Francotyp-Postalia

(CDAX, Industrial Goods & Services, FPH GR)

WARBURG RESEARCH

Buy	
EUR 6.40	(EUR 6.20)
Price	EUR 3.22
Upside	**98.8 %**

Value Indicators:	EUR
DCF:	6.41

Warburg ESG Risk Score:	**2.4**
ESG Score (MSCI based):	3.0
Balance Sheet Score:	4.3
Market Liquidity Score:	0.0

Description:

Manufacturer of franking machines and provider of mail services.

Market Snapshot:	EUR m
Market cap:	52.0
No. of shares (m):	16.2
EV:	68.0
Freefloat MC:	31.3
Ø Trad. Vol. (30d):	3.72 th

Shareholders:	
Freefloat	60.15 %
OSP Alpha	25.34 %
Active Ownership Fund	9.51 %
SALTARAX GmbH	5.00 %

Key Figures (WRe):	2023e
Beta:	1.3
Price / Book:	1.8 x
Equity Ratio:	16 %
Net Fin. Debt / EBITDA:	0.0 x
Net Debt / EBITDA:	0.5 x

Growth in relevant segments

Stated Figures Q2/2023:

in EUR m	Q2/23	Q2/23e	Q2/22	yoy	6M/23	6M/22	yoy
Sales	**60.8**	62.3	62.4	-2.5%	**124.6**	127.6	-2.3%
EBITDA	**6.6**	6.8	5.9	11.0%	**15.3**	16.3	-6.2%
margin	*10.9%*	*10.9%*	*9.5%*		*12.2%*	*12.8%*	
EBIT	**2.3**	2.4	1.0	124.9%	**6.5**	6.4	1.9%
margin	*3.7%*	*3.9%*	*1.6%*		*5.2%*	*5.0%*	

Comment on Figures:

- On 31 August 2023, FrancoTyp Postalia Holding AG presented the figures for the second quarter and the first half of 2023.
- Overall, the figures were slightly below expectations, but this is primarily due to a decline in sales in the Mail Services area, which includes the collection, franking and consolidation of business mail. This area is strategically of secondary importance.

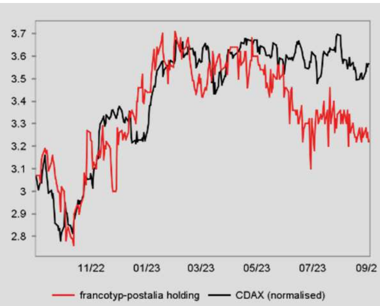
The published figures are particularly convincing when looking at the individual areas. While the decline in revenue is mainly attributable to the Mail Services area (revenue decline of 15.0% to EUR 34.0), the high-margin and strategically very relevant areas of Digital Business Solutions (revenue +9.6% to EUR 15.7m) and the core business Mailing, Shipping & Office Solutions (+2.4% to EUR 75.0) show further growth and were able to report particularly convincing improvements.

The Digital Business Solutions business was particularly eye-catching. The Business Process Management & Automation subdivision continued to grow. With the market launch of the electronic citizen and organization mailbox (eBO) in June 2023, the area of electronic legal transactions was expanded to include solutions for companies. In the Shipping & Logistics area, FP continued the internationalisation of its SaaS solutions with the market launch of FP Parcel Shipping in the Netherlands following Norway in the first quarter. In the second quarter, FP was able to win additional customers, especially internationally, for solutions for internal logistics and incoming parcel management.

Particularly noteworthy at group level is that the first operating companies in the new ERP/CRM system went live as part of the FUTURE@FP strategy programme and further implementation is being advanced at full speed.

Despite the somewhat weaker development in the Mail Services area and the somewhat weaker quarterly figures, the momentum in the strategically relevant areas makes a change in forecasts appear unnecessary.

