



FP GROUP ACT STRATEGY

ODDO SEYDLER 11TH GERMAN CONFERENCE | FEBRUARY 2017

THE LETTER IS STILL ALIVE

FP AT A GLANCE



- ✓ Founded 1923 as Franking Machine Manufacturer; public listed since 2006
- ✓ Headquarters in Berlin, worldwide more than 1,000 employees, in 10 countries with own subsidiaries
- ✓ Beside the core business FP provides **Software and Outsourcing Services** for secure communication



THE FP CORE BUSINESS DELIVERS GROWTH POTENTIAL

>80%
RECURRING-
REVENUES

NO. 1
IN METER BUSINESS
IN GERMANY
AND NO. 3
WORLDWIDE

FP GUARANTEES
SECURE
COMMUNICATION IN
MORE THAN 200.000
BUSINESSES

HIGH-MARGIN-
BUSINESS

STRONG
CASH FLOW
BUSINESS

10%
MARKET-
SHARE

ACTIVE IN
40
COUNTRIES

81% OF
BUSINESSES USE
TRADITIONAL LETTER MAIL
FOR SENDING
CONFIDENTIAL
DOCUMENTS



MAIL VOLUME
DECLINE
SLOWS



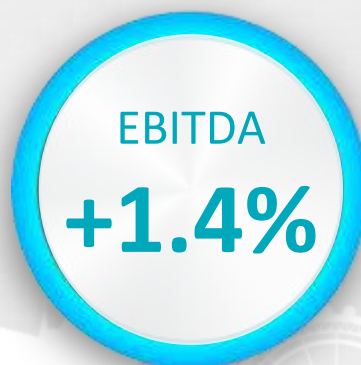
PEERGROUP-COMPARISON	FP	Peer 1	Peer 2
TOTAL REVENUE GROWTH			
FY 2015	12%	7%	-6%
excluding currency effects	7%	-1%	-3%
H1 2016 (six month)	5%	-5%	-5%
excluding currency effects	6%	-3%	-4%
Q3 2016 (nine month)	6%	-4%	-5%
excluding currency effects	7%	-3%	-4%
FY 2016			-5%
excluding currency effects			-4%
GROWTH MAILING SOLUTIONS			
FY 2015	10%	3%	-9%
excluding currency effects	2%	-5%	-5%
H1 2016 (six month)	2%	-8%	-7%
excluding currency effects	3%	-6%	NA
Q3 2016 (nine month)	3%	-7%	-7%
excluding currency effects	5%	-6%	NA
FY 2016			-7%

FP 2016 **ON TRACK**

UNAUDITED FINANCIAL STATEMENTS 9M 2016



€ 149.4 million



€ 20.6 million



€ 5.2 million

- ✓ Strong revenues in **franking machine business**
- ✓ Further positive development of **Mail Services** and **Software**
- ✓ **EBITDA growth** despite negative currency effects
- ✓ Significant improvement of free cash flow (€-4.0m previous year)
- ✓ Increasing **net income** by 25%

CLEAR OBJECTIVES FOR OUR GROWTH STRATEGY



EPS
≥1 Euro



**Dividend policy 35%-50% of
adjusted net income**

FP Fit



FP HAS THE POWER AND BACKGROUND TO IMPROVE



New products and services



FP TODAY

FP KEY ADVANTAGES

- ✓ Most advanced range of franking systems in the low and small letter volume segment
- ✓ Active in all attractive franking machine markets
- ✓ Globally acting with German standards

FP CORE COMPETENCIES

- ✓ Deep know-how in secure communication
- ✓ Cryptography, sensoric, actoric, connectivity is our DNA
- ✓ 15 years experience in Data Transaction Management
- ✓ >15 years experience in Business Process Outsourcing

grow customer = win installed base



WE WILL GROW OUR **CUSTOMER**
BASE GLOBALLY



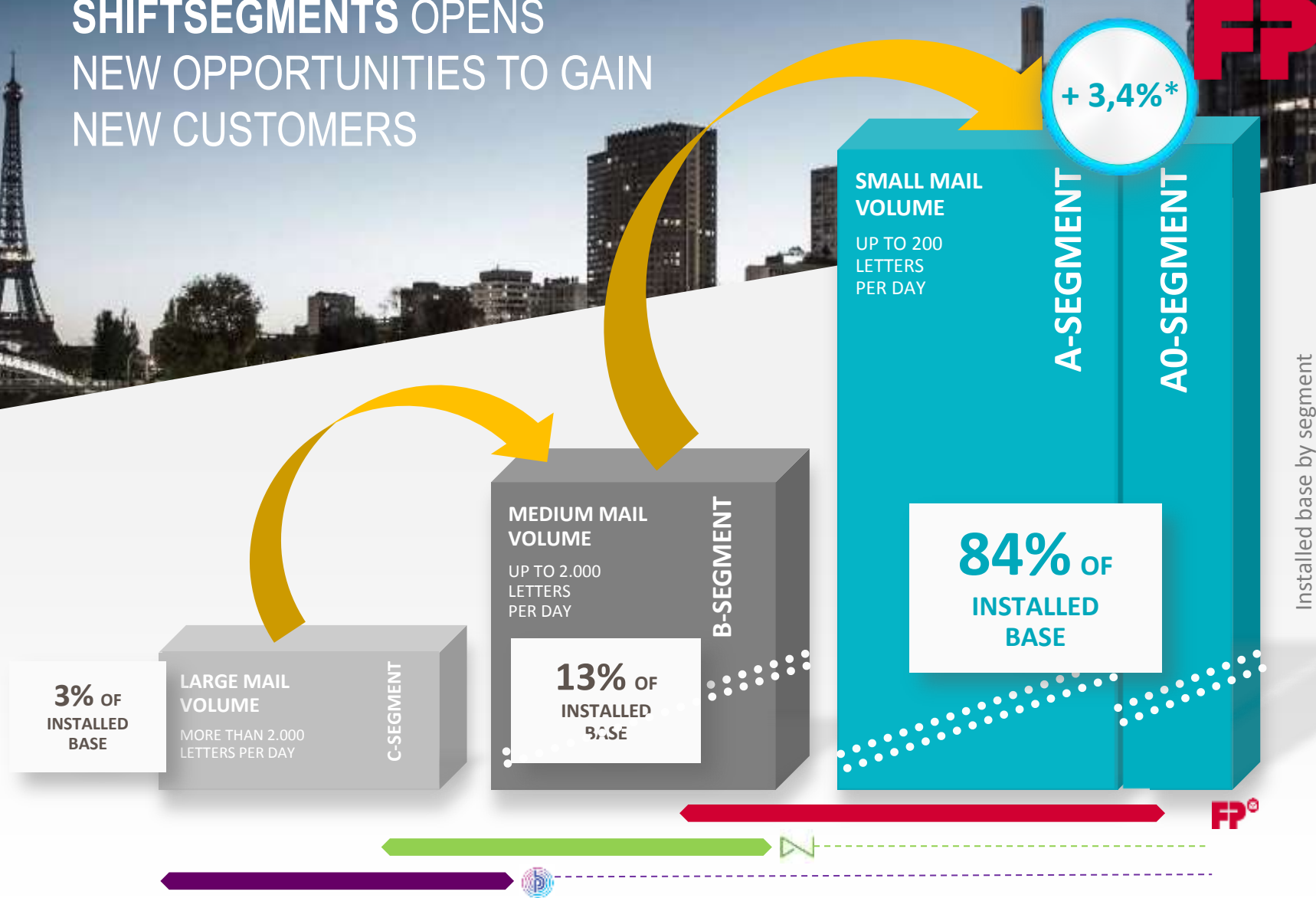
FP has more than
10 % market share

90%

of the **market**
can be captured



SHIFTSEGMENTS OPENS NEW OPPORTUNITIES TO GAIN NEW CUSTOMERS



* Based on data of the four largest meter markets : US, UK, Germany, France (incl. PC-Postage)

