

<b>Buy</b>  <b>EUR 5.30</b>  Price <b>EUR 3.43</b> <b>Upside 54.5 %</b>	<b>Value Indicators:</b> EUR DCF: 5.31	<b>Share data:</b> Bloomberg: FPH GR Reuters: FPHG ISIN: DE000FPH9000	<b>Description:</b> Manufacturer of franking machines and provider of mail services.
	<b>Market Snapshot:</b> EUR m Market cap: 53.0 No. of shares (m): 15.5 EV: 79.0 Freefloat MC: 42.5 Ø Trad. Vol. (30d): 62.64 th	<b>Shareholders:</b> Freefloat 80.2 % Obotritia Capital 10.3 % Active Ownership Fund 9.5 %	<b>Risk Profile (WRe):</b> 2019e Beta: 2.0 Price / Book: 1.5 x Equity Ratio: 22 % Net Fin. Debt / EBITDA: 0.3 x Net Debt / EBITDA: 0.9 x

## Sales momentum must become visible in H2

Stated Figures Q1/2019:							
in Mio. EUR	Q 1/19	Q 1/19e	Q 1/18	yoy	2019e	2018	yoy
<b>Umsatz</b>	<b>52,1</b>	55,7	53,0	-1,7%	<b>214,4</b>	204,2	5,0%
<b>EBITDA</b>	<b>6,9</b>	7,6	7,4	-6,7%	<b>27,9</b>	17,1	63,3%
<i>Margin</i>	<i>13,3%</i>	<i>14,8%</i>	<i>14,1%</i>		<i>13,0%</i>	<i>8,4%</i>	
<b>EPS in EUR</b>	<b>0,07</b>	0,11	0,14	-50,0%	<b>0,26</b>	0,06	333,3%

### Comment on Figures:

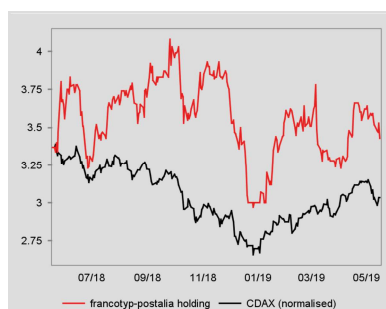
- On May 16, Francotyp Postalia (FP) presented its figures for the first quarter of 2019.
- These were below expectations (WRe). This was due to a lack of revenues (in particular Mail Services), which had a corresponding impact on the earnings figures.
- EBITDA benefited from a positive effect of approximately EUR 1m from IFRS 16 compared to the previous year. However, the forecast (WRe) was not achieved.

Since Rüdiger Andreas Günther became CEO of Francotyp at the beginning of 2016, growth has been the top priority. Next year, sales of EUR 250m with an EBITDA margin of 17% are expected. So far, however, it has not been possible to demonstrate growth – revenues have remained unchanged since 2016. While the Software segment developed positively, the company struggled with revenue declines in the low-margin Mail Services business. In addition, a new generation of franking machines will only have a positive impact on revenue development from Q2 onwards. Nor will the new business models in the IoT and e-Signature segments contribute to sales until the end of the year due to the ramp-up of these businesses. Nevertheless, the company's goals seem extremely ambitious. The expectation (WRe), which was already very low, is now being reduced again. In recent years, the earnings situation was burdened by high expenses for the growth initiative (EUR 8m in 2018, EUR 0.9m in Q1/19). Against this background, the core of the estimates (WRe) remains slight sales growth and a margin level of 6.5%/16.5% (EBIT/EBITDA). A central aspect of the valuation of the share is the fact that even assuming a very moderate growth rate, a return to typical margins alone indicates a valuation reserve. The success of the growth strategy provides considerable upside here. Against the background of minor adjustments to the model (forecasts, roll-over, depreciation, risk adjustment, etc.), **Francotyp's share continues to be rated as Buy with a price target of EUR 5.30.**

Changes in Estimates:						
FY End: 31.12. in EUR m	2019e (old)	+ / -	2020e (old)	+ / -	2021e (old)	+ / -
<b>Sales</b>	223.9	-1.0 %	235.1	-1.0 %	n.a.	n.m.
<b>EBITDA</b>	24.3	18.7 %	34.3	13.1 %	n.a.	n.m.
<b>EBIT</b>	6.3	-7.5 %	16.3	-3.0 %	n.a.	n.m.
<b>EPS</b>	0.27	-7.4 %	0.70	-2.9 %	n.a.	n.m.

### Comment on Changes:

- In view of the lack of sales momentum in Q1 despite extensive growth initiatives, the assumption for sales growth has been slightly reduced.
- Similarly, earnings figures are lower.
- Due to the first-time application of IFRS 16, changes in EBITDA are not meaningful.

