

FRANCOTYP-POSTALIA HOLDING AG

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# The Digital Mailroom

HALF-YEARLY FINANCIAL REPORT 2015

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[fp-francotyp.com](http://fp-francotyp.com)

# KEY FIGURES

## FIGURES IN ACCORDANCE WITH CONSOLIDATED FINANCIAL STATEMENTS IN EUR MILLION

|                          | 1.1.–<br>30.6.2015 | 1.1.–<br>30.6.2014 | Changes<br>in % | 1.4.–<br>30.6.2015 | 1.4.–<br>30.6.2014 | Changes<br>in % |
|--------------------------|--------------------|--------------------|-----------------|--------------------|--------------------|-----------------|
| Revenue                  | 95.2               | 84.6               | 12.5            | 45.7               | 40.2               | 13.7            |
| Recurring revenue        | 78.0               | 69.4               | 12.3            | 37.7               | 32.8               | 14.9            |
| EBITDA                   | 14.3               | 11.8               | 21.0            | 6.2                | 5.1                | 21.0            |
| as percentage of revenue | 15.0               | 14.0               |                 | 13.6               | 12.8               |                 |
| EBIT                     | 6.1                | 5.7                | 7.2             | 2.1                | 2.0                | 2.9             |
| as percentage of revenue | 6.4                | 6.7                |                 | 4.5                | 5.0                |                 |
| Consolidated net income  | 4.0                | 2.9                | 37.3            | 0.5                | 1.0                | -50.4           |
| as percentage of revenue | 4.2                | 3.4                |                 | 1.1                | 2.6                |                 |
| Earnings per share (EUR) | 0.24               | 0.18               | 30.9            | 0.04               | 0.08               | -53.7           |
| Free cash flow           | -0.6               | -1.1               | -46.7           |                    |                    |                 |

|   | 30.6.2015 | 31.12.2014 | Changes<br>in % |
|---|-----------|------------|-----------------|
| Equity capital                          | 16.2      | 16.2       |                 |
| Shareholders equity                     | 34.0      | 30.1       | 13.1            |
| as percentage of balance<br>sheet total | 21.8      | 21.1       |                 |
| Return on equity (%)                    | 11.8      | 17.4       |                 |
| Debt capital                            | 122.0     | 112.1      | 8.8             |
| Net debt                                | 18.5      | 15.8       | 17.0            |
| Net debt-equity ratio                   | 54        | 53         | 1.9             |
| Balance sheet total                     | 156.0     | 142.1      | 9.8             |
| Share price end of period (EUR)         | 4.55      | 3.98       | 14.3            |
| Employees (end of period)               | 1,064     | 1,056      | 0.9             |

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*Efficiency.*  
*For customers'*  
*communication.*



WHETHER IT'S ANALOGUE, HYBRID OR DIGITAL, MAIL COMMUNICATION TODAY USES A WIDE RANGE OF CHANNELS. PROFESSIONAL MAIL MANAGEMENT HAS TO LOOK AT THIS VARIETY OF CHANNELS AS A WHOLE – THE DIGITAL MAILROOM.

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HANS  
SZYMANSKI



THOMAS  
GRETHE

**HANS SZYMANSKI (\*1963)**  
*CEO & CFO of Francotyp-Postalia Holding AG*

Economics graduate, responsible for strategic business development, production, logistics and purchasing, quality management, research and development, information technology, compliance, human resources and legal, and finance, controlling and accounting.

**THOMAS GRETHE (\*1959)**  
*CSO of Francotyp-Postalia Holding AG*

Banking and economics graduate (WHA), responsible for sales – Germany/International, strategic business development and product management, marketing and brand management, corporate communication and internal audit.

**SVEN MEISE (\*1971)**  
*CDO of Francotyp-Postalia Holding AG*

Degree in business administration (BA), responsible for the business areas of Mail Services and Software offered by the subsidiaries freesort GmbH, iab GmbH and Mentana-Claimsoft GmbH. His responsibilities include expanding the solution and outsourcing business as well as the implementing and developing of the De-Mail business.



SVEN  
MEISE

## Letter from the Management Board

*Dear Shareholders,  
ladies and gentlemen*

The FP Group performed well during the first half of 2015. Revenue increased 12.5 percent to EUR 95.2 million, with EBITDA improving by 21.0 percent to EUR 14.3 million. Several factors played a key role: growing mail services and software business at home, a positive development on our international markets, and currency effects in relation to the weak euro, with the FP Group profiting from more favourable exchange rates on our two largest foreign markets, the US and the UK, in particular.

We have already been able to install more than 35,000 PostBase franking systems in the US, mainly to existing but also to new customers looking to replace their old machines in the context of the decertification process, which will run until the end of 2015. In this way we have secured our installed base in the US for the next few years. In the UK, Italy and France, demand for our innovative franking systems is also very high. Moreover, during the second quarter we were able to launch sales of our PostBase franking systems in our new markets of Switzerland and Ireland.

Meanwhile, in our home market Germany, we began selling our latest franking system at the end of July. Following the successful product launch of the PostBase Mini in the UK, US and Italy, we are now working on promoting the product's advantages to our German customers. The PostBase Mini, the successor model to MyMail, is the entry-level model for customers with a small volume of letters, such as freelancers, new startups and small businesses. Our initial successes confirm that we have once again succeeded in developing an innovative product.

Nevertheless, we continue to face stiff competition, particularly on the franking machine market. With FP 2020, our recently launched new strategy, we will take on these challenges. Our aim over the next five years is to transform the FP Group into a provider of Digital Mailrooms. We will offer our customers integrated solutions covering every aspect of their communication and documentation processes, from receiving mail and documents to processing and sending them.

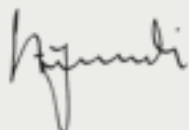
Today, our customers communicate over a host of channels with a diverse range of specifications. The move to digital is having an ever more profound effect on our customers' processes, with increasingly integrated communication. It is in response to these challenges in particular that the FP Group can offer the right solutions. In terms of our core business, we are focusing on securing and stabilisation so that we can continue to generate the cashflow needed as the basis for growth in future. In our classic business, we will be further developing our solutions and products, and integrating these into the solution portfolio for the Digital Mailroom. Alongside traditional letters, increasing use will be made in future of hybrid and digital solutions and services.

Our aim is to successfully shape our transformation process between now and 2020. Expressed in specific figures, we want the FP Group to be generating at least 50 percent of its total revenue from new solutions in the mail services and software segments by 2020. These areas of business currently account for one third of revenue.

For the 2015 financial year as a whole, we are confirming our forecast. The FP Group expects an increase in revenue to between EUR 173 million and EUR 177 million as well as an increase in EBITDA to between EUR 24 million and EUR 25 million. The EBIT is expected to be down on the previous year as a consequence of the increased depreciation due to higher investment. The Group also anticipates a much improved, positive free cash flow. This forecast does not yet include any one-time expenses for the realignment of customer service in Germany.

In 2015 and beyond we want to continue the profitable growth of the recent past. The FP Group is well positioned and still offers great potential for the future.

Sincerely,



Hans Szymanski  
Board Chairman



Thomas Grethe  
Board Member



Sven Meise  
Board Member



# Francotyp-Postalia Holding AG

## Group Management Report for the first half of 2015

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## GROUP PRINCIPLES

### OPERATING ACTIVITIES

Francotyp-Postalia Holding AG ("FP Group", "Francotyp-Postalia" or "the Company"), which has its headquarters in Berlin, is a provider of Digital Mailroom and offers integrated solutions for all aspects of communication and document processes. The FP Group serves the entire letter post distribution chain – from franking and inserting physical letters to hybrid mail and digital transmission via De-Mail. Francotyp-Postalia targets its services at corporate customers of all sizes. The Company's activities are divided into three product segments: Franking and Inserting, Mail Services, and Software Solutions.

#### Franking and Inserting segment

In this segment, the FP Group concentrates on developing and manufacturing franking machines, selling and leasing franking and inserting machines and providing related services.

Franking machines enable customers to frank their mail automatically and quickly. Outbound mail can then be processed much more efficiently, as the appropriate postage is digitally programmed into the machine and each item is franked at the correct value. Customers in some countries can also save postage, as national postal organisations grant a discount when postage is applied by franking machines. All franking machines are certified by national, licensed state-owned or private postal companies.

The company's product range extends from the small, innovative PostBase Mini franking machine to the large CentorMail machine. The Group's main revenue generator in the franking machine segment is the after-sales business, which generates recurring revenue. This includes the Teleporto (electronic downloading of postage) business, the sale of consumables, the creation of printing plates, services and software solutions for cost centre management.

#### Mail Services segment

The Mail Services segment encompasses business mail consolidation in Germany, which is now an option following the liberalisation of the postal services market. With eight sorting centres throughout Germany, its subsidiary freesort GmbH is one of the leading independent consolidators of outbound business mail on the German market. Their services include collecting letters from customers, sorting them by postcode and delivering them in batches to a sorting office of Deutsche Post or an alternative postal distributor.

#### Software Solutions segment

The FP Group offers fast, simple innovative software solutions. A letter can be sent electronically easily and efficiently while guaranteeing the highest security standards. Customers can choose from two options: hybrid mail and the digital solution De-Mail.

The specialist in hybrid mail is the FP subsidiary internet access GmbH lilibit Berlin Gesellschaft für Kommunikation und Digitaltechnik (iab), Berlin, Germany. Hybrid mail is a combination of electronic and physical mail: The sender dispatches the letter electronically, the recipient receives a physical letter. The FP Group takes on the entire production process – from printing out, franking and inserting to handing over the letter to a mail delivery company.

The FP Group secured its entry into the digital communication sector in spring 2011 with the acquisition of a majority stake in Mentana-Claimsoft GmbH. Since July 2014 the FP Group has held a 100% stake in Mentana-Claimsoft GmbH. The company specialises in electronic signatures, and offers products for making electronic documents secure and legally binding communication in addition to products for long-term archiving. Mentana-Claimsoft is also the first accredited De-Mail provider in Germany. De-Mail offers a simple, traceable and confidential communication infrastructure for both businesses and authorities and also for private customers. De-Mail is binding because both sender and recipient are identified in the initial registration process before they can use the communication standard.

