



Francotyp-Postalia Holding AG

Management Board speeches

Annual General Meeting

29 May 2018

The spoken word is what counts.

Rüdiger Andreas Günther, CEO

Thomas Grethe, Management Board

Sven Meise, Management Board

Rüdiger Andreas Günther, CEO of Francotyp-Postalia Holding AG

Many thanks, Mr Röhrig, for your words of introduction.

We look forward to making good progress, with valuable information and a stimulating discussion. The weather report this morning announced that this would be the nicest day of the year. I'm glad they didn't forecast the hottest day of the year!

Ladies and gentlemen, allow me to say a few personal words in advance:

My dear Thomas Grethe, we are sorry that you are leaving us. With you we are losing a very valued and popular colleague, as well as a successful supporter of our cause.

Our relationship was characterised by a collegial atmosphere and dedication. And my dear Mr Meise, I'm sure I can also speak on your behalf when I say that we experienced a great deal together, and achieved a great deal.

Your decision not to extend your Management Board contract, but instead to apply your skills to new and different projects, is one that we simultaneously respect and regret. On the other hand, we look to the future with optimism:

You moved our company forwards. Under your leadership, as part of your growth strategy, the core business took off, and you increased sales and revenues.

We will now continue to build on this. And so, valued colleague, I wish you happiness and success in your new projects. I am sure that you will keep an eye on FP's progress – All the best for your future!

And as for our new colleague, Patricius de Gruyter, I have the privilege of welcoming you today as our new Management Board member.

For almost a year, you have already been helping us with a number of important ACT projects. You already know a number of our managers and teams, you know our biggest opportunities and challenges, and I am sure

you will get off to a flying start. We already jokingly call you the “Flying Dutchman”. I look forward to working together. We are all looking forward to working with you.

Welcome to FP!

Let's ACT together!

No one, ladies and gentlemen, no one here is satisfied right now – with our share price, or with how our shares are being received by the market. In 2016, we promised improvement – and we improved – we worked hard in 2017, and we fought.

And we achieved the objectives we set ourselves, together with our dedicated employees:

Revenue grew, EBITDA increased, the adjusted free cashflow is above our forecasts. To name just one “*detail*”, we have now sold our hundred thousandth PostBase.

To you all, ladies and gentlemen,
to the shareholders and members of the Supervisory Board,
to the business partners, to the bankers,
to the media representatives and guests,
and to the colleagues from our national subsidiaries,
I say, welcome to the Annual General Meeting!

Your Francotyp-Postalia Holding AG.

We are experiencing how sensitive our shares are in a capital market that continues to be shaped by uncertainty.

When the ground starts to shift, investors rush to pull out of microcaps, looking for security in bigger bonds.

We are also seeing – and, I believe, in particular,

the backhand of the markets, reacting to events in the second quarter of 2017, as if the year only had six months instead of twelve – when they were just not ready to give us the time I asked for right here, a year ago. The time it takes to achieve a transformation as profound as ours.

What too many wanted from us was hectic activity, not thought-through development. They wanted quick wins, when what we need is stamina; they wanted rapid action, while we are working on sustainable growth! We were not trusted to successfully achieve our goals. People did not believe that we could get everything done between July and December that we had promised at the start of the year.

We thus also saw how much confidence had suffered from earlier developments at FP. And now we really have a lot to deal with. We want to regain that trust, and indeed we must!

Because trust is a deeply emotional matter.

And if the gut feeling isn't right, even facts are little use. Because facts speak a different language. Let me name just a few:

Our strategy of betting on smaller franking machines was the right choice. This has been successful, particularly in our strategic target markets in France and the USA. In 2017, we expanded our market share in almost every country, even increasing to more than 42 percent in our home market of Germany.

Our global market share rose to 11 percent: an excellent result that is shared not only by the development and sales divisions, but by the entire FP team.

We are on the right track with our technology and our products. We won the European Union contract for the STUDIES+ project. As the lead company in the consortium, we are contributing to the digitalisation of the European higher education landscape. The Bundesdruckerei is the German government printing office, a leading provider of high-security solutions, and it advises its customers to use our signature software. Amazon Web Services, certainly the global market leader for cloud services, has listed us as a technology partner.

We are acquiring strategic partners, just like we told you we would a year ago. All this is not yet generating large revenues, but it shows our strategy, after just 18 months since we started:

Our digital competence is being recognised by leading companies, both within Germany and worldwide.