FOCUS OF PRODUCT PORTFOLIO

ACT STRATEGY 2016 – START INTO A NEW GROWTH ERA

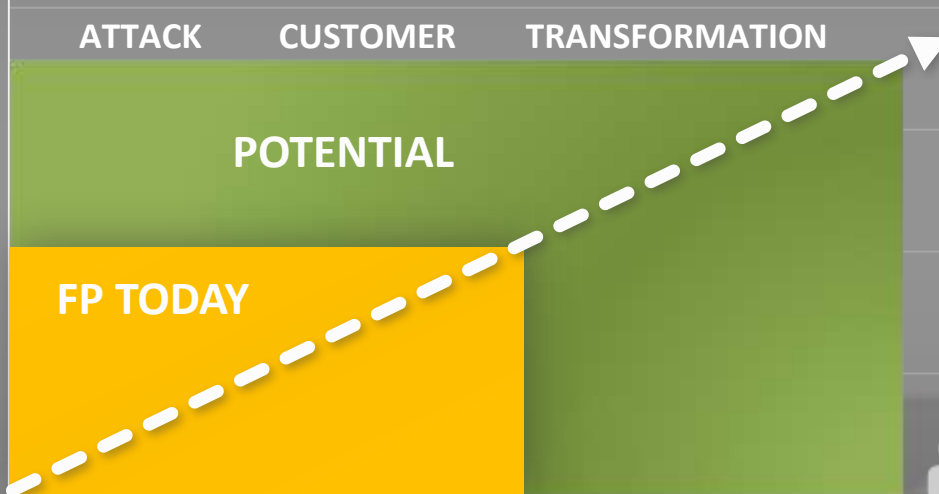


We accompany our customers in their digital transformation and generate further revenue growth

SHAREHOLDER RETURN

REVENUE GROWTH
MARGIN INCREASE
CASH FLOW
DIVIDEND

New products and services



grow customer = win installed base

FP FIT

STRATEGIC INITIATIVES TO ACT



We accompany our customers in their digital transformation and generate further revenue growth

SHAREHOLDER RETURN

REVENUE GROWTH
MARGIN INCREASE
CASH FLOW
DIVIDEND

New products and services

ATTACK

CUSTOMER

TRANSFORMATION

FP Sign

BPO

Parcel

FP
Portal

Cost efficient
meter

FP Finance

grow customer = win installed base



FINANCE



SALES



HR



DIGITAL

PARADIGM SHIFT FOR FP'S FRANKING BUSINESS



- Down-shift in franking machine segments opens **new opportunities to grow**
- FP's position in lower segments of franking systems (B/A/A0) is **ideal to benefit from shift of market trend** towards lower-end machines
- FP's line-up of systems is **most advanced and innovative** in the market and we will continue to invest into even more innovative technologies
- FP is the only franking machine company **showing revenue growth**
- FP has **significant room to grow** in attractive markets

THE METER MARKET IS STILL ATTRACTIVE, PARTICULARLY FOR SMALL VOLUMES



- **Focus on the development of low-cost meter systems** that inspire new customer groups
- **Increase market share, margin and revenue** in the traditional meter market



FP FINANCE – SALES AID LEASING WITH KEY CUSTOMER BENEFITS



FP as **financing partner** for its customers:

- Completion of **consulting and solution expertise**
- Funding and other customer benefits
- **Individual** contract arrangements

Provide a **Sales Aid** Leasing package to FP's sales channels:

- **Growth** through targeted, proactive sales
- Increase of **profitability**
- Strengthening of **customer loyalty** and improved **retention**





FP SUPPORTS CUSTOMERS IN THEIR **DIGITAL TRANSFORMATION**

- **Digitalization will not change the market overnight**
- **FP will follow its customers journey** to be a **competent partner** in their digital transformation
- **FP becomes a professional provider** for Business Process Outsourcing in In- & Outbound Management by enhancing and integrating our current and future solution portfolio
- **FP utilizes growth in the market** for Digital Transaction Management providing an own cloud based solution for signing and managing digital contracts (FP Sign)
- **Transform FP** into an enlarged business

FP UTILIZES GROWTH IN THE MARKET FOR DIGITAL TRANSACTION MANAGEMENT



Digital transaction management

Efficient, secure and compliant business processing of digital transactions by avoiding media disruption and having complete control of transactions

