PRELIMINARY FINANCIAL RESULTS

HALF YEAR 2020

Berlin | 27 August 2020

CHALLENGING FIRST HALF OF 2020 …
CORONA PANDEMIC LEFT ITS TRACE

Market and Competition:

- Continuously uncertain global **economic environment, due to Corona**
- **Global installed base** (postage meters) decreased since end 2019 by ca. 3%, with Western European markets stronger affected than DACH and NAM
- E-Signature market gains further momentum due to increase remote office activities
- **Megatrend IoT market continues to hold true, but implementation stalling due to Corona**

Francotyp-Postalia:

- Focus on safeguarding liquidity and profitability of FP
- **ACT-implementation**
  - Roll-out of PostBase Vision continued into France, Austria and Sweden to follow in due course
  - IoT, FP Sign and Hybrid Mail Services value and growth proposition under strategic review
  - Organizational measures at Mail Services show good results
  - Efficiency gains from JUMP increased, ERP/CRM due to Corona on hold and under strategic review

- **Guidance 2020: Revenue and EBITDA guidance specified**

FP BUSINESS MODEL DELIVERS ROBUST RESULTS IN H1 2020

STABLE REVENUE AND IMPROVED EBITDA DESPITE CORONA

GERMAN MAILGENEERING

Revenue

99.7
€ m
+ 0.7 %

EBITDA

13.1
€ m
+ 11.7 %

ADJ. FCF[1]

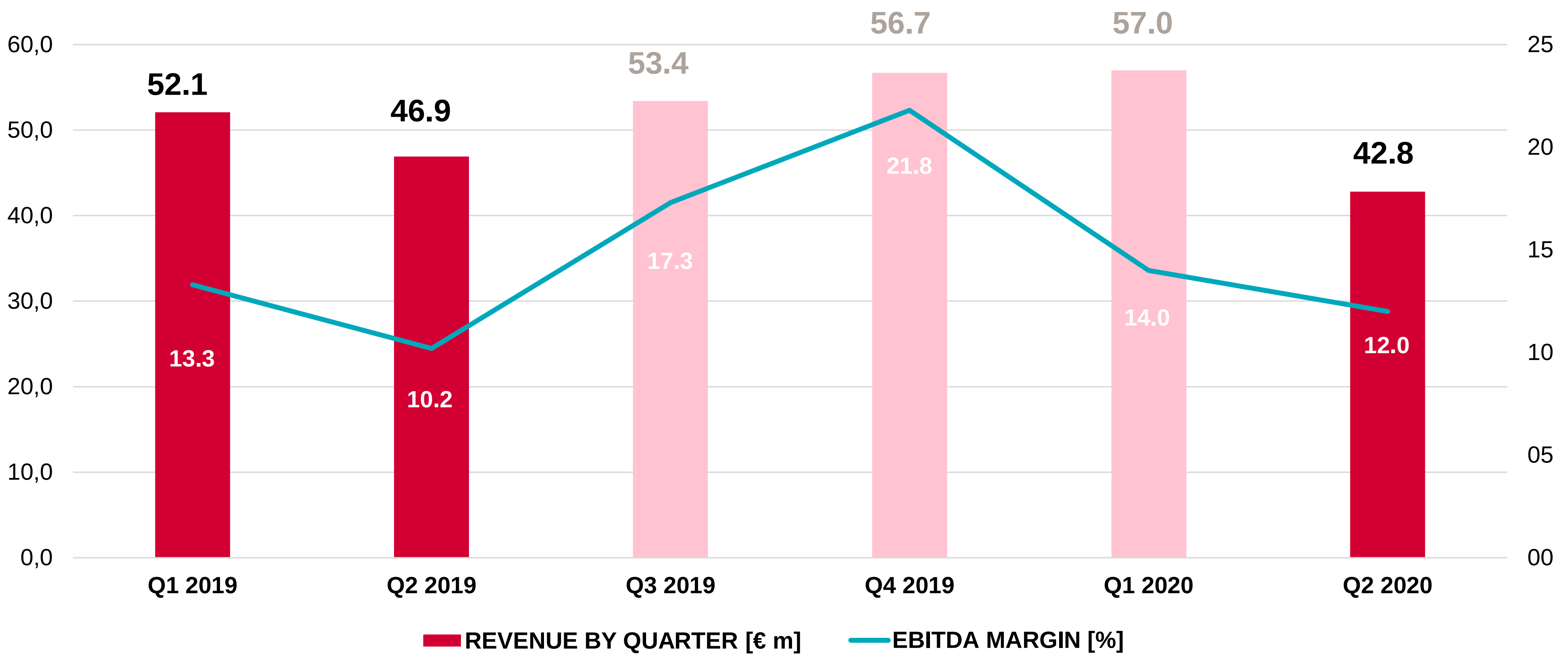
9.9
€ m
+ 147.6 %

- Adjusted for FX: Revenue of € 99.4 m, EBITDA € 13.1 m
- Non-adjusted Free cash flow of € 5.9 m (H1 2019: € -1.3 m)
- Strong negative impact Corona pandemic in Q2 2020

[1] Excluding additions to finance lease assets, M&A and JUMP payments
EUR/USD exchange rate in H1 2020: 1 € = 1.1019 USD, in H1 2019 = 1.1361 USD

Q-ON-Q DEVELOPMENT

MAJOR CORONA IMPACT ON REVENUE IN Q2 2020 – INCREASING PROFITABILITY Y-ON-Y



Comparative periods 2019 adjusted.