Only a few start-ups succeed in generating new products and new business models so quickly. Unlike most start-ups, we have more than just an idea. We have three things most start-ups are lacking: 200,000 loyal customers, and financial means. And we have 95 years of experience in innovation!

Our digital competence, our head-start on the competition, and our major opportunities for the future, can all be read about in our new Business Report. It generated some surprise here and there. What we wanted to achieve, we have achieved!

This Business Report is generating attention. It was not our intention to provoke, but we certainly wanted to clearly state what FP stands for. And that is what we did.

We illustrate the values that drive us in the new FP, taking people we call “smart heroes” as examples.

This approach might be confusing – particularly since over the many preceding years FP never talked about brands and brand communication, let alone a brand strategy.

In the previous Business Report, we examined the false myths that used to define our markets. We debunked them; and it is a short step from myths to heroes. In our current Business Report, we therefore show examples of

modern heroes, whose values also serve as an example to us. People whose remarkable characteristics made them what they are:

Myths of their age – veritable hallmarks of a position or a market, of their activity and their energy.

People with qualities of character that are also important for FP. What we present here are examples – examples that, taken together, give an image. The image of the future-oriented brand FP *and its values*.

We at FP can take hits and still get ahead – like Max Schmeling; we display attitude in our intentions and aims – like Sidney Poitiers; we at FP are team players – like the NASA team for the Apollo mission; we make smart use of our knowledge and find solutions – like Sherlock Holmes; we are driven by engineering knowledge, by the quality promise “Made in Germany” – like Konrad Zuse; and we believe in the magic of creativity, and in the power of ideas and visions – like Hannah Höch.

Once again, in brief: steadfastness, attitude, teamwork, knowledge, quality, ideas and vision. These are brand values taken from the history and tradition of FP, and we are taking them on the offensive and into the future.

Our new Business Report draws a picture of an FP in a state of change, on the road to transformation, an FP that knows its own strengths, that is self-

consciously and successfully entering into a new phase of a history stretching back more than 95 years.

The new phase is called ACT.

ACT is the new strategy resolved on by the Management Board and Supervisory Board at the end of 2016, just 18 months ago, for the future of our company.

We know that trust is generated by success – trust requires confirmation, and takes time to grow. Just 18 months ago, we started down this road – we are acting, and action is what counts.

We are working to reward your trust.

Welcome to FP.

[Video]

Ladies and gentlemen,

Transformation takes time. Transformation requires space.

Transformation requires trust that it will succeed.

For something to succeed, it takes perseverance. The courage to stay on the path you have chosen. The energy and strength to look ahead - and see around the next corner!

If Carl Benz had allowed himself to be discouraged, where would the German automotive industry be today? If Marie Curie had gotten flustered, where would our physics be? If Steve Jobs had not held onto his vision of home computers, smartphones and tablets, what would have become of Apple?

In a country where it takes ten years to build a philharmonic concert hall, the opening of an airport still lies in the indeterminate future, and a railway station project may take another 20 years to open? What is 18 months?!

In any case: the Elbe Philharmonic Hall. First they didn't want it, then they wanted it passionately and at any price, and then it dragged on and on, and the costs shocked the city of Hamburg – and today?

Today everyone celebrates its global success, and it has become a worldwide magnet for Hamburg. We see that good things take time; but we have no intention of taking that long or spending so much. And good things take the

determination to press ahead despite setbacks, and they require you to trust you will succeed.

Those who know me know that patience is really not one of my strong points, and yes, unfortunately it's true: we are not yet as fast as I would like.

As an innovation centre with 95 years of experience, FP is optimally positioned for the future. However, our structures and processes, organisation and attitudes are naturally not all on the same level as a freshly founded start-up.

Transformation is a process, and takes more than a moment. I understand the market's impatience, and yours – but in this short time, in the mere 18 months since we initiated ACT, we have successfully set a lot of things in motion!

We may not have finished yet – but there is no reason for doubt and complaints. Share price developments over recent weeks have been deceptive. This conceals the fact that we are successfully continuing with our transformation.

We are acting from a position of strength. Despite all the pessimistic predictions, we fulfilled all our forecasts for the fiscal year 2017.

2017: We kept all our commitments

[Presentation slide 3]

We increased revenue by roughly three percent – to 208.4 million euros. We increased the EBITDA by a whole percentage point – to 27.5 million.

The free cashflow increased in 2017 to 5.8 million. Our control parameter, the adjusted free cashflow, achieved an amazing result of almost 10 million! The currency-adjusted figures show our actual performance, which is currently still concealed by the strong euro. Because of currency effects in 2017, we lost out on 2.1 million in revenue, and 1.2 million in the EBITDA.

