



9-MONTH REPORT 2017

KEY FIGURES

in € m*	01/01/ - 09/30/2016	01/01/ - 09/30/2017	Changes to previous year	07/01/ - 09/30/2016	07/01/ - 09/30/2017	Changes to previous year
Sales revenues	72.2	121.1	68 %	23.7	42.6	80 %
Incoming orders	76.5	126.4	65 %	26.3	26.0	-1 %
Gross results	35.4	61.3	73 %	11.4	21.8	91 %
Gross profit margin	49.0 %	50.6 %	1.6 Pp.	48.1 %	51.2 %	3.1 Pp.
Full costs for research and development	10.0	11.7	17 %	3.2	3.8	19 %
Research and development ratio	13.9 %	9.7 %	-4.2 Pp.	13.5 %	8.9 %	-4.6 Pp.
EBITDA	14.0	36.0	157 %	5.0	13.0	160 %
EBIT	9.2	29.3	218 %	3.5	10.8	209 %
EBT	8.6	28.8	235 %	3.3	10.6	221 %
Net income	6.8	20.4	200 %	2.9	7.4	155 %
Weighted average number of shares	3,235,327	3,208,918	-1 %	3,226,954	3,211,136	0 %
Result per share (€)	2.10	6.37	203 %	0.59	2.32	293 %
Cash flow from operating activities	12.3	28.7	133 %	5.9	17.2	192 %
Cash flow from investing activities	-6.2	-10.6	71 %	-2.4	-3.3	38 %
Free Cash flow	6.1	18.1	197 %	3.5	13.9	297 %

in € m*	12/31/2016	12/31/2017	09/30/17	Changes to previous year
Total assets	76.7	90.4	122.5	36 %
Long-term assets	42.5	43.9	47.4	8 %
Equity	45.2	50.0	67.9	36 %
Liabilities	31.5	40.4	54.6	35 %
Equity ratio	58.9 %	55.3 %	55.4 %	0.1 Pp.
Net cash	6.6	8.8	23.1	163 %
Working Capital	15.8	18.6	27.6	48 %
Number of employees for the fiscal year (full time equivalents)	438	457	507	11 %
Share price (XETRA) in €	43.43	60.37	178.40	196 %
Number of shares in circulation	3,241,363	3,215,247	3,211,136	0 %
Market capitalization	140.8	194.1	572.9	195 %

* sofern nicht anders angegeben

OVERVIEW, GROUP RESULTS Q3/2017:

- ➔ Incoming orders: Euro 126.4 million(previous year: Euro 76.5 million, + 65 %)
- ➔ Sales: Euro 121.1 million (previous year: Euro 72.2 million, + 68 %)
- ➔ EBIT: Euro 29.3 million (previous year: Euro 9.2 million, + 218 %)
- ➔ EBT: Euro 28.8 million (previous year: Euro 8.6 million, + 235 %)
- ➔ Operating cash flow:Euro 28.7 million (previous year: Euro 12.3 million, + 133 %)
- ➔ Free cash flow: Euro 18.1 million (previous year: Euro 6.1 million, + 197 %)

Dear Ladies and Gentlemen,

In a dynamic market environment, in the first nine months of 2017 Basler AG laid the foundation for an extraordinarily successful financial year. With record values in incoming orders and sales, Basler AG continued to expand its market position. The strong increase in incoming orders and the subsequent order backlog returned to normal in the third quarter and, all in all, lead to a balanced book-to-bill ratio in the first three quarters. Gradually, the delivery times came back to a normal level in the third quarter.

The high business level led to significant economies of scale and thus to a considerable increase in profitability and cash flow. In addition to a strong operating result, in the middle of the year, Basler AG grew by acquiring the mycable GmbH based in Neumünster. This acquisition was made due to technological reasons in the area of embedded vision.

BUSINESS DEVELOPMENT

For the months of January through September 2017, the VDMA (Verband Deutscher Maschinen- und Anlagenbau, German engineering association) reported a sales growth of 32 % for the German manufacturers of image processing components. According to VDMA, incoming orders of the industry grew by 24 % in the same period.

Compared to the market, in the first nine months Basler AG increased its sales by 68 % and thus considerably gained market shares. Compared to the industry, the strong rise in incoming orders (+ 65 % compared to the previous year) shows even a more marked distance than the sales growth. 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 came back to normal standards in the third quarter.

