MONTH REPORT 2018:

- Incoming orders: Euro 46.1 million (previous year: Euro 60.4 million, -24 %)
- Sales: Euro 44.9 million (previous year: Euro 36.3 million, +24 %)
- EBIT: Euro 10.8 million (previous year: Euro 8.0 million, +35 %)
- EBT: Euro 10.8 million (previous year: Euro 7.9 million, +37 %)
- Operating cash flow: Euro -1.1 million (previous year: Euro 4.2 million, -126 %)
- Cash flow from investing activities: Euro -3.1 million (previous year: Euro -2.5 million, +24 %)
- Free cash flow: Euro -4.2 million (previous year: Euro 1.7 million, -347 %)

Dear Ladies and Gentlemen,

In an as expected more quiet market environment than last year, Basler group had a very positive start into the first three months of the new fiscal year 2018. A good level of incoming orders and strong sales led to a further expansion of the market position as well as to very high profitability.

As foreseen, last year's extraordinarily strong momentum of the capital goods markets for the electronics industry was not repeated. Moreover, the successfully implemented measures for a capacity expansion led to a high delivery capacity and subsequently to a balanced ratio between incoming orders and sales. In total, incoming orders were on a good level, however, clearly below the previous year's.

BUSINESS DEVELOPMENT

For the first two months of 2018, the VDMA (Verband Deutscher Maschinen- und Anlagenbau, German Engineering Federation) reported a sales growth amounting to 6 % 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 reduced by 5 % in the same period.

In comparison to the market, in the first three months of 2018, the Basler group's sales increased by 24 % and thus again gained market shares

Product Launches

In the first quarter, Basler launched a camera series onto the market which was especially developed for the medical & life sciences sector. The so-called Basler MED ace series offers high performance CMOS sensor technology providing up to 164 pictures per second and up to 20 megapixel resolution. Unique features address special demands in the capital goods markets for medical and life sciences. Additionally, Basler's new DIN EN ISO 13485:2016 certification offers customers a conformity with the internally accepted quality standard of the medical industry.



The successful ace camera series portfolio was expanded by eight new models for industrial applications. The new models with low to medium solutions are based on Sony Pregius CMOS sensors and substitute older camera models with discontinued CCD sensors.

On the embedded world trade fair in Nuremberg, Basler presented a unique new product concept: the dart camera modules with BCON for MIPI interfaces. These camera modules can be combined with selected Qualcomm® embedded processors and thus offer the basis for small, high performance and low price image processing systems. Furthermore, Basler concluded a sales cooperation agreement for embedded solutions with Arrow Electronics, in order to optimally address emerging application fields for embedded vision.

Outlook

So far, as expected, the fiscal year 2018 has developed positively along the forecast communicated to the capital market. The growth targets were achieved. In the first three months, profitability was higher than expected due to a positive development of the gross margin and an employee recruiting program slower than planned. The management is very positive about the coming months of the fiscal year and confirms the current forecast according to which the group's sales 2018 will be within a corridor of Euro 145 - 160 million at a pre-tax return margin of 13 - 15 %. Based on positive results and positive outlook the management will continue to go ahead with the recruiting program in the coming months.

INTERIM MANAGEMENT REPORT INCLUDING ESSENTIAL SUPPLEMENTARY DISCLOSURES OF THE ANNUAL FINANCIAL STATEMENT OF DECEMBER 31, 2017

Report on profit, finance, and asset situation

Sales and incoming orders, costs of service provision

Compared to the previous year, sales increased by 24 % to Euro 44.9 million (previous year: Euro 36.3 million). Due to the reasons mentioned above, incoming orders decreased by 24 % to Euro 46.1 million. Considering the special effects of the past years, this is a very high level.



