



3-MONTH REPORT 2016

KEY FIGURES

in € m*	Q1 2014	Q1 2015	Q1 2016	Changes to previous year
Sales revenues	17.2	22.3	22.4	0 %
Incoming orders	19.3	21	23.5	12 %
Gross results	8.7	10.9	11.0	1 %
Gross profit margin	50.6 %	48.9 %	49.1 %	0 Pp.
Full costs for research and development	2.8	2.9	3.4	17 %
Research and development ratio	16.3 %	13.0 %	15.2 %	2 Pp.
EBITDA	3.7	4.5	4.0	-11 %
EBIT	2.3	3.2	2.4	-25 %
EBT	1.9	3.0	2.2	-27 %
Net income	1.3	2.3	1.6	-30 %
Weighted average number of shares	3,237,476	3,176,492	3,241,363	2 %
Result per share (€)	0.39	0.72	0.51	-29 %
Cash flow from operating activities	1.6	1.6	0.8	-50 %
Cash flow from investing activities	-1.8	-2.9	-2.0	-31 %
Free Cash flow	-0.2	-1.3	-1.2	-8 %

in € m*	12/31/2014	12/31/2015	03/31/16	Changes to previous year
Total assets	72.3	76.7	78.2	2 %
Long-term assets	38.8	42.5	43.0	1 %
Equity	37.3	45.2	46.7	3 %
Liabilities	35	31.5	31.5	0 %
Equity ratio	51.6 %	58.9 %	59.7 %	1 Pp.
Net cash	4.5	6.6	4.7	-29 %
Working Capital	17.1	15.8	18.3	16 %
Number of employees for the fiscal year (full time equivalents)	375	438	453	3 %
Share price (XETRA) in €	38.66	43.43	47.48	9 %
Number of shares in circulation	3,181,136	3,241,363	3,241,363	0 %
Market capitalization	123	140.8	153.9	9 %

*unless otherwise stated

OVERVIEW, GROUP RESULTS Q1/2016:

- Incoming orders: € 23.5 million (previous year: € 21.0 million, +12 %)
- Sales: € 22.4 million (previous year: € 22.3 million)
- EBIT: € 2.4 million (previous year: € 3.2 million, -25 %)
- EBT: € 2.2 million (previous year: € 3.0 million, -27 %)
- Operating cash flow: € 0.8 million (previous year: € 1.6 million, -50 %)
- Free cash flow: € -1.2 million (previous year: € -1.3 million, -8 %)

Dear Ladies and Gentlemen,

Basler AG started with convincing results into the new fiscal year. The extraordinarily strong Q1/2015 sales that were generated due to project business were again reached this year – without project business.

In an economic environment similar to the previous year, Basler AG has positioned itself well in the first quarter of the fiscal year 2016.

Solid sales and profit margin levels offer a sound basis for the new fiscal year. Incoming orders set a new benchmark generating € 23.5 million – an increase of 12 % compared to the previous year. With this tailwind Basler AG is well prepared for the second quarter 2016.

BUSINESS DEVELOPMENT

Special mention should be made of the very positive development of the Asian markets in the first quarter. The company expanded sales from the Asian business to 41.0 % of overall revenue (previous year: 31.0 %). We also expect a strong demand from the Asian region in the upcoming months. Compared to the previous year, there were no major projects coming from the EMEA region where the share in sales decreased to 39.0 % (previous year: 51 %). The Americas share in sales remains stable at 20 % (previous year: 18 %).

Also for the upcoming months the company expects a positive development of the markets – especially in Asia.

Compared to the previous year, the gross margin also remains stable at 49.1 % (previous year: 48.9 %). The pre-tax result amounted to € 2.2 million (previous year: € 3.0 million) and thus exactly reached the long-term objective EBT margin of 10 %. The year-on-year difference of the pre-tax result is particularly due to the planned and strategic important staff increase in the preceding year as well as a lower capitalization rate of R&D services.

The positive development of the general administrative costs is mainly due to lower currency expenses.

