Francotyp-Postalia

(CDAX, Industrial Goods & Services, FPH GR)

WARBURG RESEARCH

Buy	
EUR **4.80**	(EUR 4.20)
Price	EUR 3.10
Upside	**54.8 %**

Value Indicators:	EUR
DCF:	4.77

Warburg ESG Risk Score:	**2.4**
ESG Score (MSCI based):	3.0
Balance Sheet Score:	4.3
Market Liquidity Score:	0.0

Description:

Manufacturer of franking machines and provider of mail services.

Market Snapshot:	EUR m
Market cap:	47.9
No. of shares (m):	15.5
EV:	80.2
Freefloat MC:	24.3
Ø Trad. Vol. (30d):	7.38 th

Shareholders:	
Freefloat	50.7 %
Obotritia Capital	28.0 %
Active Ownership Fund	9.5 %
SALTARAX GmbH	5.0 %

Key Figures (WRe):	2021e
Beta:	1.6
Price / Book:	4.6 x
Equity Ratio:	6 %
Net Fin. Debt / EBITDA:	0.7 x
Net Debt / EBITDA:	2.0 x

Q2 supports the case for a fast recovery

Stated Figures Q2/2021:

in EUR m	Q2/21	Q2/21e	Q2/20	yoy	6M/21	6M/20	yoy
Sales	**48.0**	46.0	42.8	12.2%	**99.5**	99.7	-0.2%
EBITDA	**3.8**	3.0	5.6	-32.1%	**8.8**	13.6	-35.7%
margin	*8.0%*	*6.5%*	*13.2%*		*8.8%*	*13.7%*	

Comment on Figures:

- On August 20, 2021, Francotyp-Postalia announced preliminary business figures for the first half of 2021. At this point, the company managed to set a clearly positive trend in sales and earnings.
- The company will present the complete H1 report on August 31, 2021 and provide more detailed information.

The company's new forecast formed the core of the announcement of the preliminary half-year figures. For the full year 2021, the Management Board is now assuming that sales will be in a range of EUR 192-200m (previous assumption: EUR 185-196m). The EBITDA is now expected to be in a range of EUR 12-16m (EBITDA margin of 6% to 8%). The previous forecast was EUR 6-12m.

The second quarter turned out to be better than expected. In particular, the Mail Services and Software & BPA / IoT divisions made a positive contribution to sales. The development of the franking machine business in some foreign markets has been better than expected but, overall, sales here are still below the previous year's level. In addition to good sales development, the first effects of the FUTURE @ FP transformation programme, which the Management Board presented in April 2021, will also be visible earlier than expected. In particular, earlier cost savings had a positive impact. The cornerstones of the FUTURE @ FP transformation programme are a simultaneous adjustment of the cost base to sales, the introduction of a new, uniform ERP / CRM system, and a focused, customer-centered market development.

It is becoming apparent that the company will be able to achieve significant profitability sooner than expected (WRe). Since the valuation of the company (DCF) continues to incorporate high risk discounts (beta 1.6), such earnings improvements together with the typical rollover effect have a clearly positive effect on the DCF value. **With a price target of 5.20 (4.20), the share continues to be rated Buy.**

Changes in Estimates:

FY End: 31.12. in EUR m	2021e (old)	+ / -	2022e (old)	+ / -	2023e (old)	+ / -
Sales	190.0	4.2 %	195.7	4.2 %	201.6	4.2 %
EBITDA	9.5	66.7 %	25.0	10.1 %	30.0	1.4 %
EBIT	-10.0	n.m.	5.5	45.8 %	10.5	4.0 %
EPS	-0.43	n.m.	0.22	50.0 %	0.43	4.7 %

Comment on Changes:

- While the long-term forecasts remain largely unchanged, the currently reported data show that significant profitability can apparently be achieved sooner than previously assumed.
- This development is driven by positive sales data and success on the cost side.