## RESEARCH AND DEVELOPMENT

Research and development costs during the last quarter totalled EUR 2.4 million compared with EUR 1.9 million in the same quarter of 2014. As far as the first half of 2015 is concerned, research and development costs came to a total of EUR 4.2 million, EUR 0.2 million up on the same period of the previous year. Of this, EUR 1.8 million was capitalised, EUR 2.4 million was taken to expense. In the first half of 2015 the ratio of research and development expenses to revenue was 4.5% (previous year: 4.8%).

The PostBase Mini, a machine for handling small volumes of mail, is one of the main focuses of research and development activities at present. Following its launch in the UK and USA, the product was launched on the German domestic market in July. Further countries will follow later in 2015, with the corresponding adjustments to meet local requirements in each case. At the same time the FP Group is working on a higher-performance version of the PostBase family which will also include a dynamic scale.

The FP subsidiary Mentana-Claimsoft is constantly improving the existing De-Mail system and became the first De-Mail service provider to complete re-accreditation in March 2015. The FP subsidiary iab focuses on new applications of the output management system. The existing Webmail product will be developed into Webmail Plus, which allows users to work with PDF documents.

## EMPLOYEES

Our staff are a key factor in the success of the FP Group. The Company's long-term success is dependent on employees identifying with it and being committed to its objectives. Their potential is developed by granting them a high degree of autonomy.

As at 30 June 2015, the FP Group employed a total of 1,064 people worldwide, compared with 1,056 employees in the previous year. In both the German and foreign companies, the number of employees rose slightly overall. The segment breakdown of employees as at 30 June was as follows:

### SEGMENT

|                     | 30.6.2015    | 30.6.2014    |
|---------------------|--------------|--------------|
| Sales Germany       | 475          | 466          |
| Sales International | 402          | 398          |
| Production          | 156          | 166          |
| Central functions   | 31           | 26           |
| <b>Total</b>        | <b>1,064</b> | <b>1,056</b> |

## ECONOMIC CONDITIONS

The economic environment improved on the FP Group's domestic market during the second quarter. Germany's gross domestic product (GDP) expanded by 0.4% in the second quarter, following economic growth of just 0.3% in the first three months of the year. Nonetheless, the Ifo business climate index, an important indicator for the German economy, deteriorated continuously over the period from April to June.

Meanwhile, the US economy improved markedly. According to preliminary figures, the FP Group's largest foreign market posted annualised GDP growth of 2.3% during the second quarter of 2015. This contrasted with growth of only 0.6% during the first three months of the year.

The exchange rate between the euro and the US dollar is of paramount importance for exports of the FP Group to the US, and also for other markets. The euro made up ground against the US dollar during the second quarter of 2015 after having dropped sharply in value in the first three months. It stood at USD 1.08 at the beginning of April, rising to just under USD 1.12 by the end of the quarter.

## INCOME SITUATION

Following the strong start to the financial year, business remained gratifyingly buoyant for the FP Group during the second quarter too. This holds particularly true in the UK following the launch of the PostBase Mini and successes were achieved in both Italy and the US in terms of franking machine sales and leasing. The significance of the leasing business continues to grow unabated. Although this requires significant investment in the short term, in the medium and long term it will provide a solid base (US) and lead to expansion (Italy, UK, France) of the installed base and recurring revenue. Rate changes in Austria and Belgium also gave the company a boost during the first half of 2015. The weaker euro, particularly against the US dollar, had a positive impact on international business as well. In Germany, the FP Group increased its revenue from the Software and Mail Services product segments.

## FINANCIAL PERFORMANCE INDICATORS

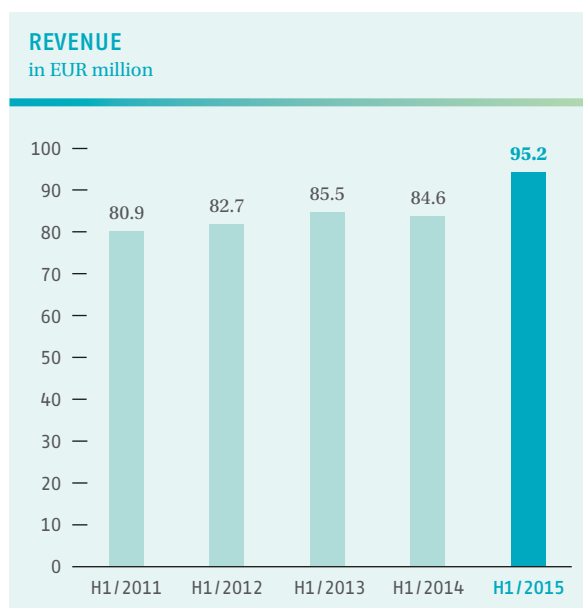
The FP Group's financial performance indicators are revenue, EBITDA, EBIT, free cash flow and net debt. These are the value-driving parameters of the conflicting priorities that the Company faces: profitability, growth and liquidity.

### Revenue

In the second quarter of 2015, revenue rose to EUR 45.7 million, compared with EUR 40.2 million for the same period in 2014. With regard to the first six months, revenue increased to EUR 95.2 million compared with EUR 84.6 million in the previous year. The positive exchange rate effect attributable to the weaker euro amounted to EUR 5.1 million during this period.

In Germany, revenue in the second quarter increased to EUR 24.3 million compared with EUR 22.2 million during the previous year thanks to progress in the Mail Services segment. The US remained the biggest foreign market during the second quarter, with revenue also increasing to EUR 10.6 million, up from EUR 8.0 million for the same period of the previous year due to exchange rate effects.

In the UK, the FP Group benefited from the country-wide "Mailmark" incentive programme which offers a postage discount of 34% on franked letters.



Successes in the UK, Italy and the USA caused revenue from product sales to rise to EUR 17.2 million during the first half of 2015 compared with EUR 15.2 million in the same period of the previous year. Recurring revenue from the Mail Services and Software business and from service contracts, leasing / rental, Teleporto and the sale of consumables for approximately 231,000 franking machines worldwide increased to EUR 78.0 million during the quarter, compared with EUR 69.4 million during the same period of the previous year. The increase in revenue was particularly seen in the areas of Leasing, which was up from EUR 11.8 million to EUR 15.6 million, and Mail Services, which grew from EUR 22.1 million to EUR 26.1 million.

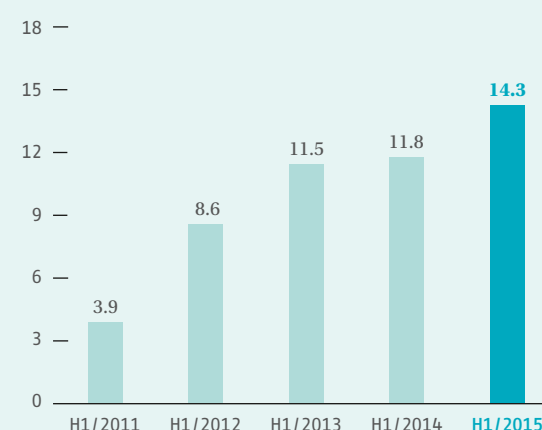
## REVENUE BREAKDOWN BY PRODUCT AND SERVICES

| in EUR million               | 1st half year 2015 | 1st half year 2014 | Quarter 2 2015 | Quarter 2 2014 |
|------------------------------|--------------------|--------------------|----------------|----------------|
| <b>Recurring revenue</b>     | <b>78.0</b>        | <b>69.4</b>        | <b>37.7</b>    | <b>32.8</b>    |
| Equipment hire               | 15.6               | 11.8               | 8.4            | 6.1            |
| Service / customer service   | 12.5               | 13.1               | 5.4            | 5.9            |
| Consumables                  | 11.7               | 10.4               | 5.5            | 4.8            |
| Teleporto                    | 5.1                | 5.3                | 2.6            | 2.6            |
| Mail services                | 26.1               | 22.1               | 12.9           | 10.3           |
| Software                     | 6.9                | 6.6                | 3.0            | 3.0            |
| <b>Product sales revenue</b> | <b>17.2</b>        | <b>15.2</b>        | <b>8.0</b>     | <b>7.3</b>     |
| Franking                     | 12.9               | 11.1               | 5.7            | 5.4            |
| Inserting                    | 3.7                | 3.3                | 1.8            | 1.5            |
| Other                        | 0.6                | 0.8                | 0.5            | 0.5            |
| <b>Total</b>                 | <b>95.2</b>        | <b>84.6</b>        | <b>45.7</b>    | <b>40.2</b>    |
| Recurring revenue            | 81.9%              | 82.1%              | 82.5%          | 81.7%          |
| Non-recurring revenue        | 18.1%              | 17.9%              | 17.5%          | 18.3%          |

## Earnings development (EBITDA, EBIT)

Operating earnings before interest, taxes, depreciation and amortisation, EBITDA, rose in the second quarter of 2015 to EUR 6.2 million, compared with EUR 5.1 million in the year before. Despite the sustained high level of depreciation, EBIT grew slightly, up from EUR 2.0 million in the same period of the previous year to EUR 2.1 million. The FP Group's EBITDA for the first six months amounted to EUR 14.3 million, compared with EUR 11.8 million during the previous year. This figure includes a currency effect of EUR 2.1 million. EBITDA of EUR 14.3 million equates to an EBITDA margin of 15.0%. EBIT for the first six months of 2015 came in at EUR 6.1 million, against EUR 5.7 million for the same period in 2014.

## EBITDA in EUR million



## Free cash flow

Free cash flow – the difference between cash inflows from operating activities (EUR 8.5 million) and cash outflows from investing activities (EUR 9.1 million) – rose to EUR –0.6 million in the first six months, after EUR –1.1 million in the previous year. The negative cash flow is due to the scheduled increase in investment. The FP Group expects to record a positive free cash flow figure for the year as a whole.

## Net debt

In the first six months of 2015, the FP Group's net debt increased to EUR 18.5 million, compared with EUR 15.8 million at the end of 2014. At 54%, the net debt ratio remained more or less unchanged.

