

Buy EUR 6.40 (EUR 6.50) Price EUR 3.60 Upside 77.8 %	Value Indicators: EUR DCF: 6.40	Share data: Bloomberg: FPH GR Reuters: FPHG ISIN: DE000FPH9000	Description: Manufacturer of franking machines and provider of mail services.
	Market Snapshot: EUR m Market cap: 55.7 No. of shares (m): 15.5 EV: 88.3 Freefloat MC: 41.3 Ø Trad. Vol. (30d): 142.79 th	Shareholders: Freefloat 74.3 % Quaero Capital 5.2 % 3R Investments Ltd. 10.3 % INKA mbh 10.2 %	Risk Profile (WRe): 2018e Beta: 1.6 Price / Book: 1.8 x Equity Ratio: 19 % Net Fin. Debt / EBITDA: 0.8 x Net Debt / EBITDA: 1.6 x

Considerable costs still to come in H2

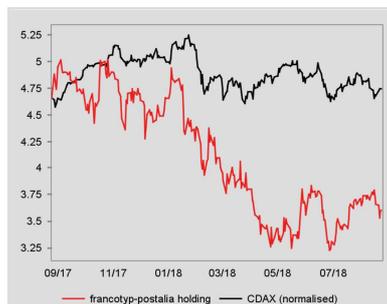
Stated Figures Q2/2018: in EUR m	<table border="1"> <thead> <tr> <th></th> <th>Q2/18</th> <th>Q2/18e</th> <th>Q2/17</th> <th>yoy</th> <th>6M/18</th> <th>6M/17</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>51.8</td> <td>52.0</td> <td>48.9</td> <td>5.8%</td> <td>104.8</td> <td>104.4</td> <td>0.3%</td> </tr> <tr> <td>EBITDA</td> <td>5.3</td> <td>4.0</td> <td>4.4</td> <td>21.1%</td> <td>12.8</td> <td>12.7</td> <td>0.5%</td> </tr> <tr> <td><i>margin</i></td> <td>10.3%</td> <td>14.8%</td> <td>9.0%</td> <td></td> <td>12.2%</td> <td>12.2%</td> <td></td> </tr> <tr> <td>EPS in EUR</td> <td>0.06</td> <td>0.04</td> <td>0.00</td> <td>-</td> <td>0.20</td> <td>0.13</td> <td>53.8%</td> </tr> </tbody> </table>		Q2/18	Q2/18e	Q2/17	yoy	6M/18	6M/17	yoy	Sales	51.8	52.0	48.9	5.8%	104.8	104.4	0.3%	EBITDA	5.3	4.0	4.4	21.1%	12.8	12.7	0.5%	<i>margin</i>	10.3%	14.8%	9.0%		12.2%	12.2%		EPS in EUR	0.06	0.04	0.00	-	0.20	0.13	53.8%	Comment on Figures: <ul style="list-style-type: none"> The core of the reported Francotyp results was very strong EBITDA. This was about 21% higher in the reported quarter than in the same time period last year. Here, far less had been expected (WRe). The strong figures were attributable to revenue development especially in the important core business, franking machines, which accounts for about two-thirds of the revenue. At constant currencies revenue grew by + 5.9% while the market share rose from 10% to 11%. The main reason for the high result, however, was that only EUR 0.9m of the anticipated extraordinary expenses for the JUMP programme of EUR 6-8m (2018) were booked in H1 (WRe EUR 2.3m).
	Q2/18	Q2/18e	Q2/17	yoy	6M/18	6M/17	yoy																																			
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The central question in assessing the share is the impact of the current measures of the JUMP programme: the aim of this programme is to generate EUR 6m in additional income annually from 2019 onwards. In addition to numerous projects to increase sales in attractive segments, cost goals are to be achieved chiefly through newly introduced shared service centres, a streamlining of the group structure and central IT.

The company's long-term goals (2023: sales of EUR 400m, EBITDA of EUR 20m, EPS of EUR 1) should then be achieved primarily with new revenue streams and, if necessary, acquisitions. By 2020, for example, the segments FP Sign (secure electronic signatures) and IoT (applications based on FP's secure technical infrastructure) are expected to generate revenues of around EUR 30m.

Francotyp shares continue to be rated as Buy with a PT of EUR 6.40 (6.50).

