

<b>Buy</b>  <b>EUR 3.40</b> (EUR 4.30)  Price <b>EUR 2.83</b> <b>Upside 20.1 %</b>	<b>Value Indicators:</b> EUR DCF: 3.43	<b>Share data:</b> Bloomberg: FPH GR Reuters: FPHG ISIN: DE000FPH9000	<b>Description:</b> Manufacturer of franking machines and provider of mail services.
	<b>Market Snapshot:</b> EUR m Market cap: 43.7 No. of shares (m): 15.5 EV: 64.5 Freefloat MC: 21.0 Ø Trad. Vol. (30d): 128.93 th	<b>Shareholders:</b> Freefloat 50.7 % Obotritia Capital 28.0 % Active Ownership Fund 9.5 % SALTARAX GmbH 5.0 %	<b>Risk Profile (WRe):</b> 2019e Beta: 2.0 Price / Book: 1.4 x Equity Ratio: 20 % Net Fin. Debt / EBITDA: 0.2 x Net Debt / EBITDA: 0.7 x

## Strong 2019; Business model relatively resilient to corona crisis

<b>Stated Figures Q4/2019:</b> in EUR m									
	Q4/19	Q4/19e	Q4/18	yoy	2019	2019e	2018	yoy	
<b>Sales</b>	56.6	53.8	49.9	13.4%	209.0	206.2	204.2	2.3%	
<b>EBITDA</b>	12.3	8.4	0.1	23972.5%	33.0	29.1	17.1	93.3%	
<b>margin</b>	21.7%	14.8%	0.1%		15.8%	14.0%	8.4%		
<b>EPS in EUR</b>	-0.10	-0.33	-0.14	-28.6%	0.06	0.29	0.06	0.0%	

### Comment on Figures:

- On April 3, 2020, Francotyp-Postalia Holding AG announced its business figures for the 2019 financial year. Full data will be presented on April 30. Sales were slightly above expectations and showed a satisfactory operating business. Due to the extended activated machinery (longer calculated lifetime), EBITDA was also above expectations.
- However, due to higher depreciation, including revaluation of FP-Sign, the net result was significantly below expectations. Against the background of the corona developments, the focus on the future has become more meaningful.

The franking machine business accounts for 70% of Francotyp's sales (another ca. 10% Mail Services). The customer base of this business includes thousands of small individual companies and is essentially derived from a customer base stretching back over the last 100 years with very small payments from each customer. This business is characterised by high cash flow. In times of crisis, but especially afterwards, this business is expected to be highly stable. The costs are mainly incurred in Germany, where government-assisted short-time work could even be used to react very flexibly to the cost situation. This means that the operational risks of the corona crisis can be classified as minor.

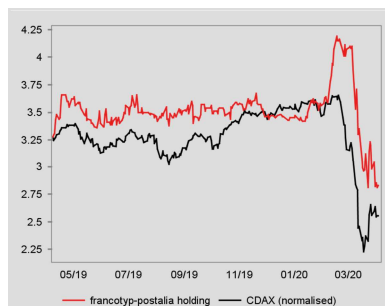
The company is also well positioned with regard to the balance sheet. Most recently, the company had cash and cash equivalents of EUR 30m. There are also lines of credit of around EUR 200m. Presumably, these may not all be directly used to overcome the corona crisis but, with regards to the current situation, the company can generally be classified as less problematic. The franking machine business in particular offers long-term potential. The model assumes a slightly smaller customer base and, essentially, profitability at historical levels.

A potential change of management is currently pending. The supervisory board appointed Carsten Lind to the management board as of June 1. A termination agreement with the current CEO, Rüdiger Andreas Günther, is proposed due to differences in the Group's strategy. However, closing is pending, as the CEO intends to fulfill his contract, which was extended by the supervisory board in May 2019. Changes to the corporate strategy cannot be predicted for now. The valuation is mainly based on the historic profitability of the franking business. **Buy maintained with a PT of EUR 3.40 (4.30).**

<b>Changes in Estimates:</b> FY End: 31.12. in EUR m						
	2019e (old)	+ / -	2020e (old)	+ / -	2021e (old)	+ / -
<b>Sales</b>	206.2	1.3 %	216.6	-13.1 %	227.4	-14.8 %
<b>EBITDA</b>	29.1	13.5 %	33.6	-30.0 %	34.1	-14.8 %
<b>EBIT</b>	7.1	-15.3 %	11.1	-90.9 %	11.1	-45.4 %
<b>EPS</b>	0.29	-79.3 %	0.46	-93.5 %	0.46	-45.7 %

### Comment on Changes:

- Significant decline in sales and earnings now expected for 2020. Forecasts may be adjusted again with the publication of the annual report.
- Lower sales base is also expected for 2021, even if the corona crisis is essentially over.
- The medium-sized customer base could be affected by the crisis in the long term while the former growth business areas are now also viewed much more conservatively.