At the same time, we are investing in growth! We are implementing our strategy with determination! In the last year, we spent 3.5 million euros on ACT, of which 2.3 million was spent on Human Resources.

Additional expenses that pay off and further accelerate our growth. What are we doing?

Attacking in the core business: we have further expanded sales. This is the right choice, and successful:

We are increasing our market share in almost all countries. We are increasing sales of new machines in core markets such as Germany, France and the USA.

And for our transformation into a high-growth company, we have to take the people in our company with us, enabling them to develop their strengths for

our shared goals. These are important investments for our growth trajectory, and to increase our profitability.

To all of our shareholders, I say, this year we will again be honouring our dividend policy!

Conditional on a positive cashflow, we distribute 35 to 50 percent of the profits in the form of dividends. This year, we will again be standing by this commitment.

Despite the investments in our growth, and despite all of the expenses for our projects - and though we are conducting a transformation process that barely leaves one stone standing on another - we propose the distribution of a dividend of 12 cents from the tax account. This matches the gross dividend of 16 cents you received last year, meaning you receive the same net dividend payment; as you did in the three years before that.

This is the result of successful corporate policy!

Q1 2018 one of the strongest quarters in the history of the company
[Presentation slide 4]

The successes continue, including in the first quarter of the current fiscal year: Q1 2018 was one of the strongest quarters in the history of the company. With a currency-adjusted Group revenue of 54.9 million euros, we almost equalled

the exceptional success of Q1 2017, and in the core business we even slightly exceeded it at 34.0 million.

Our growth trend is intact.

In the nine quarters since the start of 2016 (based on stable exchange rates), we have achieved an annual growth rate of 3.4 percent. And you can be sure we will accelerate this growth from 2019 onwards.

We started the year 2018 with good results!

These show that we continue to be on the right path. We will continue to meet our commitments in 2018. Amongst other things, the volume of write-offs is being reduced, just as I announced it would at last year's Annual General Meeting. The consolidated profit and the profit per share are at the same healthy level as last year.

Let me repeat that, ladies and gentlemen: We are acting from a position of strength. Our equity ratio of around 20 percent is at a solid level and stable. We have further reduced our net debt – down to 17.3 million euros. Our syndicated loan of 120 million euros grants us stability and flexibility for the financing of further growth.

We have confirmed our forecast for 2018. A mere 18 months after the implementation of our ACT strategy, we are in the starting blocks with new growth drivers.

For 2018, that once again means slight growth. In 2018 we will be transforming FP, laying the groundwork for the increased profitability we have announced. These are the steps that are necessary to achieve our company's targets.

FP on course to achieve its targets
[Presentation slide 5]

And I will repeat these targets here with conviction.

In the year 2020, we will have increased our revenues to 250 million euros, the EBITDA margin will be 17 percent – and, as you know: on the hundredth birthday of FP, 2023, we want to reach the 400 million euro revenue mark, with an EBITDA margin that has by then reached 20 percent. We will achieve these targets thanks to our core competencies, and thanks to our strategy – through successful products, through innovation and transformation – through good work.

And now my colleagues in the Management Board will report on the good work being done in the different business divisions.

My dear Thomas Grethe, over to you.

Thomas Grethe, Management Board of Francotyp-Postalia Holding AG

Ladies and gentlemen,
many thanks to Mr Röhrig and my dear colleague Günther
for their kind words.

Indeed, working here was never boring. Together with my colleagues in the Management Board, and with my colleagues in Germany and around the world, I set a lot of things in motion.

When I look back on my five years in the Management Board, it's clear: we at FP achieved successes that almost no one could have expected. Today, FP's position on the franking machine market is better than ever. And that also means that today, FP has greater opportunities and potential on the franking machine market than ever before.

There was already much to be done at FP when I came on board in 2013, and there has since been no shortage of challenges. We rolled up our sleeves and got stuck in. Here are just a few of the results:

- we introduced the PostBase worldwide, and added numerous new products to build it up into a product family with the PostBase Mini,

PostBase 100 with dynamic scale, and the PostBase One. This set the scene for us to enter numerous new markets, such as Japan, Australia, Switzerland and Ireland. In many countries we are growing against the trend and against the competition, even in established countries such as Sweden and Italy, where we are now the market leader.

