



# FP GROUP

PRELIMINARY RESULTS 2017 / OUTLOOK 2018

BERLIN | 1 MARCH 2018

# FP HAS DELIVERED ON ITS PROMISES IN 2017

REVENUE, EBITDA TARGETS MET,  
FREE CASHFLOW TARGET EXCEEDED



## PROMISED

Revenue slight increase\*  
(2016: € 203.0 m)



**ON TARGET**

## PROMISED

EBITDA slight increase\*  
(2016: € 27.2 m)



**ON TARGET**

## PROMISED

FCF on previous year's level\*\*  
(2016: € 9.5 m)

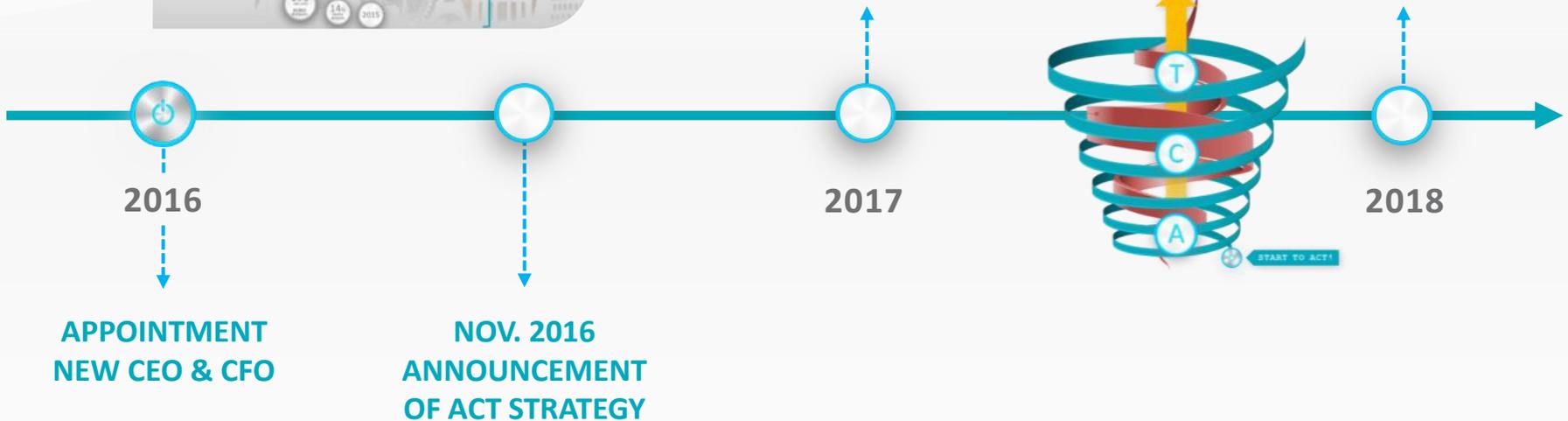


**EXCEEDED**

- ✓ **Guidance achieved** (currency adjusted)
- ✓ **Excluding currency adjustments: Revenues of € 206.3 m, EBITDA of € 26.3 m**

\* Currency adjusted / \*\* Excluding additions to finance lease assets and M&A

# FP IS ON TRACK FOR THE 2020 ACT GOALS



# STRATEGIC ACT PROJECTS

## ACT IMPLEMENTATION ON TRACK



After only 15 months of ACT we see results (selected projects)

### CORE BUSINESS

- **Increased** market share
- **Increased** product sales
- Additional postal approvals in **11 countries**
- January 2018:  
**100,000th PostBase**
- **Concentration of production, maintenance and service activities** in our Wittenberge facility

### NEW PRODUCTS & NEW BUSINESS

- **FP-Sign** market entry
- discoverFP portal developed,  
**rollout initiated**

### TAX

Tax rate **further reduced**

### HR

Trained **over 1.000 employees** for ongoing transformation

# FP GROUP IS AHEAD OF PEERS



PEER GROUP COMPARISON		PEER 1	PEER 2
<b>TOTAL REVENUE GROWTH</b>			
<b>FY 2016</b>	<b>6%</b>	<b>-3%</b>	<b>-5%</b>
excluding currency effects	7%	-1%	-4%
<b>H1 2017</b>	<b>4%</b>	<b>0%</b>	<b>-1%</b>
excluding currency effects	4%	0%	0%
<b>FY 2017</b>	<b>2%</b>		<b>4%*</b>
excluding currency effects	3%		4%
<b>REVENUE GROWTH FRANKING MACHINE BUSINESS</b>			
<b>FY 2016</b>	<b>2%</b>	<b>-6%</b>	<b>-7%</b>
excluding currency effects	4%	-5%	NA
<b>H1 2017</b>	<b>2%</b>	<b>-3%</b>	<b>-5%</b>
excluding currency effects	3%	-4%	NA
<b>FY 2017</b>	<b>1%</b>		<b>-5%</b>
excluding currency effects	3%		NA