Rel. Performance vs CDAX:	
1 month:	4.0 %
6 months:	-15.6 %
Year to date:	-15.7 %
Trailing 12 months:	-24.0 %

Company events:	
31.08.21	Q2
18.11.21	Q3

FY End: 31.12. in EUR m	CAGR (20-23e)	2017	2018	2019	2020	2021e	2022e	2023e
Sales	2.4 %	206.3	204.2	209.1	195.9	198.0	203.9	210.1
Change Sales yoy		1.7 %	-1.0 %	2.4 %	-6.3 %	1.1 %	3.0 %	3.0 %
Gross profit margin		*55.6 %*	*57.0 %*	*60.3 %*	*55.8 %*	*53.0 %*	*56.0 %*	*56.0 %*
EBITDA	56.5 %	26.3	17.1	33.3	8.0	15.8	27.5	30.5
Margin		*12.8 %*	*8.4 %*	*15.9 %*	*4.1 %*	*8.0 %*	*13.5 %*	*14.5 %*
EBIT	-	7.3	-0.3	5.9	-14.0	-3.7	8.0	11.0
Margin		*3.5 %*	*-0.1 %*	*2.8 %*	*-7.1 %*	*-1.8 %*	*3.9 %*	*5.2 %*
Net income	-	4.6	0.9	1.7	-15.2	-2.6	5.3	7.3
EPS	-	0.29	0.06	0.11	-0.94	-0.16	0.33	0.45
EPS adj.	-	0.29	0.06	0.11	-0.94	-0.16	0.33	0.45
DPS	-	0.12	0.03	0.03	0.00	0.00	0.13	0.18
Dividend Yield		2.3 %	0.8 %	0.9 %	n.a.	n.a.	4.3 %	5.8 %
FCFPS		0.36	0.38	0.17	0.86	-0.05	0.33	0.27
FCF / Market cap		6.9 %	10.1 %	5.0 %	26.3 %	-1.7 %	10.7 %	8.7 %
EV / Sales		0.5 x	0.4 x	0.5 x	0.4 x	0.4 x	0.4 x	0.4 x
EV / EBITDA		4.2 x	5.0 x	2.9 x	10.6 x	5.2 x	2.8 x	2.4 x
EV / EBIT		15.1 x	n.a.	16.3 x	n.a.	n.a.	9.6 x	6.8 x
P / E		17.9 x	62.6 x	31.5 x	n.a.	n.a.	9.4 x	6.9 x
P / E adj.		17.9 x	62.6 x	31.5 x	n.a.	n.a.	9.4 x	6.9 x
FCF Potential Yield		11.2 %	2.2 %	10.0 %	-1.3 %	10.1 %	20.9 %	23.9 %
Net Debt		25.2	24.6	40.3	31.4	32.2	26.9	24.4
ROCE (NOPAT)		7.7 %	n.a.	2.6 %	n.a.	n.a.	12.7 %	16.7 %
Guidance:	Revenues EUR 192-299m, EBITDA 2020 EUR 12-16m (2021)							

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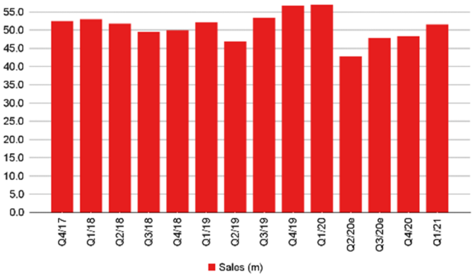
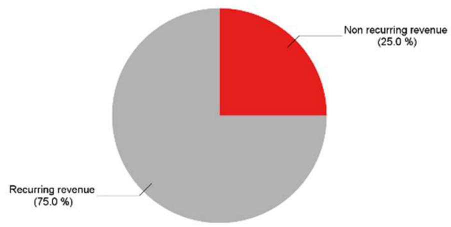
Sales development
in EUR m



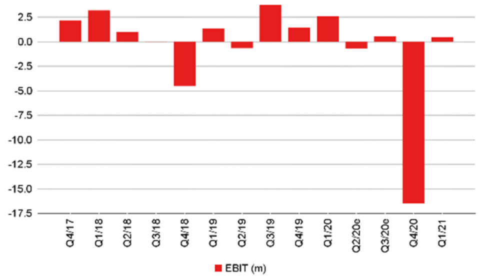
Source: Warburg Research

Recurring revenue proportion
2021e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

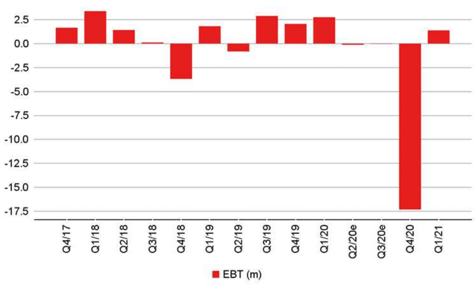
Company Background

- Francotyp Postalia Holding AG, headquarted in Berlin, is a globally-active supplier of products and services for the postal market.
- The company was formed in 1983 with the merger of Francotyp (founded 1923) and Postalia (founded 1938) and has thus more than 80 years of experience in the postal market.
- Franking and inserting machines are still the core business activity.
- With new solutions e.g. In the field of IoT and electronic signature, the company strategically expanded its portfolio.

