init innovation in traffic systems SE

Industry, IXX GR

EQUITY RESEARCH · COMMENT · ISSUER-SPONSORED RESEARCH

3 November 2026

MÜNCHMEYER PETERSEN CAPITAL MARKETS

Buy

EUR 46.00 ↘ (from 60)

Price	**EUR 32.90**
Upside	**39.8 %**

CHANGES IN ESTIMATES

FY 31.12. / EUR m	2026E	2027E	2028E
Revenue	−1.0 %	−5.5 %	−5.3 %
EBITDA	−13.9 %	−17.2 %	−15.8 %
EBIT	−20.3 %	−23.3 %	−20.5 %
EPS	−23.3 %	−24.5 %	−21.5 %

KEY DATA

Ticker	**IXX GR**
Market Cap (EUR m)	**363**
Enterprise Value (EUR m)	**376**
Ø Daily turnover (30d) (EUR k)	**398**
Free float (%)	**55.8**
Perf. 1/3/12M (%)	**−26.6 / −30.1 / −29.6**
52W range (EUR)	**32.9 – 54.3**

KEY FINANCIALS (IN EUR M)

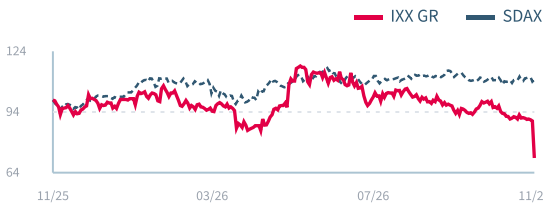
	2024A	2025A	2026E	2027E	2028E
Revenue	**265.7**	**329.7**	**403.9**	**436.2**	**488.5**
chg yoy	*26.0%*	*24.1%*	*22.5%*	*8.0%*	*12.0%*
EBITDA	**38.7**	**49.2**	**52.1**	**60.5**	**70.2**
EBITDA margin	*14.6%*	*14.9%*	*12.9%*	*13.9%*	*14.4%*
EBIT	**24.5**	**32.5**	**33.1**	**41.4**	**51.3**
EBIT margin	*9.2%*	*9.9%*	*8.2%*	*9.5%*	*10.5%*
EPS	1.57	1.97	1.85	2.50	3.14
FCF / share	−1.26	2.38	1.14	1.66	1.77
DPS	0.80	0.90	1.00	1.10	1.30
Div. Yield	2.2%	2.1%	3.0%	3.3%	4.0%
ROCE %	**8.9%**	**10.3%**	**10.0%**	**13.3%**	**15.6%**
EV/EBITDA	11.4x	9.8x	7.2x	6.1x	5.2x
EV / EBIT	17.9x	14.8x	11.4x	9.0x	7.1x
P/E	23.3x	21.3x	17.7x	13.2x	10.5x

GUIDANCE VS. MPCMe & CONSENSUS 2026E

Metric	Guidance	MPCMe	Cons	Δ %
Revenue	380-410m	403.9m	398.8m	1.3%
EBIT	33-37m	33.1m	40.6m	−18.5%
Operating cash flow	32-38m	32.5m		

Source: Company data, FactSet, MPCM Research est.

Share price performance (indexed, EUR)



Source: FactSet, MPCM Research

Weak Q3 and subdued discretionary spend trim EBIT guidance

SUMMARY

- Preliminary Q3 EBIT fell 82% yoy, burdened by project revaluations and weaker high-margin small-ticket business.
- FY26 EBIT guidance cut to EUR 33-37m, while revenue and operating cash flow targets were confirmed, as accelerated project execution replaces year-end orders, albeit at lower margins.
- The implied Q4 EBIT remains decent, so the 2026 earnings shortfall essentially lies in Q3.
- Estimates cut and PT lowered to 46.00 EUR; Buy rating maintained.

KEY POINTS

Q3 EBIT plunges after a good H1

Yesterday afternoon, init surprised the market with preliminary Q3 figures and an EBIT guidance cut, which triggered a harsh share price reaction of c. -20%. While revenue grew by almost 8% yoy to EUR 92m, EBIT slumped 82% to EUR 1.6m and clearly missed our forecast of EUR 9.7m (see table on page 2). This is all the more striking after H1 EBIT had almost doubled; following the setback in Q3, 9M EBIT now stands c. 8% below the prior-year level. In the conference call, the CFO named project revaluations of c. EUR 3m, which resulted from the regular September review of budgets and project risks; the two projects concerned are now said to be under control. Moreover, the small-ticket, high-margin business with hardware and software has been running considerably weaker this year, which already weighed on Q3.