PROFITABILITY INCREASED IN H1 2020
ACT SETS THE RIGHT LONG-TERM STRATEGIC COURSE

€ m	H1/2019	H1/2020
Revenue	99.0	99.7
EBITDA	**11.7**	**13.1**
EBITDA Margin	11.9%	13.1%
Amortisation/ depreciation	10.9	11.2
EBIT	0.8	1.9
Net Income	0.7	1.8
EPS (basic, Euro)	0.04	0.11

Key factors influencing P&L

- Negative revenue effect of Corona pandemic in H1 2020 in the upper single-digit million Euro range
- Postage tariff increase by DPAG in 2019: € 3.0 m (Mail Services revenue)
- Acquisition of HEFTER, consolidated since mid Feb 2020: € 1.7 m (revenue)
- Reassessment of economic life of leased products as of Dec. 2019: follow-up effect of € 1.6 m (revenue)
- Currency: Positive effects of € 0.4 m (revenue) and € 0.0 m (EBITDA)

JUMP: less expenses (compared to H1 2019) and increased recurring savings in H1 2020; more than € 4.0 m expected for full-year 2020

EBITDA 11.7 % above previous year level

Amortization/depreciation

- Slight increase, mainly due to amortization on intangible assets

Net Income/EPS

- Strong increase of profitability despite Corona

Comparative period 2019 adjusted.

FREE CASH FLOW
TEMPORARY INCREASE IN WORKING CAPITAL

€ m	H1/2019	H1/2020
Cash flow from operating activities	10.4	14.6
Cash flow from investing activities	-11.7	-8.6
Free cash flow	-1.3	5.9
Adjusted free cash flow[1]	**4.0**	**9.9**
Cash flow from financing activities	-2.3	-4.2
Cash and cash equivalents	17.6	19.8

Cash flow from operating activities

- Cost control and liquidity management support operating cash flow under Corona, net working capital slightly increased (€ +1.8 m): mainly increase in inventories to secure delivery capacity
- JUMP payments of € -2.5 m (in H1 2019 € -3.3 m)

Cash flow from investing activities

- Decrease in investments in internally generated intangible assets of € -4.1 m (in H1 2019 € -5.7 m); mainly due to lower capitalization of ERP/CRM
- Decrease of investments in leased assets (€ -0.8 m)
- Acquisition of HEFTER (€-1.2 m), payment of earn-out liabilities of acquisition JUCON 2019 and further call option (€-0.5 m)

Adj. free cash flow reflects Corona countermeasures for cost control and liquidity management

Cash flow from financing activities

- Decrease in financial liabilities (€ -2.5 m)
- Lease payments (€ -1.9 m)

[1] Excluding investments in finance lease assets, M&A and payments for JUMP

FP H1 2020 CORE BUSINESS

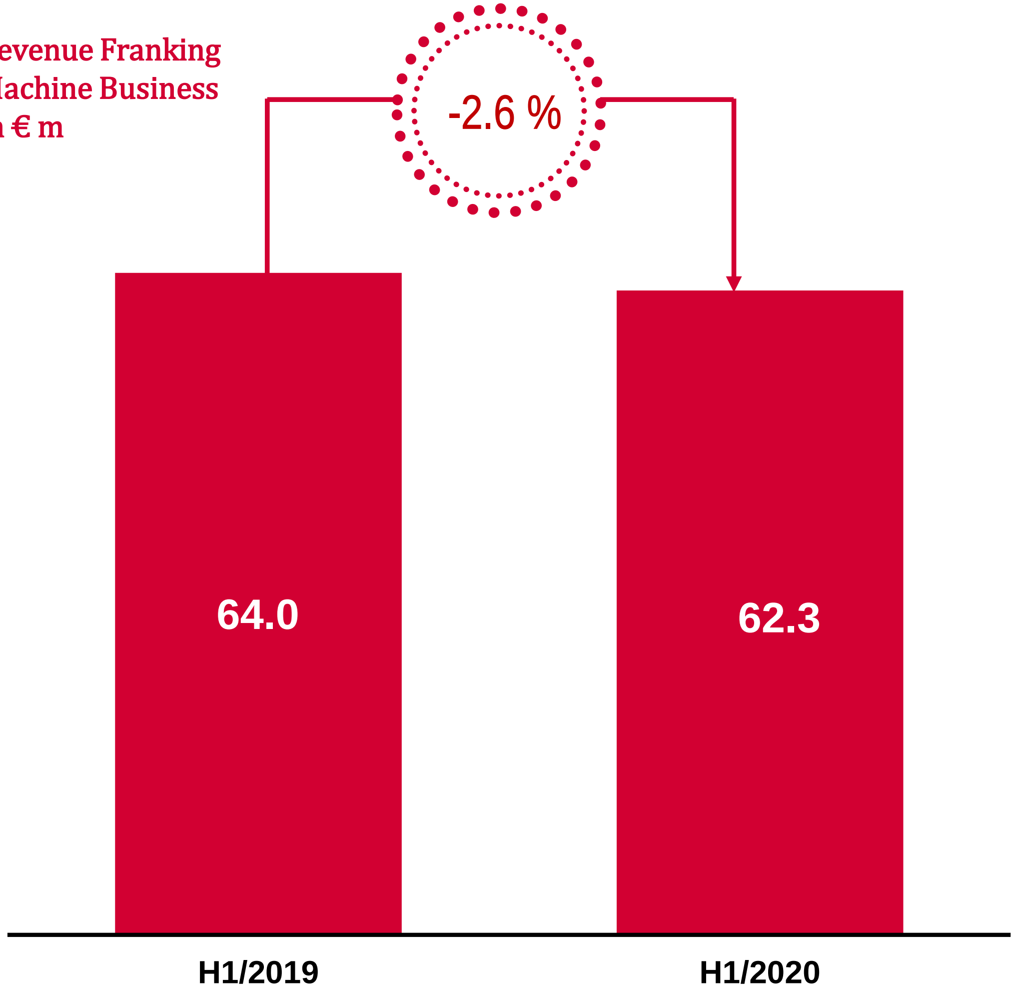
SUCCESSFUL ATTACK IN CORE BUSINESS 2016 - 2020