**Market volume
of 5 bn. USD with
43% growth p.a
over the next five
years**



**FP SIGN MEETS THE SPECIAL
NEEDS OF GERMAN AND
EUROPEAN CUSTOMERS FOR
SECURITY AND LEGAL
COMPLIANCE**

Source: Aragon Research

FP-SIGN PLATFORM-BASED SOLUTION FOR SECURE TRANSACTION MANAGEMENT





FP FIT
START TO ACT

FP FIT IS THE BASIS AND DRIVING FORCE FOR ACT



FINANCIAL
EXCELLENCE



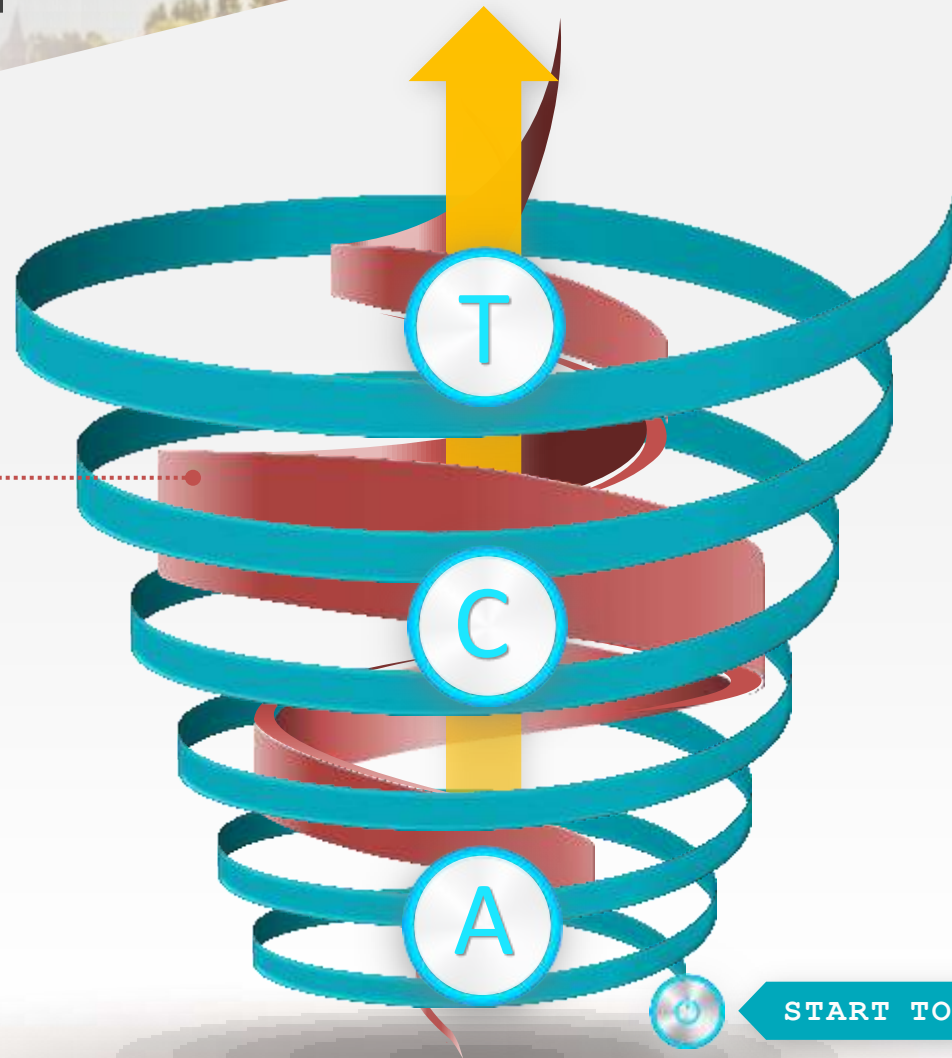
SALES
EXCELLENCE



HR
EXCELLENCE



DIGITAL
EXCELLENCE



START TO ACT!