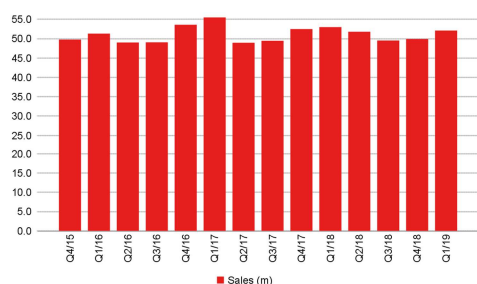


<b>Rel. Performance vs CDAX:</b>	
1 month:	-2.7 %
6 months:	-14.2 %
Year to date:	2.0 %
Trailing 12 months:	13.6 %

<b>Company events:</b>	
28.05.19	AGM

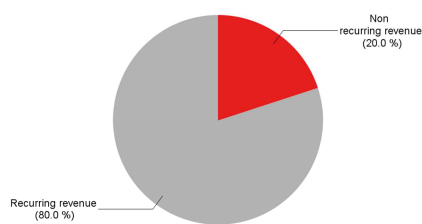
FY End: 31.12. in EUR m	CAGR (18-21e)	2015	2016	2017	2018	2019e	2020e	2021e
<b>Sales</b>	6.2 %	191.1	203.0	206.3	204.2	221.6	232.6	244.3
Change Sales yoy		12.2 %	6.2 %	1.7 %	-1.0 %	8.5 %	5.0 %	5.0 %
Gross profit margin		60.4 %	58.1 %	55.6 %	57.0 %	59.0 %	59.0 %	59.0 %
<b>EBITDA</b>	33.7 %	26.8	27.2	26.3	17.1	28.8	38.9	40.8
Margin		14.0 %	13.4 %	12.8 %	8.4 %	13.0 %	16.7 %	16.7 %
<b>EBIT</b>	-	9.0	9.7	7.3	-0.3	5.8	15.9	16.8
Margin		4.7 %	4.8 %	3.5 %	-0.1 %	2.6 %	6.8 %	6.9 %
<b>Net income</b>	134.5 %	3.5	5.9	4.6	0.9	4.1	10.9	11.6
<b>EPS</b>	128.9 %	0.22	0.36	0.29	0.06	0.25	0.68	0.72
<b>EPS adj.</b>	128.9 %	0.22	0.36	0.29	0.06	0.25	0.68	0.72
<b>DPS</b>	112.5 %	0.12	0.16	0.12	0.03	0.10	0.27	0.29
Dividend Yield		2.7 %	3.8 %	2.3 %	0.8 %	2.9 %	7.9 %	8.4 %
<b>FCF</b>		-0.10	0.28	0.36	0.38	0.00	0.60	0.70
<b>FCF / Market cap</b>		-2.2 %	0.2 %	6.9 %	10.2 %	-0.1 %	17.6 %	20.6 %
<b>EV / Sales</b>		0.5 x	0.5 x	0.5 x	0.4 x	0.4 x	0.3 x	0.3 x
<b>EV / EBITDA</b>		3.9 x	3.6 x	4.2 x	5.0 x	2.8 x	1.9 x	1.7 x
<b>EV / EBIT</b>		11.5 x	9.9 x	15.1 x	n.a.	14.0 x	4.7 x	4.0 x
<b>P / E</b>		19.8 x	11.7 x	17.9 x	62.6 x	13.7 x	5.0 x	4.8 x
<b>P / E adj.</b>		19.8 x	11.7 x	17.9 x	62.6 x	13.7 x	5.0 x	4.8 x
<b>FCF Potential Yield</b>		6.1 %	12.0 %	11.2 %	2.2 %	13.0 %	22.5 %	25.9 %
<b>Net Debt</b>		32.9	28.4	25.2	24.6	26.0	18.5	11.9
<b>ROCE (NOPAT)</b>		6.8 %	9.5 %	7.7 %	n.a.	6.5 %	16.9 %	17.5 %
<b>Guidance:</b>	2020: EUR 250m revenues, 17% EBITDA margin							