- Following some painful restructuring, our German sales company is today a highly profitable model company that performs extremely well in competition and makes a significant contribution to the consolidated profit.
- In France we were late but successful entrants to the market. We are laying the groundwork for a real success story. We are already the third-largest provider in France today, and are an active rival to our established competitors.

We have restructured our sales activities, developing them on a number of channels: on direct sales via a sales force and telesales, and partner distribution through specialist dealerships.

Over 70% of our revenue is achieved via telesales. An increasingly large proportion of the leads required for this are generated via our website.

- We completed the decertification process in the USA without losing customers or market share, and in the process we replaced 35,000 old machines. This represents an enormous investment for FP, but is also a

rental portfolio that will secure us recurring revenues over the coming years.

The growth strategy ACT has injected new energy into this proactive approach of continuous improvement, and has once again decisively accelerated the tempo.

The A of ACT stands for attack in the core business.

Or, as my colleague Günther already said, “the old can also be made new!” Because FP can grow in the franking machine market. A market that our competitors are no longer cultivating with so much dedication. A market that we still consider extremely attractive, and we understand and are continuing to conquer, step by step.

We prove in 2017 that it can be done. And we are continuing to expand our business in 2018. In the first quarter of 2018, we were able to repeat the huge success of the strong first quarter of the previous year.

What characterises FP? What makes us special?

Unlike the competition, we are investing:

- in new products,
- in marketing, sales and service
- and in entering new national markets.

Our dealers see and appreciate this, as do the customers – and thus we increase market share and sales figures.

The revenue from the sale of new franking machines increased by 7.1 percent last year.

Customers and dealers confirm: our franking machines are the best on the market in terms of technology, performance and operator convenience.

A few months ago, our factory in Wittenberge delivered the 100,000th PostBase. Our teams here in Berlin are currently working on the PostBase 3.0. We will use it to further expand our lead on the competition – and thus also increase our market successes.

FP continues to increase market share in almost all countries

[Presentation slide 6]

In 2017 we further increased our global market share, and in 2018 we will be pursuing this policy further. In the first quarter of 2018 alone, our market share in three of our four main markets increased by as many percentage

points as over the entire previous year. The gains in market share are not only attributable to the development of the markets and the competition. We have also increased the number and value of the machines placed on the market. Our progress in the USA and France is exemplary of the success of our strategy.

I told you here last year:

amongst other things, we established new telesales teams there. We are continuing to work on convincing the competition's specialist dealers of the advantages of FP, and have done well at it so far. This approach has been and continues to be very successful. In the USA, we are currently adding around 1,000 new machines to the market every month, thus expanding our installed base and growing our market share.

In France, our market share almost broke the three-percent mark in April – and we have pushed ahead to take third place.

But also outside these core markets, in our international dealer network, for example, we are making measurable progress. The number of specialist dealers distributing FP continues to grow – and their success is impressive:

In Switzerland, as I reported last year, we have acquired a very active dealer. Since the last Annual General Meeting, we have increased our Swiss installed base by 50 percent, to now almost 1,500 systems.

The PostBase Mini has now been approved in Japan, as announced a year ago, and is selling very well. And we are currently working on new approvals, including in Taiwan and in the Philippines.

Likewise in Germany, amongst other things thanks to the new orientation of sales, thanks to the new website, thanks to the focus on telesales, thanks to intensified marketing and increased PR work, we have not only increased our market share, but even sold 55 percent more machines in Q1 2018 than in Q1 2017.

An important lever for the further expansion of our business, and one of the first projects in ACT, is the increasing brand recognition. We are well on our way to becoming a strong, unmistakeable brand. Now I will tell you about one of the most important milestones:

Our new claim.

For the new FP brand, for the first time we have defined a clear, unique and unmistakeable profile.

A profile that describes both internally and externally what it is that we stand for. That sets us apart from the competition. Which helps to make our brand FP not just more recognisable, but also more likeable.

Arousing emotions. Communicating our competence, convincing new customers, and confirming existing customers in their decision for FP. But see for yourself: we created the following video in order to introduce the new claim to our employees.

[Video]

If people ask us what the new claim means, this is the short answer: We are reinventing ourselves, and are becoming a relevant service provider in the digital world of communication. We represent quality and security. We are unmistakeable.

In a word, **GERMAN MAILGENEERING.**

For the implementation of the brand and communication measures, we formed a “Global Marketing Team” under the leadership of headquarters, in which we jointly implement global solutions for FP brand communication and lead generation, to subsequently be implemented on a local level.

One of the projects we considered particularly important is the technical and graphical redesign of our websites.