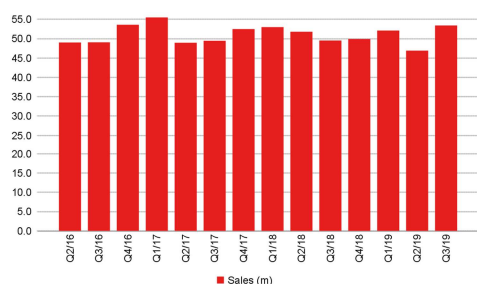


<b>Rel. Performance vs CDAX:</b>	
1 month:	-10.3 %
6 months:	0.7 %
Year to date:	9.7 %
Trailing 12 months:	7.9 %

<b>Company events:</b>	
30.04.20	FY 2019
28.05.20	Q1
17.06.20	AGM
27.08.20	Q2

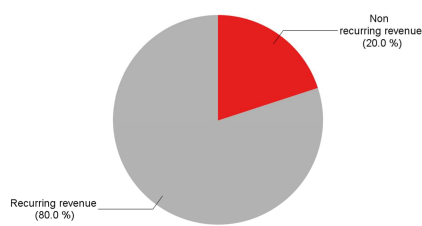
FY End: 31.12. in EUR m	CAGR (18-21e)	2015	2016	2017	2018	2019e	2020e	2021e
<b>Sales</b>	-1.7 %	191.1	203.0	206.3	204.2	209.0	188.1	193.7
Change Sales yoy		12.2 %	6.2 %	1.7 %	-1.0 %	2.3 %	-10.0 %	3.0 %
Gross profit margin		60.4 %	58.1 %	55.6 %	57.0 %	62.3 %	59.0 %	58.5 %
<b>EBITDA</b>	19.4 %	26.8	27.2	26.3	17.1	33.0	23.5	29.1
Margin		14.0 %	13.4 %	12.8 %	8.4 %	15.8 %	12.5 %	15.0 %
<b>EBIT</b>	-	9.0	9.7	7.3	-0.3	6.0	1.0	6.1
Margin		4.7 %	4.8 %	3.5 %	-0.1 %	2.9 %	0.5 %	3.1 %
<b>Net income</b>	64.5 %	3.5	5.9	4.6	0.9	0.9	0.6	4.0
<b>EPS</b>	60.9 %	0.22	0.36	0.29	0.06	0.06	0.03	0.25
<b>EPS adj.</b>	60.9 %	0.22	0.36	0.29	0.06	0.06	0.03	0.25
<b>DPS</b>	49.4 %	0.12	0.16	0.12	0.03	0.00	0.01	0.10
Dividend Yield		2.7 %	3.8 %	2.3 %	0.8 %	n.a.	0.4 %	3.5 %
<b>FCF / Market cap</b>		-0.10	0.28	0.36	0.38	0.12	0.11	0.21
		-2.2 %	6.7 %	6.9 %	10.2 %	4.1 %	3.9 %	7.4 %
<b>EV / Sales</b>		0.5 x	0.5 x	0.5 x	0.4 x	0.3 x	0.4 x	0.3 x
<b>EV / EBITDA</b>		3.9 x	3.6 x	4.2 x	5.0 x	2.1 x	2.9 x	2.3 x
<b>EV / EBIT</b>		11.5 x	9.9 x	15.1 x	n.a.	11.6 x	67.9 x	11.0 x
<b>P / E</b>		19.8 x	11.7 x	17.9 x	62.6 x	47.2 x	94.3 x	11.3 x
<b>P / E adj.</b>		19.8 x	11.7 x	17.9 x	62.6 x	47.2 x	94.3 x	11.3 x
<b>FCF Potential Yield</b>		6.1 %	12.0 %	11.2 %	2.2 %	14.0 %	13.5 %	20.7 %
<b>Net Debt</b>		32.9	28.4	25.2	24.6	24.0	23.1	20.8
<b>ROCE (NOPAT)</b>		6.8 %	9.5 %	7.7 %	n.a.	5.2 %	1.2 %	7.1 %
<b>Guidance:</b>	n.a.							

