



# Conference Call – 9M 2019

# FP 9M 2019 YEAR-END RALLY

## STRONG THIRD QUARTER 2019



### 9M 2019 - ACT Strategy remains on course

- **Attack** in core business successful in 2016, 2017, 2018 and in the first 9M 2019
- Range of services for **Customers** expanded:  
New digital products launched in the first 9M 2019
- **Transformation** of existing and well-proven technology into new growth markets. FP covers the full IoT value chain and offers end-to-end-solutions to customers

### Year-end rally supported by:

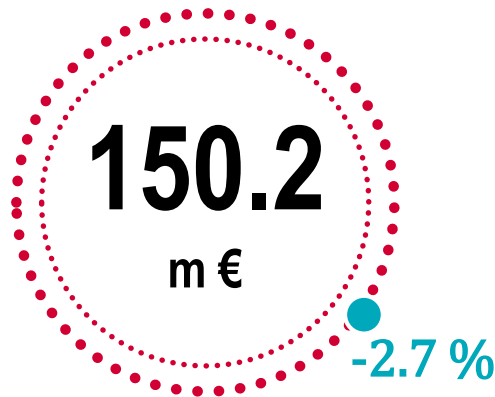
- Availability of **new products and services** as announced in conference call to H1 2019
- Ongoing **positives effect** from **postal tariff increase**
- **Revenue** traditionally **stronger in Q4**

▶ **Although challenging, FP is optimistic to meet Guidance FY2019**

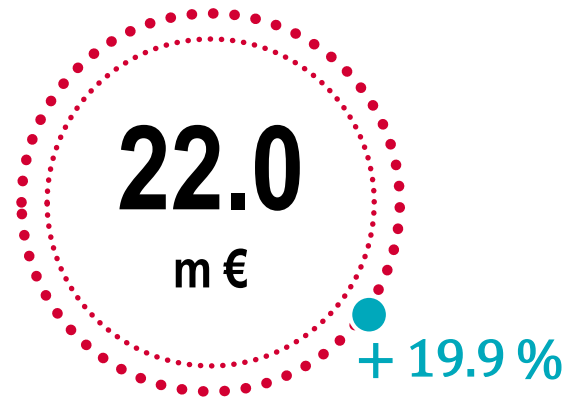
# FP 9M 2019 YEAR-END RALLY

REVENUE STILL SLIGHTLY BELOW PREVIOUS YEAR'S LEVEL;  
STRONG INCREASE IN EBITDA

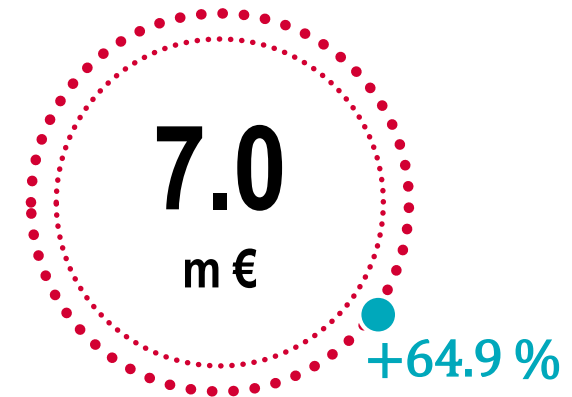
Revenue<sup>1</sup>



EBITDA<sup>2</sup>



ADJ. FCF<sup>3</sup>



- Excluding adjustments: Revenues of € 152.4m, EBITDA of € 20.7m
- JUMP expenses of € 2.4m, implementation ongoing
- Non-adjusted Free cash flow of € 0.6m

<sup>1</sup> Currency adjusted | <sup>2</sup> Adjusted for currency effects and JUMP expenses | <sup>3</sup> Excluding additions to finance lease assets, M&A and JUMP payments  
EUR/USD exchange rate in 9M 2018: 1 € = 1,1943 USD, in 9M 2019 = 1.1237 USD

# FP 9M 2019 P&L

## EBITDA INCREASED BY ~20%

m €	9M 2018	9M 2019
Revenue	154.3	150.2 <sup>1</sup> 152.4
<b>EBITDA adjusted</b>	<b>18.4<sup>2</sup></b>	<b>22.0<sup>2</sup></b>
<b>EBITDA as reported</b>	<b>17.0</b>	<b>20.7</b>
EBITDA Margin	11.9% <sup>2</sup> 11.0%	14.7% <sup>2</sup> 13.6%
Amortisation/ depreciation	12.8	16.3
~ to revenue	8.3%	10.7%
EBIT	4.2	4.4
Net Income	3.2	2.6
EPS (basic, Euro)	0.20	0.16

### Currency and special items

- Positive currency effects of € 2.2m on revenue and € 1.0m on EBITDA
- Non-recurring expenses of € 2.4m for JUMP (prev. year € 1.4m)
- Impact on EBITDA from first time adoption of IFRS 16 of € 2.8m almost offset by the depreciation of right-of-use assets
- Adjusted EBITDA 19.9% above previous year level / EBITDA as reported 21.7% above previous year level

### Amortization/depreciation

- Increase due to IFRS 16 and higher amortization of capitalized R&D (FP Sign, PostBase Vision)

### Consolidated net income

- Impairment on JUCONN (€ 0.9m )

<sup>1</sup> Currency adjusted | <sup>2</sup> Adjusted for currency effects and JUMP expenses

# FP 9M 2019 FREE CASHFLOW

## STRONG INCREASE IN ADJUSTED FREE CASHFLOW

m €	9M 2018	9M 2019
Cash flow from operating activities	13.9	18.0
Cash flow from investing activities	-16.6	-17.3
Free cash flow	-2.7	0.6
<b>Adjusted free cash flow*</b>	<b>4.3</b>	<b>7.0</b>
Cash flow from financing activities	-2.8	-4.0
Cash and cash equivalents	18.8	18.3

### Cash flow from operating activities

- Net working capital increased during the year
- Positive effects from service revenue in Q3 2019
- JUMP payments of € - 4.2m
- IFRS Lease payments of € - 2.8m now recognized as cash flow from financing activities

### Cash flow from investing activities

- Increase in investments internally generated intangible assets of € 4.1m (mainly ERP/CRM)
- Participation in Juconn with € -1.0m

### Cash flow from financing activities

- IFRS 16 effect of lease payments of € -2.8m EUR that had previously been recognized as cash flow from operating activities
- Dividend payment of € - 0.5m (2018: € -1.9m)

\* Excluding investments in finance lease assets, M&A and payments for JUMP.