## CHANGES IN NET DEBT

| in EUR million               | 30.6.2015   | 31.12.2014  |
|------------------------------|-------------|-------------|
| Liabilities                  | 36.4        | 31.4        |
| Funds                        | 17.9        | 15.6        |
| <b>Net liabilities</b>       | <b>18.5</b> | <b>15.8</b> |
| Equity                       | 34.0        | 30.1        |
| <b>Net debt-equity ratio</b> | <b>54%</b>  | <b>53%</b>  |

Net debt is calculated as debt minus cash and cash equivalents. Debt includes borrowing and liabilities from finance leases. Cash and cash equivalents comprises liquid assets, treasury shares and securities, and also includes the postage credit balances in the UK managed by the FP Group.

## NON-FINANCIAL PERFORMANCE INDICATORS

The FP Group uses non-financial performance indicators alongside financial performance indicators for management purposes. Quality and improvement indicators are used to measure product and service quality. A consistently high quality is crucial for the Group's long-term success. Further information on non-financial performance indicators can be found in the 2014 annual report.

## CHANGES IN MATERIAL ITEMS IN THE GROUP STATEMENT OF COMPREHENSIVE INCOME

| in EUR million   | 1st half year 2015 | 1st half year 2014 | Quarter 2 2015 | Quarter 2 2014 |
|--|--------------------|--------------------|----------------|----------------|
| <b>Revenue</b>   | <b>95.2</b>        | <b>84.6</b>        | <b>45.7</b>    | <b>40.2</b>    |
| Inventory changes  | 0.2                | 0.8                | -0.1           | -0.1           |
| Other own work capitalised                                     | 7.5                | 7.6                | 3.7            | 3.8            |
| <b>Overall performance</b>                                     | <b>102.8</b>       | <b>93.0</b>        | <b>49.2</b>    | <b>43.8</b>    |
| Other income   | 2.0                | 0.6                | 1.7            | 0.3            |
| Materials expenses   | 44.4               | 41.1               | 21.8           | 19.3           |
| Personnel expenses   | 28.4               | 27.4               | 14.3           | 13.7           |
| Depreciation, amortisation and impairment losses               | 8.2                | 6.1                | 4.2            | 3.1            |
| Other expenses   | 17.7               | 13.4               | 8.5            | 6.0            |
| <b>Operating income before special income and expenditures</b> | <b>6.1</b>         | <b>5.7</b>         | <b>2.1</b>     | <b>2.0</b>     |
| Net interest income / expense                                  | -0.6               | -1.2               | -0.3           | -0.7           |
| Other financial result   | 0.6                | 0.0                | -1.2           | 0.1            |
| Tax result   | -2.1               | -1.6               | 0.0            | -0.4           |
| <b>Result for year</b>   | <b>4.0</b>         | <b>2.9</b>         | <b>0.5</b>     | <b>1.0</b>     |
| <b>EBIT</b>  | <b>6.1</b>         | <b>5.7</b>         | <b>2.1</b>     | <b>2.0</b>     |
| <b>EBITDA</b>  | <b>14.3</b>        | <b>11.8</b>        | <b>6.2</b>     | <b>5.1</b>     |

## Revenue

In the second quarter of 2015, the FP Group generated total revenue of EUR 45.7 million after generating EUR 40.2 million for the same period in 2014. This growth is mainly attributable to higher revenue from the Mail Services segment, a growing leasing business and a positive currency effect. The FP Group's revenue during the first six months amounted to EUR 95.2 million, compared with EUR 84.6 million during the previous year.

## Other own work capitalised

At EUR 3.7 million, other own work capitalised for the second quarter of 2015 remained more or less on a par with the same period in 2014. This is due to the unchanged high number of franking systems manufactured for the leasing business in the US. The decertification process in the US will last until the end of 2015, boosting demand there for the PostBase franking system, as many customers are replacing their old franking machines. The FP Group capitalises the new lease machines and depreciates them over a useful life of 5 years. Increases in leased products included in capitalised own work amounted to EUR 5.6 million in the first six months of 2015, compared with EUR 5.5 million in the previous year.

## Other income

Other income rose to EUR 1.7 million in the second quarter of 2015, compared with EUR 0.3 million for the same period in 2014. This increase can be attributed to funding in conjunction with the relocation of the Group's head office to Berlin. Furthermore the increase can be attributed to the abandonment of the Singapore subsidiary's business operations and corresponding deconsolidation effects. With the closure of on-site operations, the FP Group's business in Singapore will be managed from Germany from now on.

## Materials expenses

In the second quarter of 2015, materials costs rose to EUR 21.8 million, compared with EUR 19.3 million for the same period in 2014. Expenditure on raw materials, consumables and supplies fell to EUR 8.7 million compared with EUR 9.3 million in the previous year. Expenditure on services purchased, on the other hand, increased to EUR 13.2 million compared with EUR 10.0 million during the previous year; these figures reflect the growing Mail Services business. All in all, the cost of materials ratio for the second quarter fell slightly, down from 48.0% in the same period of 2014 to 47.8%.

### Personnel expenses

In the second quarter of 2015, personnel costs grew slightly to EUR 14.3 million compared with EUR 13.7 million for the same period of the previous year. Increase of EUR 1,0 million is thereby attributable to currency effects. The personnel cost ratio fell from 34.1% in the same period in 2014 to 31.3%.

### Other expenses

Other expenses rose to EUR 8.5 million in the second quarter of 2015, compared with EUR 6.0 million for the same period in 2014. Other expenses also include expenditure for commission, advertising and legal and other advisory services. Other expenses are EUR 0.6 million lower in comparison to the first quarter 2015 but remaining on the same level of the second half year 2014.

### EBITDA

The FP Group posted EBITDA of EUR 6.2 million in the second quarter of 2015 (previous year: EUR 5.1 million). Over the first half of 2015, EBITDA rose to EUR 14.3 million, up from EUR 11.8 million in the first half of 2014. This figure includes a positive currency effect for the first half of 2015 of EUR 2.1 million. The EBITDA margin improved to 15.0% for the first six months (previous year: 14.0%).

### Depreciation and impairments

Depreciation and impairments continued to rise during the second quarter of 2015, reaching EUR 4.2 million compared with EUR 3.1 million during the same period of 2014. The increase in depreciation primarily resulted from the exchange (decertification) of old, fully depreciated franking machines for new machines in the US. So far the FP Group has already been able to place over 35,000 new PostBase systems not only for current customers (decertification) but also for new customers on the market, thus securing a large proportion of the installed systems being replaced.

### Net interest income / expense

In the second quarter of 2015, net interest expense stood at EUR 0.3 million compared with EUR 0.7 million in 2014. Owing to falling interest rates, interest income remained unchanged over the previous year at EUR 0.2 million. Interest expenses decreased to EUR 0.5 million, compared with EUR 0.8 million in the second quarter of 2014.

### Other financial result

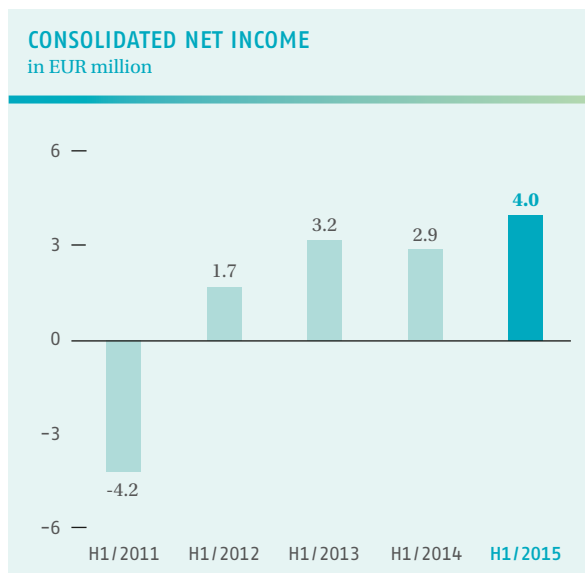
The FP Group posted a financial result of EUR -1.2 million for the period from April to June 2015, compared with a figure of EUR 0.1 million for the second quarter of 2014. This development is mainly attributable to exchange rate effects on the revaluation of balance sheet items on the reporting date of EUR -0.8 million. Such effects were still positive during the first three months of the year before the situation reversed during the second quarter with the dollar rising from a rate of 1.08 against the euro to 1.12. In the second quarter there was also a slight effect out the deconsolidation of the FP subsidiary in Singapore of EUR -0.4 million. Over the first half of 2015, the financial result improved to EUR 0.6 million compared with EUR 0.0 million in the first half of 2014.

### Tax result

The tax result consists of tax income of EUR 2.0 million and ongoing tax expenses also totalling EUR 2.0 million. The net tax result came to EUR 0.0 million, compared with EUR -0.4 million for the same quarter of 2014. Tax rate amounts to 34.1% after 35.1% in the previous year.

### Consolidated net income

The FP Group recorded consolidated net income of EUR 0.5 million for the second quarter (previous year: EUR 1.0 million), mainly as a result of the lower financial result. Earnings per share stood at EUR 0.04 compared with EUR 0.08 in the second quarter of 2014. Consolidated net income for the first half of the year was up from EUR 2.9 million to EUR 4.0 million.



### Business performance by segment

The Company is divided into four segments, namely Sales Germany, International Sales, Production, and Central Functions. This segmentation corresponds to the FP Group's internal reporting.

As the segments report in accordance with the local financial reporting framework, both the adjustments in accordance with IFRS and the Group consolidation entries are included in the reconciliation with the consolidated financial statements. The Group consolidation entries comprise the consolidation of intra-segment business. Intra-Group transactions are effected at market prices. Since the figures from the separate financial statements must be aggregated to produce total segment earnings, the segment totals include both intra-segment figures and interim profits.

Revenue amounts reported in this section correspond to the section on revenue with external third parties in the segment report.

#### Sales Germany segment

Overall, the FP Group generated revenue of EUR 24.3 million with third parties in its German domestic market in the second quarter of 2015, compared with EUR 22.2 million in the same period of the previous year. Revenue from Mail Services with consolidation specialist freesort alone increased to EUR 12.9 million, compared with EUR 10.3 million in the previous year. Segment EBITDA decreased to EUR 1.1 million compared with EUR 1.4 million in the previous year.