## Sales development in EUR m



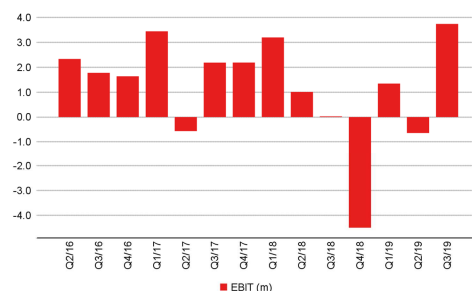
Source: Warburg Research

## Recurring revenue proportion 2019e; in %



Source: Warburg Research

## EBIT development in EUR m



Source: Warburg Research

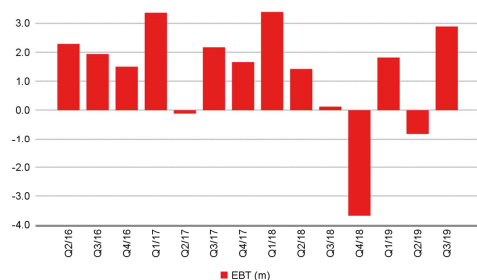
## Company Background

- Francotyp Postalia Holding AG, headquartered in Berlin, is a globally-active supplier of products and services for the postal market.
- The company was formed in 1983 with the merger of Francotyp (founded 1923) and Postalia (founded 1938) and has thus more than 80 years of experience in the postal market.
- In the course of the liberalisation of the postal market, the FP group transformed itself from a producer of franking machines to a solutions provider for mail management and processing.
- Franking and inserting machines are still the core business activity.
- With new solutions e.g. In the field of IoT and electronic signature, the company strategically expanded its portfolio.

## Competitive Quality

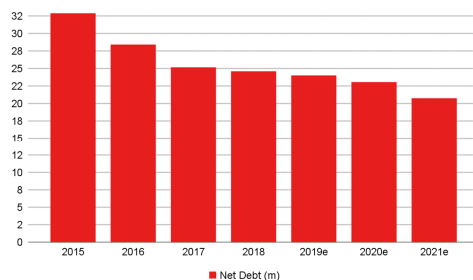
- Focusing on customers with low to medium postal needs, Francotyp Postalia caters for two stable segments in the generally difficult market for franking machines.
- The 45% market share in the German market for franking machines demonstrates its reputation as the market leader in Germany based on the following distinguishing characteristics:
  - established customer relationships and 80 years of experience in the German market with knowledge of customer demands and an efficient service network with rapid reaction times.
- The high proportion (about three-quarters) of recurring revenues as a share of total revenue underlines the successful transformation of the competitive quality into a high company quality.
- For new market entrants, Francotyp Postalia's existing customer base is an unachievable target and the franking machines niche is unattractive.

## EBT development in EUR m



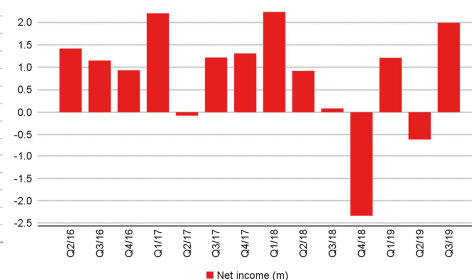
Source: Warburg Research

## Net debt in EURm



Source: Warburg Research

## Net income development in EUR m



Source: Warburg Research

## DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	209.0	188.1	193.7	199.6	205.5	211.7	218.1	224.6	231.3	238.3	245.4	252.8	260.4	1.0 %
Sales change	2.3 %	-10.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	
EBIT	6.0	1.0	6.1	10.0	12.3	12.7	13.1	13.5	13.9	14.3	14.7	15.2	15.6	6.0 %
EBIT-margin	2.9 %	0.5 %	3.1 %	5.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	
Tax rate (EBT)	50.1 %	32.0 %	32.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	10.5
NOPAT	3.0	0.7	4.1	6.7	8.3	8.5	8.8	9.0	9.3	9.6	9.9	10.2	10.5	
Depreciation	27.0	22.5	23.0	18.0	18.5	19.1	19.6	20.2	20.8	21.4	22.1	22.8	23.4	9.0 %
in % of Sales	12.9 %	12.0 %	11.9 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	
Changes in provisions	0.8	0.9	0.9	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.8
Change in Liquidity from														
- Working Capital	2.8	-1.9	0.5	2.3	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.8	23.4
- Capex	26.0	26.0	26.0	20.0	20.6	21.2	19.6	20.2	20.8	21.4	22.1	22.8	23.4	
Capex in % of Sales	12.4 %	13.8 %	13.4 %	10.0 %	10.0 %	10.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	0.0
Other	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 (WACC Model)	2.0	-0.1	1.5	2.5	5.8	5.9	8.3	8.5	8.7	9.0	9.3	9.5	9.8	10
PV of FCF	2.0	-0.1	1.3	1.9	4.0	3.8	4.8	4.5	4.2	3.9	3.7	3.4	3.2	
share of PVs	4.23 %			49.03 %										46.74 %

### Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	25.00 %	Financial Strength	2.00
Cost of debt (after tax)	2.1 %	Liquidity (share)	2.00
Market return	7.00 %	Cyclicality	2.00
Risk free rate	1.50 %	Transparency	2.00
		Others	2.00
<b>WACC</b>	<b>9.90 %</b>	<b>Beta</b>	<b>2.00</b>

### Valuation (m)

Present values 2031e	41		
Terminal Value	36		
Financial liabilities	39		
Pension liabilities	16		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	32	No. of shares (m)	15.5
<b>Equity Value</b>	<b>53</b>	<b>Value per share (EUR)</b>	<b>3.43</b>