Accelerated project execution replaces year-end orders

The FY26 EBIT guidance has been cut to EUR 33-37m (previously EUR 38-42m), whereas the revenue and operating cash flow targets were confirmed. The logic behind this is as follows: as public transport operators, facing sharply higher fuel bills, are holding off on the small orders that have traditionally made Q4 by far init's strongest quarter, init is accelerating its large-scale projects to fill the gap. This substitution keeps revenue on track and should bring forward milestone payments, which supports cash flow, but comes at noticeably lower margins, hence the cut to the earnings outlook. In contrast, supply chain issues, which were also mentioned in the ad-hoc release, are not a major factor. We find this reasoning comprehensible; what nonetheless catches the eye is that even the lower end of the revised guidance implies Q4 EBIT of c. EUR 19m, c. 10% above a prior-year quarter that was by no means a weak one, and roughly at the level we had pencilled in before the warning. Measured against our estimates, the earnings shortfall in 2026 thus lies in Q3 rather than in the final quarter, a nuance that, in our view, came across less clearly in the ad-hoc release, which had signalled that Q4 would not deliver the above-average earnings of previous years. At the same time, faster project progress pulls forward part of the 2027 business volume, which is perfectly fine in itself, but comes at the expense of next year's momentum.

Estimates and PT cut, but sell-off leaves considerable upside

We have cut our estimates noticeably: for 2026e to account for the weak Q3 and, beyond that, because business is being pulled forward and the timing of a recovery in discretionary spend hinges on the further development of fuel prices; together with a less favourable project mix, this also leads us to lower our margin projections considerably. In our DCF, we additionally reflect the higher cyclical risk and weaker visibility in a higher beta, which explains the reduction of our price target to 46.00 EUR (previously EUR 60). By all means, the profit warning is a setback, particularly after the capital increase in June and a very good first half. That said, we deem the weaker discretionary spend to be cyclical rather than structural; as the timing of a fuel price normalisation, and with it a renewed pick-up in discretionary spend, is difficult to gauge, however, we have become somewhat more cautious in our estimates, while the order book, particularly with regard to London and Sydney, provides a solid base for the coming years. After yesterday's sell-off, the share trades at 32.90 EUR, leaving upside of c. 40% to our revised PT; we therefore reiterate our Buy rating.

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Q3 2026 in detail

PRELIMINARY Q3 FIGURES VS MPCME AND PRIOR YEAR

Q3 and 9M 2026 (preliminary) vs MPCMe and prior year

EUR m	Q3 2026 prel.	MPCMe	vs MPCMe	Q3 2025	yoy	9M 2026 prel.	MPCMe	vs MPCMe	9M 2025	yoy
Revenue	**91.6**	95.0	−3.6%	85.1	7.6%	**292.6**	295.9	−1.1%	226.9	29.0%
EBIT	**1.6**	9.7	−83.5%	8.7	−81.6%	**14.0**	22.1	−36.7%	15.2	−7.9%
EBIT margin	***1.7***	*10.2*	*-8.5pp*	*10.2*	*-8.5pp*	***4.8***	*7.5*	*-2.7pp*	*6.7*	*-1.9pp*
Operating cash flow	**−5.1**	–	–	8.2	n.m.	**6.7**	–	–	33.3	−79.9%

Source: Company data, MPCM Research est. (pre-warning); EBIT margin implied; Q3 operating cash flow = 9M less H1; no MPCMe for operating cash flow

Key data

PROFIT & LOSS (IN EUR M)

EUR m	2023A	2024A	2025A	2026E	2027E	2028E
Revenue	**210.8**	**265.7**	**329.7**	**403.9**	**436.2**	**488.5**
Growth yoy (%)	*10.2*	*26.0*	*24.1*	*22.5*	*8.0*	*12.0*
EBITDA	**32.3**	**38.7**	**49.2**	**52.1**	**60.5**	**70.2**
EBITDA margin (%)	*15.3*	*14.6*	*14.9*	*12.9*	*13.9*	*14.4*
D&A and impairments	11.2	14.2	16.7	19.0	19.0	18.9
EBIT	**21.0**	**24.5**	**32.5**	**33.1**	**41.4**	**51.3**
EBIT margin (%)	*10.0*	*9.2*	*9.9*	*8.2*	*9.5*	*10.5*
Financial result	−1.7	−3.0	−3.6	−3.0	−2.3	−2.1
EBT	**19.3**	**21.5**	**28.9**	**30.1**	**39.1**	**49.1**
Taxes	4.1	6.4	9.6	10.9	11.7	14.7
Minorities	0.0	−0.3	−0.2	−0.2	0.0	0.0
Net income (attrib.)	**15.2**	**15.5**	**19.6**	**19.4**	**27.4**	**34.4**
EPS (EUR)	1.54	1.57	1.97	1.85	2.50	3.14

