



Francotyp-Postalia Holding AG

Executive Board's speech - Annual General Meeting

28 May 2019

The spoken word takes precedence.

Rüdiger Andreas Günther, CEO
Patricius de Gruyter, Management Board
Sven Meise, Management Board

Rüdiger Andreas Günther,
CEO of Francotyp-Postalia Holding AG

Mr Röhrig,
thank you for your introductory words.

Dear companions, lateral thinkers,
visionaries and partners,
Dear shareholders,
Dear shareholder representatives, Dear guests:

I would also like to add my own *very warm welcome*
to the 2019 Annual General Meeting of *your FP*.

Ladies and gentlemen,
As you will see,
I may certainly have changed my *shirt* many times since the last AGM, but
not my *approach*:

my sleeves remain rolled up, because there is plenty of work to do - and
that work needs to be done with *commitment, ideas and passion*.
With strength and energy.

And this is exactly how we worked in 2018.

I am delighted that so many of you are here.
Let's make the most of this AGM to talk to each other:

we want to hear your questions, even the more critical ones, *because we*
are interested in what you have to say. We also learn from this *dialogue for*

the future - because dialogue builds trust. And we are very much aware of the responsibility we have towards *you*.

Speaking of trust ...

Would I be correct in *thinking* that this incredible space that we're meeting in today is not entirely free of *scepticism*?

I completely understand that. Although we achieved *a lot* in 2018, not *everything* went quite the way we would have wanted or planned.

Scepticism is good. *Scepticism* is healthy. Scepticism involves *observing, scrutinising, considering*. Scepticism helps us to make *sensible judgements* in life.

I sometimes marvel at the tremendously important roles that *faith and hope* play in business ...

Despite an escalation of the trade war, *UBER*'s shares are currently trading on the stock exchange at over 60 billion US Dollars. With a turnover of no less than 11.3 billion and a loss of almost two billion. And yet there is the *nagging doubt* about whether *UBER* really can ever operate a sustainable business model or get it into the black.

60 billion! And even though *UBER* has recently withdrawn from especially hard-fought regions, its growth in 2018 *halved* compared to 2017.

Is this stock exchange value the result of healthy scepticism, or sensible judgement?

Hardly - any more than ours is! Ladies and gentlemen:

200,000 customers, strong products, recurring sales, professional employees with experience and passion, a sustainable business

model - at FP, the world has been much more tangible for 96 years!

We want you to make a sensible, *rational* judgement through observation, scrutiny and consideration of FP,

of FP today *and* tomorrow.

We want you to make a *reasonable* judgement about our opportunities - about the tremendous opportunities we are *seizing*.

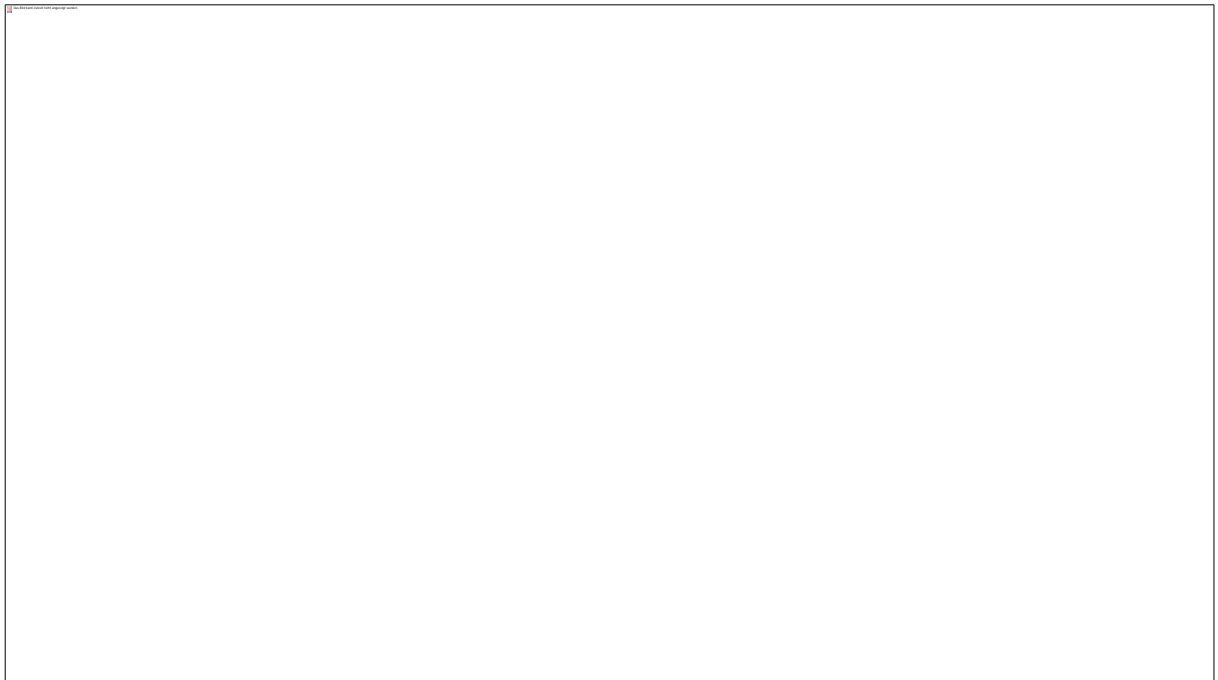
Ask us your sceptical questions, and we'll be happy to answer them.

Because we are *convinced* that the opportunities for FP far outweigh the potential risks.

We are seizing these opportunities and turning opportunities into *reality*.



But before we talk about the future we envisage for our FP, allow me to look back at 2018, at what we promised, and at what we delivered.



2018 was an exceptional year.
For Germany, Europe and the world.
For the global economy, for us, your FP.

The tensions between the USA and China rattled the markets, as did the repeated threats by the US President to impose customs duties on Europe and German products. The *European Union* is scarcely a union any more, and there are plenty of grounds for concern.

As the European elections have shown, populism has grown and in many countries has changed the mood of the population - however fortunately not quite as much as people feared.

The major popular parties have lost their traditional majority in the European Parliament.

This will make the decision-making process there more complex.

It remains to be seen how this will impact the EU's ability to act - for example in the trade negotiations with the USA.

Over the coming months, Brexit will continue to be a headline topic and has not been made any easier by the results of the European elections.

No easy environment for a company that is in the throes of such a fundamental transformation process as FP.

2018 was 365 days of hard work.

We *made* progress on our journey towards the new FP.

What did we promise,
what did we achieve?



Let's get the most important matters out of the way first:

We achieved our guidance for 2018, while turnover and EBITDA have, as promised, increased.

With regard to free cash flow, we actually exceeded our set targets.
But we'll come back to that later.

In parallel with Jump and in preparation for potential inorganic growth from 2020 / 2021 onwards, we have increased our financial flexibility - and we have done so on even better terms than before.

I'll come back to our strengthened brands - and our media presence - later on.

ACT

Erfolgreiche Umsetzung in 2018



Versprochen: Neue Produkt als Basis für zukünftiges Wachstum



✓ Geliefert

PostBase Vision

Produktentwicklung abgeschlossen, Markteinführung vorbereitet



✓ Geliefert

discoverFP

Erfolgreiche Einführung in allen europäischen Kernländern



✓ Geliefert

FP Sign

Fortlaufende Weiterentwicklung, Internationaler Roll Out vorbereitet



✓ Geliefert

IoT

Akquisition einer installierten Basis von 30.000 IoT-Gateways; Ausbau des Partner-Ecosystems



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We have also laid the foundations for future growth through our extensive and continued developments, both in our core business and our new areas of business.

We readied the Postbase Vision for launch in 2018, for example. In relation to the Internet of Things, we expanded our IoT ecosystem further with the acquisition of Tixi.

We successfully *established* JUMP and *developed* new, exciting products that we are bringing to the market.

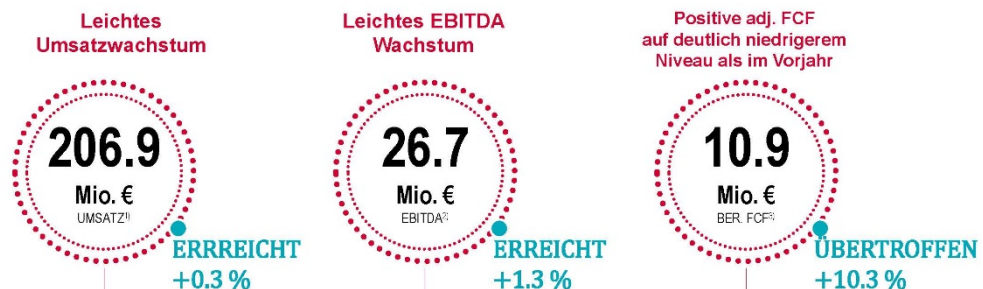
We have delighted our customers - and even analysts are increasingly recognising our work.

Yes, we've achieved a lot - but we *also* know that we can do even better - and we will.

We are self-critical, but *optimistic*.

After all, we reached the goals we had set ourselves in 2018 too.

FP hat seine Ziele 2018 erreicht



- Ohne Währungsbereinigung: Umsatz von 204.2 Mio. €, EBITDA von 17.1 Mio. €.
- JUMP-Kosten von 8.0 Mio. € am oberen Ende der angekündigten Spanne
- Free cash flow von 3.0 Mio. €

¹⁾ Währungsbereinigt | ²⁾ Bereinigt um Währungseffekte und JUMP-Aufwendungen | ³⁾ Ohne Zugänge bei Finanzierungsleasing, M&A- und JUMP-Zahlungen.
 €/US\$ Wechselkurs 2017 = 1.1297 US\$, in 2018: 1 € = 1.1810 US\$

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In hard numbers,

we increased our turnover by 0.3% to 204.2 million Euro, following adjustments for currency.

