



Shaping the Future of Mobility



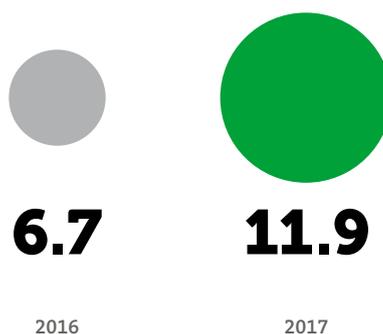
Abridged report 2017

GROUP KEY FIGURES

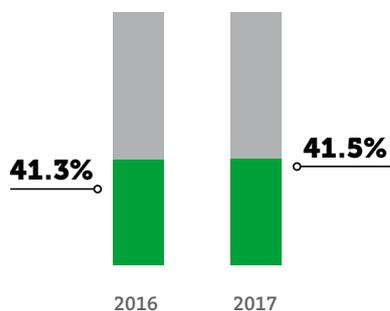
Revenue 2017 in EUR m



EBIT (adjusted) in EUR m



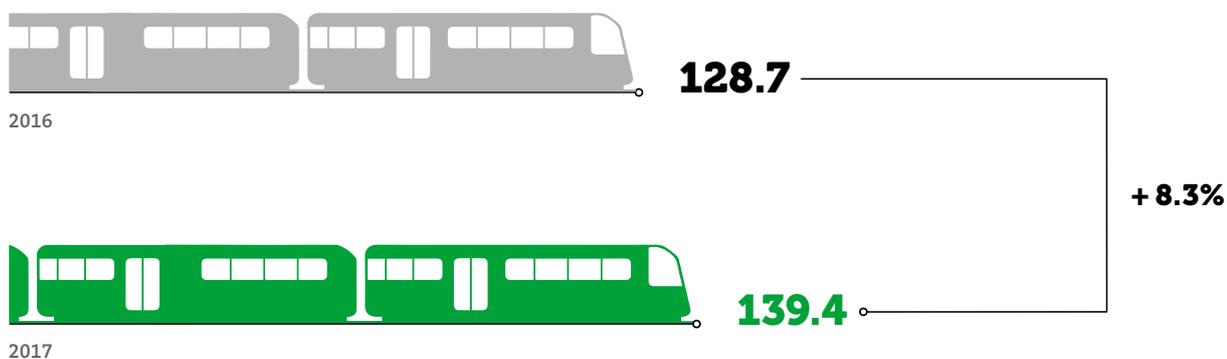
Equity ratio in %



Order volume in EUR m



Incoming orders in EUR m



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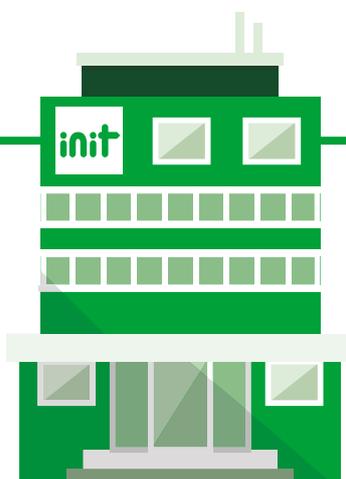
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Dear readers, Dear shareholders,

In the beginning, the word was Industry 4.0, the interlinking of analogue production with modern information and communication technology. Today, we are on our way to Society 4.0, where everyone communicates with everyone, information is available in real-time and new 24/7 service offers are constantly emerging.

Our market, intelligent system solutions for local public transport, is an important part of this new service society. Digitalisation or Public Transport 4.0 is, therefore, a must for transport companies worldwide today if they want to be accepted and successful going forward. We at init innovation in traffic systems SE will support them in this endeavour.

Digitalisation has been a part of init's DNA since it was founded over 35 years ago. Even back then we developed and implemented on-demand-driven systems for buses. Today, these systems have been rediscovered to avoid gridlocks.

Over decades we have refined the corresponding technological solutions and adjusted them in cities like New York under extreme circumstances. init therefore has a big head start on new competitors and groups that are just discovering this market. Unlike them, we have the know-how, the hardware and software and the system competence required to quickly implement functioning solutions.

A decisive factor is the linkage of control and ticketing systems. Our electronic ticketing via apps and credit card systems with best price calculations and booking of all payment transactions also across multiple transport companies is currently growing far above average. Here we have strengthened our position with relevant acquisitions to leverage new potential for init.

Because we control the interfaces and can easily integrate all operational areas, we are also becoming more of a partner for transport companies for the whole technical operation. To be able to meet the growing demand, we have positioned ourselves well here, too. We set up a new division that is responsible exclusively for the operation of systems and, for example, also offers a 24/7 hotline service in three languages.



Dr. Gottfried Greschner
CEO

»Digitalisation has been a part of init's DNA since it was founded over 35 years ago.«

»Our organisation exceeded the projected budget for revenues, earnings and incoming orders.«

Annual report 2017
www.initse.com/ende/investors/financial-reports

Electromobility and autonomous driving are further hallmarks of the ongoing technological revolution 4.0. This changes vehicle service times and changeover times, range, planning, optimisation and monitoring of traffic. This poses new challenges for the transport companies as well. We presented innovative products at the IT-TRANS 2018 in Karlsruhe and are cooperating with a leading bus manufacturer to provide a breakthrough for autonomous driving at transport companies.

