

QUARTERLY REPORT

FIRST QUARTER 2017



HIGHLIGHTS

OUTLOOK

MANAGEMENT REPORT

THREE-MONTHS REPORT 2017

PERFORMANCE

KEY FIGURES

	Jan-Mar 2017 € thou.	Jan-Mar 2016 € thou.	Change € thou.
Revenues	11,572	9,761	+1,811
Gross profit	8,945	7,387	+1,558
Personnel expenses	7,380	7,134	+246
EBIT	-679	-1,812	+1,133
Consolidated loss	-920	-2,419	+1,499

FINANCIAL PERFORMANCE

IVU made a good start to the 2017 financial year: Revenues rose by 19% to EUR 11,572 thousand year-on-year (2016: EUR 9,761 thousand) while gross profit improved by 21% to EUR 8,945 thousand year-on-year (2016: EUR 7,387 thousand). Earnings before interest and taxes (EBIT) amounted to EUR -679 thousand, a significant increase as against the previous year (EUR -1,812 thousand).

In terms of costs, staff costs increased by 3% to EUR 7,380 thousand in the period under review (2016: EUR 7,134 thousand). We are planning to further develop our capacity in the current financial year, especially in the area of sales and development, in order to further strengthen our market position. Other operating expenses climbed by EUR 255 thousand to EUR -1,979 thousand (2016: EUR -1,724 thousand). This increase was essentially due to royalties for software licences.

Negative earnings before interest and taxes (EBIT) of EUR -679 thousand (2016: EUR -1,812 thousand) in the first quarter is typical for IVU's seasonal business development.

The order backlog of around EUR 52 million (2016: EUR 47 million) increased substantially as against the previous year. As a result, it already accounts for 84% of planned annual revenues for the current financial year.

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IMPORTANT PROJECTS

FRANKFURT. DB REGIO OPTS FOR IVU.RAIL

Planning and dispatching vehicles and personnel in one system – this is what the largest German regional public transport supplier will be able to do in the future, thanks to IVU.rail. A corresponding framework contract has been signed by DB Regio and IVU. The contract envisages the uniform replacement of DB Regio's existing planning and dispatching systems with IVU.rail. In the future, all of DB Regio's transport networks will conduct their rail-related resource planning and dispatching through the integrated IVU system. DB Regio will particularly profit from the integrated production processes and the standardised data management by using the IVU software. The powerful optimisation tools of IVU.rail supports the best possible results and, when needed, can generate diverse variations for advanced planning and tenders.

LUXEMBOURG. THE START OF PLANNING WITH LUXTRAM

In 2017 there will be trams in Luxembourg City for the first time in over 50 years. IVU is involved from the very beginning. We are delivering our standard solution IVU.suite for the planning and dispatch of the new Luxembourg Tram's vehicles and personnel. We are already supporting preparations in order to ensure that operations start smoothly. The opening of the first section of the 16 kilometre long route is planned for the end of 2017. IVU's customers in Luxembourg include, among others, the Luxembourg public transport company AVL, the transport association, TICE, and the national railway company CFL.

BERLIN. IVU APP KEEPS IGA VISITORS INFORMED

This year's International Garden Show will draw crowds to Berlin with flowers, indoor and outdoor

exhibitions and events. An app created by IVU on behalf of the state of Berlin helps visitors to find their way around the site and discover the various attractions. The application also meets the special requirements of people with visual and physical impairments. The official IGA app provides information on each exhibition and the plants on display by way of an audio guide. To make this possible, special Bluetooth beacons have been installed at around 150 locations. These let the app know exactly where the visitor is, so it can automatically play the audio text for the appropriate attraction. If visitors want to explore the park landscape on their own, they can use the app to navigate towards a specific point. The route is calculated entirely on IVU's servers.

IVU USER FORUM. PROMOTING DIGITALISATION

Digitalisation is moving the transport sector. Its effects were also the main topic at this year's User Forum of IVU. On 9 and 10 March 2017, representatives of transport operators from all over the world met in Berlin for the 29th time to discuss current trends. With more than 500 participants from 17 countries, the industry event organised by IVU set a new attendance record. This year, Dr Frank Scholz, CIO of DB Regio AG, took on the role of keynote speaker and welcomed the guests to the Estrel Convention Center in Berlin. The topics of the following presentations ranged from integrated resource planning, the possibilities for optimisation, and passenger information all the way to e-ticketing and modern check-in/be-out solutions.

