

Buy (Hold) EUR 4.30 (EUR 3.50) Price EUR 3.67 Upside 17.2 %	Value Indicators: EUR DCF: 4.36	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: 56.7 No. of shares (m): 15.5 EV: 81.6 Freefloat MC: 45.5 Ø Trad. Vol. (30d): 13.29 th	Shareholders: Freefloat 80.2 % Obotritia Capital 10.3 % Active Ownership Fund 9.5 %	Risk Profile (WRe): 2019e Beta: 2.0 Price / Book: 1.6 x Equity Ratio: 22 % Net Fin. Debt / EBITDA: 0.3 x Net Debt / EBITDA: 0.9 x

Strong Q3; Upgrade to Buy

Stated Figures Q3/2019: in EUR m	Comment on Figures: <ul style="list-style-type: none"> Francotyp Postalia Holding AG (FP) announced figures for Q3 and 9M 2019 on Thursday (21.11.19). On an operational basis, the figures exceeded expectations and showed the benefits of the ACT/JUMP strategy. High levels of own work capitalised and a positive currency effect were also supportive. The favourable development is not significantly reflected in EPS figures owing to the negative impact of a one-off write-down on a non-consolidated subsidiary (JUCONN, EUR 0.9m). 																																								
<table border="1"> <thead> <tr> <th></th> <th>Q3/19</th> <th>Q3/19e</th> <th>Q3/18</th> <th>yoy</th> <th>9M/19</th> <th>9M/18</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>53.4</td> <td>53.0</td> <td>49.5</td> <td>7.8%</td> <td>152.4</td> <td>154.3</td> <td>-12%</td> </tr> <tr> <td>EBITDA</td> <td>9.1</td> <td>7.0</td> <td>4.2</td> <td>114.9%</td> <td>20.7</td> <td>17.0</td> <td>21.7%</td> </tr> <tr> <td><i>margin</i></td> <td>17.1%</td> <td>14.8%</td> <td>8.6%</td> <td></td> <td>13.6%</td> <td>11.0%</td> <td></td> </tr> <tr> <td>EPS in EUR</td> <td>0.12</td> <td>0.11</td> <td>0.01</td> <td>100.0%</td> <td>0.16</td> <td>0.20</td> <td>-20.0%</td> </tr> </tbody> </table>		Q3/19	Q3/19e	Q3/18	yoy	9M/19	9M/18	yoy	Sales	53.4	53.0	49.5	7.8%	152.4	154.3	-12%	EBITDA	9.1	7.0	4.2	114.9%	20.7	17.0	21.7%	<i>margin</i>	17.1%	14.8%	8.6%		13.6%	11.0%		EPS in EUR	0.12	0.11	0.01	100.0%	0.16	0.20	-20.0%	
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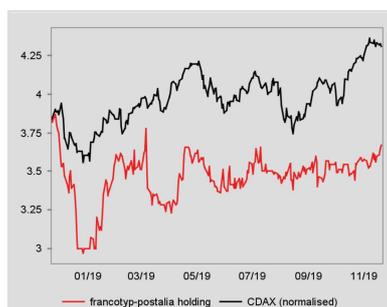
The third quarter showed a significant improvement on the very weak picture in the first half of the year, primarily owing to the effects of very high cost discipline. Based on the reported figures and statements made in the corresponding conference call, however, it has become clear that the cost savings targeted for the coming years in the context of the JUMP programme are likely to take somewhat longer to achieve than expected. Nevertheless, the most important aspect of the quarter is the very significant earnings improvement on a quarterly basis. This improvement in earnings should also continue in the coming year albeit to a smaller extent than initially expected (WRe). FP's new ERP/CRM is now expected to be fully implemented at the end of 2021. As of 2022, full realisation of EUR 6m recurring savings can be factored in.

Q4 can also be anticipated with optimism considering the ongoing availability of new products and services and the positive effects of the postal tariff increase.

The risk premiums, which were recently raised significantly based on the uncertainty of income (downgrade on August 23), can now be reduced again (beta decreases 2.5 to 2), which has a positive effect on the price target.

The FP share is now being upgraded to Buy (Hold) with a price target of EUR 4.30 (3.50).