Innovations like this do not appear out of thin air. They come at a price because they require early investments in research and development as well as acquisitions in new production areas.

Our organisation mastered this task well in 2017 and finally even exceeded the projected budget for revenues, earnings and incoming orders.

We will have to strengthen our investments further in 2018 in order to maintain our technological edge and to fulfil the new requirements from our customers. However, we are confident that we will then be able to present you, our shareholders, with higher revenues and even better earnings once again.

Thank you for the trust you have placed in us!



For the Managing Board

Dr. Gottfried Greschner, CEO
init innovation in traffic systems SE

INTERVIEW

with the CEO Dr. Gottfried Greschner



init evolved at the beginning of the 1980s as a result of a research project on on-demand transport – this type of operation is again becoming more important for the mobility of tomorrow.

2017 was an eventful year – how was it for init?

DR. GOTTFRIED GRESCHNER: The remarkable thing was that we managed to bring in such a high volume of orders. Order intake was the second highest in the company's history. It was also noteworthy that we continued to be so successful in the field of ID-/account-based ticketing in the US and were even able to extend our market leadership. We also invested a great deal in acquisitions. From the outset, we were well aware that these takeovers would necessitate restructuring expenditure. I believe we're making very good progress, which means that we will achieve our turnaround aims again this year and even generate a small profit.

How would you assess init's latest acquisition, the Finnish company Mattersoft?

DR. GOTTFRIED GRESCHNER: In our view, acquiring Mattersoft was a great move as the software the firm has developed is a perfect fit for our product range. To date, Mattersoft has operated exclusively in Finland, but we are now opening up the entire US market for its products. We believe that it's a highly worthwhile acquisition for this reason alone. Not only that, Mattersoft is already a highly profitable business.

To organise on-demand bus transport efficiently, the right algorithms are necessary. init developed these decades ago. Since then, the company has equipped ten regions with a control system that features on-demand transport.

One key aspect of the acquisitions was the area of mobile / smart ticketing. What sort of growth are you expecting in this area?

DR. GOTTFRIED GRESCHNER: We are already posting strong growth here. Our key acquisition in mobile ticketing has been HanseCom in Hamburg, which will make a substantial contribution to revenues. Its software is used to bill 60 percent of public transport ticket receipts in Germany. This puts us in a leading position in mobile ticketing in Germany, as our customers encompass a total of around 50 towns and cities. We already offer full coverage in the German federal state of North Rhine-Westphalia. This sets us apart from all our competitors.

What large-scale projects could init attract in this context?

DR. GOTTFRIED GRESCHNER: I don't want to give too much away, but in the US we are participating in requests for tenders with a total volume of more than USD 100 million. We think we have a good chance of success. Of course though, experience shows that we aren't awarded all the projects for which we tender.

How do you see the prospects for Europe and Germany?

DR. GOTTFRIED GRESCHNER: Our business in Europe and Germany will be able to achieve strong growth if we can better leverage the potential of our existing customer base. We found that existing customer relationships including follow-up orders generated order intake of EUR 35 million last year alone. I believe there is scope to boost this figure significantly. There are also one or two large requests for tenders in Germany and Europe in which we also think we have a good chance of success. I'm talking about tenders with a volume in excess of EUR 50 million here.

There are signs of another growth area in the area where init originated, which is demand-responsive bus transport. How would you assess the trend in this segment?

DR. GOTTFRIED GRESCHNER: This is a really exciting area. What demand-responsive bus transport actually means is that buses do not need to halt at all stops – they only service those stops where there is actually demand. To make this system as efficient as possible, there is a need for optimisation algorithms, which we developed decades ago. This is how init originally started out. Unfortunately, there has not been much potential for this technology in recent years. Nevertheless, we have now equipped ten regions with a control system that features on-demand transport. We currently see strong growth in this market and have therefore established a project group dedicated solely to this issue.

> 2,000

on-demand buses have already been equipped by init.



INTERVIEW

Countries like the US impose a statutory obligation on transport operators to provide an on-demand service with door-to-door transit for people with impaired mobility. There are now corresponding initiatives in Europe. How do you assess this from init's perspective?

DR. GOTTFRIED GRESCHNER: We have the technologies required and experience regarding on-demand services for off-peak periods and in less frequented regions. Therefore, we are looking forward to this new challenge.

How long do you think it will take until similar requirements are specified in Europe and there is a corresponding increase in demand?

DR. GOTTFRIED GRESCHNER: The demand is already there in Europe, especially as a complement to existing scheduled routes. This is a process that is already under way. It will intensify as more and more people are living in urban areas, while the population trend is generally heading in the opposite direction in rural locations. This means it's no longer worthwhile running purely scheduled routes in rural areas.

So are you already seeing the first large invitations to tender or this service in Europe?

DR. GOTTFRIED GRESCHNER: The tenders that are being advertised at the moment generally ask for demand-responsive transport as an additional offering that is integrated into scheduled routes. I think this is the right approach as – in contrast to the US – we have a very good public transport network.

