

A close-up photograph of several industrial camera lenses, likely from Basler, arranged in a cluster. The lenses are metallic and have a threaded design. The background is a solid blue color. The year '2013' is overlaid in large orange text on the right side of the image.

2013

NINE-MONTH REPORT

25 Years
BASLER

Key Figures

in € m*	01/01/ - 09/30/2012	01/01/ - 09/30/2013	Changes to previous year	07/01/ - 09/30/2012	07/01/ - 09/30/2013	Changes to previous year
Sales revenues	41.8	49.1	17 %	16.6	16.9	2 %
Incoming orders	44.5	51.1	15 %	15.7	17.8	13 %
Gross results	19.1	24.2	27 %	7.7	7.9	3 %
Gross margin	45.7 %	49.3 %	4 Pp.	46.4 %	46.7 %	0 Pp.
Full costs for research and development	6.2	6.7	8 %	2.1	2.3	10 %
Research and development ratio	14.8 %	13.6 %	-1 Pp.	12.7 %	13.6 %	1 Pp.
EBITDA	10.1	10.9	8 %	4.3	4.0	-7 %
EBIT	5.0	6.5	31 %	2.4	2.3	-4 %
EBT	4.2	5.9	43 %	2.0	2.1	5 %
Quarterly surplus	2.8	4.1	46 %	1.2	1.4	17 %
Weighted average number of shares	3,386,665	3,292,743	-3 %	3,342,985	3,267,885	-2 %
Result per share (€)	0.81	1.24	53 %	0.35	0.42	20 %
Cash flow from operational activity	8.4	7.3	-13 %	5.1	5.0	-2 %
Cash flow from financing activity	-5.2	-4.2	-19 %	-1.6	-1.7	6 %

in € m*	12/31/2011	12/31/2012	09/30/2013	Changes to previous year
Total assets	55.9	58.5	62.7	7 %
Long-term assets	34.2	34.5	34.4	0 %
Equity	27.0	29.6	31.8	7 %
Borrowed capital	28.9	28.9	30.9	7 %
Equity ratio	48.3 %	50.6 %	50.7 %	0 Pp.
Operating net debt	-2.4	-3.5	-2.5	-29 %
Working Capital	12.1	12.0	15.5	29 %
Number of employees for the fiscal year, equivalents of full-time employment	267	290	330	14 %
Share price (XETRA) in €	13.48	13.79	23.00	67 %
Number of shares in circulation	3,445,313	3,325,664	3,267,885	-2 %
Market capitalization	46.4	45.9	75.2	64 %

*unless otherwise stated

OVERVIEW OF THE FIRST NINE MONTHS:

- **Incoming orders:**
€ 51.1 million (previous year: € 44.5 million, +15 %)
- **Sales:**
€ 49.1 million (previous year: € 41.8 million, +17 %)
- **EBIT:**
€ 6.5 million (previous year: € 5.0 million, +31 %)
- **Earnings before taxes (EBT):**
€ 5.9 million (previous year: € 4.2 million, +43 %)
- **Operating cash flow:**
€ 7.3 million (previous year: € 8.4 million, -13 %)
- **Profit forecast increased:**
EBT margin 11 - 12 %

Dear Ladies and Gentlemen,

In the third quarter of 2013, Basler AG achieved positive results and continued its course of success of the first six months.

In a continuing restrained economic environment, incoming orders, sales, and results were well above the comparable figures of the previous year. Basler AG showed a stronger growth in sales than expected by the Verband Deutscher Maschinen- und Anlagenbau (VDMA) for the current year in the German image processing market (+5 %).

Since the pre-tax return is still above the expectations of the management board after nine months of the financial year 2013 and, from today's point of view, the course of business for the remainder of the year will be according to plan, the management board increases its profit forecast to a pre-tax return of 11 to 12 % (previously 10 to 11 %).

INTERIM GROUP MANAGEMENT REPORT

Profit situation

Incoming orders, sales, and gross profit

Incoming orders for the group amounted to € 51.1 million in the first nine months (previous year: € 44.5 million, +15 %).

