



IMPORTANT BUSINESS TRANSACTIONS IN THE THIRD QUARTER 2019

Order situation

In the third quarter, init was able to acquire new orders in the total amount of EUR 19.3m (previous year: EUR 64.2m). As expected, incoming orders for the third quarter were thus well below the previous year's level. The third quarter of 2018 was stronger as the order from Sound Transit of USD 50m (USD 90m incl. maintenance and operation) - the largest order in the group's history - was clearly reflected in the incoming orders. However, the cumulative figure as of 30 September 2019 shows incoming orders totalling EUR 133.4m, which is roughly in line with the previous year's level (30 September 2018: EUR 137.0m). We are well on the way to achieving our target of EUR 150m to 160m in incoming orders for 2019.

The order backlog as of 30 September 2019 was around EUR 162m, slightly above the previous year's level (EUR 157m).

Earnings position

After the first half of 2019 exceeded the expectations of the Managing Board, the revenue forecast for the 2019 financial year was raised accordingly with the publication of the 2019 half-year financial report. As already

mentioned, we expected the third quarter to be slightly weaker than the previous quarters.

In the third quarter of 2019, revenues of EUR 35.8m (previous year: EUR 36.3m) were generated. Thus, revenues in the init group in the first nine months of 2019 were around 18 per cent up on the previous year (EUR 95.6m) at EUR 112.8m.

Breakdown of revenues by region from a nine-month perspective:

in million EUR	01/01-30/09/2019	%	01/01-30/09/2018	%
Germany	30.5	27.0	26.6	27.8
Rest of Europe	25.4	22.5	20.7	21.7
North America	42.3	37.6	37.1	38.8
OtherCountries (Australia, UAE)	14.6	12.9	11.2	11.7
sum	112.8	100.0	95.6	100.0

Revenues based on customer's location.

The **gross profit** amounted to EUR 38.7m and was thus, significantly above the previous year's figure (EUR 31.6m). The reasons for this were cost reductions and measures to increase efficiency, to be implemented quickly and to make an immediate contribution to improve earnings.

Sales and administrative expenses as of 30 September 2019 were EUR 22.6m, around EUR 1.6m higher than in the previous year (EUR 21.0m). The increase mainly relates to depreciation of rights of use leased assets in accordance with the IFRS 16 leasing standard (EUR 0.6m), the reduction in income from the reversal of provisions (EUR 0.5m) and general expense increases in line with our expectations.

At EUR 8.6m, **research and development expenses** as of 30 September 2019 were around EUR 0.4m higher than in the previous year. The increase is due to further developments, especially in the area of digitisation. This development is also in line with our planning for the current financial year.

Foreign exchange gains and losses amounted to EUR 0.4m as of 30 September 2019 (previous year: EUR 0.4m) and mainly relate to unrealised exchange gains and losses from the measurement of receivables and payables in foreign currencies.

Earnings before interest and taxes (EBIT) increased significantly to EUR 10.4m as of 30 September 2019 (previous year: EUR 3.5m). EBIT was improved by a large number of announced measures to increase efficiency, faster project completion and an increase of the follow-up business.

Net interest result (balance of interest income and interest expenses) amounted to EUR -0.6m, thus remaining at the previous year's level (previous year: EUR -0.6m). If the interest expense from the first-time application of the IFRS 16 leasing standard is eliminated, the interest expense declined by EUR 0.1m compared to the previous year as a result of loan repayments.

Overall, **net profit** as of 30 September 2019 increased by EUR 4.8m year-on-year to EUR 6.8m. This corresponds to earnings per share of EUR 0.67 (previous year: EUR 0.20).

The **total comprehensive income** of the group rose to EUR 8.3m (previous year: EUR 2.8m) due to unrealised gains from the currency translation of foreign companies, in particular from the USD and CAD currencies.

Cash flow from operating activities amounted to EUR 19.6m (previous year: EUR 2.2m) and increased mainly due to the strong net profit. This was offset by the increase in inventories and the lower reduction in receivables.

The **cash flow from investing activities** amounted to EUR -3.4m (previous year: EUR -1.8m) and resulted mainly from expenses for replacement and expansion investments.

The **cash flow from financing activities** totalled EUR -8.2m (previous year: EUR -4.3m). The difference compared to the previous year mainly consists of the repayment of existing short- and long-term loans.

The **equity ratio** is 43.5 per cent (previous year: 44.3 per cent) and was slightly below the previous year's level. Excluding the effects of the first-time application of IFRS 16, the equity ratio was 46.8 per cent, significantly higher than in the previous year.