The very strong increase in incoming orders which was mainly generated in the first half year of the current financial year, is particularly due to a broad increase in demand in all investment goods industries and regions, as well as a very strong investment cycle in the Asian electronic goods industry. On the product side, this growth was in particular driven by the ace camera line and the GigE and USB Vision interfaces.

In order to further strengthen the ace portfolio, Basler AG started the series production of 20 new ace models equipped with new high-performance Sony sensors. Furthermore, Basler AG launched a new software solution for medical applications and thus expanded the microscopy market image processing possibilities. The new software allows an easy and intuitive recording of individual images, the recording of videos, as well as of image or video sequences.



Keyfact

+68 %

Sales revenues to previous year



Keyfact

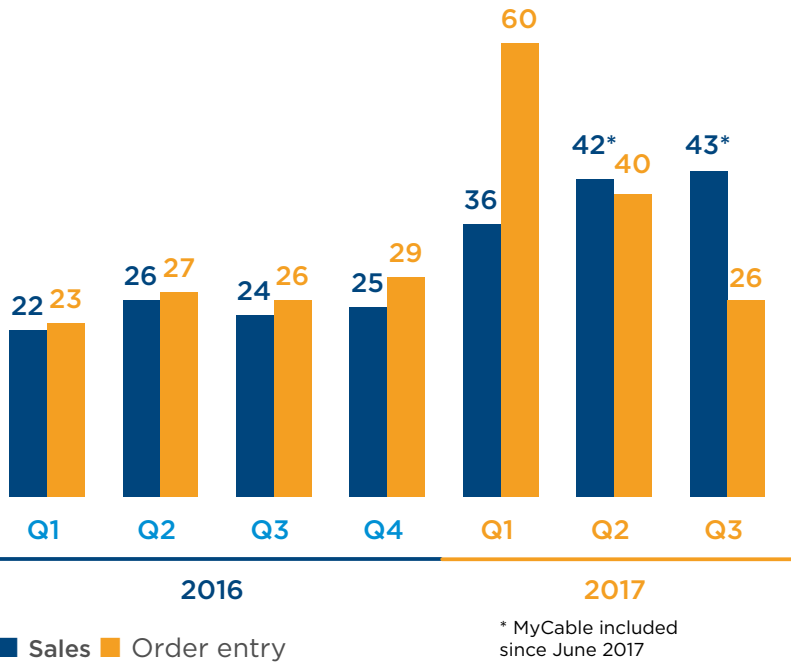
+65 %

Order entry to previous year

INTERIM GROUP MANAGEMENT REPORT

ORDER ENTRY & SALES

For the last seven quarters (in € million)

