

P R E S S R E L E A S E

FP increases EBITDA significantly in 2019

Preliminary figures for the 2019 financial year:

- Revenue reaches EUR 209 million
- Adjusted EBITDA improves to EUR 33 million
- SARS CoV 2 pandemic will have a significant impact on financial year 2020
- FP Group has extensive liquidity reserves

Berlin, April 3, 2020 - Francotyp-Postalia Holding AG (FP), an expert in secure mail business and secure digital communication processes, has continued to successfully implement its ACT strategy in fiscal year 2019, increasing revenue slightly and earnings before interest, taxes, depreciation and amortization (EBITDA) significantly. The adjusted free cash flow is at the previous year's level (previous year: 10.9 million euros) and thus above expectations.

According to preliminary, unaudited figures the FP Group increased its revenue slightly to EUR 209 million in the 2019 financial year (2018: EUR 204.2 million). EBITDA reached EUR 32 million after EUR 17.1 million in the previous year. This profitable growth is again based on the success in the core business of franking and inserting. The reassessment of the useful life of leased products for lessor accounting purposes also made a significant contribution to the increase in revenue and earnings. The positive currency effects amounted to around EUR 3 million in revenue and EUR 1 million in EBITDA.

The preliminary EBITDA also includes recurring savings of approximately EUR 2 million from the further implementation of the ACT project JUMP, with extraordinary expenses of the same amount (EUR 8.0 million in the previous year). The transformation program JUMP has thus gained momentum in financial year 2019 as planned, is now unfolding its long-term successes and cost savings are increasingly being realized. Furthermore, strict cost management was implemented without jeopardizing the implementation of the ACT strategy. EBITDA was also positively influenced by the first-time application of IFRS 16 to the FP Group as lessee. Adjusted for the expenses from the JUMP project and positive currency effects, EBITDA improved significantly to EUR 33 million (2018: EUR 25.1 million).

For the 2019 financial year, FP had expected revenues to be slightly above the previous year's level and a strong increase in adjusted EBITDA, assuming that exchange rates remain unchanged. FP had also expected a positive adjusted free cash flow, but significantly below the previous year's level.

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Business areas with a mixed picture

The franking business developed successfully, with revenue rising to around EUR 134 million and FP further increasing its market share. Revenue in the Software/Digital product area reached EUR 17 million. While Hybrid Mail Services and the IoT segment developed positively, sales in the FP Sign segment fell short of expectations. Revenues in the Mail Services segment declined again due to a reduced volume of processed mail, reaching around EUR 57 million.

Depreciation and amortisation burden earnings

Depreciation and amortisation increased to EUR 27 million compared with the previous year (EUR 17.3 million). This was due in particular to the effects of the first-time application of IFRS 16 and higher amortisation of intangible assets. In the 2019 financial year, the FP Group also made an unscheduled impairment of EUR 5.9 million on the goodwill of freesort GmbH, as the company again failed to achieve the planned revenue in the 2019 financial year despite the reorganisation measures that had been introduced. In addition, an unscheduled impairment of around EUR 3 million was recognised on capitalised development costs for the FP Sign signature solution, as the first version, which was presented at CeBIT 2017, did not achieve the planned revenues. Nevertheless, FP still sees great potential in FP Sign, as the e-signature market will grow significantly in the coming years and FP has further developed its solution in the 2019 financial year. On the other hand, the reassessment of the useful life as of 31.12.2019 for the depreciation of leased products amounting to around EUR 3 million had a positive effect on the operating result.

According to preliminary calculations, consolidated net income for the 2019 financial year will reach the previous year's level (2018: EUR 0.9 million) due to the impairment losses and write-downs.

In the current pandemic situation, FP will focus on securing and expanding the existing Group liquidity in order to secure the Group's strategic and operational goals in the long term. In view of the burdens on employees and the company and irrespective of the amount of the adjusted Group net income, the Management Board has therefore decided, in agreement with the Supervisory Board, to propose to the Annual General Meeting that no dividend shall be paid for the 2019 financial year. The basic dividend policy, which provides for a payout ratio of 35 % to 50 % on adjusted Group earnings, subject to a positive free cash flow, remains unchanged.

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According to preliminary figures, the free cash flow amounts to EUR 1 million. Free cash flow adjusted for investments in finance lease assets and M&A as well as for payments for the ACT project JUMP reached the previous year's level in fiscal year 2019 at around EUR 11 million (2018: EUR 10.9 million).

Solid liquidity ensures coping with the current corona crisis

In order to continue to secure the Group's strategic and operational goals in the long term, FP had secured extensive liquid funds for the long term with the early expansion and extension of the syndicated credit facility in autumn 2018. The Group has credit lines of up to EUR 200 million at its disposal, which are only utilised to a limited extent, as well as existing liquid funds. With these liquidity reserves, the Management Board believes that the Group is well equipped to overcome the current Corona crisis and to accelerate the further development of the Group when suitable opportunities arise, including external growth.

Aligning FP for a successful future

Rüdiger Andreas Günther, CEO of the FP Group, says: "The year 2019 was again marked by the transformation of FP. We achieved success once again in many areas and were able to meet our forecast. Unfortunately, occasionally we were a little too optimistic about the speed of the transformation, but the direction is right. We are currently focusing on the effects of the pandemic on our company. The safety and health of our employees, customers and suppliers are our top priority". The Management Board immediately took extensive measures to prepare the company for the challenges ahead and the time after the crisis. Günther continues: "FP traditionally has a resilient business model, which has allowed us to steer stably through economic cycles in recent years. One reason are the recurring revenues in our core business. This makes us confident that we will also overcome this global crisis comparatively well and then get off to a quick start".

Forecast for 2020

The outlook for financial year 2020 takes into account the latest developments in connection with the spread of the SARS-CoV-2 virus. In contrast to the revenue increase of 5 to 8 percent and EBITDA in the range of EUR 30 to 34 million originally planned for 2020, Francotyp-Postalia now expects a significant decline in revenue, EBITDA and adjusted free cash flow compared to the previous year (assuming constant exchange rates).

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Preliminary Key figures at a glance:

In EUR million	2019	2018
Revenue	209	204,2
EBITDA	32	17,1
EBITDA (adjusted)	33	25,1
Adjusted Free Cashflow	11	10,9

All figures are subject to finalisation as part of the ongoing preparation and audit of the financial statements.

Dates:

Publication Annual Report 2019 30.04.2020
 Annual Shareholder's Meeting 17.06.2020

These are the planned dates. Since we always cannot exclude postponements, please also check our website for information.

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About Francotyp-Postalia:

The listed and globally operating FP Group with headquarters in Berlin, Germany, is an expert in the secure mailing business and secure digital communication processes (FP = "Secure Digital Communication"). As market leader in Germany and Austria, the FP Group offers digital solutions for companies and public authorities as well as products and services for efficient mail processing and consolidation of business mail with its "Software/Digital", "Franking and Folding/Inserting" and "Mail Services" product segments. The Group achieved generated revenues of more than 200 million euros in 2018. FP has subsidiaries in ten different countries and is represented by its own distributor network in a further 40 countries. With a company history spanning more than 97 years, FP possesses a unique DNA in the areas of actuating elements,



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sensor systems, cryptography and connectivity. FP has a global market share of twelve percent in franking systems and, in the digital sector, has unique, highly secure solutions for the Internet of Things (IoT/IIoT) and for the digital signing of documents.

Further information can be found under www.fp-francotyp.com.