



Quarterly
report for
1/2017

KEY FIGURES

+ 8.1%

REVENUES
climbs to
EUR 55.5 million

8.3 EUR
MILLION

EBITDA increases
as expected

4.3 EUR
MILLION

Strong adjusted
free cash flow

FP GROUP SUCCESSFULLY ATTACKS

STILL ON TRACK WITH THE NEW ACT STRATEGY:

The FP Group continued to grow in the first quarter of 2017. Revenues in the franking machine business rose by 5.1%. The company is scoring points in its core business. FP is achieving success with its innovative franking systems, especially in key foreign markets in the US and France.

ONGOING RISE IN MAIL SERVICES REVENUES:

In the business including the collection, franking and delivery of business mail with postage discounts, the FP Group posted ongoing revenue growth, achieving EUR 17.8 million in the first quarter 2017.

RISE IN OPERATING EARNINGS:

In the first quarter of 2017, EBITDA rose by 1.7% to EUR 8.3 million as expected. The implementation of the ACT strategy is moving ahead according to plan, with the associated expenses amounting to EUR 0.6 million.

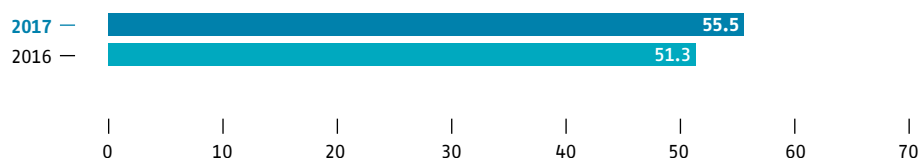
INCREASE IN FREE CASH FLOW:

Despite ongoing expenses and investments in future growth as part of ACT, free cash flow improved by 17% to EUR 1.9 million. Adjusted for finance lease investments and M&A, the FP Group increased free cash flow by 83% to EUR 4.3 million.

GUIDANCE CONFIRMED:

For 2017 as a whole, the FP Group anticipates, based on the assumption of constant exchange rates, a slight increase in revenues and EBITDA and adjusted free cash flow at the level of the previous year.

QUARTERLY DEVELOPMENT OF REVENUES (IN EUR MILLION)



QUARTERLY DEVELOPMENT OF EBITDA (IN EUR MILLION)



GOOD START TO FISCAL YEAR 2017

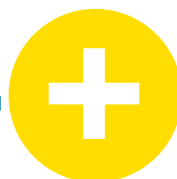
RÜDIGER ANDREAS GÜNTHER

CEO AND CFO

"We have only started to unleash the growth forces that have long lain dormant at FP. In this respect, the 8.1% rise in revenues in the first quarter of 2017 speaks for itself. 2017 and 2018 will still be a period of transition. We are making FP fit for the future and we aspire to increase the power and profitability of our company with various measures. This requires investments in the short term, which will weigh down earnings, as announced. By 2020, we want to increase revenues by more than 20% to EUR 250 million with an EBITDA margin of 17%. We are also seeking to achieve earnings per share of at least EUR 1 for the period after 2020. Our aim is to double revenues to EUR 400 million and achieve an EBITDA margin of 20% by 2023. These are ambitious goals but I am convinced that we are capable of achieving this."



FP REMAINS ON COURSE WITH ACT





THOMAS GRETHE

CSO

"Our core business with franking systems is growing. The first signs of our new strategy's success can be seen here. We are taking a bold step forward and scoring points, especially in the US and France, two of the most attractive markets for us around the world. Since March, we have also been distributing our new franking systems, PostBase One and PostBase 100 in the US, which has attracted great interest since day one. Our customers around the world like our new and innovative product portfolio, which is favourable. We will continue to build on this. In the context of ACT, we are planning numerous innovations in our franking machine business."



SVEN MEISE

CDO

"In the R&D segment, we have successfully modernised the portfolio of franking system products, and our company is benefiting from this. At the moment, we are developing the Software segment in a targeted way. In the future, we want to offer our customers added value here with existing and new products and show them how communication and document processes can be organised more efficiently. For instance, our new signature solution, FP-Sign, demonstrates the innovativeness that lies within the FP Group. With this solution, documents can be signed and exchanged securely at the click of a button. It has already convinced Initiative Mittelstand, which recognised FP-Sign as the "Best of 2017" in the Cloud Computing category. But the Mail Services business in particular, which includes the collection, franking and delivery of business mail with postage discounts, also made a significant contribution to FP's dynamic growth."