#### Sales International segment

In its Sales International segment, which combines all activities of foreign subsidiaries, the FP Group generated revenue of EUR 20.3 million with third parties in the second quarter of 2015 compared with EUR 17.2 million in the same period of the previous year. Positive currency effects, the two rate changes in Austria and Belgium as well as growth in the UK had a noticeably positive impact here. This resulted in a higher EBITDA in the segment for the second quarter of 2015, up to EUR 5.4 million from EUR 3.2 million in the same quarter of the previous year.

#### Production segment

All FP Group production activities in Germany are reported under the Production segment. Segment revenues from external third parties was unchanged on a year-on-year basis, at EUR 1.1 million for the second quarter of 2015. EBITDA was EUR 1.9 million compared with EUR 1.5 million during the same period of 2014.

## SUMMARY OF RESULTS PER SEGMENT

| in EUR million         | Revenue <sup>1)</sup> |         |             | EBITDA  |         |             |
|------------------------|-----------------------|---------|-------------|---------|---------|-------------|
|                        | Q2 2015               | Q2 2014 | Change in % | Q2 2015 | Q2 2014 | Change in % |
| Sales Germany          | 24.3                  | 22.2    | 9.4         | 1.1     | 1.4     | -21.6       |
| Sales International    | 20.3                  | 17.2    | 18.1        | 5.4     | 3.2     | 71.0        |
| Production             | 1.1                   | 1.1     | 3.7         | 1.9     | 1.5     | 14.0        |
| FP Group <sup>2)</sup> | 45.7                  | 40.2    | 13.7        | 6.2     | 5.1     | 21.0        |

## SUMMARY OF RESULTS PER SEGMENT

| in EUR million         | Revenue <sup>1)</sup> |               |             | EBITDA        |               |             |
|------------------------|-----------------------|---------------|-------------|---------------|---------------|-------------|
|                        | 1st half 2015         | 1st half 2014 | Change in % | 1st half 2015 | 1st half 2014 | Change in % |
| Sales Germany          | 50.4                  | 47.0          | 7.2         | 3.3           | 3.1           | 3.8         |
| Sales International    | 42.6                  | 36.0          | 18.5        | 11.0          | 7.7           | 43.3        |
| Production             | 2.0                   | 2.2           | -9.7        | 4.0           | 3.2           | 19.0        |
| FP Group <sup>2)</sup> | 95.2                  | 84.6          | 12.5        | 14.3          | 11.8          | 21.0        |

1) Sales to third parties

2) The Central Functions segment is also shown in the segment reporting. The segment generates no revenue with external third parties. Revenue is generated from services to subsidiaries. Further information on this segment and on the Group reconciliation can be found in the notes to the consolidated financial statements.

## FINANCIAL POSITION

### PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The main aim of financial management is to avoid financial risks and ensure the financial flexibility of the FP Group. The Company achieves this by employing a variety of financial instruments. Various factors are taken into account when selecting the instrument, such as flexibility, loan terms, the existing maturity profile and finance costs. The long-term liquidity forecast is based on operational planning. A significant part of liquidity in the FP Group comes from segment operating activities and the resultant cash flow. The Company also uses

finance leases and loans from financial institutions. The net debt ratio is an important management parameter for the FP Group's capital structure. The net debt ratio represents net debt over equity and is constantly monitored. On 30 June 2015 the ratio was 54%, compared with 53% as at 31 December 2014.

### LIQUIDITY ANALYSIS

The cash outflow from operating activities amounted to EUR 8.5 million in the first six months of 2015 compared with EUR 7.5 million in the same period of the previous year. This is largely attributable to the considerable improvement in consolidated net income. The increase in inventories and trade receivables had a contrary effect.



Cash outflow from investing activities rose to EUR 9.1 million, compared with EUR 8.6 million in the previous year. For further explanations of the change, see the section "Investment analysis". Free cash flow – the balance of cash inflows from operating activities and cash outflows from investing activities – improved to EUR –0.6 million in the first six months of the financial year compared with the previous year's figure of EUR –1.1 million. The FP Group expects to record a significantly improved and positive free cash flow figure for the year as a whole.

The cash flow from financing activities during the first six months was unchanged on the first half of the previous year, at EUR 2.6 million. Cash and cash equivalents comprise liquid assets and securities minus Teleporto balances. The FP Group was able to meet its payment obligations at all times. Since summer 2014, the figure for cash and cash equivalents reflects the change in recognition of postage advances in the UK, which are now freely available to the FP Group.

#### LIQUIDITY ANALYSIS

| in EUR million  | 1.1–<br>30.6.2015 | 1.1.–<br>30.6.2014 |
|---|-------------------|--------------------|
| <b>1. Cash flow from operating activities</b>                   |                   |                    |
| Cash flow from operating activities                             | 8.5               | 7.5                |
| <b>2. Cash flow from investing activities</b>                   |                   |                    |
| Cash flow from investing activities                             | -9.1              | -8.6               |
| <b>3. Cash flow from financing activities</b>                   |                   |                    |
| Cash flow from financing activities                             | 2.6               | 2.6                |
| <b>Cash and cash equivalents</b>                                |                   |                    |
| Change in cash and cash equivalents                             | 2.0               | 1.5                |
| Change in cash and cash equivalents due to currency translation | 0.7               | 0.9                |
| Cash and cash equivalents at beginning of period                | 14.4              | 27.1               |
| Cash and cash equivalents at end of period                      | 17.1              | 29.4               |

#### FINANCING ANALYSIS

For financing purposes in the first six months of 2015, the FP Group primarily used the positive cash flow from operating activities, finance leases and existing loan agreements with financial institutions.

At the end of the second quarter of 2015, cash and cash equivalents stood at EUR 19.1 million, compared with EUR 16.5 million at 31 December 2014. Liabilities include financial liabilities to banks of EUR 32.9 million (end-2014: EUR 25.9 million) and liabilities from finance leases of EUR 4.5 million (end-2014: EUR 5.5 million). Cash and cash equivalents include liquid assets, treasury shares totalling EUR 0.8 million (end-2014: EUR 1.0 million) and securities of EUR 0.7 million (end-2014: EUR 0.7 million); this excludes postage credit balances of EUR 2.7 million (end-2014: EUR 2.6 million) which are administered by the FP Group.

#### INVESTMENT ANALYSIS

The FP Group has a focused investment strategy with a clear emphasis on investments that will facilitate the Group's ongoing development as a Digital Mailroom provider.

Investments rose as expected during the first six months to EUR 9.1 million, compared with EUR 8.6 million in the same period of the previous year. In 2015 as well, the Company is increasing investment in future growth, including investment in development, production and a large number of franking machines for the major leasing markets of the US and France.

In response, investments in leased products and leased products in finance lease relationships rose to EUR 5.6 million, up from EUR 5.5 million in the first half of 2014. Investments in property, plant and equipment (excluding leased products and leased products in finance lease relationships) rose to EUR 1.6 million during the same period, up from EUR 1.0 million in the first six months of the previous year. The capitalisation of

development costs, on the other hand, declined slightly from EUR 2.0 million in the same period of the previous year to EUR 1.8 million.

## INVESTMENT

| in EUR million   | 1.1.–<br>30.6.2015 | 1.1.–<br>30.6.2015 |
|--|--------------------|--------------------|
| Capitalised development costs  | 1.8                | 2.0                |
| Investments in other intangible assets                                   | 0.1                | 0.1                |
| Investments in property, plant and equipment (excluding leased products) | 1.6                | 1.0                |
| Investments in leased products   | 5.6                | 5.5                |
| Investments in company acquisitions                                      | 0.0                | 0.0                |
| Proceeds from the disposal of non-current assets                         | 0.0                | 0.0                |
| <b>Investments</b>   | <b>9.1</b>         | <b>8.6</b>         |

## FINANCIAL SITUATION

The expansion of the leasing business and the associated increase in both property, plant and equipment and receivables played a decisive role in the increase in total assets at 30 June 2015 to EUR 156.0 million, up from EUR 142.1 million at the end of 2014. The share of non-current assets in total assets was 56.1% compared to 58.7% at 31 December 2014. In liabilities, equity is benefiting from current consolidated net income. As a result, the equity ratio, the equity to non-current assets ratio and long-term liabilities all increased.

### NON-CURRENT AND CURRENT ASSETS

While the value of intangible assets was virtually unchanged compared to 31 December 2014, there was a clear increase in the value of tangible assets, which rose to EUR 40.9 million, compared to EUR 37.0 million at the end of 2014. This was due primarily to success in the leasing business, where the item "Leased products" rose by EUR 4.0 million from 31 December 2014 to EUR 22.9 million on 30 June 2015; the figure also reflects exchange rate effects. The value of investments in finance lease

relationships at 30 June was EUR 6.3 million. Receivables from finance leasing rose by EUR 1.8 million to EUR 4.4 million on 30 June 2015.

Within current assets, the value of the inventories as at 30 June 2015 was EUR 11.7 million, compared with EUR 10.0 million on the balance sheet date at the end of 2014. Stronger operations in the US and the Mail Services segment boosted accounts receivable to EUR 18.6 million, compared with EUR 17.3 million at the end of 2014. Other current assets increased from EUR 14.2 million to EUR 18.4 million on 30 June 2015, and cash and cash equivalents rose from EUR 16.5 million to EUR 19.1 million.

### EQUITY

Shareholders' equity grew to EUR 34.0 million as at 30 June 2015, up from EUR 30.1 million at the end of 2014. The equity ratio increased to 21.8% from 21.1% at the end of 2014. As at 30 June 2015, the Company held a total of 165,944 treasury shares, corresponding to 1.0% of the share capital. For more information about authorised and contingent capital and conversion and option rights, please see the latest annual report.

### NON-CURRENT AND CURRENT LIABILITIES

Non-current liabilities increased to EUR 49.6 million as at 30 June 2015, down from EUR 45.0 million at the end of 2014. This is due to an increase in non-current financial liabilities. The ratio of net debt to equity at 30 June 2015 was 54%, compared with 53% at end-2014.

Current liabilities increased to EUR 72.4 million as at 30 June 2015, compared with EUR 67.1 million at the end of 2014. This is mainly due to an increase in other current liabilities to EUR 51.2 million, compared with EUR 44.9 million at 31 December 2014. Material items in current liabilities include Teleporto funds from the UK and liabilities related to service contracts invoiced in advance by the Dutch subsidiary. There was a positive exchange rate effect of EUR 2.0 million on Teleporto funds. Service contracts invoiced in advance increased by EUR 3.3 million.