### Sensitivity Value per Share (EUR)

Terminal Growth									Delta EBIT-margin								
Beta	WACC	0.25 %	0.50 %	0.75 %	1.00 %	1.25 %	1.50 %	1.75 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
2.24	10.9 %	2.70	2.74	2.79	2.83	2.88	2.93	2.99	2.24	10.9 %	1.29	1.81	2.32	2.83	3.34	3.86	4.37
2.12	10.4 %	2.96	3.01	3.06	3.12	3.17	3.23	3.30	2.12	10.4 %	1.50	2.04	2.58	3.12	3.65	4.19	4.73
2.06	10.2 %	3.10	3.16	3.21	3.27	3.33	3.40	3.47	2.06	10.2 %	1.61	2.16	2.72	3.27	3.82	4.38	4.93
2.00	9.9 %	3.25	3.31	3.37	3.43	3.50	3.57	3.65	2.00	9.9 %	1.73	2.30	2.87	3.43	4.00	4.57	5.14
1.94	9.7 %	3.41	3.47	3.54	3.61	3.68	3.76	3.84	1.94	9.7 %	1.86	2.44	3.02	3.61	4.19	4.77	5.36
1.88	9.4 %	3.58	3.64	3.71	3.79	3.87	3.95	4.04	1.88	9.4 %	1.99	2.59	3.19	3.79	4.39	4.99	5.59
1.76	8.9 %	3.94	4.02	4.10	4.19	4.29	4.39	4.50	1.76	8.9 %	2.28	2.92	3.56	4.19	4.83	5.47	6.10

Francotyp generates high steady cash flows in a normal business year.

Valuation	2015	2016	2017	2018	2019e	2020e	2021e
Price / Book	2.1 x	1.9 x	2.5 x	1.8 x	1.4 x	1.3 x	1.2 x
Book value per share ex intangibles	0.04	0.07	-0.09	-0.46	-0.86	-1.27	-1.47
EV / Sales	0.5 x	0.5 x	0.5 x	0.4 x	0.3 x	0.4 x	0.3 x
EV / EBITDA	3.9 x	3.6 x	4.2 x	5.0 x	2.1 x	2.9 x	2.3 x
EV / EBIT	11.5 x	9.9 x	15.1 x	n.a.	11.6 x	67.9 x	11.0 x
EV / EBIT adj.*	11.5 x	9.9 x	15.1 x	n.a.	11.6 x	67.9 x	11.0 x
P / FCF	n.a.	14.9 x	14.6 x	9.8 x	24.3 x	25.3 x	13.6 x
P / E	19.8 x	11.7 x	17.9 x	62.6 x	47.2 x	94.3 x	11.3 x
P / E adj.*	19.8 x	11.7 x	17.9 x	62.6 x	47.2 x	94.3 x	11.3 x
Dividend Yield	2.7 %	3.8 %	2.3 %	0.8 %	n.a.	0.4 %	3.5 %
FCF Potential Yield (on market EV)	6.1 %	12.0 %	11.2 %	2.2 %	14.0 %	13.5 %	20.7 %
*Adjustments made for: -							