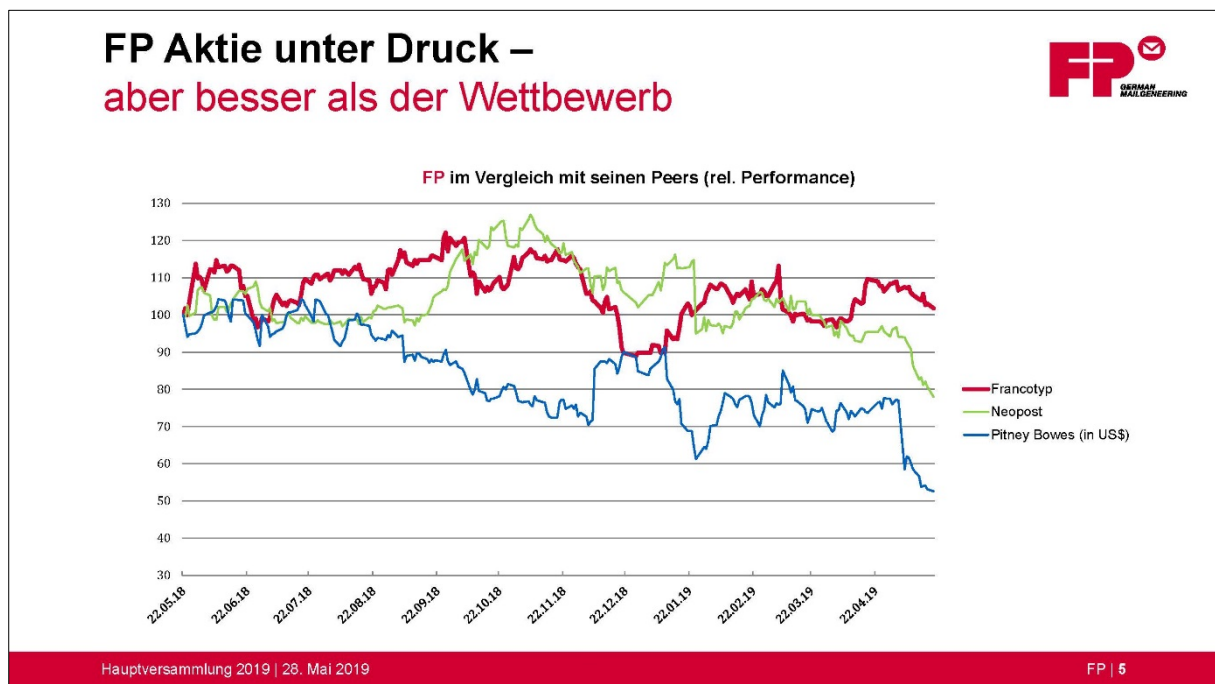
This is an increase, but only a small one. One that we are not satisfied with, of course. Ladies and gentlemen, we also increased the EBITDA - again adjusted for currency and the JUMP expenditure - by 1.3% to 26.7 million. And we improved the adjusted free cash flow to 10.9 million.

We therefore achieved the goals we set ourselves for 2018. We promised, and we delivered.

So I would like at this point to offer particular thanks to all of our employees worldwide,
and thanks on behalf of the entire Executive Board.

Of course, we know that the share price counts.

As you can see, ladies and gentlemen, we are performing better than our competitors.



But we are **not** happy with the ground between us and the competition.
We also believe, however, that

the current share price *alone* is *not everything*. For us, it's about more than
a short-term rise in the share price, caused for example by *short-sighted*
savings.

We want to create *substance*. And *values*.

We want to win long-term *trust*, and with it *stability*.

After all, it is only through long-term stability that we can safeguard your
investments, *ladies and gentlemen*.

Even Larry Fink, CEO of the asset management company Blackrock, which manages a fund of 6.5 **billion** dollars, recently said in the Handelsblatt newspaper:

"It's about long-term thinking, the *need* to think and invest over longer periods of time."

And he continued:

"Certainly, earning a profit needs to take priority - but if a company's *sole* objective is to achieve profit, then that is *not* a **long-term** strategy."



*Ladies and gentlemen,
sustainability is an important subject for FP.*

ACT allows us to take responsibility for our company's success and for sustainable growth.

'Sustainability' means *more* than purely economic success.

Sustainability means taking responsibility for *our economic, ecological and social actions*.

We are therefore living up to this responsibility and have already accomplished a number of things in this regard:

- For a number of months we have been working at almost all of our German sites in an eco-friendly manner using green electricity, and we have already saved 60,000 kilograms of climate-harming CO₂.
- We have been carrying out good deeds for society, including donations to charitable institutions such as a children's cancer hospital and a children's hospice.

Our dedicated FP employees worldwide once again deserve special thanks for this.

We are also meeting today in a location that has a very special significance for sustainability:

this environmental forum is a church that is over 100 years old. It has been repurposed into a showcase project for ecological building and sustainable transformation.

Sustainability, ladies and gentlemen.

Sustainability also incorporates continuity, persistence and the quest to achieve the goals that have been set.

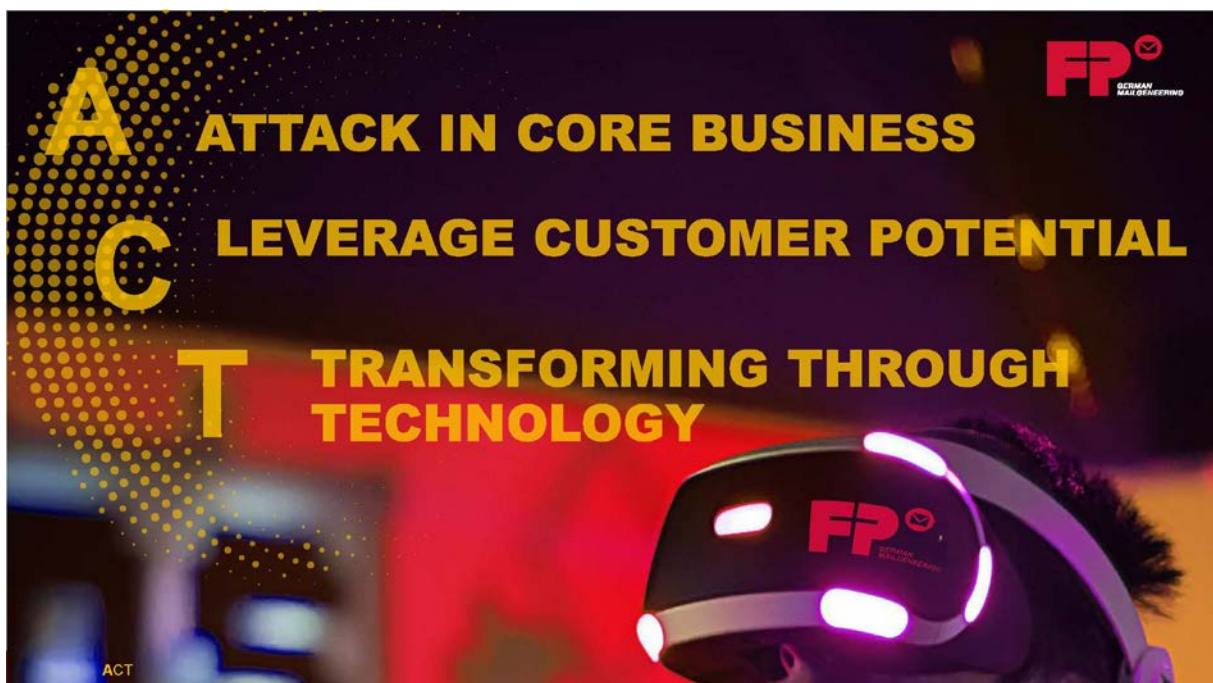
We want to - indeed we *must* - make it clearer what we do here, how we do it and in what short a space of time we manage it. And also how *the*

future of FP will look.

We are building the new, future-ready FP. We are conducting familiar *and new business and* developing new products and services. And we are driving forward with JUMP, FP's major *future project*.

JUMP is the most complex project in FP's entire history. With JUMP, we are operating on FP's beating heart - but the patient is doing well. Even if the operation is taking a little longer than expected. In other words, we are spinning three, no four, plates at once.

1. We are spinning the plate of our core business.
2. We are spinning the plate of the markets for the digital future and
3. With JUMP, we are spinning the plate of our entire, global organisation.
4. And we're also pushing ahead with ACT.



If I may quote Jeff Bezos, the founder of Amazon, who said:

"We are stubborn on vision. We are flexible on details."

And so you see, this is how it is with our ACT strategy.

ACT is already 29 months old ...

We are proud of what we have achieved since November 2016, when the Supervisory Board and Executive Board gave the green light to ACT - the strategy that we are resolutely following as we celebrate FP's 100th year in business.

Before we get started - let's knuckle down even harder.

You know me!

In January 2019, Neopost unveiled its new strategy with the name "Back to Growth". If you have time, take a look.

You'll be surprised by how many elements in it come from ACT.

What better affirmation for our actions than being copied by the competition?

ACT = Attack, Customer, Transformation

The A stands for *Attack*:

In the secure mail business, we are taking market share from the competition -

and we're doing it successfully.

We increased our market share in 2018 to 11.6%.

The C stands for *Customer*:

We have learned from the mistakes of the past, brought new management to freesort, focused even more intently on our customer portfolio and, with our new "discover FP" web portal, are creating real added value for our customers.

The T stands for *Transformation*:

In the same way as this building has been transformed, we too are evolving from being a *franking machine* manufacturer to being a supplier of secure *digital* communication with **services** to match. We are on our journey to becoming one of the *leading* suppliers of security solutions in the Internet of Things.