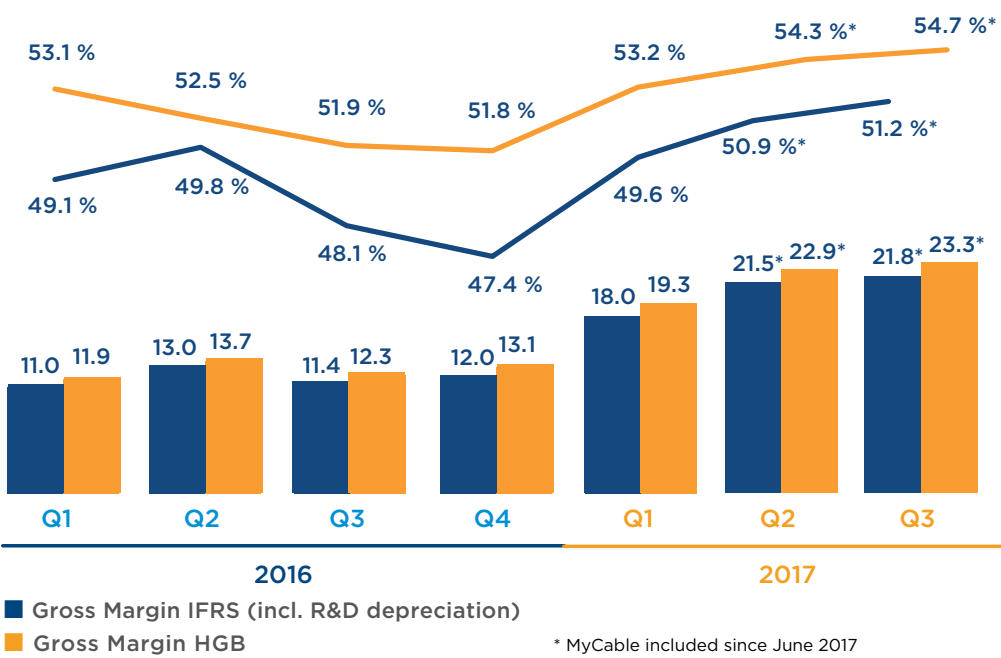


Incoming orders, sales, and gross profit

The third quarter was characterized by the expected return to normal of business, as well as the return to standard delivery times. As planned, incoming orders considerably cooled down compared to the first half year. This resulted from a lower market demand and the compensation of anticipatory effects due to longer delivery times in the first half year. Sales were still on a very high level due to the reduction of the order backlog. Compared to the first nine months of the previous year, sales and incoming orders considerably increased. In the current fiscal year sales amounted to 121,1 million (previous year: Euro 72.2 million, + 68 %) and incoming orders amounted to Euro 126.4 million (previous year: 76.5 million, + 65 %). Due to the high utilization, the costs for the performance generation developed slightly disproportionately and thus the gross margin increased to 50.6 % (previous year: 49.0 %). Compared to the previous year, in absolute terms, the gross result increased by Euro 25.9 to Euro 61.3 million (previous year: Euro 35.4 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, the pre-tax result (EBT) increased by Euro 20.2 million to Euro 28.8 million in the first nine months (previous year: Euro 8.6 million). The pre-tax return rate of about 24 % was far above the long-term goal of 12 %. The net result amounted to Euro 20.4 million (previous year: Euro 6.8 million). The result per share rose to Euro 6.37 (previous year: 2.10 Euro, + 203 %).

Since the beginning of the year, the equity increased by approximately Euro 17.9 million to Euro 67.9 million (Dec. 31, 2016: Euro 50 million, + 36 %). At the end of the reporting period the company had 288.864 own shares in their stock portfolio.

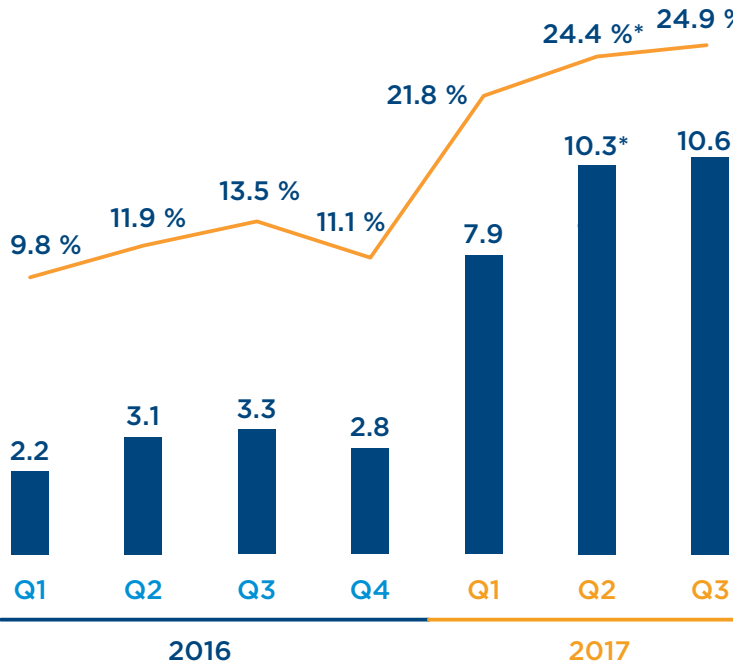
EARNINGS BEFORE TAX

For the last seven quarters



+235 %

EBT growth compared to previous year



CASH FLOW AND LIQUIDITY

Despite the strong increase in sales as well as the shift of business to Asia and the subsequent higher receivables, the operating cash flow significantly increased. In the third quarter the working capital did not further increase due to a stable sales level which led to a very high operating cash flow of Euro 17.2 million. In total, in the first nine months, the operating cash flow accumulated to Euro 28.7 million (previous year: Euro 12.3 million, + 133 %).

The cash flow from investing activities rose by 71 % to Euro -10.6 million (previous year: Euro -6.2 million). This increase is mainly due to the extraordinary investment made in the mycable GmbH acquisition and investments made for expanding production capacities.