+24 %

Sales revenues to previous year

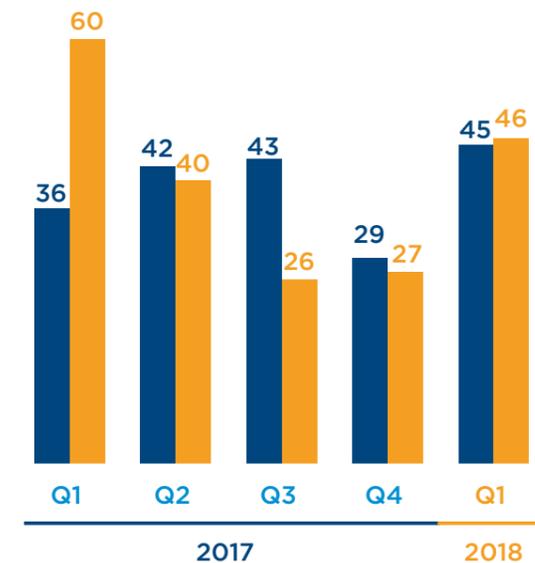


-24 %

Order entry to previous year

REVENUE* & ORDER ENTRY**

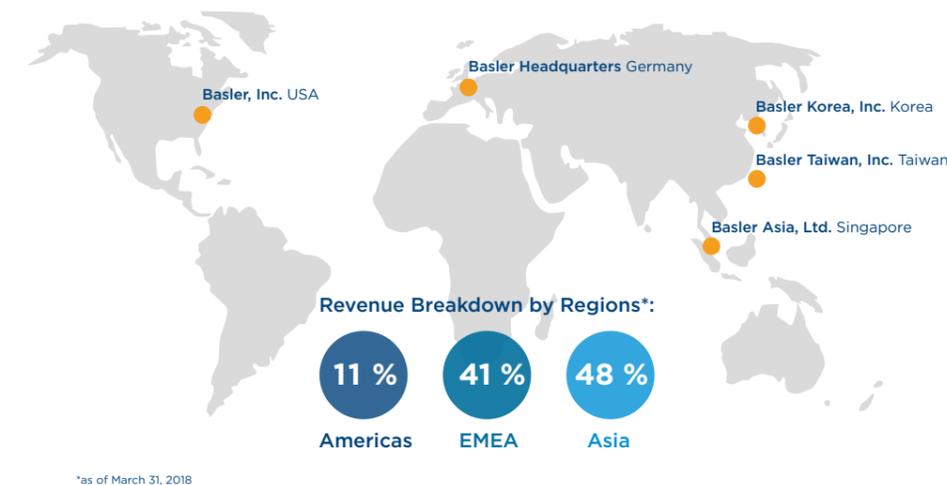
For the last five quarters (in € million)



■ Sales ■ Order entry

* Mycable included since June 2017
 ** Mycable included since January 2018

REVENUE SPLIT BY REGIONS

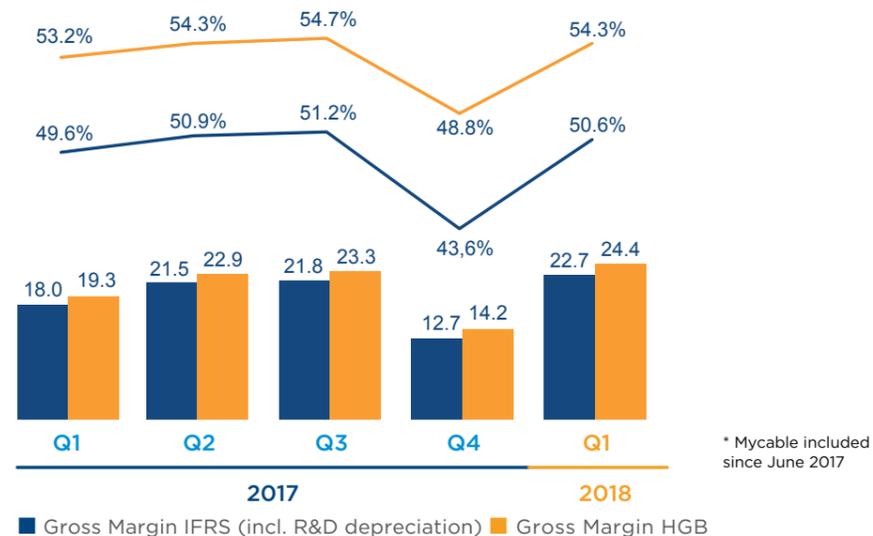


Despite idle costs due to expanded capacities and a non-optimal utilization rate, the gross margin developed slightly positively. It increased to 50.6 % (previous year: 49.6 %). The reason for this was in particular the product mix as well as a lower share in total sales of price sensitive major projects. Compared to the previous year, also in absolute terms the gross result increased by Euro 4.7 million to Euro 22.7 million (previous year: Euro 18.0 million).



