

Visonic Concludes a Successful First Quarter

The Net Profit in the 1st quarter grew by 95% and was approximately 1.9M\$. The rate of gross margins increased to 47.9%

Israel, Tel Aviv, May 23rd 2010 – Visonic reported today its results for the first quarter of 2010:

Highlights of the Report

- Visonic sales in the first quarter were 22.6M\$ - compared to sales of approximately 21.4M\$ in the corresponding quarter of 2009 – an increase of approx. 5.8%.
- The gross profit for the quarter increased to 10.8M\$, as compared to 9.5M\$ in the quarter of 2009, an increase of approx. 14.3% growth.
- The gross profit margins increased to 47.9%.
- The operating profit grew by 6.8% to 2.3M\$ in the quarter, as compared to 2.2M\$ in the corresponding quarter of 2009. Operating profit margins is approx. 10.4%.
- The net profit grew by 95% and was approx. 1.9M\$.
- A growth of approx. 7% in EBITDA to 3M\$ in the quarter.

Avi Barir, the CEO of the Company – "Visonic concludes its quarter with a growth in all operational parameters and an increase in its sales in all the markets where it operates. The increase in sales is even more significant considering the termination of the commercial relationships with a big customer. The Company invests much in new sales and market channels, launches new products to the market, which are considered the leading products in the world, in the Company's business, and focuses on its major customers.

A significant achievement in this quarter is the increase in gross profit margins to 47.9%. The major improvement of the gross profit involves the improvement in purchase costs and re-planning the Company's products, in order to significantly reduce the production costs, whilst a technological improvement continues.

Data Concerning the Quarter

Visonic sales in the first quarter were approx. 22.6M\$, compared to sales of 21.4M\$ in the corresponding quarter of 2009, an increase of approx. 5.8%. This increase is mainly because of a growth in the electronic security systems business of the Company, its core business.

The Company presented a significant increase in the gross profit and its margins. From a gross profit of 44.3% in the corresponding quarter last year, to 47.9%. The gross profit in the quarter was 10,838 thousand dollars, compared to a gross profit of 9,483 thousand dollars in the corresponding quarter. Part of this increase is due to decrease in purchase costs, re-planning the products, and consistent activities in order to increase to costs in R&D of the Company.



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The operating profit margins was approx. 10.4%, after an increase in the operating profit from 2.2M\$ to 2.3M\$ - a 6.8% increase.

The EBITDA of the Company grew to 3M\$, an increase of approx. 7%.

Bottom line – the net profit of the Company almost multiplied itself, from 968 thousand dollars in the corresponding quarter, to 1.888 M\$, a 95% increase.

In addition, the Company is less exposed to its inventory and the decrease of the inventory level, after a further reduction of 3.4%. The level of the Company's inventory is significantly lower than what is common in the market.



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