BALANCE SHEET (IN EUR M)

EUR m	2023A	2024A	2025A	2026E	2027E	2028E
Goodwill & intangibles	38.0	57.4	68.1	70.3	69.0	67.6
Property, plant & equip.	64.1	70.9	66.0	64.5	64.4	65.1
Financial assets	2.1	2.1	1.8	1.8	1.8	1.8
Inventories	49.3	57.2	48.9	52.9	57.2	64.0
Receivables	65.1	87.7	81.9	97.4	105.1	117.8
Liquid assets	27.3	23.5	25.5	72.6	80.3	87.7
Other assets	14.7	14.2	19.2	23.5	25.4	28.4
Total assets	**260.5**	**313.0**	**311.4**	**383.0**	**403.3**	**432.4**
Shareholders' equity	**120.2**	**134.2**	**141.1**	**197.5**	**214.4**	**236.8**
Minority interests	0.4	0.1	0.0	−0.2	−0.2	−0.2
Financial liabilities	69.3	98.6	84.7	82.0	82.3	82.9
Pension provisions	7.6	7.8	7.0	6.8	6.6	6.4
Other provisions	5.7	6.1	4.7	5.3	5.7	6.3
Accounts payable	28.3	34.0	33.9	47.5	48.3	51.1
Other liabilities	25.8	30.7	36.6	39.9	41.6	44.2
Total equity and liabilities	**260.5**	**313.0**	**311.4**	**383.0**	**403.3**	**432.4**

CASH FLOW STATEMENT (IN EUR M)

EUR m	2023A	2024A	2025A	2026E	2027E	2028E
Change in working capital	−12.6	−22.3	10.7	−5.1	−10.9	−16.2
Operating cash flow	**7.7**	**10.4**	**48.2**	**32.5**	**35.6**	**37.0**
Capex (intangibles)	−8.4	−11.5	−14.4	−10.8	−7.0	−6.7
Capex (PP&E)	−4.1	−6.6	−4.4	−4.7	−5.0	−5.4
Acquisitions/disposals/other	−0.9	−5.8	−0.3	1.1	0.0	0.0
Investing cash flow	**−13.5**	**−24.0**	**−19.1**	**−14.4**	**−12.0**	**−12.0**
Dividends paid	−6.9	−6.9	−7.9	−9.0	−10.5	−12.1
Change in fin. liabilities	7.3	24.0	−11.5	−2.9	0.0	0.0
Share buybacks / issuance	−1.6	1.8	1.0	46.0	0.0	0.0
Other	−5.3	−10.0	−6.9	−5.1	−5.4	−5.5
Financing cash flow	**−6.5**	**8.9**	**−25.3**	**29.0**	**−15.9**	**−17.5**
Change in liquid funds	−12.3	−4.6	3.9	47.1	7.7	7.4
Free cash flow (reported)	**−9.2**	**−12.5**	**23.6**	**11.9**	**18.2**	**19.4**

VALUATION

	2023A	2024A	2025A	2026E	2027E	2028E
Price / Book	2.4x	2.7x	3.0x	1.8x	1.7x	1.5x
Book value per share ex intangibles	8.18	7.64	7.28	11.52	13.17	15.32
EV / Sales	1.6x	1.7x	1.5x	0.9x	0.9x	0.7x
EV / EBITDA	10.3x	11.4x	9.8x	7.2x	6.1x	5.2x
EV / EBIT	15.8x	17.9x	14.8x	11.4x	9.0x	7.1x
P / FCF	n.a.	n.a.	17.7x	28.9x	19.8x	18.6x
P/E	18.8x	23.3x	21.3x	17.7x	13.2x	10.5x
Dividend Yield	2.4%	2.2%	2.1%	3.0%	3.3%	4.0%
FCF Potential Yield (on market EV)	5.7%	4.6%	5.2%	6.6%	8.8%	10.9%

Price Target Methodology

Our price target rests on a DCF, our preferred valuation tool, with a detailed forecast period to 2028e, a transitional phase to 2038e and terminal growth of 2.0%. We model the peak EBITDA margin in 2029e and assume decelerating growth and gradual margin erosion thereafter. The applied WACC is derived as a function of a) a risk-free rate of 2.75%, b) an equity risk premium of 5.50%, c) a beta of 1.28, d) a pre-tax interest assumption of 4.5% and e) a capital structure reflecting the iteratively determined equilibrium proportion of debt financing in the company's enterprise value. The FCF Value Potential and a peer-group multiple comparison serve as sanity checks.