Competitive Quality

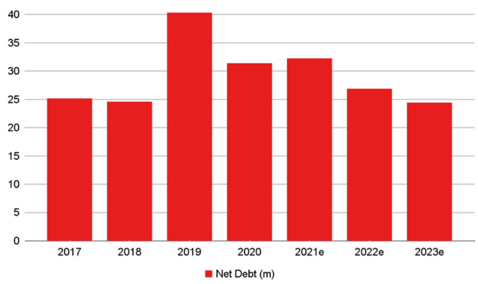
- Focusing on customers with low to medium postal needs, Francotyp Postalia caters for two stable segments in the generally difficult market for franking machines.
- The 45% market share in the German market for franking machines demonstrates its reputation as the market leader in Germany based on the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

EBT development
in EUR m



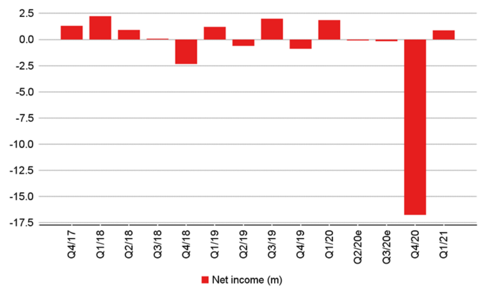
Source: Warburg Research

Net debt
in EURm



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	
Sales	198.0	203.9	210.1	216.4	222.9	229.5	236.4	243.5	250.8	258.3	266.1	274.1	282.3	
Sales change	*1.1 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*1.0 %*
EBIT	-3.7	8.0	11.0	13.0	13.4	13.8	14.2	14.6	15.0	15.5	16.0	16.4	16.9	
EBIT-margin	*-1.8 %*	*3.9 %*	*5.2 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	
Tax rate (EBT)	*32.0 %*	*32.0 %*	*32.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	
NOPAT	-2.5	5.5	7.5	8.7	9.0	9.2	9.5	9.8	10.1	10.4	10.7	11.0	11.3	
Depreciation	19.5	19.5	19.5	19.5	20.1	18.4	18.9	17.0	17.6	18.1	18.6	19.2	19.8	
in % of Sales	*9.8 %*	*9.6 %*	*9.3 %*	*9.0 %*	*9.0 %*	*8.0 %*	*8.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	
Changes in provisions	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	-0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	
- Capex	20.0	21.0	24.0	23.8	22.3	20.7	16.5	17.0	17.6	18.1	18.6	19.2	19.8	
Capex in % of Sales	*10.1 %*	*10.3 %*	*11.4 %*	*11.0 %*	*10.0 %*	*9.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	-2.7	3.5	2.5	4.1	6.4	6.6	11.5	9.4	9.7	9.9	10.2	10.5	10.8	12
PV of FCF	-2.6	3.1	2.0	3.1	4.5	4.2	6.8	5.1	4.8	4.6	4.3	4.1	3.9	57
share of PVs	**2.41 %**			**43.22 %**										**54.37 %**

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	20.00 %	Financial Strength	1.60
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.60
Market return	7.00 %	Cyclicality	1.60
Risk free rate	1.50 %	Transparency	1.60
		Others	1.60
WACC	**8.66 %**	**Beta**	**1.60**

Valuation (m)

Present values 2033e	48		
Terminal Value	57		
Financial liabilities	47		
Pension liabilities	21		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	36	No. of shares (m)	15.5
Equity Value	**74**	**Value per share (EUR)**	**4.77**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	0.25 %	0.50 %	0.75 %	**1.00 %**	1.25 %	1.50 %	1.75 %
1.83	9.7 %	3.56	3.63	3.71	3.79	3.88	3.97	4.07
1.71	9.2 %	3.98	4.06	4.15	4.25	4.36	4.47	4.58
1.66	8.9 %	4.20	4.30	4.40	4.50	4.62	4.74	4.87
1.60	8.7 %	4.44	4.55	4.66	**4.77**	4.90	5.03	5.18
1.54	8.4 %	4.70	4.82	4.94	5.06	5.20	5.35	5.51
1.49	8.2 %	4.98	5.10	5.23	5.38	5.53	5.69	5.87
1.37	7.7 %	5.59	5.74	5.90	6.07	6.26	6.46	6.67