## Sales development in EUR m



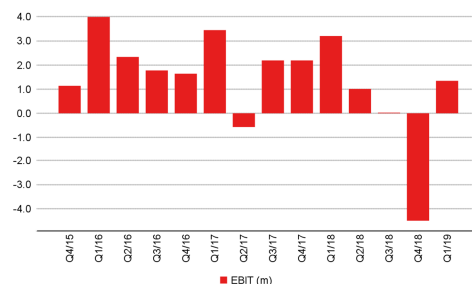
Source: Warburg Research

## Recurring revenue proportion 2019e; in %



Source: Warburg Research

## EBIT development in EUR m



Source: Warburg Research

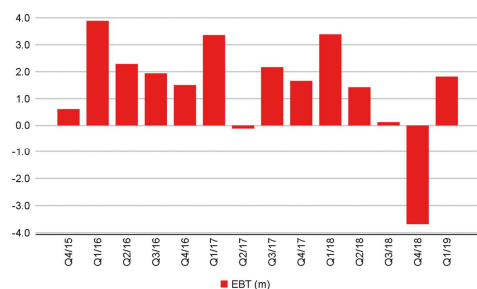
## Company Background

- Francotyp Postalia Holding AG, headquartered 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.
- In the course of the liberalisation of the postal market, the FP group transformed itself from a producer of franking machines to a solutions provider for mail management and processing.
- 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

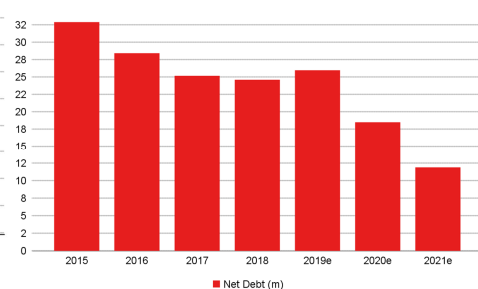
- Focusing on customers with low to medium postal needs, Francotyp Postalia caters for two stable segments in the generally difficult market for franking machines.
- The 45% market share in the German market for franking machines demonstrates its reputation as the market leader in Germany based on the 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



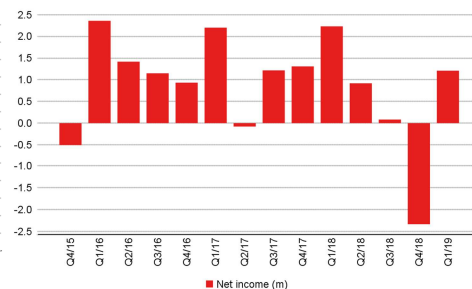
Source: Warburg Research

## Net debt in EURm



Source: Warburg Research

## Net income development in EUR m



Source: Warburg Research

## DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	221.6	232.6	244.3	251.6	259.2	266.9	274.9	283.2	291.7	300.4	309.4	318.7	328.3	1.0 %
Sales change	8.5 %	5.0 %	5.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	
EBIT	5.8	15.9	16.8	16.4	16.8	17.4	17.9	18.4	19.0	19.5	20.1	20.7	21.3	
EBIT-margin	2.6 %	6.8 %	6.9 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	
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	3.9	10.8	11.4	11.0	11.3	11.6	12.0	12.3	12.7	13.1	13.5	13.9	14.3	
Depreciation	23.0	23.0	24.0	22.6	23.3	24.0	24.7	25.5	26.3	27.0	27.8	28.7	29.5	
in % of Sales	10.4 %	9.9 %	9.8 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	
Changes in provisions	0.8	0.9	0.9	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	
Change in Liquidity from														
- Working Capital	4.0	1.0	1.1	3.0	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	
- Capex	26.0	26.0	26.0	25.2	25.9	26.7	24.7	25.5	26.3	27.0	27.8	28.7	29.5	
Capex in % of Sales	11.7 %	11.2 %	10.6 %	10.0 %	10.0 %	10.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	
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)	-2.2	7.6	9.3	5.5	8.0	8.2	11.2	11.5	11.8	12.2	12.5	12.9	13.2	13
PV of FCF	-2.1	6.6	7.3	4.0	5.2	4.8	6.0	5.6	5.3	4.9	4.6	4.3	4.0	45
share of PVs	11.09 %			46.13 %										42.78 %

### Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	25.00 %	Financial Strength	2.00
Cost of debt (after tax)	2.1 %	Liquidity (share)	2.00
Market return	7.00 %	Cyclicality	2.00
Risk free rate	1.50 %	Transparency	2.00
		Others	2.00
<b>WACC</b>	<b>9.90 %</b>	<b>Beta</b>	<b>2.00</b>

### Valuation (m)

Present values 2031e	61		
Terminal Value	45		
Financial liabilities	39		
Pension liabilities	16		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	32	No. of shares (m)	15.5
<b>Equity Value</b>	<b>82</b>	<b>Value per share (EUR)</b>	<b>5.31</b>