OVERVIEW OF

Q1 2017

OVERALL STATEMENT: GOOD START TO THE CURRENT FISCAL YEAR

In the traditionally strong first quarter 2017, the FP Group increased revenues year-on-year by 8.1% to EUR 55.5 million. EBITDA climbed 1.7% to EUR 8.3 million and was therefore slightly above the level of the previous year (EUR 8.2 million) as expected. The current fiscal year will be shaped by the implementation of the ACT strategy and the FP Fit programme. Despite the associated expenses and investments, the company almost doubled adjusted free cash flow, amounting to EUR 4.3 million in the first three months of 2017 as against EUR 2.3 million in the previous year.

BUSINESS PERFORMANCE: REVENUE GROWTH IN FRANKING MACHINE BUSINESS

In the first quarter of 2017, revenues in the core business of franking machines rose by 5.1% to EUR 33.8 million as against the previous year. This strength was primarily the result of the ongoing strong demand for the PostBase franking system. The two new franking systems, PostBase One and PostBase 100 with a dynamic scale that can be used for processing larger mail volumes, make a significant contribution to this positive development. They have a user-friendly product design and complete the PostBase product family in the upper product segment. The concept, which is tailored precisely to customer needs, ensured the highly successful launch of PostBase 100 and PostBase One in the US, the largest foreign market, at the end of the first quarter. In France, the Group continued its positive development from the previous year at the start of 2017. The establishment of a sales organisation is starting to pay off here. Negative exchange rate effects resulting from the strong euro against the British pound were offset by the strong US dollar in the first three months of 2017.

BUSINESS PERFORMANCE: MAIL SERVICES FURTHER INCREASES REVENUES. SUCCESSFUL LAUNCH OF FP-SIGN

The business for the collection, franking and delivery of business mail with postage discounts (Mail Services) also made good progress in the first quarter of 2017. Revenues in the Mail Services segment rose 16.9% to EUR 17.8 million in the first three months of 2017. However, the margin has been burdened by Deutsche Post AG's postage discount cuts since 1 January 2017.

At EUR 3.8 million, revenues in the Software segment remained slightly below the previous year's level. FP is expanding its service range in this business area. At CeBIT 2017, the company presented a new cloud-based signature solution with FP-Sign, making it significantly easier to sign contracts in a digital, legally binding and secure way.

RESULTS OF OPERATIONS: EBITDA ABOVE THE LEVEL OF THE PREVIOUS YEAR

With increasing revenues, the cost of materials grew by 15.4% to EUR 27.5 million in the first quarter of 2017. Due to increased revenues in the Mail Services segment, the expenses for purchased services alone rose by 20.6% as against the same period of the previous year. Staff costs increased by 5.7% to EUR 15.2 million. In addition to payment increases, the headcount increase in the Group's sales and administrative areas are also associated with the ACT strategy.

Despite additional expenses for ACT totalling EUR 0.6 million, the FP Group achieved slightly higher EBITDA of EUR 8.3 million in the first quarter of 2017 as against the previous year (EUR 8.2 million). The EBITDA margin was 15.0%.

As expected, amortisation and depreciation climbed to EUR 4.9 million in the first quarter of 2017 after EUR 4.2 million in the same period of the previous year, mainly as a result of the modernisation of the product family, software investments and the acquisition of customer lists. At EUR 3.4 million, EBIT therefore remained below the level of the previous year as expected (EUR 4.0 million). The FP Group achieved consolidated net income of EUR 2.2 million as against EUR 2.5 million in the previous year, corresponding to (basic) earnings per share of 14 cents, which was almost at the level of the previous year (Q1 2016: 15 cents). Adjusted for ACT expenses, both consolidated net income and EPS were above the level of the previous year.

FINANCIAL POSITION AND NET ASSETS: RISING FREE CASH FLOW IN FIRST QUARTER

The FP Group pursues a focused investment strategy. Thanks to its new product portfolio, the FP Group has been successful on all key markets. In the first quarter of 2017, ongoing business investments and the implementation of the growth strategy amounted to EUR 4.3 million after EUR 4.2 million in the previous year. EUR 1.9 million of this amount was attributable to investments in rental equipment (previous year: EUR 2.2 million). In the first quarter of 2017, the FP Group invested a total of EUR 1.4 million for the acquisition of a customer list including leased products. In addition, the company capitalised development costs of EUR 0.7 million (previous year: EUR 1.3 million).