In this context, the company again confirmed its forecast for sales of EUR 245-255m and EBITDA of EUR 29-31m. **The stock continues to be rated Buy with a price target of EUR 6.40 (6.20, model rollover).**



Rel. Performance vs CDAX:	
1 month:	-0.2 %
6 months:	-7.8 %
Year to date:	-17.3 %
Trailing 12 months:	-17.7 %

Company events:	
23.11.23	Q3

FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Sales	2.1 %	209.1	195.9	203.7	251.0	252.0	259.6	267.3
Change Sales yoy		2.4 %	-6.3 %	4.0 %	23.2 %	0.4 %	3.0 %	3.0 %
Gross profit margin		*60.3 %*	*55.8 %*	*53.8 %*	*53.5 %*	*53.0 %*	*52.8 %*	*52.8 %*
EBITDA	4.8 %	33.3	8.0	18.5	27.6	29.5	30.4	31.8
Margin		*15.9 %*	*4.1 %*	*9.1 %*	*11.0 %*	*11.7 %*	*11.7 %*	*11.9 %*
EBIT	19.8 %	5.9	-14.0	-0.7	6.6	9.5	10.2	11.4
Margin		*2.8 %*	*-7.1 %*	*-0.3 %*	*2.6 %*	*3.8 %*	*3.9 %*	*4.3 %*
Net income	16.2 %	1.7	-15.2	0.4	5.5	7.0	7.8	8.7
EPS	16.7 %	0.11	-0.94	0.02	0.34	0.43	0.48	0.54
EPS adj.	16.7 %	0.11	-0.94	0.02	0.34	0.43	0.48	0.54
DPS	-	0.03	0.00	0.00	0.00	0.17	0.19	0.22
Dividend Yield		0.9 %	n.a.	n.a.	n.a.	5.3 %	6.0 %	6.6 %
FCFPS		0.17	0.86	0.40	0.77	0.32	0.52	0.59
FCF / Market cap		5.0 %	26.3 %	13.0 %	25.3 %	10.1 %	16.3 %	18.1 %
EV / Sales		0.5 x	0.4 x	0.4 x	0.3 x	0.3 x	0.2 x	0.2 x
EV / EBITDA		2.9 x	10.6 x	4.5 x	2.5 x	2.3 x	2.0 x	1.8 x
EV / EBIT		16.3 x	n.a.	n.a.	10.6 x	7.2 x	6.1 x	4.9 x
P / E		31.5 x	n.a.	154.2 x	8.9 x	7.5 x	6.7 x	6.0 x
P / E adj.		31.5 x	n.a.	154.2 x	8.9 x	7.5 x	6.7 x	6.0 x
FCF Potential Yield		10.0 %	-1.3 %	11.7 %	22.8 %	26.8 %	30.6 %	35.4 %
Net Debt		40.3	31.4	33.4	21.2	16.0	10.0	3.2
ROCE (NOPAT)		2.6 %	n.a.	n.a.	9.3 %	15.0 %	15.9 %	18.2 %
Guidance:	Revenues EUR 245-255m, EBITDA EUR 28-31m							

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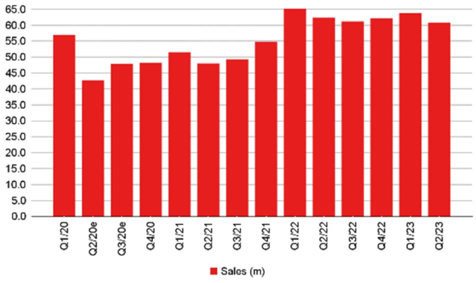
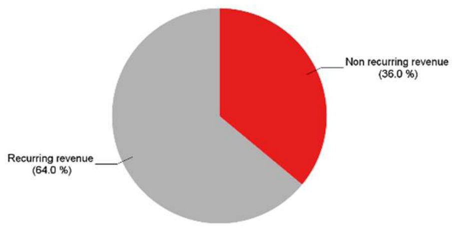
Sales development
in EUR m



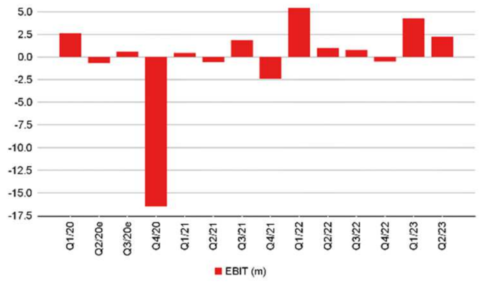
Source: Warburg Research

Recurring revenue proportion
2023e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

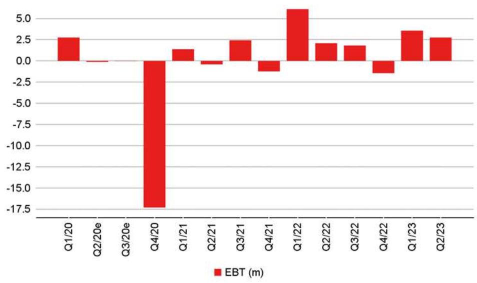
Company Background

- 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 100 years of experience in the postal market.
- Franking and inserting machines are still the core business activity.
- With new solutions digital business is to become an important part of the business model. The company strategically expanded its portfolio here.