Peer group comparison

Revenue growth franking machine business	FP	Peer 1	Peer 2
FY 2016	**2%**	**-6%**	**-7%**
excluding currency effects	4%	-5%	NA
FY 2017	**1%**	**-6%**	**-5%**
excluding currency effects	3%	-4%	NA
FY 2018	**0%**	**-6%**	**-6%**
excluding currency effects	2%	-4%	NA
FY 2019	**6%**	**NA**	**-9%**
excluding currency effects	4%	-3%	NA
Q1 2020	**7%**	**-12%**	**-8%**
excluding currency effects	6%	-14%	-7%
H1 2020	**-2,6%**		**-11%**

FP CORE BUSINESS
STRONG CORONA IMPACT LEADS TO REVENUE DECREASE IN H1 2020

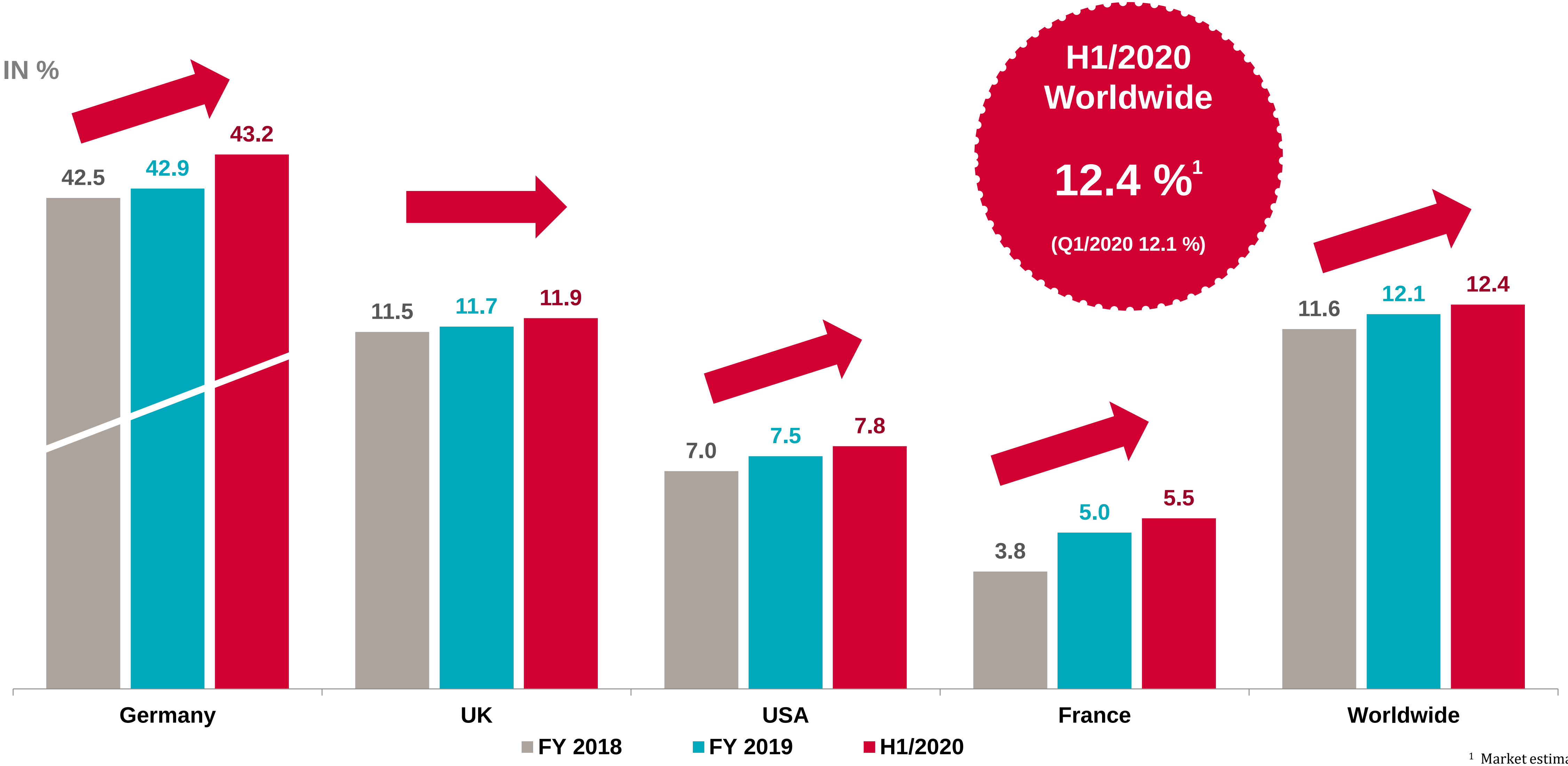
Revenue Franking Machine Business in € m