INTERIM GROUP MANAGEMENT REPORT

SALES & ORDER ENTRY

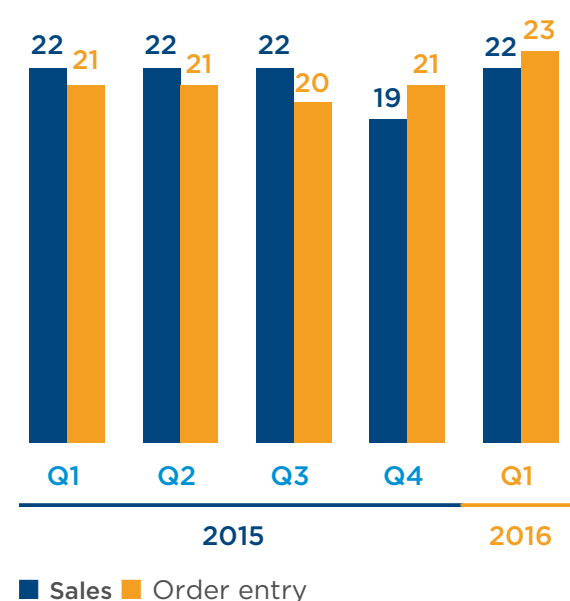
For the last five quarters (in € mill.)



Keyfact

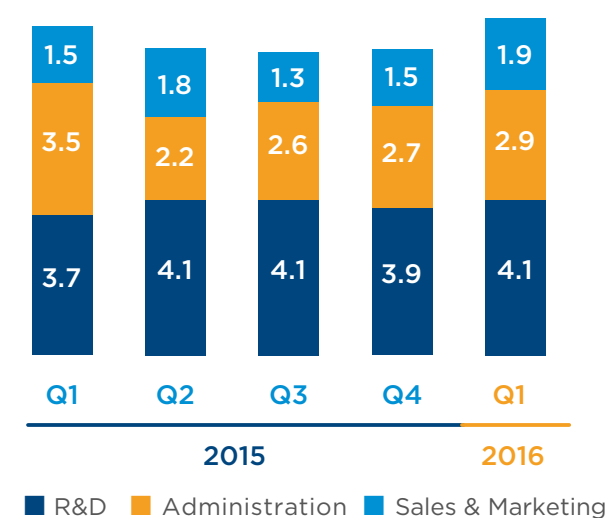
+12 %

Order entry to
previous year



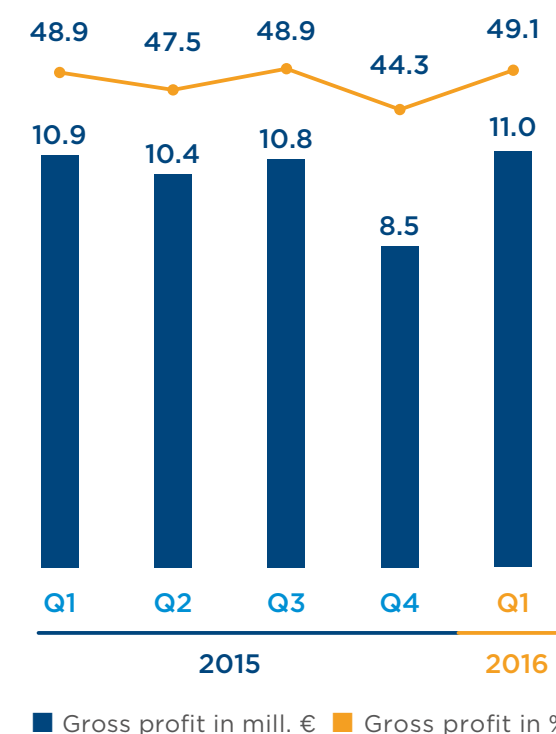
EXPENSES

For the last five quarters (in € mill.)



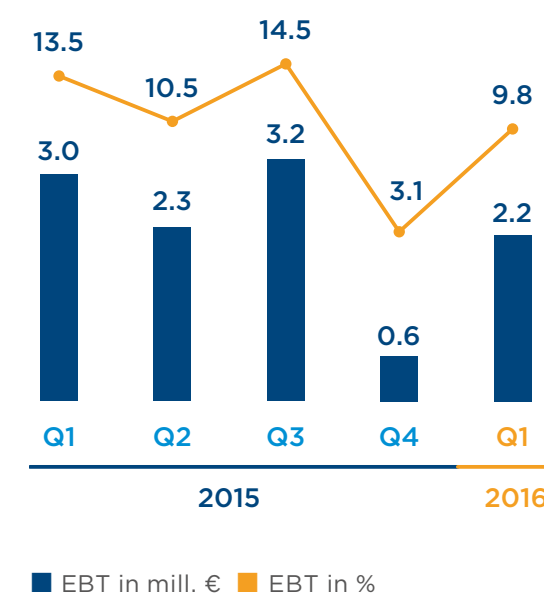
GROSS PROFIT (IFRS)