### Sensitivity Value per Share (EUR)

Terminal Growth									Delta EBIT-margin								
Beta	WACC	0.25 %	0.50 %	0.75 %	1.00 %	1.25 %	1.50 %	1.75 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
2.24	10.9 %	4.33	4.39	4.44	4.50	4.56	4.62	4.69	2.24	10.9 %	2.71	3.30	3.90	4.50	5.10	5.70	6.29
2.12	10.4 %	4.69	4.75	4.82	4.88	4.96	5.03	5.11	2.12	10.4 %	2.99	3.62	4.25	4.88	5.51	6.14	6.77
2.06	10.2 %	4.88	4.95	5.02	5.09	5.17	5.25	5.34	2.06	10.2 %	3.15	3.80	4.44	5.09	5.74	6.39	7.04
2.00	9.9 %	5.09	5.16	5.23	5.31	5.40	5.49	5.58	2.00	9.9 %	3.31	3.98	4.65	5.31	5.98	6.65	7.31
1.94	9.7 %	5.30	5.38	5.46	5.55	5.64	5.74	5.84	1.94	9.7 %	3.49	4.18	4.86	5.55	6.23	6.92	7.61
1.88	9.4 %	5.53	5.61	5.70	5.80	5.90	6.00	6.12	1.88	9.4 %	3.68	4.38	5.09	5.80	6.50	7.21	7.92
1.76	8.9 %	6.02	6.12	6.23	6.34	6.46	6.59	6.73	1.76	8.9 %	4.08	4.84	5.59	6.34	7.09	7.85	8.60

- Francotyp generates high steady cash flows in a normal business year.
- In 2016, however, these are strongly influenced by strategy programs (ACT)
- The company's cash flow strength will only be revealed in the long term

Valuation	2015	2016	2017	2018	2019e	2020e	2021e
Price / Book	2.1 x	1.9 x	2.5 x	1.8 x	1.5 x	1.2 x	1.0 x
Book value per share ex intangibles	0.04	0.07	-0.09	-0.46	-0.67	-0.52	-0.49
EV / Sales	0.5 x	0.5 x	0.5 x	0.4 x	0.4 x	0.3 x	0.3 x
EV / EBITDA	3.9 x	3.6 x	4.2 x	5.0 x	2.8 x	1.9 x	1.7 x
EV / EBIT	11.5 x	9.9 x	15.1 x	n.a.	14.0 x	4.7 x	4.0 x
EV / EBIT adj.*	11.5 x	9.9 x	15.1 x	n.a.	14.0 x	4.7 x	4.0 x
P / FCF	n.a.	426.4 x	14.6 x	9.8 x	n.a.	5.7 x	4.9 x
P / E	19.8 x	11.7 x	17.9 x	62.6 x	13.7 x	5.0 x	4.8 x
P / E adj.*	19.8 x	11.7 x	17.9 x	62.6 x	13.7 x	5.0 x	4.8 x
Dividend Yield	2.7 %	3.8 %	2.3 %	0.8 %	2.9 %	7.9 %	8.4 %
FCF Potential Yield (on market EV)	6.1 %	12.0 %	11.2 %	2.2 %	13.0 %	22.5 %	25.9 %
*Adjustments made for: -							