Competitive Quality

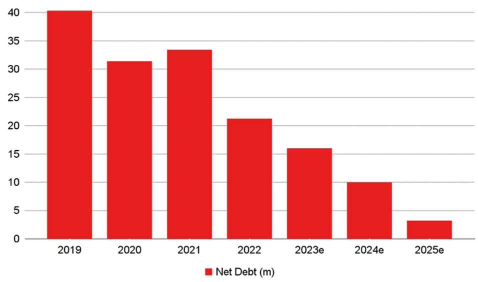
- Focusing on customers with low to medium postal needs, Francotyp Postalia caters for two stable segments in the generally difficult market for franking machines.
- The 45% market share in the German market for franking machines demonstrates its reputation as the market leader in Germany based on the 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 two thirds) 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



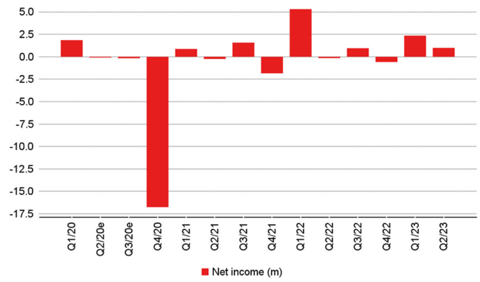
Source: Warburg Research

Net debt
in EURm



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	252.0	259.6	267.3	275.4	283.6	292.1	300.9	309.9	319.2	328.8	335.4	342.1	348.9	
Sales change	*0.4 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*1.5 %*
EBIT	9.5	10.2	11.4	12.4	14.2	16.1	16.5	17.0	17.6	18.1	18.4	18.8	19.2	
EBIT-margin	*3.8 %*	*3.9 %*	*4.3 %*	*4.5 %*	*5.0 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	
Tax rate (EBT)	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*31.0 %*	*31.0 %*	*32.0 %*	*32.0 %*	*32.0 %*	*33.0 %*	*33.0 %*	*34.0 %*	
NOPAT	6.6	7.1	8.0	8.7	9.9	11.1	11.4	11.6	11.9	12.3	12.4	12.6	12.7	
Depreciation	20.0	20.2	20.4	22.0	22.7	23.4	24.1	24.8	25.5	26.3	26.8	27.4	27.9	
in % of Sales	*7.9 %*	*7.8 %*	*7.6 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	2.7	0.5	0.6	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.3	-0.3	-0.3	
- Capex	21.0	21.0	21.0	22.0	22.7	23.4	24.1	24.8	25.5	26.3	26.8	27.4	27.9	
Capex in % of Sales	*8.3 %*	*8.1 %*	*7.9 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	
- 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)	2.9	5.8	6.8	8.6	9.9	11.1	11.4	11.7	12.1	12.5	12.6	12.9	13.0	13
PV of FCF	2.8	5.2	5.7	6.7	7.1	7.3	6.9	6.5	6.2	5.9	5.6	5.2	4.9	72
share of PVs	**9.28 %**			**42.04 %**										**48.68 %**

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	20.00 %	Financial Strength	1.30
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.30
Market return	8.25 %	Cyclicality	1.30
Risk free rate	2.75 %	Transparency	1.30
		Others	1.30
WACC	**8.34 %**	**Beta**	**1.30**

Valuation (m)

Present values 2035e	76		
Terminal Value	72		
Financial liabilities	41		
Pension liabilities	15		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	11	No. of shares (m)	16.2
Equity Value	**104**	**Value per share (EUR)**	**6.41**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	0.75 %	1.00 %	1.25 %	**1.50 %**	1.75 %	2.00 %	2.25 %
1.53	9.3 %	4.85	4.95	5.05	5.16	5.27	5.39	5.53
1.41	8.8 %	5.37	5.49	5.61	5.74	5.88	6.03	6.19
1.36	8.6 %	5.66	5.78	5.92	6.06	6.21	6.38	6.56
1.30	8.3 %	5.96	6.10	6.25	**6.41**	6.58	6.76	6.96
1.24	8.1 %	6.29	6.44	6.60	6.78	6.97	7.17	7.39
1.19	7.8 %	6.64	6.81	6.99	7.18	7.39	7.62	7.86
1.07	7.3 %	7.42	7.63	7.85	8.09	8.35	8.64	8.95