Revenue in H1 2020 declined

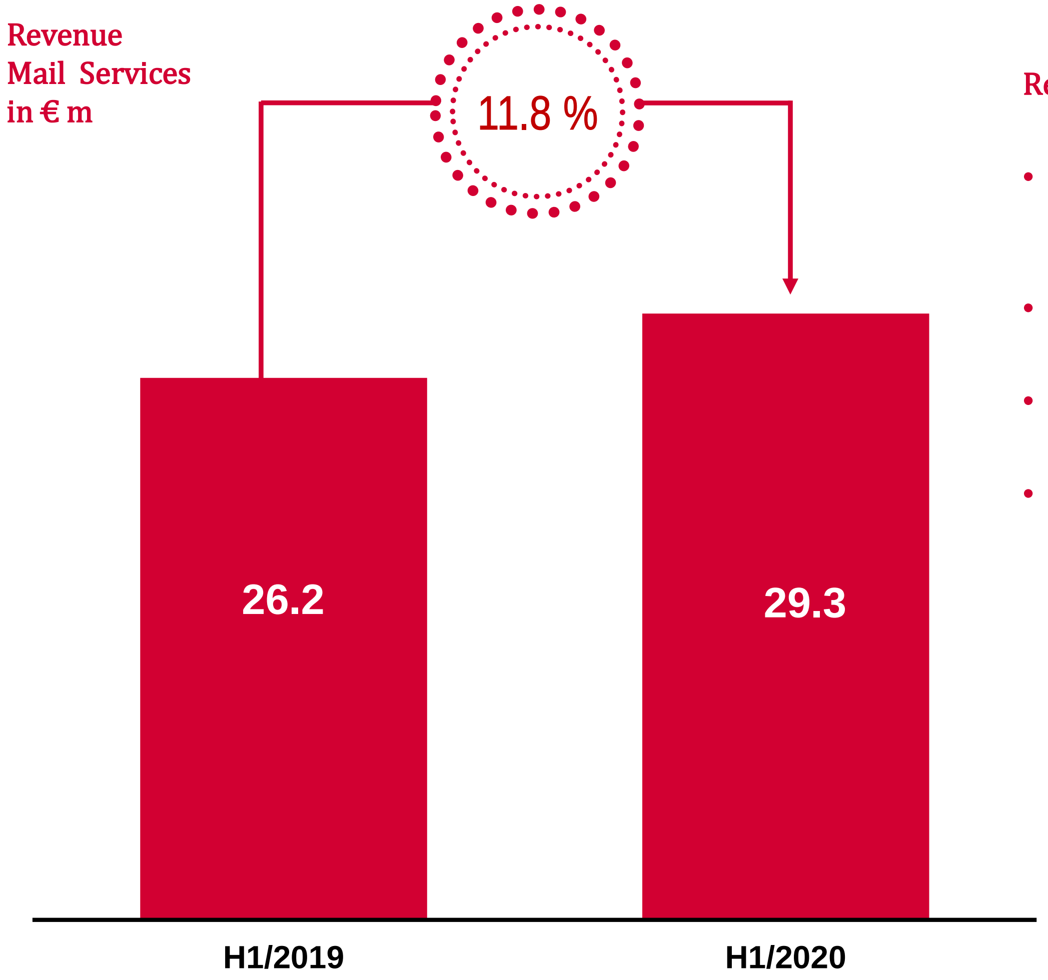
- Strong impact of Corona in Q2: Decline in equipment sales of 15.5% in H1 2020 (Q1 2020 +0.7%)
- Further heavy negative Corona effects on sales of consumables and finance lease agreements
- Business development largely better than the market as a result of the leading product portfolio
- Additionally supported by revenue contribution from HEFTER (€ 1.7 m)
- Return to almost normal business activity not to be expected before Q4 2020