Another important aim was to improve the way contacts with new customers were generated. We have already significantly optimised this. Thanks to the

new internet setup, we not only generate more leads than previously, but also improve their quality and reduce the costs of each new inquiry.

In press and publicity work, we are likewise delighted that we have been able to continuously increase our visibility to over 80 publications per month, with a range of more than 25.6 million persons, and almost 18,000 contacts in social networks!

Ladies and gentlemen, shareholders, for me this will now be my final speech. But my message is about the start that we made together with ACT.

It is a message for my Management Board colleagues, for my successor, for the managers, for every individual at FP, and even for you, the shareholders. Yes, it remains true:

“The old can also be made new!” The core of growth is always the core business with franking machines, and our DNA.

Yes, our strategy is right: franking machines live on. FP is growing in its core business. Attack all along the line.

Let's attack! Let's ACT!

And on that note, I pass the podium and the microphone to my colleague Sven Meise.

Sven Meise, Management Board of Francotyp-Postalia Holding AG

Digitalisation does not happen overnight,
ladies and gentlemen, shareholders!

But digitalisation is coming! The things that apply to our markets as a whole are just as true for FP. We have a digitalisation strategy, and we pursue it consistently. This is because it is oriented towards our customers, and it grows organically out of our DNA, out of our core competencies. It might be going too slowly for some people. Many shareholders and investors are impatiently asking, when will your digital products and business models bring the gigantic growth in revenues and earnings we are hoping for?

And yes, it's going too slowly for us as well!

But today I want to tell you about the progress we have made since the last Annual General Meeting,

- about the new things we have under development,
- about the targets we are setting ourselves,
- and about the resistance we have overcome, or still need to resolve.

In August 2017, we had to tell you that in some isolated cases irregularities had occurred in the Mail Services division when recording and invoicing letter volumes. At that time we had already analysed the incidents, had largely clarified them in close contact with Deutsche Post and other stakeholders, and had initiated the necessary consequences. No company can fully exclude the possibility of such occurrences – but we dealt with them openly, professionally, and effectively.

We took this as an opportunity, albeit sooner than planned, to review the processes and systems. Together with the new management, we optimised and stabilised the business in this area, and increased its profitability.

We are however dependent on how Deutsche Post defines the boundary conditions for customers and consolidators, and in some cases how it changes these on short notice.

The introduction of the infrastructure discount by Deutsche Post, while simultaneously reducing the partial performance discount, had a significant impact on all participants in the consolidation business, and was also a matter of concern to the corresponding supervisory authorities. The changeover took place with an extremely short notice period of around four months. And the infrastructure discount can only be claimed if all participants fulfil the technical requirements.

FP was once again able to demonstrate that we can master such challenges superbly!

In the fourth quarter of 2017 already, we became the first company on the market to offer our customers of the German sales company franking systems compliant with the infrastructure discount requirements, together with the necessary software expansions. We likewise prepared the systems in our sorting centres and our IT systems for the new requirements, and successfully started them up when the changeover came into force. The changeover was associated with investments in hardware, which we simultaneously used for further improvements:

this allowed us to significantly increase the degree of automation in the Mail Services division. That is already helping us to achieve more secure and efficient processes. In future this will enable us to offer customers supplementary services for all processes relating to postal letters, including digital services.

Growth and transformation through new products and services

[Presentation slide 7]

The focus of our digitalisation strategy, however, is to accompany our customers from the analogue world into the digital one – with new products

for old and new customers, and by accessing and acquiring entirely new customer and market segments.

The customer portal discoverFP opens the gate to the digital Welt of FP

[Presentation slide 8]

We now offer our 200,000 business customers the discoverFP portal, as a bridge between the analogue and digital worlds. Through discoverFP, customers can view and manage all their machines online, and find further information about a wide range of issues. In future, they will also be able to use it to order consumable materials and take advantage of the digital services of the FP Group... worldwide. The rollout is under way!

By the end of 2018, all sales regions will be making the portal available to their customers. Our top priority is initially to generate relevant user numbers.

The market launch of discoverFP is picking up steam!

[Presentation slide 9]

discoverFP makes our customers' lives easier.

Its basic features, which are now directly included in the delivery, have been defined and developed in close contact with customers.

We are progressively integrating additional attractive solutions, apps and services into the portal. Some things I was only able to hint at a year ago are now on the verge of their market launch. We are also searching for and exploiting synergies within the Group.

The online letter format webbrief24, for example, is a hybrid solution: customers can enter their letters digitally, around the clock, and have them delivered on paper. Please take a moment to learn about the capabilities of this service outside in the foyer.