Changes in Estimates: FY End: 31.12. in EUR m	<table border="1"> <thead> <tr> <th></th> <th>2018e (old)</th> <th>+ / -</th> <th>2019e (old)</th> <th>+ / -</th> <th>2020e (old)</th> <th>+ / -</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>213.2</td> <td>0.0 %</td> <td>223.9</td> <td>0.0 %</td> <td>235.1</td> <td>0.0 %</td> </tr> <tr> <td>EBITDA</td> <td>20.0</td> <td>0.0 %</td> <td>33.2</td> <td>-6.7 %</td> <td>35.5</td> <td>-3.3 %</td> </tr> <tr> <td>EBIT</td> <td>2.0</td> <td>0.0 %</td> <td>15.2</td> <td>-14.7 %</td> <td>17.5</td> <td>-6.7 %</td> </tr> <tr> <td>EPS</td> <td>0.10</td> <td>10.0 %</td> <td>0.65</td> <td>-13.8 %</td> <td>0.74</td> <td>-5.4 %</td> </tr> </tbody> </table>		2018e (old)	+ / -	2019e (old)	+ / -	2020e (old)	+ / -	Sales	213.2	0.0 %	223.9	0.0 %	235.1	0.0 %	EBITDA	20.0	0.0 %	33.2	-6.7 %	35.5	-3.3 %	EBIT	2.0	0.0 %	15.2	-14.7 %	17.5	-6.7 %	EPS	0.10	10.0 %	0.65	-13.8 %	0.74	-5.4 %	Comment on Changes: <ul style="list-style-type: none"> The 2019 forecast includes opposing effects as it is a transitional year: expenses for Jump on the one hand and its expected positive effects on earnings on the other. Considering that major measures will be implemented mainly in the second half of the year and possibly still affect expenses in 2019, the original estimate of positive effects on earnings in 2019 seems too optimistic. The earnings forecast for 2019 is therefore reduced.
	2018e (old)	+ / -	2019e (old)	+ / -	2020e (old)	+ / -																															
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EPS	0.10	10.0 %	0.65	-13.8 %	0.74	-5.4 %																															

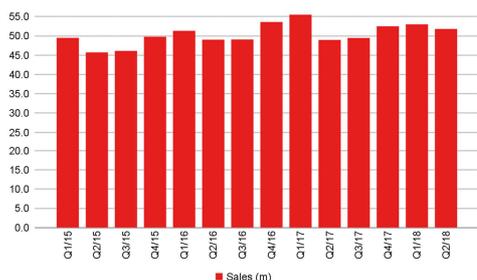


Rel. Performance vs CDAX:	
1 month:	-0.4 %
6 months:	-10.0 %
Year to date:	-17.7 %
Trailing 12 months:	-28.8 %

Company events:
15.11.18 Q3

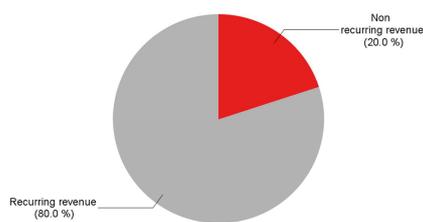
FY End: 31.12. in EUR m	CAGR (17-20e)	2014	2015	2016	2017	2018e	2019e	2020e
Sales	4.4 %	170.3	191.1	203.0	206.3	213.2	223.9	235.1
<i>Change Sales yoy</i>		0.8 %	12.2 %	6.2 %	1.7 %	3.3 %	5.0 %	5.0 %
<i>Gross profit margin</i>		61.3 %	60.4 %	58.1 %	55.6 %	56.1 %	57.3 %	57.1 %
EBITDA	9.3 %	23.1	26.8	27.2	26.3	20.0	31.0	34.3
<i>Margin</i>		13.6 %	14.0 %	13.4 %	12.8 %	9.4 %	13.8 %	14.6 %
EBIT	31.1 %	9.8	9.0	9.7	7.3	2.0	13.0	16.3
<i>Margin</i>		5.8 %	4.7 %	4.8 %	3.5 %	0.9 %	5.8 %	7.0 %
Net income	34.3 %	5.1	3.5	5.9	4.6	1.7	9.0	11.3
EPS	34.1 %	0.32	0.22	0.36	0.29	0.11	0.56	0.70
EPS adj.	34.1 %	0.32	0.22	0.36	0.29	0.11	0.56	0.70
DPS	20.5 %	0.16	0.16	0.16	0.16	0.00	0.22	0.28
<i>Dividend Yield</i>		3.6 %	3.7 %	3.8 %	3.1 %	n.a.	6.2 %	7.8 %
FCFPS		-0.36	-0.10	0.28	0.35	-0.25	0.18	0.32
FCF / Market cap		-8.3 %	-2.2 %	0.2 %	6.8 %	-6.9 %	5.0 %	8.9 %
EV / Sales		0.6 x	0.5 x	0.5 x	0.5 x	0.4 x	0.4 x	0.4 x
EV / EBITDA		4.4 x	3.9 x	3.6 x	4.2 x	4.5 x	2.9 x	2.6 x
EV / EBIT		10.5 x	11.5 x	9.9 x	15.1 x	45.2 x	6.8 x	5.4 x
P / E		13.7 x	19.8 x	11.7 x	17.9 x	32.7 x	6.4 x	5.1 x
P / E adj.		13.7 x	19.8 x	11.7 x	17.9 x	32.7 x	6.4 x	5.1 x
FCF Potential Yield		3.5 %	6.1 %	12.0 %	11.2 %	8.7 %	17.0 %	19.9 %
Net Debt		31.6	32.9	28.4	25.2	32.6	30.6	29.5
ROCE (NOPAT)		11.0 %	6.8 %	9.5 %	7.8 %	2.5 %	12.9 %	14.8 %
Guidance:	n.a.							

