

QUARTERLY REPORT

THIRD QUARTER 2017



HIGHLIGHTS

OUTLOOK

MANAGEMENT REPORT

NINE-MONTH REPORT 2017

PERFORMANCE

KEY FIGURES

	Jan-Sep 2017 € thousand	Jan-Sep 2016 € thousand	Change € thousand
Revenues	40,756	37,292	+3,464
Gross profit	29,303	27,398	+1,905
Personnel expenses	22,362	20,613	+1,749
EBIT	65	-1,902	+1,967
Consolidated loss	-493	-2,854	+2,361

FINANCIAL PERFORMANCE

At € 40,756 thousand (2016: € 37,292 thousand), revenue for the first nine months was 9% higher than in the previous year, while gross profit was up by 7% at € 29,303 thousand (2016: € 27,398 thousand).

On the costs side, personnel expenditure climbed by 8% to € 22,362 thousand in the reporting period (2016: € 20,613 thousand), due primarily to the 7% increase in personnel capacity as planned.

Other operating expenses fell to € 6,068 thousand in the reporting period (2016: € 7,582 thousand). This reduction is mainly attributable to one-off write-downs amounting to € 1,748 thousand in 2016.

Due to the increase in gross profit and the lower other operating expenses, EBIT rose year-on-year to € 65 thousand in the first nine months (2016: € -1,902 thousand).

The consolidated net loss of € -493 thousand (2016: € -2,854 thousand) also developed positively compared to the same period last year. It is additionally influenced positively by lower deferred taxes on work in progress of € -342 thousand (2016: € -772 thousand).

Cash flow from operating activities of € 2,494 thousand (2016: € -529 thousand) improved by € 3,023 thousand compared to the previous year.

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IMPORTANT PROJECTS

ROTTERDAM. REAL-TIME DATA FOR THE ROTTERDAM METRO

As of late, passengers on 81 vehicles of the Rotterdam metro are provided with up-to-date information on the arrival time and connections available at the next stop. An all-round solution from IVU handles the overall management and processing of the real-time data right up to the display on the information screens. The central database IVU.fleet.data manages RET's network, timetable and schedule data for these vehicles. Furthermore, IVU installed panels from the latest IVU.box generation. The project represents an important milestone for IVU. For the first time its system for real-time information in vehicles is being used in rail-only operation.

BERLIN. FRAMEWORK AGREEMENT WITH TRANSDEV

With 43 subsidiaries – including 27 operating in the area of bus transport – the Transdev Group is the largest private rail and bus operator in Germany. With this agreement, the German subsidiaries of the Transdev Group will receive, as required, the tried-and-tested products that come with the IVU.suite for handling all ticket sale activities on their bus services: ranging from IVU.fare for settlement and fare management to the IVU.ticket.box on-board computer for selling tickets in the vehicle. The computer serves as a vehicle environment interface and gathers all data and transfers it to IVU.fleet, which then feeds the data to the central AVL system at Transdev. The entire on-board system is fully ready for e-ticketing. Transdev was particularly convinced by IVU.xpress, a special implementation process that enables short project times and rapid commissioning.

WARSAW. WKD OPTS FOR IVU.REALTIME

The WKD (Warszawska Kolej Dojazdowa) rail system links Warsaw with its suburbs in the southwest. As part of extensive modernisation, the company has now implemented a passenger information system from IVU. The IVU.fleet control centre solution continuously processes location data from the vehicles. Directly connected to the control centre, IVU.realtime transmits actual data to over 100 stop displays at stations, as well as to smartphones and the internet. With this project, IVU has gained an important reference. The Polish market offers great opportunities that we want to tap into together with our local partner.

LIMA. MODERN E-TICKETING AND PASSENGER INFORMATION

With around 130 buses, Buena Estrella has been delivering reliable local transport in the Peruvian capital, which is home to millions of people, for over 15 years. The fleet is set to grow to 400 vehicles by 2019. All of Buena Estrella's vehicles are now being equipped with the IVU.ticket.box on-board computer. The customisable IVU.realtime.app will provide passengers with live departure times and will help them with an active trip companion. The transport operator Grupo Express del Perú (GEP) has been using IVU.suite in Lima since 2015. The two companies have now formed an operational alliance to advance development of local transport in Peru.

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OUTLOOK

IVU OPENS IVU AUSTRIA GMBH

Parallel to expanding its business in Switzerland, IVU is strengthening its presence in another key transport market in Europe. Around 230 transport operators offer public transport services in Austria, including many IVU customers – Wiener Linien, ÖBB, ÖBB Postbus, Stadtwerke Klagenfurt and, since last year, Steirischer Verkehrsverbund have also been relying on IVU.suite products. With the opening of IVU Traffic Technologies Austria GmbH, which is based in Vienna, IVU is now further expanding its position in one of its core markets. Austria is also strategically important: the country's central location makes it an ideal stepping-stone to Eastern Europe.

OUTLOOK

Prospects for the 2017 fiscal year are still positive. As at 30 September 2017, the order backlog accounted for all planned annual revenues for the current fiscal year. We expect to achieve revenues of over € 64 million, gross profit of roughly € 46 million and earnings before interest and taxes (EBIT) of at least € 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.

PERSONNEL

	2017	2016	Change
Number of employees as at 30 September	505	481	+5%
Personnel capacity 1 Jan – 30 Sep (average)	414	388	+7%

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

Despite increasing competition for IT specialists we were able to increase personnel capacity by 7% year-on-year to 414 FTEs in the first nine months of 2017. Among others, we focused on expanding our sales team in Germany, Austria and Switzerland.