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.83	9.7 %	1.97	2.58	3.19	3.79	4.40	5.00	5.61
1.71	9.2 %	2.32	2.96	3.61	4.25	4.90	5.54	6.18
1.66	8.9 %	2.51	3.18	3.84	4.50	5.17	5.83	6.50
1.60	8.7 %	2.72	3.40	4.09	**4.77**	5.46	6.15	6.83
1.54	8.4 %	2.94	3.65	4.36	5.06	5.77	6.48	7.19
1.49	8.2 %	3.18	3.91	4.64	5.38	6.11	6.84	7.57
1.37	7.7 %	3.71	4.49	5.28	6.07	6.86	7.65	8.43

- Francotyp generates high steady cash flows in a normal business year.

Valuation

	2017	2018	2019	2020	2021e	2022e	2023e
Price / Book	2.5 x	1.8 x	1.7 x	3.9 x	4.6 x	3.1 x	2.3 x
Book value per share ex intangibles	-0.09	-0.46	-0.42	-1.60	-1.95	-1.81	-1.79
EV / Sales	0.5 x	0.4 x	0.5 x	0.4 x	0.4 x	0.4 x	0.4 x
EV / EBITDA	4.2 x	5.0 x	2.9 x	10.6 x	5.2 x	2.8 x	2.4 x
EV / EBIT	15.1 x	n.a.	16.3 x	n.a.	n.a.	9.6 x	6.8 x
EV / EBIT adj.*	15.1 x	n.a.	16.3 x	n.a.	n.a.	9.6 x	6.8 x
P / FCF	14.6 x	9.9 x	20.1 x	3.8 x	n.a.	9.3 x	11.5 x
P / E	17.9 x	62.6 x	31.5 x	n.a.	n.a.	9.4 x	6.9 x
P / E adj.*	17.9 x	62.6 x	31.5 x	n.a.	n.a.	9.4 x	6.9 x
Dividend Yield	2.3 %	0.8 %	0.9 %	n.a.	n.a.	4.3 %	5.8 %
FCF Potential Yield (on market EV)	11.2 %	2.2 %	10.0 %	-1.3 %	10.1 %	20.9 %	23.9 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Sales	**206.3**	**204.2**	**209.1**	**195.9**	**198.0**	**203.9**	**210.1**
Change Sales yoy	1.7 %	-1.0 %	2.4 %	-6.3 %	1.1 %	3.0 %	3.0 %
Increase / decrease in inventory	0.5	-0.3	0.0	-0.4	0.0	0.0	0.0
Own work capitalised	10.8	14.1	18.6	7.8	7.9	8.2	8.4
Total Sales	**217.7**	**218.0**	**227.6**	**203.2**	**205.9**	**212.1**	**218.5**
Material expenses	102.9	101.6	101.6	93.9	101.0	97.9	100.8
Gross profit	**114.8**	**116.3**	**126.0**	**109.3**	**104.9**	**114.2**	**117.6**
Gross profit margin	*55.6 %*	*57.0 %*	*60.3 %*	*55.8 %*	*53.0 %*	*56.0 %*	*56.0 %*
Personnel expenses	59.2	64.7	60.2	67.8	61.4	59.1	58.8
Other operating income	4.8	1.9	2.9	4.5	4.0	4.1	4.2
Other operating expenses	34.1	36.4	35.4	36.8	31.7	31.6	32.6
Unfrequent items	0.0	0.0	0.0	-1.2	0.0	0.0	0.0
EBITDA	**26.3**	**17.1**	**33.3**	**8.0**	**15.8**	**27.5**	**30.5**
Margin	*12.8 %*	*8.4 %*	*15.9 %*	*4.1 %*	*8.0 %*	*13.5 %*	*14.5 %*
Depreciation of fixed assets	19.1	17.3	24.7	18.9	17.5	17.5	17.5
EBITA	**7.3**	**-0.3**	**8.6**	**-11.0**	**-1.7**	**10.0**	**13.0**
Amortisation of intangible assets	0.0	0.0	2.7	3.0	2.0	2.0	2.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**7.3**	**-0.3**	**5.9**	**-14.0**	**-3.7**	**8.0**	**11.0**
Margin	*3.5 %*	*-0.1 %*	*2.8 %*	*-7.1 %*	*-1.8 %*	*3.9 %*	*5.2 %*
EBIT adj.	**7.3**	**-0.3**	**5.9**	**-14.0**	**-3.7**	**8.0**	**11.0**
Interest income	2.1	2.8	2.2	2.5	0.8	0.8	0.8
Interest expenses	1.9	1.4	1.8	2.6	0.3	0.3	0.3
Other financial income (loss)	-0.4	0.1	-0.3	-0.6	-0.7	-0.7	-0.7
EBT	**7.1**	**1.3**	**5.9**	**-14.7**	**-3.9**	**7.8**	**10.8**
Margin	*3.4 %*	*0.6 %*	*2.8 %*	*-7.5 %*	*-1.9 %*	*3.8 %*	*5.1 %*
Total taxes	2.4	0.4	4.2	0.4	-1.2	2.5	3.4
Net income from continuing operations	**4.6**	**0.9**	**1.7**	**-15.1**	**-2.6**	**5.3**	**7.3**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**4.6**	**0.9**	**1.7**	**-15.1**	**-2.6**	**5.3**	**7.3**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**4.6**	**0.9**	**1.7**	**-15.2**	**-2.6**	**5.3**	**7.3**
Margin	*2.3 %*	*0.4 %*	*0.8 %*	*-7.7 %*	*-1.3 %*	*2.6 %*	*3.5 %*
Number of shares, average	16.2	16.2	16.2	16.2	16.2	16.2	16.2
EPS	**0.29**	**0.06**	**0.11**	**-0.94**	**-0.16**	**0.33**	**0.45**
EPS adj.	0.29	0.06	0.11	-0.94	-0.16	0.33	0.45

