

6<sup>th</sup> December 2019  
Europe | Germany |  
Office Communication Systems

Review

**BUY**

Target Price: 6.50€

**Industry:** Mail Services  
**Country:** Germany  
**ISIN:**  
**Bloomberg:** FPH GR  
**Reuters:** FPHG  
**Website:** [francotyp.de](http://francotyp.de)

**Last Price:** 3.48  
**High** **Low**  
**Price 52 W.:** 3.80 2.89  
**Market Cap. (EURm)** 55.51  
**No. of Shares (in m)** 15.95

#### Shareholders

**Obotritia Capital KgaA** 15.1%  
**Active Ownership F.** 9.5%  
**Ludic GmbH** 3.5%  
**Saltarax GmbH** 3.6%  
**Magallanes Value Investors** 3.3%  
**Quaero Capital** 2.7%  
**Baring Fund Managers Ltd.** 3.9%  
**Free Float** 58.4%

#### Performance

4 Weeks -2.79%  
1 Year -7.43%  
3 Year -28.78%

**Dividend** in EUR in %  
**2015** 0.16 3.82%  
**2016 (tax free)** 0.12 2.36%  
**2017** 0.16 4.00%  
**2018 (tax free)** 0.12 3.27%

#### 1 year chart



#### Analyst

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# Francotyp-Postalia Holding AG

## FP impresses against the market trend with a strong third quarter 2019.

- Francotyp Postalia Holding AG posted its revenues for the third quarter Q3 of 2019. Total revenues recorded € 53.37 million, a total 7.7% increase compared to the €49.5 million generated in the same quarter of the previous year. In its core business franking, FP increased its revenue against the market trend. The Software/Digital segment also continued to develop positively with a double-digit growth rate in Q3 2019.
- The core business of the Group continues to be in the field of Franking and Folding/Inserting envelopes. There are however new trends that the company can capitalize on and can provide an enormous lift to the Group's stream of revenues. The company is pursuing an incremental transformation plan that aims to capture growth for the long term transformation from a franking machine manufacturer into a provider of secure digital communication. Products that depend on successful business trends such as Internet of Things (IoT) are received positively by the market
- FP has established a cooperation with the German federal printing house (Bundesdruckerei) for "qualified e-signature" which represents the highest level of electronic signatures. The company has just won Swiss.com as a new business partner for the same service.
- We have analyzed the current fair-value stock price of the company through the DCF.model. We slightly adjusted our revenue as well as EBIT/EBITDA estimates until 2025. However, this has no influence on our fair-value analysis, since a lower Beta-factor compensates for this. Therefore, we issue a **BUY** recommendation with **and we keep our target price of €6,50**

EURm	2014	2015	2016	2017	2018	2019E	2020E
<b>Net sales</b>	170.3	191.1	203.0	206.3	204.3	208.5	220.3
<b>EBITDA</b>	23.1	26.8	27.2	26.3	26.7	23.2	32.6
<b>EBIT</b>	9.8	9.0	9.7	7.3	-0.3	6.5	15.0
<b>Net income</b>	5.2	3.7	6.2	4.6	0.9	4.7	10.7
<b>EPS</b>	0.32	0.22	0.36	0.29	0.06	0.29	0.65
<b>BVPS</b>	1.74	2.02	2.11	2.02	2.04	2.26	2.70
<b>RoE</b>	23.4%	11.9%	17.8%	13.5%	2.7%	13.4%	26.4%
<b>EBIT margin</b>	5.8%	4.7%	4.8%	3.5%	-0.1%	3.1%	6.8%
<b>P/E</b>	11.6x	16.4x	10.1x	12.9x	66.5x	12.7x	5.6x
<b>P/BVPS</b>	2.1x	1.9x	1.8x	1.9x	1.8x	1.7x	1.4x
<b>EV/EBITDA</b>	3.3x	2.8x	2.8x	2.9x	2.8x	3.3x	2.3x