## Consolidated profit & loss

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
<b>Sales</b>	<b>191.1</b>	<b>203.0</b>	<b>206.3</b>	<b>204.2</b>	<b>209.0</b>	<b>188.1</b>	<b>193.7</b>
Change Sales yoy	12.2 %	6.2 %	1.7 %	-1.0 %	2.3 %	-10.0 %	3.0 %
Increase / decrease in inventory	-0.1	0.2	0.5	-0.3	0.0	0.0	0.0
Own work capitalised	15.8	11.4	10.8	14.1	21.5	13.2	12.6
<b>Total Sales</b>	<b>206.7</b>	<b>214.5</b>	<b>217.7</b>	<b>218.0</b>	<b>230.5</b>	<b>201.3</b>	<b>206.3</b>
Material expenses	91.3	96.5	102.9	101.6	100.3	90.3	93.0
<b>Gross profit</b>	<b>115.4</b>	<b>118.0</b>	<b>114.8</b>	<b>116.3</b>	<b>130.2</b>	<b>111.0</b>	<b>113.3</b>
<b>Gross profit margin</b>	<b>60.4 %</b>	<b>58.1 %</b>	<b>55.6 %</b>	<b>57.0 %</b>	<b>62.3 %</b>	<b>59.0 %</b>	<b>58.5 %</b>
Personnel expenses	57.4	57.4	59.2	64.7	62.7	52.7	54.2
Other operating income	4.3	3.8	4.8	1.9	1.0	0.9	1.0
Other operating expenses	35.6	37.1	34.1	36.4	35.5	35.7	31.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>26.8</b>	<b>27.2</b>	<b>26.3</b>	<b>17.1</b>	<b>33.0</b>	<b>23.5</b>	<b>29.1</b>
<b>Margin</b>	<b>14.0 %</b>	<b>13.4 %</b>	<b>12.8 %</b>	<b>8.4 %</b>	<b>15.8 %</b>	<b>12.5 %</b>	<b>15.0 %</b>
Depreciation of fixed assets	17.8	17.5	19.1	17.3	27.0	22.5	23.0
<b>EBITA</b>	<b>9.0</b>	<b>9.7</b>	<b>7.3</b>	<b>-0.3</b>	<b>6.0</b>	<b>1.0</b>	<b>6.1</b>
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>9.0</b>	<b>9.7</b>	<b>7.3</b>	<b>-0.3</b>	<b>6.0</b>	<b>1.0</b>	<b>6.1</b>
<b>Margin</b>	<b>4.7 %</b>	<b>4.8 %</b>	<b>3.5 %</b>	<b>-0.1 %</b>	<b>2.9 %</b>	<b>0.5 %</b>	<b>3.1 %</b>
<b>EBIT adj.</b>	<b>9.0</b>	<b>9.7</b>	<b>7.3</b>	<b>-0.3</b>	<b>6.0</b>	<b>1.0</b>	<b>6.1</b>
Interest income	0.7	1.3	2.1	2.8	1.0	0.8	0.8
Interest expenses	2.2	1.6	1.9	1.4	0.2	0.3	0.3
Other financial income (loss)	0.2	0.1	-0.4	0.1	-5.0	-0.7	-0.7
<b>EBT</b>	<b>7.7</b>	<b>9.6</b>	<b>7.1</b>	<b>1.3</b>	<b>1.8</b>	<b>0.8</b>	<b>5.9</b>
<b>Margin</b>	<b>4.0 %</b>	<b>4.7 %</b>	<b>3.4 %</b>	<b>0.6 %</b>	<b>0.9 %</b>	<b>0.4 %</b>	<b>3.0 %</b>
Total taxes	3.9	3.4	2.4	0.4	0.9	0.3	1.9
<b>Net income from continuing operations</b>	<b>3.7</b>	<b>6.2</b>	<b>4.6</b>	<b>0.9</b>	<b>0.9</b>	<b>0.6</b>	<b>4.0</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>3.7</b>	<b>6.2</b>	<b>4.6</b>	<b>0.9</b>	<b>0.9</b>	<b>0.6</b>	<b>4.0</b>
Minority interest	0.2	0.3	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.5</b>	<b>5.9</b>	<b>4.6</b>	<b>0.9</b>	<b>0.9</b>	<b>0.6</b>	<b>4.0</b>
<b>Margin</b>	<b>1.9 %</b>	<b>2.9 %</b>	<b>2.3 %</b>	<b>0.4 %</b>	<b>0.4 %</b>	<b>0.3 %</b>	<b>2.1 %</b>
Number of shares, average	16.2	16.2	16.2	16.2	16.2	16.2	16.2
<b>EPS</b>	<b>0.22</b>	<b>0.36</b>	<b>0.29</b>	<b>0.06</b>	<b>0.06</b>	<b>0.03</b>	<b>0.25</b>
EPS adj.	0.22	0.36	0.29	0.06	0.06	0.03	0.25

\*Adjustments made for:

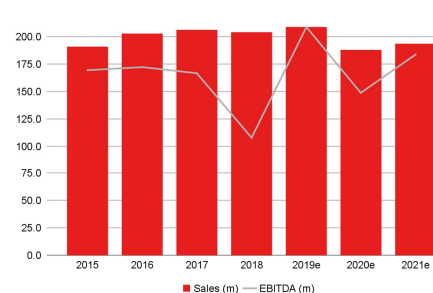
**Guidance: n.a.**

## Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	94.2 %	92.3 %	92.8 %	98.4 %	94.5 %	94.5 %	91.5 %
Operating Leverage	-0.7 x	1.3 x	-15.3 x	n.a.	n.a.	8.3 x	166.2 x
EBITDA / Interest expenses	11.9 x	17.4 x	13.8 x	12.3 x	165.0 x	78.4 x	96.9 x
Tax rate (EBT)	51.3 %	35.5 %	34.3 %	28.4 %	50.1 %	32.0 %	32.0 %
Dividend Payout Ratio	52.1 %	41.7 %	41.7 %	54.1 %	0.0 %	35.1 %	40.5 %
Sales per Employee	164,180	170,997	170,431	165,358	165,922	146,402	147,837