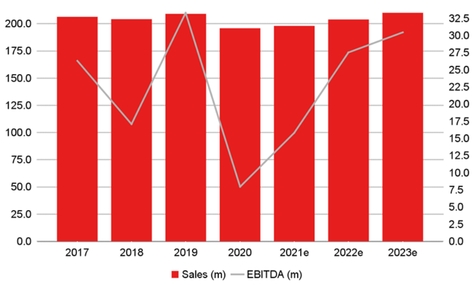
*Adjustments made for:

Guidance: Revenues EUR 192-299m, EBITDA 2020 EUR 12-16m (2021)

Financial Ratios

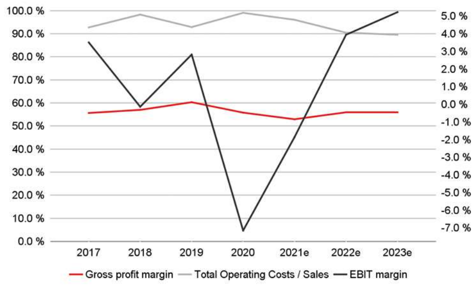
	2017	2018	2019	2020	2021e	2022e	2023e
Total Operating Costs / Sales	92.8 %	98.4 %	92.9 %	99.1 %	96.0 %	90.5 %	89.5 %
Operating Leverage	-15.3 x	n.a.	n.a.	n.a.	-67.4 x	n.a.	12.1 x
EBITDA / Interest expenses	13.8 x	12.3 x	18.5 x	3.1 x	52.8 x	91.8 x	101.5 x
Tax rate (EBT)	34.3 %	28.4 %	71.3 %	-3.0 %	32.0 %	32.0 %	32.0 %
Dividend Payout Ratio	41.7 %	54.1 %	28.4 %	0.0 %	0.0 %	40.1 %	39.8 %
Sales per Employee	170,431	165,358	165,992	152,436	151,085	152,567	154,062

Sales, EBITDA
in EUR m



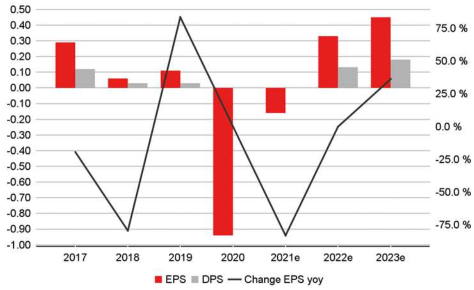
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