In total, the free cash flow reached the level of euro 18.1 million (previous year: Euro 6.1 million). It covered the cash flow from financing activity in an amount of Euro -3.2 million and, furthermore, generated a liquidity inflow of Euro 14.8 million. At the reporting period closing date, liquid assets increased to € 34.7 million. The net cash position amounted to € 23.1 million (31.12.2016: € 8.8 million, +163 %) at the reporting date.

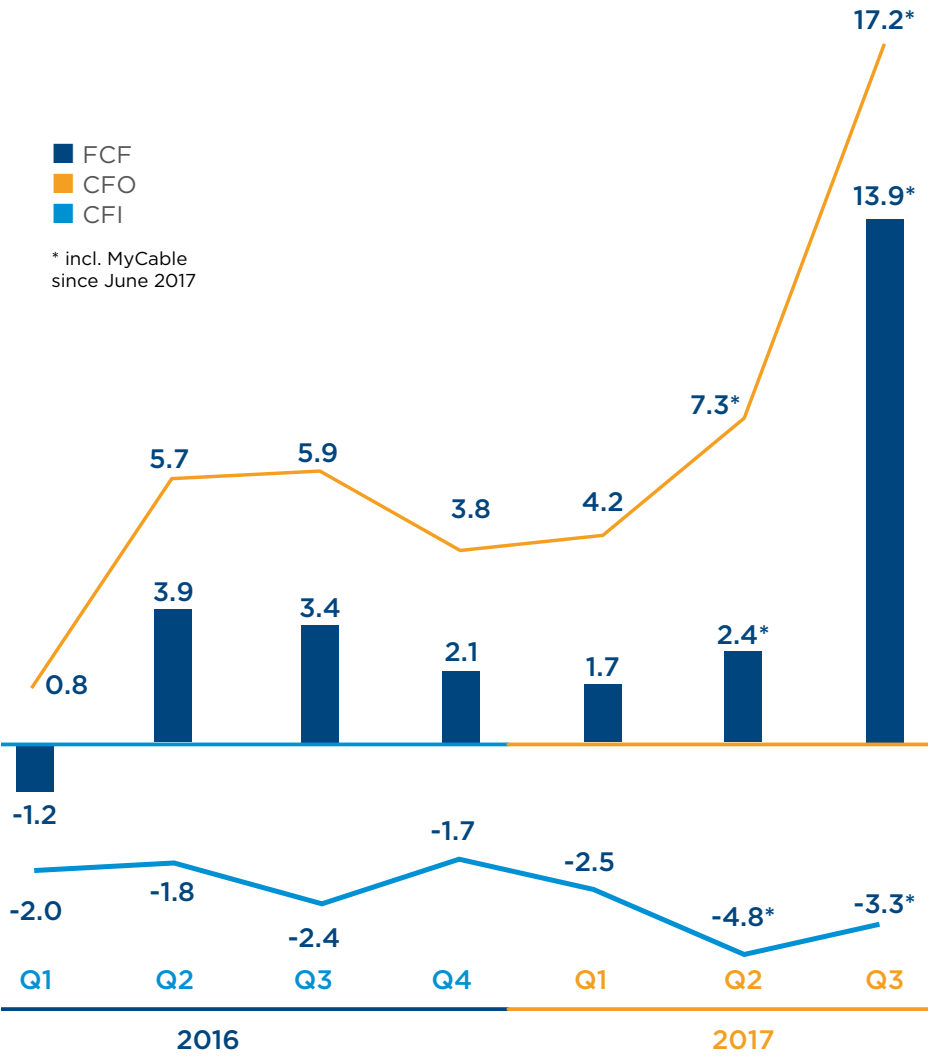
FREE CASH FLOW

For the last seven Quarters (in € million)



€18.1 million

Free Cashflow



Outlook

For Basler AG, the fiscal year 2017 has progressed very dynamically and successfully. The goals for growth and profitability were clearly exceeded. After very high incoming orders in the first two quarters, these returned to normal and became weaker in the third quarter. Sales remained stable close to the maximum production capacity. For the fourth quarter, incoming orders are expected to slightly increase. In the fourth quarter, sales will probably regress compared to the previous quarters since the order backlog reached a normal level at the end of the third quarter and the lower incoming orders of the past months dampen the sales since October. Due to the lower sales, the management board expects a single-digit pre-tax return rate for the fourth quarter. The organization gives high priority to the expansion of production capacities that will start in the fourth quarter and be completed in the first quarter of 2018. These expansions make sure that the company will not have to again increase delivery times in the upcoming investment cycle. These expansions include an extension of the machinery and modifications of the existing building for which investments of approximately Euro 2.5 million are planned. The management is positive about the

remaining months of the financial year and confirms the recently increased profit forecast showing group sales 2017 within a corridor of Euro 145 – 150 million at a pre-tax return rate of 19 – 20 %. Based on good results and a positive outlook we will continue to forge ahead with our growth strategy in the upcoming months.