GROSS PROFIT (IFRS)*

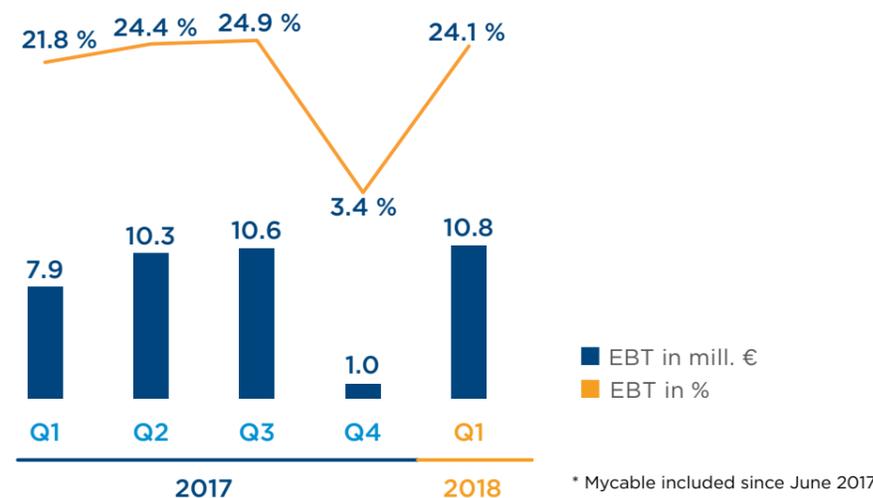
Development of Gross Profit and Margin



Due to the very positive gross result as well as an unintended delay in personnel increase and the subsequently lower than planned personnel costs, the pre-tax result amounted to Euro 10.8 million (previous year: Euro 7.9 million, +37 %). The pre-tax return rate of nearly 24 % continues to be far above the long-term target for the EBT-margin of 12 %.

EARNINGS BEFORE TAX*

For the last five quarters (in € million)



+37 %
EBT growth compared to previous year

period surplus amounted to Euro 8.1 million exceeding the previous year's value of Euro 5.7 million by 42 %. Thus, the result per share (diluted/undiluted) amounted to Euro 2.52 (previous year: Euro 1.78).

At the end of the first quarter 2018, two capitalized developments were found to be no longer valid. They were written-off in an amount of Euro 400 thousand.

Equity amounted to Euro 73.7 million (Dec. 31, 2017: Euro 65.6 million), thus the equity ratio was 59.1 % on March 31, 2018, compared to 55.7 % on December 31, 2017.

Cash flow

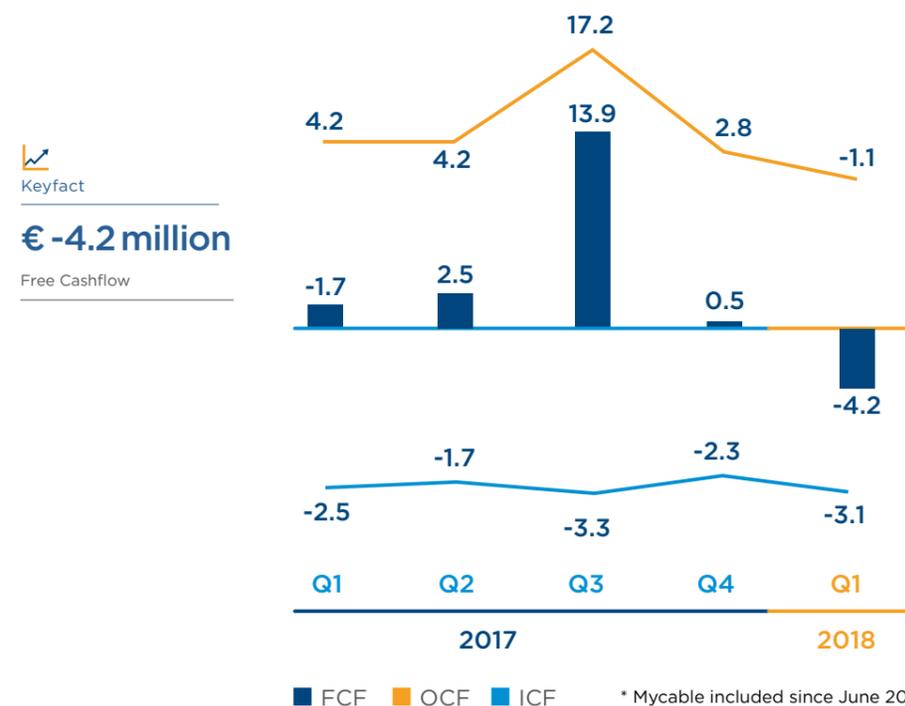
The operating cash flow amounted to Euro -1.1 million (previous year: Euro 4.2 million). The main reason for this relatively weak operating cash flow is the increase in receivables. The significant increase in sales at the beginning of the year led to an increase in receivables by approximately Euro 11.5 million. The cash flow from investing activities nearly increased in line with sales by 24 % to Euro -3.1 million (previous year: Euro -2.5 million).