# FP 9M 2019 CORE BUSINESS

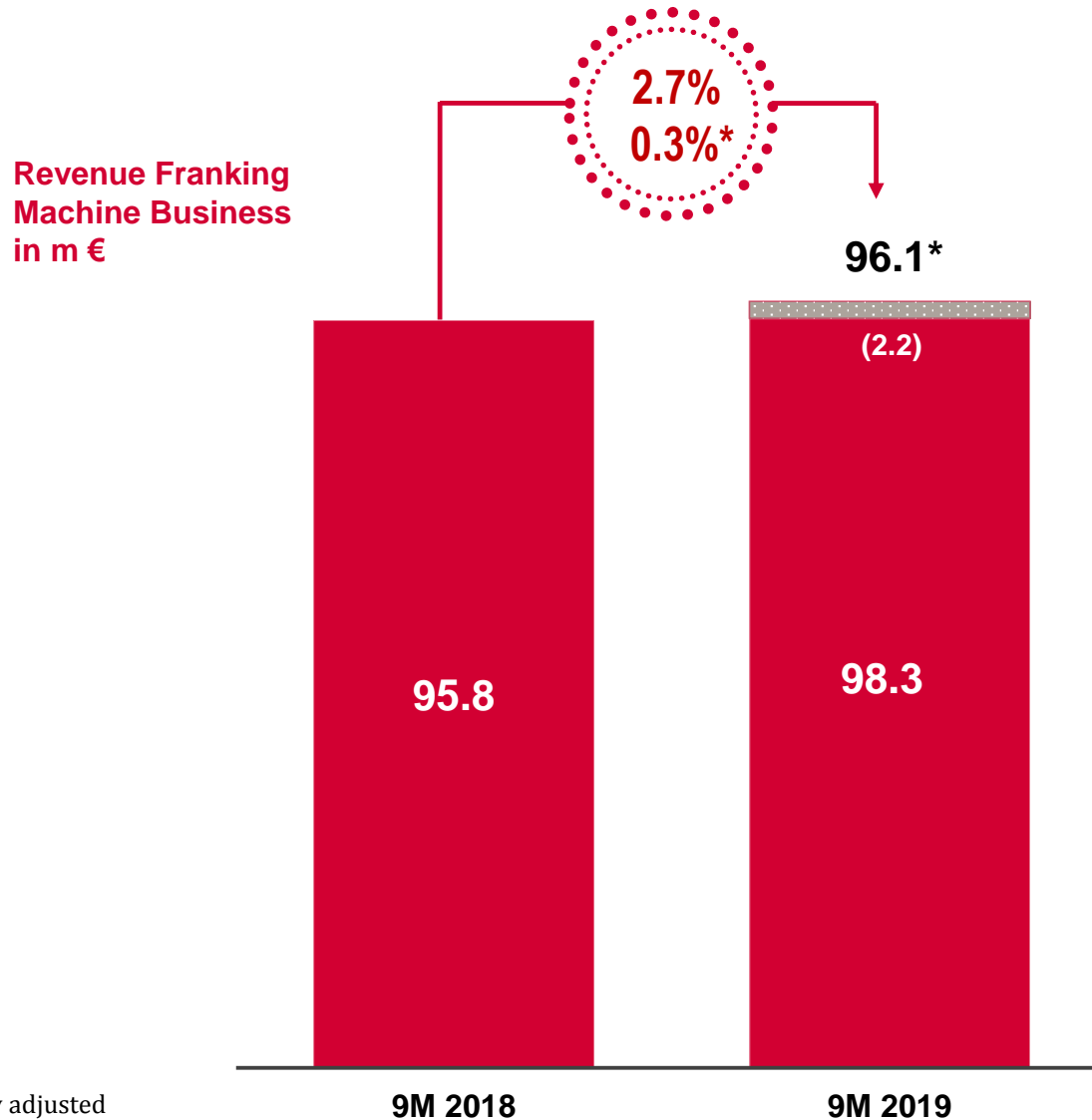
## SUCCESSFUL ATTACK IN CORE BUSINESS 2016 - 9M 2019

### Peer group comparison

	FP	Peer 1	Peer 2
Revenue growth franking machine business			
FY 2016	2%	-6%	-7%
excluding currency effects	4%	-5%	NA
FY 2017	1%	-6%	-5%
excluding currency effects	3%	-4%	NA
FY 2018	0%	-6%	-6%
excluding currency effects	2%	-4%	NA
9M 2019	2.7%		-8.1%
excluding currency effects	0.3%		n.a.

# FP 9M 2019 CORE BUSINESS

## LAUNCH OF POSTBASE VISION AS SCHEDULED



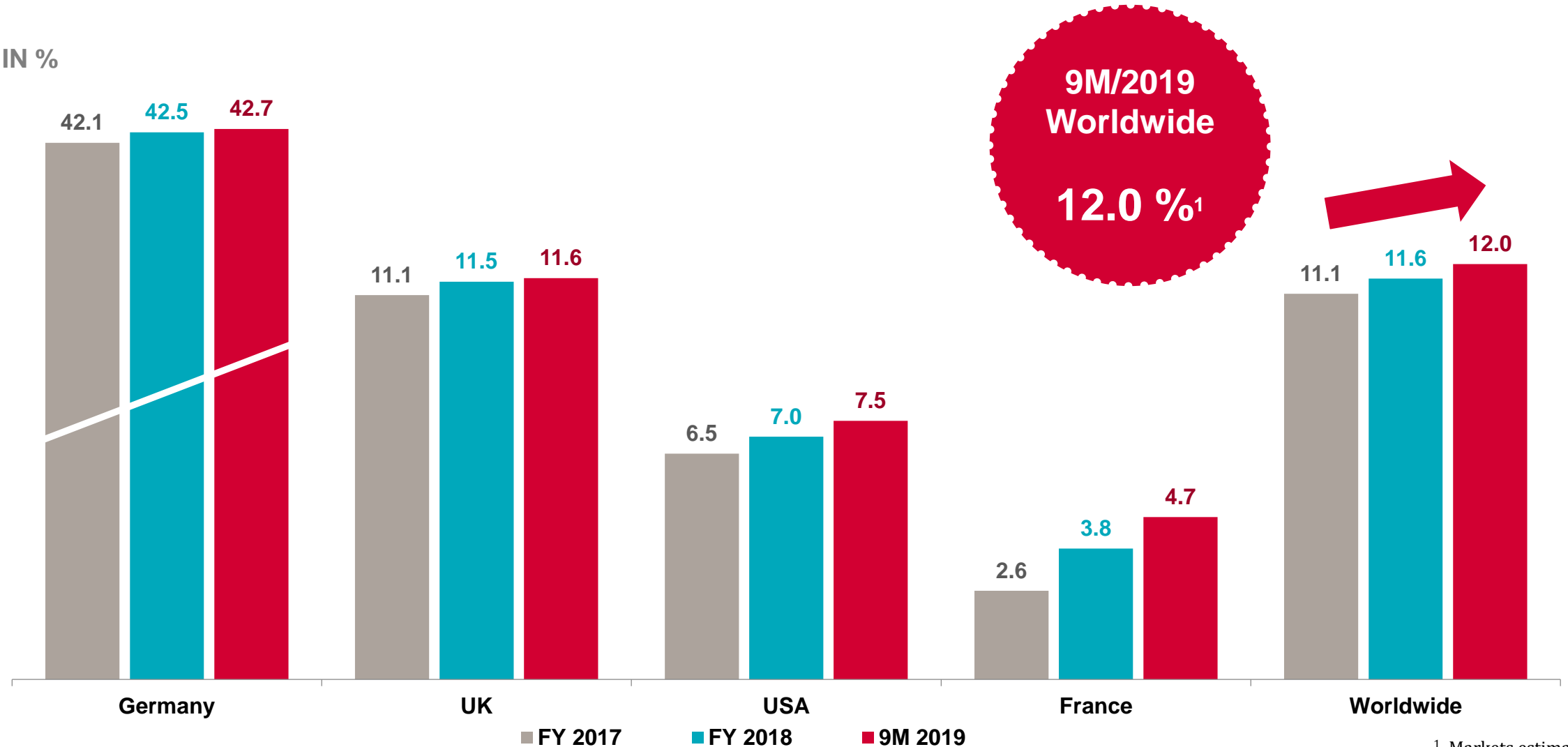
**Revenues up by 2.7 % as reported and 0.3 % adjusted for FX effects.**