		Delta 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
1.53	9.3 %	2.78	3.57	4.36	5.16	5.95	6.74	7.53
1.41	8.8 %	3.21	4.05	4.89	5.74	6.58	7.43	8.27
1.36	8.6 %	3.44	4.32	5.19	6.06	6.93	7.80	8.68
1.30	8.3 %	3.70	4.60	5.50	**6.41**	7.31	8.21	9.11
1.24	8.1 %	3.97	4.91	5.84	6.78	7.71	8.65	9.59
1.19	7.8 %	4.27	5.24	6.21	7.18	8.15	9.12	10.09
1.07	7.3 %	4.93	5.99	7.04	8.09	9.14	10.19	11.24

- The core business (franking machines) achieves high, steady cash flows.

Valuation

	2019	2020	2021	2022	2023e	2024e	2025e
Price / Book	1.7 x	3.9 x	3.2 x	2.2 x	1.8 x	1.5 x	1.3 x
Book value per share ex intangibles	-0.42	-1.60	-0.89	-0.80	-0.62	-0.54	-0.43
EV / Sales	0.5 x	0.4 x	0.4 x	0.3 x	0.3 x	0.2 x	0.2 x
EV / EBITDA	2.9 x	10.6 x	4.5 x	2.5 x	2.3 x	2.0 x	1.8 x
EV / EBIT	16.3 x	n.a.	n.a.	10.6 x	7.2 x	6.1 x	4.9 x
EV / EBIT adj.*	16.3 x	n.a.	n.a.	10.6 x	7.2 x	6.1 x	4.9 x
P / FCF	20.1 x	3.8 x	7.7 x	3.9 x	9.9 x	6.1 x	5.5 x
P / E	31.5 x	n.a.	154.2 x	8.9 x	7.5 x	6.7 x	6.0 x
P / E adj.*	31.5 x	n.a.	154.2 x	8.9 x	7.5 x	6.7 x	6.0 x
Dividend Yield	0.9 %	n.a.	n.a.	n.a.	5.3 %	6.0 %	6.6 %
FCF Potential Yield (on market EV)	10.0 %	-1.3 %	11.7 %	22.8 %	26.8 %	30.6 %	35.4 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Sales	**209.1**	**195.9**	**203.7**	**251.0**	**252.0**	**259.6**	**267.3**
Change Sales yoy	2.4 %	-6.3 %	4.0 %	23.2 %	0.4 %	3.0 %	3.0 %
Increase / decrease in inventory	0.0	-0.4	3.1	0.4	0.0	0.0	0.0
Own work capitalised	18.6	7.8	6.2	7.7	7.4	7.3	7.5
Total Sales	**227.6**	**203.2**	**213.0**	**259.0**	**259.4**	**266.8**	**274.8**
Material expenses	101.6	93.9	103.3	124.7	126.0	129.8	133.7
Gross profit	**126.0**	**109.3**	**109.6**	**134.3**	**133.4**	**137.0**	**141.2**
Gross profit margin	*60.3 %*	*55.8 %*	*53.8 %*	*53.5 %*	*53.0 %*	*52.8 %*	*52.8 %*
Personnel expenses	60.2	67.8	57.6	65.7	64.4	65.9	67.4
Other operating income	2.9	4.5	1.7	2.1	2.0	2.1	2.1
Other operating expenses	35.4	36.8	33.8	40.3	41.6	42.8	44.1
Unfrequent items	0.0	-1.2	-1.5	-2.8	0.0	0.0	0.0
EBITDA	**33.3**	**8.0**	**18.5**	**27.6**	**29.5**	**30.4**	**31.8**
Margin	*15.9 %*	*4.1 %*	*9.1 %*	*11.0 %*	*11.7 %*	*11.7 %*	*11.9 %*
Depreciation of fixed assets	24.7	18.9	19.1	21.0	20.0	20.2	20.4
EBITA	**8.6**	**-11.0**	**-0.7**	**6.6**	**9.5**	**10.2**	**11.4**
Amortisation of intangible assets	2.7	3.0	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
EBIT	**5.9**	**-14.0**	**-0.7**	**6.6**	**9.5**	**10.2**	**11.4**
Margin	*2.8 %*	*-7.1 %*	*-0.3 %*	*2.6 %*	*3.8 %*	*3.9 %*	*4.3 %*
EBIT adj.	**5.9**	**-14.0**	**-0.7**	**6.6**	**9.5**	**10.2**	**11.4**
Interest income	2.2	2.5	2.6	3.0	2.7	3.0	3.0
Interest expenses	1.8	2.6	1.4	1.5	2.2	2.0	2.0
Other financial income (loss)	-0.3	-0.6	1.6	0.4	0.0	0.0	0.0
EBT	**5.9**	**-14.7**	**2.2**	**8.6**	**10.0**	**11.2**	**12.4**
Margin	*2.8 %*	*-7.5 %*	*1.1 %*	*3.4 %*	*4.0 %*	*4.3 %*	*4.6 %*
Total taxes	4.2	0.4	1.8	3.0	3.0	3.4	3.7
Net income from continuing operations	**1.7**	**-15.1**	**0.4**	**5.5**	**7.0**	**7.8**	**8.7**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**1.7**	**-15.1**	**0.4**	**5.5**	**7.0**	**7.8**	**8.7**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**1.7**	**-15.2**	**0.4**	**5.5**	**7.0**	**7.8**	**8.7**
Margin	*0.8 %*	*-7.7 %*	*0.2 %*	*2.2 %*	*2.8 %*	*3.0 %*	*3.3 %*
Number of shares, average	16.2	16.2	16.2	16.2	16.2	16.2	16.2
EPS	**0.11**	**-0.94**	**0.02**	**0.34**	**0.43**	**0.48**	**0.54**
EPS adj.	0.11	-0.94	0.02	0.34	0.43	0.48	0.54