Development of IFRS Gross Profit (incl. R&D depreciation)



EARNING BEFORE TAX

For the last five quarters

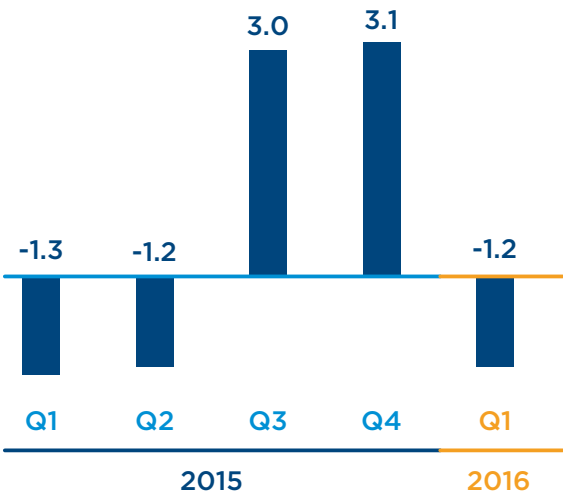




CASH FLOW, LIQUID ASSETS, AND EQUITY

FREE CASH FLOW

For the last five Quarters (in € mill.)



■ FCF

The operating cash flow amounted to € 0.8 million (previous year: € 1.6 million, -50 %) in the reporting period. The cash flow from investing activities decreased by 31 % to € -2.0 million (previous year: € -2.9 million). As a result, a free cash flow of € -1.2 million was generated which is similar to the level of the previous year. As in the previous years, the company expects a typical development of the cash flow showing slightly negative to balanced out values in the first half year and clearly positive contributions in the second half year.

At the end of the reporting period, liquid assets amounted to € 11.9 million and were thus 14 % above the level of the same period of last year (€ 10.4 million).

The equity increased to € 46.7 million at the end of the reporting period (previous year € 45.2 million, + 3 %). The net cash position amounted to € 4.7 million (previous year: € 6.6 million, -29 %) at the reporting date.

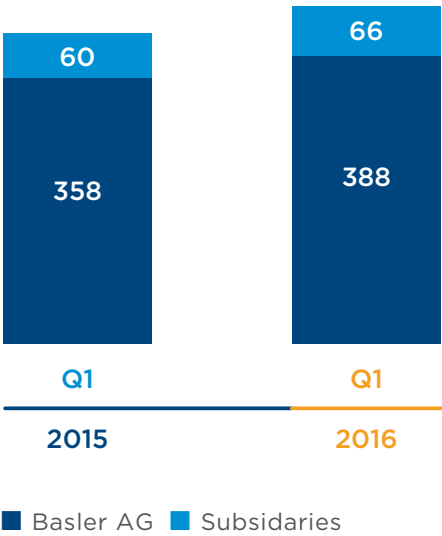
DEVELOPMENT EMPLOYEES
FULL-TIME EQUIVALENTS (FTE)



Keyfact

+ 36 FTE

Development employees



■ Basler AG ■ Subsidiaries

The increase in personnel mainly took place in 2015. After a strong recruitment wave in fiscal years 2014 / 2015 the company will focus on effectively integrating the new employees and adjusting structures in order to make better use of the strong work-force and to increase productivity.

Outlook

For Basler AG, fiscal year 2016 has started successfully according to our budget planning. In line with the strategy, the company will drive its growth by high investments in the development of new products and markets while earnings remain stable.

We are confident about the second quarter and adhere to our strategy providing for group sales 2016 within a corridor of € 90 – 92 million and a pre-tax return rate of 9 – 10 %. Based on the solid result of the first quarter, we will continue to determinedly drive our growth strategy in the course of the year.