FP MARKET SHARE IN FRANKING STANDS SOLIDLY
OUTPERFORMING MARKET & COMPETITORS



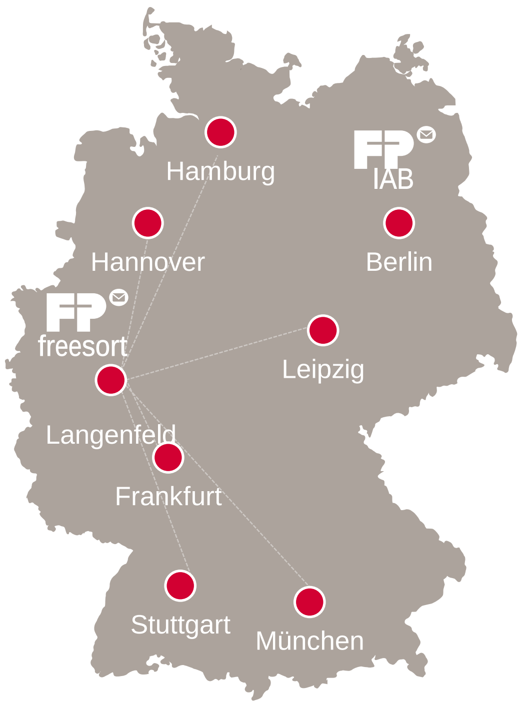
[1] Market estimates

FP MAIL SERVICES
REORGANIZATION ON TRACK

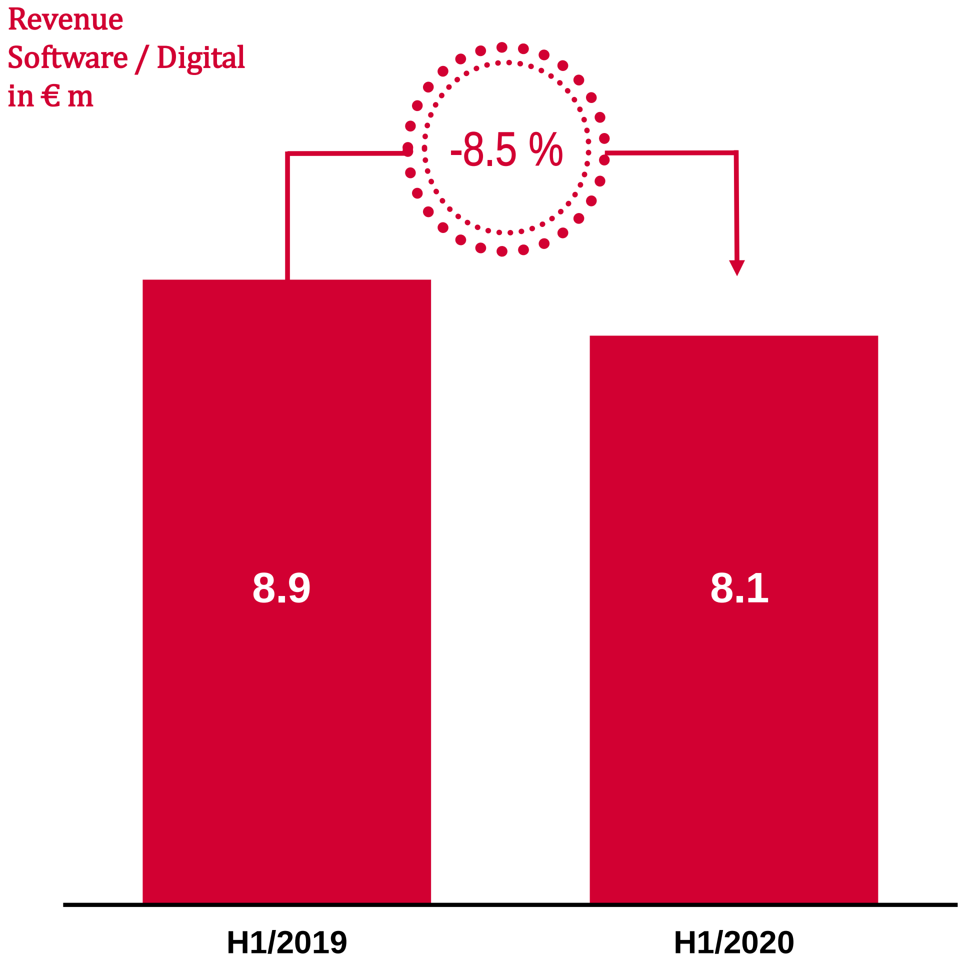


Revenue in H1 2020 up by 11.8 %

- Strong reduction in letter volumes processed in Q2 2020 (-8 %), as compared to positive development in Q1 (+4 %) due to Corona effects
- Realignment initiated at the end of 2018 with a focus on profitable revenue is nevertheless paying off
- In addition, postage increase in 2019 also contributed to an overall positive development in H1 2020
- Further positive impact in H1 2020 from
  - improved customer acquisition,
  - competitive advantages through superior IT platform in terms of customer-oriented implementation of DPAG discount model



FP SOFTWARE/DIGITAL
REVENUE IN H1 2020 BELOW EXPECTATIONS



Revenue in H1 2020 down by -8.5 %

- Decline in Hybrid Mail Services business by -7.9 % in H1 2020, partly also related to Corona
- FP Sign with no significant revenue contribution, but order pipeline is improving, including some renown companies
- Impact from Corona pandemic: IoT projects were postponed and general reluctance to invest, revenue below expectations and prior year
- IoT, FP Sign and Hybrid Mail Services value and growth proposition under strategic review

THE CURRENT CORONA-SITUATION

FP FOCUSSES ON EMPLOYEE AND CUSTOMER SAFETY, BUSINESS CONTINUITY, RESILIENCE - AND SAFEGUARDING CASH AND EARNINGS

Business Continuity

- Majority of employees continue to work on a remote basis (home office); key admin functions back in the office
- Focus on working capital while maintaining secure supply chain (raw material buffer)
- Back-to-Office plan, incorporating hygiene concept, developed and already partly introduced
- Global IT organizational fully operational

Measures taken/planned:

- Short-time work, use of holidays/overtime
- Capex/ Opex reduction: expense reduction, project reviews
- Screening of public support programs (funds received particularly in the US and in Canada)
- Liquidity management: As of 30 June 2020 funds in excess of € 180 m of liquidity reserves (thereof almost € 20 m in cash and cash equivalents, and remainder in unutilized € 200 m syndicated loan facility)
- Active lender dialogue, liquidity management and operational measures positively perceived by key lending banks; financial covenants were comfortably met

FY 2020: IMPACT EXPECTED FROM CORONA

MANAGEMENT SPECIFIES GUIDANCE 2020

	2019	2020
REVENUE*	€ 209.1 m	€ 195 m to € 203 m
EBITDA*	€ 33.3 m	€ 24 m to € 28 m
ADJ. FCF**	€ 12.4 m	Significant decline

* Based on constant currency level;
** Excluding payments for JUMP, additions to finance lease assets and M&A.