With a multicarrier parcel shipping solution, we address the growing global market for sending packages. This solution allows customers to select online the delivery provider with the most attractive conditions for the respective parcel, and to generate a postage stamp for it directly.

And with FP Sign, we integrate the convenient solution for legally secure signing of documents and digital transaction management. The use of these additional services will be paid for.

Depending on market conditions and the level of acceptance by customers, we will pursue a model with either a monthly flat rate or transaction-based payments. We will ensure not only that we generate revenue, but also that we improve the margins within the Group.

FP Sign: Contracts and approvals at a “click”: Simple. Digital. Signatures.

[Presentation slide 10]

This also applies to FP Sign itself, of course, which we offer not only to existing franking machine customers via the portal, but also far beyond through direct sales and partner sales. You can likewise try out FP Sign for yourselves in the foyer, and see how easy it is to conduct a transaction in a digital workflow that is fast, legally binding and secure.

Since it was first presented at the CeBIT 2017, we have developed this solution further, and our technology is catching up with that of competitors. The partnership with Bundesdruckerei, which is after all a leader in digital identities and seals, is a major milestone on the road to market conquest with FP Sign.

Providers of company software are already integrating FP Sign into their systems as a feature. From a sales perspective, partnerships of this kind immediately allow us to access additional customer potential, while simultaneously also expanding the range of solutions we provide.

FP Sign allows our customers to offer their customers a welcome additional benefit, which will generate high-margin revenues for us. We thus gain access to many customers, including some very large and famous ones.

Last week we reported to you about our collaboration with simpressive:

As a component of their enterprise software, FP Sign is now used by a leading automotive group. We will continue to progress down this successful path.

Another of our digitalisation projects has developed directly out of our DNA, our core competencies in sensor systems, actuating elements, connectivity, and above all cryptography. This is precisely what sets us apart from our competition:

Our digitalisation results organically from our tradition as a technology company – and our success in our core business gives us the support we need to develop new growth potential. The core of our franking machines masters things that are urgently needed around the world:

We can securely connect all kinds of sensor systems (take a look at our small robot in the foyer!), we connect a great many machines using cloud infrastructure (more than 100,000 PostBase units are connected in our FP Repository), and we transfer data at the highest security level, always marked with its unique identity.

We fulfil the highest security requirements in the Internet of Things with our FP Secure Gateway. And we have started to collect references, with our first customers and interested inquiries.

Our presentations at conventions and our trade fair stands meet with a great response, as seen recently at the Hannover Messe – it is up to us to exploit the potential that results.

Ladies and gentlemen,

as you know, in the last few days we have bought a relatively small company here in Berlin.

*IoT: The FP Secure Gateway covers important parts
of the IoT value chain
[Presentation slide 11]*

The name of this engineering company is Tixi. Tixi is ideal for our IoT projects, because its strengths and ours fit each other perfectly – you are also very welcome to see this for yourself from the presentation in the foyer:

Tixi already has a large number of well-known customers, and more than 30,000 IoT gateways in the field:

*Tixi: well represented with energy suppliers,
energy service providers and Industry 4.0
[Presentation slide 12]*

They network district heat stations, pump stations, heating systems, lifts and cooling systems, charging stations and automation control systems – in short,

Tixi opens the door to the sections of industry that are currently leading the way in the industrial IoT. This is also a decisive step forwards in the marketing of our FP Secure Gateway.

Tixi brings a team of experienced and creative engineers to the table, who will be an excellent addition to the team. FP brings with it security expertise and the necessary size.

In short, this is a perfect deal that will take us a big step forward together. As our CEO just explained, we are acting from a position of strength. This is further proof of that.

We use our financial strength to exploit bought-in services in a targeted and smart manner, in order to flank and support our organic growth.

New digital business models generate significant revenue potential for FP
[Presentation slide 13]

So how will we achieve our growth targets?

Our new digital products and business models, which I have outlined for you here, may already be making a significant contribution to achieving our targets by 2020. Is what you see here – the expectation of increasing revenue by 30 million the year after next – a plan?

No, this is also a target, and something we are intensively working towards.

This is the unbeatable advantage of the ACT strategy: it is our decades of experience, our traditional competencies as a technology company, that allows us to become a start-up, and part of the digital age.

But are we already behaving like a start-up? How much progress have we made in our transformation into an agile, high-growth company?