What growth priorities are you setting out for init this year?

DR. GOTTFRIED GRESCHNER: Mobile / smart ticketing is the most promising area as it is exhibiting very strong growth. We also want to successfully position our new subsidiary Mattersoft's software on the US market. We will also be focusing on cultivating our existing customer relationships and leveraging the latent potential they offer. In addition, there is a growing need on the part of our customers to outsource entire technical services areas and to have them taken over by reliable partners such as init. init is taking over various functions from customers, including replacing faulty hardware, servicing equipment and systems as well as cash management, and offering a 24 / 7 service. In other words, this is an all-inclusive package for transport operations.

What specific impact do you expect the “Industry 4.0” and electromobility trends to have on init's business?

DR. GOTTFRIED GRESCHNER: They are driving our business. The issues of "big data" and "fast data" are also important for transport operators, as the data available have to be processed and delivered to the relevant interfaces as quickly as possible. There is a growing awareness among our customers of the opportunities offered by digitalisation. They have to offer Mobility as a Service in competition with other transport modes by providing travel options for their specific journey via specific travel offerings for their journeys via their smartphones and other channels. They need apps and other software for this that integrate all the work-flows involved, from planning through to ticketing as well as swift and hassle-free processing. This is what we as a business do, which makes us the right partner. Electromobility is making new demands on operational planning, as e-vehicles entail shorter distance ranges, shorter deployment times and higher set-up times. We presented a new optimisation software for this at IT-TRANS in Karlsruhe.

What growth do you see init Group achieving overall in the next few years?

DR. GOTTFRIED GRESCHNER: I think we will return to our long-term growth trend and achieve rates of 10 percent plus each year. If our growth strategy is successful, we can achieve revenues of EUR 200 to 250 million in five years' time.

What does this mean for shareholders?

DR. GOTTFRIED GRESCHNER: That's an easy one – a higher share price and rising dividends. By the way, if you had invested EUR 51,000 in init shares when the company was listed in 2001, the value of this holding would by now have climbed to more than EUR 200,000. What's more, including the distribution paid in the 2017 financial year, you would have earned EUR 51,400 in dividends. This means that every shareholder who bought shares in the company at the IPO has received more in dividends than they invested at the time. And of course the shares themselves are worth much more now. So init was and will remain an attractive investment.



»In regards to big data or fast data, init is the right partner for helping transport providers with their goals.«

Shaping the Future of **MOBILITY**

With innovative concepts and proven products, init provides transport companies with what they need to tackle the challenges of the coming years – and take advantage of opportunities offered by new technologies and trends.



On-demand transport

init was founded in 1983 as a spin-off of the university research project "Demand-driven Bus Transport"

and it continues to benefit from this special expertise to this day. In many places, an attractive transport offer now includes on-demand transport solutions that ensure mobility and flexibility even far from urban areas and at off-peak times. However, on-demand transport places special demands on transport companies in terms of

profitability and implementation. To control this efficiently, init offers distinct management modules. The COPILOTapp, for instance, provides drivers of taxis or minibuses that are not equipped with regular on-board computers with important information and also controls voice and data communication with the control centre.



In
10

regions, init has already realised on-demand solutions.

FUTURE OF MOBILITY

Flagship project in Karlsruhe

Within the project RegioMOVE, init is working together with strong partners, to advance the network of public transport.

RegioMOVE was launched at the end of 2017. The aim of this research project is to link different mobility services in the Karlsruhe TechnologyRegion – from bicycle rental to bus and train. The integrated booking platform required for intermodal journeys is being developed by init. In order to strengthen

mobility in the region, the various services are to be expanded at hubs – so-called "ports" – in the coming years. In future, passengers will be able to easily choose and change between different means of transport there.



»init sets the benchmark in electromobility – with an integrated solution for all operational information systems.«

Electromobility

Electric buses play a key role in achieving the targeted reduction of noise and exhaust gases and thus an overall improvement in the quality of life.

Detailed scheduling of the charging process is just as essential for the establishment of electric mobility in public transport as are planning, dispatching, operations control and monitoring. Additionally, data analysis and optimisation must be adapted to the needs of electric vehicles. The focus is particularly on the range of electric vehicles, which depends more on factors such as loading status, air conditioning or driving style than they do with diesel engines.

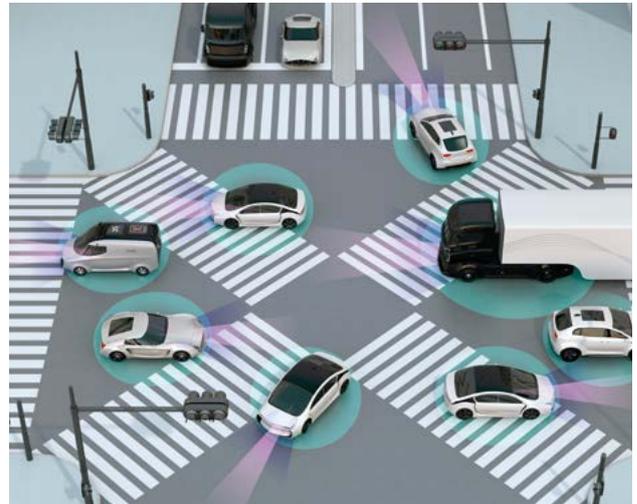
With its integrated solutions init is very much predestined for this challenge, and in fact a great deal of information essential to electromobility is already available in the init systems – a key development advantage in addition to the findings garnered from the MENDEL research project.



