

QUARTERLY REPORT

SECOND QUARTER 2017



HIGHLIGHTS

OUTLOOK

MANAGEMENT REPORT

SIX-MONTH REPORT 2017

PERFORMANCE

KEY FIGURES

	Jan-Jun 2017 € thou.	Jan-Jun 2016 € thou.	Change € thou.
Revenues	26,153	22,771	+3,382
Gross profit	19,239	17,494	+1,745
Personnel expenses	15,064	14,517	+547
EBIT	-592	-1,586	+994
Consolidated loss	-1,085	-2,244	+1,159

FINANCIAL PERFORMANCE

At € 26,153 thousand, IVU's revenues for the first six months of 2017 were 15% higher than for the same period in 2016 (€ 22,771 thousand). At the same time, material costs increased to € 7,006 thousand (2016: € 5,437 thousand). Therefore, the gross profit, which reflects the value created by IVU, grows considerably by 10% to € 19,239 thousand (2016: € 17,494 thousand).

Personnel expenses have increased by 4% to € 15,064 thousand (2016: € 14,517 thousand) in line with personnel capacity. In doing so, IVU is strengthening primarily development.

The increase in other operating expenses by € 444 thousand to € 4,263 thousand (2016: € 3,819 thousand) is mainly due to investments to set up a new hosting infrastructure for internal IVU systems and due to royalties for software licences.

EBIT amounted to -€ 592 thousand in the first six months of the year, representing a significant improvement as against the previous year (2016: -€ 1,586 thousand). The negative result in the first half of the year is in line with IVU's usual seasonal business development.

Operating cash flow amounted to € 5,190 thousand in the first half of the year (2016: € 1,463 thousand). Cash and cash equivalents amounted to € 13,437 thousand as at 30 June 2017 (31 December 2016: € 8,614 thousand).

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IMPORTANT PROJECTS

BERN. POSTBUS USES IVU SOFTWARE FOR PLANNING

For more than 100 years, the PostBus brand has ensured reliable and safe public transport in Switzerland, from the large agglomerations all the way to the remotest regions in the Alps. With a transport volume of more than 150 million passengers annually, PostBus Switzerland AG is the largest bus company in the country today. From now on, the various operating regions will be using the integrated modules of IVU.suite for planning and dispatching the roughly 3,000 drivers and 2,200 vehicles in a standardised way. The standard software from IVU is replacing an outdated piece of software at PostBus, which no longer satisfied modern-day requirements.

MAGDEBURG. NASA ORDERS SOFTWARE AND HARDWARE FOR E-TICKETING

Real-time data, connection management and e-ticketing for all of Saxony-Anhalt – NASA GmbH (“Nahverkehrsservice Sachsen-Anhalt”) is working on this scenario of the future. The company ordered an integrated solution comprising a background system, on-board computers, and ticketing software for its state-wide system from IVU for multiple transport operators. NASA’s order covers 570 sets of equipment for buses and trams, including the IVU.ticket.box on-board computer with the IVU.cockpit operating system and IVU.ticket ticketing software. In addition, IVU is equipping about 70 hand-held devices with software for mobile ticket sales. IVU.fare is being used as the background system.

MONTRÉAL. UITP GLOBAL PUBLIC TRANSPORT SUMMIT 2017

At the UITP Global Public Transport Summit 2017, that took place from 15 to 17 May 2017 in Montréal, Canada, IVU Traffic Technologies showcased the latest version

of IVU.rail. Its improved optimisation algorithms allow rail companies to deploy crew and rolling stock in a considerably more efficient and cost-effective way than before. The system now models the features of rail traffic in more detail. Numerous automation functions assist planners and dispatchers in the creation of optimal and requirements-oriented crew schedules, vehicle schedules and operating schedules. In addition, the IVU solution includes a remotely accessible employee portal to facilitate employee input and interaction with planners during the scheduling process.