Personnel

On average, the init group counted 859 employees in the first nine months (previous year: 785), including temporary workers, research assistants and diploma candidates. The increase in personnel will be used to complete current projects on schedule and to strengthen further growth.

Number of employees by region:

	01/01-30/09/2019	01/01-30/09/2018
Germany	678	627
Rest of Europe	39	31
North America	120	109
Other countries	22	18
sum	859	785

Opportunities and risks

The opportunities and risks which can have a significant influence on the assets, financial and earnings position of the init group are set out in our Annual Report 2018 on pages 36 et seq. The opportunities and risks described in the Annual Report 2018 remain essentially unchanged.

All foreseeable risks are regularly analysed and corresponding measures initiated. In our opinion, there are no risks capable of jeopardising the company's continued existence.

Forecast and Outlook

Following the successful first half of 2019, the good result continued in the third quarter of the financial year. Even though, as expected, the third quarter was weaker than the previous quarter, the trend continued. The key figures are in line with our expectations. Our targets for revenues of EUR 150m to 160m (original planning: around EUR 145m) and EBIT of around EUR 15m (original planning: EUR 7.5m), as set out in the half-year report, remain unchanged.

Incoming orders at the end of September 2019 amounted to around EUR 133m. This means that init will most likely achieve its target of EUR 150m to 160m in incoming orders for 2019, even if global economic uncertainties continue to persist.

For the future, we expect a further acceleration of the revenues growth of init, especially in the areas of ticketing, technical operations, automatic passenger counting and e-mobility.

The turnaround to electric mobility is also an important trend in public transport. init is already supporting its first customers in the implementation of electric mobility with our product eMobile-ITCS. We also see further potential for the init group in the areas of e-ticketing, mobility as a service, autonomous driving, and the digitisation of processes in general. In addition, we are increasingly being commissioned to operate our technical systems. This is another field with high growth potential.

In the field of digitisation, init was able to achieve an overwhelming success with the introduction of contactless payment at our customers National Express West Midlands. With 1,600 buses and one million passengers per day, National Express is the largest single operator of a bus network in Great Britain. Our solution enables contactless payment with credit cards or mobile phones via app. Digital payment is already used for 64 per cent of all travels.

Additional Information

As of 30 September 2019, Bytemark carried out a capital increase in which init did not participate. As a result, init's share was further diluted from 12.4 per cent as of 31 December 2018 to 5.1 per cent.

This quarterly statement and the information contained therein are unaudited.

From a general economic point of view, we continue to see major uncertainties for the development in the coming months, which could have a particular influence on the awarding of contracts in tenders.

Incoming order planning is based on the assumption that tenders will not be delayed, that they can be won to the extent planned and that price competition will not intensify. The actual figures for sales, EBIT and incoming orders may deviate significantly from the forecasts if new risk factors arise or assumptions underlying the planning subsequently prove to be incorrect.

CONSOLIDATED INCOME STATEMENT

From 1 January 2019 to 30 September 2019 (IFRS) with comparable figures (unaudited)

EUR '000	01/07 to 30/09/2019	01/07 to 30/09/2018	01/01 to 30/09/2019	01/01 to 30/09/2018
Revenues	35,757	36,273	112,812	95,590
Cost of sales	-23,694	-23,420	-74,125	-63,980
Gross profit	12,063	12,853	38,687	31,610
Sales and marketing expenses	-4,212	-4,207	-12,218	-12,374
General administrative expense	-4,075	-3,271	-10,344	-8,627
Research and development expenses	-2,759	-3,638	-8,572	-8,156
Other operating income	1,604	475	2,877	1,356
Other operating expenses	-66	-37	-141	-166
Foreign currency gains and losses	-234	486	359	375
Expenses from associated companies	-39	-250	-271	-521
Earnings before interest and taxes (EBIT)	2,282	2,411	10,377	3,497
Interest income	20	18	80	41
Interest expenses	-245	-187	-638	-659
Earnings before taxes (EBT)	2,057	2,242	9,819	2,879
Income taxes	-534	-695	-3,044	-893
Net profit	1,523	1,547	6,775	1,986
thereof attributable to equity holders of parent company	1,450	1,571	6,683	2,012
thereof non-controlling interests	73	-24	92	-24
Earnings per share (in EUR)	0.14	0.16	0.67	0.20
Average number of floating shares	10,008,229	9,997,886	10,006,535	10,011,127

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

From 1 January 2019 to 30 September 2019 (IFRS) with comparable figures (unaudited)