- Revenues in 9M 2019 positively influenced by currency effects of € 2.2m
- Positive impact from launch of new postage meter in US market and increase in service fees for postal rate change in Germany
- PostBase Vision launched in Germany in Q4/2019, other core markets (e.g. France, UK) to follow
- Registration for discoverFP to increase with PostBase Vision roll-out

\* Currency adjusted

# FP 9M 2019 MARKET SHARE IN FRANKING FURTHER INCREASED OUTPERFORMING MARKET & COMPETITORS

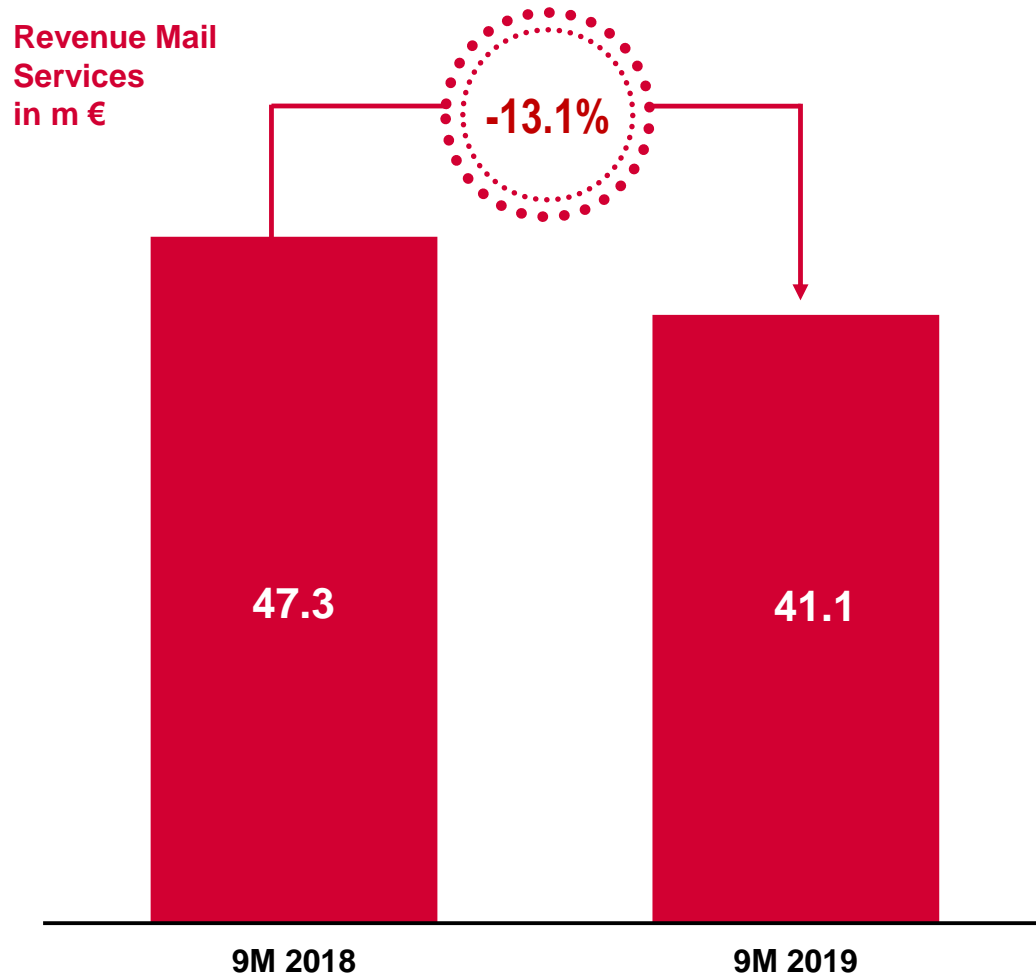
IN %





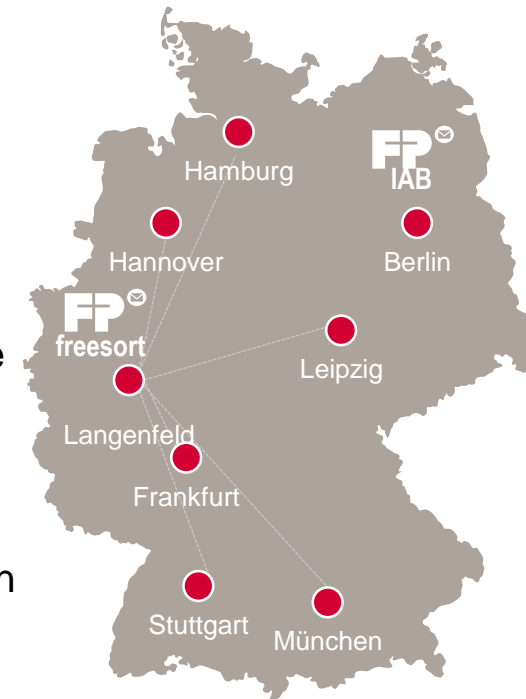
# FP 9M 2019 MAIL SERVICES

## DECLINE IN REVENUE SLOWED IN Q3/19



**Decline in revenues slowed down in Q3 from -18.3 % in H1 2019 to -13.1 % in the first 9M of 2019**

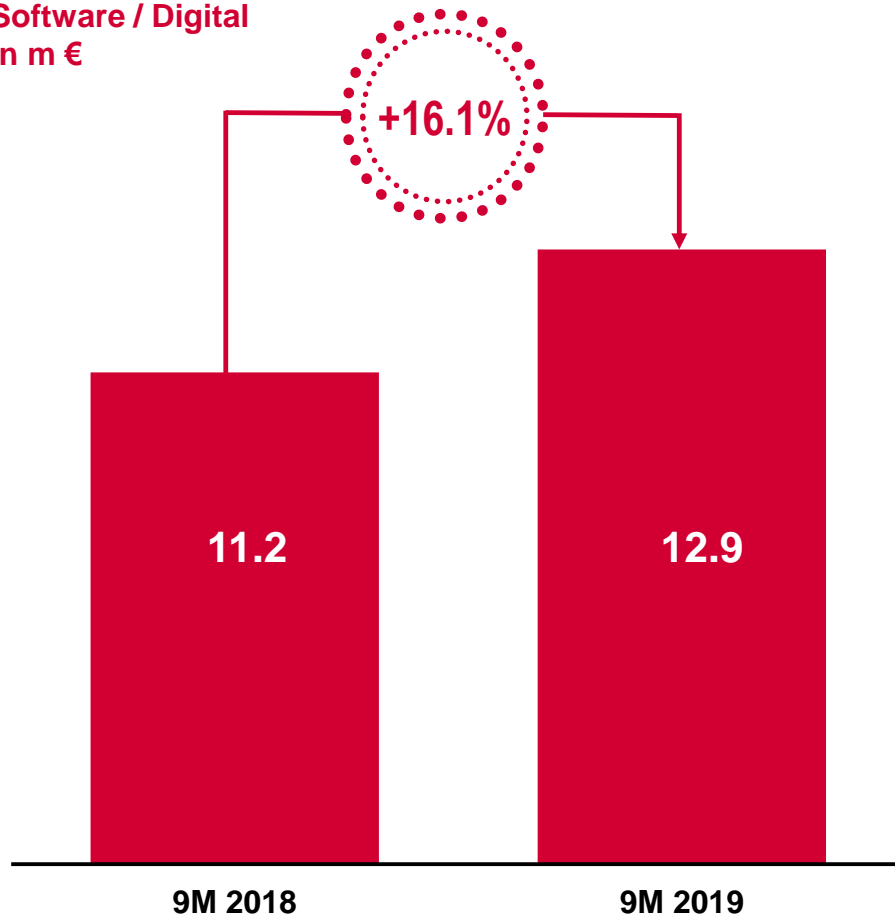
- Factors continuing to stall remain:
  - Volume decrease in existing customer base continued