Risks

The main risk lies in the execution of large-scale contracts, where delivery reliability and operational stability play a greater role than price; as the current year shows, re-planning or higher costs to complete in individual projects can lead to revaluations that weigh noticeably on quarterly earnings. In addition, the short-term, high-margin add-on business depends on the budgets of public transport operators, which are sensitive to energy and fuel costs. Building up the order book presents both risks and opportunities: as four to eight mega-projects generally come onto the market each year, init aims to increase the number of large-scale projects currently in progress from two to four. Long-term wild cards are electrification and autonomous driving, which will add to the complexity of depot planning, charging, fleet management and back-office operations, and are therefore likely to play into init's hands, whilst 'Ticketing-as-a-Service' and the reduction of fare evasion could develop into new revenue streams.

Investment Case

The successful execution of the latest flagship projects is expanding the installed base, which, following implementation, should lead to highly profitable maintenance and service revenue supplemented by hardware replacement as part of fleet renewal, as well as up-selling and cross-selling into complementary modules. Consequently, init's business mix is expected to improve gradually and enable further margin growth, supported by efficiency measures and positive economies of scale, which should translate into a significant increase in earnings over time, even if the pace can be interrupted by phases of weaker discretionary spend, as in the current year. Free cash flow generation is further supported by decreasing capital expenditure.

Company Description

- Init is a leading supplier of hardware and software solutions for public transportation and covers a vast part of the value creation of its customers.
- Founded in 1983 as a university spin-off, init provides its services to >1,400 public transport providers worldwide with ~40 locations and ~1,600 employees.
- 65-75% of group sales are usually generated with long-standing existing customers and projects and consist of spare part sales, maintenance and other after sales services.
- The product portfolio includes electronic ticketing (45% of sales), intermodal transport control systems (25%), automated passenger counting (20%) and timetable planning and dispatching (5%).

Management

CEO	**Dr. Gottfried Greschner**
COO	**Matthias Kühn**
CFO	**Dr. Marco Ferber**
Chief Revenue Officer	**Martin Timmann**
Chief Human Resources Officer	**Jorg Munz**

Shareholder Structure

Dr. G. Greschner & Family	**39.0 %**
Corporate Bodies	**4.0 %**
Treasury & Employee Shares	**1.3 %**
Free float	**55.8 %**

Key Events

Q3	**12 Nov 2026**

Company Overview

GROUP

FY2026e = MPCM estimates (MPCMe); FY2025 as reported in the 2025 Annual Report. New business-unit structure effective 1 January 2026; restated FY2025 segment figures not yet available.

GROUP REVENUE 2026e	EBIT 2026e	ORDER BACKLOG	CONTRACTED PERF. OBLIGATIONS	EMPLOYEES (AVG.)
EUR 403.9m	**EUR 33m**	**EUR 408m**	**EUR 1,244m**	**1,558**
FY2025: EUR 329.7m · ▲+22.5%	FY2025: EUR 32.5m · ▲+1.5%	30/06/2025: EUR 370m · ▲+10.4%	c.3.1x FY2026e revenue (MPCMe)	FY2025 average
Guidance: EUR 380–410m (confirmed)	Margin 8.2% · Guidance: EUR 33–37m	as of 30 June 2026	as of 30 June 2026	H1 2026 average: 1,529

Revenue by region, FY2026e (MPCMe): share of revenue, EUR m and change vs. FY2025

Germany	23.4%	EUR 94.7m	▼-1.1%
Rest of Europe	20.0%	EUR 80.8m	▲+3.7%
North America	49.1%	EUR 198.2m	▲+51.6%
Other countries (Australia, UAE)	7.5%	EUR 30.1m	▲+19.6%

SEGMENT SNAPSHOT

INIT Integrated Systems

Divisional financial performance

	2026e (MPCMe)	GUIDANCE 2026
Revenue, EUR m	303	280–300
EBIT, EUR m	33	32–34
EBIT margin	11.0%	–

Revenue 2026e (MPCMe)



Integrated Systems	70.1%
Cloud Solutions	9.4%
Passenger Intelligence	20.5%

Solutions

Integrated systems: fleet management/ITCS and real-time passenger information, ticketing and fare management (incl. account-based), planning and dispatching, depot and e-mobility management, on-board hardware.

Operations: implementation and 24/7 operation of large-scale integrated systems; long-term technology partnerships of up to 20 years.