\* largely driven by M&A

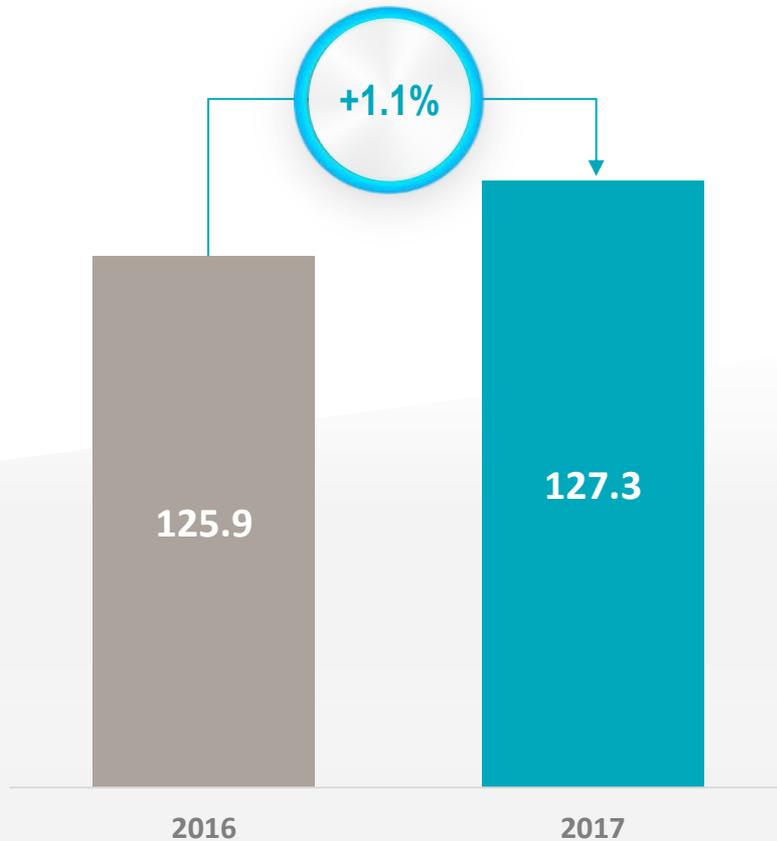


# REVENUE GROWTH IN CORE BUSINESS



## REVENUES FRANKING MACHINE BUSINESS

€ MILLION

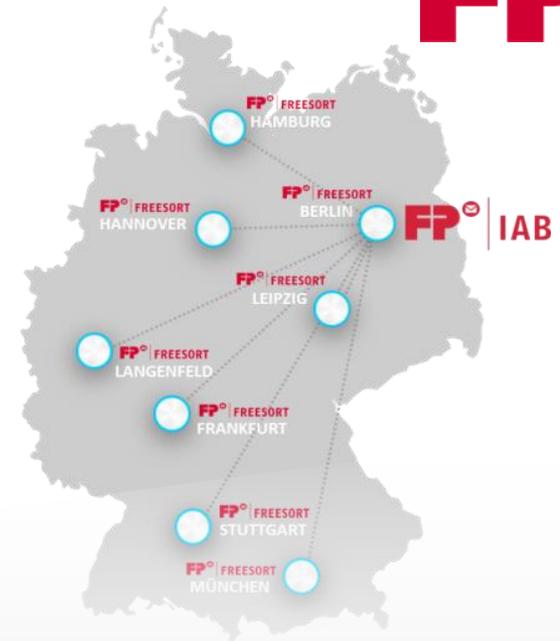
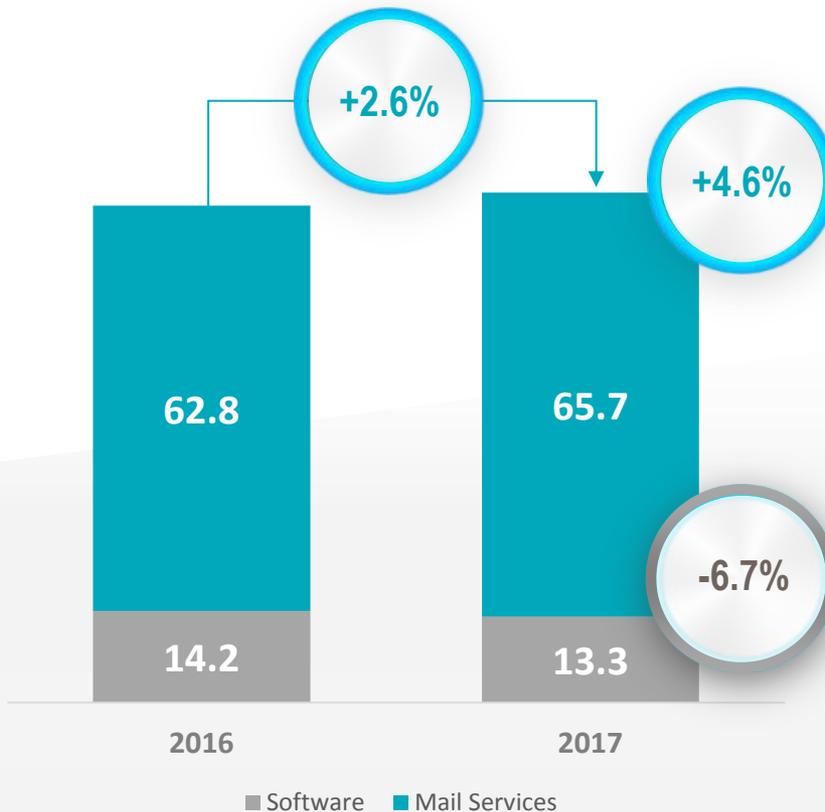


- ✓ **Increase of revenue by 2.8%**  
(increase of 1.1% after currency effects)
- ✓ **Product sales franking grew by 7.1%**  
(after currency effects) mainly driven by PostBase 100 and PostBase Mini
- ✓ **Increase of market share to 11.1%**,  
market share gains in almost all  
markets, in particular  
in core strategic markets USA, France