After all, wherever a digital heart beats, then there will be a connection to the Internet.

The Internet of Things is becoming the **biggest boom market** of our time at an incredible pace.

Its growth is **dynamic**.

Its exploding demand is **security**.

The more things and processes are networked, the more prone they are to cyber attacks. We hear about attacks and sabotage on a daily basis.

The demands on security standards are also growing fast - and growing with them is the market for IoT security technology, with annual growth rates of 35%.

*How could we not **grow with** this?*

FP has, after all, been synonymous with *security* for 96 years already. From the heart of the franking machine came the FP hardware security module, and with our IoT gateways we are *a technology pioneer!*

What do our customers gain from this?

A lot. A huge amount.

We network, monitor and manage data for industry and commerce, logistics and energy, and many other sectors.

With FP Sign, our electronic signature solution, we are now making simple, legally binding and digitally *secure* communication possible. In country after country and in the right language version.

Just last week, we were able to have a new app certified in cooperation with a cloud service partner and the BSI, the Federal Office for Information Security. This app will now make it possible, for the first time, to document receipts in a legally secure manner using mobile devices such as smartphones or tablets.

This morning, I received the great news that we are now also going to be supplying our IoT gateways to the energy group E.ON.

E.ON will use FP's gateways to manage local customer systems and power stations that generate or consume energy.

This information is very new, and we will be publishing details of this in due course.

These are just a few examples of and opportunities for our *digital capabilities*.

My colleague Sven will later be shedding more light on the world of digitisation.

We are equipped for the demands of the markets in our digital future, since

security is o u r passion.

***Innovation born of tradition, developed for the future, Made in Germany:
that's FP.***

We are proud of our technology, our focus on customers and the loyalty that our customers have towards us.

We are also proud of our franking machines and our developments of digital products and services.

Allow me to give you three small examples:

- One or two of you might ***not*** be too pleased about this, but a fines office in Brandenburg, a longstanding FP customer, has purchased enveloping systems for fine and reminder notices for € 160,000.

- A dealer in the USA wrote to me saying: "... It just runs and runs and runs, like a VW Beetle." He was talking about his PostBase 85, which had franked over 1.6 million letters for one of his clients and had securely handled almost a million dollars in postage.
- And in Japan too, we sold our 1,000th PostBase just before Christmas 2018.

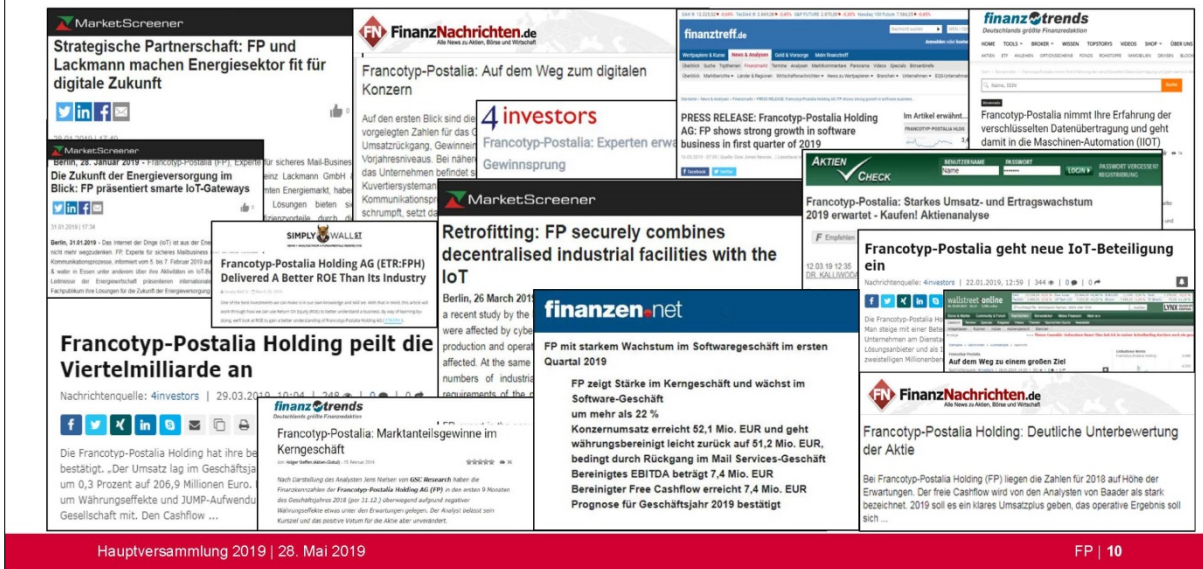
You can really see the dedication, imagination and perspectives, ideas and visions, courage and consistency, dynamism and joy - all of the qualities that make up your FP.

With ACT, we described *potential*. And yes, we need to make our potential better-known. And this is also *why* we will be stepping up our communication even further.

With that in mind,

have you noticed that we are now generating *positive messages on a weekly basis? Weekly!*

FP verstärkt Medienpräsenz



Not long ago, barely anyone had FP on their screens!

Slowly, we are changing people's minds. We are now "followed" by five analysts, the industry media and the relevant Internet platforms have noticed us and are reporting on us. *They're asking us for interviews, ladies and gentlemen!*

This means that the first stage of awareness of the new FP story has been reached.

As you know, a new, changed awareness begins when *experts* start including you in their reports.

Our presence at the Hanover trade fair was also a great success.

FP IoT-Gateway

Ausgezeichnet für Produkt-Design 2019



reddot award 2019
winner

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And we are earning *more* public recognition. It's not just analysts that are looking at us:

we recently received the Red Dot Design Award for our IoT gateway. And that's not just "any" award!

The Red Dot Design Award is one of the oldest, most important and most renowned international accolades awarded for high design quality.

Designers and companies from 55 countries submitted more than 5,500 products for the competition in 2019.

And we were among the *winners*!

You're undoubtedly asking yourselves:
what's so special about a design award?

In addition to the quality of the design, the award also praised the IoT gateway's functionality.

The housing is suitable for all kinds of environments, it is robust, resistant to water and impervious to dust.

You will already have received a USB stick in the shape of this gateway as a small memento.

And good design benefits more than just its functionality. It also helps it to sell, and for well-designed products, we can charge higher prices.

So you see, ladies and gentlemen, design means business too. Just think of Apple.



We have also been named "Germany's Innovation Leader" by the Institute of the Frankfurter Allgemeine Zeitung.

They assessed not only the number, but also the relevance, of our patents. The result:

FP ranks among the top innovative companies in Germany.

Focus Money gave us 100 out of a maximum 100 possible points for "Excellent Customer Service", making us the industry winner.

For our PostBase, we received an award from the trade magazine "Das

Büro" in the competition for the "100 office products of the year".
The test and business magazine FACTS awarded us a "Very Good" rating for our PostBase family.

Our last annual report won *awards* from "Fox Finance" and in the "International Creative Media Award" for exemplary concepts and our new corporate design. It made the *international* stage even in its first year!

All this shows that
FP is coming,
FP is back again!

Do these awards bring us anything, do we make one Euro more in sales as a result of them?

Of course we do! *Ladies and gentlemen,*

every award is a mark of positive public perception. Every award raises awareness of the FP brand, increasing brand sympathy and increasing the willingness to buy!

Brands are power!

This is why we will be continuing our brand story and spreading the story far and wide:

The things I heard when I said "The old can be the new"! People *laughed* at me. At us! The competition was believed to have much more power, more buying power and so on. Not many people wanted to believe in us!

And now, *ladies and gentlemen*.

Now you will see that we are doing it. We are enjoying success with ACT.

We are growing our core business, despite tough competition and falling market volumes.

We said we would take market share from the competition - *and we have been doing exactly that for 13 quarters!*

And in the first quarter of 2019, we gained 22% in the software business.

We promised a *path*, a *course*, that we would follow to successfully transform FP.

And this course is ACT.

And on this course, no matter how hard it has been, we have *delivered*, we have kept to *every* guidance. Everything we took on with ACT and everything we wanted to tackle is in progress:

we are bringing our teams and technicians, game plans and tactics, and much more with us on our journey. So we are strong for the battles that lie ahead.

What would technology be on its own?

Our workforce is our core potential - one that we *encourage*, but one that we must also make *great demands* of during this transitional phase. We know the future will be a testing time for them, and not everyone will be able to keep their jobs.

However we are also creating new work, *and we are investing with ACT in a specific staff development programme that has just been awarded the "European Prize for Training, Coaching and Consulting"*.

We are continually bringing employees and managers, with their respective strengths, into contact with each other and providing specific

incentives to further expand their existing strengths.

FP was one of the first companies in the world to support the sustainable expansion of agile management skills with the innovative Strengths Compass app.

We are not implementing change against, but rather with our employees. We may not always be of the same *opinion*, but we are at least of the same *intention*. I think Claus-Peter Schuster, Chairman of our Works Council, will confirm this.

And yes, the old can become the new. Our future also comes from our past, since our DNA contains the strength to create *dynamic innovation*.

Much, I would even say *too much*, is said about the significance of *start-ups*, as though the future of our economy lies solely in these young start-ups created in garages that eventually become companies.

Since when were experience and innovation mutually exclusive?

What literally distinguishes us - and I don't just mean sets us apart, but rather what makes us *more interesting*,



is the fact that we have been innovation leaders *since 1923*. We *have* 200,000 customers.

We *have* clear strategies for different markets. We *have* more than 700 patents and around 50 registered trademarks.

We are *famous* for our engineers' skills, we are proud that our products are *Made in Germany*, and that we *offer* our customers and you too, *ladies and gentleman, more value*.

We offer *experience and solidarity*. We offer *tried-and-tested* quality on which innovations are built.