ACT project JUMP: We are making FP fit for profitable growth
[Presentation slide 14]

While we are working full-power

- on product development,
- on new business models,
- on market penetration,

we are simultaneously getting rid of the things still holding us back.

In our Jump project, which is an important and integral component of ACT, we are entering an extensive field of new possibilities for unfettering our thinking, our abilities, our actions!

There were some who reacted with horror to our announcement that we will be spending six to eight million euros this year, which will burden the consolidated profit and the cashflow.

Yes – but we know what for! And we know what it will yield!

That does not just mean the six million in savings, which we expect starting in 2020. This is the breakthrough to a new FP, to an FP for the digital age.

This project is worth working on: for us, for our customers, for our employees, and for you, our shareholders.

We are only just getting started.

Rüdiger Andreas Günther, CEO of Francotyp-Postalia Holding AG

You heard it, ladies and gentlemen!

We are nowhere near finished, our sleeves will stay rolled up:

Now we're really getting started!

Based on the past and present, the competence and power of FP, its vision and conviction, we created a strategy – and from these ideas came ACT.

With ACT, we are setting a clear course for clear heads, not for faint hearts.

With ACT, we take responsibility for the success of our company, for sustainable growth.

“Responsible actions – sustainable growth” – this was the headline under which we published our sustainability report. This report gave the first comprehensive account of how we are fulfilling our responsibility to our stakeholders in the dimensions of economy, ecology, and social considerations.

Yes, we place great emphasis on sustainability. Yes, we act responsibly, and have for example ensured that the organisation of today's Annual General Meeting is CO₂-neutral.

We are not just compensating for the air-conditioning system in here! Your travel, the overnight accommodation, the meals. Every gramme of the 20,000 kilos or so of climate gases we are generating will be compensated for by a forestry protection project in Kenya. In addition, we secure 350 jobs, support the construction of schools, and ensure sustainable development in the project country. You can even make an additional contribution.

We have given you a small packet of tree seeds. Use it well – join us in ensuring sustainable growth! And also in matters of sustainability, as in many other areas at FP, the words of Henry Ford are once again confirmed:

“The two most important things in any company do not appear in its balance sheet: its reputation and its people.”

Yes, it is committed employees who help our company get ahead, who implement the ACT strategy, and who also make sustainability a reality. Together with our customers they find new ways in which we can improve our products. They are strongly involved in social initiatives. They review our suppliers – also with regard to their sustainability standards. In short, you take responsibility for our sustainable growth.

A juror on the German Sustainability Council wrote to us spontaneously after first reading it: “You have a lot of good things to report!” I would like to take this opportunity to thank our employees for their enormous dedication during this phase of the transformation, which is opening up new challenges and new opportunities every day!

“I think there is a world market for about five computers,” said Thomas Watson, then chairman of IBM, in 1943. That’s the exciting thing about the future: you cannot know what it will be like.

All you can do is try to shape it – with all the powers at your disposal – in the way you want to see it. We therefore continue to attack the core business.

Where our competitors stumble and give ground, we move in, catch up, and make ready. We are FP, and we are winning market share in our core market. We are further expanding our strength through competence.

We are currently witnessing our competitors weakening, neglecting their franking machine business. They are cutting back while we grow. Just recently, one of our competitors ditched its US business with large machines, and losses of eight percent in the first quarter of 2018 in its franking machine business.

According to its own forecast for the whole year of 2018, the other competitor in our traditional core business will shrink by four to six percent. We make a completely different impression to them.

Our customers confirm how important and right it is that we are investing in our machines, in sales and service, and that we are attacking in our core business.

Many people are asking, how do you mean to achieve your targets? Are you not too ambitious?

We know: we will achieve our targets. By increasing our revenue and increasing profitability. We will achieve our growth targets, because the major assumptions of our strategy are correct.

I already told you that, “the old can also be made new,” back when I first spoke to you two years ago.

Back then, there were those who smiled grimly, not understanding. Who wanted to hear that franking machines are high-tech equipment? Who wanted to believe that our franking machines were an ideal basis for new growth? But that’s exactly how it is.

Our customers are accepting our services. We build them a bridge into the digital world, to secure digital communication processes.

The franking machine fulfils the highest requirements for sensor systems, actuating elements, connectivity and cryptography - competences that we have built up over 95 years, and which are in desperately high demand worldwide!

And on top of all that, they still frank postal letters, our franking machines continue to print money onto envelopes. Yes, postal letters remain an important means of communication! That also confirms your experience, ladies and gentlemen:

Particularly in contrast to the merely digital, a real letter remains a gesture. The recipient is addressed in a manner that is no longer absolutely a matter of course:

they receive a letter on paper, sealed in an envelope, subject to the inviolability of the mail. Opening a letter is more significant than merely clicking on an email.