# REVENUE MAIL SERVICES AND SOFTWARE



## REVENUES MAIL SERVICES AND SOFTWARE € MILLION

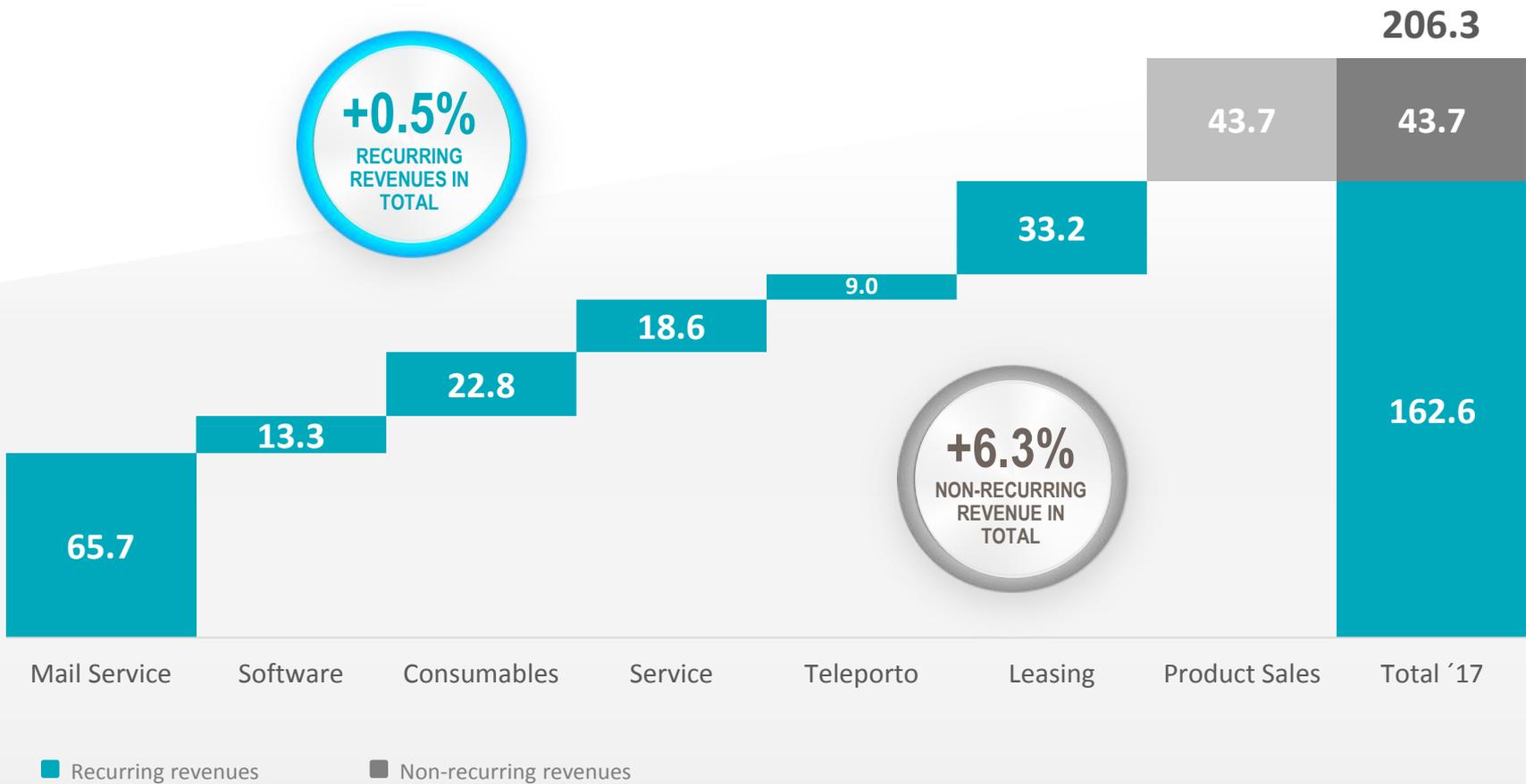


- ✓ Revenue growth in **Mail Services** of **4.6%** due to higher demand in franking service
- ✓ Temporary decline of processed mail volume led to revenue decrease of 6.7% in the **Software** business

# INCREASE OF NON-RECURRING REVENUE FOR FUTURE GROWTH



REVENUE  
€ MILLION



# EARNINGS AFFECTED BY ACT INVESTMENTS, NON-RECURRING EFFECTS AND FX RATES



€ MILLION	2016	2017
Revenue	203	208.4* 206.3
<b>EBITDA</b>	<b>27.2</b>	<b>27.5*</b> <b>26.3</b>
EBITDA Margin (%)	13.4%	12.8%
Depreciation/ amortisation	17.5	19.1
EBIT	9.7	7.3
Net Income	6.2	4.6
EPS (basic, EUR)	0.36	0.29
EPS (diluted, EUR)	0.36	0.28

## Mail Services

- ✓ Reduced margin due to reduction of postage discounts
- ✓ Increase of costs of purchased services (franking services) by 11.2%

## ACT

- ✓ Ongoing expected implementation of ACT: expenses of €3.5m, thereof personnel expenses €2.3m

## One-off effects

- ✓ Non-recurring expenses of €1.5m (including €0.6m due to previously reported irregularities in Mail Services)
- ✓ Positive effect of income from statute-barred liabilities of €2.8m

## \* Currency effect

- ✓ -€2.1m on revenue and -€1.2m on EBITDA mainly due to British Pound and US Dollar

## Dividend

- ✓ Executive and Supervisory Board propose a tax free dividend of €0.12, resulting in a constant net dividend in the 4th consecutive year

# ADJUSTED FREE CASH FLOW EXCEEDS GOOD PREVIOUS YEAR RESULT



€ MILLION	2016	2017
Cash flow from operating activities	22.1	21.3
Cash flow from investing activities	-17.6	-15.5
<b>Free Cash flow</b>	<b>4.6</b>	<b>5.8</b>
<b>Adj. Free Cash flow*</b>	<b>9.5</b>	<b>9.9</b>
Cash flow from financing activities	-0.7	1.1
Cash and cash equivalents	18.7	24.1

\* excluding M&A and additions in finance lease assets

## Operating activities

- ✓ Slight decrease due to reduced EBITDA with solid working capital

## Investing activities

- ✓ Acquisition of customer list (UK), capitalisation of development costs and rental equipment
- ✓ **Free cash flow** exceeds previous year by 26.7%
- ✓ **Adj. Free cash flow** exceeds previous year by 3.7%