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PERSONNEL, OUTLOOK

PERSONNEL

	2017	2016	Change
Number of employees as at 31 March	489	465	+5%
Personnel capacity 1 January – 31 March (average)	404	384	+5%

¹ Equivalent number of full-time employees (FTE).

In the first quarter of 2017, we strengthened our team as planned. The personnel capacity has increased by 5% in comparison with the same period in the previous year to 404 FTE.

OUTLOOK

Prospects for the 2017 financial year are still positive and demand for the standard products from the IVU suite remains strong. The good level of orders overall is an indicator of positive business development. Therefore, we still expect to achieve revenues of around EUR 62 million, gross profit of roughly EUR 45 million and earnings before interest and taxes (EBIT) of at least EUR 3 million in 2017.

RISKS

The risks are described on pages 35 and 36 of the Annual Report 2016. No new risks have arisen. Neither have there been any changes in risk management.

THREE-MONTHS REPORT 2017

BALANCE SHEET (IFRS)

Assets	31 Mar 2017	31 Dec 2016
	€ thousand	€ thousand
A. Current assets		
1. Cash and cash equivalents	10,519	8,614
2. Current trade receivables	13,084	14,291
3. Current receivables from contract manufacturing	16,501	15,135
4. Inventories	2,189	2,077
5. Other current assets	3,085	3,355
Total current assets	45,378	43,472
B. Non-current assets		
1. Property, plant and equipment	1,752	1,770
2. Intangible assets	11,715	11,770
3. Non-current trade receivables	190	768
4. Deferred taxes	872	1,020
Total non-current assets	14,529	15,328
TOTAL ASSETS	59,907	58,800
Liabilities	31 Mar 2017	31 Dec 2016
	€ thousand	€ thousand
A. Current liabilities		
1. Current trade payables	904	2,568
2. Liabilities from contract manufacturing	4,881	4,850
3. Provisions	240	530
4. Provisions for taxes	65	42
5. Other current liabilities	10,959	7,102
Total current liabilities	17,049	15,092
B. Non-current liabilities		
1. Provisions for pensions	4,945	4,873
2. Other	3	5
Total non-current liabilities	4,948	4,878
C. Equity		
1. Share capital	17,719	17,719
2. Capital reserves	0	0
3. Retained earnings	-1,128	-1,128
4. Unappropriated surplus	21,279	22,199
5. Foreign exchange reconciling item	40	40
Total equity	37,910	38,830
TOTAL LIABILITIES	59,907	58,800

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INCOME

CONSOLIDATED INCOME STATEMENT IN LINE WITH IFRS FOR THE PERIOD 1 JANUARY TO 31 MARCH 2017

	Q1-2017 € thousand	Q1-2016 € thousand
Sales revenues	11,572	9,761
Other operating income	26	43
Cost of materials	-2,653	-2,417
Gross profit	8,945	7,387
Personnel expenses	-7,380	-7,134
Depreciation and amortisation on non-current assets	-265	-341
Other operating expenses	-1,979	-1,724
Operating results (EBIT)	-679	-1,812
Financial expenses	-50	-37
Pre-tax profit (EBT)	-729	-1,849
Income taxes	-44	-11
Deferred taxes	-147	-559
Consolidated net loss	-920	-2,419
	€	€
Earnings per share (basis and diluted)	-0.05	-0.14
Average shares outstanding (in thousand shares)	17,719	17,719

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY TO 31 MARCH 2017

	Q1-2017 € thousand	Q1-2016 € thousand
Consolidated net loss / profit	-920	-2,419
Currency translation	0	1
Items that may be reclassified subsequently to profit or loss	0	1
Other comprehensive income after taxes	0	1
CONSOLIDATED TOTAL COMPREHENSIVE INCOME AFTER TAXES	-920	-2,418

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EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN LINE WITH IFRS FOR THE PERIOD 1 JANUARY 2016 TO 31 MARCH 2017

	Share capital	Capital reserves	Retained earnings	Foreign exchange reconciling item	Unappropriated surplus / cumulative loss	Total
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
As at 1 January 2016	17,719	1,991	-935	51	20,415	39,241
Consolidated net loss 2016	0	0	0	0	-207	-207
Other comprehensive income, net of tax	0	0	-193	-11	0	-204
Consolidated recognised results after tax	0	0	-193	-11	-207	-411
Offsetting	0	-1,991	0	0	1,991	0
AS AT 31 DECEMBER 2016	17,719	0	-1,128	40	22,199	38,830
As at 1 January 2017	17,719	0	-1,128	40	22,199	38,830
Consolidated net loss 2017	0	0	0	0	-920	-920
Other comprehensive income, net of tax	0	0	0	0	0	0
Consolidated recognised results after tax	0	0	0	0	-920	-920
AS AT 31 MARCH 2017	17,719	0	-1,128	40	21,279	37,910