Self-driving vehicles are still very much at the beginning of their development. This is a field in which init, together with its research partners, is developing trailblazing concepts for the future.

> 20

projects on the use of e-buses have been launched in Germany since 2016.



FUTURE OF MOBILITY

Autonomous driving

Autonomous driving is also an increasingly attractive prospect for transport companies.

As part of the “iQMobility” project, a team of researchers is investigating the specific requirements of autonomous bus fleets in public transport. Scania’s project management decided to work with init to research the requirements of the operational information systems. Buses not only have to “learn” how to drive but also have to be integrated into a control and planning system. The aim of the project is to develop a prototype transport system for automated urban public transport by 2020.

This system saves costs and time in many areas, for example through automated processes in depots. The Intermodal Transport Control System (ITCS) from init will in the future also be able to support autonomous buses through mechanisms such as automatic traffic jam recognition and spontaneous detours. It might even develop into an integrated traffic management system for smart cities.

Ticketing of the future

The implementation of numerous future-oriented ID-based ticketing systems makes init the world's leading provider in this area.

The world's leading init Smart Ticketing System sets standards due to its flexibility with regard to the integration of various sales channels, ticket media and partners as well as in terms of customer friendliness. A key feature of ID-based ticketing is that data such as credits or products are no longer stored on media, but on an account assigned to the customer in the background system. The first account-based ticketing system in North America went into operation in the

Portland-Vancouver metropolitan region in 2017. Passengers can tap their customer card or mobile phone on init's PROXmobil terminal and automatically pay the best fare for their journey. As the world's first provider, init also enables the integration of a virtual public transport smartcard. The "closed loop" card is stored securely in the wallet app of the smartphone, whereby the fare can be paid using Near Field Communications (NFC) via Google Pay.

FUTURE OF MOBILITY



6

public transport providers around the globe decided for an ID-based Ticketing System by init.



Outsourcing of IT services

init offers customers a comprehensive range of services even after a system has been successfully implemented.

The outsourcing of operational tasks opens up new prospects for transport companies against the backdrop of constantly growing specialist knowledge and increased demands on economic efficiency in public transport. When it comes to maintenance, IT hosting, data supply for ITCS and ticketing

systems and many other tasks, init is a reliable partner that places great emphasis on customer proximity. This intensive cooperation will free up additional capacities that will allow transport companies to concentrate on key challenges and issues in their day-to-day business.

»init expanded from a solution provider to a service partner.«



The bottom line – the future of mobility

The future of mobility is one of the biggest projects of this century. While travelers desire greater mobility and flexibility, industry and policymakers are working to organise urban spaces in such a way as to improve quality of life and reduce environmental impacts. Public transport plays a key role here and must overcome many challenges. Transport companies must not only operate profitably, but also position public transport as a convincing alternative to individual transport.

The trends illustrated on these pages, among them electromobility, on-demand transport, highly efficient ticketing and self-driving vehicles, are important elements on the path towards achieving these targets.

With the right solutions and high innovative skill, init makes sure that various components interplay properly: for the future of mobility.

CSR Report

We take responsibility

For the year 2017, init disclosed its sustainability activities in a non-financial consolidated report for the first time – thereby highlighting its commitment in key areas.

32%

of all employees have been with init for more than 10 years.

OUR CSR REPORT

The report can be accessed at www.initse.com/ende/investors/financial-reports

SUSTAINABILITY

Dr. Bäsch, in your opinion, what makes init a sustainable company?

DR. BÄSCH: First and foremost, the business area in which init operates should certainly be mentioned: our goal is to strengthen public transport and thus reduce private transport at the same time. Since all our products and services aim to do precisely this, our business activities can rightly be considered sustainable. I'm convinced that mobility is one of the greatest challenges of our time. And init is making a very positive contribution.

What primary contribution can init make now and in the future to reduce CO₂ emissions, make public transport more attractive, and thus promote it as a decisive player in the transformation of transportation?

DR. BÄSCH: First of all, in times of increased cost pressure, it is necessary to strengthen the efficiency and competitiveness of transport companies. And in this we have been supporting our customers reliably and effectively with our product portfolio for many years. We go one step further with a platform that is capable of analysing driving behaviour which also incorporates fuel conservation and reduces the lifecycle costs of vehicles. A completely emission-free public transport system is no more just a dream of the future. init is continually working to create all the prerequisites for transportation authorities to easily switch to electromobility – adjusting their solutions from planning and dispatching to charging and depot management.

All this demonstrates how broad-based init is and how we are setting the course for the future of mobility together with transport companies.

init is very committed to its employees. Which projects and measures in this area do you find particularly worth mentioning?

