Viscom AG: Annual Financial Statement 2017

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Dirk Schwingel
Dr. Martin Heuser

Hanover, 21 March 2018
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Content Overview

- Strategy and Market
- Key Company Figures 2017
- Technology and Outlook
### 2017 – A Successful Year for Viscom

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€ 88.5 million</td>
<td>+ 14.6%</td>
</tr>
<tr>
<td>EBIT</td>
<td>€ 13.8 million</td>
<td>+ 31.7%</td>
</tr>
<tr>
<td>EBIT-Margin</td>
<td>15.6%</td>
<td></td>
</tr>
</tbody>
</table>

#### 2017 Annual Forecast
- Revenue: € 87 – 92 million
- EBIT-Margin: 14 – 16 %
Viscom AG: Unique Selling Points and Strengths

USPs in the current market:

- Highest inspection quality in all inspection sectors (SPI, AOI, AXI)
- Market leader in the demanding automotive electronics segment
- Excellent reputation due to good market positioning
- Software – Networking with own and open interfaces, plus participation in international standardization committees
- Systematic, consistent maintenance of technological leading position
Strategy

- Consolidate and expand market position in automotive sector
  - Autonomous vehicles and electro mobility

- Expand market position in high-volume production

- Open new application areas
  - Inspection of modern batteries
  - Leading-edge software technologies

- Expand market position, especially in Asia
Market: Regional – Asia

- Branches in Singapore and Shanghai
- Increased sales through local distributors in China
- Participation in leading Chinese trade fairs NEPCON Shanghai and NEPCON Shenzhen
- Steadily running benchmarks and evaluations
Market: Technologies

Strong demand for X-ray inspection:

- Optical 3D inspection
- 3D inspection with X-ray technology
- Rapid growth for 3D X-ray technology, especially in Asia

X-ray system revenues in Asia

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (K€)</td>
<td>3,586</td>
<td>5,947</td>
<td>9,900</td>
</tr>
</tbody>
</table>

X-ray system revenues worldwide

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (K€)</td>
<td>19,148</td>
<td>22,150</td>
<td>30,755</td>
</tr>
</tbody>
</table>
Networking in SMT Production

Full **process control** through **system communication** during the epoch **Industry 4.0**
Intelligent inspection technology – Networked inspection quality:

- Viscom Quality Uplink with Closed Loop connection
- Multiline Verification within one or several lines
- Remote Multiline Verification of several lines
Leading-Edge Software Technologies

- Artificial intelligence
  - Big data
  - Deep learning
- Integration of data infrastructures on customer location (IPC/CFX, Hermes standard)
- Further automation of high-end operations
Content Overview

- Strategy and Market
- Key Company Figures 2017
- Technology and Outlook
Incoming orders and order backlog

**Incoming orders**

- **FY 2016**: 83,498
- **FY 2017**: 90,250  
  **+8.1%**

**Order backlog***

- **FY 2016**: 18,069
- **FY 2017**: 19,777  
  **+9.5%**

* as of 12/31 reporting date
## Incoming orders according to regions

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoming orders</td>
<td>K€ 83,498</td>
<td>K€ 90,250</td>
<td>8.1%</td>
</tr>
<tr>
<td>thereof Europe</td>
<td>K€ 55,017</td>
<td>K€ 56,609</td>
<td>2.9%</td>
</tr>
<tr>
<td>thereof Americas</td>
<td>K€ 11,578</td>
<td>K€ 13,928</td>
<td>20.3%</td>
</tr>
<tr>
<td>thereof Asia</td>
<td>K€ 16,903</td>
<td>K€ 19,713</td>
<td>16.6%</td>
</tr>
<tr>
<td>Order backlog*</td>
<td>K€ 18,069</td>
<td>K€ 19,777</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

* as of 12/31 reporting date
Group revenue by years

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (€ million)</th>
<th>Year-on-Year Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>69.4</td>
<td>+11.3%</td>
</tr>
<tr>
<td>2016</td>
<td>77.2</td>
<td>+14.6%</td>
</tr>
<tr>
<td>2017</td>
<td>88.5</td>
<td></td>
</tr>
</tbody>
</table>
EBIT and EBIT-Margin

EBIT

FY 2016: €10,497
FY 2017: €13,829

EBIT-Margin

FY 2016: 13.6%
FY 2017: 15.6%
Segment information for business units

**SP**
Optical and X-ray series inspection systems

**NP**
Special optical and X-ray series inspection systems

**Service**
Service and after-sales

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>SP</td>
<td>52,102</td>
<td>61,137</td>
</tr>
<tr>
<td>NP</td>
<td>13,260</td>
<td>12,983</td>
</tr>
<tr>
<td>Service</td>
<td>11,883</td>
<td>14,422</td>
</tr>
</tbody>
</table>

+17.3% increase
-2.1% decrease
+21.4% increase
Segment information for regions

Revenues in K€
- Europe: 50,784
- Asia: 24,201
- Americas: 13,557
- Total: 88,542