## Financing activities

- ✓ Share buyback
- ✓ Payment of dividends

# 2018 YEAR OF ACTION



- ✓ Lay the foundation for **growth leap**
- ✓ **Further attack** in core business.
- ✓ Revenue generation with **digital products** – start growth trajectory
- ✓ **“JUMP” project** leads to sustainable profitability improvements – noticeable non-recurring expenses in 2018
- ✓ Clear focus **on medium- and long-term ACT goals**

FP holds a market share of more than **11 %**

**89%**

of the **market wait to be conquered.**



# ATTACK IN CORE BUSINESS



## OUTLOOK 2018

Maintain and expand leadership in selected markets –  
Gain international market share

- ✓ **Continue attack on target markets** to increase market share, esp. in strategic key markets USA, France
- ✓ **Expand international reach,** new countries
- ✓ Rollout of **leasing offering**
- ✓ Winning **new partners**
- ✓ International roll-out of **new web design**
- ✓ Development and introduction of **next generation PostBase**
- ✓ **Marketing and PR**



# ACCOMPANY CUSTOMERS ON THEIR JOURNEY FROM THE ANALOGUE TO THE DIGITAL WORLD



## FP-SIGN – EFFICIENT AND SAFE WORKFLOWS

FP-Sign offers corporations, financial services providers, authorities an easy way to use workflow with legally secure signature processes – saving them time and money

- ✓ Winner of EU wide tender StudiES+
- ✓ Roll-out in selected market areas



<https://www.fp-sign.com>

# ACCOMPANY CUSTOMERS ON THEIR JOURNEY FROM THE ANALOGUE TO THE DIGITAL WORLD



## discoverFP

Portal solution serves as the bridge between analogue and digital worlds – key to setting off on joint customer journey

- ✓ Leveraging our customer base
- ✓ Release 1 finalised in time and budget
- ✓ Roll-out in 10 major countries initiated, to be finalized in Q2 2018

Updated 26/02/2018 08:18

● **PostBase (Mini) / PM028191**

Machine	Ink 74% LEFT	£ Postage value 350.12
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**Your machine is doing well**

Speed 15 lpm	SMS texts 2 pcs	Cost accounts 10 pcs
Weighing range 2000	Print 1424 pcs	Advertisements 10 pcs

[CHECK SPECIFIC DETAILS](#)