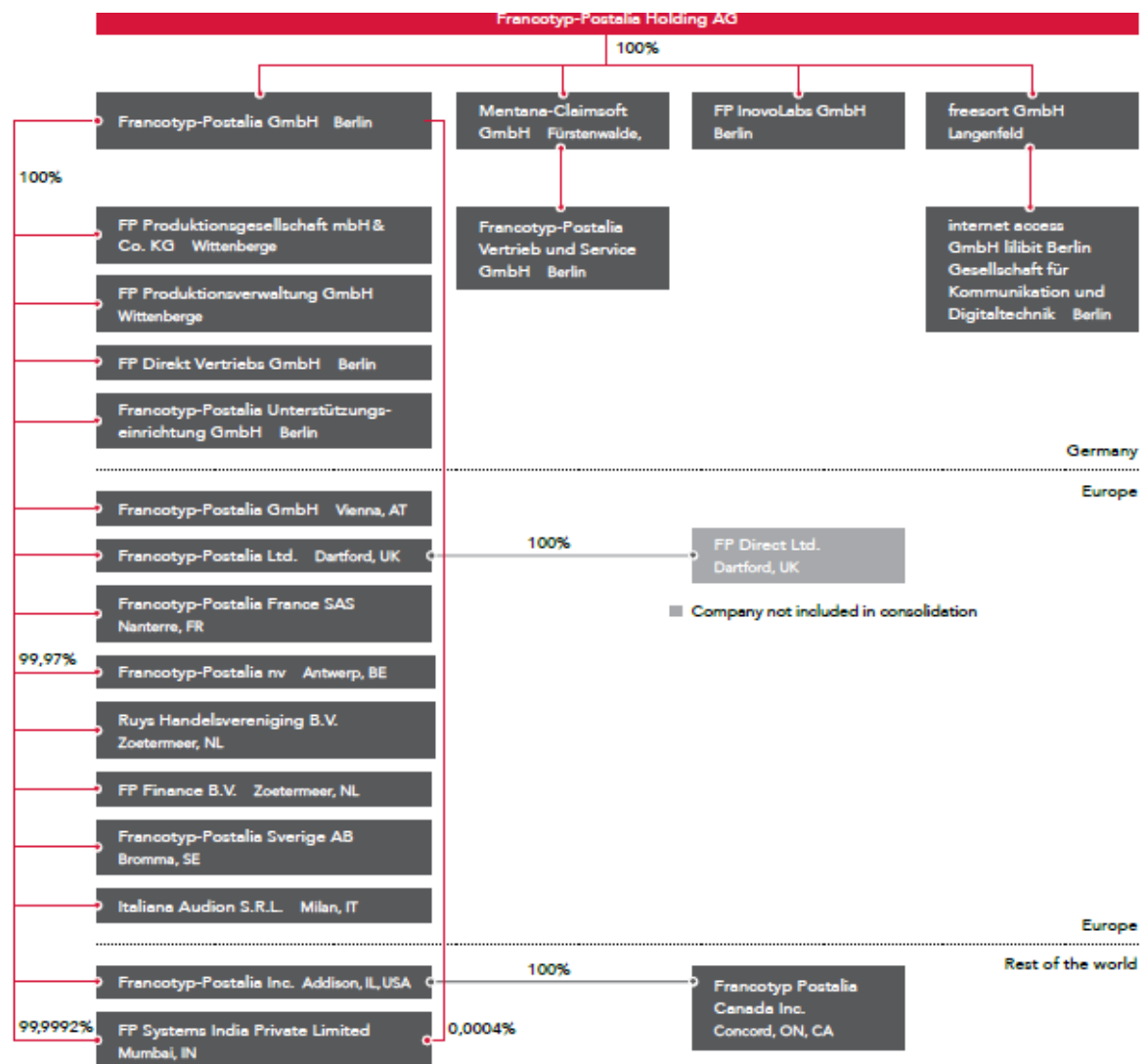
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## 1. Company Profile

Francotyp-Postalia AG is a multi-channel mail communication provider. The main four segments the Group is involved with are in Production, Sales Germany, International Sales, and Central Functions. The company distinguishes itself not only by the manufacturing and the development of franking systems but also by the selling of consumables, such as ink cartridges and tapes. Additionally, the Group collects and sorts letters from client companies and eventually delivers them through the regular postal distribution services. Furthermore, the Group's digital solutions business line is a dynamic and a growing business segment that aims to offer solutions for digital communication such as encrypted digital signature and legally binding digital signing. Furthermore, FP offers high security gateways and end-to-end solutions in the IoT market

The Group has a heritage of 96 years and is headquartered in the German capital city of Berlin. The company went public in 2006.



Source: Company

## 2. Q3/2019 Results

Q3 performance			
in EUR Mio.	Q3 2019	Q3 2018	change (%)
<b>Revenue</b>	<b>53.4</b>	<b>49.5</b>	7.9%
<i>Change in inventory</i>	0.281	-0.385	-173.0%
<i>Other own work capitalised</i>	5.1	3.3	54.5%
<b>Overall performance</b>	<b>58.78</b>	<b>52.42</b>	12.1%
<i>Other income</i>	0.1	0.3	-66.7%
<i>Material costs</i>	25.8	24.9	3.6%
<i>Personnel costs</i>	15.1	14.87	1.5%
<i>Other expenses</i>	8.8	8.68	1.4%
<b>Total Expenses</b>	<b>49.7</b>	<b>48.45</b>	2.6%
<b>EBITDA</b>	<b>9.08</b>	<b>4.25</b>	113.9%
<i>Amortisation and depreciation</i>	5.4	4.2	28.6%
<b>EBIT</b>	<b>3.68</b>	<b>0.04</b>	-
<i>Other financial result</i>	0.05	-0.03	-
<i>Income Taxes</i>	-1	-0.04	-
<b>Net Interest Income</b>	<b>0.2</b>	<b>0.1</b>	100.0%
<b>Net income</b>	<b>2.0</b>	<b>0.08</b>	2369.1%