## LEASING

The FP Group offers both operating and finance leases. The business models are also reflected in the FP balance sheet. Non-current assets comprises machines leased under operating lease agreements to FP Group customers. In reference to this, EUR 27.5 million is contained in the "Leased products" and "Assets under finance lease relationships" items. Finance lease agreements with customers are recognised under "Receivables from finance lease"; non-current and current items came to EUR 6.2 million as at 30 June 2015.

## EVENTS AFTER THE BALANCE SHEET DATE

An adjustment regarding the annual sales tax declarations of freesort GmbH was announced on 10 July 2015. This correction and the advance sales tax return for May 2015 resulted in a cash payment of EUR 1.4 million in July 2015. The one-off effect had an impact on cash flow but did not have any impact on the company's financial performance.

Following an entry made to this effect on 27 July 2015, the registered office of Francotyp-Postalia Holding AG has been moved from Birkenwerder to Berlin. The company is recorded in the commercial register of Charlottenburg Local Court.

No other significant events occurred after the interim reporting date (30 June 2015) that could have a material effect on the net assets, financial position and results of operations of the FP Group.

## RISK AND OPPORTUNITY REPORT

The Company discussed its opportunities and risks in detail in the consolidated financial statements dated 31 December 2014. No further risks and opportunities are currently identifiable.

## FORECAST

The strong position in traditional franking machines and growth opportunities in new business areas offer good conditions for further profitable growth and the sustained strengthening of the Group's operating financial and earning power.

The FP Group confirms its forecast for the 2015 financial year. The FP Group expects an increase in revenue of between EUR 173 million and EUR 177 million as well as an increase in EBITDA of between EUR 24 million and EUR 25 million. The EBIT is expected to be down on the previous year as a consequence of the increased depreciation due to higher investment. The Group also anticipates a significantly improved and positive free cash flow and a slight fall in net debt levels. This forecast does not yet include any one-time expenses of around EUR 1 million for the realignment of customer service in Germany. The FP Group will realign its customer service in Germany in 2015. Given the decline in repairs and the growing importance of remote maintenance, the modernisation of the service should proceed as planned this year.

All the statements made here are based on the knowledge available at the end of the second quarter of 2015. The FP Group wishes to point out that the stated targets may differ from the values actually reached later.

## Interim Consolidated Financial Statements for the first half of 2015

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2015

| in thousand euro  | 1st half 2015<br>1.1.-30.6.2015 | 1st half 2014<br>1.1.-30.6.2014 | 2nd quarter 2015<br>1.4.-30.6.2015 | 2nd quarter 2014<br>1.4.-30.6.2014 |
|---|---------------------------------|---------------------------------|------------------------------------|------------------------------------|
| Revenue   | 95,187                          | 84,591                          | 45,707                             | 40,189                             |
| Changes in inventories of finished goods and work in progress                             | 162                             | 840                             | -127                               | -140                               |
|   | 95,349                          | 85,431                          | 45,580                             | 40,049                             |
| Other own work capitalised  | 7,485                           | 7,566                           | 3,660                              | 3,799                              |
| Other income  | 1,993                           | 608                             | 1,659                              | 316                                |
| Materials expenses  |                                 |                                 |                                    |                                    |
| a) Cost of raw materials, consumables and supplies  | 17,461                          | 18,325                          | 8,669                              | 9,282                              |
| b) Costs for purchased services   | 26,949                          | 22,741                          | 13,162                             | 10,019                             |
|   | 44,410                          | 41,066                          | 21,831                             | 19,301                             |
| Personnel expenses  |                                 |                                 |                                    |                                    |
| a) Wages and salaries   | 23,910                          | 23,108                          | 12,060                             | 11,586                             |
| b) Social security contributions  | 4,050                           | 3,852                           | 2,030                              | 1,931                              |
| c) Expenditure on pension schemes and other benefits                                      | 462                             | 415                             | 236                                | 200                                |
|   | 28,422                          | 27,375                          | 14,326                             | 13,717                             |
| Depreciation and impairments  | 8,172                           | 6,098                           | 4,155                              | 3,133                              |
| Other expenses  | 17,711                          | 13,362                          | 8,513                              | 5,997                              |
| Net interest income / expense   |                                 |                                 |                                    |                                    |
| a) Interest and similar income  | 270                             | 268                             | 157                                | 140                                |
| b) Interest and similar expenses  | 903                             | 1,487                           | 497                                | 801                                |
|   | -633                            | -1,219                          | -340                               | -661                               |
| Other financial result  |                                 |                                 |                                    |                                    |
| a) Other financial income   | 4,020                           | 152                             | -210                               | -7                                 |
| b) Other financial expenses   | 3,424                           | 152                             | 1,021                              | -110                               |
|   | 596                             | 0                               | -1,231                             | 103                                |
| Tax result  |                                 |                                 |                                    |                                    |
| a) Tax income   | 2,331                           | 948                             | 2,024                              | 477                                |
| b) Tax expense  | 4,407                           | 2,521                           | 2,018                              | 909                                |
|   | -2,076                          | -1,573                          | 6                                  | -432                               |
| <b>Consolidated net income</b>  | <b>3,999</b>                    | <b>2,912</b>                    | <b>509</b>                         | <b>1,026</b>                       |
| Other comprehensive income  |                                 |                                 |                                    |                                    |
| Currency translation for financial statements of foreign entities                         | 2,391                           | 111                             | 286                                | 249                                |
| of which taxes  | -17                             | -23                             | -41                                | 21                                 |
| of which reclassified in consolidated net income  | 56                              | 15                              | 93                                 | 36                                 |
| Adjustment of provisions for pensions and partial retirement as per IAS 19 (revised 2011) | 3                               | 0                               | 2,153                              | 0                                  |
| of which taxes  | 0                               | 0                               | -3                                 | 0                                  |
| of which reclassified in consolidated net income  | 0                               | 0                               | 0                                  | 0                                  |
| Other comprehensive income after taxes  | 2,394                           | 111                             | 2,439                              | 249                                |
| <b>Total comprehensive income</b>   | <b>6,393</b>                    | <b>3,023</b>                    | <b>2,948</b>                       | <b>1,275</b>                       |
| Consolidated net income for the year:   | 3,999                           | 2,912                           | 509                                | 1,026                              |
| of which attributable to the shareholders of the FP Holding                               | 3,822                           | 2,884                           | 531                                | 1,093                              |
| of which attributable to non-controlling interests  | 177                             | 28                              | -22                                | -67                                |
| Comprehensive income:   | 6,393                           | 3,023                           | 2,948                              | 1,275                              |
| of which attributable to the shareholders of FP Holding                                   | 6,216                           | 3,051                           | 2,970                              | 1,342                              |
| of which attributable to non-controlling interests  | 177                             | -28                             | -22                                | -67                                |
| Earnings per share (undiluted / diluted, in EUR):   | 0.24                            | 0.18                            | 0.04                               | 0.08                               |

## CONSOLIDATED BALANCE SHEET OF 30 JUNE 2015

| ASSETS   | 30.6.2015      | 31.12.2014     |
|--|----------------|----------------|
| in thousand euro                                       |                |                |
| <b>NON-CURRENT ASSETS</b>                              |                |                |
| <b>Intangible assets</b>                               |                |                |
| Intangible assets including customer lists             | 14,277         | 16,199         |
| Goodwill   | 9,147          | 9,147          |
| Development projects and payments in progress          | 9,055          | 7,557          |
|  | <b>32,479</b>  | <b>32,903</b>  |
| <b>Tangible assets</b>                                 |                |                |
| Land, rights equivalent to real property and buildings | 3,170          | 3,145          |
| Technical equipment and machinery                      | 3,566          | 3,852          |
| Other equipment, operating and office equipment        | 3,976          | 4,288          |
| Leased products  | 22,900         | 18,862         |
| Investments in finance lease relationships             | 6,284          | 6,387          |
| Advance payments and assets under construction         | 1,032          | 508            |
|  | <b>40,928</b>  | <b>37,042</b>  |
| <b>Other assets</b>                                    |                |                |
| Associated companies                                   | 36             | 36             |
| Other equity investments                               | 163            | 163            |
| Receivables from finance leases                        | 4,410          | 2,612          |
| Other non-current assets                               | 234            | 223            |
|  | <b>4,843</b>   | <b>3,034</b>   |
| <b>Tax assets</b>                                      |                |                |
| Deferred tax assets                                    | 2,538          | 3,724          |
| Current tax assets                                     | 6,689          | 6,689          |
|  | <b>9,227</b>   | <b>10,413</b>  |
|  | <b>87,477</b>  | <b>83,392</b>  |
| <b>CURRENT ASSETS</b>                                  |                |                |
| <b>Inventories</b>                                     |                |                |
| Raw materials, consumables and supplies                | 5,204          | 4,324          |
| Work in progress                                       | 955            | 875            |
| Finished products and merchandise                      | 5,521          | 4,835          |
|  | <b>11,680</b>  | <b>10,034</b>  |
| <b>Trade accounts receivable</b>                       | <b>18,583</b>  | <b>17,318</b>  |
| <b>Other assets</b>                                    |                |                |
| Receivables from finance leases                        | 1,766          | 1,231          |
| Income tax reimbursement rights                        | 1,614          | 1,429          |
| Derivative financial instruments                       | 1,921          | 292            |
| Other current assets                                   | 13,137         | 11,238         |
|  | <b>18,438</b>  | <b>14,190</b>  |
| <b>Securities</b>                                      | <b>680</b>     | <b>680</b>     |
| <b>Liquid assets</b>                                   | <b>19,133</b>  | <b>16,519</b>  |
|  | <b>68,514</b>  | <b>58,741</b>  |
|  | <b>155,991</b> | <b>142,133</b> |