<https://www.discoverfp.com>

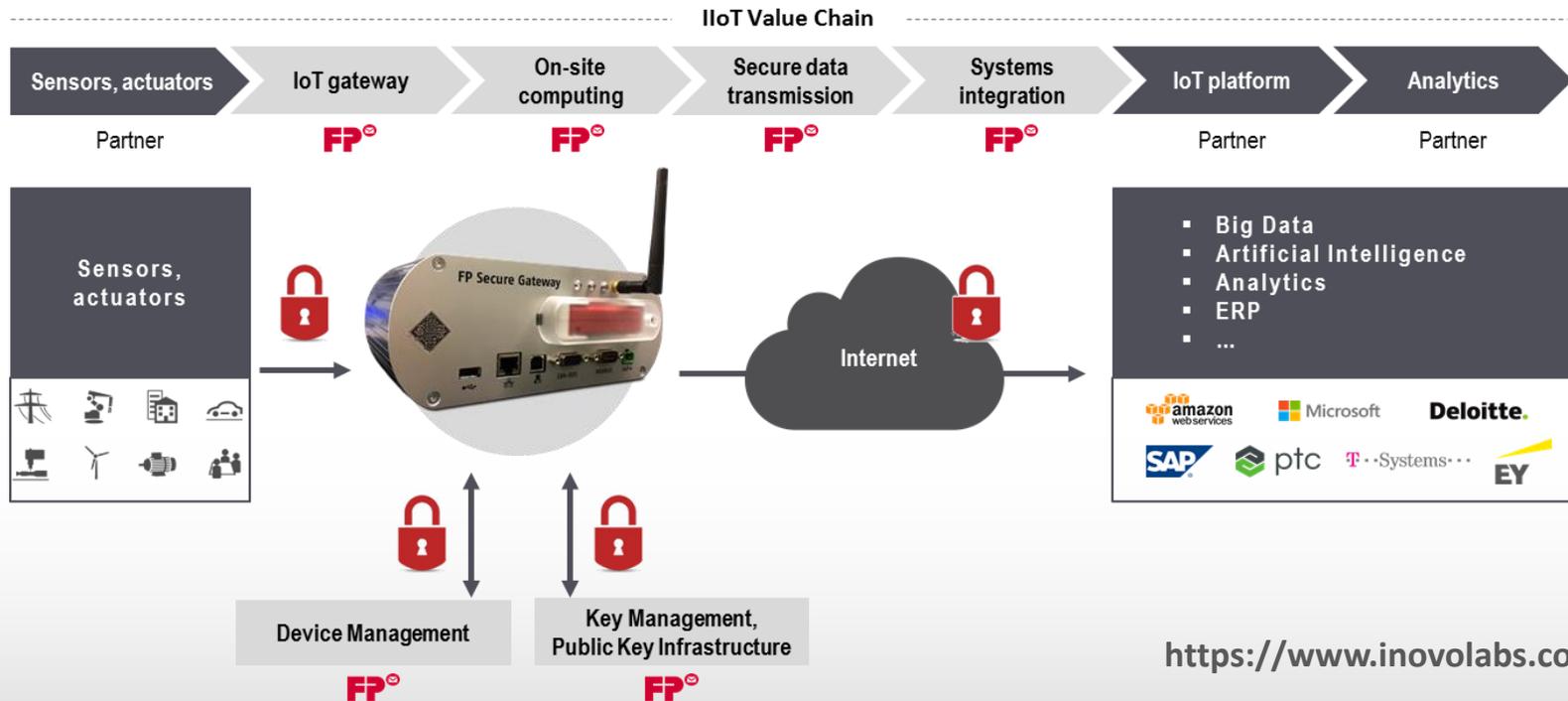
# ACCOMPANY CUSTOMERS ON THEIR JOURNEY FROM THE ANALOGUE TO THE DIGITAL WORLD



## SECURE GATEWAY TO THE INTERNET OF THINGS

FP possesses a unique DNA in the areas of actuating elements, sensor systems, cryptography and connectivity. Based on proprietary technology, patent protection and with unique hardware-based security features, the FP Secure Gateway can be used for a wide variety of business applications.

- ✓ Roll-out with initial test customer started
- ✓ Expand base of contacts with potential cooperation partners, customers



<https://www.inovolabs.com>

# JUMP – SUSTAINABLE IMPROVEMENTS

## EXCELLENCE ON ALL LEVELS



### SALES, R&D, PRODUCTION

- ✓ Reduce time-to-market
- ✓ Increase customer retention rate

### SUPPORTING FUNCTIONS

- ✓ Establish competence centers, shared services
- ✓ Increase speed, quality, efficiency
- ✓ Maximise automation, digitalisation

### PROJECT TEAM

installed end of 2017,  
initial projects finalised already;  
roll-out 2018/2019

Gain € 6 m  
savings  
p.a.

17%

EBITDA margin

13%

Non-  
recurring expense  
€ 6-8 m  
(2018)

### KEY TARGET

Fastest organisation among  
our peer group;  
sustainable profitability  
improvements of FP Group

# GUIDANCE 2018: THE YEAR OF ACTION

## CLEAR FOCUS ON MID-TERM GOALS



	2017	2018
<b>REVENUE</b>	€ 206.3 m	<b>REVENUE</b> FP expects a slight increase*
<b>EBITDA</b>	€ 26.3 m	<b>EBITDA</b> FP expects a slight increase**
<b>Adj. FCF</b>	€ 9.9 M	<b>Adj. FREE CASH FLOW</b> FP expects positive adj. FCF at a considerably lower level than last year***

\* Based on constant currency level;

\*\* Based on constant currency level, adjusted by JUMP (leading to up to €6.0m to €8.0m non-recurring expenses);