Sales development in EUR m



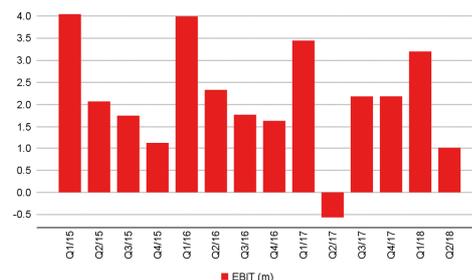
Source: Warburg Research

Recurring revenue proportion 2018e; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

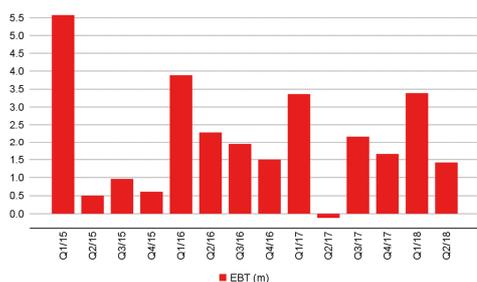
Company Background

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

Competitive Quality

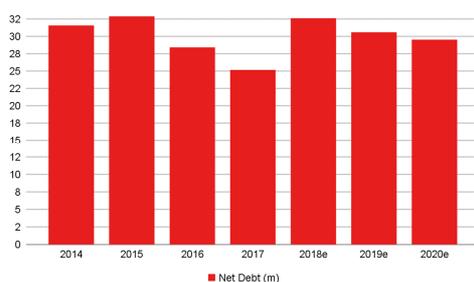
- Focusing on customers with low to medium postal needs, Francotyp Postalia caters for two stable segments in the generally difficult market for franking machines.
- The 45% market share in the German market for franking machines demonstrates its reputation as the market leader in Germany based on the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

EBT development in EUR m



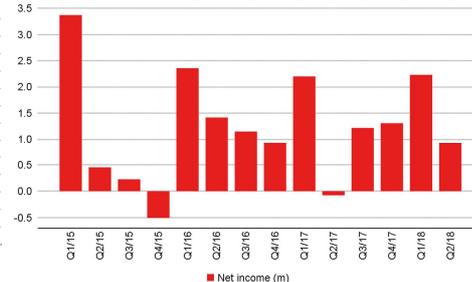
Source: Warburg Research

Net debt in EURm



Source: Warburg Research

Net income development in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	
Sales	213.2	223.9	235.1	241.0	247.0	253.2	259.5	266.0	272.6	279.5	286.4	293.6	300.9	
Sales change	3.3 %	5.0 %	5.0 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	1.0 %
EBIT	2.0	13.0	16.3	16.9	17.3	17.7	18.2	18.6	19.1	19.6	20.1	20.6	21.1	
EBIT-margin	0.9 %	5.8 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	
Tax rate (EBT)	22.6 %	32.0 %	32.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
NOPAT	1.6	8.8	11.1	11.8	12.1	12.4	12.7	13.0	13.4	13.7	14.0	14.4	14.7	
Depreciation	18.0	18.0	18.0	21.7	22.2	22.8	23.4	23.9	24.5	25.2	25.8	26.4	27.1	
in % of Sales	8.4 %	8.0 %	7.7 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	
Changes in provisions	0.8	0.9	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	0.6	0.9	1.0	9.5	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	
- Capex	26.0	26.0	26.0	24.1	24.7	25.3	26.0	23.9	24.5	25.2	25.8	26.4	27.1	
Capex in % of Sales	12.2 %	11.6 %	11.1 %	10.0 %	10.0 %	10.0 %	10.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	
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)	-6.2	0.8	3.0	0.7	8.4	8.6	8.8	11.7	11.9	12.2	12.5	12.8	13.1	14
PV of FCF	-6.0	0.7	2.5	0.6	6.0	5.7	5.4	6.6	6.2	5.9	5.6	5.3	5.0	74
share of PVs	-2.28 %			42.52 %										59.76 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	25.00 %	Financial Strength	1.80
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.50
Risk free rate	1.50 %	Transparency	1.80
		Others	1.40
WACC	8.09 %	Beta	1.56