DR. BÄSCH: When it comes to this topic, most people probably think first of financial contributions, and init actually creates particularly attractive working conditions with numerous voluntary benefits. In addition, regular, free sports courses are offered, as well as joint ski trips or company runs. This makes init a company that is in motion in the best sense of the word. Further training is also desired and promoted, for example, through language courses or the extensive training programme which makes the onboarding of new employees much easier.

We also consider ourselves to be socially responsible beyond the init workforce and are therefore involved in numerous regional and international charitable projects

What long-term sustainability strategy will init pursue in the areas of economy, ecology and social affairs?

DR. BÄSCH: For years, the pursuit of sustainability has permeated all areas of init's corporate philosophy, and our success proves us right. We would like to expand this path in the future. For the development of the company this means that we naturally strive for further growth, but it is implied to grow sustainable and in partnership with our customers as we want to create added value for both sides. Our mission is to act side by side with transport companies in the interests of environmentally friendly mobility and to help public transport achieve a real breakthrough with innovative products and services.

Dr. Bäsch, thank you for this interview.

SUSTAINABILITY



**Welcome at init!
Dr. Hans Heribert Bäsch replaced long-serving CFO Bernhard Smolka as of 1 July 2017. Dr. Bäsch is responsible for the key init departments Compliance, Risk Management and Corporate Social Responsibility.**

DR. HANS HERIBERT BÄSCH

- ▼ Chief Financial Officer (CFO)
- ▼ Born 1960
- ▼ since July 2017 CFO

Vita

- ▼ Studies in Business Management and Economics at the University of Cologne, degree: Dipl.-Kfm.
- ▼ Doctorate to gain qualification of Dr. rer. pol. (Doctor in Economic and Social Science) at the University of Cologne
- ▼ Head of Department, Financial Director and Chief Financial Officer in several companies
- ▼ Independent Management Consultant
- ▼ last: Chief Financial Officer at Glatfelter Gernsbach GmbH, Gernsbach / Germany

init SE

ANNUAL REVIEW

ANNUAL REVIEW



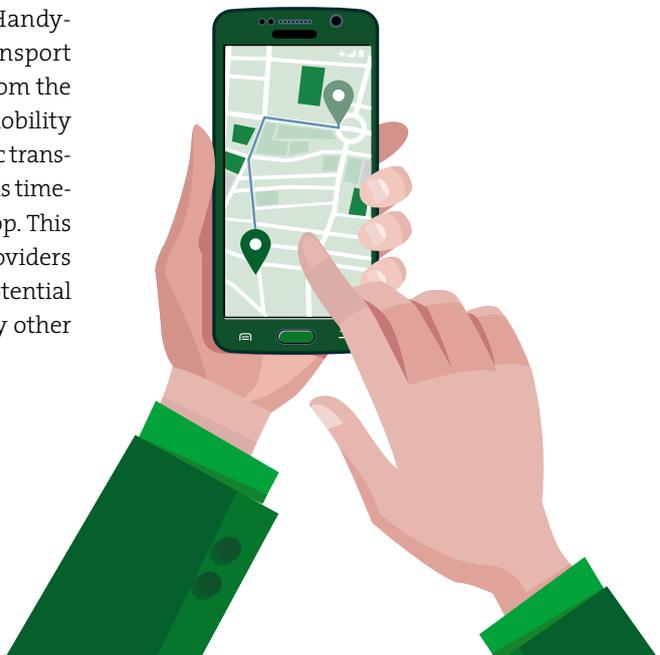
Successful start as a European company

One year has passed since the transformation of the legal form from an AG under German law into an SE (Societas Europea). This more international positioning has already paid off for init. Not only did the share price rise during the year under review – the world market leader for integrated telematics and ticketing solutions also received new and follow-up orders from wellknown transport companies, including the Verkehrsbetriebe Hamburg-Holstein (VHH) and Göttinger Verkehrsbetriebe (GöVB) transport companies. In the future, too, the change of legal form will open up better opportunities for init, especially in the European markets, and make the company more attractive to international shareholders.

New mobility solutions for public transport

In recent years, init has systematically expanded its product portfolio to include forward-looking mobility solutions. With the acquisition of HanseCom, the company now offers the PT customer management system, which combines many functions: efficient control of all sales processes, real-time retrieval of important data, connection to an SAP system and connection to

the MOBILEvario fare management system. With Handy-Ticket Deutschland, transport companies also benefit from the leading supra-regional mobility platform in German public transport, which bundles various timetables and fares in one app. This gives mobility service providers access to over 850,000 potential new customers and many other advantages.



Robin Hood: Passengers come first

Among init's customers are Nottingham's local transport operators, who run the Robin Hood Network in partnership with the city authorities. This network has one of the smartest ticketing systems in Europe. Not only does it offer smartcard-based monthly tickets for frequent travellers alongside conventional tickets, but it also provides an electronic wallet with which occasional travellers can pay for single journeys. When they use this "Pay as you go" option, the best price for the distance covered is calculated and the amount is debited to their Robin Hood account when

they arrive at their destination. If they make more than one trip in a day, passengers pay no more than a specified daily maximum amount. This passenger-friendly solution means there's no more need to seek out the right ticket. This innovative ticketing system and the Network's special approach to customer orientation earned the participating transport companies the UK National Transport Award in gold for 2017 in the "Putting passengers first" category.