EBIT* in K€
- Europe: 10,335
- Asia: 2,105
- Americas: 1,389
- Total: 13,829

EBIT-Margin* in %
- Europe: 10.2%
- Asia: 8.7%
- Americas: 20.4%
- Total: 13.6%

* consolidation differences in EBIT taken into account
Employees

Employee distribution for regions

2016: 310
2017: 337

Employee distribution by full/part time

2016: 353
2017: 381

Revenue per employee*

2014: 198
2015: 195
2016: 206
2017: 220

* in terms of annual averages
### Important Variables of the Group Overall Result Calculation

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th></th>
<th>FY 2017</th>
<th></th>
<th>Change to the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>K€</td>
<td>% to Gr</td>
<td>K€</td>
<td>% to Gr</td>
<td></td>
</tr>
<tr>
<td>Group revenue (Gr)</td>
<td>77,245</td>
<td>98.7 %</td>
<td>88,542</td>
<td>95.2 %</td>
<td>14.6 %</td>
</tr>
<tr>
<td>changes in finished goods and work in progress</td>
<td>-461</td>
<td>-0.6 %</td>
<td>2,104</td>
<td>2.3 %</td>
<td></td>
</tr>
<tr>
<td>other capitalised company-produced assets</td>
<td>1,450</td>
<td>1.9 %</td>
<td>2,317</td>
<td>2.5 %</td>
<td></td>
</tr>
<tr>
<td><strong>Total output</strong>*</td>
<td><strong>78,234</strong></td>
<td><strong>100%</strong></td>
<td><strong>92,963</strong></td>
<td><strong>100%</strong></td>
<td><strong>18.8 %</strong></td>
</tr>
<tr>
<td>Cost of materials</td>
<td>-26,022</td>
<td>-33.3 %</td>
<td>-34,051</td>
<td>-36.6 %</td>
<td>30.9 %</td>
</tr>
<tr>
<td>Staff cost</td>
<td>-26,918</td>
<td>-34.4 %</td>
<td>-28,724</td>
<td>-30.9 %</td>
<td>6.7 %</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-15,550</td>
<td>-19.9 %</td>
<td>-16,882</td>
<td>-18.2 %</td>
<td>8.6 %</td>
</tr>
<tr>
<td>**EBIT **</td>
<td><strong>10,497</strong></td>
<td><strong>13.6 %</strong></td>
<td><strong>13,829</strong></td>
<td><strong>15.6 %</strong></td>
<td><strong>31.7 %</strong></td>
</tr>
<tr>
<td>**Net profit for the period **</td>
<td><strong>7,129</strong></td>
<td><strong>9.2 %</strong></td>
<td><strong>9,073</strong></td>
<td><strong>10.2 %</strong></td>
<td><strong>27.3 %</strong></td>
</tr>
</tbody>
</table>

*Total output = Group revenue + changes in finished goods and work in progress + other capitalised company-produced assets

**related to Group revenue
### Consolidated balance sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>6,517</td>
<td>11,506</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>12,047</td>
<td>11,804</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>2,298</td>
<td>2,778</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total shareholders' equity</td>
<td>52,292</td>
<td>56,760</td>
</tr>
</tbody>
</table>

### Consolidated cash flow statement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>95</td>
<td>12,752</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-1,968</td>
<td>-3,428</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-3,554</td>
<td>-3,999</td>
</tr>
</tbody>
</table>
### Key figures on net assets, financial position and results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Return on equity</strong></td>
<td>13.6%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Net profit for the period / shareholder’s equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Return on investment (ROI)</strong></td>
<td>10.7%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Net profit for period / total assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Return on sales</strong></td>
<td>13.6%</td>
<td>15.6%</td>
</tr>
<tr>
<td>EBT / revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Return on capital employed (ROCE)</strong></td>
<td>21.8%</td>
<td>28.8%</td>
</tr>
<tr>
<td>EBIT / (total assets - cash and cash equivalents - current liabilities and provisions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>78.5%</td>
<td>79.6%</td>
</tr>
<tr>
<td>Equity / total assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Dividends

<table>
<thead>
<tr>
<th>Share</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share</td>
<td>€ 0.80</td>
<td>€ 1.02</td>
</tr>
<tr>
<td>Dividend per share*</td>
<td>€ 0.45</td>
<td>€ 0.60</td>
</tr>
</tbody>
</table>

* Dividend proposal 2017

- Dividend policy: Distribution of at least 50 % of the attained period result
- Suggested dividend for 2017 with € 0.60 per ordinary share represents a dividend ratio of about 59 %
- Dividend yield of about 2 % at 2017 year-end price
The Viscom Share

Shareholder structure

- Viscom AG: 1.5%
- Allianz: 7.4%
- Freefloat: 31.5%
- Shareholders of long standing: 59.6%

Basic information

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-end share price*</td>
<td>€ 13.30</td>
<td>€ 29.59</td>
</tr>
<tr>
<td>Highest share price*</td>
<td>€ 15.60</td>
<td>€ 30.80</td>
</tr>
<tr>
<td>Lowest share price*</td>
<td>€ 11.56</td>
<td>€ 13.85</td>
</tr>
<tr>
<td>Market capitalisation (end of year)</td>
<td>Mio. €</td>
<td>119.97</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>€ 0.80</td>
<td>1.02</td>
</tr>
<tr>
<td>Dividend per share**</td>
<td>€ 0.45</td>
<td>0.60</td>
</tr>
</tbody>
</table>