Changes in Estimates: FY End: 31.12. in EUR m	Comment on Changes: <ul style="list-style-type: none"> FP delivered on sales expectations in Q3. In addition, significant costs were slightly lower than expected (WRe) and own work capitalised slightly higher, which leads to a clear increase in the expected result for 2019. For 2020 and beyond, however, earnings expectations are reduced somewhat mainly due to a shift in key expectations for cost reductions in the medium term. 																																			
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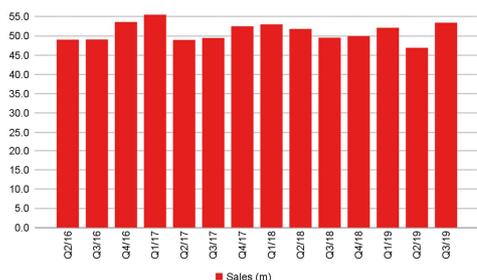


Rel. Performance vs CDAX:	
1 month:	2.2 %
6 months:	1.2 %
Year to date:	3.0 %
Trailing 12 months:	-15.7 %

Company events:	

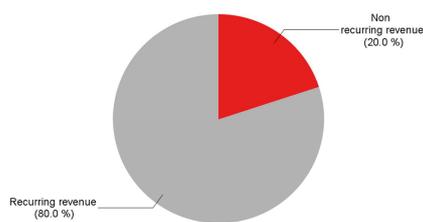
FY End: 31.12. in EUR m	CAGR (18-21e)	2015	2016	2017	2018	2019e	2020e	2021e
Sales	3.6 %	191.1	203.0	206.3	204.2	206.2	216.6	227.4
Change Sales yoy		12.2 %	6.2 %	1.7 %	-1.0 %	1.0 %	5.0 %	5.0 %
Gross profit margin		60.4 %	58.1 %	55.6 %	57.0 %	60.6 %	59.0 %	58.5 %
EBITDA	26.0 %	26.8	27.2	26.3	17.1	29.1	33.6	34.1
Margin		14.0 %	13.4 %	12.8 %	8.4 %	14.1 %	15.5 %	15.0 %
EBIT	-	9.0	9.7	7.3	-0.3	7.1	11.1	11.1
Margin		4.7 %	4.8 %	3.5 %	-0.1 %	3.4 %	5.1 %	4.9 %
Net income	102.3 %	3.5	5.9	4.6	0.9	4.7	7.4	7.4
EPS	97.2 %	0.22	0.36	0.29	0.06	0.29	0.46	0.46
EPS adj.	97.2 %	0.22	0.36	0.29	0.06	0.29	0.46	0.46
DPS	83.0 %	0.12	0.16	0.12	0.03	0.12	0.18	0.18
Dividend Yield		2.7 %	3.8 %	2.3 %	0.8 %	3.2 %	5.0 %	5.0 %
FCFPS		-0.10	0.28	0.36	0.38	0.06	0.36	0.39
FCF / Market cap		-2.2 %	0.2 %	6.9 %	10.2 %	1.7 %	9.8 %	10.7 %
EV / Sales		0.5 x	0.5 x	0.5 x	0.4 x	0.4 x	0.4 x	0.3 x
EV / EBITDA		3.9 x	3.6 x	4.2 x	5.0 x	2.9 x	2.4 x	2.3 x
EV / EBIT		11.5 x	9.9 x	15.1 x	n.a.	11.9 x	7.3 x	7.0 x
P / E		19.8 x	11.7 x	17.9 x	62.6 x	12.7 x	8.0 x	8.0 x
P / E adj.		19.8 x	11.7 x	17.9 x	62.6 x	12.7 x	8.0 x	8.0 x
FCF Potential Yield		6.1 %	12.0 %	11.2 %	2.2 %	10.0 %	17.5 %	19.2 %
Net Debt		32.9	28.4	25.2	24.6	24.9	21.6	18.8
ROCE (NOPAT)		6.8 %	9.5 %	7.7 %	n.a.	8.1 %	11.8 %	11.5 %
Guidance:	n.a.							