Due to the high volatility of incoming orders the visibility for fiscal year 2018 is still limited. According to present estimates the company assumes a stabilizing of the high sales level for financial year 2018. The management board will make definite projections in February 2018 together with the release of the preliminary results for financial year 2017. On the long run, Basler AG strives for an average yearly sales growth of 15 % at an EBT margin of 12 %.

SHARE PRICE DEVELOPMENT

BASLER (Xetra) vs. TecDax 2017/01/01-2017/09/28



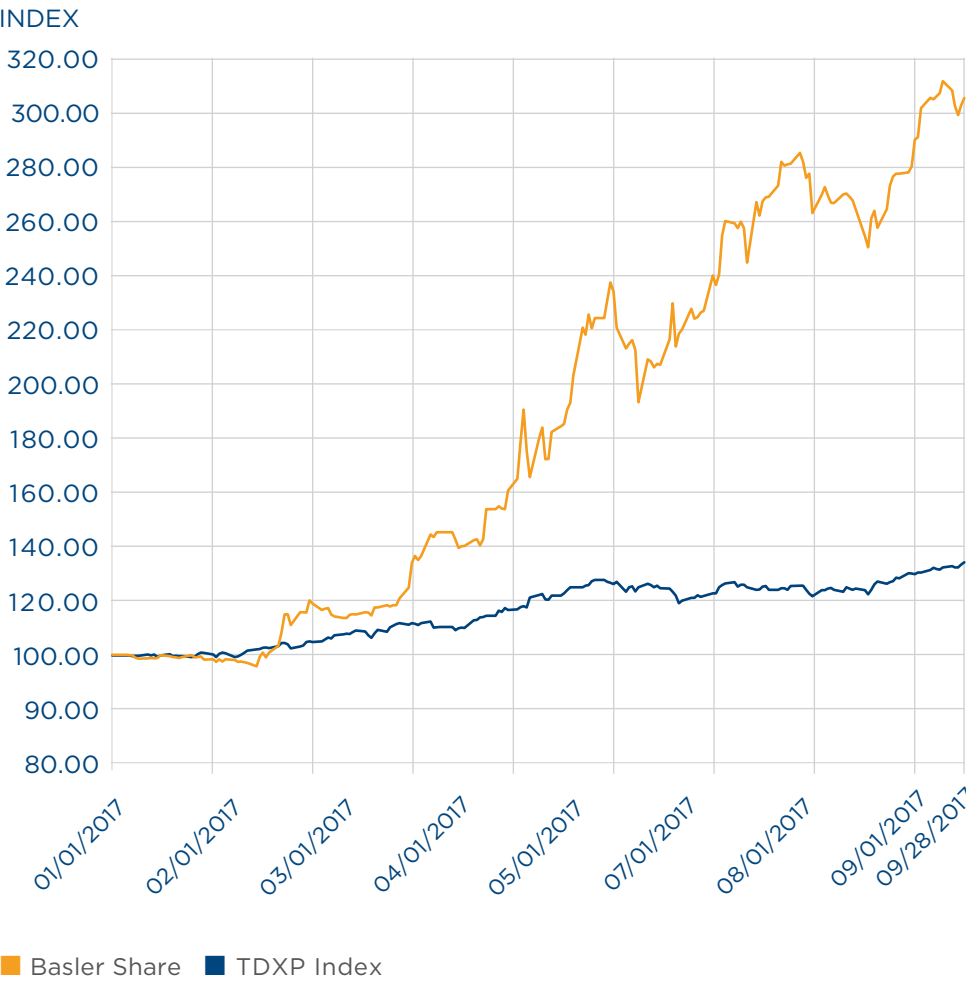
€134.90

Opening price
01/02/2017



€178.40

Closing price
09/30/2017



The share of Basler AG developed very positively in the first nine months of 2017. The share opened the year at nearly Euro 60.00 and exceeded the Euro 100.00 mark in the month of May. Due to the increase of the forecast at the end of June the share gained momentum in the third quarter and closed at a price of Euro 178.40.