Valuation (m)

Present values 2030e	50		
Terminal Value	74		
Financial liabilities	44		
Pension liabilities	17		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	36	No. of shares (m)	15.5
Equity Value	99	Value per share (EUR)	6.40

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		0.25 %	0.50 %	0.75 %	1.00 %	1.25 %	1.50 %	1.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.80	9.1 %	4.80	4.90	5.01	5.12	5.24	5.36	5.50	1.80	9.1 %	2.95	3.67	4.40	5.12	5.84	6.56	7.28
1.68	8.6 %	5.34	5.46	5.58	5.72	5.86	6.01	6.18	1.68	8.6 %	3.41	4.18	4.95	5.72	6.48	7.25	8.02
1.62	8.3 %	5.63	5.76	5.90	6.05	6.20	6.37	6.56	1.62	8.3 %	3.67	4.46	5.25	6.05	6.84	7.63	8.43
1.56	8.1 %	5.95	6.09	6.24	6.40	6.58	6.76	6.97	1.56	8.1 %	3.94	4.76	5.58	6.40	7.22	8.04	8.86
1.50	7.8 %	6.28	6.44	6.61	6.78	6.98	7.19	7.41	1.50	7.8 %	4.23	5.08	5.93	6.78	7.63	8.48	9.33
1.44	7.6 %	6.64	6.81	7.00	7.20	7.41	7.64	7.89	1.44	7.6 %	4.55	5.43	6.32	7.20	8.08	8.96	9.84
1.32	7.1 %	7.45	7.66	7.88	8.13	8.40	8.69	9.00	1.32	7.1 %	5.27	6.22	7.18	8.13	9.08	10.03	10.99

- Francotyp generates high steady cash flows in a normal business year.
- For 2013 and beyond, cash flows are characterised by high investments in the installed base for years
- The company's cash flow strength will only be revealed in the long term

Valuation

	2014	2015	2016	2017	2018e	2019e	2020e
Price / Book	2.5 x	2.1 x	1.9 x	2.6 x	1.8 x	1.4 x	1.2 x
Book value per share ex intangibles	-0.26	0.04	0.07	-0.13	-0.62	-0.49	-0.44
EV / Sales	0.6 x	0.5 x	0.5 x	0.5 x	0.4 x	0.4 x	0.4 x
EV / EBITDA	4.4 x	3.9 x	3.6 x	4.2 x	4.5 x	2.9 x	2.6 x
EV / EBIT	10.5 x	11.5 x	9.9 x	15.1 x	45.2 x	6.8 x	5.4 x
EV / EBIT adj.*	10.5 x	11.5 x	9.9 x	15.1 x	45.2 x	6.8 x	5.4 x
P / FCF	n.a.	n.a.	426.4 x	14.7 x	n.a.	20.0 x	11.2 x
P / E	13.7 x	19.8 x	11.7 x	17.9 x	32.7 x	6.4 x	5.1 x
P / E adj.*	13.7 x	19.8 x	11.7 x	17.9 x	32.7 x	6.4 x	5.1 x
Dividend Yield	3.6 %	3.7 %	3.8 %	3.1 %	n.a.	6.2 %	7.8 %
FCF Potential Yield (on market EV)	3.5 %	6.1 %	12.0 %	11.2 %	8.7 %	17.0 %	19.9 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Sales	170.3	191.1	203.0	206.3	213.2	223.9	235.1
Change Sales yoy	0.8 %	12.2 %	6.2 %	1.7 %	3.3 %	5.0 %	5.0 %
Increase / decrease in inventory	0.6	-0.1	0.2	0.5	0.0	0.0	0.0
Own work capitalised	15.5	15.8	11.4	10.8	10.8	10.8	10.8
Total Sales	186.4	206.7	214.5	217.7	224.1	234.7	245.9
Material expenses	82.0	91.3	96.5	102.9	104.5	106.4	111.7
Gross profit	104.3	115.4	118.0	114.8	119.6	128.4	134.3
<i>Gross profit margin</i>	<i>61.3 %</i>	<i>60.4 %</i>	<i>58.1 %</i>	<i>55.6 %</i>	<i>56.1 %</i>	<i>57.3 %</i>	<i>57.1 %</i>
Personnel expenses	53.5	57.4	57.4	59.2	64.0	61.6	63.5
Other operating income	2.4	4.3	3.8	4.8	4.3	4.5	4.7
Other operating expenses	30.1	35.6	37.1	34.1	39.9	40.3	41.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	23.1	26.8	27.2	26.3	20.0	31.0	34.3
<i>Margin</i>	<i>13.6 %</i>	<i>14.0 %</i>	<i>13.4 %</i>	<i>12.8 %</i>	<i>9.4 %</i>	<i>13.8 %</i>	<i>14.6 %</i>
Depreciation of fixed assets	8.6	17.8	17.5	19.1	18.0	18.0	18.0
EBITA	14.5	9.0	9.7	7.3	2.0	13.0	16.3
Amortisation of intangible assets	4.6	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	9.8	9.0	9.7	7.3	2.0	13.0	16.3
<i>Margin</i>	<i>5.8 %</i>	<i>4.7 %</i>	<i>4.8 %</i>	<i>3.5 %</i>	<i>0.9 %</i>	<i>5.8 %</i>	<i>7.0 %</i>
EBIT adj.	9.8	9.0	9.7	7.3	2.0	13.0	16.3
Interest income	0.5	0.7	1.3	2.1	0.8	0.8	0.8
Interest expenses	2.6	2.2	1.6	1.9	0.6	0.6	0.6
Other financial income (loss)	0.7	0.2	0.1	-0.4	0.0	0.0	0.0
EBT	8.4	7.7	9.6	7.1	2.2	13.2	16.5
<i>Margin</i>	<i>4.9 %</i>	<i>4.0 %</i>	<i>4.7 %</i>	<i>3.4 %</i>	<i>1.0 %</i>	<i>5.9 %</i>	<i>7.0 %</i>
Total taxes	3.2	3.9	3.4	2.4	0.5	4.2	5.3
Net income from continuing operations	5.2	3.7	6.2	4.6	1.7	9.0	11.3
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	5.2	3.7	6.2	4.6	1.7	9.0	11.3
Minority interest	0.1	0.2	0.3	0.0	0.0	0.0	0.0
Net income	5.1	3.5	5.9	4.6	1.7	9.0	11.3
<i>Margin</i>	<i>3.0 %</i>	<i>1.9 %</i>	<i>2.9 %</i>	<i>2.3 %</i>	<i>0.8 %</i>	<i>4.0 %</i>	<i>4.8 %</i>
Number of shares, average	16.2	16.2	16.2	16.2	16.2	16.2	16.2
EPS	0.32	0.22	0.36	0.29	0.11	0.56	0.70
EPS adj.	0.32	0.22	0.36	0.29	0.11	0.56	0.70