Customers

Large metropolitan transit authorities and operators, e.g. TfL (London), MARTA (Atlanta), METRO (Houston), TfNSW (Sydney)

Market position

One of few providers of integrated planning, dispatching, telematics and ticketing worldwide; installed base of >130 ITCS/RTPI and >140 ticketing systems; no market shares disclosed

Growth drivers

Mega-projects (MARTA, TfL iBus NextGen, Opal+ Sydney with c.AUD 615m volume); operators transferring IT operations to platform partners

Key profitability drivers

Customer life cycle: low-margin first installation, followed by maintenance and operation, fleet roll-over and upgrades; share of third-party scope (e.g. MARTA civil works)

Key markets

North America, UK, Germany, Nordics, Australia/New Zealand, UAE

Main competitors

CONDUENT Transportation · CUBIC · IVU Traffic Technologies · Clever Devices · Trapeze

INIT Cloud Solutions

Divisional financial performance

	2026e (MPCMe)	GUIDANCE 2026
Revenue, EUR m	41	40–45
EBIT, EUR m	5	4–6
EBIT margin	12.0%	–

EBIT 2026e (MPCMe)



Integrated Systems	76.7%
Cloud Solutions	11.6%
Passenger Intelligence	11.6%

Segment splits exclude consolidation/others (FY2026e MPCMe: revenue EUR –28m, EBIT EUR –10m)

Solutions

SaaS platforms: cloud-based software and data platforms for operators of all sizes; subscription-based, with continuous updates and maintenance.

Ticketing-as-a-Service: tap-in/tap-out with credit card or smartphone and best-price calculation, hosted by init (e.g. Trier, Rosenheim).



Customers

Public transport operators of all sizes; so far mainly in Germany and the German-speaking region

Market position

Initial successes outside the German-speaking region, incl. the US; no market shares disclosed

Growth drivers

Expansion into foreign markets; shift from licences to subscriptions; cloud-native nextGen products (ticketing, staff dispatch)

Key profitability drivers

Operating leverage from a growing subscription base on a largely fixed platform cost; ramp-up costs of international expansion; EBIT back above break-even in H1 2026

Key markets

Germany and German-speaking region; selective expansion abroad incl. the US

Main competitors

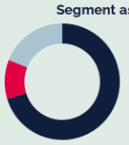
IVU Traffic Technologies · SYNCROMATICS · optibus

INIT Passenger Intelligence

Divisional financial performance

	2026e (MPCMe)	GUIDANCE 2026
Revenue, EUR m	88	90–100
EBIT, EUR m	5	5–7
EBIT margin	6.0%	–

Segment assets (30 June 2026)



Integrated Systems	70.1%
Cloud Solutions	10.9%
Passenger Intelligence	19.0%

Solutions

Sensors & hardware: automated passenger counting sensors, cameras, recorders, monitors and video systems (incl. DILAX, acquired 2024).

Analytics & AI: near real-time analysis of occupancy, passenger flows and seating; AI-based incident and aggression detection; ViSenSys (Dortmund) added in Nov 2025 (75% acquired by DILAX).



Customers

Bus and rail operators; new customer groups via DILAX; extension to long-distance rail targeted

Market position

Installed base of >700 passenger counting systems; no market shares disclosed

Growth drivers

Mandatory passenger counting for new vehicles (Baden-Württemberg, Bavaria); flat-fare tickets; AI video analytics

Key profitability drivers

Integration of DILAX and synergies within the new BU; hardware mix

Key markets

Bus and rail public transport; regional split not disclosed

Main competitors

eurotech · Hella Aglaia

& other specialised passenger-counting / CCTV-analytics providers

Source: init SE (Annual Report 2025, Half-Year Financial Report 2026, roadshow presentation September 2026), MPCM Research. 2026e segment and regional figures are MPCM estimates (MPCMe); guidance per company (H1 2026 report, confirmed). Regions by customer location. Order backlog and contracted performance obligations as of 30 June 2026. Installed base and market statements per company disclosure. Illustrations: init SE.

DCF Model

DCF Model — cash flow forecast

	Detailed forecast period													Transitional period	Term. Value
EUR m	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	Term. Value	
Sales	**403.9**	**436.2**	**488.5**	**537.4**	**586.8**	**636.1**	**684.4**	**731.0**	**774.8**	**815.1**	**851.0**	**881.6**	**906.3**		
Sales growth (%)	22.5	8.0	12.0	10.0	9.2	8.4	7.6	6.8	6.0	5.2	4.4	3.6	2.8	2.00	
EBIT margin (%)	8.2	9.5	10.5	10.8	10.8	10.8	10.8	10.8	10.7	10.7	10.6	10.5	10.4		
Tax rate (%)	36.3	30.0	30.0	30.0	30.5	31.0	31.5	32.0	32.5	33.0	33.5	34.0	34.5		
Depreciation	19.0	19.0	18.9	19.8	21.3	22.8	24.3	25.7	27.2	28.7	30.2	31.7	33.1		
Depreciation / Sales (%)	4.7	4.4	3.9	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.6	3.7		
CAPEX	20.8	17.7	18.1	20.8	22.3	23.7	25.1	26.5	28.0	29.4	30.8	32.3	33.7		
CAPEX / Sales (%)	5.1	4.1	3.7	3.9	3.8	3.7	3.7	3.6	3.6	3.6	3.6	3.7	3.7		
Change in working capital	5.1	10.9	16.2	14.0	12.9	12.8	12.6	12.1	11.4	10.5	9.3	8.0	6.4		
Changes in pensions	0.4	0.2	0.3	−0.5	−0.5	−0.5	−0.5	−0.5	−0.5	−0.5	−0.5	−0.5	−0.5		
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Free Cash Flow	**14.6**	**19.7**	**20.9**	**25.2**	**29.8**	**33.3**	**36.7**	**40.2**	**43.5**	**46.6**	**49.5**	**52.1**	**54.2**		**55.9**
Present value of FCF	**14.6**	**18.0**	**17.5**	**19.4**	**21.0**	**21.4**	**21.7**	**21.7**	**21.5**	**21.1**	**20.5**	**19.7**	**18.8**		**267.6**