  - Focus on profitable revenue, no compensation of forgone revenue yet
- Positive upside:
  - Postage tariff increase by DPAG
  - Improvement in margins due to an increase in relevant discounts (Teilleistungsrabatt/Infrastruktur-rabatt)
  - Improved customer acquisition



# FP 9M 2019 SOFTWARE/DIGITAL

## DOUBLE DIGIT GROWTH RATE

Revenue  
Software / Digital  
in m €



### FP Sign

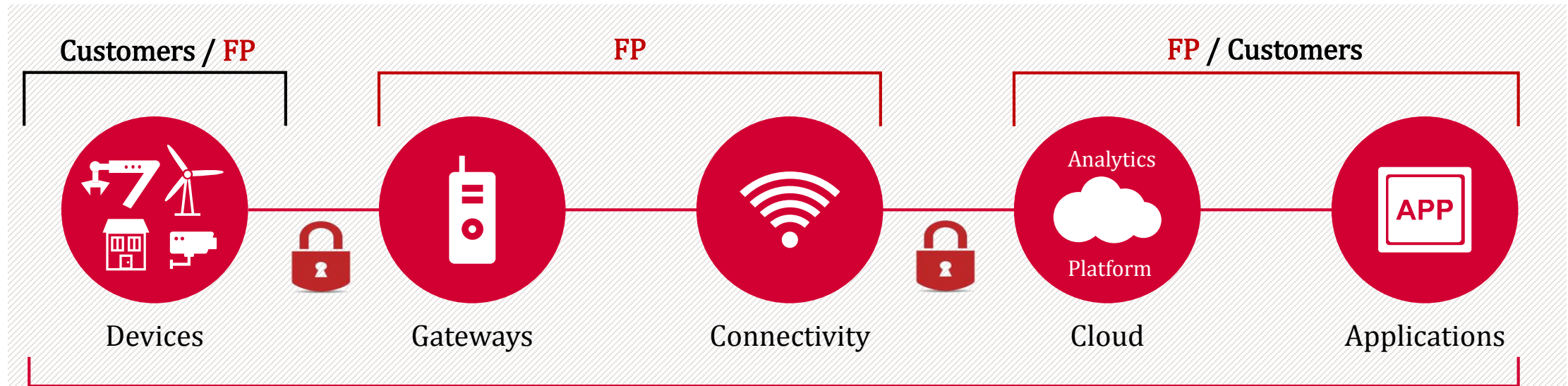
- Full and active sales start as of H1 2019
- Number of quality leads increased
- Renown customers on board with potential of 'snowball' effect

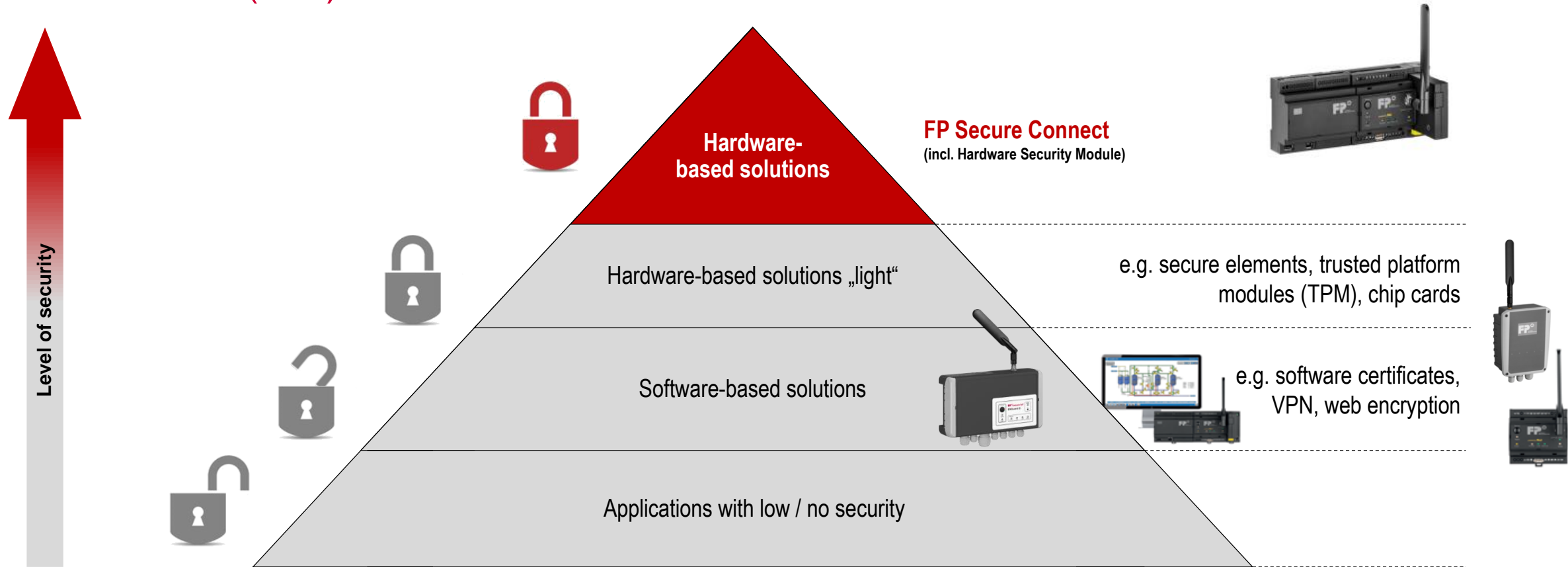
### IoT

- Integration of Tixi completed
- Further marketing and sales efforts initiated to further strengthen market awareness and brand recognition in the relevant markets
- New and redesigned product portfolio
- Well-filled project pipeline for Q4/19 and FY2020 with some renown customers based