PREREQUISITE FOR SUCCESS– FP FIT



FINANCIAL EXCELLENCE

- ✓ **REORGANIZE FINANCE DEPARTMENT**
CLEAR STRUCTURES / CENTRAL VS. DE-CENTRAL RESPONSIBILITY

- ✓ **REDESIGN MIS** MANAGEMENT INFORMATION SYSTEM
INCREASE QUALITY AND TRANSPARENCY / COMPLIANCE

- ✓ **PROFESSIONALIZE FINANCE MANAGEMENT**
GROUP FINANCING / TAX RATIO / WORKING CAPITAL / FUNDING

- ✓ **SUPPLY CHAIN MANAGEMENT**
REVIEW SUPPLY CHAIN / MANAGEMENT OF MATERIAL COSTS



SALES EXCELLENCE

- ✓ **PRICE MANAGEMENT**
REORGANIZATION OF PRICE STRUCTURE / BEST IN CLASS PROCESS

- ✓ **STRENGTHEN AND ENHANCE SERVICE**
OPTIMIZE SERVICE MODEL / ADD NEW SERVICES

- ✓ **DEVELOP SALES DISTRIBUTION**
OPTIMIZATION / PROFESSIONALIZATION / CHANNEL MIX

- ✓ **SIGNIFICANTLY INCREASE MARKET PENETRATION**
LEAD GENERATION / INTELLIGENT MARKETING

SUSTAINABLE PROFITABILITY THROUGH CUSTOMER FOCUS AND EXCELLENT PROCESSES

PREREQUISITE FOR SUCCESS– FP FIT



HR EXCELLENCE

- ✓ **DRIVE INNOVATION CULTURE AND CHANGE**
LEADERSHIP / RESPONSIBILITY / VALUES

- ✓ **IDENTIFY, INSPIRE AND DEVELOP TALENTS**
TALENT MANAGEMENT / BRANDING / „FP ACADEMY“

- ✓ **ESTABLISH CLEAR GOVERNANCE / ORGANIZATION**
RULES OF PROCEDURE / GUIDELINES / CLEAR COMPETENCIES

- ✓ **DEVELOP RETENTION PROGRAM**
INCENTIVE, COMPENSATION SYSTEMS / COMMUNICATION / EVENTS



DIGITAL EXCELLENCE

- ✓ **HARMONIZE AND MAKE “IT” MORE EFFECTIVE**
INFRASTRUCTURE / ERP / WORKFLOWS / COLLABORATION