On April 21, 2016, the Management Board together with the Supervisory Board of Basler AG decided to carry out an additional share buyback program. Ultimately in August 2015, the company sold bearer shares to the capital market. At the reporting date of September 30, 2017, Basler AG held 288,864 own shares, corresponding to nearly 8 % of overall shares. 20 % of the purchase price for the acquisition of mycable GmbH in June 2017 was paid in Basler shares.

The shareholders' meeting of June 4, 2014, authorized the company to buy back own shares up to a total of 10 % of the share capital of Basler AG existing at the time the resolution was adopted. The authorization is approved until June 3, 2019. The shares can be used for all purposes provided for in the authorization of the shareholders' meeting of June 4, 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 the same conditions as determined on the trading day by the opening auction for XETRA trade on the Frankfurt stock exchange.

Declaration of the Legal Representatives

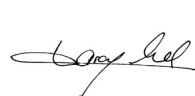
We affirm to the best of our knowledge that the interim consolidated financial statements, in accordance with the accounting principles applicable to interim reporting, provide a true and fair view of the group's asset, financial, and earnings situation and that the group's interim annual report represents 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 September 30, 2017

in € k	01/01/ - 09/30/2016	01/01/ - 09/30/2017	07/01/ - 09/30/2016	07/01/ - 09/30/2017
Sales revenues	72,200	121,073	23,692	42,564
Cost of sales	-36,766	-59,753	-12,322	-20,753
- of which depreciations on capitalized developments	-2,427	-4,125	-911	-1,444
Gross profit on sales	35,434	61,320	11,370	21,811
Other operating income	857	1,292	263	519
Sales and marketing costs	-12,253	-14,391	-3,981	-4,748
General administration costs	-8,778	-10,984	-2,662	-3,787
Research and development	-5,565	-7,344	-1,429	-2,683
Other expenses	-446	-556	-35	-298
Operating result	9,249	29,337	3,526	10,814
Financial income	170	190	67	48
Financial expenses	-773	-723	-251	-242
Financial result	-603	-533	-184	-194
Earnings before tax	8,646	28,804	3,342	10,620
Income tax	-1,855	-8,371	-395	-3,184
Group's period surplus	6,791	20,433	2,947	7,436
of which are allocated to				
shareholders of the parent company	6,791	20,433	2,947	7,436
non-controlling shareholders	0	0	0	0
Average number of shares	3,235,327	3,208,918	3,226,954	3,211,136
Earnings per share diluted / undiluted (€)	2.10	6.37	0.91	2.32

Consolidated Statement of Comprehensive Income

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

in € k	01/01/ - 09/30/2016	01/01/ - 09/30/2017
Group's year surplus	6,791	20,433
Result from differences due to currency conversion, directly recorded in equity	-43	-383
Surplus from cashflow hedges	0	0
Total result, through profit or loss	-43	-383
Total result	6,748	20,050
of which are allocated to		
shareholders of the parent company	6,748	20,050
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 September 30, 2017