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

# FP IS ON THE RIGHT WAY TOWARDS ITS GOALS





# FP GROUP

## QUESTIONS ARE WELCOME



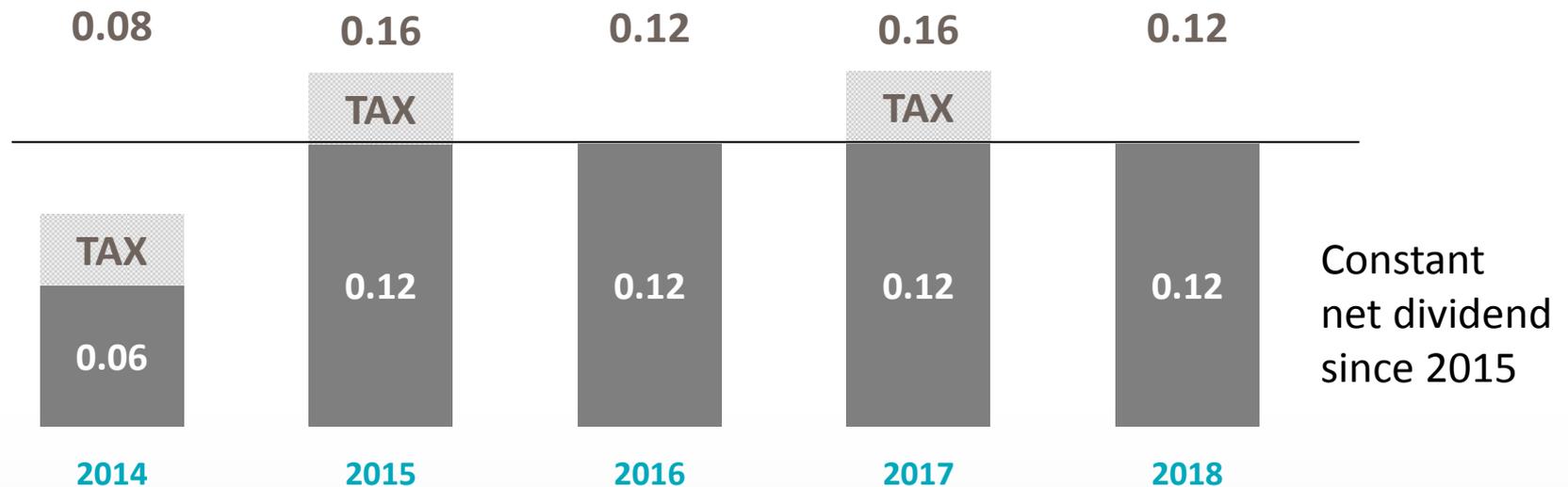
# FP GROUP

## APPENDIX

# 4<sup>TH</sup> CONSECUTIVE YEAR: CONSTANT NET DIVIDEND OF € 0.12



- ✓ **FP is obliged to its shareholders**
- ✓ **FP dividend policy:** payout of 35-50% of adj. net income based on positive free cashflow
- ✓ **FP dividend proposal 2017:** tax free dividend of €0.12.



- ➔ **Management and Employees worldwide invest in 2018 Year of ACTION**
- ➔ **Join us to accelerate growth and increase profitability!**



**Rüdiger Andreas  
Günther**  
CEO and CFO

since January 2016 with FP

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

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



**Thomas  
Grethe**  
CSO

since June 2013 with FP

Banker and Economist (WAH)

- ✓ More than 30 years of sales experience in the IT and telecommunications industry
- ✓ Executive positions in sales management and general management of international groups such as Oki Systems, Konica Minolta Printing Solutions und Ricoh
- ✓ CEO of Utax GmbH (was acquired by Kyocera Corporation in 2010)



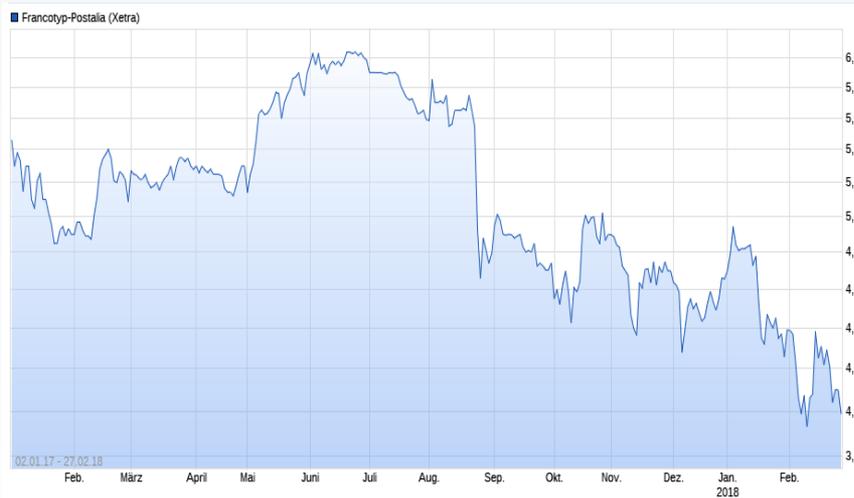
**Sven  
Meise**  
CDO

since February 2015 with FP

Degree in Business  
Administration (BA) specializing  
in Business Computer Science