Model parameters, valuation & value composition

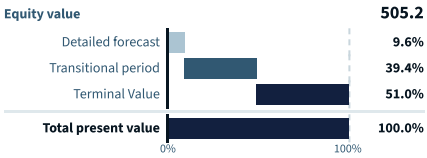
Valuation

Present values until 2038E	256.9
Terminal Value	267.6
Enterprise Value	**524.5**
− Gross financial debt	84.7
+ Liquid assets	25.5
− Pension provisions	7.0
− Hybrid capital	−47.0
= Equity Value	**505.2**
÷ Shares outstanding (m)	11.0
Fair value per share (EUR)	**45.76**

Derivation of WACC

Debt ratio (%)	8.20%
Cost of debt (after tax) (%)	3.2%
Market return (%)	8.25%
Risk free rate (%)	2.75%
Risk premium (%)	5.50%
Beta	1.28
Cost of equity (%)	9.79%
WACC (%)	**9.25%**

Where the value comes from



Share of total present values by phase.

Sensitivity — fair value per share (EUR)

DCF sensitivity: terminal growth

Beta	WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
1.48	**10.2%**	37.76	38.26	38.79	39.36	39.95	40.59	41.27
1.38	**9.7%**	40.45	41.04	41.67	42.34	43.06	43.82	44.64
1.33	**9.5%**	41.92	42.57	43.26	43.99	44.78	45.62	46.53
1.28	**9.2%**	43.49	44.19	44.95	**45.76**	46.62	47.56	48.56
1.23	**9.0%**	45.16	45.93	46.77	47.66	48.61	49.64	50.75
1.18	**8.7%**	46.95	47.80	48.71	49.70	50.76	51.90	53.14
1.08	**8.2%**	50.92	51.96	53.08	54.29	55.59	57.02	58.57

DCF sensitivity: EBIT margin

Beta	WACC	1.5 pp	1.0 pp	0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.48	**10.2%**	31.90	34.38	36.87	39.36	41.84	44.33	46.82
1.38	**9.7%**	34.39	37.04	39.69	42.34	45.00	47.65	50.30
1.33	**9.5%**	35.76	38.51	41.25	43.99	46.74	49.48	52.22
1.28	**9.2%**	37.24	40.08	42.92	**45.76**	48.60	51.44	54.28
1.23	**9.0%**	38.82	41.77	44.71	47.66	50.60	53.54	56.49
1.18	**8.7%**	40.53	43.58	46.64	49.70	52.75	55.81	58.87
1.08	**8.2%**	44.36	47.67	50.98	54.29	57.59	60.90	64.21

* Peak EBIT(DA) margin factored in for 2029.
* Thereafter, we assume a slowdown in sales momentum and a moderate margin erosion.
* Cost of debt set at 4.5% (pre-tax)
* Hybrid Capital - cash inflow from capital increase

Free Cash Flow Value Potential

FREE CASH FLOW VALUE POTENTIAL (IN EUR M)