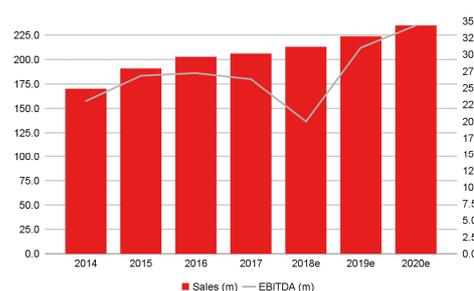
*Adjustments made for:

Guidance: n.a.

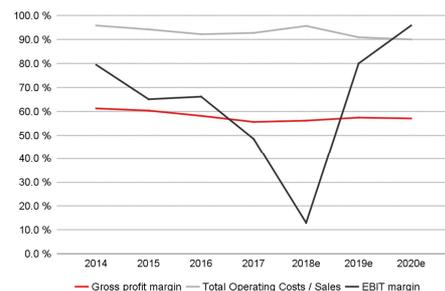
Financial Ratios

	2014	2015	2016	2017	2018e	2019e	2020e
Total Operating Costs / Sales	95.9 %	94.2 %	92.3 %	92.8 %	95.7 %	91.0 %	90.0 %
Operating Leverage	-6.5 x	-0.7 x	1.3 x	-15.3 x	-21.6 x	109.4 x	5.2 x
EBITDA / Interest expenses	8.8 x	11.9 x	17.4 x	13.8 x	33.3 x	51.7 x	57.2 x
Tax rate (EBT)	38.0 %	51.3 %	35.5 %	34.3 %	22.6 %	32.0 %	32.0 %
Dividend Payout Ratio	49.6 %	69.4 %	41.7 %	55.6 %	0.0 %	40.4 %	40.2 %
Sales per Employee	149,276	164,180	170,997	170,431	172,677	177,756	182,984

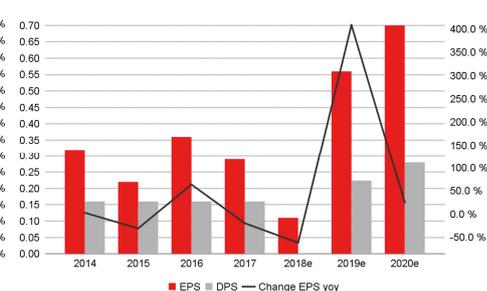
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