Source: Company, Dr. Kalliwoda Research GmbH © Copyright 2019

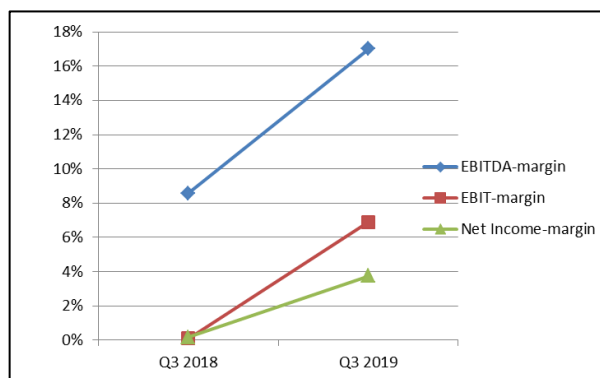
The third quarter Q3 of 2019 was mainly driven by the ongoing transformation process and the implementation of the ACT project JUMP.

The company achieved net sales by value of €53,4 million. An increase of 7,9% compared to the €49,5 million generated in the same quarter of the previous year.

In Q3 2019, the group generated EBITDA of €9,1 m, and therefore more than doubled the € 4,2 m EBITDA generated in Q3/18. EBIT rose to € 3,7 million compared to the -0,1 EURm from Q3 2018. Francotyp Postalia consolidated a Net Income of € 2 million and therefore performed significantly better than in Q3 2018, where the company barely achieved a positive net income.

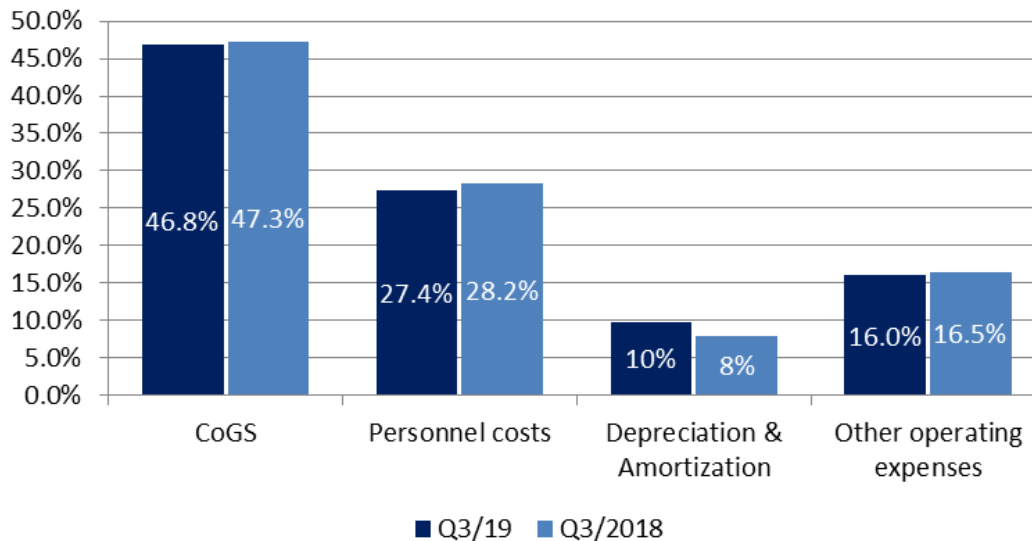
The strong P&L statement in Q3 2019 reflects the good performance of the company, even if the market trend in the core business puts FP under pressure.

in EURm	Q3/19	Q3/18
<b>Net sales</b>	<b>53.40</b>	<b>49.50</b>
<b>EBITDA</b>	<b>9.08</b>	<b>4.25</b>
<i>EBITDA Margin</i>	17.0%	8.6%
<b>EBIT</b>	<b>3.68</b>	<b>0.04</b>
<i>EBIT margin</i>	6.9%	0.1%
<b>Net income</b>	<b>2.0</b>	<b>0.1</b>
<i>Net margin</i>	3.7%	0.2%



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The company was able to improve margins in Q3/19. Especially EBITDA margin, which increased to 17%, coming from 8.5% in Q3/18. Meanwhile, EBIT margin rose to 6,9% (Q3/18: -0,2%) while net income margin was 3,7% (Q3/18: 0,2%)



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The cost structure of the company remained pretty stable, with no surprises. Total expenses augmented slightly by 2,5% to € 49,7 m. However, this increase was primarily due to higher material costs to cover demand. Depreciation and amortization made 10% of total costs, 2% more than in Q3/18.

During 6M/2019 the company reported decreases in EBITDA and EBIT, attributable to the loss of revenue in the German home market and to the high extraordinary consulting and investing expenses for the implementation of the JUMP project as well as the deteriorating worldwide economic outlook. Nevertheless, the JUMP project seems to start generating return, partly reason for the strong 3Q/19 and 9M 2019 financials, where EBIT and EBITDA soared substantially.

The company is pursuing an incremental transformation plan that aims to capture growth for the long term transformation from a franking machine manufacturer into a provider of secure digital communication. Products that depend on successful business trends such as Internet of Things (IoT) are received positively by the market.