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

# FP AT THE STOCK MARKET



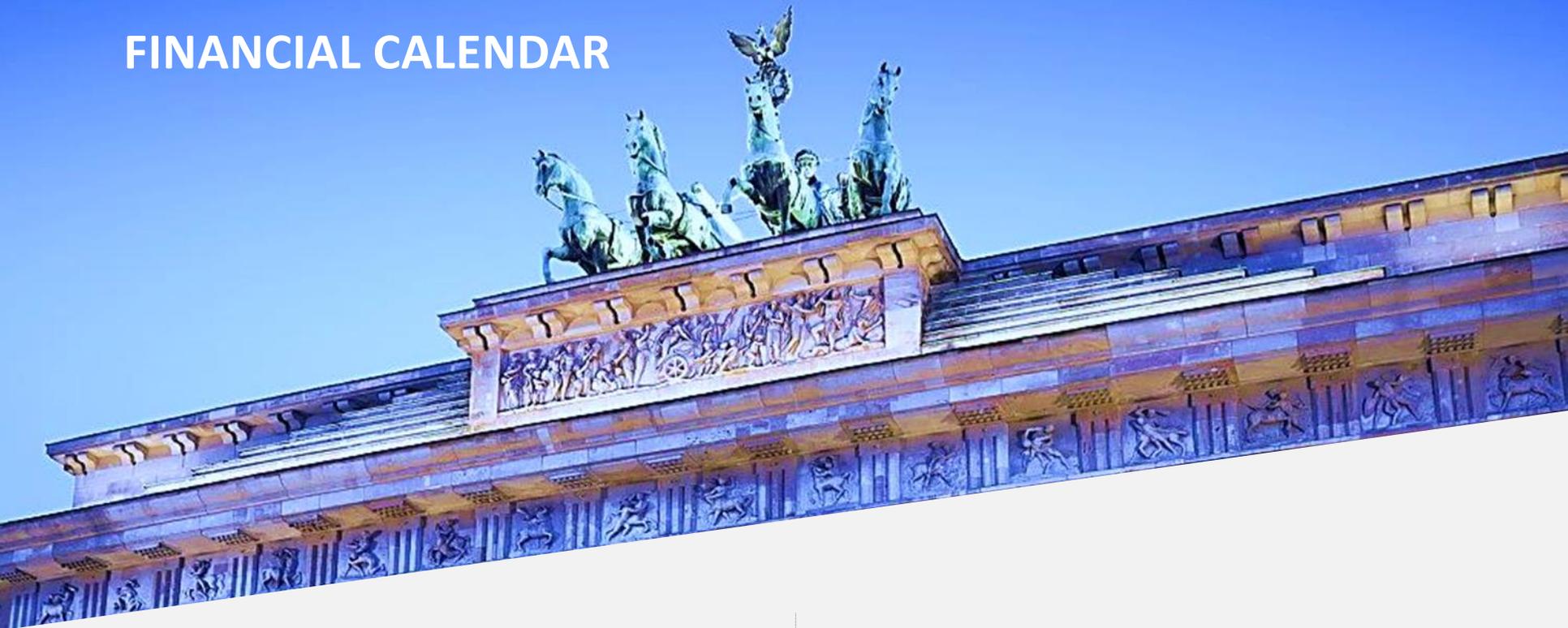
<b>ISIN</b>	DE000FHP9000
<b>Segment</b>	Prime Standard/ All Industrial
<b>IPO</b>	30 November 2006
<b>Reuters</b>	FPHG.DE
<b>Shares</b>	16.3 million
<b>Freefloat</b>	74.3% (according to GSE Frankfurt)
<b>Coverage</b>	Warburg Research

## MAIN SHAREHOLDER

<b>INKA GMBH</b>	10.2%
<b>Active Ownership Fund</b>	9.5%
<b>Quaero Capital</b>	5.2%
<b>SALTARAX GMBH</b>	3.6%
<b>Ludic GmbH</b>	3.5%
<b>RUDOLF HEIL</b>	3.0%



# FINANCIAL CALENDAR



**29 March 2018**

Consolidated Financial statements

**17 May 2018**

Results for the First Quarter

**29 May 2018**

Annual General Shareholder Meeting, Berlin

**23. August 2018**

Results for the Half Year 2018

**15. November 2018**

Results for the Third Quarter 2018





# CONTACT

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# DISCLAIMER



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

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

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



**FP GROUP**

THANK YOU VERY MUCH