Sales development
in EUR m



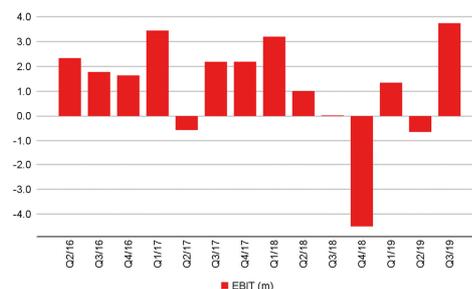
Source: Warburg Research

Recurring revenue proportion
2019e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

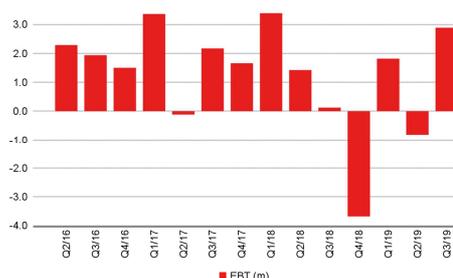
Company Background

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

Competitive Quality

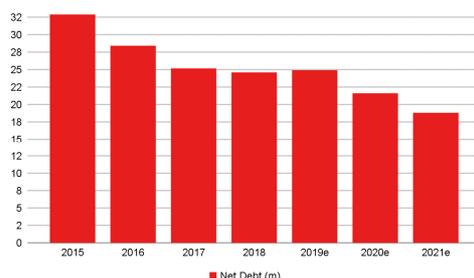
- Focusing on customers with low to medium postal needs, Francotyp Postalia caters for two stable segments in the generally difficult market for franking machines.
- The 45% market share in the German market for franking machines demonstrates its reputation as the market leader in Germany based on the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

EBT development
in EUR m



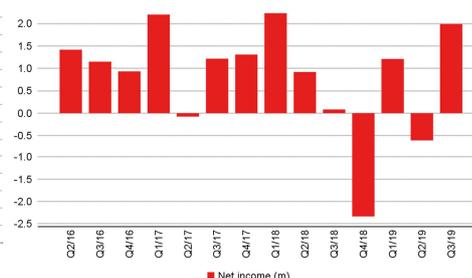
Source: Warburg Research

Net debt
in EURm



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	206.2	216.6	227.4	234.2	241.2	248.5	255.9	263.6	271.5	279.7	288.0	296.7	305.6	
Sales change	1.0 %	5.0 %	5.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	1.0 %
EBIT	7.1	11.1	11.1	14.1	14.5	14.9	15.4	15.8	16.3	16.8	17.3	17.8	18.3	
EBIT-margin	3.4 %	5.1 %	4.9 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	
Tax rate (EBT)	31.0 %	32.0 %	32.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	33.0 %	
NOPAT	4.9	7.5	7.6	9.4	9.7	10.0	10.3	10.6	10.9	11.2	11.6	11.9	12.3	
Depreciation	22.0	22.5	23.0	21.1	21.7	22.4	23.0	23.7	24.4	25.2	25.9	26.7	27.5	
in % of Sales	10.7 %	10.4 %	10.1 %	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	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	2.6	0.9	1.0	2.8	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9	
- Capex	26.0	26.0	26.0	23.4	24.1	24.8	23.0	23.7	24.4	25.2	25.9	26.7	27.5	
Capex in % of Sales	12.6 %	12.0 %	11.4 %	10.0 %	10.0 %	10.0 %	9.0 %	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)	-0.9	3.9	4.5	4.4	6.7	6.9	9.6	9.9	10.2	10.4	10.7	11.0	11.4	11
PV of FCF	-0.9	3.6	3.7	3.3	4.6	4.3	5.4	5.1	4.8	4.5	4.2	3.9	3.7	41
share of PVs	7.04 %			48.01 %										44.95 %

Model parameter

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

Valuation (m)

Present values 2031e	50		
Terminal Value	41		
Financial liabilities	39		
Pension liabilities	16		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	32	No. of shares (m)	15.5
Equity Value	67	Value per share (EUR)	4.36