- ✓ **IMPROVE INNOVATION / IP MANAGEMENT**
R&D PROCESSES / START-UP METHODS / MANAGE PATENTS

- ✓ **REPOSITION DIGITAL BUSINESS**
EXPAND KNOW HOW / SECURE COOPERATION PARTNERS

- ✓ **DIGITIZE BUSINESS PROCESSES**
100% DIGITAL OFFICE / DATA ANALYTICS PLATFORM

SUSTAINABLE PROFITABILITY THROUGH INNOVATION AND EMPOWERMENT



SUMMARY

RECAP

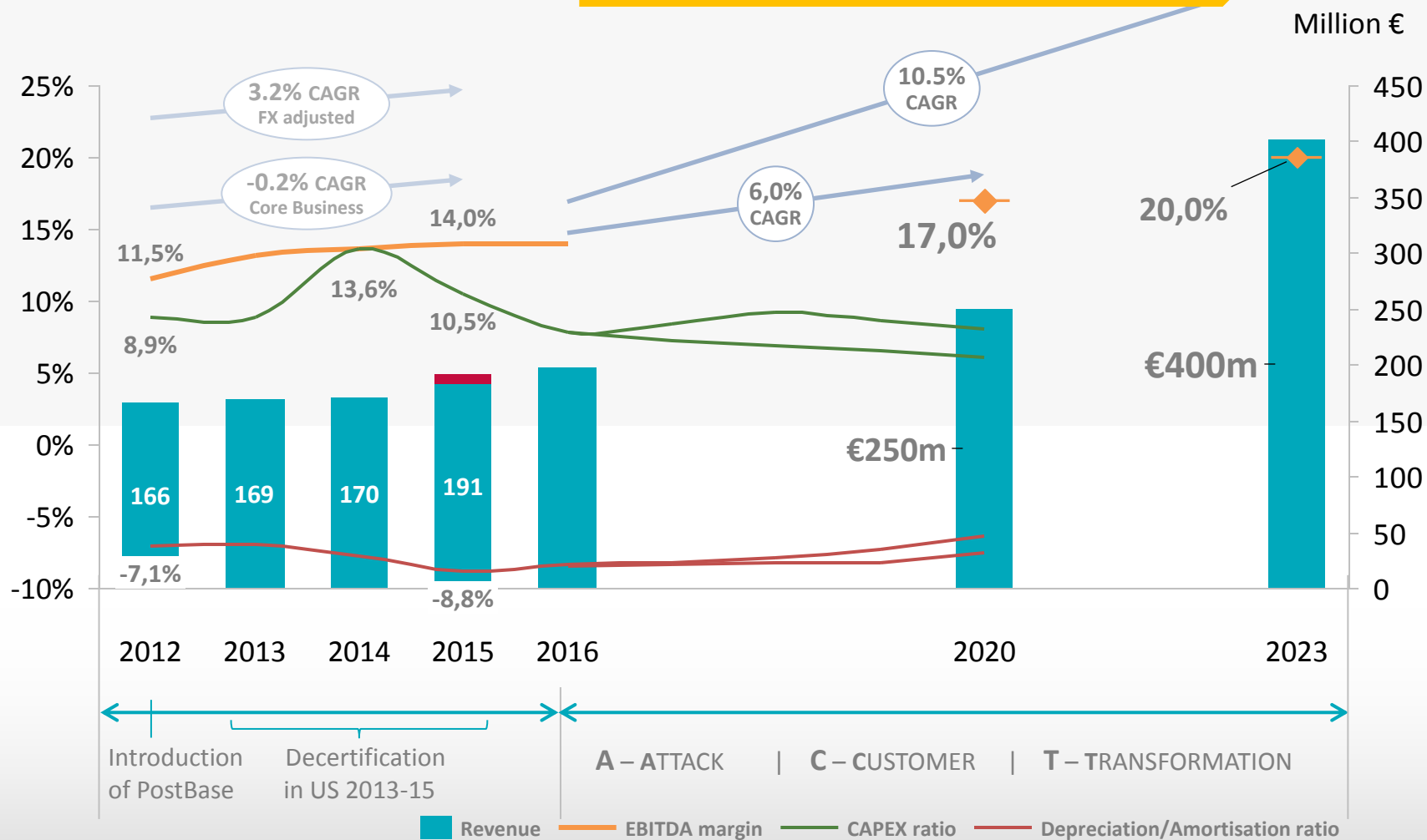
A NEW ERA FOR FP



Revenue Growth

Dividend Policy 35 - 50 % of adjusted Net Income

Positive Free Cash Flow



A NEW ERA FOR FP

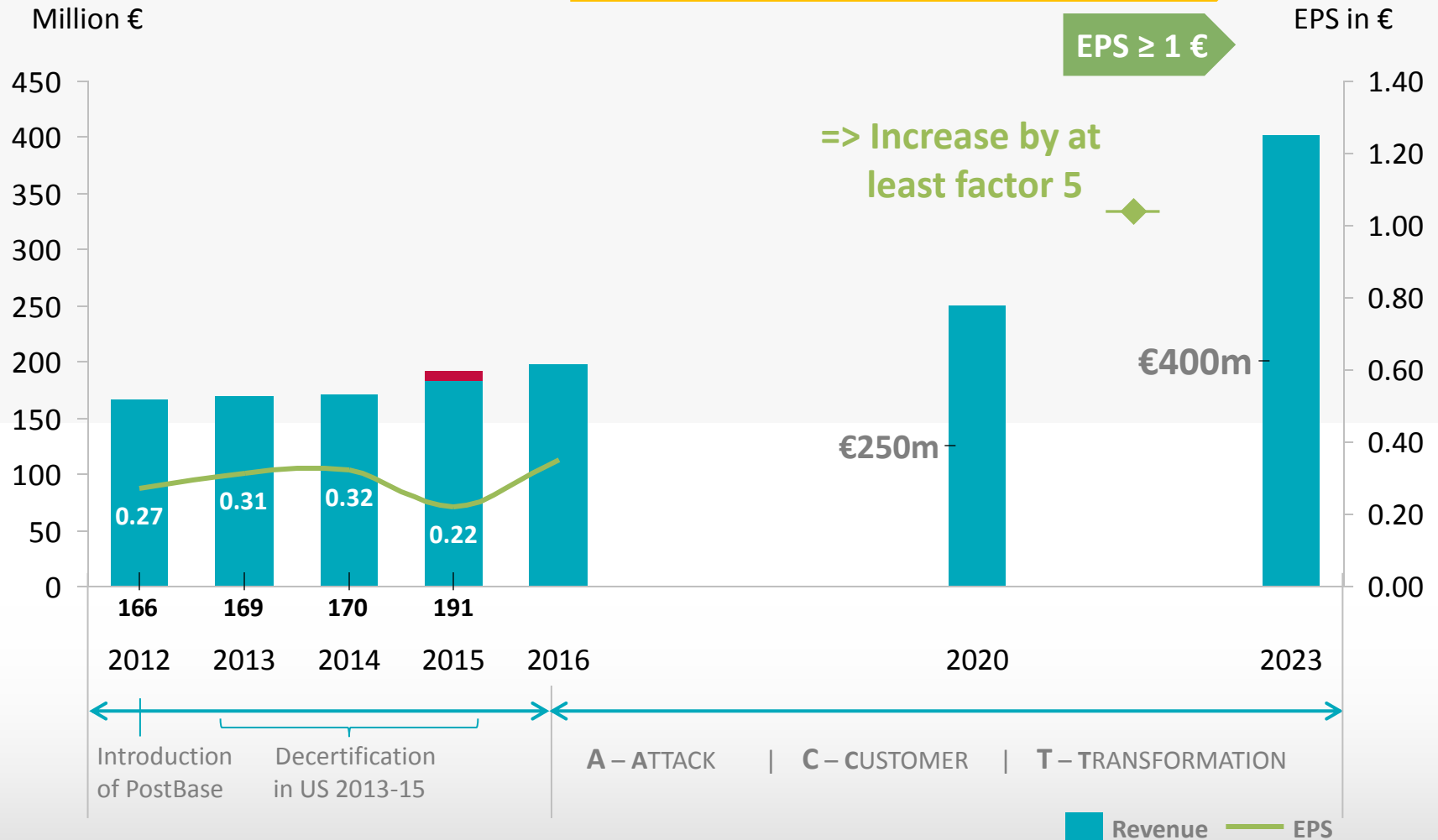


Revenue Growth

Dividend Policy 35 - 50 % of adjusted Net Income

Positive Free Cash Flow

EPS ≥ 1 €

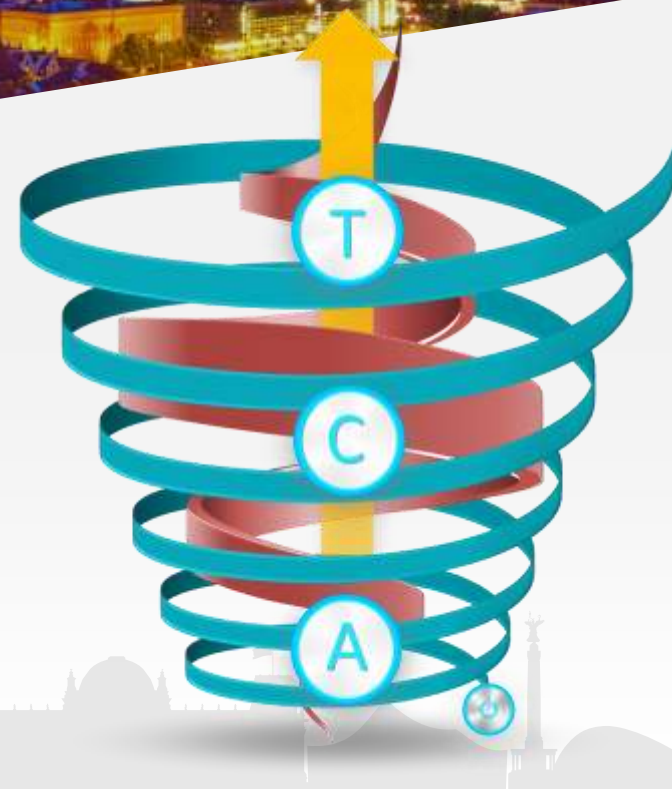


ACT BRINGS THE FP-GROUP INTO A NEW GROWTH ERA



Three Reasons to Invest in FP:

1. Dynamic growth company with attractive dividend prospects
2. Innovative products and services with clear customer focus
3. High-margin and recurring-business with strong cash flows and an EPS target of ≥ 1 Euro (2020 – 2023)





FP GROUP TO BE CONTINUED



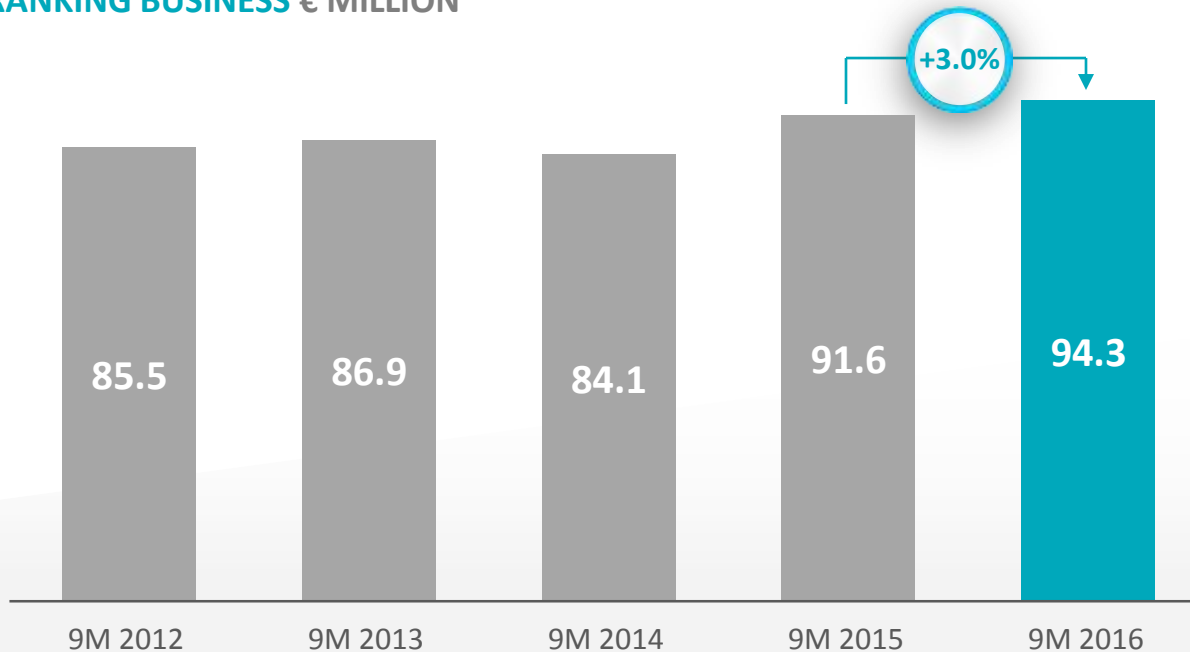
FP GROUP

APPENDIX

POSTBASE-FAMILY DRIVES BUSINESS



REVENUES FRANKING BUSINESS € MILLION



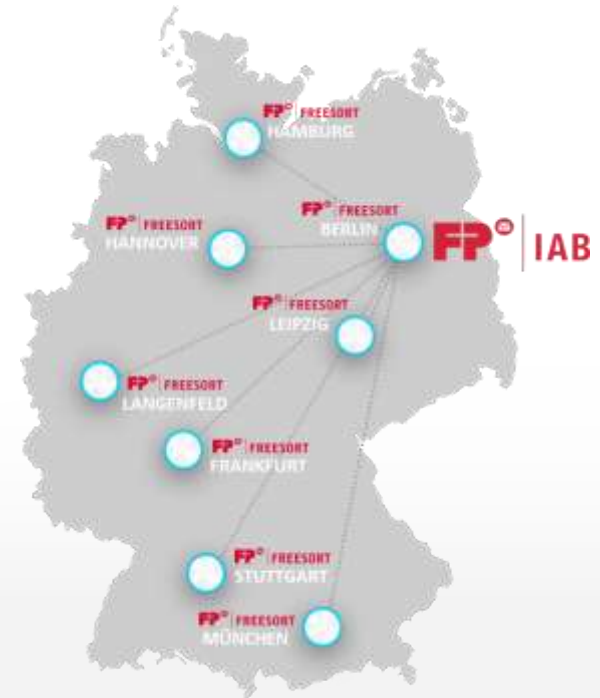
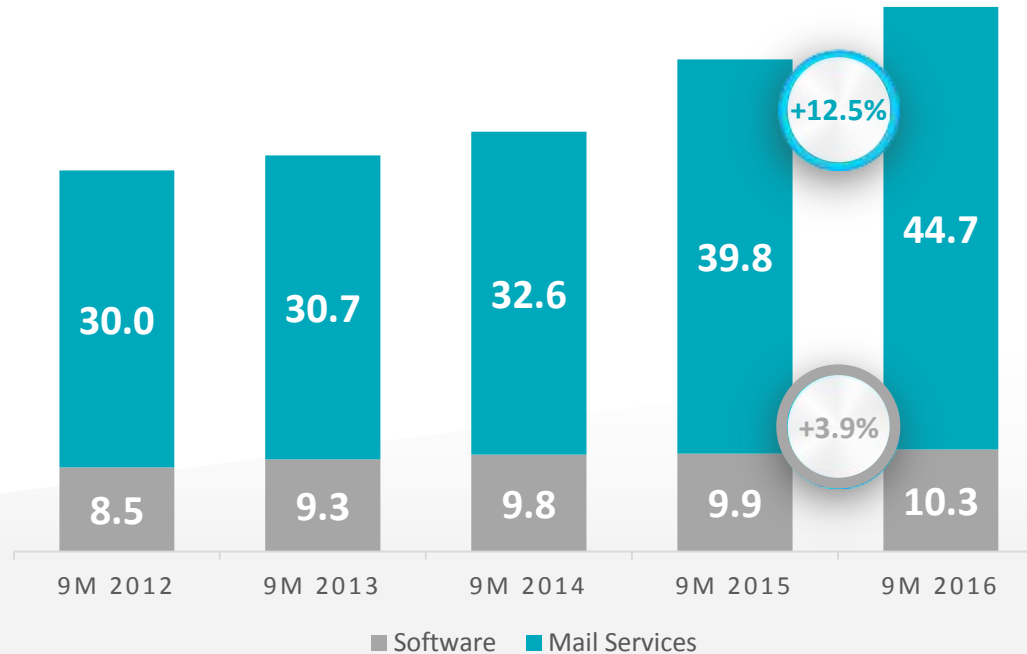
- ✓ **Growing revenues in franking business** despite negative currency effects of €1.7m
- ✓ Increasing revenues in **USA and France**
- ✓ Ongoing positive impact from **Finance Lease**