## Highlights Q3 2019

- FP published a study on the digitalization of document management at Ferman companies. One key finding was that at 66% of German firms, work processes are held up by delays in getting signatures. However, using digital signatures can considerably speed up business processes. One solution for this is FP Sign, FP's secure digital signature solution that enables companies from all sectors to implement efficient and binding signature processes
- The company won Swiss.com as cooperation partner for offering the qualified electronic signature in combination with FP Sign.
- Several Roadshows in major German cities were conducted, presenting the secure electronic signature solution that companies can use to bring about a digital revolution in their business processes – resulting in a better overview and efficiency, shorter and faster paths to their customers, and reduced costs.
- October 2019, FP won the SME award in the “Digital Innovation” category. Explaining its choice, the jury cited the company's exemplary approach to utilizing the digital revolution to reinvent itself and its products.
- FP recently won an award for the “FP Sustainability Report 2018” given by e League of American Communications Professionals (LACP)

## 9M 2019

Total revenue in first nine months of 2019 comes to EUR 152.4 million compared with EUR 154.3 million in same period of previous year, from which the core business generated € 98.3 m, registering a growth of 2.7% compared to Q3/18 (incl. positive exchange rate effects of € 2,2m). The Digital/Software achieved a double-digit growth of 16.1% to € 12,9 million and remains the fastest-growing business segment. The company has continuously expanded the range of services in this business area as part of the ACT strategy and is now benefiting from this.

However, revenue resulting from the Mail Services business continued declining to €41,1 m during the first months of 2019 compared to the €47,3 million a year before.

The successful sales launch for the innovative new franking system PostBase Vision in August 2019 accelerated revenue growth in the biggest foreign market, the US, in Q3 2019 (adjusted for currency effects, revenue was up 4.1% compared to 9M/2018, as against 3.0% in

6M/2019). FP's enlarged its international footprint through an increase of global market share to 12%.

FP is continuing to invest in its core business in line with its ACT strategy and is developing new digital products and business models from its core areas of expertise in sensor technology, actuator technology, connectivity and cryptography.

#### **Q4 2019 outlook**

The strong results achieved on Q3/19 puts the company again on the right track to make up for the mixed first 6-months of 2019.

For the rest of 2019 we estimate the company to generate additional € 54,2 million, driven by double-digit revenue increase in Digital/Software and slight increase in the core business.

We furthermore expect EBITDA to be around € 24 million and EBIT to surpass € 6,3 million. Both the long-run oriented ACT-strategy and the JUMP project will improve efficiency and speed in the long run, bringing the firm in a good direction to hit future targets.

The company started selling the new PostBase Vision in the US market, with which Francotyp Postalia is expanding its technological leadership in the core business. Sales of the new PostBase Vision has expanded to the core markets in Germany and will be extended to France and Great Britain. During 9M/19 the signature solution was and FP won a new client in August 2019 with over 70.000 employees.

Based on the expansionary plans regarding the US, the firm is currently preparing a sales launch and new parcel shipping solutions, with which customers can directly control their parcel shipment, apart from booking and comparing delivery times and prices of different providers.

The digital business revenue share is expected to grow in the upcoming years. Furthermore, we believe that this line of business can become a stable and a recurring source of revenues in the near future.

Taking the recent positive news as well the expansion plans of the company into account, we believe that the coming Q4/2019 will be stronger, since ACT strategy and JUMP project will surge returns in the near future.

### 3. SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• FP is a market leader and has uncontested position in the development and selling of franking systems in several important and strategic markets.</li> <li>• 96 years of experience in technology and innovation. The company still has many elements of a grown and a mature company along with the spirit and the prospect for growth of a successful start-up.</li> <li>• The ACT strategy the Group is willing to adapt is very likely to drive revenue growth and profitability to an unprecedented levels within the medium term.</li> <li>• ACT strategy aims to make a transformation of the Group that will allow the new company to increase efficiency, quality and speed. In addition to creating a different and new way of working along with recognition, proactivity in thinking and acting.</li> <li>• Stable dividend payments.</li> </ul>	<ul style="list-style-type: none"> <li>• The total mail volume processed is continuously under pressure as alternatives are now largely embraced. Overall decline in volume is leading to a tangible slowdown in revenue growth trends.</li> <li>• Experience in new digital business models.</li> </ul>
Opportunities	Risks
<ul style="list-style-type: none"> <li>• The Group anticipates that the move to provide digital products and solutions will render revenues of € 400 million by 2023.</li> <li>• Competition in franking machines declined consistently while the Group remains robust in this segment and is positioned to capture revenues shares.</li> <li>• The JUMP program, which will improve both efficiency and speed in the long-run</li> </ul>	<ul style="list-style-type: none"> <li>• Mail volumes and franking machine demand could decrease faster than anticipated by the company.</li> <li>• The partnership through which the Group are engaged with can jeopardize certain revenue streams as the Group depends partially on the success of its partners.</li> <li>• Not being able to meet expectations of ACT and the target of revenues by 2023</li> </ul>

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## 4. Valuation

The model assumes a conservative sales estimates along with a constant capital structure for the firm.