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
2.24	10.9 %	3.51	3.56	3.61	3.66	3.72	3.77	3.83	2.24	10.9 %	1.88	2.48	3.07	3.66	4.25	4.84	5.44
2.12	10.4 %	3.82	3.87	3.93	3.99	4.06	4.12	4.20	2.12	10.4 %	2.12	2.75	3.37	3.99	4.61	5.24	5.86
2.06	10.2 %	3.98	4.04	4.10	4.17	4.24	4.32	4.40	2.06	10.2 %	2.26	2.89	3.53	4.17	4.81	5.45	6.09
2.00	9.9 %	4.16	4.22	4.29	4.36	4.44	4.52	4.61	2.00	9.9 %	2.39	3.05	3.71	4.36	5.02	5.67	6.33
1.94	9.7 %	4.34	4.41	4.49	4.56	4.65	4.74	4.83	1.94	9.7 %	2.54	3.21	3.89	4.56	5.24	5.91	6.59
1.88	9.4 %	4.54	4.61	4.69	4.78	4.87	4.97	5.07	1.88	9.4 %	2.70	3.39	4.08	4.78	5.47	6.17	6.86
1.76	8.9 %	4.96	5.05	5.15	5.25	5.36	5.47	5.60	1.76	8.9 %	3.04	3.78	4.51	5.25	5.99	6.72	7.46

- Francotyp generates high steady cash flows in a normal business year.
- In 2016, however, these are strongly influenced by strategy programs (ACT)
- However, this has so far failed to deliver the hoped-for growth momentum.

Valuation

	2015	2016	2017	2018	2019e	2020e	2021e
Price / Book	2.1 x	1.9 x	2.5 x	1.8 x	1.6 x	1.4 x	1.2 x
Book value per share ex intangibles	0.04	0.07	-0.09	-0.46	-0.63	-0.71	-0.85
EV / Sales	0.5 x	0.5 x	0.5 x	0.4 x	0.4 x	0.4 x	0.3 x
EV / EBITDA	3.9 x	3.6 x	4.2 x	5.0 x	2.9 x	2.4 x	2.3 x
EV / EBIT	11.5 x	9.9 x	15.1 x	n.a.	11.9 x	7.3 x	7.0 x
EV / EBIT adj.*	11.5 x	9.9 x	15.1 x	n.a.	11.9 x	7.3 x	7.0 x
P / FCF	n.a.	426.4 x	14.6 x	9.8 x	60.1 x	10.2 x	9.4 x
P / E	19.8 x	11.7 x	17.9 x	62.6 x	12.7 x	8.0 x	8.0 x
P / E adj.*	19.8 x	11.7 x	17.9 x	62.6 x	12.7 x	8.0 x	8.0 x
Dividend Yield	2.7 %	3.8 %	2.3 %	0.8 %	3.2 %	5.0 %	5.0 %
FCF Potential Yield (on market EV)	6.1 %	12.0 %	11.2 %	2.2 %	10.0 %	17.5 %	19.2 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Sales	191.1	203.0	206.3	204.2	206.2	216.6	227.4
Change Sales yoy	12.2 %	6.2 %	1.7 %	-1.0 %	1.0 %	5.0 %	5.0 %
Increase / decrease in inventory	-0.1	0.2	0.5	-0.3	0.0	0.0	0.0
Own work capitalised	15.8	11.4	10.8	14.1	17.7	15.2	14.8
Total Sales	206.7	214.5	217.7	218.0	224.0	231.7	242.2
Material expenses	91.3	96.5	102.9	101.6	99.0	103.9	109.1
Gross profit	115.4	118.0	114.8	116.3	125.0	127.8	133.0
<i>Gross profit margin</i>	<i>60.4 %</i>	<i>58.1 %</i>	<i>55.6 %</i>	<i>57.0 %</i>	<i>60.6 %</i>	<i>59.0 %</i>	<i>58.5 %</i>
Personnel expenses	57.4	57.4	59.2	64.7	61.9	60.6	63.7
Other operating income	4.3	3.8	4.8	1.9	1.0	1.1	1.1
Other operating expenses	35.6	37.1	34.1	36.4	35.1	34.6	36.4
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	26.8	27.2	26.3	17.1	29.1	33.6	34.1
<i>Margin</i>	<i>14.0 %</i>	<i>13.4 %</i>	<i>12.8 %</i>	<i>8.4 %</i>	<i>14.1 %</i>	<i>15.5 %</i>	<i>15.0 %</i>
Depreciation of fixed assets	17.8	17.5	19.1	17.3	22.0	22.5	23.0
EBITA	9.0	9.7	7.3	-0.3	7.1	11.1	11.1
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	9.0	9.7	7.3	-0.3	7.1	11.1	11.1
<i>Margin</i>	<i>4.7 %</i>	<i>4.8 %</i>	<i>3.5 %</i>	<i>-0.1 %</i>	<i>3.4 %</i>	<i>5.1 %</i>	<i>4.9 %</i>
EBIT adj.	9.0	9.7	7.3	-0.3	7.1	11.1	11.1
Interest income	0.7	1.3	2.1	2.8	1.0	0.8	0.8
Interest expenses	2.2	1.6	1.9	1.4	0.2	0.3	0.3
Other financial income (loss)	0.2	0.1	-0.4	0.1	-1.0	-0.7	-0.7
EBT	7.7	9.6	7.1	1.3	6.9	10.9	10.9
<i>Margin</i>	<i>4.0 %</i>	<i>4.7 %</i>	<i>3.4 %</i>	<i>0.6 %</i>	<i>3.3 %</i>	<i>5.0 %</i>	<i>4.8 %</i>
Total taxes	3.9	3.4	2.4	0.4	2.1	3.5	3.5
Net income from continuing operations	3.7	6.2	4.6	0.9	4.7	7.4	7.4
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	3.7	6.2	4.6	0.9	4.7	7.4	7.4
Minority interest	0.2	0.3	0.0	0.0	0.0	0.0	0.0
Net income	3.5	5.9	4.6	0.9	4.7	7.4	7.4
<i>Margin</i>	<i>1.9 %</i>	<i>2.9 %</i>	<i>2.3 %</i>	<i>0.4 %</i>	<i>2.3 %</i>	<i>3.4 %</i>	<i>3.3 %</i>
Number of shares, average	16.2	16.2	16.2	16.2	16.2	16.2	16.2
EPS	0.22	0.36	0.29	0.06	0.29	0.46	0.46
EPS adj.	0.22	0.36	0.29	0.06	0.29	0.46	0.46