EUR m	2022A	2023A	2024A	2025A	2026E	2027E	2028E
FREE CASH FLOW POTENTIAL							
Net income before minorities	16.5	15.2	15.2	19.4	19.2	27.4	34.4
+ Depreciation + amortisation	10.2	11.2	14.2	16.7	19.0	19.0	18.9
- Net interest income	−0.7	−1.7	−3.0	−3.6	−3.0	−2.3	−2.1
- Maintenance capex	8.2	9.0	11.4	13.4	15.2	15.2	15.1
+ Others	−0.1	−0.4	−0.9	−1.2	−1.1	−0.7	−0.6
Free Cash Flow Potential	**19.1**	**18.8**	**20.1**	**25.1**	**24.9**	**32.8**	**39.7**
Free Cash Flow Yield Potential (%)	*6.8*	*5.7*	*4.6*	*5.2*	*6.6*	*8.8*	*10.9*
WACC (%)	*9.25*	*9.25*	*9.25*	*9.25*	*9.25*	*9.25*	*9.25*
Enterprise Value	280.7	331.6	440.3	480.4	375.7	371.8	364.9
FAIR VALUE PER SHARE							
Fair Enterprise Value	**206.9**	**203.0**	**217.8**	**271.8**	**269.0**	**354.9**	**429.2**
- Net debt (cash)	59.3	59.3	59.3	59.3	9.4	2.0	−4.8
- Pension liabilities	7.0	7.0	7.0	7.0	6.8	6.6	6.4
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Market value of minorities	−3.1	−3.1	−3.1	−3.1	−3.7	0.0	0.0
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair Market Capitalisation	**143.7**	**139.8**	**154.6**	**208.6**	**256.5**	**346.3**	**427.6**
No. of shares (m)	10	10	10	10	10	11	11
Fair value per share (EUR)	**14.52**	**14.20**	**15.65**	**21.01**	**24.52**	**31.59**	**39.00**
Premium (-) / discount (+) (%)	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*−25.5*	*−4.0*	*18.5*

SENSITIVITY — FAIR VALUE PER SHARE (EUR)

WACC	2022A	2023A	2024A	2025A	2026E	2027E	2028E
12.2%	9.40	9.15	10.25	14.30	18.22	23.66	29.41
11.2%	10.80	10.53	11.73	16.14	19.94	25.83	32.04
10.2%	12.48	12.19	13.50	18.34	22.01	28.43	35.18
9.2%	**14.52**	**14.20**	**15.65**	**21.01**	**24.52**	**31.59**	**39.00**
8.2%	17.05	16.70	18.33	24.33	27.63	35.51	43.75
7.2%	20.29	19.90	21.74	28.56	31.61	40.53	49.81
6.2%	24.56	24.11	26.25	34.16	36.87	47.14	57.81

- The line "Others" in the calculation of FCF covers the tax shield on net interest result.
- Maintenance capex estimates 2026-28e: 20% below D&A.

Disclosure Appendix

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The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF model, Free Cash Flow Value Potential, NAV, peer group comparison or sum-of-the-parts model.

Valuation methods

The fair value / price target of a share is determined primarily using a discounted cash flow approach (DCF approach). The DCF-based valuation may be supplemented by other valuation methods such as a peer group comparison or a sum-of-the-parts model. Where appropriate (e.g. for banks, real estate companies), other methods such as a regression model are also used as the main valuation model.

DCF: The DCF model uses forecasts of future free cash flow, which are discounted within the WACC model at the weighted average cost of capital in order to determine their present value. As a rule, the weighted average cost of capital is used as the discount rate in order to reflect the time value of money, the risks of the cash flows and the financing structure of the company. The enterprise value is derived by means of the DCF analysis. The equity value is obtained by subtracting (adding) net debt (net cash).

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Valuation methods for banks: The fair value / price target of a share is determined primarily using our regression model (P/BV / RoE). This model may be supplemented by other valuation methods such as a peer group comparison or a sum-of-the-parts model.

Regression model: In order to determine the fair value of a bank, we estimate the bank's book value and its profitability on the basis of return on equity. The derived P/BV and the derived return on equity are compared with existing peers in a regression model in order to determine a fair value.

In individual cases, other valuation methods not listed here may also be applied; these are explained in the respective investment recommendation.

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All prices of financial instruments given in this investment recommendation are the closing prices of the stock-market trading day preceding the respective publication date stated, unless another point in time is explicitly stated.

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The result of this fundamental valuation is modified to take into consideration the analyst's assessment as regards the expected development of investor sentiment and its impact on the share price.

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Sources

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-B-	**Buy**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold**	The price of the analysed financial instrument is expected to remain largely stable over the next 12 months.
-S-	**Sell**	The price of the analysed financial instrument is expected to fall over the next 12 months.
–	**Rating suspended**	The available information currently does not permit an evaluation of the company.
–	**Discontinued**	Coverage of the analysed financial instrument has been discontinued. No investment recommendation or price target is maintained any longer.

Disclosure Appendix

Rating universe distribution

Research universe by latest rating in the last 12 months

Recommendation category	Number of stocks	% of universe
Buy	109	84%
Hold	21	16%
Sell	0	0%
Total	**130**	**100%**

Issuers with major investment-services relationship in the last 12 months

Recommendation category	Number of issuers with material services	% of issuers in recommendation category
Buy	5	5%
Hold	0	0%
Sell	0	0%
Total	**5**	**4%**

20 active coverage companies are excluded from the distribution because no recommendation with a governed dissemination timestamp and classifiable direction exists inside the trailing 12-month window.