"The old can be the new". Yes, the old can be the new, if you *consistently rethink* your ideas.

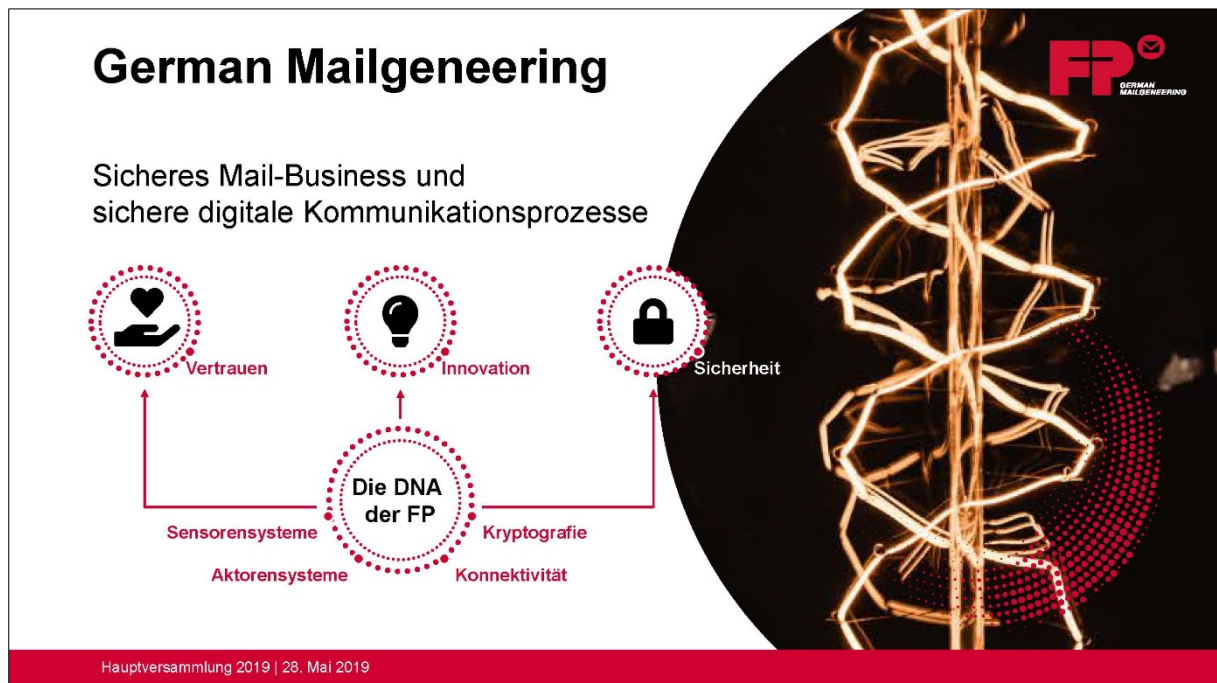
Time and time again, I'm asked what we represent. What we *represent*???
What do customers *get* from us???

The answer is simple:

we represent *quality and simplicity*. We represent *convenience and reliability*. *Efficiency and security!*

This concert of values and benefits, based on core expertise and digital know-how, is what we call,
to sum it up in *two words*,

German mailgeneering.



Customers invest their trust in this *German mailgeneering* - a trust that has paid dividends for many years!

We are the company that makes our customers' everyday lives easier and more enjoyable, with the key concept of security, *data security*, as I already mentioned, gaining relevance at an incredible pace.

We are delighted by this, since the growing demand for security will make

our business soar.

We are the *experts* in secure communication, especially secure **digital** communication.

Who, if not us, would have responses to the challenge of *security*? Us - FP - with 96 years of experience in *cryptography*?

Thanks to the hardware security module we use, more than 1.2 billion euro a year are handled securely in our franking machines, and to date, these data streams, which represent the *real* financial value, have *never* been hacked!

This, ladies and gentleman, is what I call security.

We turn contacts into new customers.

Ladies and gentlemen, our 200,000 SME customers - alongside our employees - are our most important resource. We are committed to them, we offer them even more advantages, since they too are in the process of digitising their businesses. They need advice and support to do this, along with simple, tailor-made, secure, reliable *and* inexpensive solutions.

The potential for our future incorporates the successes of our past:

we are accompanying the SME sector in the *digital era*.

We have the expertise needed to do this,
the digital products required and
we have access to the decision makers!



Not only do we *trade* on this, but we are also confirming our *vision for 2023, which we have formulated as follows:*

"We make life easier for our customers with our innovative and efficient products and services, giving them time and bringing delight to their everyday business.

By 2023, we will be the first brand worldwide that customers will think of and trust when it comes to the secure mail business and secure digital communications processes."

This vision is the goal we want to reach, ladies and gentlemen.

The path to that goal, however, is not so easy.

It's like in boxing.

In the first rounds up until the end of 2018, we boxed well. Now, we can't slack off, we need to get stuck in - as the unsatisfactory figures in the first quarter of 2019 showed.

But we're fighting on, and we are on the right path with our ACT strategy. Compared to the previous year, cash flow increased from 3.4 million to 7.4 million.

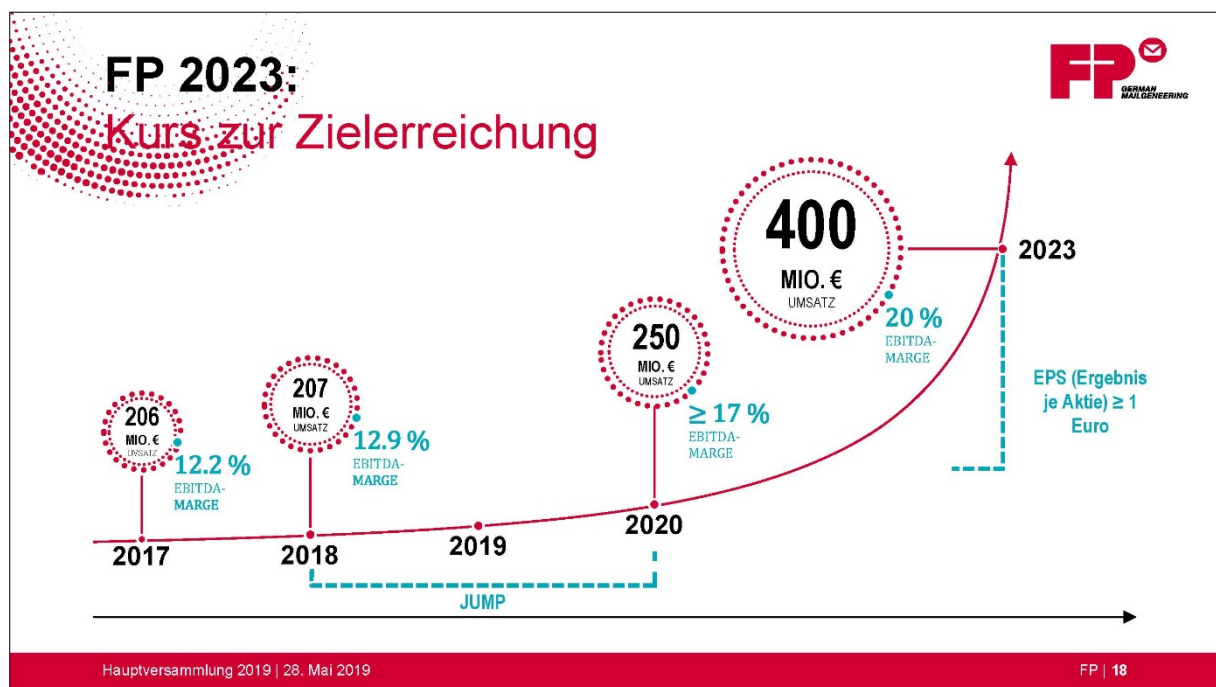
This confirms the strength of our FP business model for operational cash generation.

Our successes in our core business and in the software sector, as already mentioned, also illustrate this.

We know that 2019 is going to be a year of challenges - and why wouldn't it be?

JUMP is still in progress.

The positive changes from *JUMP* will only make their dynamic effects felt from 2020 onwards.



If we look at our forecasts and projects for 2019 and a little beyond,

- in the secure mail business we anticipate annual growth of 4% beyond 2020, with the expected increase in postage from Deutsche Post bound to have a positive impact too.
- In secure digital communications processes, we anticipate an annual growth of 8%, which we will be able to accelerate later with strategic acquisitions.
- And from 2020/21, we will become a major IoT provider for energy management, building technology and Industry 4.0.

In 2019 too, we will

- be increasing turnover and market share in our core business
- and achieving significant progress with the market launches of our new digital products and business models.
- We will raise the profit per share after 2020 to more than 1 euro - which is *three times* the value in 2017.
- In the medium to long term, we will pay out dividends in accordance with our defined dividend payout policy. Our dividends may be small, but unlike others, we pay out even if we need to increase our investments!

Yes, our goals are ambitious.

We have already said that
2018 was a year of transformation.

In 2019, we will begin to harvest the fruits of our labours - *and this is something we strongly believe:*

*2019 is the **year of delivery**.*

Thank you!

My esteemed colleagues Sven and Patricius will now present the details of our projects and strategies.

**Sven Meise, Management Board
Francotyp-Postalia Holding AG**



Rüdiger, thank you for your synopsis.

My dear ladies and gentlemen, Dear shareholders,

Rüdiger kindly took the lead on this one, but since freesort was my responsibility last year, and because I'm not one to duck my responsibilities, I would like to add a few words of my own about freesort.