*Adjustments made for:

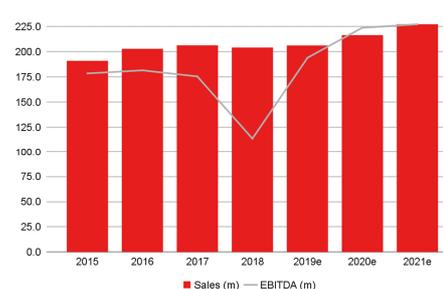
Guidance: n.a.

Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	94.2 %	92.3 %	92.8 %	98.4 %	94.5 %	91.5 %	91.5 %
Operating Leverage	-0.7 x	1.3 x	-15.3 x	n.a.	n.a.	11.3 x	0.1 x
EBITDA / Interest expenses	11.9 x	17.4 x	13.8 x	12.3 x	145.4 x	111.9 x	113.7 x
Tax rate (EBT)	51.3 %	35.5 %	34.3 %	28.4 %	31.0 %	32.0 %	32.0 %
Dividend Payout Ratio	52.1 %	41.7 %	41.7 %	54.1 %	39.5 %	40.2 %	40.1 %
Sales per Employee	164,180	170,997	170,431	165,358	163,737	168,553	173,511

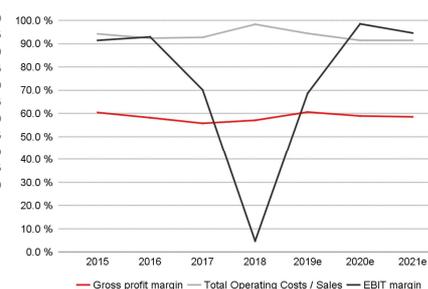
Sales, EBITDA

in EUR m

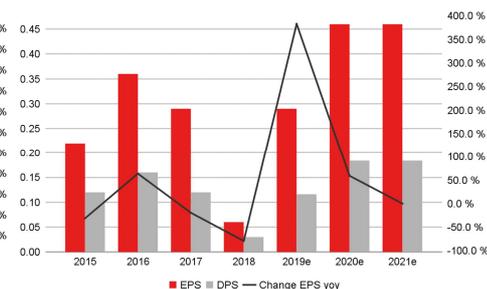


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

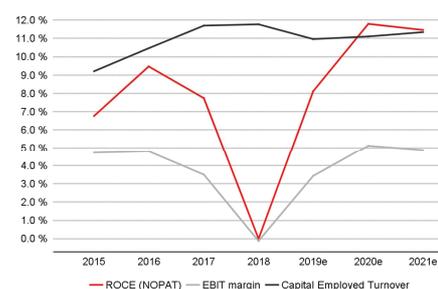
Consolidated balance sheet

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Assets							
Goodwill and other intangible assets	33.0	34.9	35.1	40.8	47.8	54.8	61.8
thereof other intangible assets	24.5	26.4	26.7	30.3	37.3	44.3	51.3
thereof Goodwill	8.5	8.5	8.5	10.4	10.4	10.4	10.4
Property, plant and equipment	42.0	39.3	31.8	29.9	26.9	23.4	19.4
Financial assets	6.0	9.7	11.6	13.4	13.4	13.4	13.4
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	81.0	83.9	78.5	84.1	88.1	91.6	94.6
Inventories	11.7	11.2	10.6	11.2	11.3	11.9	12.5
Accounts receivable	16.9	19.0	19.5	19.0	18.6	19.6	20.6
Liquid assets	18.9	27.1	34.9	30.9	30.3	32.5	36.2
Other short-term assets	27.6	26.2	27.1	21.6	21.6	21.6	21.6
Current assets	75.1	83.4	92.1	82.7	81.9	85.5	90.8
Total Assets	156.2	167.3	170.6	166.7	169.9	177.1	185.3
Liabilities and shareholders' equity							
Subscribed capital	16.2	16.2	16.3	16.3	16.3	16.3	16.3
Capital reserve	34.9	34.6	34.8	34.7	34.7	34.7	34.7