in T€	01/01/ - 09/30/2016	01/01/ - 09/30/2017	07/01/ - 09/30/2016	07/01/ - 09/30/2017
Operating activities				
Group's period surplus	6,791	20,433	2,947	7,436
Increase (+) / decrease (-) in deferred taxes	558	1,767	348	-80
Payout/ incoming payments for interest	903	798	298	222
Depreciation of fixed assets	4,819	6,773	1,584	2,458
Change in capital resources without affecting payment	-43	-383	-6	-146
Increase (+) / decrease (-) in accruals	1,607	8,526	-11	4,036
Profit (-) / loss (+) from asset disposals	-11	-16	-9	-10
Increase (-) / decrease (+) in reserves	-2,449	-2,422	-1,602	-557
Increase (+) / decrease (-) in advances from demand	-8	9	-66	10
Increase (-) / decrease (+) in accounts receivable	-2,789	-9,539	2,321	3,671
Increase (-) / decrease (+) in other assets	-323	-677	54	-316
Increase (+) / decrease (-) in accounts payable	3,137	3,637	-12	485
Increase (+) / decrease (-) in other liabilities	83	-236	7	20
Net cash provided by operating activities	12,275	28,670	5,853	17,229
Investing activities				
Payout for investments in fixed assets	-6,251	-10,803	-2,450	-3,460
Incoming payments for asset disposals	24	155	18	139
Net cash provided by investing activities	-6,227	-10,648	-2,432	-3,321
Financing activities				
Payout for amortisation of bank loans	-466	-244	-122	0
Payout for amortisation of finance lease	-1,119	-1,195	-378	-403
Incoming payment for borrowings from banks	1,600	1,200	0	0
Interest payout	-903	-797	-298	-221
Incoming payment for sale of own shares	0	0	0	0
Payout for own shares	-1,036	173	-748	0
Dividends paid	-1,878	-2,371	0	0
Net cash provided by financing activities	-3,802	-3,234	-1,546	-624
Change in liquid funds	2,246	14,788	1,875	13,284
Funds at the beginning of the period	14,043	19,880	14,414	21,384
Funds at the end of the period	16,289	34,668	16,289	34,668
Composition of liquid funds at the end of the period				
Cash in bank and cash in hand	16,289	34,668	16,289	34,668
Payout for taxes	1,100	1,297	255	531

Group Balance Sheet

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

in € k	12/31/2016	09/30/2017
Assets		
A. Long-term assets		
I. Intangible assets	22,505	22,227
II. Fixed assets	6,711	7,899
III. Buildings and land in finance lease	14,624	14,105
IV. Firmenwert	0	3,139
V. Other financial assets	5	5
VI. Deferred tax assets	28	71
	43,873	47,446
B. Short-term assets		
I. Inventories	14,577	17,471
II. Receivables from deliveries and services and from production orders	10,370	20,042
III. Other short-term financial assets	505	1,342
IV. Other short-term assets	741	912
V. Claim for tax refunds	847	581
VI. Cash in bank and cash in hand	19,437	34,668
	46,477	75,016
	90,350	122,462

in € k	12/31/2016	09/30/2017
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	61,887
IV. Other components of equity	710	327
	50,016	67,868
B. Long-term debt		
I. Long-term liabilities		
1. Long-term liabilities to banks	9,825	10,191
2. Other financial liabilities	0	540
3. Liabilities from finance lease	8,610	7,413
II. Non-current provisions	946	946
III. Deferred tax liabilities	5,379	7,188
	24,760	26,278
C. Short-term debt		
I. Other financial liabilities	1,521	1,979
II. Short-term accrual liabilities	3,507	7,353
III. Short-term other liabilities		
1. Liabilities from deliveries and services	6,234	9,442
2. Other short-term financial liabilities	1,192	1,452
3. Liabilities from finance lease	2,159	2,161
IV. Current tax liabilities	961	5,929
	15,574	28,316
	90,350	122,462

Consolidated Statement of Changes in Equity

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to September 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			6,791	-43		-43	6,748
Share salesback			0				0
Share buyback	-20		-1,016				-1,036
Dividend outpayment*			-1,878				-1,878
Shareholders' equity as of 09/30/2016	3,221	2,443	42,841	500	0	500	49,005
Total result			1,139	210		210	1,349
Share salesback			0				0
Share buyback	-6		-332				-338
Dividend outpayment*			0				0
Shareholders' equity as of 12/31/2016	3,215	2,443	43,648	710	0	710	50,016
Total result			20,433	-383		-383	20,050
Share salesback			0				0
Share buyback	-4		177				173
Dividend outpayment**			-2,371				-2,371
Shareholders' equity as of 09/30/2017	3,211	2,443	61,887	327	0	327	67,868

* 0,58 € per share

** 0,74 € per share

EVENTS 2018

IR-Events

Date	Event	Venue
11/27 - 29/2017	Deutsches Eigenkapitalforum 2017 (Germany equity forum)	Frankfurt am Main, Germany
03/23/2018	Release of Annual Report 2017	
05/02/2018	Release of Three-Month-Report 2018	
05/07/2018	Annual General Meeting 2018	Hamburg
08/13/2018	Release of results for First Half Year 2018	
11/05/2018	Release of Nine-Month-Report 2018	
11/26 - 28/2018	Deutsches Eigenkapitalforum 2018 (Germany equity forum)	Frankfurt am Main, Germany

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