In total, the free cash flow achieved a level of Euro -4.2 million (previous year: Euro 1.7 million).

Thus, liquid assets decreased to Euro 31.0 million on the reporting period closing date. The net cash position amounted to Euro 20.0 million on the reporting date (Dec. 31, 2017: Euro 25.0 million).

FREE CASH FLOW*

For the last five Quarters (in € million)



The



Events after the end of the interim reporting period

No events of any significance occurred after the end of the interim reporting period.

Employees

On the reporting date March 31, 2018, the company employed 552 (previous year: 480) employees (full-time equivalents). The increase is mainly due to the future growth plan of the company. Currently, this increase is slower than planned. In particular in the R&D department it is difficult to find employees with appropriate qualifications.

Significant transactions with related parties (entities and individuals)

There are no significant changes compared to the information provided in the consolidated financial statements as of December 31, 2017.

OPPORTUNITIES AND RISKS REPORT

Regarding significant opportunities and risks of the probable development of the company, we refer to the opportunities and risks described in the group management report as of December 31, 2017. Meanwhile, no significant changes occurred.

NOTES TO THE INTERIM STATEMENT ACCORDING TO IFRS

The interim statement of Basler was prepared according to the International Financial Reporting Standards (IFRS) as applicable within the European Union (EU), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as well as the Standing Interpretations Committee (SIC). The interim statement present was prepared according to the provision of the IAS 34.

The interim statement as of December 31, 2017, has not been audited. Basically, the same accounting and valuation methods are applied as in the consolidated financial statements as of December 31, 2017. For significant changes of the consolidated balance sheet, the consolidated income statement as well as the consolidated cash flow statement we refer to the report on the profit, finance and asset situation.

BASLER IN THE CAPITAL MARKET

SHARE PRICE DEVELOPMENT

BASLER (Xetra) vs. TecDax 2017/01/01-2018/03/31

Keyfact

€ 195.00

Opening price 01/02/2018

Keyfact

€ 173.00

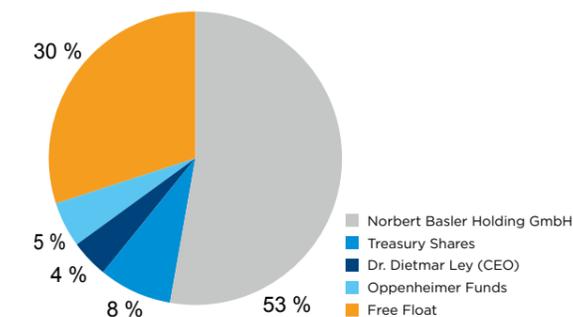
Closing price 03/31/2018



Shareholder structure

The share capital of Basler AG remained unchanged at Euro 3.5 million at the end of the quarter on March 31, 2018 divided into 3.5 million of no-par-value bearer shares.