And in our industry? Despite all the talk of the “paperless” office, global paper consumption increased in 2016 to a new record of over 450 million tonnes. More than 300 billion! letters are sent annually. How much business does that mean for us? Plenty more!

Innovation has been part of our tradition since the very start, and in this sense our FP is one of the first start-ups ever!

From paper to bytes – the Internet of Things will change the world! And we will be a profitable part of that change. According to a recent study, global spending on the IoT is expected to exceed the 1 trillion dollar mark in 2020.

And that is why, ladies and gentlemen, that is why the takeover of TIXI as part of our ACT strategy is a logical and valuable addition to our portfolio.

Tixi already has a large number of well-known customers. FP provides the cryptography and the support needed to accelerate growth. With this acquisition, we are accelerating our entry into new digital markets worth billions, like IoT and cloud technology. With this takeover, we are further increasing our tempo.

We will be well positioned to exploit these future markets.

And particularly in these times, when customer and business data are stolen and abused, when elections are manipulated, and even the German Foreign Office gets hacked, particularly in our times, security will play a decisive role in the implementation of the IoT.

More than 100,000 of our franking machines all around the world are networked with our servers. We read the machine data here in Berlin, and upload new updates.

When I told this to a new investor, he cried, “So with this huge network you must be one of the pioneers in IoT, possibly with the most secure data transfer in the entire industry!”

I did not deny it!

Our competitive advantage in this FUTURE MARKET is our decades of experience in cryptography and connectivity. Our competitive advantage is hardware-based security. Security is what everyone is talking about, and security is what the customers and the markets urgently need, both now and in future.

You can see, we are growing. We will grow in both major business fields – in the secure mailing business and in secure digital communication processes!

We have the potential, and we will exploit that potential.

We are now unifying the sales throughout the Group, under the responsibility of Mr de Gruyter. We expect this to deliver additional growth, both in the core business and in the new digital business models.

They will make a significant and steadily increasing contribution to revenue growth, and to achieving our revenue targets! Sven Meise gave you a presentation on this.

One of the most important projects for increasing profitability is JUMP. JUMP is one of the basic components of ACT. A project for making us even more agile. Mr Meise gave you a presentation about it.

A year ago, I told you that the internal transformation was one of the largest challenges for our growth trajectory.

JUMP costs energy, time and money, and we will hardly be able to avoid this affecting profits.

But it will not be possible without JUMP – the new FP needs new and simpler structures, worldwide. JUMP is a necessary investment in our future:

We have to reduce the complexity of our processes and increase our punching power. We need more start-up mentality, a faster tempo. We will already be able to report to you next year about the first positive effects.

But what is the use of our efforts and successes if they are not recognised – if we are not famous?

The successful future of FP also lies in FP becoming a strong brand. Only when people know who you are can you win their affection. And with it, customers, revenue and profit. FP is going to become a strong and well-liked brand, a brand that for our customers is relevant and unique.

In this way, we can make FP and our share more independent of external influences, like general fluctuations in the stock exchange, and of sensitivities and errors.

Let me summarise my argument, ladies and gentlemen!

They say, “the stock exchange trades in the future.” What about our valuations, our market capitalisation? Twice the EBITDA, two-and-a-half times the funding?

Despite the growth, profits and dividends? What did our analysts think?

- LBBW: Big jump in profits forecast in 2019 – P/E ratio 7 - BUY!
- Warburg: P/E ratio at 5 for 2019 - Fair value 5.63 euros! – BUY!
- GSC: Clear indication of digital competence - Dividend return 3.4 percent – P/E ratio at 8 - BUY!

Our future is not included in the current exchange price!

The future, ladies and gentlemen, the future is made by people who have a vision, an idea of the place they want to get to.

FP has this vision, the vision that motivates us:

With our innovative and efficient products and services,
we make our customers' lives easier,
leaving them more time
and thus greater enjoyment in their everyday work.

By 2023,
we will be the first brand worldwide
that customers spontaneously think of
and trust with their orders
when it comes to secure mailing business
and digital communication processes.

We are FP.

We will win the future with tenacity, optimism, and above all, with hard work.

We will continue to pick up speed! We are getting rid of the things still holding us back. We are unleashing our potential

We are becoming the **NEW FP!**

We are moving ahead. Come with us!

LET'S ACT!