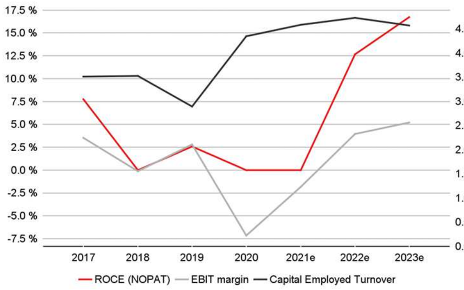
Consolidated balance sheet

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Assets							
Goodwill and other intangible assets	35.1	40.8	38.8	39.5	42.5	45.5	50.5
thereof other intangible assets	26.7	30.3	34.1	35.6	38.6	41.6	46.6
thereof Goodwill	8.5	10.4	4.6	3.8	3.8	3.8	3.8
Property, plant and equipment	31.8	29.9	29.2	24.9	22.4	20.9	20.4
Financial assets	11.6	13.4	18.1	16.3	16.3	16.3	16.3
Other long-term assets	0.0	0.0	11.2	0.0	0.0	0.0	0.0
Fixed assets	**78.5**	**84.1**	**97.3**	**80.7**	**81.2**	**82.7**	**87.2**
Inventories	10.6	11.2	12.4	11.5	11.6	12.0	12.3
Accounts receivable	19.5	19.0	18.1	18.1	17.9	18.4	19.0
Liquid assets	34.9	30.9	30.5	36.1	35.3	40.6	43.1
Other short-term assets	27.1	21.6	28.0	27.6	27.6	27.6	27.6
Current assets	**92.1**	**82.7**	**89.0**	**93.3**	**92.4**	**98.6**	**102.0**
Total Assets	**170.6**	**166.7**	**186.3**	**174.0**	**173.5**	**181.3**	**189.2**
Liabilities and shareholders' equity							
Subscribed capital	16.3	16.3	16.3	16.3	16.3	16.3	16.3
Capital reserve	34.8	34.7	34.7	34.3	34.3	34.3	34.3
Retained earnings	0.0	0.0	0.0	0.0	-37.0	-39.7	-36.3
Other equity components	-17.4	-17.7	-19.0	-36.9	-2.6	5.3	7.3
Shareholders' equity	33.7	33.3	32.0	13.7	10.9	16.3	21.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**33.7**	**33.3**	**32.0**	**13.7**	**10.9**	**16.3**	**21.6**
Provisions	17.7	17.6	24.0	25.9	25.9	25.9	25.9
thereof provisions for pensions and similar obligations	16.5	16.2	20.6	20.5	20.5	20.5	20.5
Financial liabilities (total)	43.6	39.3	50.2	47.0	47.0	47.0	47.0
Short-term financial liabilities	0.4	0.2	4.1	3.7	3.7	3.7	3.7
Accounts payable	11.2	14.0	14.6	14.1	14.3	14.7	15.2
Other liabilities	64.5	62.6	65.5	73.3	75.4	77.5	79.6
Liabilities	**137.0**	**133.4**	**154.3**	**160.3**	**162.5**	**165.1**	**167.6**
Total liabilities and shareholders' equity	**170.6**	**166.7**	**186.3**	**174.0**	**173.5**	**181.3**	**189.2**

Financial Ratios

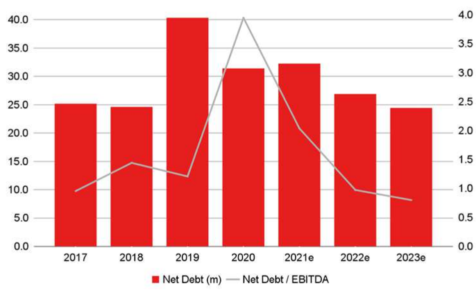
	2017	2018	2019	2020	2021e	2022e	2023e
Efficiency of Capital Employment							
Operating Assets Turnover	4.1 x	4.4 x	4.6 x	4.8 x	5.3 x	5.6 x	5.7 x
Capital Employed Turnover	3.5 x	3.5 x	2.9 x	4.3 x	4.6 x	4.7 x	4.6 x
ROA	5.9 %	1.1 %	1.8 %	-18.8 %	-3.2 %	6.4 %	8.4 %
Return on Capital							
ROCE (NOPAT)	7.7 %	n.a.	2.6 %	n.a.	n.a.	12.7 %	16.7 %
ROE	13.4 %	2.7 %	5.2 %	-66.3 %	-21.3 %	39.1 %	38.6 %
Adj. ROE	13.4 %	2.7 %	5.2 %	-66.3 %	-21.3 %	39.1 %	38.6 %
Balance sheet quality							
Net Debt	25.2	24.6	40.3	31.4	32.2	26.9	24.4
Net Financial Debt	8.6	8.4	19.7	10.9	11.7	6.3	3.9
Net Gearing	74.7 %	73.9 %	125.9 %	229.7 %	294.7 %	165.2 %	113.1 %
Net Fin. Debt / EBITDA	32.8 %	49.1 %	59.3 %	136.5 %	73.9 %	23.0 %	12.8 %
Book Value / Share	2.1	2.1	2.0	0.8	0.7	1.0	1.3
Book value per share ex intangibles	-0.1	-0.5	-0.4	-1.6	-1.9	-1.8	-1.8