BERLIN. IT FOR RAIL: RAILWAYS ARE CHANGING

The international management conference IT for Rail was held for the third time on 26 and 27 June 2017. Around 30 top managers from several European railway operators accepted the joint invitation from DB Regio and IVU Traffic Technologies to come to Berlin to discuss the digital transformation of railways, current challenges and future developments. Amongst others, Dr Frank Scholz, CIO of DB Regio, Danilo Gismondi, CIO of Trenitalia, and Oliver Bratton, European Operations Director at MTR, gave presentations. Martin Müller-Elschner, CEO of IVU, said “Digitalisation is the major issue of our time – the numerous lectures and high-level discussions showed that the right IT systems are crucial for overcoming the current challenges and using the opportunities of the digital transformation.”

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OUTLOOK

IVU ACQUIRES STI AG

As at 26 July 2017, IVU acquired Soft Tech Informatik AG (STI), a Swiss consulting firm. The company, which is based in Zurich, will trade under the name IVU Traffic Technologies Schweiz AG as a wholly owned subsidiary of the German-based company IVU Traffic Technologies AG. This will allow us to strengthen local sales, expand customer service and unlock new potential in the significant Swiss market.

PERSONNEL

	2017	2016	Change
Number of employees as at 30 June	502	472	+6%
Personnel capacity 1 January – 30 June (average)	409	388	+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 409 FTE.

OUTLOOK

Prospects for the 2017 fiscal year are still positive. As at 30 June 2017, the order backlog already accounted for over 90% of planned annual revenues for the current fiscal year. This is why we are increasing our forecasts and now expect to achieve revenues of over € 64 million, gross profit of roughly € 46 million and earnings before interest and taxes (EBIT) of around € 4 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.

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BALANCE SHEET (IFRS)

Assets	30 Jun 2017	31 Dec 2016
	€ thousand	€ thousand
A. Current assets		
1. Cash and cash equivalents	13,437	8,614
2. Current trade receivables	8,332	14,291
3. Current receivables from contract manufacturing	16,870	15,135
4. Inventories	2,626	2,077
5. Other current assets	3,333	3,355
Total current assets	44,598	43,472
B. Non-current assets		
1. Property, plant and equipment	1,678	1,770
2. Intangible assets	11,739	11,770
3. Non-current trade receivables	253	768
4. Deferred taxes	725	1,020
Total non-current assets	14,395	15,328
TOTAL ASSETS	58,993	58,800
Liabilities	30 Jun 2017	31 Dec 2016
	€ thousand	€ thousand
A. Current liabilities		
1. Current trade payables	2,384	2,568
2. Liabilities from contract manufacturing	3,964	4,850
3. Provisions	463	530
4. Provisions for taxes	84	42
5. Other current liabilities	9,398	7,102
Total current liabilities	16,293	15,092
B. Non-current liabilities		
1. Provisions for pensions	4,953	4,873
2. Other	0	5
Total non-current liabilities	4,953	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	21,114	22,199
5. Foreign exchange reconciling item	42	40
Total equity	37,747	38,830
TOTAL LIABILITIES	58,993	58,800

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INCOME

CONSOLIDATED INCOME STATEMENT IN LINE WITH IFRS FOR THE PERIOD 1 JANUARY TO 30 JUNE 2017

	Q2-2017	Q2-2016	Jan-Jun 2017	Jan-Jun 2016
	€ thousand	€ thousand	€ thousand	€ thousand
Sales revenues	14,581	13,009	26,153	22,771
Other operating income	66	118	92	160
Cost of materials	-4,353	-3,020	-7,006	-5,437
Gross profit	10,294	10,107	19,239	17,494
Personnel expenses	-7,684	-7,383	-15,064	-14,517
Depreciation and amortisation on non-current assets	-240	-403	-505	-744
Other operating expenses	-2,284	-2,095	-4,263	-3,819
Operating results (EBIT)	87	226	-592	-1,586
Financial expenses	-33	-36	-83	-73
Pre-tax profit (EBT)	54	190	-675	-1,659
Income taxes	-71	-48	-115	-59
Deferred taxes	-148	33	-295	-526
Consolidated net profit / loss	-165	175	-1,085	-2,244
			€	€
Earnings per share (basis and diluted)			-0.06	-0.13
Average shares outstanding (in thousand shares)			17,719	17,719