## Consolidated profit & loss

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
<b>Sales</b>	<b>191.1</b>	<b>203.0</b>	<b>206.3</b>	<b>204.2</b>	<b>221.6</b>	<b>232.6</b>	<b>244.3</b>
Change Sales yoy	12.2 %	6.2 %	1.7 %	-1.0 %	8.5 %	5.0 %	5.0 %
Increase / decrease in inventory	-0.1	0.2	0.5	-0.3	0.0	0.0	0.0
Own work capitalised	15.8	11.4	10.8	14.1	15.5	16.3	17.1
<b>Total Sales</b>	<b>206.7</b>	<b>214.5</b>	<b>217.7</b>	<b>218.0</b>	<b>237.1</b>	<b>248.9</b>	<b>261.4</b>
Material expenses	91.3	96.5	102.9	101.6	106.4	111.7	117.3
<b>Gross profit</b>	<b>115.4</b>	<b>118.0</b>	<b>114.8</b>	<b>116.3</b>	<b>130.7</b>	<b>137.3</b>	<b>144.1</b>
<b>Gross profit margin</b>	<b>60.4 %</b>	<b>58.1 %</b>	<b>55.6 %</b>	<b>57.0 %</b>	<b>59.0 %</b>	<b>59.0 %</b>	<b>59.0 %</b>
Personnel expenses	57.4	57.4	59.2	64.7	66.5	65.1	68.4
Other operating income	4.3	3.8	4.8	1.9	2.2	4.0	4.2
Other operating expenses	35.6	37.1	34.1	36.4	37.7	37.2	39.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>26.8</b>	<b>27.2</b>	<b>26.3</b>	<b>17.1</b>	<b>28.8</b>	<b>38.9</b>	<b>40.8</b>
<b>Margin</b>	<b>14.0 %</b>	<b>13.4 %</b>	<b>12.8 %</b>	<b>8.4 %</b>	<b>13.0 %</b>	<b>16.7 %</b>	<b>16.7 %</b>
Depreciation of fixed assets	17.8	17.5	19.1	17.3	23.0	23.0	24.0
<b>EBITA</b>	<b>9.0</b>	<b>9.7</b>	<b>7.3</b>	<b>-0.3</b>	<b>5.8</b>	<b>15.9</b>	<b>16.8</b>
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>9.0</b>	<b>9.7</b>	<b>7.3</b>	<b>-0.3</b>	<b>5.8</b>	<b>15.9</b>	<b>16.8</b>
<b>Margin</b>	<b>4.7 %</b>	<b>4.8 %</b>	<b>3.5 %</b>	<b>-0.1 %</b>	<b>2.6 %</b>	<b>6.8 %</b>	<b>6.9 %</b>
<b>EBIT adj.</b>	<b>9.0</b>	<b>9.7</b>	<b>7.3</b>	<b>-0.3</b>	<b>5.8</b>	<b>15.9</b>	<b>16.8</b>
Interest income	0.7	1.3	2.1	2.8	0.8	0.8	0.8
Interest expenses	2.2	1.6	1.9	1.4	0.6	0.6	0.6
Other financial income (loss)	0.2	0.1	-0.4	0.1	0.0	0.0	0.0
<b>EBT</b>	<b>7.7</b>	<b>9.6</b>	<b>7.1</b>	<b>1.3</b>	<b>6.0</b>	<b>16.1</b>	<b>17.0</b>
<b>Margin</b>	<b>4.0 %</b>	<b>4.7 %</b>	<b>3.4 %</b>	<b>0.6 %</b>	<b>2.7 %</b>	<b>6.9 %</b>	<b>7.0 %</b>
Total taxes	3.9	3.4	2.4	0.4	1.9	5.1	5.4
<b>Net income from continuing operations</b>	<b>3.7</b>	<b>6.2</b>	<b>4.6</b>	<b>0.9</b>	<b>4.1</b>	<b>10.9</b>	<b>11.6</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>3.7</b>	<b>6.2</b>	<b>4.6</b>	<b>0.9</b>	<b>4.1</b>	<b>10.9</b>	<b>11.6</b>
Minority interest	0.2	0.3	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.5</b>	<b>5.9</b>	<b>4.6</b>	<b>0.9</b>	<b>4.1</b>	<b>10.9</b>	<b>11.6</b>
<b>Margin</b>	<b>1.9 %</b>	<b>2.9 %</b>	<b>2.3 %</b>	<b>0.4 %</b>	<b>1.8 %</b>	<b>4.7 %</b>	<b>4.7 %</b>
Number of shares, average	16.2	16.2	16.2	16.2	16.2	16.2	16.2
<b>EPS</b>	<b>0.22</b>	<b>0.36</b>	<b>0.29</b>	<b>0.06</b>	<b>0.25</b>	<b>0.68</b>	<b>0.72</b>
EPS adj.	0.22	0.36	0.29	0.06	0.25	0.68	0.72

\*Adjustments made for:

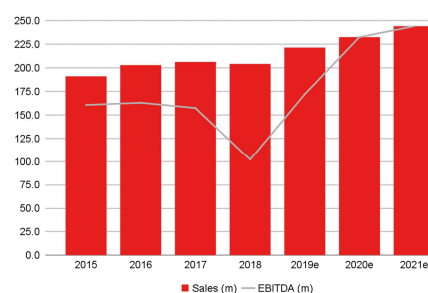
**Guidance: 2020: EUR 250m revenues, 17% EBITDA margin**

## Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	94.2 %	92.3 %	92.8 %	98.4 %	94.0 %	90.3 %	90.3 %
Operating Leverage	-0.7 x	1.3 x	-15.3 x	n.a.	n.a.	34.6 x	1.2 x
EBITDA / Interest expenses	11.9 x	17.4 x	13.8 x	12.3 x	48.0 x	64.8 x	68.0 x
Tax rate (EBT)	51.3 %	35.5 %	34.3 %	28.4 %	32.0 %	32.0 %	32.0 %
Dividend Payout Ratio	52.1 %	41.7 %	41.7 %	54.1 %	39.6 %	40.3 %	40.3 %
Sales per Employee	164,180	170,997	170,431	165,358	175,896	181,069	186,395