Sales revenues for the group summed to € 49.1 million in the first nine months (previous year: € 41.8 million, +17 %). 41 % of the sales are related to the Asian markets (previous year: 38 %), 36 % to Europe (previous year: 37 %), and 23 % to North America (previous year: 25 %). Due to higher sales and further optimized manufacturing costs, the group's gross profit continued to develop positively. In the first nine months, the gross margin

increased by almost 4 percentage points to 49.3 % (previous year: 45.7 %).

Costs

In the period from January through September, the expense for sales and marketing amounted to € 8.4 million (previous year: € 6.8 million, +24 %). The general administrative expenses amounted to € 5.8 million (previous year: € 5.9 million, -1.7 %). The full costs for research and development amounted to € 6.7 million corresponding to an increase of 8 % compared to the previous year's figure of € 6.2 million.

Result

In the first nine months of 2013, Basler AG achieved earnings before taxes (EBT) for the group of € 5.9 million. This result exceeds the previous year's EBT in the comparison period of € 4.2 million by 43 %. Thus, we already have exceeded the overall 2012 pre-tax profit after nine months. The disproportionate profit growth is due to a combination of higher sales revenues, better gross profit margins, and operational costs according to plan. The pre-tax return amounted to 12 % (previous year: 10 %) and therefore continued to be above the corridor of 10 % to 11 %, predicted for fiscal year 2013.

The group's earnings before interest and taxes (EBIT) amounted to € 6.5 million (previous year: € 5.0 million, +31 %). This corresponds to an EBIT margin of 13 % (previous year: 12 %).

Business development

In the first nine months of 2013, Basler AG showed dynamic growth concerning incoming orders, sales, and revenue. The growth in sales of +17 % is considerably above the growth rate of 5 % assumed by the German Engineering Federation (Verband Deutscher Maschinen und Anlagenbau, VDMA) for the German image processing industry.

Supported by framework agreements for fiscal year 2014, in the third quarter we set new records for incoming orders in our core business with digital industrial cameras. Also sales revenues reached an all-time high. A major contribution to these positive results was made by the Basler ace, Basler racer, and Basler sprint product lines. The sales regions in Europe and the United States were particularly successful and set new records for incoming orders. The training programs for the new USB3 Vision products that we conducted in the past few months received great response worldwide. This confirms our conviction that in the years to come besides Gigabit Ethernet, USB3 Vision will develop to become the dominant interface technology in the main stream and entry level market segments we focus on.

Management

In order to prepare the company's management for the planned mid-term growth in sales to € 100 million from both an organizational and personnel point of view, on August 29, 2013, the supervisory board of Basler AG resolved to expand the management board from currently three members to four members and to adjust the allocation of management board departments to future needs.

As Chief Financial Officer (CFO) and Chief Operations Officer (COO) Hardy Mehl will move up to join the management board and will lead the company together with the chairman of the board, Dr. Dietmar Ley, and the management board members Arndt Bake and John P. Jennings. In the newly created department "Finance & Operations" Hardy Mehl will be responsible for the functions finance, controlling, SAP & IT, legal and patents, investor relations, as well as for facility management so far headed by the chairman of the board and also for production and supply chain management formerly headed by the Chief Operations Officer.

From the beginning of the financial year 2014 on, current Chief Operations Officer, Arndt Bake, will change to the newly created department "Marketing". In his new role as Chief Marketing Officer (CMO) he will lead the strategic marketing and the product management for existing and new business fields. As Chief Commercial Officer (CCO), John P. Jennings will remain responsible for sales, market communication and the company's subsidiaries. From January 1, 2014, on, the chairman of the management board (CEO), Dr. Dietmar Ley, will be responsible for research & development, organizational development, and human resources.

Employees

The number of employees for the Basler group was 330 on the reporting date (previous year: 289, +14 %). The regional allocation is as follows:

■ Headquarters in Ahrensburg, Germany:	284 (previous year: 250)
■ Subsidiary in the U.S.:	16 (previous year: 14)
■ Subsidiary in Taiwan:	8 (previous year: 9)
■ Subsidiary in Singapore:	15 (previous year: 12)
■ Representative offices in Korea, China, and Japan:	7 (previous year: 4)

Cash flow, liquid assets, equity, and net cash position

The operating cash flow amounted to € 7.3 million in the reporting period (previous year: € 8.4 million, -13 %). After deduction of the investing cash flow of € 4.2 million, a free cash flow amounted to € 3.1 million (previous year: € 3.2 million, -3 %).