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BALANCE SHEET (IFRS)

Assets	30 Sep 2017	31 Dec 2016
	€ thousand	€ thousand
A. Current assets		
1. Cash and cash equivalents	10,502	8,614
2. Current trade receivables	7,993	14,291
3. Current receivables from contract manufacturing	19,438	15,135
4. Inventories	2,771	2,077
5. Other current assets	3,693	3,355
Total current assets	44,397	43,472
B. Non-current assets		
1. Property, plant and equipment	1,670	1,770
2. Intangible assets	11,711	11,770
3. Non-current trade receivables	254	768
4. Deferred taxes	677	1,020
Total non-current assets	14,312	15,328
TOTAL ASSETS	58,709	58,800
Liabilities	30 Sep 2017	31 Dec 2016
	€ thousand	€ thousand
A. Current liabilities		
1. Current trade payables	1,753	2,568
2. Liabilities from contract manufacturing	4,533	4,850
3. Provisions	461	530
4. Provisions for taxes	82	42
5. Other current liabilities	8,590	7,102
Total current liabilities	15,419	15,092
B. Non-current liabilities		
1. Provisions for pensions	4,961	4,873
2. Other	0	5
Total non-current liabilities	4,961	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	21,706	22,199
5. Foreign exchange reconciling item	32	40
Total equity	38,329	38,830
TOTAL LIABILITIES	58,709	58,800

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INCOME

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

	Q3-2017 € thousand	Q3-2016 € thousand	Jan-Sep 2017 € thousand	Jan-Sep 2016 € thousand
Sales revenues	14,603	14,521	40,756	37,292
Other operating income	431	35	523	195
Cost of materials	-4,970	-4,652	-11,976	-10,089
Gross profit	10,064	9,904	29,303	27,398
Personnel expenses	-7,298	-6,096	-22,362	-20,613
Depreciation and amortisation on non-current assets	-303	-361	-808	-1,105
Other operating expenses	-1,805	-3,763	-6,068	-7,582
Operating results (EBIT)	657	-316	65	-1,902
Financial income	1	1	1	1
Financial expenses	-42	-37	-125	-110
Pre-tax profit (EBT)	616	-352	-59	-2,011
Income taxes	23	-13	-92	-71
Deferred taxes	-47	-245	-342	-772
Consolidated net profit / loss	592	-610	-493	-2,854
			€	€
Earnings per share (basis and diluted)			-0.03	-0.16
Average shares outstanding (in thousand shares)			17,719	17,719

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

	Jan-Sep 2017 € thousand	Jan-Sep 2016 € thousand
Consolidated net loss / profit	-493	-2,854
Currency translation	-8	12
Items that may be reclassified subsequently to profit or loss	-8	12
Other comprehensive income after taxes	-8	12
CONSOLIDATED TOTAL COMPREHENSIVE INCOME AFTER TAXES	-501	-2,842

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EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN LINE WITH IFRS FOR THE PERIOD 1 JANUARY 2016 TO 30 SEPTEMBER 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 Sep 2017	0	0	0	0	-493	-493
Other comprehensive income, net of tax	0	0	0	-8	0	-8
Consolidated recognised results after tax	0	0	0	-8	-493	-501
AS AT 30 SEPTEMBER 2017	17,719	0	-1,128	32	21,706	38,329

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CASH FLOWS

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

	Jan-Sep 2017 € thousand	Jan-Sep 2016 € thousand
1. Operating activities		
Group earnings before tax of the period	-59	-2,011
Depreciation and amortisation on non-current assets	808	1,105
Change in provisions	19	29
Net interest income	124	109
Other non-cash expenses/income	-9	12
	883	-756
Change of items of working capital and borrowings		
Inventories	-694	-190
Receivables and other assets	2,171	6,052
Liabilities (without provisions)	374	-5,454
	2,734	-348
Interest paid	-125	-110
Income taxes paid	-115	-71
CASH FLOW FROM OPERATING ACTIVITIES	2,494	-529
2. Investing activities		
Outflows for investments in non-current assets	-607	-1,119
Interest received	1	1
CASH FLOW FROM INVESTING ACTIVITIES	-606	-1,118
3. Cash and cash equivalents		
Change in cash and cash equivalents	1,888	-1,647
Cash and cash equivalents at beginning of period	8,614	7,505
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,502	5,858

+ = Cash inflow
- = Cash outflow

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SEGMENT REPORTING

GROUP SEGMENT REPORTING

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2017

Business segments	Public Transport		Logistics		Central services		Consolidated	
	Jan -Sep 2017	Jan -Sep 2016	Jan -Sep 2017	Jan -Sep 2016	Jan -Sep 2017	Jan -Sep 2016	Jan -Sep 2017	Jan -Sep 2016
€ thousand								
Total revenue	37,338	33,867	3,232	3,346	207	90	40,777	37,303
Revenue from transactions with other segments	-18	-11	0	0	-3	0	-21	-11
Revenue from external customers	37,320	33,856	3,232	3,346	204	90	40,756	37,292
Segment result (gross profit)	26,163	24,508	2,993	2,851	147	39	29,303	27,398
Expenses	-19,671	-21,074	-2,331	-2,506	-7,236	-5,720	-29,238	-29,300
EBIT	6,492	3,434	662	345	-7,089	-5,681	65	-1,902
Financial expenses, net					-124	-109	-124	-109
EBT							-59	-2,011
Income taxes					-434	-843	-434	-843
CONSOLIDATED NET LOSS							-493	-2,854
Segment assets	50,992	45,338	4,417	4,524	2,623	2,578	58,032	52,440
Investment expenditure	469	710	64	106	76	95	609	911
Impairments	622	864	85	133	101	113	808	1,110

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

TRANSACTIONS WITH RELATED INDIVIDUALS

There were no transactions with related individuals in the third 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, 22 November 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 third quarter of the financial year 2017 can be downloaded as PDF file at www.ivu.com.

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