**LIABILITIES**

| in thousand euro   | 30.6.2015      | 31.12.2014     |
|--|----------------|----------------|
| <b>EQUITY</b>  |                |                |
| <b>Attributable to shareholders of the parent company equity</b> |                |                |
| Subscribed capital   | 16,160         | 16,160         |
| Capital reserves   | 34,942         | 35,032         |
| Stock option reserve   | 992            | 977            |
| Treasury shares  | -819           | -1,002         |
| Loss carried forward   | -22,414        | -24,949        |
| Consolidated net income after minority interests                 | 3,822          | 5,094          |
| Other comprehensive income                                       | -232           | -2,626         |
|  | <b>32,451</b>  | <b>28,686</b>  |
| <b>Non-controlling interests</b>                                 | <b>1,542</b>   | <b>1,365</b>   |
|  | <b>33,993</b>  | <b>30,051</b>  |
| <b>NON-CURRENT LIABILITIES</b>                                   |                |                |
| Provisions for pensions and similar obligations                  | 17,282         | 17,354         |
| Other provisions   | 839            | 909            |
| Financial liabilities  | 31,197         | 25,915         |
| Other liabilities  | 157            | 157            |
| Deferred tax liabilities   | 135            | 659            |
|  | <b>49,610</b>  | <b>44,994</b>  |
| <b>CURRENT LIABILITIES</b>                                       |                |                |
| Tax liabilities  | 3,013          | 2,564          |
| Provisions   | 3,432          | 4,624          |
| Financial liabilities  | 5,244          | 5,503          |
| Trade payables   | 9,524          | 9,466          |
| Other liabilities  | 51,175         | 44,931         |
|  | <b>72,388</b>  | <b>67,088</b>  |
|  | <b>155,991</b> | <b>142,133</b> |

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2015

| in thousand euro   | 1.1.-30.6.2015 | 1.1.-30.6.2014 |
|--|----------------|----------------|
| <b>Cash flow from operating activities</b>   |                |                |
| Consolidated net income  | 3,999          | 2,884          |
| Income tax result recognised in profit or loss   | 1,925          | 1,573          |
| Net interest income recognised in profit or loss   | 633            | 1,219          |
| Depreciation and amortisation of non-current assets  | 8,172          | 6,098          |
| Decrease (-)/increase (+) in provisions and tax liabilities  | -1,593         | -795           |
| Loss (+)/gain (-) on the disposal of non-current assets  | 262            | -1,173         |
| Decrease (+)/increase (-) in inventories, trade receivables and other assets not attributable to investing or financing activities | -7,691         | -4,508         |
| Decrease (-)/increase (+) in trade payables and other liabilities* not attributable to investing or financing activities           | 6,401          | 5,523          |
| Other non-cash income  | -1,112         | -915           |
| Government assistance not yet received   | -1,092         | 0              |
| Interest received  | 270            | 268            |
| Interest paid  | -761           | -1,213         |
| Income tax paid  | -882           | -1,438         |
| <b>Cash flow from operating activities</b>   | <b>8,532</b>   | <b>7,523</b>   |
| <b>Cash flow from investing activities</b>   |                |                |
| Cash paid for capitalisation of development costs  | -1,685         | -1,930         |
| Cash paid for capitalised interest for development costs**   | -91            | -115           |
| Proceeds from the disposal of non-current assets   | 0              | 26             |
| Cash paid for investments in intangible assets   | -132           | -142           |
| Cash paid for investments in property, plant and equipment   | -7,210         | -6,463         |
| Cash paid for financial investments  | 0              | 0              |
| <b>Cash flow from investing activities</b>   | <b>-9,118</b>  | <b>-8,624</b>  |
| <b>Cash flow from financing activities</b>   |                |                |
| Cash paid for profit distributions to shareholders   | -2,559         | -1,263         |
| Cash paid to repay bank loans  | -1,491         | -1,588         |
| Cash paid to repay liabilities from finance leases   | -1,208         | -998           |
| Cash inflows from taking up liabilities from finance leases  | 252            | 723            |
| Cash inflows from disposal of treasury shares  | 93             | 0              |
| Cash inflows from taking out bank loans  | 7,471          | 5,716          |
| <b>Cash flow from financing activities</b>   | <b>2,557</b>   | <b>2,590</b>   |
| <b>Cash and cash equivalents*</b>  |                |                |
| Change in cash and cash equivalents  | 1,971          | 1,479          |
| Change in cash and cash equivalents due to currency translation  | 743            | 860            |
| Cash and cash equivalents at beginning of period   | 14,396         | 27,060         |
| <b>Cash and cash equivalents at end of period</b>  | <b>17,109</b>  | <b>29,399</b>  |

\* Cash and cash equivalents and other liabilities exclude the postage credit balances managed by the FP Group (EUR 2,704 thousand; EUR 2,617 in previous year). Cash and cash equivalents include current securities totalling EUR 680 thousand (previous year: EUR 680 thousand).

\*\* Change in previous year's comparative figures. For explanations see the section "Selected explanatory notes for the period from 1 January to 30 September 2014" in the audited 2014 consolidated financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2015**

| in thousand euro  | Other comprehensive income |                  |                      |                 |            |                                      |  |   |                                   |                           | Total  |
|---|----------------------------|------------------|----------------------|-----------------|------------|--------------------------------------|--|---|-----------------------------------|---------------------------|--------|
|   | Sub-scribed capital        | Capital reserves | Stock option reserve | Treasury shares | Net result | Difference from currency translation | Net investments in foreign business operations | Difference from adjustment of IAS 19 (revised 2011) <sup>1)</sup> | Equity attributable to FP Holding | Non-controlling interests |        |
| <b>Balance as at 1.1.2014<sup>1)</sup></b>  | 16,160                     | 35,312           | 781                  | -1,829          | -22,719    | -1,517                               | 294  | -1,372 <sup>1)</sup>  | 25,110                            | 764                       | 25,874 |
| <b>Consolidated net income 1.1.-30.6.2014</b>   | 0                          | 0                | 0                    | 0               | 2,884      | 0                                    | 0  | 0   | 2,884                             | 28                        | 2,912  |
| Currency translation of financial statements of foreign entities  | 0                          | 0                | 0                    | 0               | 0          | 171                                  | -60  | 0   | 111                               | 0                         | 111    |
| Adjustment of provisions for pensions and partial retirement as per IAS 19 (revised 2011) <sup>1)</sup> | 0                          | 0                | 0                    | 0               | 0          | 0                                    | 0  | 0   | 0                                 | 0                         | 0      |
| <b>Other comprehensive income 1.1.-30.6.2014</b>  | 0                          | 0                | 0                    | 0               | 0          | 171                                  | -60  | 0   | 111                               | 0                         | 111    |
| <b>Total comprehensive income 1.1.-30.6.2014</b>  | 0                          | 0                | 0                    | 0               | 2,884      | 171                                  | -60  | 0   | 2,995                             | 28                        | 3,023  |
| Capital increase  | 0                          | 0                | 0                    | 0               | 0          | 0                                    | 0  | 0   | 0                                 | 0                         | 0      |
| Capital increase from stock options   | 0                          | 0                | 134                  | 0               | 0          | 0                                    | 0  | 0   | 134                               | 0                         | 134    |
| Dividends   | 0                          | 0                | 0                    | 0               | -1,263     | 0                                    | 0  | 0   | -1,263                            | 0                         | -1,263 |
| Other changes   | 0                          | 0                | 0                    | 0               | 0          | 0                                    | 0  | 0   | 0                                 | 0                         | 0      |
| <b>Balance as at 30.6.2014<sup>1)</sup></b>   | 16,160                     | 35,312           | 915                  | -1,829          | -21,098    | -1,346                               | 234  | -1,372 <sup>1)</sup>  | 26,976                            | 792                       | 27,768 |
| <b>Balance as at 1.1.2015<sup>1)</sup></b>  | 16,160                     | 35,032           | 977                  | -1,002          | -19,855    | 628                                  | 254  | -3,508  | 28,686                            | 1,365                     | 30,051 |
| <b>Consolidated net income 1.1.-30.06.2015</b>  | 0                          | 0                | 0                    | 0               | 3,822      | 0                                    | 0  | 0   | 3,822                             | 177                       | 3,999  |
| Currency translation of financial statements of foreign entities  | 0                          | 0                | 0                    | 0               | 0          | 2,353                                | 38   | 0   | 2,391                             | 0                         | 2,391  |
| Adjustment of provisions for pensions and partial retirement as per IAS 19 (revised 2011)               | 0                          | 0                | 0                    | 0               | 0          | 0                                    | 0  | 3   | 3                                 | 0                         | 3      |
| <b>Other comprehensive income 1.1.-30.06.2015</b>   | 0                          | 0                | 0                    | 0               | 0          | 2,353                                | 38   | 3   | 2,394                             | 0                         | 2,394  |
| <b>Total comprehensive income 1.1.-30.06.2015</b>   | 0                          | 0                | 0                    | 0               | 3,822      | 2,353                                | 38   | 3   | 6,216                             | 177                       | 6,393  |
| Dividends   | 0                          | 0                | 0                    | 0               | -2,559     | 0                                    | 0  | 0   | -2,559                            | 0                         | -2,559 |
| Other changes   | 0                          | 0                | 0                    | 0               | 0          | 0                                    | 0  | 0   | 0                                 | 0                         | 0      |
| Capital increase from stock options   | 0                          | -90              | 15                   | 183             | 0          | 0                                    | 0  | 0   | 108                               | 0                         | 108    |
| <b>Balance as at 30.6.2015</b>  | 16,160                     | 34,942           | 992                  | -819            | -18,592    | 2,981                                | 292  | -3,505  | 32,451                            | 1,542                     | 33,993 |

1) For more information about the amendments see Selected explanatory Notes 2.1 on IAS 19 – Employee Benefits.

## I. GENERAL PRINCIPLES

### 1. GENERAL DISCLOSURES

Francotyp-Postalia Holding AG, Birkenwerder ("FP Holding"), is a German stock corporation (Aktien-gesellschaft) registered in the Commercial Register of Neuruppin District Court under HRB 7649.<sup>1</sup> The company's registered office is in Birkenwerder, Germany. The business address of the Company is Prenzlauer Promenade 28, 13089 Berlin. The interim consolidated financial statements for FP Holding for the reporting period ending on 31 March 2015 include FP Holding and its subsidiaries (also referred to hereafter as the "FP Group" or "Francotyp").