Retained earnings	3.5	0.0	0.0	0.0	-18.1	-15.1	-10.5
Other equity components	-20.9	-14.9	-17.4	-17.7	4.7	7.4	7.4
Shareholders' equity	33.7	35.9	33.7	33.3	37.7	43.3	48.0
Minority interest	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	35.2	35.9	33.7	33.3	37.7	43.3	48.0
Provisions	22.3	18.0	17.7	17.6	18.4	19.3	20.2
thereof provisions for pensions and similar obligations	15.5	17.1	16.5	16.2	17.0	17.9	18.8
Financial liabilities (total)	36.3	38.4	43.6	39.3	38.2	36.2	36.2
thereof short-term financial liabilities	4.6	0.9	0.4	0.2	0.2	0.2	0.2
Accounts payable	9.9	10.6	11.2	14.0	11.2	11.8	12.4
Other liabilities	52.5	64.3	64.5	62.6	64.5	66.6	68.7
Liabilities	120.9	131.4	137.0	133.4	132.3	133.8	137.4
Total liabilities and shareholders' equity	156.2	167.3	170.6	166.7	169.9	177.1	185.3

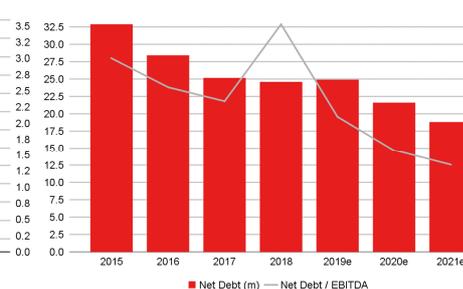
Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Efficiency of Capital Employment							
Operating Assets Turnover	3.1 x	3.4 x	4.1 x	4.4 x	4.5 x	5.0 x	5.7 x
Capital Employed Turnover	2.8 x	3.2 x	3.5 x	3.5 x	3.3 x	3.3 x	3.4 x
ROA	4.4 %	7.0 %	5.9 %	1.1 %	5.4 %	8.1 %	7.8 %
Return on Capital							
ROCE (NOPAT)	6.8 %	9.5 %	7.7 %	n.a.	8.1 %	11.8 %	11.5 %
ROE	11.4 %	16.8 %	13.4 %	2.7 %	13.4 %	18.3 %	16.3 %
Adj. ROE	11.4 %	16.8 %	13.4 %	2.7 %	13.4 %	18.3 %	16.3 %
Balance sheet quality							
Net Debt	32.9	28.4	25.2	24.6	24.9	21.6	18.8
Net Financial Debt	17.4	11.4	8.6	8.4	7.9	3.7	0.0
Net Gearing	93.3 %	79.1 %	74.7 %	73.9 %	66.1 %	49.9 %	39.2 %
Net Fin. Debt / EBITDA	65.0 %	41.8 %	32.8 %	49.1 %	27.1 %	11.1 %	0.1 %
Book Value / Share	2.1	2.2	2.1	2.1	2.3	2.7	3.0
Book value per share ex intangibles	0.0	0.1	-0.1	-0.5	-0.6	-0.7	-0.9