### a. WACC

WACC assumptions	
<b>Equity</b>	
Long-term risk free rate	3.3%
Market risk premium	6.0%
Beta	1.57
<b>Equity costs</b>	<b>12.7%</b>
<b>Debt</b>	
Debt costs (before tax)	4.5%
Tax rate on debt interest	30.0%
<b>Debt costs (after tax)</b>	<b>3.2%</b>
Equity value	75.0%
Debt Value	25.0%
Gearing	33.3%
<b>WACC</b>	<b>10.33%</b>

### b. DCF

Discounted-Cash-Flow-Model (2019)							
in EUR m	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Net sales</b>	<b>208.5</b>	<b>220.3</b>	<b>240.5</b>	<b>254.6</b>	<b>269.6</b>	<b>287.5</b>	<b>312.1</b>
(y-o-y change)	2.1%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>EBIT</b>	<b>6.5</b>	<b>15.0</b>	<b>18.6</b>	<b>22.5</b>	<b>26.0</b>	<b>13.6</b>	<b>18.7</b>
(EBIT margin)	3.1%	6.8%	7.7%	8.8%	9.6%	4.7%	6.0%
<b>NOPLAT</b>	<b>4.5</b>	<b>10.5</b>	<b>13.0</b>	<b>15.8</b>	<b>18.2</b>	<b>9.5</b>	<b>13.1</b>
+ Depreciation and Amortization	16.7	17.6	19.2	20.4	21.6	23.0	25.0
= Net operating cash flow	21.2	28.1	32.3	36.1	39.7	32.5	38.0
- Total investments (Capex and WC)	-23.1	-18.8	-25.4	-26.2	-25.4	-24.3	-26.5
Capital expenditure	-20.4	-15.6	-20.5	-21.3	-22.6	-24.3	-26.5
Working capital	-2.7	-3.2	-4.9	-4.9	-2.7	0.0	0.0
= Free cash flow (FCF)	-1.8	9.3	6.8	9.9	14.4	8.2	11.6
<b>PV of FCFs</b>	<b>-1.5</b>	<b>6.9</b>	<b>4.6</b>	<b>6.1</b>	<b>8.0</b>	<b>4.1</b>	<b>5.3</b>
PV of FCFs in explicit period	33.5						
PV of FCFs in terminal period	78.3						
<b>Enterprise value (EV)</b>	<b>111.8</b>						
+ Net cash / - net debt	-16.2						
+ Investitionen / - Minderheiten	0.0						
<b>Shareholder value</b>	<b>95.6</b>						
Number of shares outstanding ('000)	16.3						
WACC	10.3%						
Cost of equity	12.7%						
Pre-tax cost of debt	4.5%						
Normal tax rate	30.0%						
After-tax cost of debt	3.2%						
Share of equity	75.0%						
Share of debt	25.0%						
<b>Fair value per share in € (today)</b>	<b>5.9</b>						
<b>Fair value per share in € (in 12 months)</b>	<b>6.5</b>						

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## 5. Investment Thesis

We used the DCF valuation model to come up with a price target for FP. We believe that FP stock value should gravitate towards a price range of €6,50 within the upcoming 9-12 months' time horizon. The company's market cap is currently at EUR 55.51 million. Thus, the company is undervalued according to our valuation model by a good margin that should allow investors willing to add the stock to benefit substantially from the upcoming possible upward swings, as the stock of FP offers a classical value investing case. The probability for the stock price to trend higher is well supported by the increasing adaptation of digitalization into the core business segments of the Group.

After internal analysis, we have adjusted our estimates until the year 2025 in order to try to be as accurate as possible when determining future revenues, earning, cash flows, etc.

As the company is being more efficient, we expect higher EBITDA and EBIT as well as larger margins for the coming years. FP showed less volatility over the last months, reason why the Beta factor is 1,57 instead of the 1,65 used in the last quarters in our valuation. We still remain bullish on our stock price estimates and keep the target of €6.5, which in addition to the reduced Beta-factor, compensates for the revenue and EBITDA/EBIT modification.