# FP 9M 2019 SOFTWARE/DIGITAL IOT STRATEGY

## FP end-to-end solutions



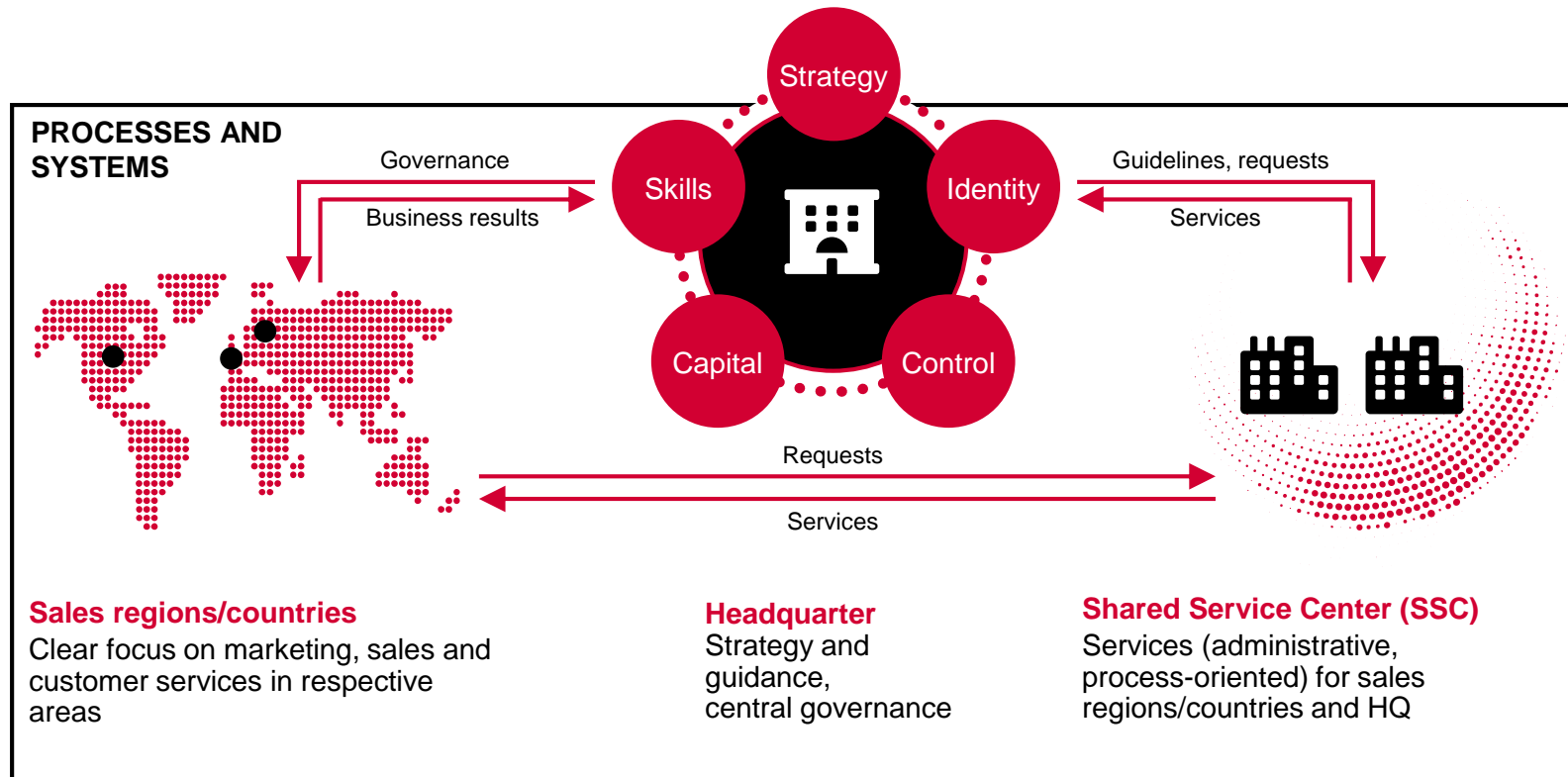


FP high-security Gateways with proven track-record

# FP 9M 2019 JUMP

## IMPLEMENTATION ONGOING (UPDATE)

### Our Target Operating Model

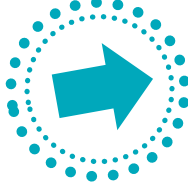



### Status update: JUMP

- SSC successfully opened and transfer of first administrative/process-oriented functions ongoing as scheduled
- Build up of Central Logistics (Central Warehouse & Repairshop) on schedule
- 2019 recurring savings of € 2m expected to be realized
- ERP/CRM to be fully implemented at the end of 2021
- As of 2022 full realization of EUR 6m recurring savings

# FY 2019 GUIDANCE\*

## MANAGEMENT CONFIRMS GUIDANCE FY2019

	2018		2019
REVENUE	204.2 m €		Slight increase <sup>2</sup>
EBITDA	25.1 m € <sup>1</sup>		Adjusted for JUMP expenses – strong increase <sup>2</sup>
ADJ. FCF	10.9 m €		Positive adj. FCF at a considerably lower level than last year <sup>3</sup>

<sup>1</sup> EBITDA 2018 as reported – adjusted for JUMP expenses (8.0 m €).

<sup>2</sup> Based on constant currency level;

<sup>3</sup> Based on constant currency level, excluding payments for JUMP, additions to finance lease assets and M&A.