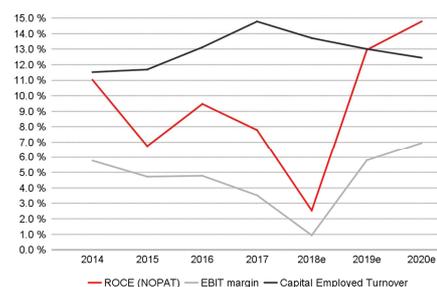
Consolidated balance sheet

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Assets							
Goodwill and other intangible assets	32.9	33.0	34.9	35.1	42.1	49.1	56.1
thereof other intangible assets	23.8	24.5	26.4	26.7	33.7	40.7	47.7
thereof Goodwill	9.1	8.5	8.5	8.5	8.5	8.5	8.5
Property, plant and equipment	37.0	42.0	39.3	31.8	32.8	33.8	34.8
Financial assets	3.0	6.0	9.7	11.6	11.6	11.6	11.6
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	73.0	81.0	83.9	78.5	86.5	94.5	102.5
Inventories	10.0	11.7	11.2	10.6	11.0	11.5	12.1
Accounts receivable	17.3	16.9	19.0	18.7	19.3	20.2	21.3
Liquid assets	17.2	18.9	27.1	34.9	25.1	26.0	26.0
Other short-term assets	24.6	27.6	26.2	27.1	26.5	26.5	26.5
Current assets	69.2	75.1	83.4	91.3	81.9	84.3	85.9
Total Assets	142.1	156.2	167.3	169.8	168.4	178.8	188.4
Liabilities and shareholders' equity							
Subscribed capital	16.2	16.2	16.2	16.3	16.3	16.3	16.3
Capital reserve	35.0	34.9	34.6	34.8	34.8	34.8	34.8
Retained earnings	5.1	3.5	0.0	0.0	-20.7	-18.9	-13.2
Other equity components	-27.6	-20.9	-14.9	-18.1	1.7	9.0	11.3
Shareholders' equity	28.7	33.7	35.9	33.0	32.1	41.2	49.1
Minority interest	1.4	1.5	0.0	0.0	0.0	0.0	0.0
Total equity	30.1	35.2	35.9	33.0	32.1	41.2	49.1
Provisions	22.9	22.3	18.0	17.7	18.5	19.4	20.3
thereof provisions for pensions and similar obligations	17.4	15.5	17.1	16.5	17.4	18.2	19.1
Financial liabilities (total)	31.4	36.3	38.4	43.6	40.4	38.4	36.4
thereof short-term financial liabilities	5.5	4.6	0.9	0.4	0.4	0.4	0.4
Accounts payable	9.5	9.9	10.6	11.2	11.6	12.2	12.8
Other liabilities	48.3	52.5	64.3	64.4	65.8	67.7	69.8
Liabilities	112.1	120.9	131.4	136.8	136.3	137.7	139.3
Total liabilities and shareholders' equity	142.1	156.2	167.3	169.8	168.4	178.8	188.4

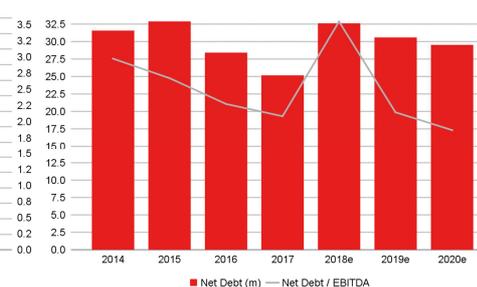
Financial Ratios

	2014	2015	2016	2017	2018e	2019e	2020e
Efficiency of Capital Employment							
Operating Assets Turnover	3.1 x	3.1 x	3.4 x	4.1 x	4.1 x	4.2 x	4.2 x
Capital Employed Turnover	2.8 x	2.8 x	3.2 x	3.5 x	3.3 x	3.1 x	3.0 x
ROA	7.0 %	4.4 %	7.0 %	5.9 %	2.0 %	9.5 %	11.0 %
Return on Capital							
ROCE (NOPAT)	11.0 %	6.8 %	9.5 %	7.8 %	2.5 %	12.9 %	14.8 %
ROE	18.9 %	11.4 %	16.8 %	13.5 %	5.3 %	24.5 %	24.9 %
Adj. ROE	18.9 %	11.4 %	16.8 %	13.5 %	5.3 %	24.5 %	24.9 %
Balance sheet quality							
Net Debt	31.6	32.9	28.4	25.2	32.6	30.6	29.5
Net Financial Debt	14.2	17.4	11.4	8.6	15.3	12.4	10.4
Net Gearing	105.1 %	93.3 %	79.1 %	76.3 %	101.7 %	74.3 %	60.1 %
Net Fin. Debt / EBITDA	61.6 %	65.0 %	41.8 %	32.8 %	76.3 %	39.9 %	30.2 %
Book Value / Share	1.8	2.1	2.2	2.0	2.0	2.5	3.0
Book value per share ex intangibles	-0.3	0.0	0.1	-0.1	-0.6	-0.5	-0.4