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY TO 30 JUNE 2017

	Jan-Jun 2017	Jan-Jun 2016
	€ thousand	€ thousand
Consolidated net loss / profit	-1,085	-2,244
Currency translation	2	2
Items that may be reclassified subsequently to profit or loss	2	2
Other comprehensive income after taxes	2	2
CONSOLIDATED TOTAL COMPREHENSIVE INCOME AFTER TAXES	-1,083	-2,242

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EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN LINE WITH IFRS FOR THE PERIOD 1 JANUARY 2016 TO 30 JUNE 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 1 Jan – 30 Jun 2017	0	0	0	0	-1,085	-1,085
Other comprehensive income, net of tax	0	0	0	2	0	2
Consolidated recognised results after tax	0	0	0	2	-1,085	-1,083
AS AT 30 JUNE 2017	17,719	0	-1,128	42	21,114	37,747

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CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS IN LINE WITH IFRS FOR THE PERIOD 1 JANUARY TO 30 JUNE 2017

	Jan–Jun 2017	Jan–Jun 2016
	€ thousand	€ thousand
1. Operating activities		
Group earnings before tax of the period	-675	-1,659
Depreciation and amortisation on non-current assets	505	744
Change in provisions	13	20
Net interest income	83	73
Other non-cash expenses/income	1	2
	-73	-820
Change of items of working capital and borrowings		
Inventories	-549	-213
Receivables and other assets	4,762	7,133
Liabilities (without provisions)	1,242	-4,420
	5,382	1,681
Interest paid	-83	-73
Income taxes paid	-109	-145
CASH FLOW FROM OPERATING ACTIVITIES	5,190	1,463
2. Investing activities		
Outflows for investments in non-current assets	-367	-585
CASH FLOW FROM INVESTING ACTIVITIES	-367	-585
3. Cash and cash equivalents		
Change in cash and cash equivalents	4,823	878
Cash and cash equivalents at beginning of period	8,614	7,505
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13,437	8,383

+ = Cash inflow
- = Cash outflow

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SEGMENT REPORTING

GROUP SEGMENT REPORTING FOR THE PERIOD 1 JANUARY TO 30 JUNE 2017

Business segments	Public Transport		Logistics		Central services		Consolidated	
	Jan -Jun 2017	Jan -Jun 2016	Jan -Jun 2017	Jan -Jun 2016	Jan -Jun 2017	Jan -Jun 2016	Jan -Jun 2017	Jan -Jun 2016
€ thousand								
Total revenue	23,904	20,811	2,183	1,885	85	87	26,172	22,783
Revenue from transactions with other segments	-18	0	0	0	-1	-12	-19	-12
Revenue from external customers	23,886	20,811	2,183	1,885	84	75	26,153	22,771
Segment result (gross profit)	17,241	15,791	2,008	1,622	-10	81	19,239	17,494
Expenses	-13,476	-13,396	-1,526	-1,745	-4,829	-3,939	-19,831	-19,080
EBIT	3,765	2,395	482	-123	-4,839	-3,858	-592	-1,586
Financial expenses, net					-83	-73	-83	-73
EBT							-675	-1,659
Income taxes					-410	-585	-410	-585
CONSOLIDATED NET LOSS							-1,085	-2,244
Segment assets	51,044	46,993	4,667	4,318	2,557	2,664	58,268	53,975
Investment expenditure	284	480	39	72	46	66	369	618
Impairments	389	582	53	91	63	77	505	750

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

TRANSACTIONS WITH RELATED INDIVIDUALS

There were no transactions with related individuals in the second quarter of 2017.

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 August 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

Tuesday, 28 November 2017

German Equity Forum, Frankfurt/Main

IMPRINT

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IVU Traffic Technologies AG

The quarterly report for the second quarter of the financial year 2017 can be downloaded as PDF file at www.ivu.com.

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