The FP Group is an international company in the outbound mail processing sector with a history dating back over 90 years. The focus of the Group's activities is the traditional product business, which primarily consists of developing, manufacturing and selling franking machines, but also inserting machines and after-sales business. The FP Group offers clients in Germany sorting and consolidation services, together with hybrid mail as well as hybrid mail and fully electronic mail communication products via its subsidiaries freesort and Mentana-Claimsoft and majority shareholdings in iab.

The Management Board of Francotyp-Postalia Holding AG drew up the 2014 consolidated financial statements and Group management report at 26 March 2015 and submitted them to the Supervisory Board. The Supervisory Board examined the consolidated financial statements and Group management report and adopted them on 13 April 2015. The 2014 consolidated financial statements and Group management report of Francotyp-Postalia Holding AG were published on 30 April 2015.

These interim financial statements are condensed interim consolidated financial statements in accordance with IAS 34, and do not contain all the information required for annual financial statements prepared in accordance with IAS 1. The interim financial statements were approved for publication by the Management Board of FP Holding on 27 August 2015.

### 2. ACCOUNTING PRINCIPLES

#### 2.1 Principles for the preparation of the financial statements

The interim consolidated financial statements – comprising the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes – of FP Holding for the period from 1 January to 30 June 2015 have been submitted to the electronic Federal Gazette and published. These are condensed interim consolidated financial statements in accordance with IAS 34 (interim financial reporting) for the interim period from 1 January to 30 June 2015. The accounting methods used to prepare these interim financial statements are essentially the same as those used to prepare the 2014 consolidated financial statements. The interim financial statements should be read in conjunction with the audited 2014 financial statements.

The interim consolidated financial statements have been prepared in euro. For greater clarity and to facilitate comparison, all amounts are presented in thousands of euro (thousand euro) unless otherwise stated. The rounding of figures may result in minor arithmetical differences.

In accordance with IAS 1, the consolidated balance sheet follows the principle of current/non-current presentation. The balance sheet therefore presents non-current and current assets and liabilities separately. Assets and liabilities are classified as current if their remaining term to maturity or useful life is

<sup>1</sup>) See also Point III in this regard. 4. Significant events after the reporting date.

less than one year, or they are turned over in less than one year in the course of normal operations. Assets and liabilities are classified as non-current if they remain in the company for more than one year.

The consolidated statement of comprehensive income is drawn up using the nature of expense method.

## 2.2 Adjustments to accounting methods and new standards and interpretations

The accounting methods used are essentially unchanged from those applied on the 31 December 2014 balance sheet date.

The interim consolidated financial statements and the interim Group management report have not been audited or reviewed in accordance with section 317 of the German Commercial Code (HGB).

## 2.3 Company group

Francotyp-Postalia Holding AG acts as the ultimate parent company for the group under which the FP Group companies are consolidated. All companies for which the Group exercises control over the financial and business policies (subsidiaries) are included in the consolidated financial statements of FP Holding. Subsidiaries are included in the consolidated financial statements from the time from which FP Holding acquires the option to control. The companies in question will separate from the consolidated group when the scope for control ceases.

Compared with the consolidated financial statements as at 31 December 2014, there were one change to the consolidated group in the reporting period. Die Francotyp-Postalia Asia Pte. Ltd., Singapore was deconsolidated by 30 June 2015. All business activities were disposed due to 30 August 2015. The company will be wound up.

## 2.4 Currency translation

Currencies have been translated at the following rates:

|                        | Closing rate |            |           | Average rate |         |
|------------------------|--------------|------------|-----------|--------------|---------|
|                        | 30.6.2015    | 31.12.2014 | 30.6.2014 | H1 2015      | H1 2014 |
| 1 Euro =               |              |            |           |              |         |
| US dollar (USD)        | 1.1180       | 1.2155     | 1.3650    | 1.1160       | 1.3705  |
| Pound sterling (GBP)   | 0.7114       | 0.7788     | 0.8013    | 0.7326       | 0.8214  |
| Canadian dollar (CAD)  | 1.3842       | 1.4075     | 1.4582    | 1.3777       | 1.5032  |
| Singapore dollar (SGD) | 1.5044       | 1.6059     | 1.7040    | 1.5065       | 1.7282  |
| Swedish krona (SEK)    | 9.2157       | 9.3982     | 9.1773    | 9.3400       | 8.9538  |

## 2.5 Management estimates and discretions

Preparing the interim consolidated financial statements requires a certain number of assumptions and estimates to be made which affect the amount and the recognition of assets and liabilities in the balance sheet and income and expenses for the reporting period. The assumptions and estimates are based on premises which rely on current knowledge. The expected future business performance in particular is based on the conditions when the interim consolidated financial statements are prepared and on realistic projected global and sectoral developments. The actual amounts may vary from the estimates that were originally expected; this is due to changes in the underlying conditions that diverge from these assumptions and are outside the management's control. If actual performance deviates from the expected performance, the premises and, if necessary the carrying amounts of the assets and liabilities concerned, will be adjusted accordingly.

## II. DEVELOPMENTS IN THE REPORTING PERIOD

The activities of the FP Group are generally not affected by seasonal influences.

Please see the comments in the Group management report for information on how significant economic developments have affected the activities of the FP Group in the reporting period.

Sven Meise joined the Management Board of Francotyp-Postalia Holding AG with effect from 1 February 2015. Mr Meise is responsible for the business units freesort GmbH, iab GmbH and Mentana-Claimsoft GmbH. His responsibilities include expanding the solution and outsourcing business and establishing and expanding the De-Mail business.

The AGM on 11 June 2015 resolved on the distribution of a dividend of 0.16 euro per share for the financial year 2014. The total amount distributed for the dividend-bearing shares was 2.6 million euro and was paid out in the second quarter of 2015. The remaining profit was carried forward. The FP Group paid a dividend of 1.3 million euro in the previous year.

Settlement negotiations were held on numerous occasions with regard to the lawsuit against former Management Board member Dr Heinz-Dieter Sluma. There are signs that a settlement can be reached. Should the negotiations not prove successful, our legal advisers see no reason to amend the current risk assessment.

The PostBase Mini was approved for use in the USA during the reporting period. Sales of the machine were launched on this key market for FP in May 2015. Subsequently, in June 2015, the PostBase Mini was also approved in the Netherlands and Italy.

### OTHER DEVELOPMENTS

Please see the comments in the Group management report for information about other developments concerning the FP Group.

## III. EXPLANATORY NOTES

### 1. NOTES ON THE CASH FLOW STATEMENT

The cash flow statement of the FP Group shows cash inflows and outflows from ongoing operating, investing and financing activities.

Cash and cash equivalents are calculated as follows:

| in thousand euro   | 30.6.2015     | 30.06.2014    |
|--|---------------|---------------|
| Liquid assets  | 19,133        | 31,336        |
| Plus securities  | 680           | 680           |
| Current liabilities in respect of postage credit balances held | -2,704        | -2,617        |
| <b>Cash and cash equivalents</b>                               | <b>17,109</b> | <b>29,399</b> |

Postage credit balances are deducted from cash and cash equivalents because the funds in question can be drawn down by clients at any time. The corresponding offsetting item is included in other current liabilities.

## 2. EMPLOYEES

Breakdown of the employees of the FP Group by region and function:

### REGIONAL DISTRIBUTION

|              | 30.6.2015    | 30.6.2014    |
|--------------|--------------|--------------|
| Germany      | 662          | 658          |
| USA          | 116          | 124          |
| UK           | 101          | 93           |
| Netherlands  | 51           | 54           |
| Canada       | 40           | 37           |
| Italy        | 22           | 21           |
| Austria      | 17           | 18           |
| Sweden       | 20           | 18           |
| France       | 18           | 8            |
| Singapore    | 9            | 10           |
| Belgium      | 8            | 15           |
| <b>Total</b> | <b>1,064</b> | <b>1,056</b> |

### FUNCTIONAL DISTRIBUTION

|                     | 30.6.2015    | 30.6.2014    |
|---------------------|--------------|--------------|
| Production          | 156          | 166          |
| Sales Germany       | 475          | 466          |
| Sales International | 402          | 398          |
| Central functions   | 31           | 26           |
| <b>Total</b>        | <b>1,064</b> | <b>1,056</b> |

## 3. CONTINGENT LIABILITIES AND ASSETS

As a participant in a competitive market it is not surprising that the FP Group is involved in a series of legal disputes. This affects Francotyp-Postalia Vertrieb und Service GmbH in particular; it is involved in several competition disputes with competitors, in court and out of court, both as claimant and respondent. The substance of these disputes is customer advertising methods and market operations. These proceedings are focused on refraining from anti-competitive practices and have no significant commercial relevance. If a case is lost, there are other promotional activities to fall back on. Francotyp Postalia GmbH is also involved in several disputes with competitors concerning infringements of trademark and patent rights. These cases are not currently believed to pose any great risk to the company.

A court action is pending at the U.S. District Court for Eastern District of Missouri against our subsidiary in the USA (Case No. 4:14-cv-01161-HEA). In the putative class action it is claimed that Francotyp-Postalia Inc. violated the Telephone Consumer Protection Act of 1991 by unsolicited advertising. It has not yet been clarified whether the approach in question is recognised in the statutory provisions. The outcome of the action against Francotyp-Postalia Inc. is uncertain and could result in potential damages estimated at up to 1 million euro. FP does not currently expect any obligation to be incurred or that any outflow of resources is likely. No provisions have been set aside for this situation.

#### 4. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 10 July 2015 an adjustment pursuant to section 153 of the German Fiscal Code (AO) (Adjustment of declarations) was issued for freesort GmbH regarding the annual sales tax declarations for the years 2010 to 2013 and amended advance sales tax returns prepared monthly for 2014 and the period from January to April 2015. One of the reasons for this adjustment related to the input tax deduction in Deutsche Post AG's monthly invoices to freesort GmbH. This had been incorrectly recorded in the month in which the service was performed and not – as required by section 15 of the Sales Tax Act (UStG) – once the invoice had been submitted, e. g. during the following month. This correction and the advance sales tax return for May 2015 resulted in a cash payment of 1,338,024.23 thousand euro in July 2015.

Following an entry made to this effect on 27 July 2015, the registered office of Francotyp-Postalia Holding AG has been moved from Birkenwerder to Berlin. The company is recorded in the commercial register of Charlottenburg Local Court under HRB 169096 B.