SHARE PRICE DEVELOPMENT

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



Keyfact

45.50 €

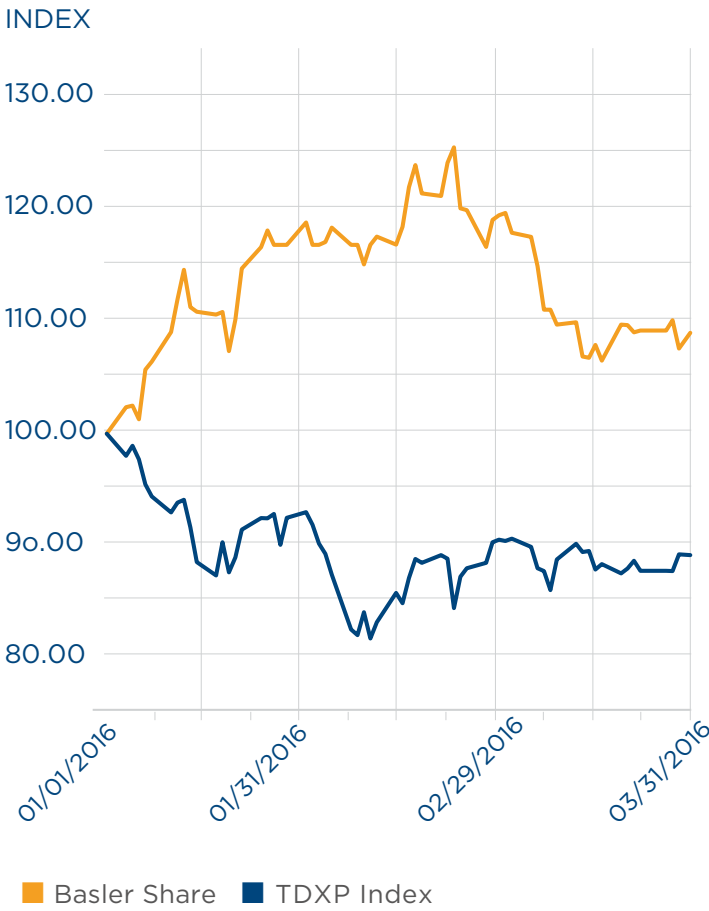
Opening price 01/01/2016



Keyfact

47.48 €

Closing price 03/31/2016



→ As of March 31, 2016, Basler AG held 7.4 % own shares.

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, 2016 to March 31, 2016

in € k	01/01/ - 03/31/2015	01/01/ - 03/31/2016
Sales revenues	22,317	22,366
Cost of sales	-11,371	-11,336
- of which depreciations on capitalized developments	-696	-820
Gross profit on sales	10,946	11,030
Other operating income	1,050	306
Sales and marketing costs	-3,732	-4,079
General administration costs	-3,503	-2,857
Research and development	-1,456	-1,939
Other expenses	-112	-31
Operating result	3,193	2,430
Financial income	124	69
Financial expenses	-311	-266
Financial result	-187	-197
Earnings before tax	3,006	2,233
Income tax	-709	-584
Group's period surplus	2,297	1,649
of which are allocated to		
shareholders of the parent company	2,297	1,649
non-controlling shareholders	0	0
Average number of shares	3,176,492	3,241,363
Earnings per share diluted / undiluted (€)	0.72	0.51

Consolidated Statement of Comprehensive Income

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2016 to March 31, 2016

in € k	01/01/ - 03/31/2015	01/01/ - 03/31/2016
Group's year surplus	2,297	1,649
Result from differences due to currency conversion, directly recorded in equity	441	-112
Surplus from cashflow hedges	0	0
Total result, through profit or loss	441	-112
Total result	2,738	1,537
of which are allocated to		
shareholders of the parent company	2,738	1,537
non-controlling shareholders	0	0