POSITIVE DEVELOPMENT IN MAIL SERVICES AND SOFTWARE



REVENUE € MILLION

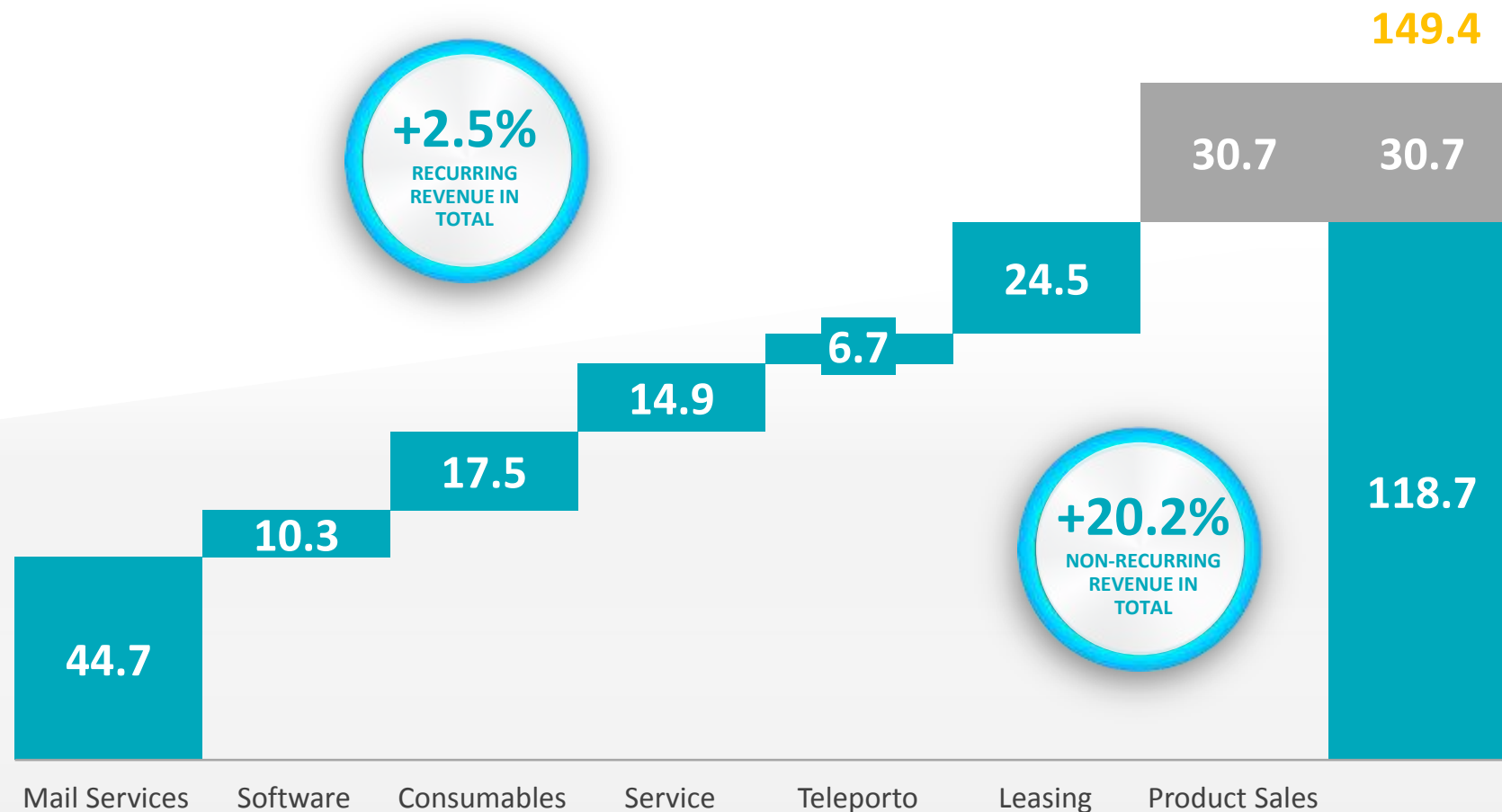


- ✓ **Revenue growth** of 12.5% in Mail Services (Operative Growth supported by rate change)
- ✓ Software with **increase in revenues** of 3.9%
- ✓ **Ongoing Extension** of service line up