Due to the acquisition of shares by Oppenheimer Funds, USA, of 5.475 % in the course of the first quarter of 2018, the shareholder structure of the company changed as follows:





Shareholder structure

	12/31/2017 Number of shares	03/31/2018 Number of shares
Supervisory Board		
Norbert Basler	-	-
Prof. Dr. Eckart Kottkamp	-	-
Horst W. Garbrecht	-	-
Prof. Dr. Mirja Steinkamp	-	-
Management Board		
Dr. Dietmar Ley	125,794	125,794
John P. Jennings	5,500	4,500
Arndt Bake	700	700
Hardy Mehl	800	1,000

General meeting

On May 7, 2018, the annual general meeting of Basler AG will take place in Hamburg. The agenda for the general meeting was published in the Federal Gazette on March 28, 2018 and is since then accessible on Basler AG's website together with all other documents of the general meeting. One of the items on the agenda is the distribution of the dividend. For fiscal year 2017, the supervisory board and the management board will propose to the general meeting to distribute a dividend amounting to Euro 2.02 per share. For 3.2 million dividend bearing shares the sum to be distributed amounts to Euro 6.5 million (previous year: Euro 2.4 million). Thus, the distribution ration for fiscal year 2017 corresponds to the company's dividend policy to distribute 30 % of the net profit.

Pursuant to Section 1, no. 1, sent. 1 of the One-Third-Participation Act (Drittteilbeteiligungsgesetz), employees of a stock corporation have a right of participation in the supervisory board if the company generally employs more than 500 employees. The company has exceeded the threshold at the beginning of the year. On February 28, 2018, Mrs. Dorothea Brandes and Mr. Dr. Marco Grimm were elected by the employees as employee representatives to the supervisory board. The term of office of both representatives starts with the day of the general meeting on May 7, 2018.

Because of this innovation a complete new election of ordinary members of the supervisory board is required at this year's general meeting.

Share buyback program

The management board and the supervisory board of Basler AG decided on April 21, 2016, to buy back additional own shares. In February 2017, the company ultimately bought back non-par bearer shares on the capital market and currently holds 8.3 % (288,864 pieces) 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.

GERMAN CORPORATE GOVERNANCE CODE

The current declaration of the management board and the supervisory board pursuant to § 161 of the German Stock Corporation Act (AktG) regarding the German Corporate Governance Code was made continually available to the shareholders on the company's website at www.baslerweb.com/Investoren/Corporate-Governance. On April 17, 2018, an intra-annual supplement was made to item 5.4.1 also available on mentioned above website.

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, 2018 to March 31, 2018

in € k	01/01/ - 03/31/2017	01/01/ - 03/31/2018
Sales revenues	36,316	44,932
Currency earnings	-95	-178
Cost of sales	-18,285	-22,074
- of which depreciations on capitalized developments	-1,299	-1,762
Gross profit on sales	17,936	22,680
Other operating income	103	86
Sales and marketing costs	-4,699	-5,331
General administration costs	-3,189	-3,337
Research and development	-2,079	-2,983
Other expenses	-30	-318
Operating result	8,042	10,797
Financial income	92	48
Financial expenses	-249	-90
Financial result	-157	-42
Earnings before tax	7,885	10,755
Income tax	-2,148	-2,660
Group's period surplus	5,737	8,095
of which are allocated to		
shareholders of the parent company	5,737	8,095
non-controlling shareholders	0	0
Average number of shares	3,226,407	3,209,620
Earnings per share diluted / undiluted (€)	1.78	2.52

Consolidated Statement of Comprehensive Income

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2018 to March 31, 2018

in € k	01/01/ - 03/31/2017	01/01/ - 03/31/2018
Group's period surplus	5,737	8,095
Result from differences due to currency conversion, directly recorded in equity	-7	-72
Surplus/ Net loss from cash flow hedges	0	0
Adjustment Finance Lease w/o income effect	0	0
Total result, through profit or loss	-7	-72
Total result	5,730	8,023
of which are allocated to		
shareholders of the parent company	5,730	8,023
non-controlling shareholders	0	0