## 6. Profit & Loss Statement

Profit and Loss statement										
	Fiscal year									
in mEUR	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
<b>Net sales</b>	<b>170.31</b>	<b>191.06</b>	<b>202.97</b>	<b>206.34</b>	<b>204.28</b>	<b>208.50</b>	<b>220.25</b>	<b>240.45</b>	<b>254.57</b>	<b>269.60</b>
Change in inventories	0.56	-0.13	0.16	0.52	0.00	0.00	0.00	0.00	0.00	0.00
Capitalised assets	15.50	15.78	11.39	10.84	11.40	11.50	10.80	11.00	12.00	12.20
other operating income	2.35	4.31	3.77	4.77	4.86	4.95	5.04	5.13	5.22	5.31
<b>Total Output</b>	<b>188.71</b>	<b>211.02</b>	<b>218.29</b>	<b>222.48</b>	<b>220.54</b>	<b>224.95</b>	<b>236.09</b>	<b>256.58</b>	<b>271.79</b>	<b>287.12</b>
Cost of goods sold	-82.02	-91.27	-96.52	-102.88	-102.14	-102.17	-101.32	-109.41	-114.55	-119.97
<b>Gross profit</b>	<b>106.69</b>	<b>119.75</b>	<b>121.77</b>	<b>119.60</b>	<b>118.40</b>	<b>122.78</b>	<b>134.77</b>	<b>147.17</b>	<b>157.23</b>	<b>167.14</b>
Personnel costs	-53.48	-57.35	-57.42	-59.23	-61.59	-61.84	-62.15	-65.88	-69.17	-72.63
Depreciation & Amortization	-13.28	-17.80	-17.49	-19.06	-16.34	-16.68	-17.62	-19.24	-20.37	-21.57
Write-downs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expenses	-30.13	-35.59	-37.13	-34.06	-42.44	-37.76	-40.03	-43.43	-45.17	-46.98
<b>EBIT</b>	<b>9.81</b>	<b>9.01</b>	<b>9.74</b>	<b>7.26</b>	<b>(0.3)</b>	<b>6.50</b>	<b>14.97</b>	<b>18.63</b>	<b>22.52</b>	<b>25.97</b>
Net financial results	-1.40	-1.36	-0.12	-0.19	0.22	0.23	0.24	0.25	0.27	0.28
<b>EBT</b>	<b>8.40</b>	<b>7.65</b>	<b>9.61</b>	<b>7.07</b>	<b>1.25</b>	<b>6.73</b>	<b>15.21</b>	<b>18.88</b>	<b>22.79</b>	<b>26.25</b>
Income taxes	-3.19	-3.93	-3.41	-2.42	0.02	-2.02	-4.56	-5.66	-6.84	-7.87
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income / loss</b>	<b>5.21</b>	<b>3.72</b>	<b>6.20</b>	<b>4.65</b>	<b>0.9</b>	<b>4.71</b>	<b>10.65</b>	<b>13.22</b>	<b>15.95</b>	<b>18.37</b>
EPS	0.32	0.22	0.36	0.29	0.06	0.29	0.65	0.81	0.98	1.13
<b>Change y-o-y</b>										
Net sales	-	12.18%	6.24%	1.66%	-1.00%	2.07%	5.64%	9.17%	5.87%	5.91%
Total Output	6128.02%	11.82%	3.44%	1.92%	-0.87%	2.00%	4.95%	8.68%	5.93%	5.64%
Cost of goods sold	-	11.29%	5.75%	6.59%	-0.72%	0.02%	-0.83%	7.98%	4.71%	4.73%
Gross profit	3421.22%	12.24%	1.69%	-1.78%	-1.00%	3.70%	9.76%	9.20%	6.83%	6.30%
Personnel costs	172.81%	7.23%	0.12%	3.15%	4.00%	0.40%	0.50%	6.00%	5.00%	5.00%
Depreciation & Amortization	208.08%	34.09%	-1.76%	9.00%	-14.26%	2.07%	5.64%	9.17%	5.87%	5.91%
Other operating expenses	252.95%	18.12%	4.31%	-8.26%	24.62%	-11.02%	6.00%	8.50%	4.00%	4.00%
EBIT	-133.03%	-8.17%	8.12%	-25.47%	-104.13%	-2266.03%	130.40%	24.40%	20.93%	15.30%
Net financial results	-5.91%	-3.35%	-90.92%	51.22%	-218.28%	5.00%	5.00%	5.00%	5.00%	5.00%
EBT	-126.95%	-8.97%	25.66%	-26.45%	-82.32%	438.33%	126.10%	24.09%	20.71%	15.18%
Income taxes	28.37%	23.10%	-13.06%	-29.06%	-100.99%	-8511.36%	126.10%	24.09%	20.71%	15.18%
Net income / loss	-115.49%	-28.60%	66.51%	-25.02%	-80.64%	423.37%	126.10%	24.09%	20.71%	15.18%
EPS	-103.86%	-29.24%	63.08%	-21.80%	-80.64%	423.37%	126.10%	24.09%	20.71%	15.18%
<b>Share in total revenues</b>										
Net sales	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	101.00 %	102.00 %	103.00 %	104.00 %
Total Output	110.81 %	110.45 %	107.55 %	107.82 %	107.96 %	107.89 %	107.19 %	106.71 %	106.76 %	106.50 %
Cost of goods sold	-48.16 %	-47.77 %	-47.55 %	-49.86 %	-50.00 %	-49.00 %	-46.00 %	-45.50 %	-45.00 %	-44.50 %
Gross profit	62.65 %	62.68 %	59.99 %	57.96 %	57.96 %	58.89 %	61.19 %	61.21 %	61.76 %	62.00 %
Personnel costs	-31.40 %	-30.02 %	-28.29 %	-28.70 %	-30.15 %	-29.66 %	-28.22 %	-27.40 %	-27.17 %	-26.94 %
Depreciation & Amortization	-7.79 %	-9.32 %	-8.62 %	-9.24 %	-8.00 %	-8.00 %	-8.00 %	-8.00 %	-8.00 %	-8.00 %
Write-downs	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Other operating expenses	-17.69 %	-18.63 %	-18.29 %	-16.51 %	-20.78 %	-18.11 %	-18.17 %	-18.06 %	-17.74 %	-17.42 %
EBIT	5.76 %	4.71 %	4.80 %	3.52 %	-0.15 %	3.12 %	6.80 %	7.75 %	8.85 %	9.63 %
Net financial results	-0.82 %	-0.71 %	-0.06 %	-0.09 %	0.11 %	0.11 %	0.11 %	0.11 %	0.11 %	0.10 %
EBT	4.93 %	4.00 %	4.74 %	3.43 %	0.61 %	3.23 %	6.91 %	7.85 %	8.95 %	9.74 %
Income taxes	-1.87 %	-2.06 %	-1.68 %	-1.17 %	0.01 %	-0.97 %	-2.07 %	-2.36 %	-2.69 %	-2.92 %
Minority interests	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income / loss	3.06 %	1.95 %	3.05 %	2.25 %	0.44 %	2.26 %	4.84 %	5.50 %	6.27 %	6.82 %