At the end of the reporting period, liquid assets amounted to € 8.6 million and were thus by 83 % above the figure of the comparison period in the previous year (€ 4.7 million).

The equity amounted to € 31.8 million at the end of the reporting period (December 31, 2012: € 29.6 million, +7 %). The equity ratio amounted to 50.7 %.

The net cash position amounted to € 2.5 million at the reporting date (December 31, 2012: € 3.5 million, -29 %).

The Basler share

In the beginning of the third quarter of 2013, the Basler share opened at a price of € 18.69. Following the publication of the preliminary business figures for the second quarter on July 16, 2013, the share price increased to € 22.38 in the course of the month of July and continued to increase to € 24.65 in the month of August. At the end of the quarter, the share price leveled off at a price of € 23.00 and was thus 67 % above the share price of December 31, 2012. The average daily trading volume in the third quarter of 2013 was 3,041 units (previous year: 1,800 units, +69 %). The market capitalization amounted to € 75.2 million at the end of the third quarter (December 31, 2012: € 45.9 million, +64 %).

The management board of Basler AG informed the Basler investors on September 24, 2013, about the company's buyback of bearer shares with an equivalent value of up to € 1 million via the stock market. This buyback program started on September 25, 2013. The buyback program 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. 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. The first shares bought back were passed on to Basler AG in the month of October. Thus, compared to the half year report of 2013 the number of own shares remained unchanged in the third quarter amounting to 232,115 units, despite the share buyback program that started on September 25, 2013.

As of September 30, 2013, the management board and the supervisory board held the following shares:

	09/30/2013 Number of shares	09/30/2012 Number of shares
Supervisory Board		
Norbert Basler	1,816,891	1,816,891
Konrad Ellegast	1,280	-
Prof. Dr. Eckart Kottkamp	-	-
Management Board		
Dr. Dietmar Ley	144,358	144,043
John P. Jennings	5,500	5,500
Arndt Bake	700	-

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, 2013 by the „Government Commission of the German Corporate Governance Code“ (hereinafter called „code“) with the following exceptions:

Clause 3.8 Sect. 3 - Retention associated with D & O insurance for the supervisory board

According to Clause 3.8 Sect. 3 of the code an appropriate retention shall be arranged for when the corporation takes out D & O insurance for the supervisory board. D & O insurance coverage for the management board includes retention according to statutory provision. The insurance policy for members of the supervisory board, however, does not provide for retention. Management board and supervisory board continue to share the view that all members of the board are naturally obliged to accountable action. Accordingly, retention for the members of the supervisory board is not required.

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 shareholders' 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.

The declaration of compliance with the code and the constantly updated related compliance can be accessed on the 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.

Opportunities and risks report

The risks report published in the annual report 2012 points out in detail the risks that could affect the business performance. In the period under report no material changes of the risk profile of Basler AG occurred.

Outlook

The first nine months of the fiscal year 2013 were successful for Basler AG. Our growth in sales above market level derives from the gaining of market shares in existing markets and from opening up new customers in new markets.

Given the continuing restrained macroeconomic conditions, the intact incoming orders, the promising market launch of important new products, and our strong sales positioning give us great confidence for the future.

Due to the pre-tax return level of 12 % that has been achieved after nine months and an expected business development according to plan in the fourth quarter, we increase our profit forecast and will henceforth assume a pre-tax return within a corridor of 11 - 12 % (previously 10 - 11 %) for the financial year 2013. The sales forecast of € 63 - 65 million remains unchanged.