\* Adjusted on August 22, 2019

# FP 9M 2019 FP Supervisory Board

## APPOINTMENT OF DR MATHIAS SCHINDL

- Digital expert **Dr Mathias Schindl** new member of the FP Supervisory Board proposed by Management and appointed by court (effect from 14 Nov 12/2019)
- Robert Feldmeier resigned from the Supervisory Board at his own request and for personal reasons



### Short CV-Highlights:

- Born in 1965, Ph.D. in physics.
- Director of his own consultant company focusing on strategy and innovation consulting in the digital field
- In the last 25 years various senior positions as managing director and CEO at IT and software companies
- Founder of the Federal Association of German Pharmacy Software Houses (ADAS)
- Longstanding member of the Advisory Board of Gematik GmbH, which specializes in the digitalisation of German healthcare



# Conference Call – 9M 2019

Q&A session





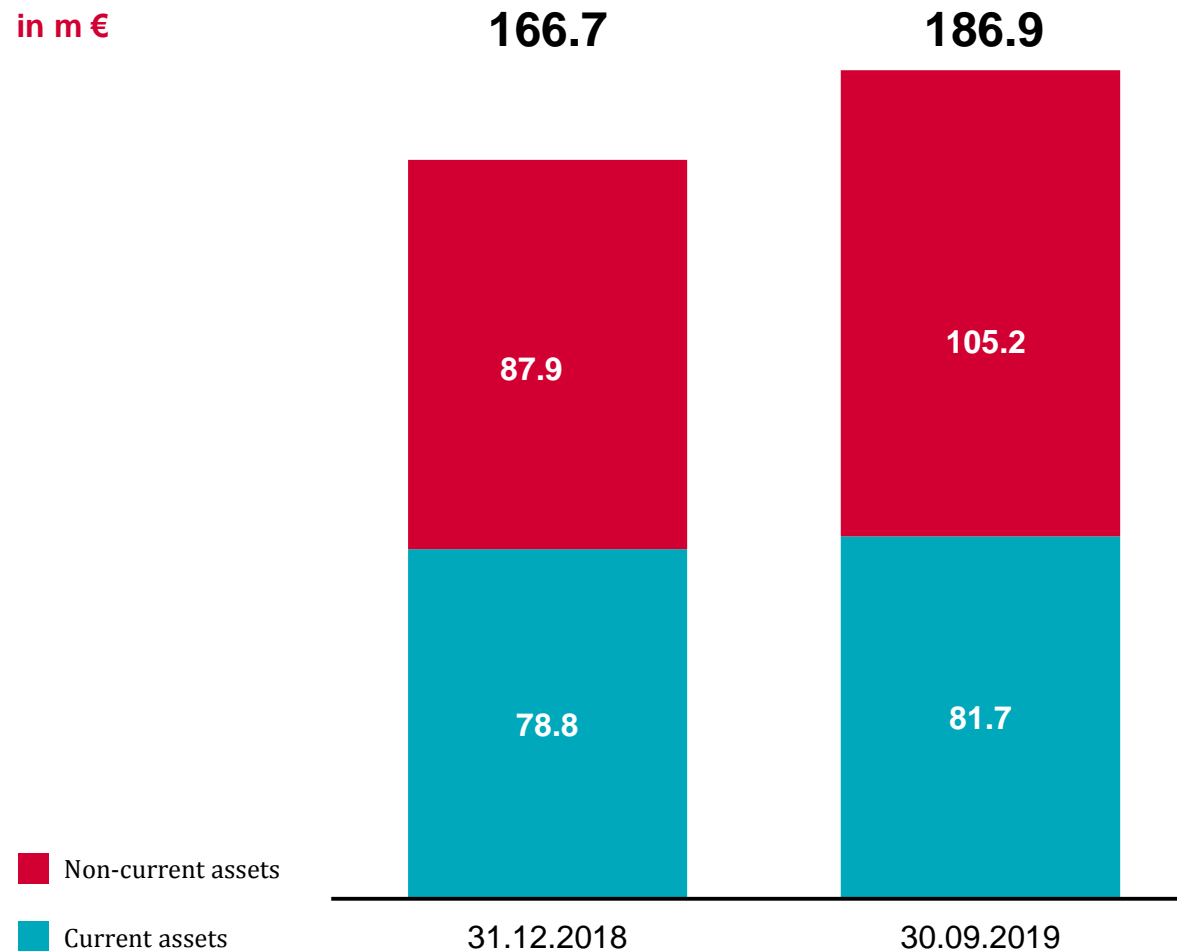
# APPENDIX

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 9M 2019

m €	9M 2018	9M 2019	%
<b>Revenue</b>	<b>154.3</b>	<b>152.4</b>	<b>-1.2</b>
Change in inventories	0.2	2.0	927.8
Other own work capitalised	10.2	13.3	31.1
<b>Total output</b>	<b>164.6</b>	<b>167.7</b>	<b>1.8</b>
Cost of materials	77.3	74.7	-3.3
Staff costs	45.9	45.8	-0.3
Other income/expenses	-24.4	-26.5	8.5
<b>EBITDA</b>	<b>17.0</b>	<b>20.7</b>	<b>21.7</b>
as % of revenue	11.0%	13.6%	
Amortisation/depreciations	12.8	16.3	27.3
<b>EBIT</b>	<b>4.2</b>	<b>4.4</b>	<b>4.9</b>
Interest result	0.4	0.5	30.4
Other financial result	0.3	-0.1	n/a
Result from at-Equity investments	--	-1.0	n/a
Income taxes	-1.7	-1.3	-23.8
<b>Consolidated net income</b>	<b>3.2</b>	<b>2.6</b>	<b>-19.9</b>
<b>EPS (€ basic)</b>	<b>0.20</b>	<b>0.16</b>	<b>-19.9</b>
<b>EPS (€ diluted)</b>	<b>0.20</b>	<b>0.16</b>	<b>-19.8</b>