PRELIMINARY FINANCIAL RESULTS

HALF YEAR 2020

Q&A session

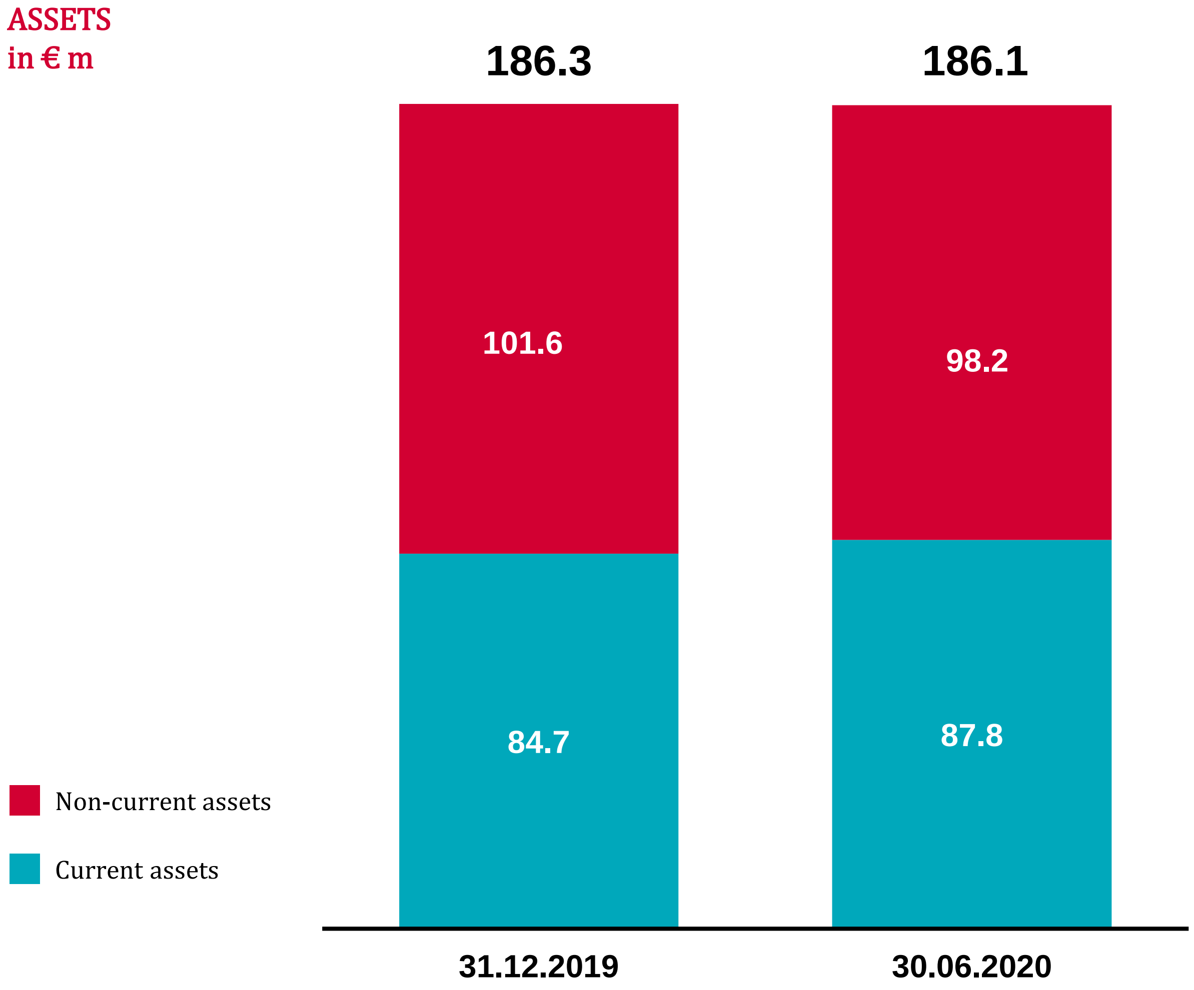

GERMAN
MAILGENEERING
APPENDIX

PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME H1 2020

€ m	H1/2019	H1/2020	%
Revenue	**99.0**	**99.7**	**0.7**
Change in inventories	1.7	1.4	-16.5
Other own work capitalised	8.2	5.9	-28.5
Total output	**108.9**	**107.0**	**-1.8**
Cost of materials	48.9	48.0	-1.7
Staff costs	30.5	31.2	2.3
Impairment losses and gains on trade receivables	0.9	0.5	-43.5
Other income/expenses	-16.9	-14.1	-16.3
EBITDA	**11.7**	**13.1**	**11.7**
as % of revenue	11.9	13.1	n.a.
Amortisation/depreciations	10.9	11.2	2.5
EBIT	**0.8**	**1.9**	**133.3**
Interest result	0.3	0.6	85.4
Other financial result	-0.1	0.1	n.a.
Result from at-Equity investments	-0.0	-0.0	n.a.
Income taxes	-0.3	-0.9	203.2
Consolidated net income	**0.7**	**1.8**	**149.9**
EPS (€ basic)	**0.04**	**0.11**	**149.1**
EPS (€ diluted)	**0.04**	**0.11**	**149.3**

Comparative period 2019 adjusted.

PRELIMINARY BALANCE SHEET: ASSETS (30.06.2020)