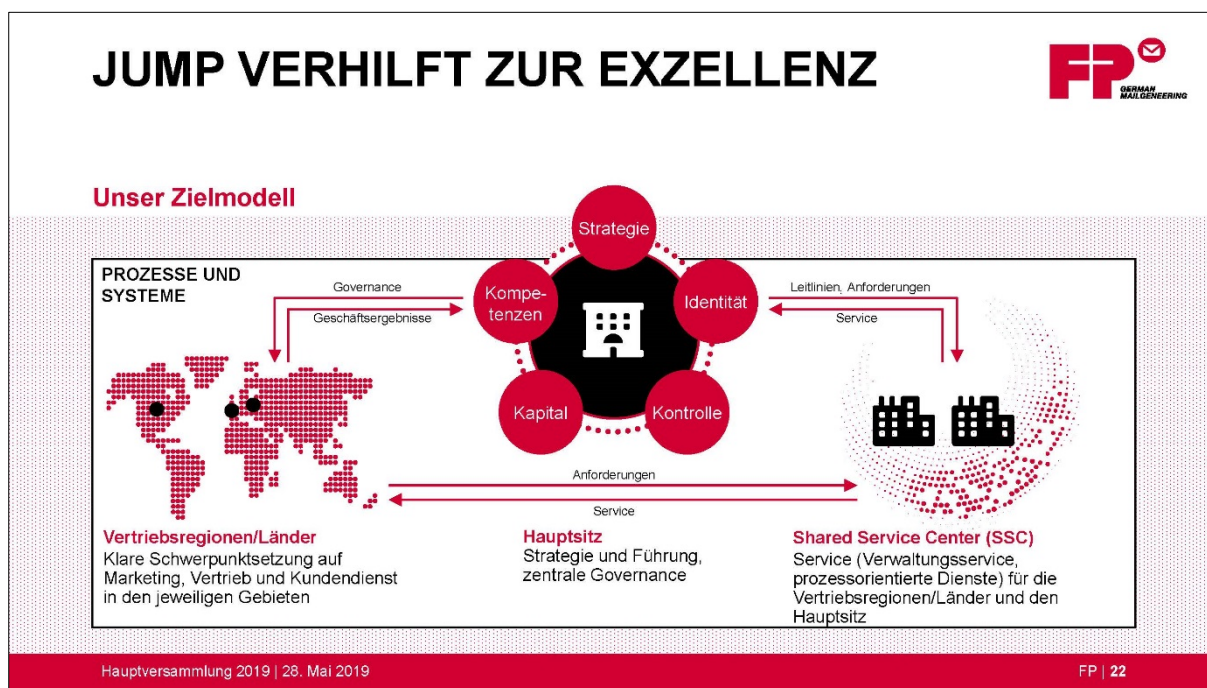
Yes, freesort's results are not good.

We *failed* to pay enough attention to the developments that began with the irregularities in the invoices there.

When it ultimately turned out that the new contract with the BMI could not be made profitable, and that we would have to abandon some of this turnover, it was too late for **2018** and the start of 2019 to turn the ship back towards growth.

But: We are bringing freesort back into more *profitable waters* with Patricius as the captain and helmsman, and us as the navigators whenever we are needed.

Following Rüdiger's mention of it, and quite *rightly* given its importance, I would like start my review of 2018 with JUMP.



What is JUMP?

JUMP is about transforming FP. It's about creating increased *efficiency*, *speed* and even *more quality*.

Based on the preliminary work on the ACT strategy, it became clear back in 2016

that FP needs to ***change, to transform*** itself. We needed a ***new business model***, ***new processes***, ***new IT systems*** and a lot more that would make us more profitable.

However I do *not* want to waste time talking about what FP didn't do well in the *past*. Instead, I want to talk about what we are putting in place with JUMP, what *dynamism* we are unleashing, and what we will achieve in the *future* with JUMP.

With JUMP, we are transforming FP

- from a ***financial holding company*** to a ***strategic controller***.
- From a ***local*** to a more ***central*** structure.
- ***Instead*** of local activities, we are bundling ***regional*** tasks.
- From a functional to a process-orientated organisation with clear responsibilities for all tasks and processes,

without any grey areas within the organisation.

With standardised, country-specific activities and a new, dynamic corporate culture that motivates us to deliver ***maximum performance***.

And also, something that is important to us,
JUMP is enabling us to prepare ourselves better for future acquisitions.

We are setting up *shared service centres*, including for accounting, tax, controlling, sales support, service and other activities, in other words for all administrative and transactional operations, in order to standardise our workflows and implement global governance.

Once of these centres, in the **USA**, will be responsible for our ***North American business***, while the centre in Europe will take care of this continent and the ***rest of the world***.

The European centre is being built very near here, in ***Hennigsdorf***. The tradesmen are already working on it, desks are being built and the IT is being installed.

Throughout the group, we are installing *a* new ERP/CRM system, standardising our internal IT infrastructure in the process. I just mentioned shared service centres. In addition to these, we're restructuring our sales and service activities.

Ten countries will become three regions - and for FP, this means a real ***cultural change***.

Patricius will explain this in more detail later.

For JUMP, we spent around five million Euro in 2018 plus a further three on consultants.

We are on course with our investments.

Shifts in both a positive and negative direction within the period up to 2021 may be possible given the complexity of the project, however we remain on course to achieve a balanced EBITDA effect for 2019.

And of course we will continue to realign our activities if we encounter

changes.

We anticipate that the payback / break-even will be in 2021, as planned.

By that point at the latest, from 2021 onwards, when JUMP is fully in operation, we will be *saving* at least six million Euro a year.

This is what I call a *reasonable* investment in a successful future!

JUMP is one of the most important measures for achieving our short-term and medium-term profitability targets.

Ladies and gentlemen, the definition of the process-related and IT requirements is largely complete, and what matters most is that

the corporate culture is *changing*, the global teams are working *cohesively* and that they are doing so in a *motivated* manner to achieve the same goals.

I have been responsible for a number of transformation projects at other companies, but no project has been pushed the organisation's limits as courageously, yet as prudently, as this one.

I am sure you will agree that a timeline of *just* 18 months is a challenging one, especially given the size of the project. Certainly, there will be setbacks. On a project of this size, they are impossible to avoid. But we will deal with them *professionally*.

We will reach the goals we have set.

Of this you can be certain, *ladies and gentlemen*.

Our transformation through technology is becoming increasingly dynamic.

Let's talk about the *digital market of the future*, a future that has already begun.

Let's talk about the Internet of Things.



What actually is this "Internet of Things" that everyone is talking about and relying on?

The Internet of Things, put simply, is the intelligent digital networking of technical equipment.

This networking offers companies tremendous potential to generate more efficiency, cost effectiveness, customer services and new business models by using their own data.

Take this example from our successful everyday business:

We developed a module for the electrical engineering firm Husemann that comprehensively documents and displays data from energy systems in a straightforward manner.

It allows the energy consumption of industrial systems to be monitored remotely on mobile devices, allowing potential savings to be spotted more easily.

Follow me - imagine the possibilities!

We network and manage -

- : in the retail sector cool chains, for example
- : in production robots and processes
- : in the energy supply business wind farms, large heating systems, co-generation plants, solar power plants, virtual power plants,
- : and so much more.



Worldwide, there will be more than 28 billion devices linked up to the Internet of Things by 2020. That's *fantastic*.



However these will also be 28 million opportunities for data theft and misuse. The challenge of security for the Internet of Things is growing immensely.

And for FP, that's even more fantastic, since we have solutions to overcome this challenge!

We are extending our added value chain in the Internet of Things, offering maximum efficiency, speed and quality across all levels of digital communication - along with *maximum security*.

Ladies and gentlemen, the market for IoT security technology will grow to a forecast volume of around **30 billion US dollars** by 2030.

In 2016 and 2017, two-thirds of companies and institutions in Germany were affected by cyber attacks, and the unreported number will surely be much higher.

25% of those affected suffered production and operational outages, at huge cost!

At the last world economic summit in Davos, cyber attacks were declared one of the **five biggest problems** of our time.

I think this forecast of **30 billion US dollars** will be surpassed by reality - the demand for IoT security will in fact be much higher.

This market is currently growing faster than the market for IoT devices itself.

IoT and *IoT security* are going to become huge trends over the next five years.

The demand for IoT and IoT security solutions will experience double-digit growth.

We are meeting this rapidly expanding demand with numerous new products, which we are rolling out in stages.

IoT-Gateway Tixi



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We have defined three target markets and we're *getting started* on them - the infrastructure market, the energy market and the factory automation sector. We're evolving and serving the needs of our customers.

When we started our first IoT innovation workshops back in 2016, it became clear that the *key strength* of our technology lies in the *highly secure transmission* of data from local, insecure environments to centralised cloud infrastructures.

Our hardware security modules have FIPS 140-2 Level 3 certification. What's *FIPS*?

FIPS stands for Federal Infrastructure Processing Standard. It's a computer security standard defined by the US government for the approval and certification of cryptographic modules.

The standard is divided into four security levels from 1 = just software security to 4 = maximum security.

According to the most recent FIPS certification statistics, 87% of the modules are only certified for FIPS level 1 and 2, and just 13% of devices

for level 3, with fewer than 1% of all modules being certified for level 4.
And where are we?