Safer travel with InREAKT



The research project, which was successfully completed in the year before last, received an important award in 2017.

The InREAKT project aims to increase the safety of public transport passengers with effective incident management. As part of the interdisciplinary cooperation, init participated in the development of software-based incident management system that supports the transport company's control centre in dealing with identified hazardous situations. Last year, this pioneering cooperation was awarded the German Mobility Prize initiated by the Federal Ministry of Transport and the "Germany – land of Ideas" initiative.



Faster, more flexible and more efficient thanks to MOBILEopti²

For many years, the MOBILE-PLAN planning system has allowed init customers to carry out their planning and scheduling of timetables, blocks and duties in a highly efficient manner. With MOBILEopti², the new module for the integrated optimisation of blocks and duties, the company was able once again to revolutionise scheduling.

At the center of the innovation is the Advanced Optimization Core (AOC) developed by the subsidiary, inola. Transport companies can optimise their planning results in the

shortest possible time due to the very high speed of computation. MOBILEopti² performs block and duty scheduling in a single optimisation step. The tool can be configured in such a way that the legal, tariff and operational framework conditions are taken into account. In the future, reliable information will not only enable transport companies to balance maximum cost efficiency and social compatibility of driving shifts, but will also increase competitiveness, for instance in the context of tenders for route concessions.

Investor RELATIONS

Positive surprise from the stock markets in 2017 – init share outperforms the dax

2017 was a surprisingly positive year for the stock markets, especially for investors in shares. The shareholders of init innovation in traffic systems SE were among the winners, with both the authoritative share indexes and the init share recording strong overall price gains.

For example, the main European shares rose in value by almost 10 per cent when measured against the EURO STOXX index for the year, while the German DAX share index gained 13 per cent and the TecDAX index for leading German technology stocks even grew in value by almost 40 per cent.

The capital markets continued to be shaped by new political and economic developments on the one hand and the continuing expansionary monetary policy of the central banks on the other. The influx of further liquidity beyond the European stock markets in particular on the back of surprisingly positive economic data despite heightened risk potential. For the markets, the outcome of the elections in the Netherlands, France and the UK was an indication of increased stability in the European Union.

This boosted investor confidence, which grew still further in the second half of the year, shored up by stronger-than-expected economic growth. Hopes for new impetus from the planned tax reform by the US administration as well as persistently strong demand for exports helped the key share indexes in Germany, Europe and the USA to reach record levels on several occasions.

AGM

16 May 2018
at the Congress Centre
in Karlsruhe

INVESTOR RELATIONS

Performance of the init share (01/01–29/12/2017)

(indexed)



The price of the init share (ISIN DE0005759807) likewise climbed by over 22 per cent in 2017 overall, with growing demand from institutional and private investors in the second half of the year in particular. After dropping to its annual low of EUR 13.51 at the end of March, the init share climbed to EUR 16 by the end of July thanks to a turnaround driven initially by positive reports on order intake. After some isolated instances of profit taking, the share price rebounded strongly after further positive company reports as well as share purchases by our anchor shareholder.

As a consequence, the init share outperformed even the DAX, reaching an annual high of EUR 20.47 after the commencement of the share buyback plan announced on 18 October 2017. This was followed by a spate of profit taking and at year end the init share stood at EUR 18.30. The trend in the new year was more favourable and market analysts which keep an regular eye on init recommend the share as a Buy with a target share price of between EUR 22 and EUR 28.

Share buyback and shareholder structure

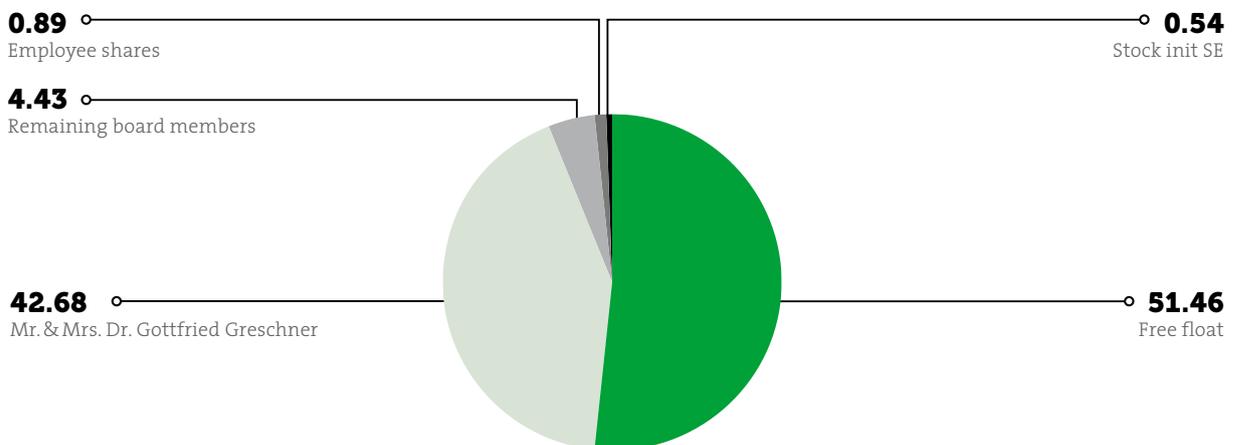
In order to be equipped for existing and future employee stock ownership plans, incentive programs for executives or for acquisitions, the Managing Board of init innovation in traffic systems SE passed a resolution on 18 October 2017 to exercise the authorisation granted to it by the Annual General Meeting on 13 May 2015 (agenda topic 6) to purchase up to 35,000 treasury shares (pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG)) for a total maximum purchase price of EUR 700k (excluding incidental expenses) on the stock exchange.