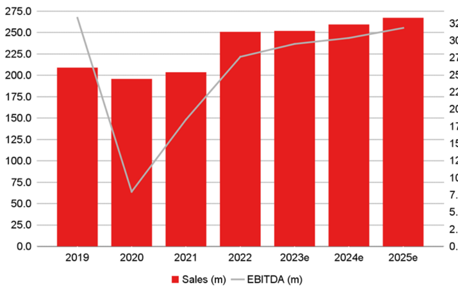
*Adjustments made for:

Guidance: Revenues EUR 245-255m, EBITDA EUR 28-31m

Financial Ratios

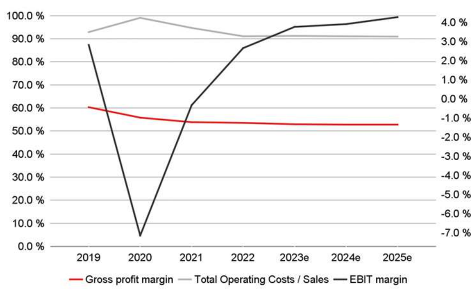
	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	92.9 %	99.1 %	94.8 %	91.1 %	91.3 %	91.1 %	90.9 %
Operating Leverage	n.a.	n.a.	-23.8 x	n.a.	102.1 x	2.4 x	4.1 x
EBITDA / Interest expenses	18.5 x	3.1 x	13.2 x	18.6 x	13.4 x	15.2 x	15.9 x
Tax rate (EBT)	71.3 %	-3.0 %	83.1 %	35.4 %	30.0 %	30.0 %	30.0 %
Dividend Payout Ratio	28.4 %	0.0 %	0.0 %	0.0 %	39.8 %	39.7 %	40.2 %
Sales per Employee	165,992	152,436	155,434	187,735	184,824	186,636	188,465

Sales, EBITDA
in EUR m



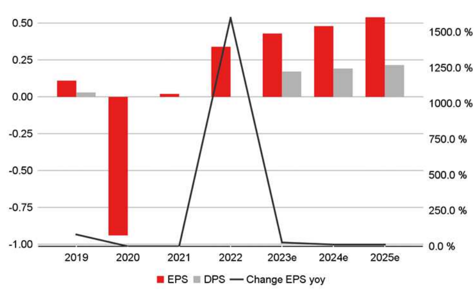
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