Consolidated Cash Flow Statement

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2016 to March 31, 2016

in € k	01/01/ - 03/31/2015	01/01/ - 03/31/2016
Operating activities		
Group's period surplus	2,297	1,649
Increase (+) / decrease (-) in deferred taxes	273	52
Payout/ incoming payments for interest	335	306
Depreciation of fixed assets	1,310	1,525
Change in capital resources without affecting payment	441	-112
Increase (+) / decrease (-) in accruals	-441	394
Profit (-) / loss (+) from asset disposals	0	-2
Increase (-) / decrease (+) in reserves	-412	-180
Increase (+) / decrease (-) in advances from demand	-174	26
Increase (-) / decrease (+) in accounts receivable	-2,996	-2,531
Increase (-) / decrease (+) in other assets	-421	-547
Increase (+) / decrease (-) in accounts payable	814	219
Increase (+) / decrease (-) in other liabilities	593	-45
Net cash provided by operating activities	1,619	754
Investing activities		
Payout for investments in fixed assets	-2,980	-2,010
Incoming payments for asset disposals	62	2
Net cash provided by investing activities	-2,918	-2,008
Financing activities		
Payout for amortisation of bank loans	-222	-222
Payout for amortisation of finance lease	-347	-368
Incoming payment for borrowings from banks	0	0
Interest payout	-335	-306
Payout for own shares	247	0
Dividends paid	0	0
Net cash provided by financing activities	-1,151	-896
Change in liquid funds	-2,450	-2,150
Funds at the beginning of the period	12,812	14,043
Funds at the end of the period	10,362	11,893
Composition of liquid funds at the end of the period		
Cash in bank and cash in hand	10,362	11,893
Payout for taxes	359	60



Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2016 to March 31, 2016

in € k	03/31/2015	03/31/2016
Assets		
A. Long-term assets		
I. Intangible assets	20,859	21,459
II. Fixed assets	6,276	6,329
III. Buildings and land in finance lease	15,316	15,143
IV. Other financial assets	5	5
V. Deferred tax assets	64	42
	42,520	42,978
B. Short-term assets		
I. Inventories	10,763	10,943
II. Receivables from deliveries and services and from production orders	7,793	10,325
III. Other short-term financial assets	233	339
IV. Other short-term assets	521	910
V. Claim for tax refunds	791	847
VI. Cash in bank and cash in hand	14,043	11,893
	34,144	35,257
	76,664	78,235

in € k	03/31/2015	03/31/2016
Liabilities		
A. Equity		
I. Subscribed capital	3,241	3,241
II. Capital reserves	2,443	2,443
III. Retained earnings including group's earnings	38,944	40,593
IV. Other components of equity	543	431
	45,171	46,708
B. Long-term debt		
I. Long-term liabilities		
1. Long-term liabilities to banks	6,825	6,703
2. Other financial liabilities	0	15
3. Liabilities from finance lease	10,117	9,748
II. Non-current provisions	748	748
III. Deferred tax liabilities	4,046	4,077
	21,736	21,291
C. Short-term debt		
I. Other financial liabilities	1,579	1,483
II. Short-term accrual liabilities	1,970	1,843
III. Short-term other liabilities		
1. Liabilities from deliveries and services	2,732	2,943
2. Other short-term financial liabilities	1,194	1,164
3. Liabilities from finance lease	2,156	2,157
IV. Current tax liabilities	126	646
	9,757	10,236
	76,664	78,235



Consolidated Statement of Changes in Equity

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2016 to March 31, 2016

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 01/01/2015	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	-242	0	0	0	-248
Shareholders' equity as of 03/31/2015	3,175	0	35,986	636	0	636	39,797
Gesamtergebnis	0	0	3,916	-93	0	-93	3,823
Aktienverkauf	66	2,443	1,264	0	0	0	3,773
Aktienrückkauf	0	0	0	0	0	0	0
Dividenden-auschüttung *	0	0	-2,222	0	0	0	-2,222
Shareholders' equity as of 12/31/2015	3,241	2,443	38,944	543	0	543	45,171
Gesamtergebnis	0	0	1,649	-112	0	-112	1,537
Aktienrückkauf	0	0	0	0	0	0	0
Shareholders' equity as of 03/31/2016	3,241	2,443	40,593	431	0	431	46,708

* 0.70 € per share

IR EVENTS 2016

Date	Event	Venue
06/03/2016	Shareholders' meeting 2016	Hamburg, Germany
08/03/2016	Publication 6-month report 2016	Ahrensburg, Germany
11/02/2016	Publication 9-month report 2016	Ahrensburg, Germany
11/10/2016	Analyst conference on exhibition VISION	Stuttgart, Germany
11/21 - 23/2016	Deutsches Eigenkapitalforum 2016 (German equity forum)	Frankfurt am Main, Germany

BASLER AG

An der Strusbek 60-62
22926 Ahrensburg
Germany
Tel. +49 4102 463 0
Fax +49 4102 463 109
info@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 3 558 3955
Fax +886 3 558 3956
taiwan@baslerweb.com