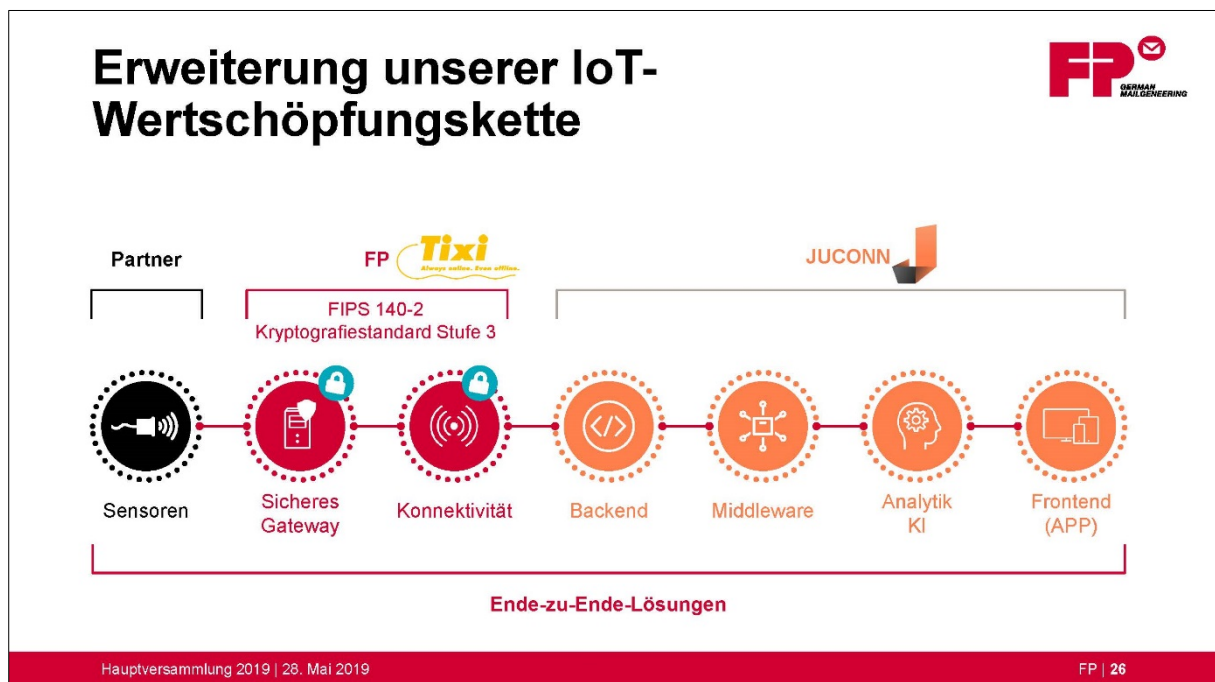
Level 3!

With our technology, we are therefore providing a hardware security module that meets one of the *strictest security standards out there* - leaving *87% of the other providers in our wake*.

FP offers communication security, protection against tampering and unique identification of every device or sensor, *thereby guaranteeing every aspect of true data security*.

If you are interested in learning more, I recommend our white paper, which you will find outside in the wings.

Let's now take a look at the *data chain* in the Internet of Things. The **data chain** that will become the *added value chain* for us.



At the beginning of this chain are the control units with their interfaces to installed sensors and actuators, to which gateways and for example mobile radio connections are linked and connected to IoT cloud platforms that are used to monitor and control an object.

In terms of gateway and connectivity security, we have considerable *specific* expertise.

What we lacked was the know-how and product portfolio for two key elements of the added value chain.

We *closed* one *gap* with the takeover of Tixi a year ago.

Tixi is an IoT gateway specialist focusing on Industry 4.0 and intelligent consumption measurement, and which has extensive expertise in the networking of the majority of all industrial control units, sensors and meters.

At Metro, for example, our gateways provide information about energy consumption at the global cash and carry stores.

Tixi brought with it *an installed base* of 30,000 gateways - serving 700 customers such as Eon, Getec, Lackmann, Vattenfall and Linde. This translates into 700 opportunities for further business.

What Tixi lacked, however, was solid security features like the ones provided by our hardware security module.

FP, on the other hand, lacked the technology it needed to network various sensors or control units.

So the two technologies complement each other perfectly. In fact, *they combine to create a symbiosis*. And they will expand our access to the

market.

And so too our growth.

Working with the Tixi team, we are developing product lines that support all levels of security.

We are starting with the software-based security mechanisms such as TLS and continuing with trusted platforms and smartcard security through to the use of hardware security modules.

We are therefore offering our customers a path towards digitisation with a service provider they trust. Us!

Heading into the unfamiliar with a trusted companion - what approach could be more reassuring for customers and more successful for us?

After all, we are the company that will increase the level of security of our customers' digital communication through the activation or installation of new security services and functions for existing gateways.

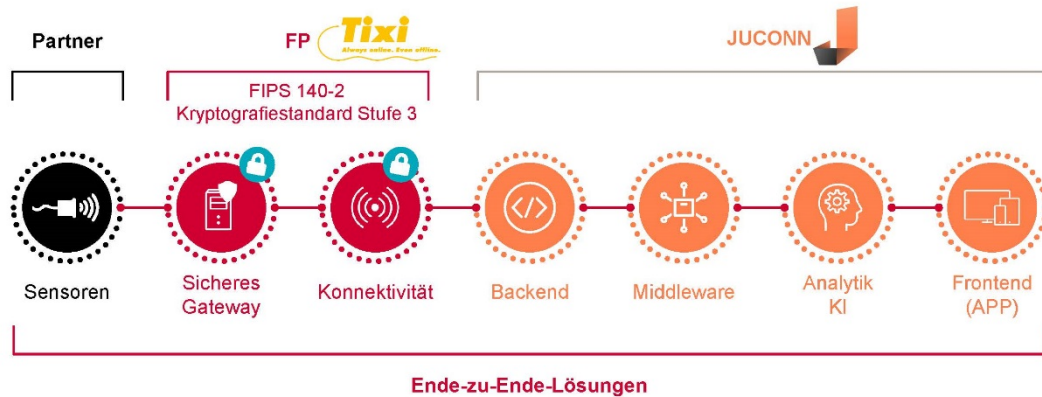
We are FP.

By taking over Tixi, we closed a gap in the upstream area of the data chain, providing easy access to sensors and control units.

In the *downstream* sector of dashboards, monitoring functions and the use of analytical and blockchain functionality, we still had to close the second, *final* gap in order to be able to offer our customers true end-to-end solutions.

This is why we decided to make an initial investment in the Munich-based start-up firm Juconn.

Erweiterung unserer IoT-Wertschöpfungskette



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Who and what is Juconn?

Juconn develops individual IoT solutions for business customers and allows them to step over the threshold into Industry 4.0 by providing intelligent data.

The advantages for Juconn customers include services such as device management, intelligent data management through dashboards that the company has developed itself, remote monitoring and forecasting models, as well as alarm functions designed to prevent downtimes and costly unplanned maintenance.

Juconn also provides other start-ups with access to its flexible cloud platform.

In return, Juconn receives shares in these young companies, allowing it to continuously expand its own network and secure extensive expertise from a variety of industries.

This investment in Juconn is bringing FP some incredible advantages.

1. This is an early-phase investment. FP will therefore benefit from the increase in value experienced by Juconn and its associated joint ventures.
2. The technical add-on: We are integrating Juconn's IoT platform as a Plug and Play solution for our gateways, allowing Juconn and FP to offer complete end-to-end solutions together and thereby accelerate our growth on the *exploding* market of the Internet of Things.

And

3. FP and Juconn are the perfect match in terms of business culture too. Both of them want to make the SME sector especially fit for the Internet of Things, particularly in the context of retrofit solutions.

Ladies and gentlemen, FP's future will be a profitable one, because we have a unique starting position on one of the markets of the future. And we represent *security*.

What convinces me of that?

1. Our technical DNA in the field of *secure communication* is virtually *unique* on the IoT market.
2. With the smart investments in Tixi and Juconn, we are offering the IoT sector real end-to-end solutions, accelerating our market access.
3. And we are managing our *innovations*. 70% of our R&D budget is now being pumped into products for our digital future.

For me as FP's Chief Digital Officer, I have to agree with what Elon Musk said:

“Innovative thinking is really a mindset. You have to decide.”

We *have* decided on this mindset - one that pursues permanent, dynamic innovation.

We are proud of FP's team of engineers!

Ladies and gentlemen,

Please forgive me if I have had to go into details that may have perhaps been a bit of a strain here and there for you. But I'm *excited* about the opportunities that await us, and I hope that I have been able to transfer at least *a little* of my excitement to you today.

Our CSO, Patricius, will now take the floor to talk about *brands and marketing, sales and distribution, success and profit*.

Thank you.

I look forward to talking to you afterwards.

Patricius,
the room is yours.

Patricius de Gruyter, Management Board of Francotyp-Postalia Holding AG

Aren't those *fantastic* prospects, *ladies and gentlemen*?

Sven, thank you for that exciting insight into the digital future.

And a warm "good morning" from me too.

As you know, this is my first Annual General Meeting as Chief Sales Officer at FP.

And I'm delighted to be able to report to you about the progress we have made over the last year.

So let's get started.

Since the 1st of January 2019, I have had responsibility for all of the FP Group's sales and marketing activities, including freesort and IAB.

And I can tell you this:

this is responsibility, this is a *challenge*, it's always *exciting*, and always *thrilling*.

I'm delighted to have been accepted so positively into the great FP family, and I have to say that I've felt very happy here since day one.

It is therefore both a challenge and a joy to work at FP, and to help the company move forward with the ACT strategy.

And of course it also gives me great pleasure to speak to customers who are noticing - and acknowledging - our progress.

So what does the Chief Sales Officer talk about?

I'm not going to talk about bankruptcies, bad luck or bad news. As Rüdiger

already pointed out, we did pretty well in 2018, and although we didn't reach *all* of our goals, we did achieve our *guidance*!



So we'll talk about potential and opportunities, marketing and markets - and we'll begin with FP's "traditional" business, secure franking and shipping, the core activities of the secure mail business.

As you know, our mail service makes up around 30% of the FP Group's total turnover, and this is why it has a major impact on our overall profits.

The mail services are only offered in Germany through our subsidiary, freesort.

Freesort is the number 3 in Germany and the largest independent provider on the consolidation market.