ROCE Development



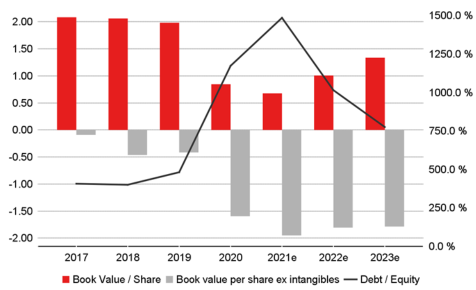
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

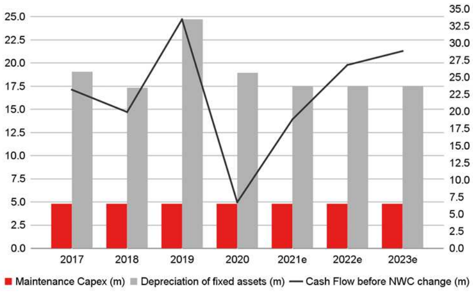
Consolidated cash flow statement

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Net income	4.6	0.9	1.7	-15.2	-2.6	5.3	7.3
Depreciation of fixed assets	19.1	17.3	24.7	18.9	17.5	17.5	17.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	2.7	3.0	2.0	2.0	2.0
Increase/decrease in long-term provisions	-0.5	-0.3	4.4	-0.1	0.0	0.0	0.0
Other non-cash income and expenses	0.0	2.0	0.0	0.0	2.0	2.0	2.0
Cash Flow before NWC change	**23.2**	**19.9**	**33.5**	**6.7**	**18.9**	**26.8**	**28.8**
Increase / decrease in inventory	0.6	-0.6	-1.2	0.8	-0.1	-0.3	-0.4
Increase / decrease in accounts receivable	-0.6	0.6	0.8	0.0	0.2	-0.5	-0.6
Increase / decrease in accounts payable	0.6	2.8	0.6	-0.4	0.2	0.4	0.4
Increase / decrease in other working capital positions	-2.5	1.5	-10.7	15.6	0.0	0.0	0.0
Increase / decrease in working capital (total)	-1.9	4.3	-10.4	16.0	0.3	-0.5	-0.5
Net cash provided by operating activities [1]	**21.3**	**24.2**	**23.1**	**22.8**	**19.1**	**26.4**	**28.3**
Investments in intangible assets	-6.9	-9.0	-13.8	-4.0	-5.0	-5.0	-7.0
Investments in property, plant and equipment	-8.6	-9.0	-6.5	-4.8	-15.0	-16.0	-17.0
Payments for acquisitions	0.0	-3.5	0.0	-2.2	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.3	-1.1	-0.3	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-15.5**	**-21.2**	**-21.4**	**-11.4**	**-20.0**	**-21.0**	**-24.0**
Change in financial liabilities	4.5	-4.3	11.0	-3.3	0.0	0.0	0.0
Dividends paid	-0.8	-1.9	-0.5	-0.5	0.0	0.0	-1.9
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-2.6	-0.2	-15.2	-1.9	0.0	0.0	0.0
Net cash provided by financing activities [3]	**1.1**	**-6.4**	**-4.7**	**-5.7**	**0.0**	**0.0**	**-1.9**
Change in liquid funds [1]+[2]+[3]	**6.9**	**-3.5**	**-3.0**	**5.1**	**-0.9**	**5.4**	**2.5**
Effects of exchange-rate changes on cash	-1.4	0.5	0.0	-1.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	**24.2**	**21.2**	**18.1**	**22.2**	**21.3**	**26.7**	**29.2**