# FINANCIAL SITUATION – BALANCE SHEET ASSETS (30.09.2019)

**ASSETS**  
in m €



## Non-Current Assets

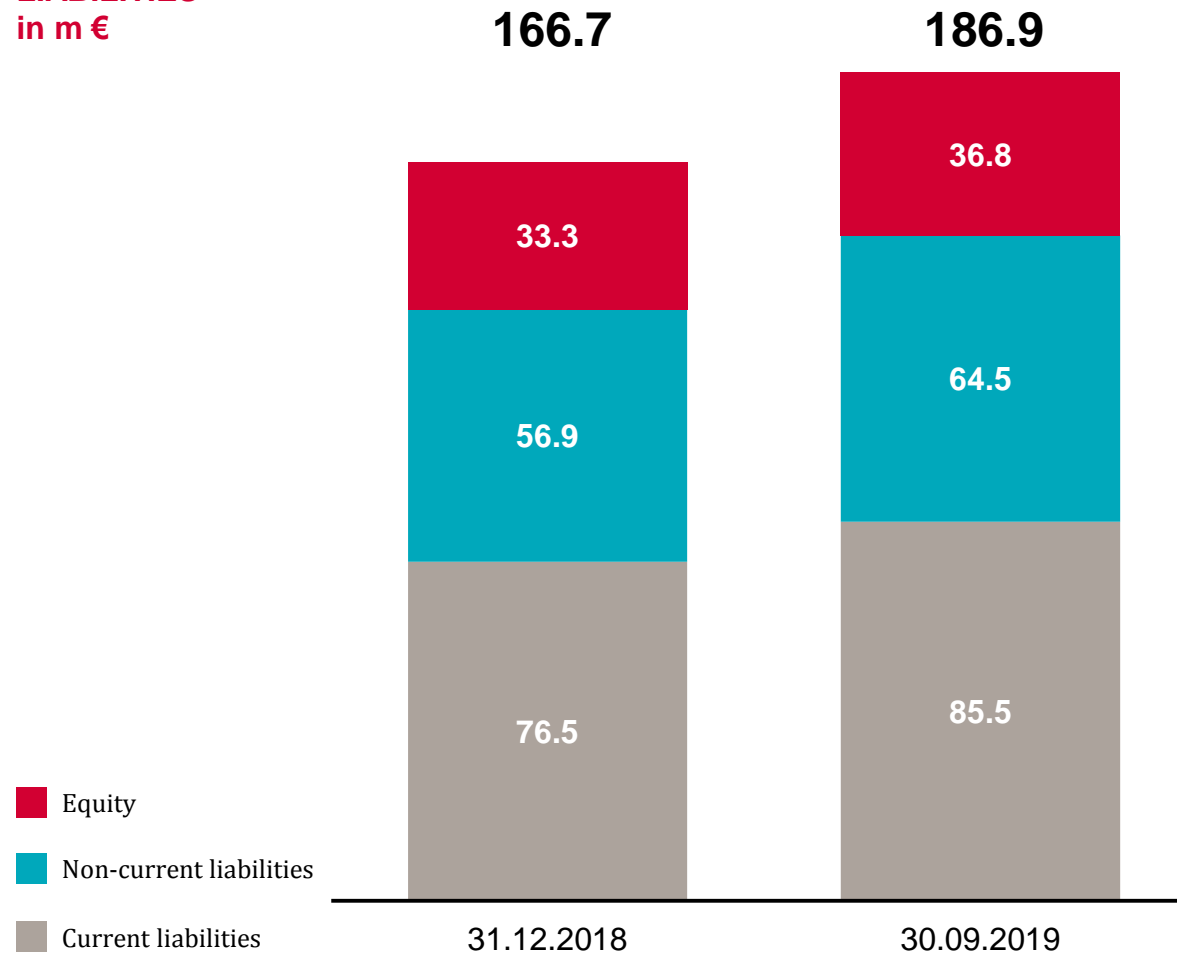
- + First-time adoption IFRS 16: accounting for right-of-use assets (11.3 m €)
- + Increase of intangible assets, mainly development projects in progress and advance payments (3.9 m €)
- + Increase of other assets (1.1 m €)

## Current Assets

- + Increase of inventories (2.9 m €)
- + Increase of other assets (1.7 m €)
- Decrease in cash and cash equivalent (-1.3 m €)

# FINANCIAL SITUATION – BALANCE SHEET LIABILITIES (30.09.2019)

**LIABILITIES**  
in m €



## Equity ratio of 19.7%

(31.12.2018: 20.0%)

- Dividend payment 2018: -0.5 m €
- + Total comprehensive income 9M 2019 (+3.9 m €)

## Non-current liabilities

- + Increase of financial liabilities, mainly following first-time adoption IFRS 16 (+7.5 m €)

## Current liabilities

- + Increase of financial liabilities, mainly following first-time adoption IFRS 16 (+3.4 m €)
- + Increase of other liabilities (+6.4 m €)





# BASIC INFORMATION

## Rüdiger Andreas Günther

**CEO, CFO**  
since January 2016



**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

## Patricius de Gruyter

**CSO**  
since June 2018



**Degree in Business Administration, WHU – Otto Beisheim School of Management, Vallendar, Germany**

- Many years of experience in the IT, cable network operator and dialogue marketing sectors,
- Director of B2B Sales at Kabel Deutschland AG
- Managing Director of the Tectum Group, a specialist in customer service and telesales
- Managing Director of Computacenter AG, a leading IT service provider

## Sven Meise

**CDO, COO**  
since February 2015

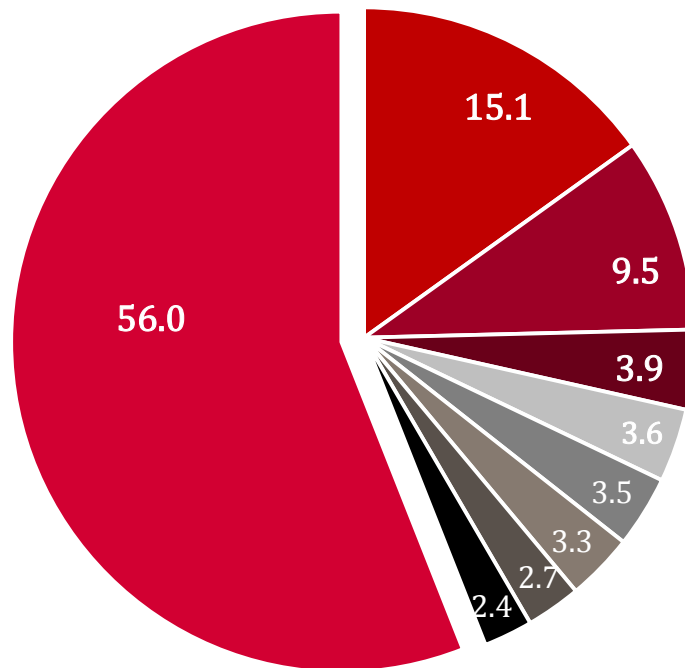


**Degree in Business Administration specializing in Business Computer Science**

- 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

# THE FP SHARE

## STRONG & INTERNATIONAL SHAREHOLDER BASE (IN %)



Nov 2019

- Obotritia Capital KgaA (GER)
- Active Ownership Fund (LUX)
- Baring Fund Managers Limited (UK)
- SALTARAX GMBH (GER)
- Ludic GmbH (GER)
- Magallanes Value Investors (ESP)
- Quaero Capital (CH)
- Own shares
- Freefloat\*