Cash outflows for investments of EUR 4.3 million were offset by cash inflows of EUR 6.2 million from cash flow from operating activities in the first quarter of 2017. Free cash flow thus increased to EUR 1.9 million, compared with EUR 1.6 million in the previous year. Adjusted for investments in finance lease receivables of EUR 0.9 million and the acquisition of a customer list in the United Kingdom, free cash flow increased to EUR 4.3 million as against EUR 2.3 million in the same period of the previous year.

Positive cash flow from operating activities is an important funding source for the FP Group in addition to existing loan agreements with banks and finance leases. Financial liabilities dropped to EUR 36.0 million as at 31 March 2017, compared with EUR 38.4 million as at 31 December 2016. In contrast, funds totalled EUR 18.3 million (31 December 2016: EUR 18.7 million). Net debt dropped to EUR 17.7 million as at 31 March 2017 as against EUR 19.8 million at the end of 2016.

GUIDANCE: FP GROUP EXPECTS SLIGHT INCREASE IN REVENUES AND EBITDA

As announced at the beginning of March 2017, the current year will be shaped by the continued implementation of ACT. The company confirms its forecast after a good start to the year. Based on the assumption of constant exchange rates, the FP Group expects a slight increase in revenues and EBITDA for 2017 as a whole. Due to high investments in the modernisation of the product portfolio, software investments and the acquisition of customer lists, the FP Group expects amortisation and depreciation to rise in 2017. Despite a slight increase in investments for ACT, the company expects adjusted free cash flow to be on a par with the previous year in 2017.



CONSOLIDATED FINANCIAL STATEMENTS



**for the
1st quarter
of 2017**

- 9 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
- 10 CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
- 12 CONSOLIDATED CASH FLOW STATEMENT**
- 14 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2017

in thousand euro	1 Jan.– 31 Mar. 2017	1 Jan.–31 Mar. 2016
Revenues	55,480	51,302
Increase (previous year decrease) in inventories of finished goods and work in progress	628	–469
	56,108	50,833
Other own work capitalised	2,077	3,514
Other income	810	534
Cost of materials		
a) Expenses for raw materials, consumables and supplies	9,632	9,010
b) Cost of purchased services	17,878	14,830
	27,510	23,840
Staff costs		
a) Wages and salaries	12,838	12,086
b) Social security contributions	2,082	1,969
c) Expenses for pensions and other benefits	256	304
	15,176	14,359
Amortisation, depreciation and write-downs	4,864	4,176
Other expenses	8,003	8,517
Net interest income		
a) Interest and similar income	370	235
b) Interest and similar expenses	300	468
	70	–233
Other financial result		
a) Other financial income	161	2,240
b) Other finance costs	316	2,108
	–155	132
Income taxes	–1,159	–1,356
Consolidated net income	2,198	2,532
<i>Other comprehensive income</i>		
Foreign currency translation of financial statements of foreign entities	–235	–1,881
of which taxes	–3	–8
of which reclassified to consolidated net income	7	28
Adjustment provisions for pensions and partial retirement obligations in accordance with IAS 19	–5	0
of which taxes	–5	0
Cash flow hedges – reclassified to profit or loss	154	0
of which taxes	42	0
Other comprehensive income after taxes	–86	–1,881
Total comprehensive income	2,112	651
Consolidated net income, of which:	2,198	2,532
Consolidated net income attributable to the shareholders of FP Holding	2,198	2,358
Consolidated net income attributable to non-controlling interests	0	174
Total comprehensive income, of which	2,112	651
Total comprehensive income attributable to the shareholders of FP Holding	2,112	477
Total comprehensive income attributable to non-controlling interests	0	174
Earnings per share (basic, in EUR)	0.14	0.15
Earnings per share (diluted, in EUR)	0.13	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017**ASSETS**