EUR '000	01/07 to 30/09/2019	01/07 to 30/09/2018	01/01 to 30/09/2019	01/01 to 30/09/2018
Net profit	1,523	1,547	6,775	1,986
Items to be reclassified to the income statement:				
Changes on currency translation	1,420	195	1,502	785
Total Other comprehensive income	1,420	195	1,502	785
Total comprehensive income	2,943	1,742	8,277	2,771
thereof attributable to equity holders of the parent company	2,870	1,766	8,185	2,795
thereof non-controlling interests	73	-24	92	-24

CONSOLIDATED BALANCE SHEET

as of 30 September 2019 (IFRS) with comparable figures (unaudited)

EUR '000	30/09/2019	31/12/2018
Cash and cash equivalents	28,900	20,620
Marketable securities and bonds	38	28
Trade accounts receivable	21,654	26,120
Contract assets	30,058	26,215
Receivables from related parties	109	95
Inventories	30,902	27,909
Income tax receivable	203	2,212
Other current assets	3,608	3,153
Current assets, total	115,472	106,352
Property, plant and equipment	36,779	35,643
Right of use leased assets	13,661	0
Investment property	1,886	1,898
Goodwill	9,035	9,035
Other intangible assets	8,978	9,772
Interests in associated companies	494	749
Deferred tax assets	1,415	2,242
Other non-current assets	2,711	2,770
Non-current assets, total	74,959	62,109
Assets, total	190,431	168,461
Bank loans	17,200	18,390
Trade accounts payable	8,224	9,417
Contract liabilities	10,320	6,188
Liabilities due to related parties	11	10
Advance payments received	1,555	1,430
Income tax payable	0	1,056
Provisions	9,920	9,042
Other current liabilities	15,246	12,184
Lease liabilities	2,430	0
Current liabilities, total	64,906	57,717
Bank loans	13,395	17,442
Deferred tax liabilities	3,086	2,579
Pensions accrued and similar obligations	10,093	9,505
Provisions	1,233	1,566
Other non-current liabilities	3,742	3,890
Lease liabilities	11,220	0
Non-current liabilities, total	42,769	34,982
Total liabilities	107,675	92,699
Attributable to equity holders of the parent company		
Subscribed capital	10,040	10,040
Additional paid-in capital	5,262	5,262
Treasury stock	-582	-510
Surplus reserves and consolidated unappropriated profit	65,951	60,479
Other reserves	1,827	326
	82,498	75,597
Non-controlling interests	258	165
Shareholders' equity, total	82,756	75,762
Liabilities and shareholders' equity, total	190,431	168,461

CONSOLIDATED CASH FLOW STATEMENT

From 1 January 2019 to 30 September 2019 (unaudited) IFRS

EUR '000	01/01 to 30/09/2019	01/01 to 30/09/2018
Cash flow from operating activities		
Net income	6,775	1,986
Depreciation	5,260	3,363
Losses on the disposal of fixed assets	-41	-50
Change in provisions and accruals	924	-340
Change in inventories	-2,509	-388
Change in trade accounts receivable and future receivables from production orders	2,785	6,351
Change in other assets, not provided by / used in investing or financing activities	1,583	385
Change in trade accounts payable	-2,103	-4,126
Change in advanced payments received and liabilities from PoC method	3,987	-3,328
Change in other liabilities, not provided by / used in investing or financing activities	1,232	-1,575
Amount of other non-cash income and expenses	1,669	-819
Adjustment IFRS 15 modified retrospective method	0	757
Net cash from operating activities	19,562	2,216
Cash flow from investing activities		
Payments received on disposal of tangible fixed assets	270	224
Investments in property, plant, equipment and other intangible assets	-3,646	-1,671
Investment in subsidiaries less acquired cash	0	-356
Net cash flows used in investing activities	-3,376	-1,803
Cash flow from financing activities		
Dividend paid out	-1,200	-2,208
Cash payments for purchase of treasury stock	-201	-500
Payments received from bank loans incurred	6,613	15,695
Redemption of bank loans	-11,852	-17,243
Change in short and long term lease liabilities	-1,582	0
Net cash flows used in financing activities	-8,222	-4,256
Net effects of currency translation and consolidation changes in cash and cash equivalents	316	-59
Change in cash and cash equivalents	8,280	-3,902
Cash and cash equivalents at the beginning of the period	20,620	19,763
Cash and cash equivalents at the end of the period	28,900	15,861

FINANCIAL CALENDAR

2019

Q4

25-26

November

Equity Forum
in Frankfurt am Main

2020

Q1

25

March

Publication Annual Report 2019 / Press and
Analyst Conference in Frankfurt am Main

Q2

14

May

Publication of Quarterly
Statement 1/2020

20

May

Annual General Meeting 2020
at the Karlsruhe Congress Centre

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