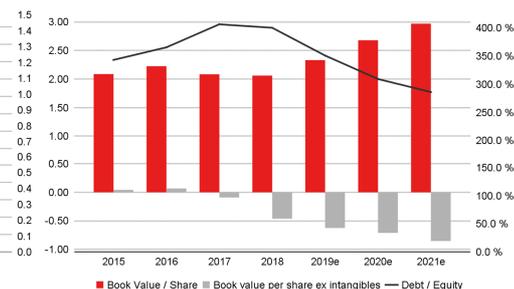
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

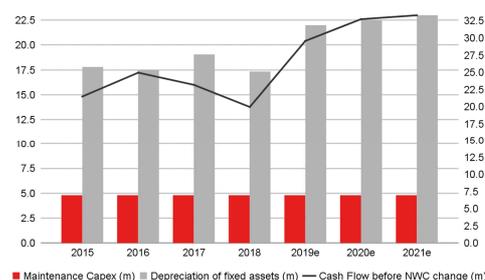
In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Net income	3.5	5.9	4.6	0.9	4.7	7.4	7.4
Depreciation of fixed assets	17.8	17.5	19.1	17.3	22.0	22.5	23.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	-1.9	1.6	-0.5	-0.3	0.8	0.9	0.9
Other non-cash income and expenses	2.0	0.0	0.0	2.0	2.0	2.0	2.0
Cash Flow before NWC change	21.4	24.9	23.2	19.9	29.6	32.7	33.3
Increase / decrease in inventory	-1.7	0.5	0.6	-0.6	-0.1	-0.6	-0.6
Increase / decrease in accounts receivable	0.4	-2.0	-0.6	0.6	0.3	-0.9	-1.0
Increase / decrease in accounts payable	0.4	0.8	0.6	2.8	-2.8	0.6	0.6
Increase / decrease in other working capital positions	-2.0	-2.0	-2.5	1.5	0.0	0.0	0.0
Increase / decrease in working capital (total)	-2.9	-2.8	-1.9	4.3	-2.6	-0.9	-1.0
Net cash provided by operating activities [1]	18.6	22.2	21.3	24.2	27.0	31.8	32.3
Investments in intangible assets	-5.8	-6.7	-6.9	-9.0	-7.0	-7.0	-7.0
Investments in property, plant and equipment	-14.3	-15.3	-8.6	-9.0	-19.0	-19.0	-19.0
Payments for acquisitions	0.0	0.0	0.0	-3.5	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.3	0.0	0.0	0.0
Net cash provided by investing activities [2]	-20.1	-17.6	-15.5	-21.2	-26.0	-26.0	-26.0
Change in financial liabilities	4.5	4.5	4.5	-4.3	-1.1	-2.0	0.0
Dividends paid	-2.6	-2.6	-0.8	-1.9	-0.5	-1.7	-2.6
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.4	-2.6	-2.6	-0.2	0.0	0.0	0.0
Net cash provided by financing activities [3]	2.4	-0.7	1.1	-6.4	-1.6	-3.7	-2.6
Change in liquid funds [1]+[2]+[3]	0.8	3.9	6.9	-3.4	-0.6	2.1	3.7
Effects of exchange-rate changes on cash	0.8	0.5	-1.4	0.5	0.0	0.0	0.0
Cash and cash equivalent at end of period	15.9	18.7	24.2	32.0	30.3	32.5	36.2

Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Cash Flow							
FCF	-1.5	4.6	5.8	6.2	1.0	5.8	6.3
Free Cash Flow / Sales	-0.8 %	0.1 %	2.8 %	3.0 %	0.5 %	2.7 %	2.8 %
Free Cash Flow Potential	6.3	11.6	12.3	1.8	8.4	14.1	15.0
Free Cash Flow / Net Profit	-43.7 %	2.7 %	124.3 %	690.1 %	20.8 %	78.5 %	85.3 %
Interest Received / Avg. Cash	3.8 %	5.9 %	6.9 %	8.7 %	3.3 %	2.5 %	2.3 %
Interest Paid / Avg. Debt	6.6 %	4.2 %	4.7 %	3.4 %	0.5 %	0.8 %	0.8 %
Management of Funds							
Investment ratio	10.5 %	10.8 %	7.5 %	8.8 %	12.6 %	12.0 %	11.4 %
Maint. Capex / Sales	2.5 %	2.4 %	2.3 %	2.4 %	2.3 %	2.2 %	2.1 %
Capex / Dep	112.9 %	125.8 %	81.2 %	104.2 %	118.2 %	115.6 %	113.0 %
Avg. Working Capital / Sales	9.6 %	9.4 %	9.3 %	8.6 %	8.5 %	8.9 %	8.9 %
Trade Debtors / Trade Creditors	171.9 %	178.9 %	174.2 %	135.7 %	166.4 %	166.4 %	166.4 %
Inventory Turnover	7.8 x	8.6 x	9.7 x	9.1 x	8.8 x	8.8 x	8.8 x
Receivables collection period (days)	32	34	35	34	33	33	33
Payables payment period (days)	39	40	40	50	41	41	41
Cash conversion cycle (Days)	40	36	32	24	33	33	33

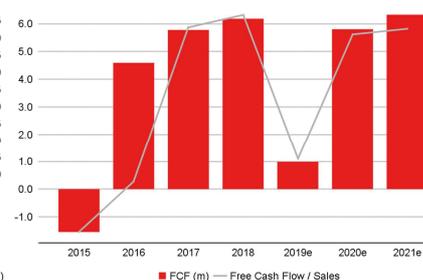
CAPEX and Cash Flow

in EUR m



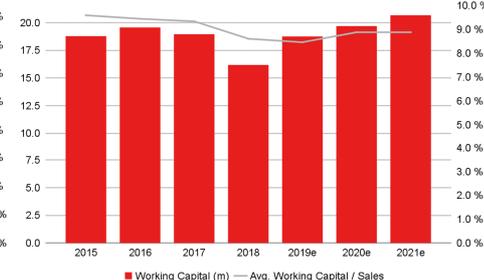
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Francotyp-Postalia	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000FPH9000.htm

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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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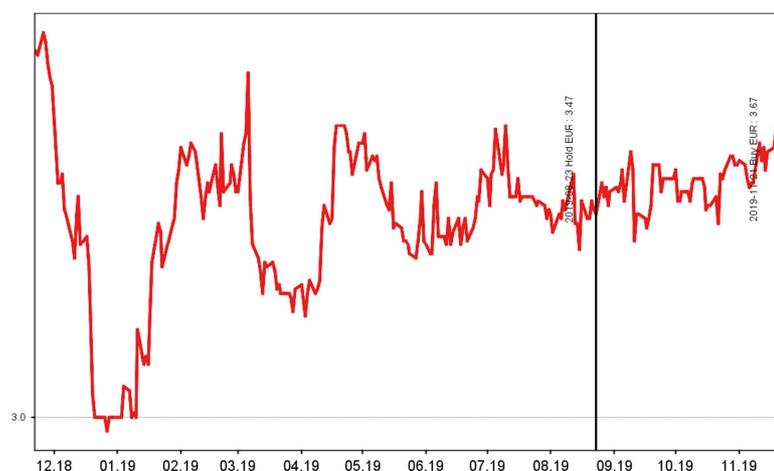
Rating	Number of stocks	% of Universe
Buy	118	58
Hold	74	37
Sell	6	3
Rating suspended	4	2
Total	202	100

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	33	77
Hold	8	19
Sell	0	0
Rating suspended	2	5
Total	43	100

PRICE AND RATING HISTORY FRANCO TYP-POSTALIA AS OF 21.11.2019



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

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