in thousand euro	31.3.2017	31.12.2016
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets including customer lists	21,724	22,117
Goodwill	8,494	8,494
Development projects in progress and advance payments	4,942	4,265
	35,160	34,876
Property, plant and equipment		
Land, land rights and buildings	2,987	3,044
Technical equipment and machinery	4,591	4,729
Other equipment, operating and office equipment	4,399	4,348
Leased products	23,401	23,807
Finance lease assets	2,367	3,103
Advance payments and assets under construction	221	315
	37,966	39,346
Other assets		
Associates	36	36
Other equity investments	163	163
Finance lease receivables	10,006	9,375
Other non-current assets	149	149
	10,354	9,723
Tax assets		
Deferred tax assets	268	866
	268	866
	83,748	84,811
CURRENT ASSETS		
Inventories		
Raw materials, consumables and supplies	4,480	5,187
Work in progress	628	552
Finished goods and merchandise	6,353	5,457
	11,461	11,196
Trade receivables	20,467	18,966
Other assets		
Finance lease receivables	3,464	3,169
Income taxes receivable	6,317	6,480
Derivative financial instruments	84	86
Other current assets	14,298	15,557
	24,163	25,292
Securities	681	679
Cash and cash equivalents	27,223	26,394
	83,995	82,527
	167,743	167,338

LIABILITIES

[illegible]

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2017

in thousand euro	1 Jan.– 31 Mar. 2017	1 Jan.–31 Mar. 2016
1. Cash flow from operating activities		
Consolidated net income	2,198	2,532
Net income tax recognised in profit or loss	1,159	1,356
Net interest income recognised in profit or loss	-70	233
Amortisation, depreciation and write-downs on non-current assets	4,864	4,176
Decrease (-)/increase (+) in provisions and tax liabilities	-611	-101
Loss (+)/gain (-) on the disposal of non-current assets	163	29
Decrease (+)/increase (-) in inventories, trade receivables and other assets not attributable to investing or financing activities (without finance leases)	132	-2,287
Decrease (+)/increase (-) in finance lease receivables	-926	-674
Decrease (-)/increase (+) in trade payables and other liabilities ¹⁾ not attributable to investing or financing activities	469	801
Other non-cash income	133	283
Public grants not yet received	-381	0
Interest received	370	693
Interest paid	-335	-1,034
Income taxes received	0	82
Income taxes paid	-987	-213
Cash flow from operating activities	6,178	5,876
2. Cash flow from investing activities		
Payments for the capitalisation of development costs	-661	-1,297
Payments for capitalised interest for development costs	-18	-32
Proceeds from disposals of non-current assets	22	0
Payments for investments in intangible assets	-1,174	-268
Payments for investments in property, plant and equipment	-2,421	-2,636
Cash flow from investing activities	-4,252	-4,233

1) Postage credit balances managed by the FP Group of EUR 9,615 thousand (previous year: EUR 2,626 thousand) are deducted from cash and other liabilities. Securities held as current assets are included in cash and cash equivalents in the amount of EUR 681 thousand (previous year: EUR 684 thousand).

in thousand euro	1 Jan.– 31 Mar. 2017	1 Jan.– 31 Mar. 2016
3. Cash flow from financing activities		
Dividend payments to minority interests	0	-1
Bank loan repayments	-2,121	0
Repayments of finance lease liabilities	-325	-562
Proceeds from the sale of treasury shares	0	25
Proceeds for the issue of new shares	172	0
Proceeds from the assumption of bank loans	3	819
Cash flow from financing activities	-2,271	280
Cash and cash equivalents¹⁾		
Change in cash and cash equivalents	-345	1,924
Change in cash and cash equivalents due to currency translation	-21	-524
Cash and cash equivalents at beginning of period	18,655	15,928
Cash and cash equivalents at end of period	18,289	17,327