Freesort's business model is

- to collect outgoing mail from customers,
- to frank and sort the mail by post code in sorting centres and then to deliver the mail to Deutsche Post's logistics centres.

The mail service business is characterised on the one hand by

- high volumes -> freesort handles around 200 million letters a year, for example.
- And on the other by a high degree of manual labour.

The gross margins, however, are unfortunately low, since this market is very price-sensitive.

So for 2018, we *have* to say

that we're not happy with freesort's results.

With the reorganisation complete - although it has taken a little longer due to the need to make changes resulting from the infrastructure discount introduced by Deutsche Post - we are already making headway at freesort in 2019

in terms of turnover and margin growth, with the announced increase in postage from Deutsche Post also set to have a positive impact.

Our second core market, the *franking machines* market, has a global volume of two to three billion US dollars.

This market is shrinking by 3 to 4% a year.

The market is therefore following the trend of dwindling mail volumes, which varies considerably, however, from country to country.

The US market, which still accounts for just under half of the global market, has had only a slight decrease - of around 1-2% - in the volume of its mail over the last two years, despite the country's digital boom!

We are also seeing only slight drops in Germany, whereas in the Netherlands, we have seen a reduction of more than 10% in the volume of mail.

Not so at FP! We have increased our turnover in our core business over the last two years.

*We said
that we would take share from the competition - and we've achieved this goal.*

For 13 quarters in a row, we've been leaving the competition standing.

Our *hybrid business*, operated by our subsidiary IAB, offers our customers an integrated solution for handling incoming and outgoing mail.

IAB is aimed at medium-sized customers and is tailored especially to their needs.

The hybrid service complements our franking business and the consolidation business.

For 2019, we are aiming for definite turnover and margin growth.

As you will know,
one of the *strong* roots in FP's long history is its *technical innovation*.

With the pledge to deliver the quality embodied by the *Made in Germany*

label, our engineers have been building franking machines that have *amazed the world for over ninety years*.

Less than 12 months after the project began, we now have a new, wonderful piece of engineering art on the market: the new *PostBase Vision*.

This franking machine is setting new standards in our industry.

See for yourself!



You can find out about the PostBase Vision later - it's right there.

A few days ago, our PostBase Vision received its approval from the American postal service.

From June onwards, we will be supplying customers in the USA.

I was over there recently, and I can tell you that our dealers and the customers who took part in the test phase are tremendously enthusiastic.

At the end of 2019, the system will be rolled out to Germany, France and the UK, with other countries following in 2020.

We have equipped the new PostBase Vision with a host of functions that will increase its user-friendliness and justify a higher price.

And we've linked it to our *discoverFP* customer portal.

This portal allows comprehensive monitoring of the PostBase machine and displays all relevant information, such as the fill level of the remaining ink.

For larger customers, we have installed reports for cost billing and cost centres at their request.

Most importantly, however, with *discoverFP* we have the option to make our customers *further* offers. *discoverFP* is a type of "Trojan horse" for generating new turnover within our *customer base* with significantly lower sales and marketing costs!

But I'll come back to that again later.



Allow me to talk about our customers.

Who are they, actually? Our customers? Our target customers?

We focus on the group of small and medium-sized companies, with a good 85% of our customers coming from the segment of firms with up to 250 employees. This customer group is pleasingly stable and accounts for the majority of FP's turnover in our core business.

The medium-sized segment, companies with up to 2,000 employees, accounts for almost 13% of our customers, and in the corporate segment, with over 2,000 employees, the share is 1 to 2%. Turnover is shrinking in this segment because major companies are further along the road towards digitisation, but as has already been mentioned, this customer group is not especially relevant to us anyway.

It goes without saying that, in each of these segments, we address the customers in them on an individual basis. After all, SME owners have different needs to the managers of conglomerates. And, most importantly,

they want to be approached differently!

This is how we gain credibility among the various companies and with their decision-makers.

But one thing is common to all groups - and this is something we are very happy about:

they value us very much for *the simplicity, convenience and security of our solutions*.

This not only applies to our products, but also to our services.

The key to winning *new* customers and to cross and up-selling lies in the acquisition of new leads and in following them up using a standardised sales process and CRM system.

We have since created a database with well over *100,000 potential new customers*.

100,000 opportunities for contact and new business.

100,000 dynamic opportunities for leads, leads and even more leads.

Ladies and gentlemen,

for our *franking business* we are looking for the best lead, what we like to call the "golden ticket".

A golden ticket is a lead about which we know three things:

- The name of the potential new customer;
- The model or type of their franking machine
- and the date on which their contract ends, since most machines are leased or rented.

If we get this type of golden ticket in our hands, *we don't let go of it, ladies and gentlemen.*

Because this is how we win shares of our competitors' installed customer base.

The indirect sales channel also offers us many other opportunities.

With this, we talk to our dealers directly about how we can use *their* customer base effectively, especially with dealers whose core business lies not in the franking business, but rather in the copying or IT business, for example.

These dealers frequently have a very large customer base that is several times larger than the installed base for franking machines.

One of our major sales partners in the USA, for example, looks after an IT business with 30,000 customers - but only 1,000 of them have FP machines.

Do you see what I see?

As another element for future success in our core business, we have joined forces with Grenke Leasing to develop a leasing model that is *standardised across Europe.*

This will allow us to offer co-branded leasing products for customers in all European countries through *one* partner.

This will naturally have a positive impact on our group profits.

Looking at all of our communication channels, we are achieving well over 500,000 customer contacts a year - *and these are generating many*

opportunities for our business!

Which marketing measures work best for cross and up-selling?

To help us find out, we are engaged in constant dialogue on best practices with the individual countries.

Success is measured using conversion rates and cross / up-selling among existing customers, and this data will in future be shared internationally.

We will begin this in 2020, once we have successfully implemented JUMP and our new CRM and ERP system and all of the new processes have been introduced.

So far, our core business has been organised locally in 10 countries with 10 local managing directors. With JUMP, we have merged them to form three regions.

The North America region for us means the USA and Canada, and is responsible for almost 80,000 units in our installed base. This equates to around 37% of FP worldwide.

The second region is the central region, including Germany, Austria and Switzerland.

The installed base in this region is around 68,000 units, or 31% of the FP Group.

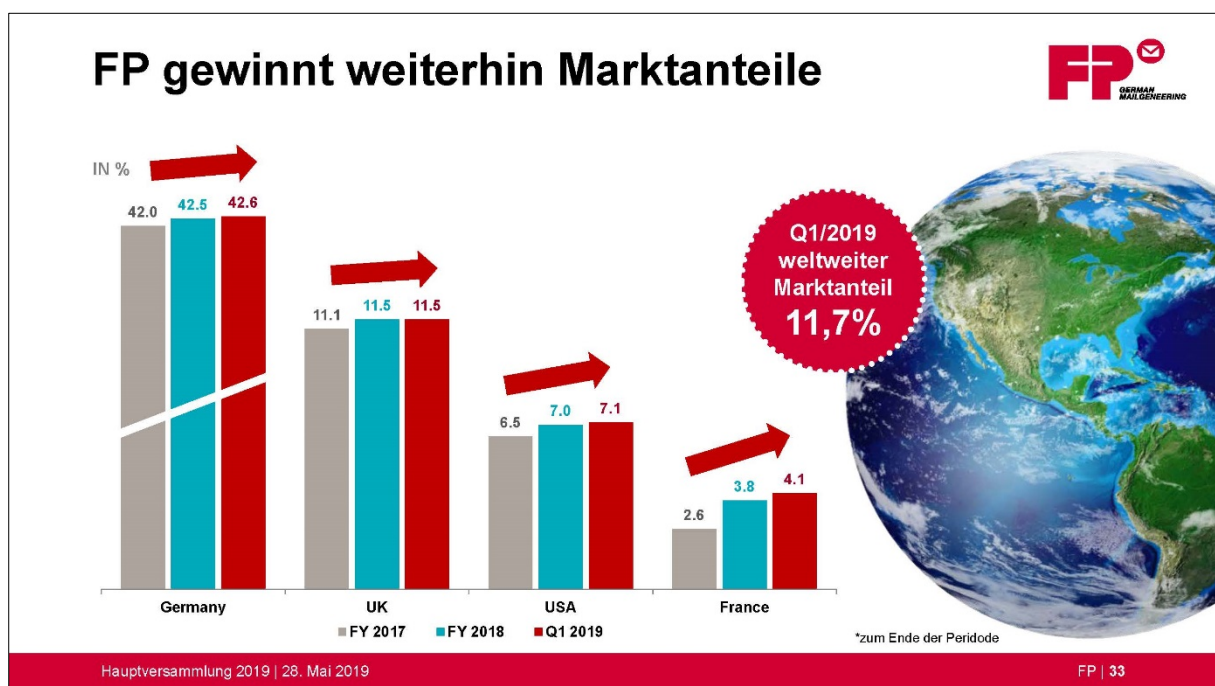
The third region is the central region with six core countries: the UK, France, the Netherlands, Belgium, Sweden and Italy, as well as our

international dealer division.

This region includes around 70,000 units and corresponds to around 32% of our installed base.

As you will see, there is still space on the market in all of these regions - *space that we are going to fill!*

Our growth in turnover is bigger than the competition's!



This is not only good news for sales, but also illustrates that the old really can be the new.

We've increased our market share from 11% at the start of 2018 to 11.7% now!

Three regions instead of ten national organisations. This streamlining

means more efficient management with lower administration and management costs, more centralisation and a faster exchange of information, as well as faster decision-making than ever before.

Rüdiger and Sven reported on what further global digitisation means for FP, what *huge* opportunities it brings us, and I'd also now like to focus on our new future market, *secure digital communication*.