Consolidated Profit and Loss Statement

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2013 to September 30, 2013

in € k	01/01/ - 09/30/2013	01/01/ - 09/30/2012	07/01/ - 09/30/2013	07/01/ - 09/30/2012
Sales revenues	49,121	41,834	16,906	16,625
Cost of sales	-24,882	-22,770	-8,961	-8,896
- of which depreciations on capitalized developments	-2,824	-3,553	-1,145	-1,347
Gross profit on sales	24,239	19,064	7,945	7,729
Other internal income	1,065	1,579	353	629
Sales and marketing costs	-8,429	-6,803	-2,773	-2,402
General administration costs	-5,828	-5,917	-1,841	-2,448
Other expenses	-4,542	-2,942	-1,348	-1,150
Operating result	6,505	4,981	2,336	2,358
Financial income	499	22	84	17
Financial expenses	-1,057	-849	-369	-395
Financial result	-558	-827	-285	-378
Earnings before tax	5,947	4,154	2,051	1,980
Income tax	-1,874	-1,397	-688	-817
Group's quarterly surplus	4,073	2,757	1,363	1,163
of which are allocated to				
shareholders of the parent company	4,073	2,757	1,363	1,163
non-controlling shareholders	0	0	0	0
Average number of shares	3,292,743	3,386,665	3,267,885	3,342,985
Earnings per share diluted / undiluted (Euro)	1.24	0.81	0.42	0.35

Consolidated Statement of Comprehensive Income

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2013 to September 30, 2013

in € k	01/01/ - 09/30/2013	01/01/ - 09/30/2012
Group's quarterly surplus	4,073	2,757
Result from differences due to currency conversion, directly recorded in equity	-40	-16
Surplus/ Net loss from cash flow hedges	168	-210
Total result, through profit or loss	128	-226
Total result	4,201	2,531
of which are allocated to		
shareholders of the parent company	4,201	2,531
non-controlling shareholders	0	0

Consolidated Cash Flow Statement

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2013 to September 30, 2013

in € k	01/01/ - 09/30/2013	01/01/ - 09/30/2012	07/01/ - 09/30/2013	07/01/ - 09/30/2012
Operational activity				
Group's period surplus	4,073	2,757	1,363	1,163
Increase (+) / decrease (-) in deferred taxes	1,041	117	209	126
Interest outpayment / interest inpayment	1,137	1,060	375	417
Depreciations on fixed assets objects	4,355	5,075	1,663	1,858
Change in the capital resources without affecting payment	130	-226	-50	78
Increase (+) / decrease (-) in the accruals	185	1,508	475	1,629
Profit (-) / loss (+) from the outflow of fixed asset objects	-4	-7	0	-3
Increase (-) / decrease (+) in the reserves	-3,004	-152	-2,064	626
Increase (+) / decrease (-) in the down payments received	265	52	274	17
Increase (-) / decrease (+) in the receivables from deliveries and services	-1,485	-2,170	639	-583
Increase (-) / decrease (+) in other assets	535	-108	1,373	-88
Increase (+) / decrease (-) in the payables from deliveries and services	790	621	812	177
Increase (+) / decrease (-) in other liabilities	-721	-119	-50	-316
Cash inflow from business activity	7,297	8,408	5,019	5,101
Investment activity				
Outpayments for investments in fixed assets	-4,211	-5,214	-1,730	-1,650
Inpayment from outflow of fixed asset objects	4	19	0	1
Cash outflow from investment activity	-4,207	-5,195	-1,730	-1,649
Financing activity				
Outpayment from repayment of bank loans	-1,825	-2,636	-700	-1,037
Outpayment for the clearing of financing liabilities	-926	-866	-311	-292
Inpayment from the taking out of bank loans	3,210	1,000	0	500
Interest outpayment	-1,137	-1,060	-374	-416
Outpayment for own shares	-1,002	-1,396	0	-597
Outpayment for dividends	-982	-1,014	0	0
Cash outflow from financing activity	-2,662	-5,972	-1,385	-1,842
Changes in the funds that affect the payment in the period	428	-2,759	1,904	1,610
Funds at the beginning of the period	8,197	7,438	6,721	3,069
Funds at the end of the period	8,625	4,679	8,625	4,679
Composition of the funds at the end of the period				
Cash in bank and cash in hand	8,625	4,679	8,625	4,679
Outpayment for taxes	346	430	346	139

Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2013 to September 30, 2013

in € k	09/30/2013	12/31/2012
Assets		
A. Long-term assets		
I. Intangible assets	13,658	13,642
II. Fixed assets	3,746	3,388
III. Buildings and land in finance lease	16,873	17,392
IV. Other financial assets	5	5
V. Deferred tax assets	94	94
	34,376	34,521
B. Short-term assets		
I. Inventories	10,640	7,636
II. Receivables from deliveries and services and from production orders	7,808	6,323
III. Other short-term financial assets	227	137
IV. Other short-term assets	685	937
V. Claim for tax refunds	354	726
VI. Cash in bank and cash in hand	8,625	8,197
	28,339	23,956
	62,715	58,477

Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2013 to September 30, 2013

in € k	09/30/13	12/31/2012
Liabilities		
A. Equity		
I. Subscribed capital	3,268	3,326
II. Capital reserves	0	0
III. Retained earnings including group's earnings	28,645	26,498
IV. Other components of equity	-111	-239
	31,802	29,585
B. Long-term debt		
I. Long-term liabilities		
1. Long-term liabilities to banks	5,480	3,289
2. Other financial liabilities	4	19
3. Liabilities from finance lease	13,176	14,103
II. Non-current provisions	489	489
III. Deferred tax liabilities	1,061	19
	20,210	17,919
C. Short-term debt		
I. Other financial liabilities	1,696	3,222
II. Short-term provisions	2,991	2,212
III. Short-term other liabilities		
1. Liabilities from deliveries and services	2,652	1,846
2. Other short-term financial liabilities	922	658
3. Liabilities from finance lease	2,150	2,149
IV. Current tax liabilities	292	886
	10,703	10,973
	62,715	58,477

Consolidated Statement of Changes in Equity

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2013 to September 30, 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	
Shareholders' equity as of 01/01/2012	3,445	446	24,256	-37	-1,093	-1,130	27,017
Total result			2,757	-16	-210	-226	2,531
Share buyback	-119	-1,277				0	-1,396
Dividend outpayment*			-1,014			0	-1,014
Shareholders' equity as of 09/30/2012	3,326	-831	25,999	-53	-1,303	-1,356	27,138
Total result			1,329	-18	1,135	1,117	2,446
Share buyback	0	0	0			0	0
Reclassification		831	-831			0	0
Dividend outpayment*			1			0	1
Shareholders' equity as of 12/31/2012	3,326	0	26,498	-71	-168	-239	29,585
Total result			4,073	-40	168	128	4,201
Share buyback	-58	0	-944			0	-1,002
Dividend outpayment*			-982			0	-982
Shareholders' equity as of 09/30/2013	3,268	0	28,645	-111	0	-111	31,802

* € 0.30 per share

SELECTED EXPLANATORY NOTES

Principles and methods

As already the consolidated annual financial statements as of December 31, 2012, 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, 2012.

There have been no changes to the group of consolidated companies compared to the consolidated annual financial statements as of December 31, 2012.

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 major 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 (COO)

Events 2013

Trade Fairs and Conferences

Date	Fair	Venue
11/20 - 11/23/2013	Metalex Thailand	Bangkok, Thailand
12/04 - 12/06/2013	International Technical Exhibition on Image Technology and Equipment	Yokohama, Japan

BASLER AG

An der Strusbek 60 – 62
22926 Ahrensburg
Germany
Tel. +49 4102 463 0
Fax +49 4102 463 109
info@baslerweb.com

baslerweb.com

BASLER, INC.

855 Springdale Drive, Suite 203
Exton, PA 19341
USA
Tel. +1 610 280 0171
Fax +1 610 280 7608
usa@baslerweb.com

BASLER ASIA PTE. LTD.

35 Marsiling Industrial Estate Road 3
#05-06
Singapore 739257
Tel. +65 6367 1355
Fax +65 6367 1255
singapore@baslerweb.com

BASLER VISION TECHNOLOGIES**TAIWAN INC.**

No. 21, Sianjheng 8th St.
Jhubei City,
Hsinchu County 30268
Taiwan/R.O.C.
Tel. +886 3 5583955
Fax +886 3 5583956
taiwan@baslerweb.com

BASLER KOREA**REPRESENTATIVE OFFICE**

Room 16, DM Business Center,
7F KB Bldg. 366-1 Yatap-dong,
Budang-gu, Seongnam, 463-827
Korea
Tel. +82 707 1363 114
Fax +82 707 0162 705
korea@baslerweb.com

BASLER CHINA**REPRESENTATIVE OFFICE**

Building C, No.905, Yuyuan Road,
Shanghai, 200050,
China
Tel. +86 21 6230 2160
Fax +86 21 6230 0251
china@baslerweb.com