- 1) Postage credit balances managed by the FP Group of EUR 9,615 thousand (previous year: EUR 2,626 thousand) are deducted from cash and other liabilities. Securities held as current assets are included in cash and cash equivalents in the amount of EUR 681 thousand (previous year: EUR 684 thousand).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

in thousand euro	Issued capital	Capital reserves	Stock option reserve	Treasury shares	Consolidated net income
As at 1 Jan. 2016	16,160	34,937	1,046	-810	-18,871
Consolidated net income 1 Jan.–31 Mar. 2016	0	0	0	0	2,358
Foreign currency translation of financial statements of foreign entities					
Adjustment of provisions for pensions in accordance with IFRS					
Other comprehensive income 1 Jan.–31 Mar. 2016	0	0	0	0	0
Total comprehensive income 1 Jan.–31 Mar. 2016	0	0	0	0	2,358
Stock option settlement		-25	34	50	
Distributions					0
As at 31 Mar. 2016	16,160	34,912	1,080	-760	-16,513
As at 1 Jan. 2017	16,215	34,620	1,179	0	-14,937
Consolidated net income 1 Jan.–31 Mar. 2017					2,198
Foreign currency translation of financial statements of foreign entities					
Adjustment of provisions for pensions in accordance with IFRS					
Cash flow hedges					
Other comprehensive income 1 Jan.–31 Mar. 2017	0	0	0	0	0
Total comprehensive income 1 Jan.–31 Mar. 2017	0	0	0	0	2,198
Distributions					
Stock option settlement	70	102	37		
Acquisition of non-controlling interests					0
As at 31 Mar. 2017	16,285	34,722	1,216	0	-12,739

Total other equity								
	Currency translation adjustment	Net investments in foreign operations	Adjustment due to IAS 19	Difference due to acquisition of minority interests	Reserve from hedging transactions	Equity attributable to FP Holding	Non-controlling interests	Total
	3,425	178	-2,352	0	0	33,713	1,519	35,232
						2,358	174	2,532
	-1,901	20				-1,881		-1,881
			0			0	0	0
	-1,901	20	0	0	0	-1,881	0	-1,881
	-1,901	20	0	0	0	477	174	651
						59		59
						0	0	0
	1,524	198	-2,352	0	0	34,249	1,693	35,942
	2,954	132	-3,529	-439	-249	35,946	0	35,946
						2,198	0	2,198
	-243	8				-235		-235
			-5			-5	0	-5
					154	154	0	154
	-243	8	-5	0	154	-86	0	-86
	-243	8	-5	0	154	2,112	0	2,112
						0	0	0
						209		209
						0	0	0
	2,711	140	-3,534	-439	-95	38,267	0	38,267

FURTHER **INFORMATION**

INFORMATION ABOUT THIS QUARTERLY REPORT

This document complies with new guidelines for quarterly reporting in accordance with section 51 a of the Regulations of the Frankfurt Stock Exchange. As a result of amendments to European law, the legal obligation for listed companies to issue quarterly financial reports was revoked in Germany in 2015. In future, companies will have the possibility to publish a condensed quarterly report in this way for the first and third quarters of a fiscal year.

INFORMATION ABOUT THE COMPANY

The FP Group, which has its headquarters in Berlin, provides businesses and authorities with innovative solutions for secure and efficient communications. In addition to systems for franking and inserting mail, the company's range currently comprises services such as the collection of business mail and software solutions. Thanks to its 90-year history, the FP Group boasts a unique combination of organically grown mail processing expertise and digital know-how. The company has branches in many developed countries and has a global market share of more than 10% in the area of franking machines. In the 2016 fiscal year, the FP Group generated over EUR 200 million in revenues. It aspires to double revenues to around EUR 400 million by 2023. As part of the ACT strategy, the company will be on the attack in the core business, provide additional products services to its customers and press ahead with its digital transformation.

IMPRINT

INVESTOR RELATIONS / PUBLIC RELATIONS

Sabina Prüser
Prenzlauer Promenade 28
13089 Berlin
Germany

Tel: +49 (0)30 220 660 410
Fax: +49 (0)30 220 660 425
E-mail: s.prueser@francotyp.com
De-Mail: s.prueser@francotyp.de-mail.de

Internet: www.fp-francotyp.com

CONCEPT AND DESIGN

IR-ONE, Hamburg
www.ir-one.de

TEXT

relatio PR GmbH, München
www.relatio-pr.de

PHOTOGRAPHY

Markus Altmann
www.markus-altmann.de

SPECIAL THANKS

Hauptstadt-Gym, Berlin
www.hauptstadt-gym.de



FRANCOTYP-
POSTALIA
HOLDING AG

Prenzlauer Promenade 28
13089 Berlin
Germany

Telephone: +49 (0)30 220 660 410
Telefax: +49 (0)30 220 660 425
Email: ir@francotyp.com
Internet: www.fp-francotyp.com