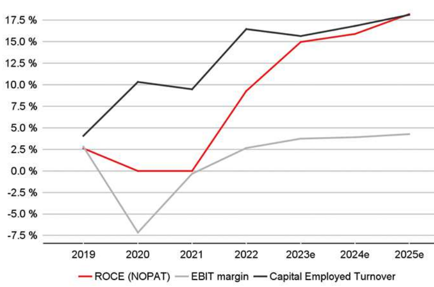
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
Goodwill and other intangible assets	38.8	39.5	30.1	35.2	39.2	43.2	47.2
thereof other intangible assets	34.1	35.6	30.1	30.8	34.8	38.8	42.8
thereof Goodwill	4.6	3.8	0.0	4.4	4.4	4.4	4.4
Property, plant and equipment	29.2	24.9	25.9	26.9	23.9	20.7	17.3
Financial assets	18.1	16.3	16.8	15.8	15.8	15.8	15.8
Other long-term assets	11.2	0.0	0.0	1.4	1.4	1.4	1.4
Fixed assets	**97.3**	**80.7**	**72.8**	**79.2**	**80.2**	**81.0**	**81.6**
Inventories	12.4	11.5	16.5	19.5	19.6	20.2	20.8
Accounts receivable	18.1	18.1	19.5	20.7	23.5	24.2	24.9
Liquid assets	30.5	36.1	33.3	34.4	39.6	45.6	52.4
Other short-term assets	28.0	27.6	24.8	18.9	18.9	18.9	18.9
Current assets	**89.0**	**93.3**	**94.1**	**93.4**	**101.5**	**108.8**	**116.9**
Total Assets	**186.3**	**174.0**	**166.9**	**172.7**	**181.8**	**189.9**	**198.6**
Liabilities and shareholders' equity							
Subscribed capital	16.3	16.3	15.7	16.3	16.3	16.3	16.3
Capital reserve	34.7	34.3	34.3	34.3	34.3	34.3	34.3
Retained earnings	0.0	0.0	-29.6	-30.5	-28.4	-24.0	-19.0
Other equity components	-19.0	-36.9	-4.8	2.2	7.0	7.8	8.7
Shareholders' equity	32.0	13.7	15.7	22.3	29.2	34.4	40.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**32.0**	**13.7**	**15.7**	**22.3**	**29.2**	**34.4**	**40.2**
Provisions	24.0	25.9	36.8	29.6	29.6	29.6	29.6
thereof provisions for pensions and similar obligations	20.6	20.5	19.0	14.6	14.6	14.6	14.6
Financial liabilities (total)	50.2	47.0	47.8	41.0	41.0	41.0	41.0
Short-term financial liabilities	4.1	3.7	11.1	11.5	11.5	11.5	11.5
Accounts payable	14.6	14.1	12.9	24.8	24.9	25.7	26.4
Other liabilities	65.5	73.3	53.8	55.0	57.1	59.2	61.3
Liabilities	**154.3**	**160.3**	**151.3**	**150.4**	**152.6**	**155.5**	**158.4**
Total liabilities and shareholders' equity	**186.3**	**174.0**	**166.9**	**172.7**	**181.8**	**189.9**	**198.6**

Financial Ratios

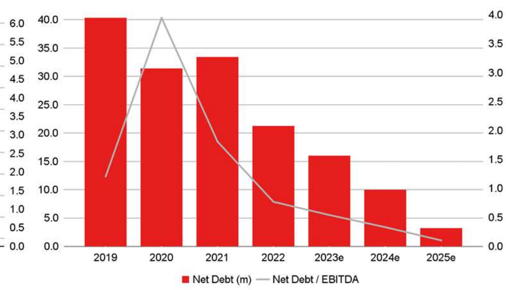
	2019	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	4.6 x	4.8 x	4.2 x	5.9 x	6.0 x	6.6 x	7.3 x
Capital Employed Turnover	2.9 x	4.3 x	4.2 x	5.8 x	5.6 x	5.8 x	6.2 x
ROA	1.8 %	-18.8 %	0.5 %	7.0 %	8.7 %	9.6 %	10.6 %
Return on Capital							
ROCE (NOPAT)	2.6 %	n.a.	n.a.	9.3 %	15.0 %	15.9 %	18.2 %
ROE	5.2 %	-66.3 %	2.5 %	29.2 %	27.2 %	24.6 %	23.3 %
Adj. ROE	5.2 %	-66.3 %	2.5 %	29.2 %	27.2 %	24.6 %	23.3 %
Balance sheet quality							
Net Debt	40.3	31.4	33.4	21.2	16.0	10.0	3.2
Net Financial Debt	19.7	10.9	14.5	6.6	1.4	-4.7	-11.4
Net Gearing	125.9 %	229.7 %	213.5 %	95.4 %	54.9 %	29.0 %	8.0 %
Net Fin. Debt / EBITDA	59.3 %	136.5 %	78.3 %	23.9 %	4.6 %	n.a.	n.a.
Book Value / Share	2.0	0.8	1.0	1.4	1.8	2.1	2.5
Book value per share ex intangibles	-0.4	-1.6	-0.9	-0.8	-0.6	-0.5	-0.4