Das Portal zur digitalen Welt

- Monitoring und Management der Geräte
- Cross-Selling digitaler Produkte
- App-Plattform für eigene und Dritt-Produkte

discoverFP.com

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As mentioned, we launched our FP customer portal recently with the brand name *discoverFP*.

discoverFP is our *Trojan horse*, through which we can introduce new digital products to our 200,000 customers. *discoverFP* is the first major step towards fantastic cross and up-selling opportunities.

discoverFP is free in 2019.

Our goal is a high conversion rate among customers who register with our portal solution, and it is already available in FP's ten core countries.

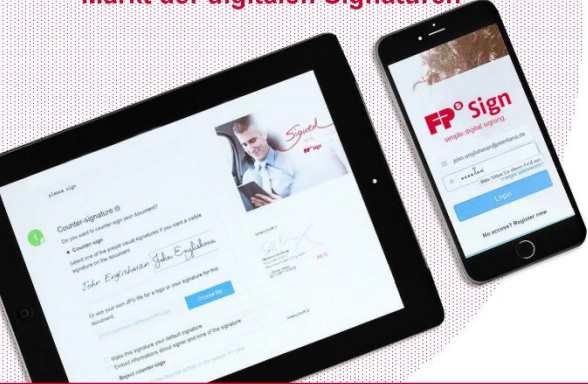
In the Netherlands, for example, 50% of all PostBase customers are already using this new portal.

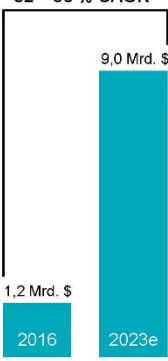
We will also be offering our digital solutions via discoverFP. Allow me to briefly introduce one of our new digital growth factors:

FP Sign, our cloud-based signature solution.

FP Sign: Effizienter Workflow – einfach und sicher

Hohe Nachfrage auf dem schnell wachsenden Markt der digitalen Signaturen





Jahr	Umsatz (Mrd. \$)
2016	1,2
2023e	9,0

32 – 35 % CAGR*

* Softwaremarkt für elektronische Signaturen
Quelle: Studie von PS Market 6/2017

Die Vorteile von FP Sign

- Einfache Implementierung und individuelle Lösungen
- Auf KMU zugeschnitten
- Datensicherheit
- Made in Germany

Drei Vertriebskanäle

- Vorhandene Kundenbasis
- Kooperation mit ERP-Anbietern
- Direktvertrieb

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According to market research, the market for *e-signature solutions* will grow by around 30 to 35% per year to an incredible volume of *nine* billion US Dollars by 2023.

In three to five years, e-signatures will be used in every company.

This is why we have developed our e-signature solution, FP Sign.

We have introduced FP Sign in our ten core countries, focusing initially there on our existing customer base.

The basic principle of our FP Sign solution is very simple: documents are signed with legal security in just a few seconds.

There are numerous internal or external applications available in companies to meet this requirement.

I use FP Sign on a daily basis for all possible company-internal approvals and I find it *fascinating* how easy it is to use.

As I already mentioned, the market for e-signature solutions is growing very rapidly.

It's a pie that we want to have - and *will get* - a *large* piece of, since this market is exceptionally attractive:

it offers very high gross margins *and* opportunities for impressive subscription models that generate recurrent sales.

We are currently offering all of our customers a free, 90-day test phase for FP Sign.

This test phase will end automatically without any further commitment.


With this offer, we are making it as easy as possible for our customers to familiarise themselves with FP Sign, allowing us to keep the entry threshold deliberately low.

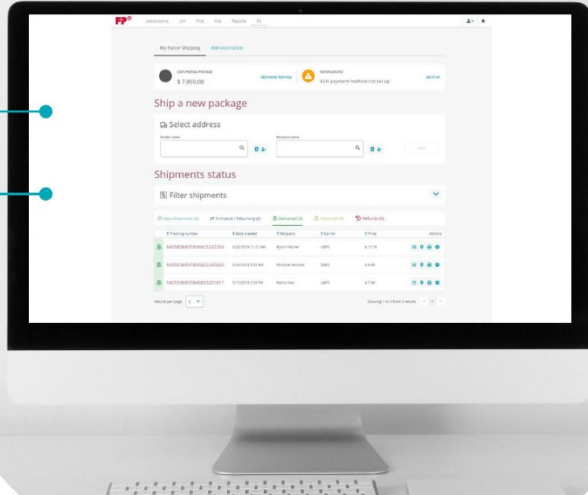
As soon as customers have decided to continue with FP Sign, we offer them the standard version for € 20 per user *and* month in the form of a subscription spanning at least 12 months.

I would like to invite you to register for FP Sign and to try our product out
- and feel free to let me know how much you like it!

FP Parcel Shipping

- Single- und Multicarrierlösung
- Wiederkehrende Erlöse





The screenshot shows the FP Parcel Shipping web interface. At the top, there's a navigation bar with 'FP' and 'GERMAN MAIL GENERING'. Below it, a 'Ship a new package' section with a 'Select address' dropdown. A 'Shipments status' section follows, with a 'Filter shipments' dropdown and a table of shipments. The table has columns for 'Tracking number', 'Status', 'Carrier', 'Weight', 'Volume', and 'Date'. The bottom of the slide features a red banner with the text 'Hauptversammlung 2019 | 28. Mai 2019' on the left and 'FP | 36' on the right.

I'd also like to make you aware of another new, *exciting* digital product from FP.

We call it *FP Parcel Shipping*.

It's a cloud-based solution available in the discoverFP customer portal.

So instead of registering and logging in everywhere individually in the USA, for example, with UPS, Fedex or USPS, finding the right tariffs for the product in question and comparing prices,
we - independently of the individual providers, which each require a separate login - offer a central starting point for comparing tariffs quickly and booking them directly.

Everything from a single source in one portal:

customers immediately see the differences between the selected

providers, the price, the lead times, etc.

It's effective, it's simple, it's impressive.

Our FP Parcel Shipping solution is set to launch on the US market with the choice between an individual and multiple carrier solution.

Prices are between 5 and 15 US dollars per user per month.

In Germany, we will be offering our customers the individual provider solution as part of their Teleporto agreement and linking it with a slightly higher monthly fee.

The launch in Germany was originally planned for the summer of 2019. As a result of a delay on the part of DHL in providing a new interface connection, this launch is now not expected to take place until later.

Over the course of 2020/21, we will be analysing the success of the various market models in the United States and Germany, and then making a decision regarding the complete roll-out in the remaining countries from 2020/21 onwards.

FP Parcel Shipping means an attractively high margin - and, pleasingly, FP Parcel Shipping also generates *recurring* sales.

The digital solutions we offer satisfy the same performance promise as our franking machines - like all FP services and FP products, in fact.

They're secure, simple and convenient.

Allow me to outline the overall sales and marketing course in FP's successful future:

- we will be growing our core business of franking by acquiring shares of our competitors' installed base through offensive sales activities.
- The market launch of the new PostBase Vision, the ultimate franking machine, will advance our growth initiative significantly, especially on the US market.
- In 2019 / 2020, we will be rolling out no fewer than three fantastic new FP digital products worldwide - discoverFP, FP Sign and FP Parcel Shipping. These digital products will significantly raise our profile among our existing customer base.
- Our ability to cross and up-sell these digital products will be key for our future growth and profitability.
- Following the successful implementation of JUMP, sales and marketing will be managed centrally with a more streamlined organisation, so costs will fall.
- We will strengthen our communication and branding *dynamically*, making FP better-known and creating brand leadership. We have already made some progress towards this in 2018, and in some areas we have been able to significantly improve our key performance indicators.

- Publications in print and online have been stepped up.
- The naming of FP in the media versus the competition is increasing, as is the number of our website users
- And so too is our presence at trade fairs and events.
In 2019, we will be pushing our clear visual branding further forward.

Ladies and gentleman, to sum up:

FP has 200,000 customers who have placed their *trust* in us for many years.

These 200,000 customers represent the *enormous* potential that we are addressing with impressive and reliable offers featuring tried-and-tested *as well as* new services, products and surprising *digital* solutions.

With these customers and the many new customers that we are yet to gain, we are doing *business* that will take us successfully - *and profitably* - into the future of FP!

Thank you.

Rüdiger Andreas Günther, CEO of Francotyp-Postalia Holding AG

Thank you Sven and Patricius.

Ladies and gentlemen, we have set out our ideas and projects, our intentions and the goals we have set ourselves.

- We are not afraid of competition.
- In terms of franking machines, we are the *number one* in Germany and Austria, and the world *number three* - and we are also the only provider to be recording continuous growth in this core business.
- Over the last 15 months we have also brought on board further renowned and international companies from the banking sector, the chemical and energy industry, as well as the public sector.
- We are making *powerful* steps into the digital world and the Internet of Things.

What was it that the great Sepp Herberger said?

"Every game lasts 90 minutes."

Our game is ACT - and it's designed to last five years, or 60 months.

Of these, the first 29 months have already passed. Over the remaining 31 months that lie ahead, we will be achieving ACT's goals for 2023:

We are convinced by the potential of the future, and we are convinced of our increasing growth.

- **We have a consistent strategy in ACT.**
- **We are the technology leaders for franking systems and IoT gateways.**
- **We are winning new customers and business opportunities on the booming market of IoT security**
- **thanks to new software solutions such as FP Sign and the opportunities that our "discoverFP" customer portal offers on the web.**

For this reason, ladies and gentlemen. For this reason, we are sticking to our guidance for 2020:

250 million in turnover with an EBITDA of 17%

And for 2023:

400 million in turnover with an EBITDA of 20%, brand awareness and brand strength.

The new FP.

We are creating a dynamic and strong FP!

Come with us!

Thank you.