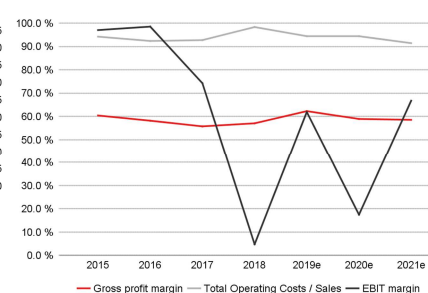
### Sales, EBITDA

in EUR m

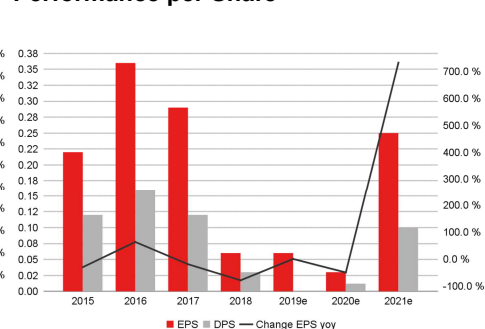


### Operating Performance

in %



### Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

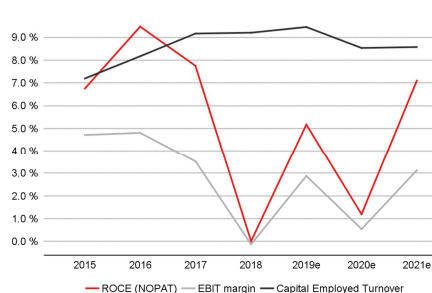
## Consolidated balance sheet

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
<b>Assets</b>							
Goodwill and other intangible assets	33.0	34.9	35.1	40.8	47.8	54.8	61.8
thereof other intangible assets	24.5	26.4	26.7	30.3	37.3	44.3	51.3
thereof Goodwill	8.5	8.5	8.5	10.4	10.4	10.4	10.4
Property, plant and equipment	42.0	39.3	31.8	29.9	21.9	18.4	14.4
Financial assets	6.0	9.7	11.6	13.4	13.4	13.4	13.4
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Fixed assets</b>	<b>81.0</b>	<b>83.9</b>	<b>78.5</b>	<b>84.1</b>	<b>83.1</b>	<b>86.6</b>	<b>89.6</b>
Inventories	11.7	11.2	10.6	11.2	11.5	10.3	10.6
Accounts receivable	16.9	19.0	19.5	19.0	18.9	17.0	17.5
Liquid assets	18.9	27.1	34.9	30.9	31.2	31.0	34.2
Other short-term assets	27.6	26.2	27.1	21.6	21.6	21.6	21.6
<b>Current assets</b>	<b>75.1</b>	<b>83.4</b>	<b>92.1</b>	<b>82.7</b>	<b>83.2</b>	<b>80.0</b>	<b>84.0</b>
<b>Total Assets</b>	<b>156.2</b>	<b>167.3</b>	<b>170.6</b>	<b>166.7</b>	<b>166.2</b>	<b>166.5</b>	<b>173.5</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	16.2	16.2	16.3	16.3	16.3	16.3	16.3
Capital reserve	34.9	34.6	34.8	34.7	34.7	34.7	34.7
Retained earnings	3.5	0.0	0.0	0.0	-18.1	-17.3	-17.0
Other equity components	-20.9	-14.9	-17.4	-17.7	0.9	0.6	4.0
Shareholders' equity	33.7	35.9	33.7	33.3	33.8	34.3	38.0
Minority interest	1.5	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>35.2</b>	<b>35.9</b>	<b>33.7</b>	<b>33.3</b>	<b>33.8</b>	<b>34.3</b>	<b>38.0</b>
Provisions	22.3	18.0	17.7	17.6	18.4	19.3	20.2
thereof provisions for pensions and similar obligations	15.5	17.1	16.5	16.2	17.0	17.9	18.8
Financial liabilities (total)	36.3	38.4	43.6	39.3	38.2	36.2	36.2
thereof short-term financial liabilities	4.6	0.9	0.4	0.2	0.2	0.2	0.2
Accounts payable	9.9	10.6	11.2	14.0	11.4	10.2	10.5
Other liabilities	52.5	64.3	64.5	62.6	64.5	66.6	68.7
<b>Liabilities</b>	<b>120.9</b>	<b>131.4</b>	<b>137.0</b>	<b>133.4</b>	<b>132.4</b>	<b>132.2</b>	<b>135.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>156.2</b>	<b>167.3</b>	<b>170.6</b>	<b>166.7</b>	<b>166.2</b>	<b>166.5</b>	<b>173.5</b>