Accordingly, the company acquired a total of 35,000 treasury shares at a weighted average price of EUR 19.69 (excluding incidental expenses) in the period from 19 October 2017 up to and including 10 November 2017. The repurchased shares had a total value of EUR 689,290.24 (excluding incidental expenses). The acquisition of the no par value shares was carried out by Commerzbank AG, the bank commissioned by init, via the XETRA exchange. The number of shares repurchased corresponds to a share of 0.35 per cent of the capital stock of init innovation in traffic systems SE. The share buyback passed by resolution dated 18 October 2017 has thus been completed.

There are no significant changes in shareholder compared to the previous year:

Shareholder structure as of 31 December 2017

(in %)



Investor Relations

The guiding principles of init's corporate policy also include active dialogue with shareholders, capital market participants, analysts and the media. Once the relevant documents are published, all those interested can also find this information on the company's website. For questions relating to the init share, the Investor Relations (IR) team can be contacted by phone and the Investor Service can be reached via email (ir@initse.com).

init also presented itself to national and international investors at four capital market conferences and at the German equity forum. In addition, the IR team carried out a large number of one-on-one discussions and conference calls with national and international market participants. This contributed to a high level of acceptance of the init share. Measured in terms of average daily trading volume, liquidity remained at a high level. Alongside open and transparent communication with the stakeholders on the capital market, the goal of Investor Relations' work is to increase both the liquidity of the init share and the business value in relation to the share price.

Stable dividends

One of the decisive elements of the corporate policy of init innovation in traffic systems SE is to achieve a balance between a shareholder-friendly dividend policy and strengthening the substance of the company as a basis for future growth. Therefore, the Managing Board and the Supervisory Board proposed at the 2017 Annual General Meeting to increase the dividend by 10 per cent to EUR 0.22 (previous year: EUR 0.20) per dividend-entitled no-par value share. This was approved by the shareholders with a majority of 99.6 per cent for the capital stock of 67.8 per cent represented at the Annual General Meeting on 24 May 2017.

Because init plans investments in promising future growth areas also for 2018, the Managing Board and the Supervisory Board have decided to propose a stable dividend of EUR 0.22 per dividend-entitled no-par value share at the Annual General Meeting planned for 16 May 2018.

Basic share information

Exchange	Frankfurt Stock Exchange
Index / Segment	Prime Standard, Regulated Market
Class	no-par bearer shares (at EUR 1 each)
ISIN	DE 0005759807
WKN	575980
Code	IXX
Designated sponsors	Commerzbank AG / Oddo Seydler Bank AG
Capital stock	10,040,000 no-par bearer shares

Capital market based figures	2017	2016
High (in EUR)	20,47	16,80
Low (in EUR)	13,51	12,60
Start price (in EUR)	14,88	16,15
Closing price (in EUR)	18,30	14,93
Market capitalisation (in EUR m)	184	150
Average daily trading volume (in shares)*	12 187	10 861
Dividend per common share (in EUR)**	0,22	0,22
Earnings per share (in EUR)	0,37	0,86

* all German stock exchanges
** proposal to the next AGM

(source Bloomberg)

0.22

EUR dividend
proposal to the AGM 2018

Our SUPERVISORY BOARD



Hans-Joachim Rühlig

Chairman

About

- ▼ Born 1948
- ▼ Ostfildern, Germany
- ▼ Independent Management Consultant

Profession

- ▼ Supervisory Board Member since 2011
- ▼ Chairman since 2014
- ▼ Elected until AGM 2019
- ▼ Independent financial expert within the meaning of §100 para 5 AktG
- ▼ Former Managing Board member of Ed. Züblin AG, Stuttgart / Germany



Ulrich Sieg

Deputy Chairman

About

- ▼ Born 1949
- ▼ Jork, Germany
- ▼ Consulting Engineer specialised in Public Transport

Profession

- ▼ Supervisory Board Member since 2014
- ▼ Deputy Chairman since 2016
- ▼ Elected until AGM 2019
- ▼ Former Deputy Chief Executive Officer and Managing Board member of Hamburger Hochbahn AG / Germany
- ▼ Member of the Supervisory Board of SECURITAS Holding GmbH, Düsseldorf / Germany