ROCE Development



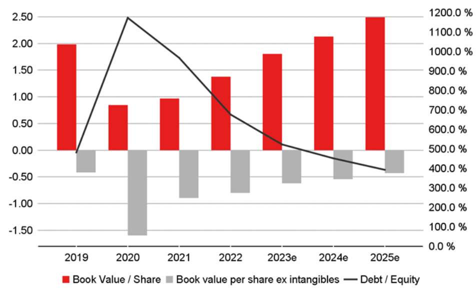
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

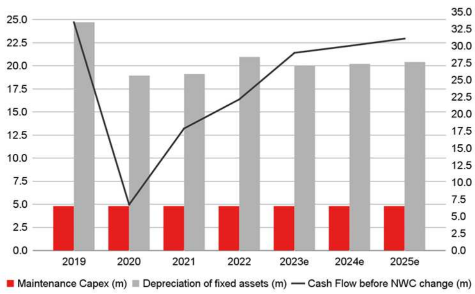
Consolidated cash flow statement

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	1.7	-15.2	0.4	5.5	7.0	7.8	8.7
Depreciation of fixed assets	24.7	18.9	19.1	21.0	20.0	20.2	20.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.7	3.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	4.4	-0.1	-1.6	-4.3	0.0	0.0	0.0
Other non-cash income and expenses	0.0	0.0	0.0	0.0	2.0	2.0	2.0
Cash Flow before NWC change	**33.5**	**6.7**	**17.9**	**22.2**	**29.0**	**30.0**	**31.1**
Increase / decrease in inventory	-1.2	0.8	-5.0	-3.0	-0.1	-0.6	-0.6
Increase / decrease in accounts receivable	0.8	0.0	-1.3	-1.2	-2.8	-0.7	-0.7
Increase / decrease in accounts payable	0.6	-0.4	-1.2	11.9	0.1	0.7	0.8
Increase / decrease in other working capital positions	-10.7	15.6	4.8	-7.5	0.0	0.0	0.0
Increase / decrease in working capital (total)	-10.4	16.0	-2.8	0.2	-2.7	-0.5	-0.6
Net cash provided by operating activities [1]	**23.1**	**22.8**	**15.1**	**22.4**	**26.2**	**29.5**	**30.5**
Investments in intangible assets	-13.8	-4.0	-1.0	-1.4	-4.0	-4.0	-4.0
Investments in property, plant and equipment	-6.5	-4.8	-7.6	-8.6	-17.0	-17.0	-17.0
Payments for acquisitions	0.0	-2.2	0.0	-4.3	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	-1.1	-0.3	0.1	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-21.4**	**-11.4**	**-8.5**	**-14.3**	**-21.0**	**-21.0**	**-21.0**
Change in financial liabilities	11.0	-3.3	0.8	-6.8	0.0	0.0	0.0
Dividends paid	-0.5	-0.5	0.0	0.0	0.0	-2.5	-2.8
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	-15.2	-1.9	-4.1	1.9	0.0	0.0	0.0
Net cash provided by financing activities [3]	**-4.7**	**-5.7**	**-3.2**	**-4.9**	**0.0**	**-2.5**	**-2.8**
Change in liquid funds [1]+[2]+[3]	**-3.0**	**5.1**	**3.3**	**3.2**	**5.2**	**6.0**	**6.8**
Effects of exchange-rate changes on cash	0.0	-1.0	0.9	-0.1	0.0	0.0	0.0
Cash and cash equivalent at end of period	**18.1**	**22.2**	**27.3**	**22.8**	**28.1**	**34.1**	**40.9**