STRONG INCREASE OF NON-RECURRING REVENUES FOR FUTURE GROWTH



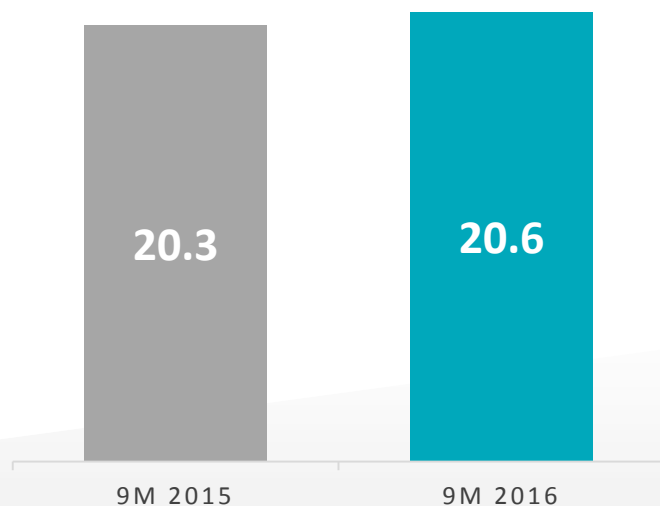
REVENUE € MILLION



INCREASE OF EARNINGS



EBITDA € MILLION

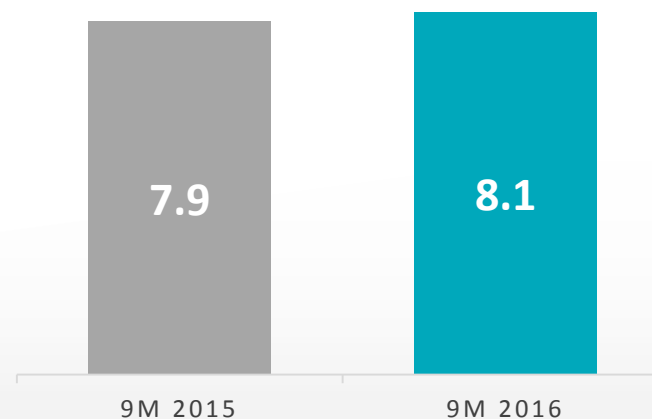


EBITDA on track for 2016

Negative currency effects of € 0.7m and first investment in strategy development

EBITDA margin of 13.8%

EBIT € MILLION



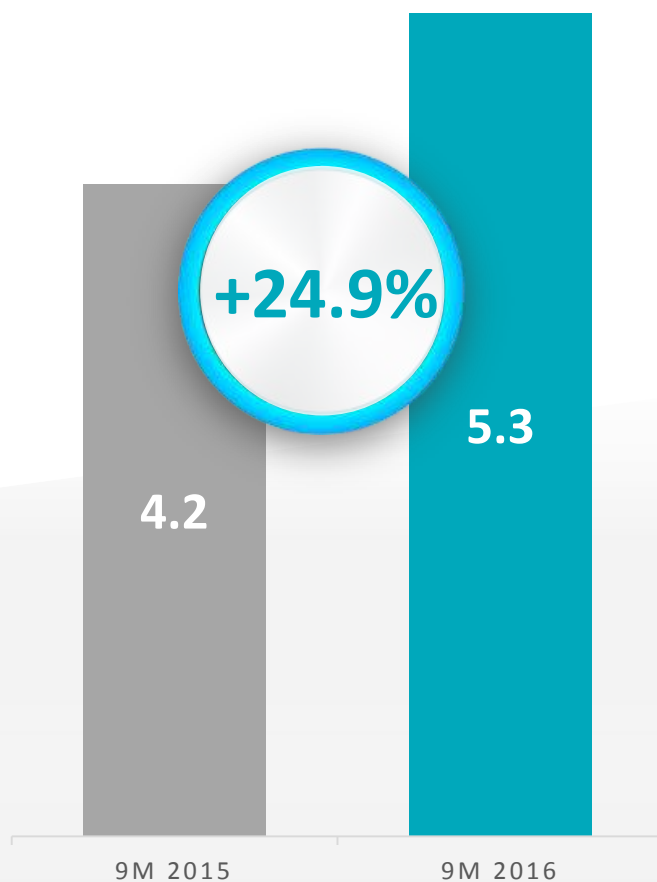
Increase of EBIT

despite higher depreciation and amortisation

NET PROFIT WITH STRONG RISE



NET PROFIT € MILLION



Average rates

€/€ 9M 2016 = 1.116 and 9M 2015 = 1.1147;
€/£ 9M 2016 = 0.803 and 9M 2015 = 0.7273

Sustainable net profit improvement

Negative currency effects , but:

- ✓ Improved EBIT
- ✓ Better interest result
- ✓ Improved tax result

Significant improvement of tax ratio expected for 2016 compared to 2015

SIGNIFICANT HIGHER FREE CASH FLOW REFLECTS OPERATIONAL PERFORMANCE



€ MILLION	01.01. - 30.09.2015	01.01. - 30.09.2016
Cash flow from operating activities	9.6	17.1
Cash flow from investing activities	-13.6	-11.9
Free Cash flow	-4.0	5.2
Cash flow from financing activities	4.8	-3.8
Cash and cash equivalents at the end of period	15.5	16.3

Operating activities:

- ✓ Increasing cash flow due to
 - higher EBITDA
 - improved working capital

Investing activities:

- ✓ Lower investments as expected

Financing activities:

- ✓ Repayment of financial liabilities
- ✓ Dividend payment



HIGHER FREE CASH FLOW LEADS TO LOWER NET DEBTS



€ MILLION	31.12. 2015 new*	30.09. 2016
Financial liabilities	36.3	34.3
Cash & Cash equivalents	15.9	16.3
Net debt	20.4	18.0
Shareholders' equity	35.2	36.6
Net debt/ equity ratio	58%	49%

Financing power on the rise due to

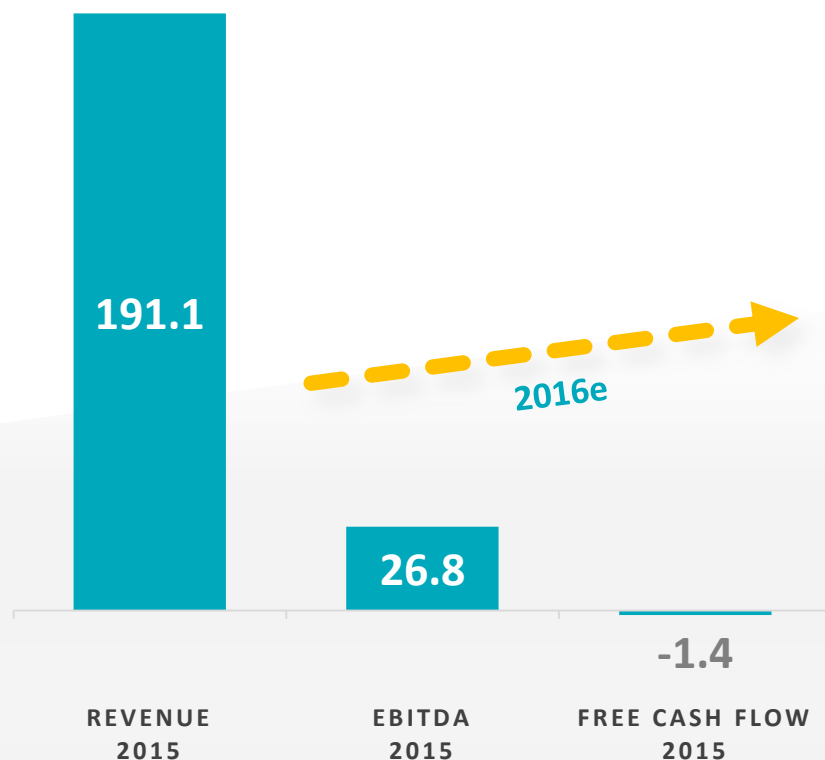
- ✓ Higher Free Cash Flow
- ✓ Expanded loan agreement with a volume of € 120 m

* New, consistent cash & cash equivalents definition (own shares unconsidered)

FP ON TRACK TO FULFILL GUIDANCE 2016



€ MILLION



REVENUE

FP expects a
slight increase*

EBITDA

FP expects a
slight increase*

FREE CASH FLOW

FP expects a
positive Free Cash Flow*

* Based on constant average currency level of 2016.