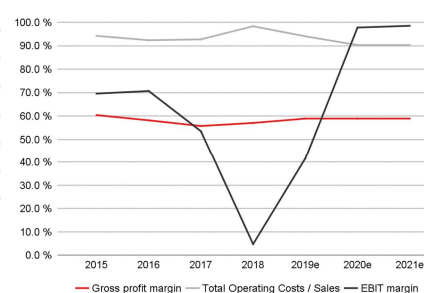
## Sales, EBITDA

in EUR m

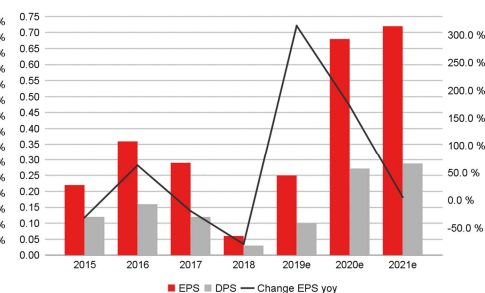


## Operating Performance

in %



## Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

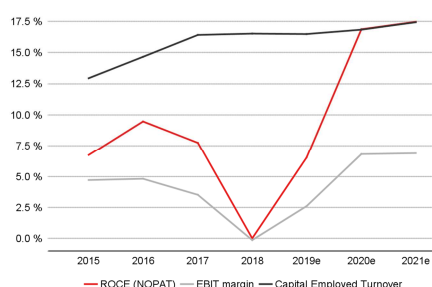
## Consolidated balance sheet

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
<b>Assets</b>							
Goodwill and other intangible assets	33.0	34.9	35.1	40.8	47.8	54.8	61.8
thereof other intangible assets	24.5	26.4	26.7	30.3	37.3	44.3	51.3
thereof Goodwill	8.5	8.5	8.5	10.4	10.4	10.4	10.4
Property, plant and equipment	42.0	39.3	31.8	29.9	25.9	21.9	16.9
Financial assets	6.0	9.7	11.6	13.4	13.4	13.4	13.4
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Fixed assets</b>	<b>81.0</b>	<b>83.9</b>	<b>78.5</b>	<b>84.1</b>	<b>87.1</b>	<b>90.1</b>	<b>92.1</b>
Inventories	11.7	11.2	10.6	11.2	12.1	12.8	13.4
Accounts receivable	16.9	19.0	19.5	19.0	20.0	21.0	22.1
Liquid assets	18.9	27.1	34.9	30.9	29.3	35.6	43.1
Other short-term assets	27.6	26.2	27.1	21.6	21.6	21.6	21.6
<b>Current assets</b>	<b>75.1</b>	<b>83.4</b>	<b>92.1</b>	<b>82.7</b>	<b>83.1</b>	<b>91.0</b>	<b>100.2</b>
<b>Total Assets</b>	<b>156.2</b>	<b>167.3</b>	<b>170.6</b>	<b>166.7</b>	<b>170.1</b>	<b>181.0</b>	<b>192.2</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	16.2	16.2	16.3	16.3	16.3	16.3	16.3
Capital reserve	34.9	34.6	34.8	34.7	34.7	34.7	34.7
Retained earnings	3.5	0.0	0.0	0.0	-18.1	-15.6	-8.7
Other equity components	-20.9	-14.9	-17.4	-17.7	4.1	10.9	11.6
Shareholders' equity	33.7	35.9	33.7	33.3	37.0	46.4	53.9
Minority interest	1.5	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>35.2</b>	<b>35.9</b>	<b>33.7</b>	<b>33.3</b>	<b>37.0</b>	<b>46.4</b>	<b>53.9</b>
Provisions	22.3	18.0	17.7	17.6	18.4	19.3	20.2
thereof provisions for pensions and similar obligations	15.5	17.1	16.5	16.2	17.0	17.9	18.8
Financial liabilities (total)	36.3	38.4	43.6	39.3	38.2	36.2	36.2
thereof short-term financial liabilities	4.6	0.9	0.4	0.2	0.2	0.2	0.2
Accounts payable	9.9	10.6	11.2	14.0	12.0	12.6	13.3
Other liabilities	52.5	64.3	64.5	62.6	64.5	66.6	68.7
<b>Liabilities</b>	<b>120.9</b>	<b>131.4</b>	<b>137.0</b>	<b>133.4</b>	<b>133.1</b>	<b>134.7</b>	<b>138.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>156.2</b>	<b>167.3</b>	<b>170.6</b>	<b>166.7</b>	<b>170.1</b>	<b>181.0</b>	<b>192.2</b>