Financial Ratios

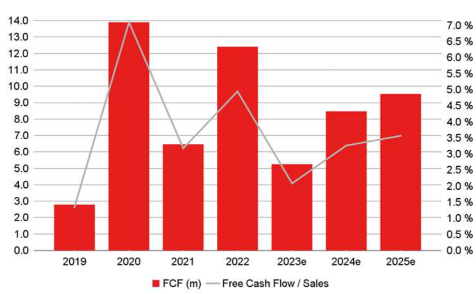
	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	2.8	13.9	6.5	12.4	5.2	8.5	9.5
Free Cash Flow / Sales	1.3 %	7.1 %	3.2 %	4.9 %	2.1 %	3.3 %	3.6 %
Free Cash Flow Potential	9.7	-1.1	9.7	16.0	18.3	19.0	19.8
Free Cash Flow / Net Profit	163.8 %	-91.7 %	1769.9 %	224.2 %	75.1 %	108.4 %	109.7 %
Interest Received / Avg. Cash	7.2 %	7.4 %	7.4 %	8.8 %	7.3 %	7.0 %	6.1 %
Interest Paid / Avg. Debt	4.0 %	5.2 %	2.9 %	3.3 %	5.4 %	4.9 %	4.9 %
Management of Funds							
Investment ratio	9.7 %	4.5 %	4.2 %	4.0 %	8.3 %	8.1 %	7.9 %
Maint. Capex / Sales	2.3 %	2.5 %	2.4 %	1.9 %	1.9 %	1.8 %	1.8 %
Capex / Dep	73.9 %	40.4 %	45.0 %	47.5 %	105.0 %	104.0 %	102.9 %
Avg. Working Capital / Sales	7.7 %	8.0 %	9.5 %	7.7 %	6.7 %	7.1 %	7.1 %
Trade Debtors / Trade Creditors	124.4 %	128.3 %	150.9 %	83.5 %	94.3 %	94.3 %	94.3 %
Inventory Turnover	8.2 x	8.2 x	6.3 x	6.4 x	6.4 x	6.4 x	6.4 x
Receivables collection period (days)	32	34	35	30	34	34	34
Payables payment period (days)	52	55	46	73	72	72	72
Cash conversion cycle (Days)	24	24	48	15	19	19	19

CAPEX and Cash Flow
in EUR m



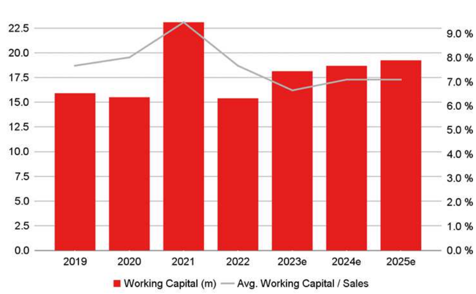
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



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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-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 mostly flat 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.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

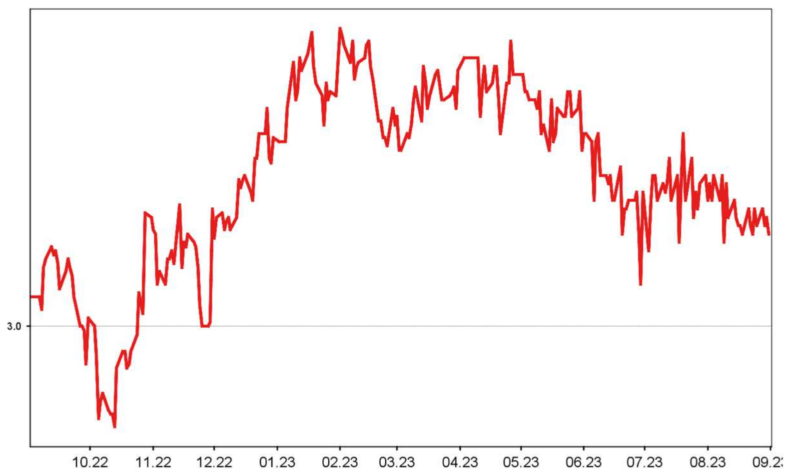
Rating	Number of stocks	% of Universe
Buy	155	75
Hold	44	21
Sell	6	3
Rating suspended	3	1
Total	**208**	**100**

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	42	86
Hold	5	10
Sell	0	0
Rating suspended	2	4
Total	**49**	**100**

PRICE AND RATING HISTORY FRANCOTYP-POSTALIA AS OF 01.09.2023



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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