FP GROUP
**WE LOOK FORWARD TO YOUR QUESTIONS
AND COMMENTS**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



€ MILLION	9M 2015	9M 2016	%
Revenue	141.3	149.4	5.7
Change in inventories	2.0	0.4	-77.9
Own work capitalised	11.1	8.9	-20.0
Total output	154.4	158.7	2.8
Material expenses	68.1	71.4	5.0
Gross profit	86.4	87.3	1.1
as % revenue	61.1	58.4	
Personnel expenses	42.8	42.9	0.3
Other income ./ expenses	-23.3	-23.8	2.2
EBITDA	20.3	20.6	1.4
as % of revenue	14.4	13.8	
Deprecation / Amortisation	12.4	12.5	0.5
EBIT	7.9	8.1	2.9
Interest result	-1.0	-0.1	-88.0
Financial results	0.2	0.1	-33.5
Tax results	-2.8	-2.8	0.7
Net profit	4.2	5.3	24.9
EPS (€) undiluted	0.25	0.31	21.3
EPS (€) diluted	0.25	0.30	21.6

CONSOLIDATED BALANCE SHEET ASSETS



€ MILLION

NON-CURRENT
ASSETS

89.6

88.3

CURRENT
ASSETS

66.5

72.4

31 DEZ. 2015

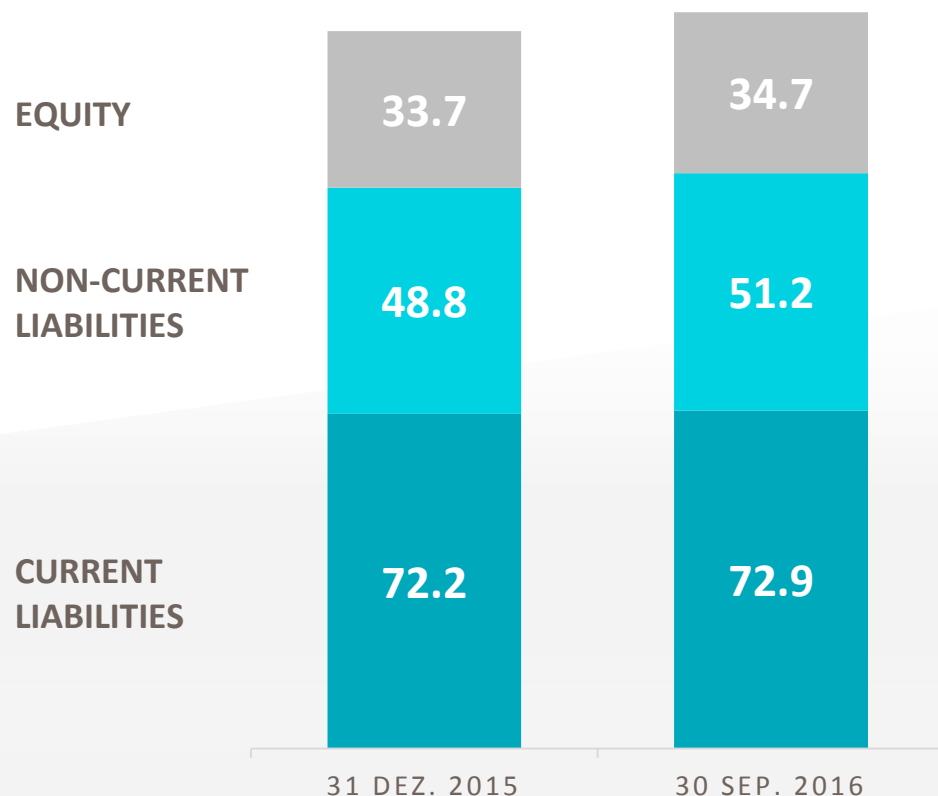
30 SEP. 2016

- ✓ Slight decrease of **non-current assets** due to declining tangible assets
- ✓ Slight increase of **current assets** due to increase of cash and cash equivalents

CONSOLIDATED BALANCE SHEET EQUITY AND LIABILITIES



€ MILLION



- ✓ **Equity ratio** with slight increase to 22.8% (2015: 22.6%)
- ✓ Increase of **non-current liabilities** du to increasing financial liabilities
- ✓ Increase of **current liabilities** du to increasing other liabilities



FP GROUP



Rüdiger Andreas Günther, CEO and CFO since January 2016 with FP
Bank Apprenticeship and Business Administration studies in Göttingen, North Carolina, USA

- ✓ 1985 Beginning of career at today's Bank of America in Chicago, USA
- ✓ Afterwards responsible for finance department at Metro AG
- ✓ 1993 Change to Claas KGaA: 13 years CFO and CEO
- ✓ Afterwards Board positions within Infineon and Arcandor
- ✓ 2012 Change to Jenoptik AG as CFO



Thomas Grethe, CSO since June 2013 with FP
Banker and Economist (WAH)

- ✓ More than 27 years of sales experience in the IT and telecommunications industry
- ✓ Executive positions in sales management and general management of international groups such as Oki Systems, Konica Minolta Printing Solutions und Ricoh
- ✓ CEO of Utax GmbH (was acquired by Kyocera Corporation in 2010)



Sven Meise, CDO since February 2015 with FP
Degree in Business Administration (BA) specializing in Business Computer Science

- ✓ Many years of experience in Output Management, IT and Software Solutions
- ✓ National and international positions at IBM Germany GmbH
- ✓ Responsible for Professional Services, Information Technology and Group Program Management at TA Triumph-Adler GmbH



FP AT THE STOCK MARKET



ISIN	DE000FHP9000
Segment	Prime Standard/ All Industrial
IPO	30 November 2006
Reuters	FPHG.DE
Shares	16.3 million
Freefloat	78.5% (according to GSE Frankfurt)
Coverage	Hauck & Aufhäuser, Warburg Research

SHAREHOLDER STRUCTURE

3R Investments	10.3%
INKA MBH	10.2%
Quaero Capital	5.2%
SALTARAX GMBH	3.6%
Ludic GmbH	3.5%
ALCEDA FUND MANAGEMENT SA*	3.1%
RUDOLF HEIL	3.0%

* These are data based on share capital of 14.7 million shares

FINANCIAL CALENDAR



02 March 2017

Preliminary Results for the Fiscal Year 2016

13 April 2017

Consolidated Financial Statements 2016

18 May 2017

Results for the First Quarter 2017

07 June 2017

Annual General Shareholder Meeting, Berlin

24 August 2017

Results for the Half Year 2017

16 November 2017

Results for the Third Quarter 2017

CONTACT



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DISCLAIMER



This report contains forward-looking statements on the business development of the Francotyp-Postalia Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press.

The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany) or in the USA, UK, or Canada, and Singapore will have a corresponding impact on the development of our business.

The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, Canadian dollars, Singapore dollars. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2015 Annual Report develop in a way other than we are currently expecting.