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CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS IN LINE WITH IFRS FOR THE PERIOD 1 JANUARY TO 31 MARCH 2017

	Q1-2017 € thousand	Q1-2016 € thousand
1. Operating activities		
Group earnings before tax of the period	-729	-1,849
Depreciation and amortisation on non-current assets	265	341
Change in provisions	-217	7
Net interest income	50	37
Other non-cash expenses/income	0	0
	-631	-1,464
Change of items of working capital and borrowings		
Inventories	112	-187
Receivables and other assets	689	6,047
Liabilities (without provisions)	1,992	-580
	2,162	3,816
Interest paid	-50	-37
Income taxes paid	0	-11
CASH FLOW FROM OPERATING ACTIVITIES	2,112	3,768
2. Investing activities		
Outflows for investments in non-current assets	-207	-324
CASH FLOW FROM INVESTING ACTIVITIES	-207	-324
3. Cash and cash equivalents		
Change in cash and cash equivalents	1,905	3,444
Cash and cash equivalents at beginning of period	8,614	7,505
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,519	10,949

+ = Cash inflow
- = Cash outflow

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SEGMENT REPORTING

GROUP SEGMENT REPORTING

FOR THE PERIOD 1 JANUARY TO 31 MARCH 2017

Business segments	Public Transport		Logistics		Central services		Consolidated	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016
€ thousand								
Total revenue	10,493	8,890	1,090	884	1	0	11,584	9,774
Revenue from transactions with other segments	-12	-12	0	-1	0	0	-12	-13
Revenue from external customers	10,481	8,878	1,090	883	1	0	11,572	9,761
Segment result (gross profit)	7,955	6,645	1,022	769	-32	-27	8,945	7,387
Expenses*	-6,612	-5,927	-789	-897	-2,223	-2,375	-9,624	-9,199
EBIT	1,343	718	233	-128	-2,255	-2,402	-679	-1,812
Financial expenses, net					-50	-37	-50	-37
EBT							-729	-1,849
Income taxes					-191	-570	-191	-570
CONSOLIDATED NET LOSS / PROFIT							-920	-2,419
Segment assets	51,228	48,981	5,329	5,380	2,478	3,350	59,035	57,711
Investment expenditure	158	251	18	38	16	35	192	324
Impairments	218	262	25	44	22	35	265	341

* The breakdown of the position Expenses between the segments "Public Transport" and "Central services" in the statement of the previous year has been adjusted in the current table.

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EXPLANATORY NOTES

Interim financial statements in accordance with IAS 34

The condensed consolidated interim financial statements meet the requirements in IAS 34. The consolidated interim financial statements do not include all of the information and explanatory notes required for complete financial statements for year-end reporting purposes. They should be read in conjunction with the consolidated financial statements of the annual report 2016.

Accounting and valuation principles

The accounting and valuation principles as applied in the consolidated interim financial statements correspond to those pertaining to the consolidated financial statements for the financial year 2016.

Seasonality of business operations

The operative business dealings of the IVU Group, in particular in the Public Transport segment, are affected by seasonal effects. These relate both to the presentation of maintenance invoices in the first quarter and to the increased invoicing of project costs in the fourth quarter of the financial year.

DECLARATION IN LINE WITH WPHG SECTION 37W, PARA. 5 SENTENCE 6

This three-month report was not subjected to an auditor's inspection.

TRANSACTIONS WITH RELATED INDIVIDUALS

In the period covered by this report, Martin Müller-Elschner, Chair of IVU's Executive Board, acquired 25,000 IVU shares. As of 31 March 2017 he holds 225,000 IVU shares.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, 30 May 2017

The Executive Board



Martin Müller-Elschner



Matthias Rust

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FINANCIAL CALENDAR 2017

Tuesday, 21 March 2017

Publication of the 2016 Annual Report

Tuesday, 30 May 2017

Three-months report as at 31 March

Wednesday, 31 May 2017

Annual General Meeting

Wednesday, 30 August 2017

Six-months report as at 30 June

Wednesday, 22 November 2017

Nine-months report as at 30 September

IMPRINT

Publisher

IVU Traffic Technologies AG

The consolidated report for the first three months of the financial year 2017 can be downloaded as PDF file at www.ivu.com.

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