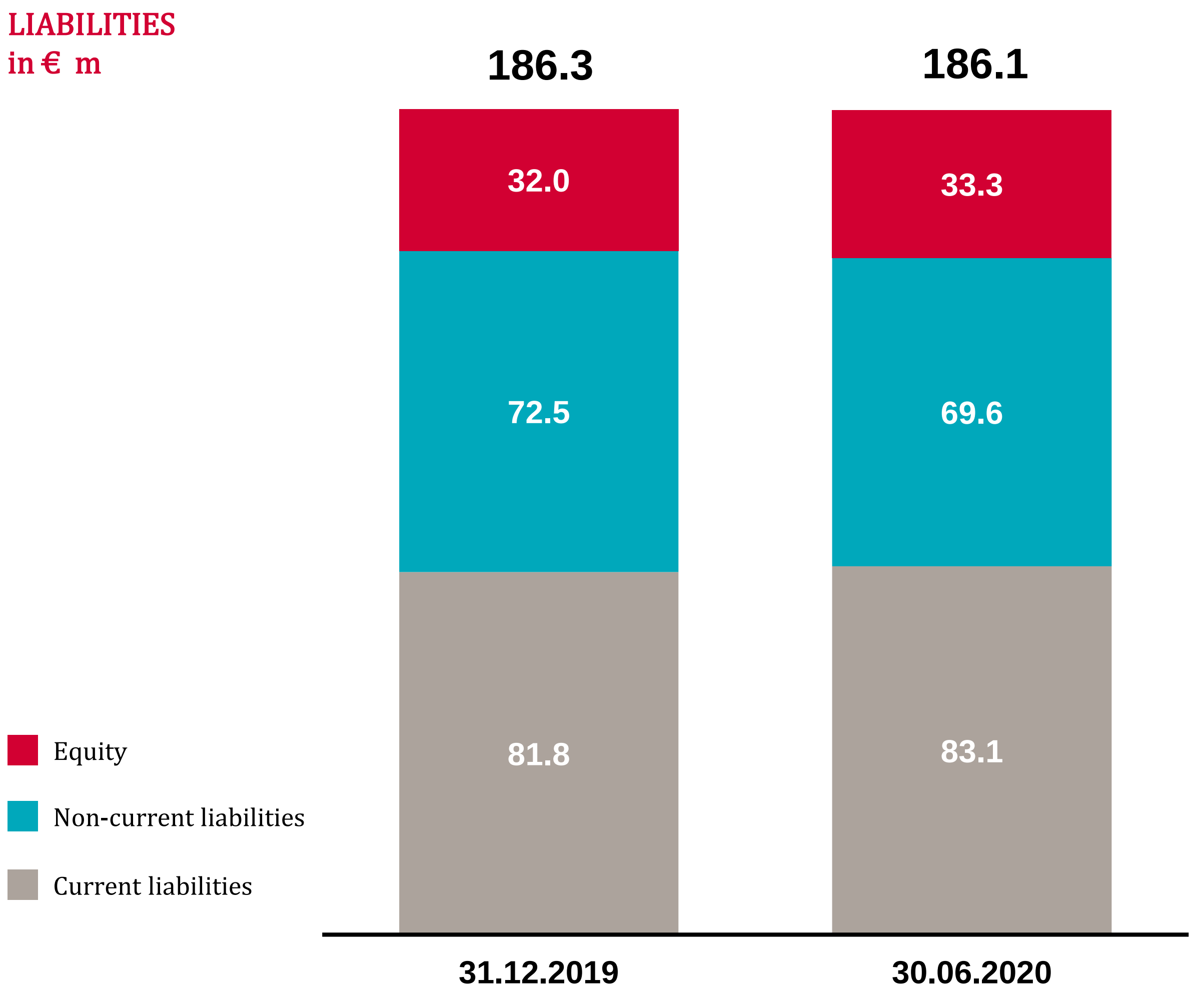
Non-Current Assets

- Decline due to depreciation, mainly of leased products (€ -2.1 m)
- Decline of right-of-use assets (€ -0.9 m)

Current Assets

+ Increase of inventories (€ 1.3 m)
- Slight decrease of trade receivables (€ -0.5 m)
+ Increase in cash and cash equivalent (€ 1.0 m)

PRELIMINARY BALANCE SHEET: LIABILITIES (30.06.2020)



Equity ratio of 17.9 %
(31.12.2019: 17.2 %)

Non-current liabilities

- Decrease of financial liabilities (€ -3.4 m)

Current liabilities

- Decrease of trade liabilities (€ -1.0 m)
- Increase of other liabilities (€ 4.2 m)

BASIC INFORMATION

FP MANAGEMENT

Rüdiger Andreas Günther

CEO &
CFO
since January 2016

Bank Apprenticeship and Business Administration studies in Göttingen, North Carolina, USA

- 1985 Beginning of career at today's Bank of America in Chicago, USA
- Afterwards responsible for finance department at Metro AG
- 1993 Change to Claas KGaA: 13 years CFO and CEO
- Afterwards Board positions within Infineon and Arcandor
- 2012 Change to Jenoptik AG as CFO

Carsten Lind

Member of the Management Board
since June 2020

Degree in M.Sc, Ba and EMBA from Kellogg-WHU

- Long-standing experience in technology companies: Regional CEO for 13 years in international IT & consulting companies such as CSC and Fujitsu as well as Asterion
- Before joining FP, he was Managing Partner at Bavaria Industries Group AG, where he served as Active Chairman for portfolio companies and inter alia was responsible for M&A activities

FP MANAGEMENT

Patricius de Gruyter

CSO
since June 2018

Degree in Business Administration, WHU – Otto Beisheim School of Management, Vallendar, Germany

- Many years of experience in the IT, cable network operator and dialogue marketing sectors
- Director of B2B Sales at Kabel Deutschland AG
- Managing Director of the Tectum Group, a specialist in customer service and telesales
- Managing Director of Computacenter AG, a leading IT service provider

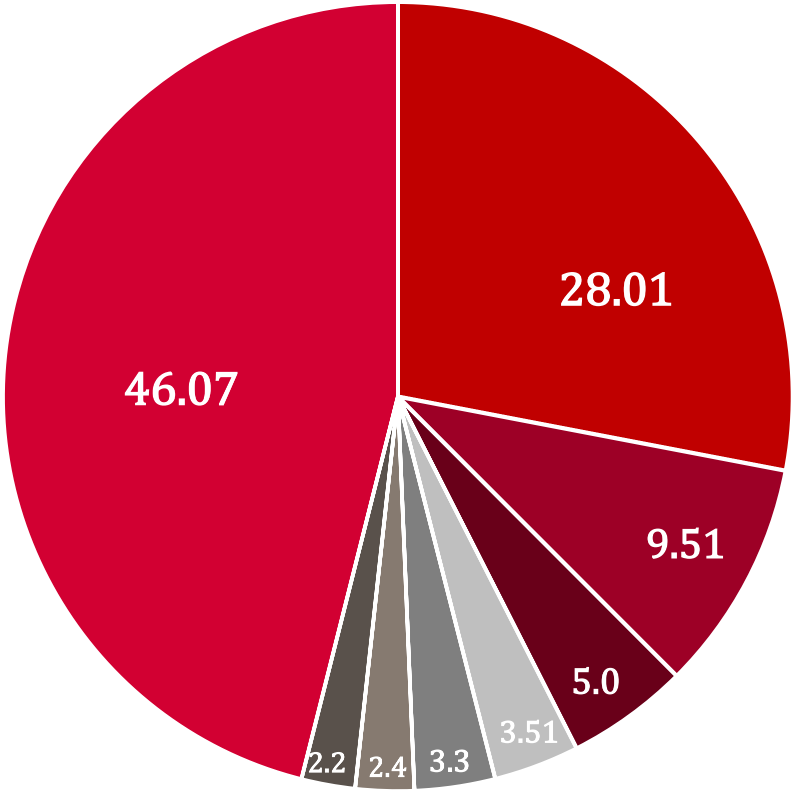
Sven Meise

CDO, COO
since February 2015

Degree in Business Administration specializing in Business Computer Science

- Many years of experience in Output Management, IT and Software Solutions
- National and international positions at IBM Germany GmbH
- Responsible for Professional Services, Information Technology and Group Program Management at TA Triumph-Adler GmbH