**# shares 16,301,456**

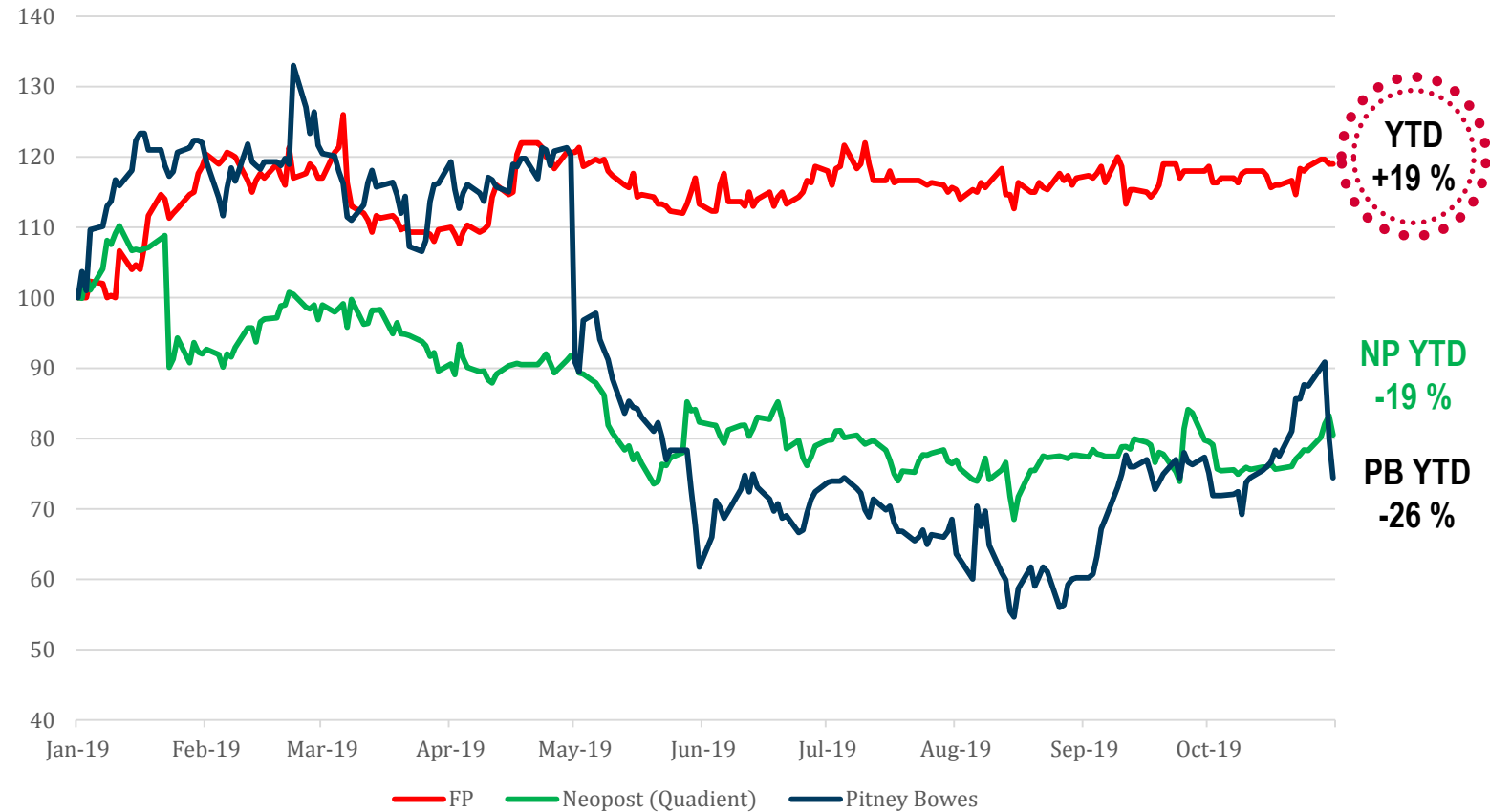
**Market cap > 57m €**

**Prime Standard**

\* 2.1% directly held by Management & Supervisory Board members

# FP Share in 2019

## FP OUTPERFORMED COMPETITORS



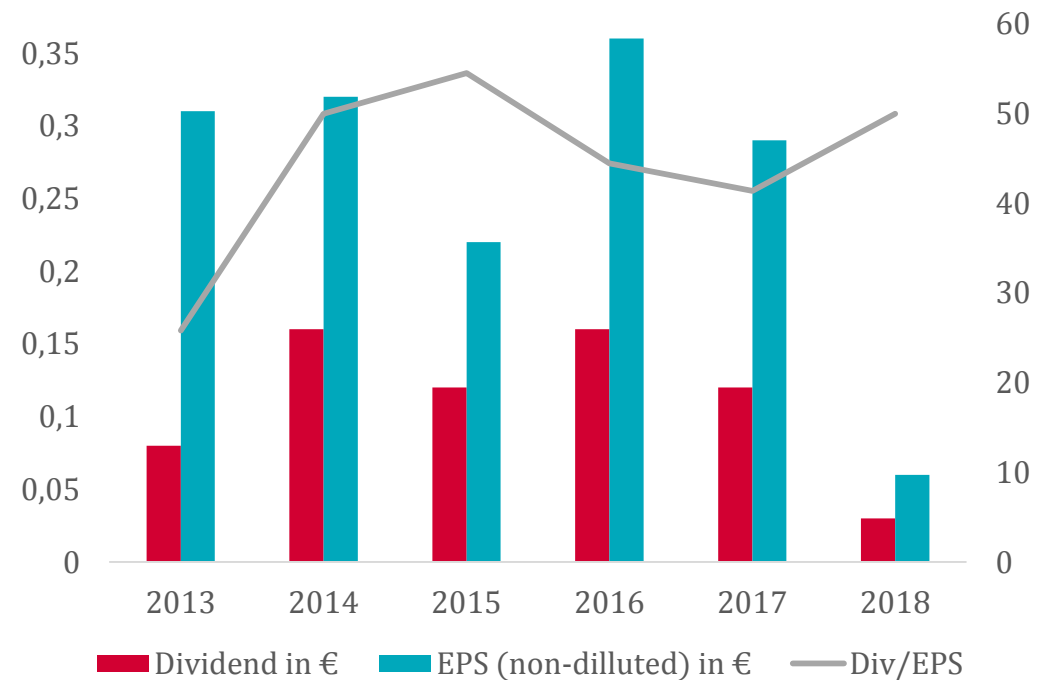
### FP share:

- ISIN DE000FHP9000
- Prime Standard
- Reuters: FPHG.DE
- Designated Sponsor:  
ODDO Seydler / Baader Bank



# FP Dividend

## TRANSPARENT PAYOUT STRATEGY







### Dividend policy reflects FP's commitment to the shareholder

- + Payout of 35 – 50% of adjusted net profit
- + Dividend payout in each consecutive year

# FP ANALYST COVERAGE

## CONSENSUS WITH >30%-UPSIDE POTENTIAL

	Institute	Recommendation	Date	Target price (in €)	Upside potential (in %)
	Baader Helvea Equity Research	Buy	August 23, 2019	5.0	+44%
 WARBURG RESEARCH	Warburg Research	Hold	August 23, 2019	3.5	+1.0%
	LBBW Equity Research	Buy	May 16, 2019	4.5	+27%
	GSC Research	Hold	May 21, 2019	3.8	+9%
	Dr. Kalliwoda Research	Buy	June 29, 2019	6.5	+83%
<b>CONSENSUS (MEDIAN)</b>				<b>4.6</b>	<b>31%</b>

# FP INVESTOR RELATIONS

## CONTACT AND FINANCIAL CALENDAR

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Head of Investor Relations

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## Financial Calendar

**27 November 2019**



German Eigenkapitalforum  
Frankfurt

# 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.