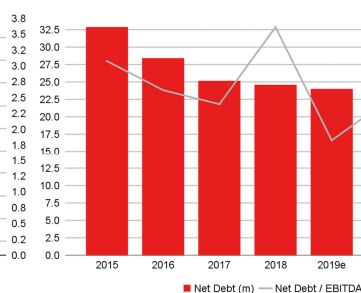
## Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	3.1 x	3.4 x	4.1 x	4.4 x	5.1 x	5.3 x	6.1 x
Capital Employed Turnover	2.8 x	3.2 x	3.5 x	3.5 x	3.6 x	3.3 x	3.3 x
ROA	4.4 %	7.0 %	5.9 %	1.1 %	1.1 %	0.6 %	4.5 %
<b>Return on Capital</b>							
ROCE (NOPAT)	6.8 %	9.5 %	7.7 %	n.a.	5.2 %	1.2 %	7.1 %
ROE	11.4 %	16.8 %	13.4 %	2.7 %	2.7 %	1.6 %	11.0 %
Adj. ROE	11.4 %	16.8 %	13.4 %	2.7 %	2.7 %	1.6 %	11.0 %
<b>Balance sheet quality</b>							
Net Debt	32.9	28.4	25.2	24.6	24.0	23.1	20.8
Net Financial Debt	17.4	11.4	8.6	8.4	7.0	5.2	2.0
Net Gearing	93.3 %	79.1 %	74.7 %	73.9 %	71.0 %	67.3 %	54.6 %
Net Fin. Debt / EBITDA	65.0 %	41.8 %	32.8 %	49.1 %	21.1 %	22.0 %	6.8 %
Book Value / Share	2.1	2.2	2.1	2.1	2.1	2.1	2.4
Book value per share ex intangibles	0.0	0.1	-0.1	-0.5	-0.9	-1.3	-1.5

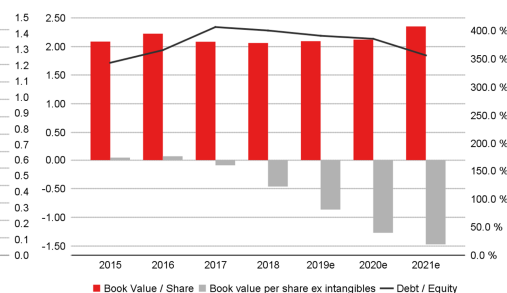
### ROCE Development



### Net debt in EUR m



### Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

## Consolidated cash flow statement

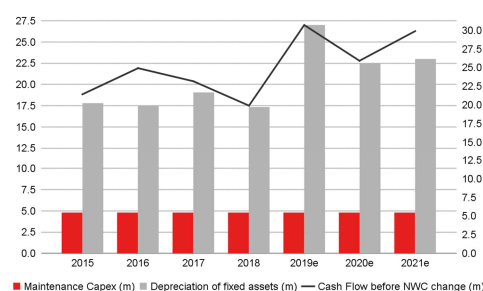
In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Net income	3.5	5.9	4.6	0.9	0.9	0.6	4.0
Depreciation of fixed assets	17.8	17.5	19.1	17.3	27.0	22.5	23.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	-1.9	1.6	-0.5	-0.3	0.8	0.9	0.9
Other non-cash income and expenses	2.0	0.0	0.0	2.0	2.0	2.0	2.0
<b>Cash Flow before NWC change</b>	<b>21.4</b>	<b>24.9</b>	<b>23.2</b>	<b>19.9</b>	<b>30.7</b>	<b>25.9</b>	<b>29.9</b>
Increase / decrease in inventory	-1.7	0.5	0.6	-0.6	-0.3	1.1	-0.3
Increase / decrease in accounts receivable	0.4	-2.0	-0.6	0.6	0.1	1.9	-0.5
Increase / decrease in accounts payable	0.4	0.8	0.6	2.8	-2.6	-1.1	0.3
Increase / decrease in other working capital positions	-2.0	-2.0	-2.5	1.5	0.0	0.0	0.0
Increase / decrease in working capital (total)	-2.9	-2.8	-1.9	4.3	-2.8	1.9	-0.5
<b>Net cash provided by operating activities [1]</b>	<b>18.6</b>	<b>22.2</b>	<b>21.3</b>	<b>24.2</b>	<b>27.9</b>	<b>27.8</b>	<b>29.4</b>
Investments in intangible assets	-5.8	-6.7	-6.9	-9.0	-7.0	-7.0	-7.0
Investments in property, plant and equipment	-14.3	-15.3	-8.6	-9.0	-19.0	-19.0	-19.0
Payments for acquisitions	0.0	0.0	0.0	-3.5	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.3	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>-20.1</b>	<b>-17.6</b>	<b>-15.5</b>	<b>-21.2</b>	<b>-26.0</b>	<b>-26.0</b>	<b>-26.0</b>
Change in financial liabilities	4.5	4.5	4.5	-4.3	-1.1	-2.0	0.0
Dividends paid	-2.6	-2.6	-0.8	-1.9	-0.5	0.0	-0.2
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.4	-2.6	-2.6	-0.2	0.0	0.0	0.0
<b>Net cash provided by financing activities [3]</b>	<b>2.4</b>	<b>-0.7</b>	<b>1.1</b>	<b>-6.4</b>	<b>-1.6</b>	<b>-2.0</b>	<b>-0.2</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>0.8</b>	<b>3.9</b>	<b>6.9</b>	<b>-3.4</b>	<b>0.3</b>	<b>-0.2</b>	<b>3.2</b>
Effects of exchange-rate changes on cash	0.8	0.5	-1.4	0.5	0.0	0.0	0.0
<b>Cash and cash equivalent at end of period</b>	<b>15.9</b>	<b>18.7</b>	<b>24.2</b>	<b>32.0</b>	<b>31.2</b>	<b>31.0</b>	<b>34.2</b>

## Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
<b>Cash Flow</b>							
FCF	-1.5	4.6	5.8	6.2	1.9	1.8	3.4
Free Cash Flow / Sales	-0.8 %	2.3 %	2.8 %	3.0 %	0.9 %	1.0 %	1.7 %
Free Cash Flow Potential	6.3	11.6	12.3	1.8	9.8	9.3	13.8
Free Cash Flow / Net Profit	-43.7 %	78.4 %	124.3 %	690.1 %	210.5 %	326.5 %	84.5 %
Interest Received / Avg. Cash	3.8 %	5.9 %	6.9 %	8.7 %	3.2 %	2.6 %	2.5 %
Interest Paid / Avg. Debt	6.6 %	4.2 %	4.7 %	3.4 %	0.5 %	0.8 %	0.8 %
<b>Management of Funds</b>							
Investment ratio	10.5 %	10.8 %	7.5 %	8.8 %	12.4 %	13.8 %	13.4 %
Maint. Capex / Sales	2.5 %	2.4 %	2.3 %	2.4 %	2.3 %	2.6 %	2.5 %
Capex / Dep	112.9 %	125.8 %	81.2 %	104.2 %	96.3 %	115.6 %	113.0 %
Avg. Working Capital / Sales	9.6 %	9.4 %	9.3 %	8.6 %	8.4 %	9.6 %	9.0 %
Trade Debtors / Trade Creditors	171.9 %	178.9 %	174.2 %	135.7 %	166.4 %	166.4 %	166.4 %
Inventory Turnover	7.8 x	8.6 x	9.7 x	9.1 x	8.8 x	8.8 x	8.8 x
Receivables collection period (days)	32	34	35	34	33	33	33
Payables payment period (days)	39	40	40	50	41	41	41
Cash conversion cycle (Days)	40	36	32	24	33	33	33

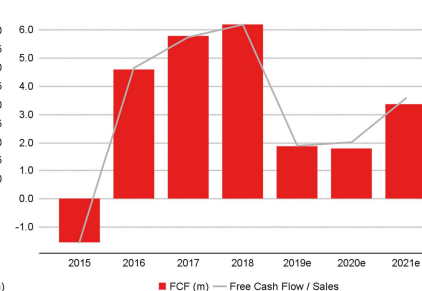
## CAPEX and Cash Flow

in EUR m



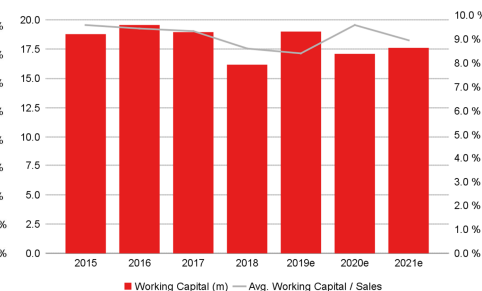
## Free Cash Flow Generation

in EUR m



## Working Capital

in EUR m



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research



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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

## WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

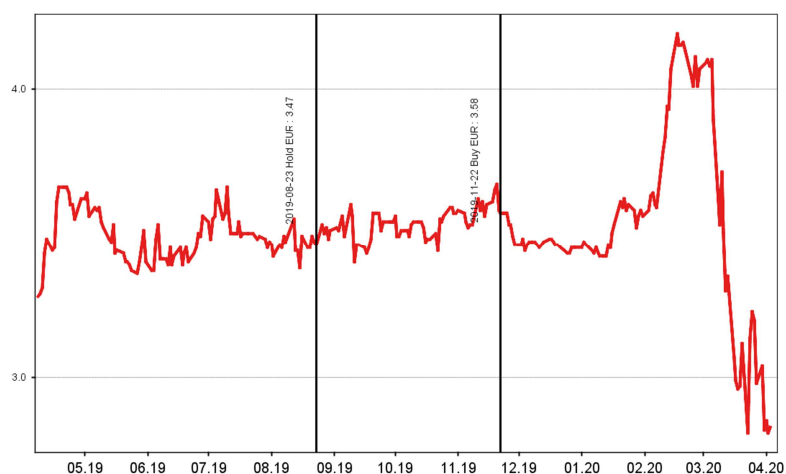
Rating	Number of stocks	% of Universe
Buy	125	61
Hold	63	31
Sell	10	5
Rating suspended	6	3
<b>Total</b>	<b>204</b>	<b>100</b>

## WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	33	79
Hold	6	14
Sell	0	0
Rating suspended	3	7
<b>Total</b>	<b>42</b>	<b>100</b>

## PRICE AND RATING HISTORY FRANCOTYP-POSTALIA AS OF 06.04.2020



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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