## Financial Ratios

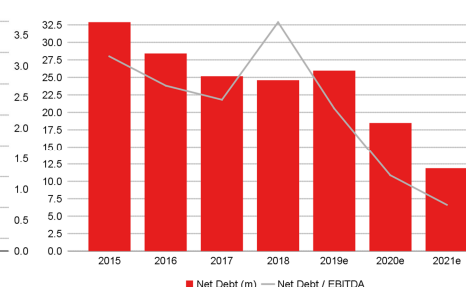
	2015	2016	2017	2018	2019e	2020e	2021e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	3.1 x	3.4 x	4.1 x	4.4 x	4.8 x	5.4 x	6.2 x
Capital Employed Turnover	2.8 x	3.2 x	3.5 x	3.5 x	3.5 x	3.6 x	3.7 x
ROA	4.4 %	7.0 %	5.9 %	1.1 %	4.7 %	12.1 %	12.6 %
<b>Return on Capital</b>							
ROCE (NOPAT)	6.8 %	9.5 %	7.7 %	n.a.	6.5 %	16.9 %	17.5 %
ROE	11.4 %	16.8 %	13.4 %	2.7 %	11.6 %	26.2 %	23.0 %
Adj. ROE	11.4 %	16.8 %	13.4 %	2.7 %	11.6 %	26.2 %	23.0 %
<b>Balance sheet quality</b>							
Net Debt	32.9	28.4	25.2	24.6	26.0	18.5	11.9
Net Financial Debt	17.4	11.4	8.6	8.4	8.9	0.6	-6.9
Net Gearing	93.3 %	79.1 %	74.7 %	73.9 %	70.2 %	39.9 %	22.0 %
Net Fin. Debt / EBITDA	65.0 %	41.8 %	32.8 %	49.1 %	31.0 %	1.6 %	n.a.
Book Value / Share	2.1	2.2	2.1	2.1	2.3	2.9	3.3
Book value per share ex intangibles	0.0	0.1	-0.1	-0.5	-0.7	-0.5	-0.5

### ROCE Development



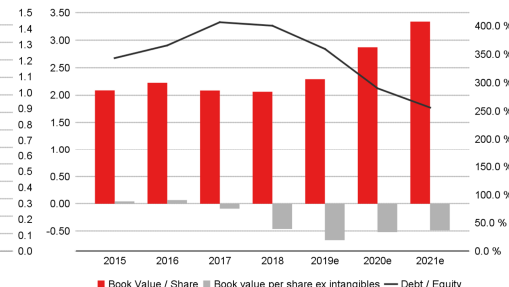
Source: Warburg Research

### Net debt in EUR m



Source: Warburg Research

### Book Value per Share in EUR



Source: Warburg Research

## Consolidated cash flow statement

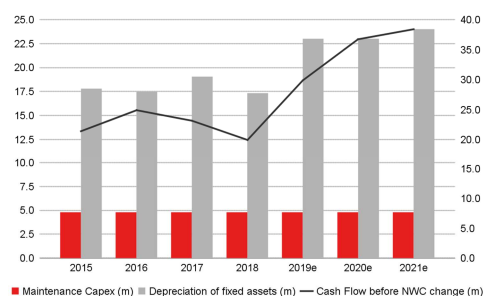
In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Net income	3.5	5.9	4.6	0.9	4.1	10.9	11.6
Depreciation of fixed assets	17.8	17.5	19.1	17.3	23.0	23.0	24.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	-1.9	1.6	-0.5	-0.3	0.8	0.9	0.9
Other non-cash income and expenses	2.0	0.0	0.0	2.0	2.0	2.0	2.0
<b>Cash Flow before NWC change</b>	<b>21.4</b>	<b>24.9</b>	<b>23.2</b>	<b>19.9</b>	<b>29.9</b>	<b>36.8</b>	<b>38.5</b>
Increase / decrease in inventory	-1.7	0.5	0.6	-0.6	-1.0	-0.6	-0.6
Increase / decrease in accounts receivable	0.4	-2.0	-0.6	0.6	-1.1	-1.0	-1.1
Increase / decrease in accounts payable	0.4	0.8	0.6	2.8	-1.9	0.6	0.6
Increase / decrease in other working capital positions	-2.0	-2.0	-2.5	1.5	0.0	0.0	0.0
Increase / decrease in working capital (total)	-2.9	-2.8	-1.9	4.3	-4.0	-1.0	-1.1
<b>Net cash provided by operating activities [1]</b>	<b>18.6</b>	<b>22.2</b>	<b>21.3</b>	<b>24.2</b>	<b>25.9</b>	<b>35.8</b>	<b>37.4</b>
Investments in intangible assets	-5.8	-6.7	-6.9	-9.0	-7.0	-7.0	-7.0
Investments in property, plant and equipment	-14.3	-15.3	-8.6	-9.0	-19.0	-19.0	-19.0
Payments for acquisitions	0.0	0.0	0.0	-3.5	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	0.0	0.0	0.3	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>-20.1</b>	<b>-17.6</b>	<b>-15.5</b>	<b>-21.2</b>	<b>-26.0</b>	<b>-26.0</b>	<b>-26.0</b>
Change in financial liabilities	4.5	4.5	4.5	-4.3	-1.1	-2.0	0.0
Dividends paid	-2.6	-2.6	-0.8	-1.9	-0.5	-1.4	-3.9
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	0.4	-2.6	-2.6	-0.2	0.0	0.0	0.0
<b>Net cash provided by financing activities [3]</b>	<b>2.4</b>	<b>-0.7</b>	<b>1.1</b>	<b>-6.4</b>	<b>-1.6</b>	<b>-3.4</b>	<b>-3.9</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>0.8</b>	<b>3.9</b>	<b>6.9</b>	<b>-3.4</b>	<b>-1.6</b>	<b>6.3</b>	<b>7.5</b>
Effects of exchange-rate changes on cash	0.8	0.5	-1.4	0.5	0.0	0.0	0.0
<b>Cash and cash equivalent at end of period</b>	<b>15.9</b>	<b>18.7</b>	<b>24.2</b>	<b>32.0</b>	<b>29.3</b>	<b>35.6</b>	<b>43.1</b>