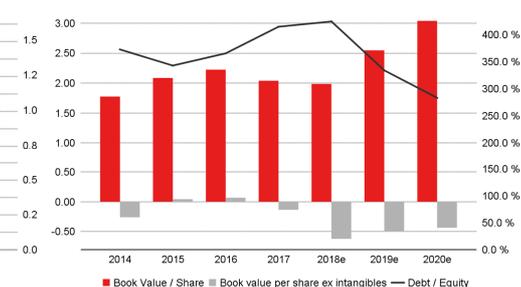
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

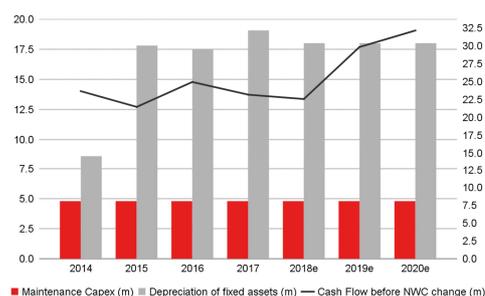
In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Net income	5.1	3.5	5.9	4.6	1.7	9.0	11.3
Depreciation of fixed assets	8.6	17.8	17.5	19.1	18.0	18.0	18.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.6	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	3.3	-1.9	1.6	-0.5	0.8	0.9	0.9
Other non-cash income and expenses	2.0	2.0	0.0	0.0	2.0	2.0	2.0
Cash Flow before NWC change	23.6	21.4	24.9	23.2	22.5	29.8	32.2
Increase / decrease in inventory	-1.2	-1.7	0.5	0.6	-0.4	-0.5	-0.6
Increase / decrease in accounts receivable	-0.3	0.4	-2.0	0.3	-0.6	-1.0	-1.0
Increase / decrease in accounts payable	2.0	0.4	0.8	0.6	0.4	0.6	0.6
Increase / decrease in other working capital positions	-6.7	-2.0	-2.0	-3.5	0.0	0.0	0.0
Increase / decrease in working capital (total)	-6.2	-2.9	-2.8	-2.0	-0.6	-0.9	-1.0
Net cash provided by operating activities [1]	17.5	18.6	22.2	21.2	22.0	28.9	31.2
Investments in intangible assets	-5.1	-5.8	-6.7	-6.9	-7.0	-7.0	-7.0
Investments in property, plant and equipment	-18.3	-14.3	-15.3	-8.6	-19.0	-19.0	-19.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	-23.1	-20.1	-17.6	-15.5	-26.0	-26.0	-26.0
Change in financial liabilities	-6.9	4.5	4.5	4.5	-3.1	-2.0	-2.0
Dividends paid	-1.3	-2.6	-2.6	-0.8	-2.6	0.0	-3.2
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.4	0.4	-2.6	-2.6	0.0	0.0	0.0
Net cash provided by financing activities [3]	-7.8	2.4	-0.7	1.1	-5.7	-2.0	-5.2
Change in liquid funds [1]+[2]+[3]	-13.4	0.8	3.9	6.8	-9.8	0.9	0.0
Effects of exchange-rate changes on cash	0.6	0.8	0.5	-1.4	0.0	0.0	0.0
Cash and cash equivalent at end of period	16.9	15.9	18.7	24.1	25.1	26.0	26.0

Financial Ratios

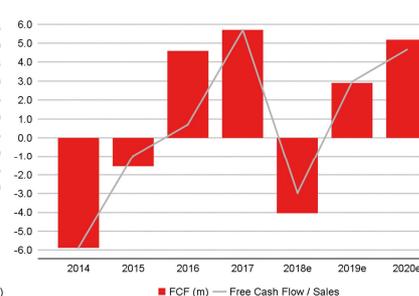
	2014	2015	2016	2017	2018e	2019e	2020e
Cash Flow							
FCF	-5.9	-1.5	4.6	5.7	-4.0	2.9	5.2
Free Cash Flow / Sales	-3.5 %	-0.8 %	0.1 %	2.8 %	-1.9 %	1.3 %	2.2 %
Free Cash Flow Potential	3.6	6.3	11.6	12.3	7.9	15.1	17.4
Free Cash Flow / Net Profit	-115.4 %	-43.7 %	2.7 %	122.7 %	-236.5 %	32.4 %	46.1 %
Interest Received / Avg. Cash	2.2 %	3.8 %	5.9 %	6.9 %	2.7 %	3.1 %	3.1 %
Interest Paid / Avg. Debt	7.5 %	6.6 %	4.2 %	4.7 %	1.4 %	1.5 %	1.6 %
Management of Funds							
Investment ratio	13.7 %	10.5 %	10.8 %	7.5 %	12.2 %	11.6 %	11.1 %
Maint. Capex / Sales	2.8 %	2.5 %	2.4 %	2.3 %	2.3 %	2.1 %	2.0 %
Capex / Dep	175.9 %	112.9 %	125.8 %	81.2 %	144.4 %	144.4 %	144.4 %
Avg. Working Capital / Sales	10.7 %	9.6 %	9.4 %	9.1 %	8.6 %	8.6 %	8.6 %
Trade Debtors / Trade Creditors	182.9 %	171.9 %	178.9 %	166.7 %	166.4 %	166.4 %	166.4 %
Inventory Turnover	8.2 x	7.8 x	8.6 x	9.7 x	9.5 x	9.2 x	9.2 x
Receivables collection period (days)	37	32	34	33	33	33	33
Payables payment period (days)	42	39	40	40	40	42	42
Cash conversion cycle (Days)	7	12	6	1	1	1	1