Hans Rat

Member

About

- ▼ Born 1945
- ▼ Schoonhoven, Netherlands
- ▼ Honorary Secretary General of UITP
- ▼ Managing Director of Beaux Jardins B.V., Schoonhoven, Netherlands

Profession

- ▼ Supervisory Board Member since 2012
- ▼ Elected until AGM 2019
- ▼ Former Secretary General of the International Association of Public Transport (UITP)

Consolidated BALANCE SHEET

as of 31 December 2017 (IFRS)

Assets

CONSOLIDATED BALANCE SHEET

EUR '000	31/12/2017	31/12/2016
Current assets		
Cash and cash equivalents	19,763	23,920
Marketable securities and bonds	27	30
Trade accounts receivable	34,472	25,908
Future receivables from production orders from PoC method	27,417	38,180
Receivables from related parties	168	120
Inventories	25,953	27,006
Income tax receivable	1,677	1,870
Other current assets	3,137	2,522
Current assets, total	112,614	119,556
Non-current assets		
Property, plant and equipment	35,817	31,742
Investment property	1,918	1,323
Goodwill	8,987	8,987
Other intangible assets	9,681	10,274
Interests in associated companies	2,783	5,453
Deferred tax assets	2,410	5,207
Other non-current assets	2,595	2,590
Non-current assets, total	64,191	65,576
Assets, total	176,805	185,132

Liabilities and shareholders' equity

EUR '000	31/12/2017	31/12/2016
Current liabilities		
Bank loans	24,599	19,669
Trade accounts payable	11,030	16,641
Accounts payable from PoC method	7,115	8,053
Advance payments received	1,431	806
Income tax payable	958	3,514
Provisions	11,211	12,448
Other current liabilities	14,127	15,411
Current liabilities, total	70,471	76,542
Non-current liabilities		
Bank loans	17,559	15,680
Deferred tax liabilities	2,277	4,490
Pensions accrued and similar obligations	9,390	8,637
Other non-current liabilities	3,799	3,382
Non-current liabilities, total	33,025	32,189
Shareholders' equity		
Attributable to equity holders of the parent company		
Subscribed capital	10,040	10,040
Additional paid-in capital	5,397	5,642
Treasury stock	-926	-889
Surplus reserves and consolidated unappropriated profit	59,869	58,409
Other reserves	-1,237	3,017
	73,143	76,219
Non-controlling interests	166	182
Shareholders' equity, total	73,309	76,401
Liabilities and shareholders' equity, total	176,805	185,132

Consolidated INCOME STATEMENT

for 2017 (IFRS)

CONSOLIDATED INCOME STATEMENT

EUR '000	01/01/ to 31/12/2017	01/01/ to 31/12/2016
Revenues	130,554	108,635
Cost of sales	-87,892	-77,341
Gross profit	42,662	31,294
Sales and marketing expenses	-16,069	-13,139
General administrative expenses	-10,650	-8,427
Research and development expenses	-6,893	-5,027
Other operating income	2,003	1,885
Other operating expenses	-212	-445
Foreign currency gains and losses	-166	1,080
Expenses and Income from associated companies	-2,112	-245
Holding gain (acquisition iris-GmbH)	0	4,689
Earnings before interest and taxes (EBIT)	8,563	11,665
Interest income	168	45
Interest expenses	-870	-542
Earnings before taxes (EBT)	7,861	11,168
Income taxes	-4,217	-2,559
Net profit	3,644	8,609
thereof attributable to equity holders of parent company	3,660	8,586
thereof non-controlling interests	-16	23
Earnings and diluted earnings per share in EUR	0.37	0.86

Five-year FINANCIAL SUMMARY

of the init group (IFRS)

EUR '000	2017	2016	2015	2014	2013
Balance Sheet (31/12)					
Balance sheet total	176,805	185,132	145,082	128,774	118,313
Shareholders' equity	73,309	76,401	71,180	67,770	62,092
Subscribed capital	10,040	10,040	10,040	10,040	10,040
Equity ratio (in %)	41.5	41.3	49.1	52.6	52.5
Return on equity (in %)	11.7	15.3	15.1	27.6	28.5
Non-current assets					
Non-current assets	64,191	65,576	43,098	34,537	28,198
Current assets					
Current assets	112,614	119,556	101,984	94,237	90,115
Income Statement (01/01–31/12)					
Revenues	130,554	108,635	105,293	102,993	100,120
Gross profit	42,662	31,294	31,839	36,581	37,456
EBIT	8,563	11,665	10,756	18,685	17,725
EBITDA	12,763	15,722	14,117	21,690	20,501
Consolidated net profit	3,644	8,609	7,577	12,067	12,068
Earnings per share (in EUR)	0.37	0.86	0.75	1.20	1.21
Dividend (in EUR)	0.22*	0.22	0.20	0.80	0.80
Cash Flow					
Cash flow from operating activities	2,051	13,182	11,478	502	11,435
Share					
Issue price (in EUR)	5.10	5.10	5.10	5.10	5.10
Peak share price (in EUR)	20.47	16.80	27.99	25.80	26.89
Bottom share price (in EUR)	13.51	12.60	14.08	18.50	21.15

* dividend to be proposed to the AGM 2018

Imprint

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