* All share price information is based on XETRA daily closing prices

** Dividend proposal of € 0.60 per dividend - bearing share for the 2017 financial year

119 % share price increase for 2017
Content Overview

- Strategy and Market
- Key Company Figures 2017
- Technology and Outlook
Electro mobility: Application area with Demanding Requirements

Inspection requirements from the e-mobility market

- Various assemblies
  - Battery management
  - Control modules
  - DC/DC converters
  - Inverters
- Properties
  - Heavier weights (up to 20 kg)
  - Large heat sinks (aluminum, copper)
  - Non-standard components (connectors)
  - Workpiece carrier handling
- Sought: Highly flexible and economical solutions for multifaceted, comprehensive inspection requirements
- Maximum dependability and quality in the process chain
X8068SL: The solution for E-Mobility

Solution for flexible in-line X-ray inspection:

- Inspection system for X-ray inspection of assemblies in workpiece carriers
- Versatile irradiation of the objects with full range of rotation and inclination angles
- Maximum geometrical magnification: 2500x
- Highly precise analysis of solder connections in power electronics
- Fully automatic inspection with powerful analysis software
Connection technology often used in power components: wire bonds

- Bond connections between different units of a control device
- At some locations, several parallel bond wires
- Thin wire connections to dies
- Solid conductors of flat material
- Some wires do cross in the view, but must not touch in space
Wire Bond XM camera with 3D camera technology

Powerful inspection module:

- High resolution up to 2.5 µm per pixel
- High-speed MP camera
- Multi-spectral/multi-angle illumination
- Field of view size: 21 mm x 21 mm
- 3D projector optional
- Evident increase in inspection speed means short inspection times
- Best image quality
- Most precise check of safety-related thin wires (diameter only about 20 µm)
X7056-II – 3D X-ray inspection system:

- Developed for the demands of high-end electronics production
- Extremely high throughput and outstanding image quality: 4 s PCB changing time
- Combined system: AOI in front, 3D AXI in rear section
- Precise inspection of hidden solder joints and components by slice image analysis
- Winner of the "productronica innovation award 2017"
- Various sensor configurations in the X-ray section (fixed detector, movable detector)
3D AXI Sensor Technology: XXL Flat Panel Detector

**Application in systems X7056-II and X8068**

- 1 to 5 flat panel detectors (XXL FPD)
- High resolution of > 6 MP each FPD
- Pixel size: 50x50 µm
- 8 fps at full resolution
- Optional X/Y positioning system for FPD
- Improved image quality compared to classical image intensifiers
- 3D AXI through multiple image acquisitions
What information does 3D AXI deliver?

View from above

3D slice image

View from below
The vVision App

All the information for production managers at a glance

- Convenient control of key variables like throughput and production performance
- Display of all production lines
- Offers support in process optimization and defect avoidance
- Systematic errors in placement and soldering are immediately detected
- Increases transparency in internal company coordination and logistics
### Executive Board of Viscom AG as of June 1, 2018

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Key Information</th>
</tr>
</thead>
</table>
| **Carsten Salewski**  | Board Member: Sales and International Business      | - 1968: Dipl.-Ing. (Electrical Engineering)  
- Employed at Viscom since 1993  
- Since 2003, President of Viscom Inc., Atlanta/USA |
| **Peter Krippner**    | Board Member: Operative Business, Units SP, NP and Service | - 1964: Dipl.-Ing. (Electrical Engineering)  
- Employed at Viscom since 1988  
- Since 2001, Vice President of Business Unit Serial Products SP |
| **Dr. Martin Heuser** | Executive Board: Development and Production        | - 1957: Dr.-Ing. (Electrical Engineering)  
- 1984: Co-founder of today’s Viscom AG  
- Since 2001: Executive Board, Viscom AG |
| **Dirk Schwingel**    | Executive Board: Finances, Human Resources and Investor Relations | - 1963: Dipl.-Kaufmann  
- Employed at Viscom since 2010  
- Since 2011: Executive Board, Viscom AG |
Changes in the Viscom AG Supervisory Board

Supervisory Board until May 30, 2018

Bernd Hackmann
Chairman

Klaus Friedland
Deputy Chairman

Prof. Dr. Ludger Overmeyer
Member of the Supervisory Board

Supervisory Board as of May 30, 2018

N.N.*

Volker Pape*

Prof. Dr. Ludger Overmeyer

* Subject to consent through the General Meeting on May 30, 2018
Outlook

What the future offers us and how we will reach our goals:

- Leverage megatrends and profit from current directions
  - Autonomous vehicles, electro mobility, miniaturization of electronic components
- Strongly advance software development
  - Industry 4.0, big data and artificial intelligence
- Further strengthen and expand global presence
Guidance 2018

2018 Annual Forecast

- Revenues: € 93 – 98 million
- EBIT margin: 13 – 15 %