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## 7. Balance Sheet

Balance Sheet										
in mEUR	Fiscal year									
	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
<b>Assets</b>										
Cash and cash equivalents	16.52	18.21	26.39	34.23	30.90	22.09	26.01	30.50	36.72	43.50
Inventories	10.03	11.69	11.20	10.63	10.63	10.43	11.01	12.02	12.73	13.48
Trade accounts and notes receivables	17.32	16.94	18.97	18.68	18.68	22.94	26.43	31.26	35.64	37.74
Other current assets	14.87	19.70	25.97	23.91	23.23	31.28	33.04	36.07	38.18	40.44
<b>Current assets</b>	<b>58.74</b>	<b>66.55</b>	<b>82.53</b>	<b>87.46</b>	<b>78.8</b>	<b>86.72</b>	<b>96.49</b>	<b>109.85</b>	<b>123.27</b>	<b>135.16</b>
Property, plant and equipment	37.04	41.99	39.35	31.76	33.98	37.38	35.88	38.39	41.08	43.96
Goodwill + intangible assets	32.90	33.03	34.88	35.15	37.25	37.25	39.49	41.86	44.37	47.03
Firmenwert	0.00	0.77	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Other assets	13.45	14.61	10.59	15.42	16.96	19.51	23.41	24.81	26.30	27.88
<b>Non-current assets</b>	<b>83.392</b>	<b>89.627</b>	<b>84.811</b>	<b>82.320</b>	<b>87.9</b>	<b>94.135</b>	<b>98.777</b>	<b>105.062</b>	<b>111.750</b>	<b>118.866</b>
<b>Total assets</b>	<b>142.13</b>	<b>156.17</b>	<b>167.34</b>	<b>169.78</b>	<b>166.70</b>	<b>180.86</b>	<b>195.27</b>	<b>214.91</b>	<b>235.02</b>	<b>254.03</b>
<b>Liabilities</b>										
Trade payables	9.47	9.85	10.61	11.21	11.21	12.56	13.43	14.37	14.52	14.66
Other liabilities	44.93	47.91	52.01	49.69	49.69	54.16	56.87	59.71	62.70	63.33
Short-term financial debt	5.50	4.63	0.91	0.41	0.44	0.47	0.50	0.54	0.58	0.62
Provisions	7.19	9.80	11.60	13.06	13.97	14.95	15.99	17.11	18.31	18.49
<b>Current liabilities</b>	<b>67.09</b>	<b>72.19</b>	<b>75.14</b>	<b>74.37</b>	<b>76.50</b>	<b>82.14</b>	<b>86.80</b>	<b>91.74</b>	<b>96.11</b>	<b>97.10</b>
Long-term financial debt	25.92	31.70	37.53	43.14	40.86	41.70	44.05	48.09	50.91	53.92
Special benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pension obligations	17.35	15.45	17.05	16.53	18.48	18.55	18.65	19.76	20.75	21.79
Deferred tax liabilities	0.66	0.69	0.57	1.58	0.00	0.00	0.00	0.00	0.00	0.00
Other non-current liabilities	1.07	0.91	1.10	1.21	1.39	1.60	1.84	2.11	2.43	2.80
<b>Non-current liabilities</b>	<b>44.99</b>	<b>48.75</b>	<b>56.26</b>	<b>62.45</b>	<b>56.90</b>	<b>61.85</b>	<b>64.53</b>	<b>69.97</b>	<b>74.10</b>	<b>78.51</b>
<b>Total liabilities</b>	<b>112.08</b>	<b>120.94</b>	<b>131.39</b>	<b>136.82</b>	<b>133.40</b>	<b>143.99</b>	<b>151.34</b>	<b>161.71</b>	<b>170.20</b>	<b>175.61</b>
<b>Shareholders equity</b>	<b>28.69</b>	<b>33.71</b>	<b>35.95</b>	<b>32.96</b>	<b>33.30</b>	<b>36.87</b>	<b>43.93</b>	<b>53.20</b>	<b>64.82</b>	<b>78.42</b>
Minority interests	1.37	1.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total equity and liabilities</b>	<b>142.13</b>	<b>156.17</b>	<b>167.34</b>	<b>169.78</b>	<b>166.70</b>	<b>180.86</b>	<b>195.27</b>	<b>214.91</b>	<b>235.02</b>	<b>254.03</b>