Consolidated Cash Flow Statement

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2018 to March 31, 2018

in € k	01/01/ - 03/31/2017	01/01/ - 03/31/2018
Operating activities		
Group's period surplus	5,737	8,095
Increase (+) / decrease (-) in deferred taxes	1,182	-99
Payout/ incoming payments for interest	285	102
Depreciation of fixed assets	1,998	2,711
Change in capital resources without affecting payment	-7	-72
Increase (+) / decrease (-) in accruals	1,443	1,163
Profit (-) / loss (+) from asset disposals	0	0
Increase (-) / decrease (+) in reserves	-1,439	-229
Increase (+) / decrease (-) in advances from demand	264	-1,467
Increase (-) / decrease (+) in accounts receivable	-7,227	-11,527
Increase (-) / decrease (+) in other assets	-670	181
Increase (+) / decrease (-) in accounts payable	2,382	710
Increase (+) / decrease (-) in other liabilities	220	-649
Net cash provided by operating activities	4,168	-1,081
Investing activities		
Payout for investments in fixed assets	-2,489	-3,105
Incoming payments for asset disposals	1	19
Expenses for acquisitions less cash acquired	0	0
Net cash provided by investing activities	-2,488	-3,086
Financing activities		
Payout for amortisation of bank loans	-122	-156
Incoming / Payout for amortisation of finance lease	-394	-556
Incoming payment for borrowings from banks	0	0
Interest payout	-285	-102
Payout for own shares	-657	0
Dividends paid	0	0
Net cash provided by financing activities	-1,458	-814
Change in liquid funds	222	-4,981
Funds at the beginning of the fiscal period	19,437	36,025
Funds at the end of the fiscal period	19,659	31,044
Composition of liquid funds at the end of the fiscal period		
Cash in bank and cash in hand	19,659	31,044
Payout for taxes	217	1,052



Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2018 to March 31, 2018

in € k	12/31/2017	03/31/2018
Assets		
A. Long-term assets		
I. Intangible assets	21,476	21,031
II. Fixed assets	8,784	9,730
III. Buildings and land in finance lease	12,481	12,354
IV. Goodwill	3,139	3,139
V. Other financial assets	5	5
VI. Deferred tax assets	39	101
	45,924	46,360
B. Short-term assets		
I. Inventories	20,829	21,058
II. Receivables from deliveries and services and from production orders	11,066	22,592
III. Other short-term financial assets	1,666	2,080
IV. Other short-term assets	1,040	1,009
V. Claim for tax refunds	1,170	608
VI. Cash in bank and cash in hand	36,025	31,044
	71,796	78,391
	117,720	124,751

in € k	12/31/2017	03/31/2018
Liabilities		
A. Equity		
I. Subscribed capital	3,211	3,211
II. Capital reserves	3,119	3,119
III. Retained earnings including group's earnings	59,028	67,123
IV. Other components of equity	272	200
	65,630	73,653
B. Long-term debt		
I. Long-term liabilities		
1. Long-term liabilities to banks	9,912	9,633
2. Other financial liabilities	542	578
3. Liabilities from finance lease	10,258	10,258
II. Non-current provisions	1,406	1,406
III. Deferred tax liabilities	5,525	5,488
	27,643	27,363
C. Short-term debt		
I. Other financial liabilities	1,590	1,931
II. Short-term accrual liabilities	3,802	4,008
III. Short-term other liabilities		
1. Liabilities from deliveries and services	10,107	10,797
2. Other short-term financial liabilities	4,776	2,426
3. Liabilities from finance lease	2,224	1,668
IV. Current tax liabilities	1,948	2,905
	24,447	23,735
	117,720	124,751



Consolidated Statement of Changes in Equity

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2018 to March 31, 2018

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 01/01/2017	3,215	2,443	43,648	710	0	710	50,016
Total result			5,737	-7		-7	5,730
Share salesback			0				0
Share buyback	-10		-647				-657
Shareholders' equity as of 03/31/2017	3,205	2,443	48,738	703	0	703	55,089
Total result		676	11,837	-431		-431	12,082
Share salesback			831				831
Share buyback	6		-7				-1
Dividend outpayment*			-2,371				-2,371
Shareholders' equity as of 12/31/2017	3,211	3,119	59,028	272	0	272	65,630
Total result			8,095	-72		-72	8,023
Share salesback							0
Share buyback							0
Shareholders' equity as of 03/31/2018	3,211	3,119	67,123	200	0	200	73,653

* 0,74 € per share

EVENTS 2018

IR-Events

Date	Event	Venue
05/07/2018	Shareholders' meeting 2018	Hamburg, Germany
08/13/2018	Publication 6-month report 2018	Ahrensburg, Germany
11/05/2018	Publication 9-month report 2018	Ahrensburg, Germany
11/26 - 28/2018	Deutsches Eigenkapitalforum 2018 (Germany equity forum)	Frankfurt am Main, Germany

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