THE FP SHARE
STRONG & INTERNATIONAL SHAREHOLDER BASE (IN %)



August 2020

- Obotritia Capital KgaA (GER)
- Active Ownership Fund (LUX)
- SALTARAX GMBH (GER)
- Ludic GmbH (GER)
- Magallanes Value Investors (ESP)
- Own Shares
- Management & Supervisory Board members
- Freefloat

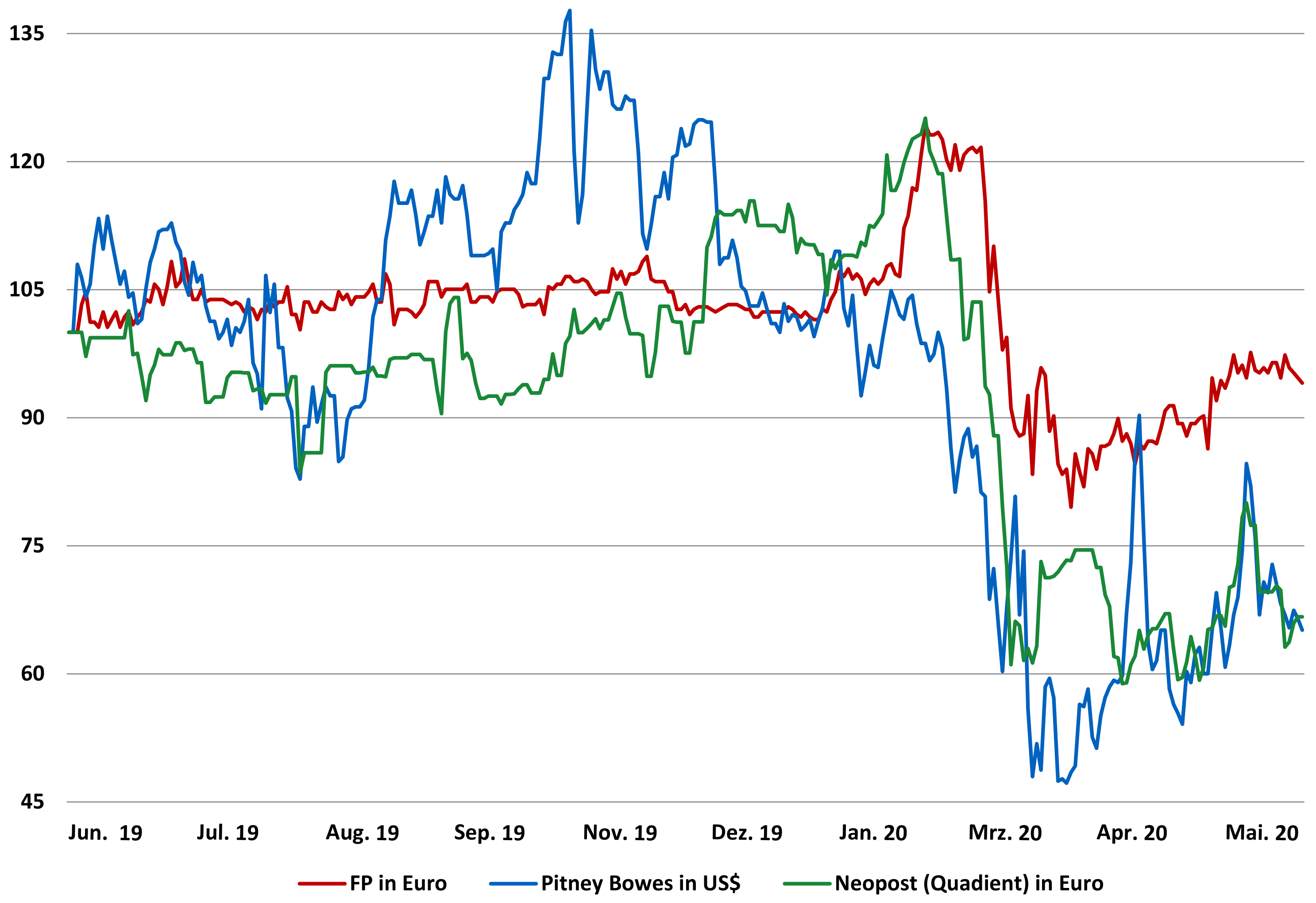
 # shares 16,301,456

Market cap ca. € 53 m

Prime Standard

FP SHARE IN 2020

FP OUTPERFORMED COMPETITORS



FP
H1/2020
-5 %

NP
H1/2020
-34 %

PB
H1/2020
-33 %

FP share:

- ISIN DE000FHP9000
- Prime Standard
- Reuters: FPHG.DE
- Designated Sponsor: Mainfirst / Baader Bank

CONTACT

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Twitter
www.twitter.com/ir_fp

FINANCIAL CALENDAR

27 August 2020	Preliminary Results for the First Half Year 2020
10 September 2020	Results for the First Half Year 2020
29 September 2020	Annual General Shareholders' Meeting, Berlin
16 November 2020	Results for the Third Quarter 2020
17 November 2020	German Eigenkapitalforum, Frankfurt

DISCLAIMER

This report contains forward-looking statements on the business development of the Francotyp-Postalia Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press.

The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany) or in the USA, UK, or Canada, and Singapore will have a corresponding impact on the development of our business.

The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, Canadian dollars, Singapore dollars. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2016 Annual Report develop in a way other than we are currently expecting.