Financial Ratios

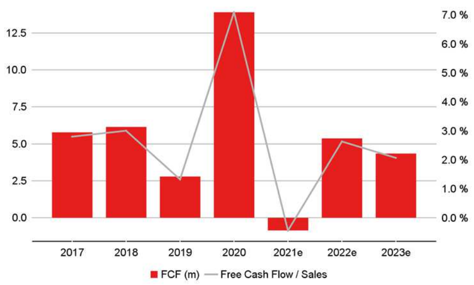
	2017	2018	2019	2020	2021e	2022e	2023e
Cash Flow							
FCF	5.8	6.1	2.8	13.9	-0.9	5.4	4.3
Free Cash Flow / Sales	2.8 %	3.0 %	1.3 %	7.1 %	-0.4 %	2.6 %	2.1 %
Free Cash Flow Potential	12.3	1.8	9.7	-1.1	8.4	16.1	17.8
Free Cash Flow / Net Profit	124.3 %	685.7 %	163.8 %	-91.7 %	32.6 %	100.8 %	59.4 %
Interest Received / Avg. Cash	6.9 %	8.7 %	7.2 %	7.4 %	2.2 %	2.1 %	1.9 %
Interest Paid / Avg. Debt	4.7 %	3.4 %	4.0 %	5.2 %	0.6 %	0.6 %	0.6 %
Management of Funds							
Investment ratio	7.5 %	8.8 %	9.7 %	4.5 %	10.1 %	10.3 %	11.4 %
Maint. Capex / Sales	2.3 %	2.4 %	2.3 %	2.5 %	2.4 %	2.4 %	2.3 %
Capex / Dep	81.2 %	104.2 %	73.9 %	40.4 %	102.6 %	107.7 %	123.1 %
Avg. Working Capital / Sales	9.3 %	8.6 %	7.7 %	8.0 %	7.8 %	7.6 %	7.6 %
Trade Debtors / Trade Creditors	174.2 %	135.7 %	124.4 %	128.3 %	125.2 %	125.2 %	125.2 %
Inventory Turnover	9.7 x	9.1 x	8.2 x	8.2 x	8.7 x	8.2 x	8.2 x
Receivables collection period (days)	35	34	32	34	33	33	33
Payables payment period (days)	40	50	52	55	52	55	55
Cash conversion cycle (Days)	32	24	24	24	23	23	23

CAPEX and Cash Flow
in EUR m



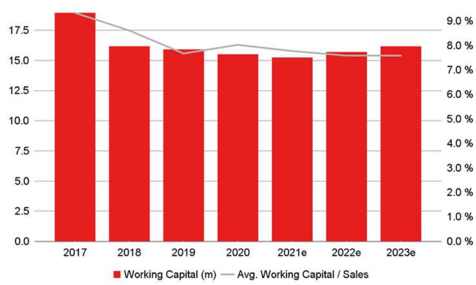
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

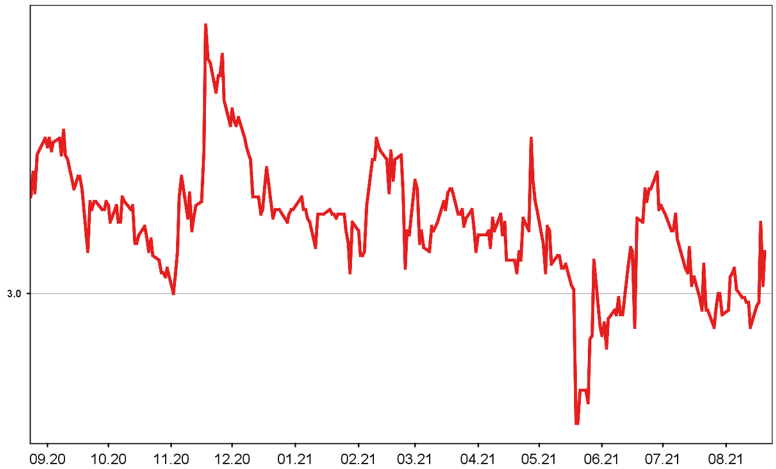
Rating	Number of stocks	% of Universe
Buy	146	68
Hold	62	29
Sell	6	3
Rating suspended	2	1
Total	**216**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	41	76
Hold	11	20
Sell	0	0
Rating suspended	2	4
Total	**54**	**100**

PRICE AND RATING HISTORY FRANCOTYP-POSTALIA AS OF 23.08.2021



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

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Our research can be found under:

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