5 active coverage companies are excluded from the distribution because their current rating is suspended, under review or restricted.

Snapshot date: 2026-11-03.

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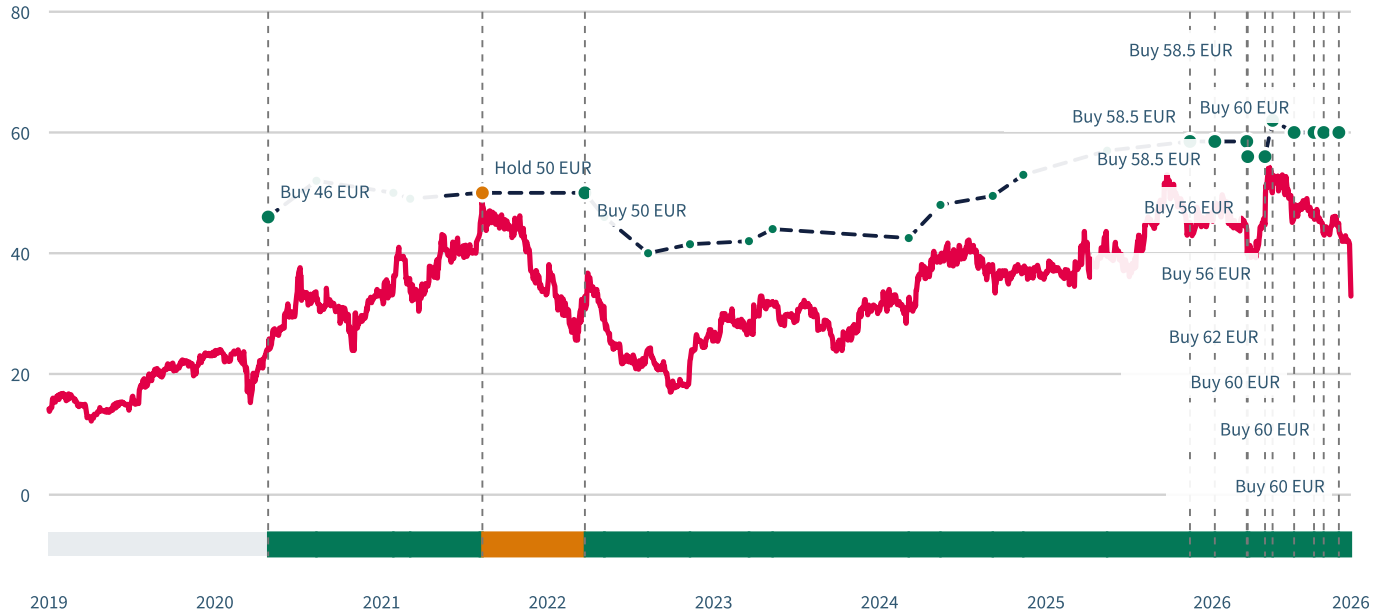
Company	Disclosure
init innovation in traffic systems SE	4, 5

Rating history

Ratings and target prices of the last 12 months:

Date	Rating	Target price	Market price (date)	Analyst	Validity
2026-10-06	Buy	60 EUR	44.45 EUR (2026-10-05)	Cohrs, Christian (Analyst)	12M
2026-09-04	Buy	60 EUR	43.95 EUR (2026-09-03)	Christian Cohrs (Analyst)	12M
2026-08-14	Buy	60 EUR	46 EUR (2026-08-13)	Christian Cohrs (Analyst)	12M
2026-07-01	Buy	60 EUR	46.4 EUR (2026-06-30)	Christian Cohrs (Analyst)	12M
2026-05-15	Buy	62 EUR	52.3 EUR (2026-05-14)	Andreas Pläsier (Analyst)	12M
2026-04-28	Buy	56 EUR	44.7 EUR (2026-04-27)	Christian Cohrs (Analyst)	12M
2026-03-23	Buy	56 EUR	40.9 EUR (2026-03-20)	Christian Cohrs (Analyst)	12M
2026-03-19	Buy	58.5 EUR	43.9 EUR (2026-03-18)	Christian Cohrs (Analyst)	12M
2026-01-08	Buy	58.5 EUR	47.9 EUR (2026-01-07)	Christian Cohrs (Analyst)	12M
2025-11-14	Buy	58.5 EUR	45.1 EUR (2025-11-13)	Christian Cohrs (Analyst)	12M

Disclosure Appendix



Historical price targets and rating changes: https://disclaimer.mp-capitalmarkets.com/disclaimer_en/DE0005759807.htm

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