CAPEX and Cash Flow

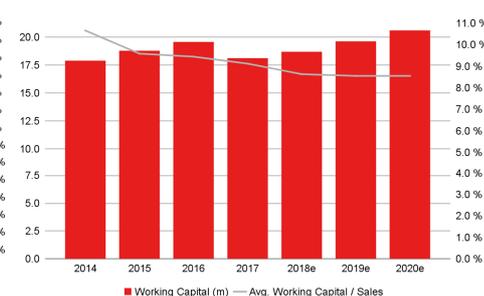
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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

-B-	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.

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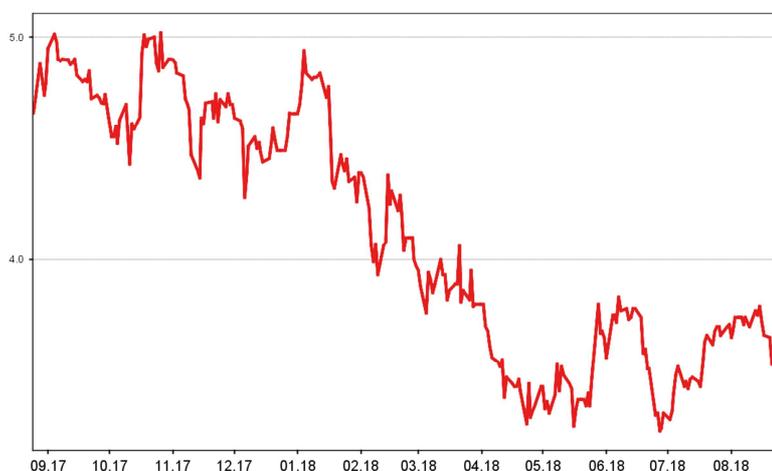
Rating	Number of stocks	% of Universe
Buy	113	55
Hold	89	43
Sell	4	2
Rating suspended	0	0
Total	206	100

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	32	68
Hold	15	32
Sell	0	0
Rating suspended	0	0
Total	47	100

PRICE AND RATING HISTORY FRANCO TYP-POSTALIA AS OF 24.08.2018



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.

EQUITIES

Roland Rapelius +49 40 3282-2673
Head of Equities rrapelius@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Jonas Blum +40 40 309537-240
Small/Mid Cap Research jblum@warburg-research.com

Christian Cohrs +49 40 309537-175
Engineering, Logistics ccohrs@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Financial Services mfuhrberg@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Jochen Reichert +49 40 309537-130
Telco, Internet, Media jreichert@warburg-research.com

J. Moritz Rieser +49 40 309537-260
Real Estate mrieser@warburg-research.com

Arash Roshan Zamir +49 40 309537-155
Cap. Goods, Renewables aroshanzamir@warburg-research.com

Franz Schall +40 40 309537-230
Automobiles, Car Suppliers fschall@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Patrick Schmidt +49 40 309537-125
Leisure, Internet pschmidt@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Klaus Schilling +49 40 3282-2664
Head of Equity Sales, Germany kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lyubka Bogdanova +49 69 5050-7411
United Kingdom, Australia lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Michael Kriszun +49 40 3282-2695
United Kingdom mkriszun@mmwarburg.com

Sanjay Oberoi +49 69 5050-7410
United Kingdom soberoi@mmwarburg.com

Simon Pallhuber +49 69 5050-7414
Switzerland, France spallhuber@mmwarburg.com

Angelika Flegler +49 69 5050-7417
Roadshow/Marketing aflegler@mmwarburg.com

Juliane Willenbruch +49 40 3282-2694
Roadshow/Marketing jwillenbruch@mmwarburg.com

SALES TRADING

Oliver Merkel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

Jan Walter +49 40 3282-2662
Sales Trading jwalter@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

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For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com