## Financial Ratios

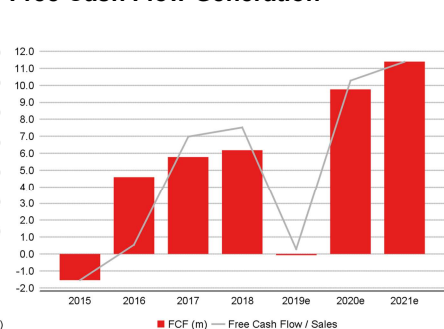
	2015	2016	2017	2018	2019e	2020e	2021e
<b>Cash Flow</b>							
FCF	-1.5	4.6	5.8	6.2	-0.1	9.8	11.4
Free Cash Flow / Sales	-0.8 %	0.1 %	2.8 %	3.0 %	0.0 %	4.2 %	4.7 %
Free Cash Flow Potential	6.3	11.6	12.3	1.8	10.6	16.6	17.5
Free Cash Flow / Net Profit	-43.7 %	2.7 %	124.3 %	690.1 %	-1.7 %	89.4 %	98.6 %
Interest Received / Avg. Cash	3.8 %	5.9 %	6.9 %	8.7 %	2.7 %	2.5 %	2.0 %
Interest Paid / Avg. Debt	6.6 %	4.2 %	4.7 %	3.4 %	1.5 %	1.6 %	1.7 %
<b>Management of Funds</b>							
Investment ratio	10.5 %	10.8 %	7.5 %	8.8 %	11.7 %	11.2 %	10.6 %
Maint. Capex / Sales	2.5 %	2.4 %	2.3 %	2.4 %	2.2 %	2.1 %	2.0 %
Capex / Dep	112.9 %	125.8 %	81.2 %	104.2 %	113.0 %	113.0 %	108.3 %
Avg. Working Capital / Sales	9.6 %	9.4 %	9.3 %	8.6 %	8.2 %	8.9 %	8.9 %
Trade Debtors / Trade Creditors	171.9 %	178.9 %	174.2 %	135.7 %	166.4 %	166.4 %	166.4 %
Inventory Turnover	7.8 x	8.6 x	9.7 x	9.1 x	8.8 x	8.8 x	8.8 x
Receivables collection period (days)	32	34	35	34	33	33	33
Payables payment period (days)	39	40	40	50	41	41	41
Cash conversion cycle (Days)	40	36	32	24	33	33	33

### CAPEX and Cash Flow

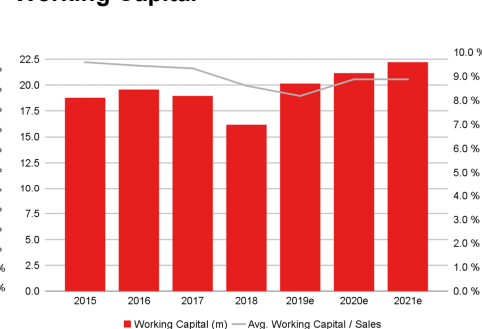
in EUR m



### Free Cash Flow Generation



### Working Capital



Source: Warburg Research

Source: Warburg Research

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-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	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	121	61
Hold	66	34
Sell	3	2
Rating suspended	7	4
<b>Total</b>	<b>197</b>	<b>100</b>

## 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	31	82
Hold	5	13
Sell	0	0
Rating suspended	2	5
<b>Total</b>	<b>38</b>	<b>100</b>

## PRICE AND RATING HISTORY FRANCO-TYP-POSTALIA AS OF 17.05.2019



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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