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## 8. Cash Flow Statement

Cash Flow statement										
in mEUR	Fiscal year									
	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Net income	5,2	3,7	6,2	4,6	0,9	4,5	11,4	12,8	15,5	19,2
Depreciation & Amortisation	13,3	17,8	17,5	19,1	16,3	17,3	18,9	19,8	21,0	22,5
Others	-1,0	-2,9	-1,6	-2,5	4,8	1,2	-6,3	-8,7	-10,5	-13,7
<b>Net operating cash flow</b>	<b>17,5</b>	<b>18,6</b>	<b>22,1</b>	<b>21,3</b>	<b>22,0</b>	<b>23,0</b>	<b>24,0</b>	<b>24,0</b>	<b>26,0</b>	<b>28,0</b>
<b>Cash flow from investing</b>	<b>-23,1</b>	<b>20,1</b>	<b>-17,6</b>	<b>-15,5</b>	<b>-22,0</b>	<b>-15,0</b>	<b>-16,0</b>	<b>-16,0</b>	<b>-17,0</b>	<b>-18,0</b>
Free cash flow	-5,6	38,7	4,6	5,8	0,0	8,0	8,0	8,0	9,0	10,0
<b>Cash flow from financing</b>	<b>-7,8</b>	<b>2,4</b>	<b>-0,7</b>	<b>1,1</b>	<b>-2,3</b>	<b>0,4</b>	<b>2,0</b>	<b>0,4</b>	<b>0,9</b>	<b>1,9</b>
Change in cash and equivalents	-	1,7	8,2	7,8	-3,3	-9,1	4,5	4,9	5,8	7,1

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## 9. Ratios

Fiscal year	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Gross margin	56.5%	56.7%	55.8%	53.8%	53.7%	54.6%	57.1%	57.4%	57.9%	58.2%
EBITDA margin	13.6%	14.0%	13.4%	12.8%	13.1%	11.1%	14.8%	15.7%	16.8%	17.6%
EBIT margin	5.8%	4.7%	4.8%	3.5%	-0.1%	3.1%	6.8%	7.7%	8.8%	9.6%
Net margin	2.8%	1.8%	2.8%	2.1%	0.4%	2.1%	4.5%	5.2%	5.9%	6.4%
Return on equity (ROE)	23.4%	11.9%	17.8%	13.5%	2.7%	13.4%	26.4%	27.2%	27.0%	25.7%
Return on assets (ROA)	6.8%	3.4%	3.9%	2.9%	0.4%	2.6%	5.5%	6.3%	7.0%	7.4%
Return on capital employed (ROCE)	8.1%	5.2%	6.5%	5.9%	-0.2%	4.6%	9.7%	10.6%	11.3%	11.6%
Net debt (in EURm)	14.9	18.1	12.0	9.3	10.4	20.1	18.5	18.1	14.8	11.0
Net gearing	51.9%	53.7%	33.5%	28.3%	31.2%	54.5%	42.2%	34.1%	22.8%	14.1%
Equity ratio	20.2%	21.6%	21.5%	19.4%	20.0%	20.4%	22.5%	24.8%	27.6%	30.9%
Current ratio	87.6%	92.2%	109.8%	117.6%	103.0%	105.6%	111.2%	119.7%	128.3%	139.2%
Quick ratio	50.4%	48.7%	60.4%	71.2%	64.8%	54.8%	60.4%	67.3%	75.3%	83.7%
Net interest cover	7.0	6.6	79.2	39.0	1.4	-28.1	-61.7	-73.1	-84.2	-92.5
Net debt/EBITDA	0.65	0.68	0.44	0.35	0.39	0.87	0.57	0.48	0.34	0.23
CAPEX/Sales	24.2%	19.9%	13.9%	7.3%	9.8%	9.8%	7.1%	8.5%	8.3%	8.4%
Working capital/Sales	-7.1%	-4.9%	-3.2%	-3.7%	-4.1%	-1.0%	0.1%	2.2%	3.7%	5.1%
EV/Sales	0.45	0.40	0.37	0.37	0.37	0.36	0.34	0.32	0.30	0.28
EV/EBITDA	3.29	2.83	2.79	2.89	2.85	3.28	2.33	2.01	1.77	1.60
EV/EBIT	7.75	8.44	7.80	10.47	-253.28	11.69	5.08	4.08	3.37	2.93
P/BVPS	2.11	1.85	1.78	1.86	1.84	1.66	1.39	1.14	0.93	0.77
P/E	11.61	16.41	10.06	12.87	66.47	12.70	5.62	4.53	3.75	3.26
P/FCF	-2.70	0.39	3.31	2.61	15101.27	1.89	1.89	1.89	1.68	1.51

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