No other significant events occurred after the balance sheet date of 30 June 2014 other than those shown in the financial statements for the interim period.

#### IV. SEGMENT INFORMATION

Segment reporting is based on the financial statements in accordance with the local financial reporting framework (level I financial statements). The figures in the individual level I financial statements are added up to form segment amounts and also include intersegment figures and intragroup profits. Consolidation and reconciliation to the interim consolidated financial statements takes place using the reconciliation column, which also includes the adjusting entries in accordance with IFRS.

| 1.1.–30.6.2015                    | A            | B                | C                      | D                    |                         |               |
|-----------------------------------|--------------|------------------|------------------------|----------------------|-------------------------|---------------|
| in thousand euro                  | Production   | Sales<br>Germany | Sales<br>International | Central<br>functions | Group<br>reconciliation | Total         |
| Revenue                           | 45,860       | 52,704           | 42,928                 | 958                  | -47,263                 | 95,187        |
| with third parties                | 1,963        | 50,393           | 42,645                 | 0                    | 186                     | 95,187        |
| intersegment                      | 43,897       | 2,311            | 283                    | 958                  | -47,449                 | 0             |
| <b>EBITDA</b>                     | <b>3,989</b> | <b>3,251</b>     | <b>10,978</b>          | <b>-1,362</b>        | <b>-2,572</b>           | <b>14,284</b> |
| Depreciation and impairments      | 622          | 1,348            | 7,121                  | 45                   | -964                    | 8,172         |
| Net interest income / expense     | -836         | -374             | -138                   | 668                  | 48                      | -633          |
| of which interest expense         | 1,243        | 399              | 343                    | 472                  | -1,554                  | 903           |
| of which interest income          | 407          | 25               | 205                    | 1,140                | -1,506                  | 270           |
| Other financial result            | 455          | 0                | -228                   | -43                  | 412                     | 596           |
| Tax result                        | 0            | -122             | -720                   | -1,319               | 84                      | -2,076        |
| Net income                        | 2,986        | 1,407            | 2,771                  | -2,101               | -1,064                  | 3,999         |
| Segment assets (as at 30.6.)      | 128,195      | 37,420           | 106,161                | 99,510               | -215,296                | 155,991       |
| Investment                        | 553          | 819              | 9,940                  | 116                  | -2,360                  | 9,068         |
| Segment liabilities (as at 30.6.) | 123,670      | 29,466           | 82,604                 | 36,785               | -150,525                | 121,998       |

| 1.1.–30.6.2014                    | A                        | B             | C                   | D                               |                      |               |
|-----------------------------------|--------------------------|---------------|---------------------|---------------------------------|----------------------|---------------|
| in thousand euro                  | Production <sup>1)</sup> | Sales Germany | Sales International | Central functions <sup>1)</sup> | Group reconciliation | Total         |
| Revenue                           | 42,692                   | 48,933        | 36,980              | 1,278                           | -45,292              | 84,591        |
| with third parties                | 2,174                    | 47,008        | 35,977              | 0                               | -568                 | 84,591        |
| intersegment                      | 40,518                   | 1,925         | 1,003               | 1,278                           | -44,724              | 0             |
| <b>EBITDA</b>                     | <b>3,234</b>             | <b>3,131</b>  | <b>7,668</b>        | <b>-1,204</b>                   | <b>-1,027</b>        | <b>11,802</b> |
| Depreciation and impairments      | 546                      | 1,278         | 4,844               | 10                              | -580                 | 6,098         |
| Net interest income / expense     | -631                     | -347          | -266                | 105                             | -80                  | -1,219        |
| of which interest expense         | 1,133                    | 446           | 384                 | 924                             | -1,400               | 1,487         |
| of which interest income          | 502                      | 99            | 118                 | 1,029                           | -1,480               | 268           |
| Other financial result            | 10                       | 0             | -37                 | -2                              | 29                   | 0             |
| Tax result                        | -2                       | -222          | -918                | -660                            | 229                  | -1,573        |
| Net income                        | 2,065                    | 1,284         | 1,603               | -1,771                          | -269                 | 2,912         |
| Segment assets (as at 30.6.)      | 116,885                  | 43,157        | 86,855              | 116,854                         | -215,359             | 148,392       |
| Investment                        | 484                      | 287           | 8,651               | 2                               | -766                 | 8,658         |
| Segment liabilities (as at 30.6.) | 113,281                  | 33,732        | 66,257              | 52,154                          | -144,800             | 120,624       |

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH, will be re-recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 30 June 2014: Sales revenue 0 thousand euro; EBITDA -17 thousand euro; Segment assets 18,104 thousand euro and segment liabilities 11,611 thousand euro.

At the end of the year, the income of FP GmbH and its foreign sales companies is adjusted in accordance with standard fiscal rules for cross-border intragroup transfer pricing. The adjustment primarily affects the reported intersegment revenue and segment EBITDA and net income. Based on the current profit margins of the foreign sales companies, the Production segment's revenue and EBITDA for the reporting period 1 January to 30 June 2015 would increase by 1,453 thousand euro (529 thousand euro in previous year). EBITDA for the Sales International segment would have to decrease by the same amount.

| in thousand euro                       | Production <sup>1)</sup> | Sales Germany | Sales International | Central functions <sup>1)</sup> | Group reconciliation | Total |
|--|--------------------------|---------------|---------------------|---------------------------------|----------------------|-------|
| <b>1.1.–30.6.2015</b>                  |                          |               |                     |                                 |                      |       |
| Provisions for restructuring           | 0                        | 0             | 0                   | 0                               | 0                    | 0     |
| Income from the reversal of provisions | 20                       | 107           | 0                   | 44                              | -171                 | 0     |
| <b>1.1.–30.6.2014</b>                  |                          |               |                     |                                 |                      |       |
| Provisions for restructuring           | -400                     | 0             | 0                   | 0                               | 0                    | -400  |
| Income from the reversal of provisions | 12                       | 108           | 0                   | 86                              | 0                    | 206   |

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH, will be re-recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 30 June 2014: Sales revenue 0 thousand euro; EBITDA -17 thousand euro; Segment assets 18,104 thousand euro and segment liabilities 11,611 thousand euro.

## RECONCILIATION

### REVENUE

| in thousand euro                                       | 1.1.-30.6.2015 | 1.1.-30.6.2014 |
|--|----------------|----------------|
| Sales revenue of the segments A-C <sup>1)</sup>        | 141,492        | 128,605        |
| Revenue of the Central functions segment <sup>1)</sup> | 958            | 1,278          |
| Effects from the adjustment of finance leases          | 186            | -568           |
|  | <b>142,636</b> | <b>129,315</b> |
| Minus intersegment revenue                             | 47,449         | 44,724         |
| <b>Revenue as per financial statement</b>              | <b>95,187</b>  | <b>84,591</b>  |

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH, will be recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 30 June 2014: Sales revenue 0 thousand euro; EBITDA -17 thousand euro; Segment assets 18,104 thousand euro and segment liabilities 11,611 thousand euro.

### EBITDA

| in thousand euro                                      | 1.1.-30.6.2015 | 1.1.-30.6.2014 |
|---|----------------|----------------|
| EBITDA of the segments A-C <sup>1)</sup>              | 18,218         | 14,033         |
| EBITDA of the Central functions segment <sup>1)</sup> | -1,362         | -1,204         |
|   | <b>16,856</b>  | <b>12,829</b>  |
| Assessment effects from the reconciliation to IFRS    | 1,300          | 1,113          |
| Effects at the consolidation level                    | -3,872         | -2,140         |
| <b>EBITDA Group</b>                                   | <b>14,284</b>  | <b>11,802</b>  |
| Depreciation and impairments                          | -8,172         | -6,098         |
| Net interest income / expense                         | -633           | -1,219         |
| Other financial result                                | 596            | 0              |
| <b>Group earnings before taxes</b>                    | <b>6,075</b>   | <b>4,485</b>   |
| Tax result  | -2,076         | -1,573         |
| <b>Consolidated net income</b>                        | <b>3,999</b>   | <b>2,912</b>   |

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH, will be recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 30 June 2014: Sales revenue 0 thousand euro; EBITDA -17 thousand euro; Segment assets 18,104 thousand euro and segment liabilities 11,611 thousand euro.



**ASSETS**

| in thousand euro  | 30.6.2015      | 30.6.2014      |
|---|----------------|----------------|
| Assets of Segments A-C <sup>1)</sup>                              | 271,777        | 246,898        |
| Assets of the Central functions segment <sup>1)</sup>             | 99,510         | 116,854        |
|   | <b>371,287</b> | <b>363,752</b> |
| Capitalisation of development costs under IFRS                    | 19,074         | 18,215         |
| Effects from the reassessment of goodwill                         | 8,140          | 7,335          |
| Effects of amortisation of customer lists                         | -131           | -136           |
| Effects from depreciation of software developed in-house          | -30            | -30            |
| Remaining reconciliations to IFRS                                 | 9,683          | 3,539          |
|   | <b>408,023</b> | <b>392,675</b> |
| Effects at the consolidation level (including debt consolidation) | -252,032       | -244,281       |
| <b>Assets as per financial statement</b>                          | <b>155,991</b> | <b>148,392</b> |

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH, will be recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 30 June 2014: Sales revenue 0 thousand euro; EBITDA -17 thousand euro; Segment assets 18,104 thousand euro and segment liabilities 11,611 thousand euro.

**ASSETS BY REGION**

| in thousand euro  | 30.6.2015      | 30.6.2014      |
|---|----------------|----------------|
| Germany   | 265,126        | 276,897        |
| USA and Canada  | 54,147         | 42,147         |
| Europe (without Germany)  | 52,014         | 43,868         |
| Remaining regions   | 0              | 840            |
|   | <b>371,287</b> | <b>363,751</b> |
| Effects of revaluation under IFRS                                 | 36,897         | 29,089         |
| Effects of amortisation of customer lists                         | -131           | -136           |
| Effects from depreciation of software developed in-house          | -30            | -30            |
|   | <b>408,023</b> | <b>392,674</b> |
| Effects at the consolidation level (including debt consolidation) | -252,032       | -244,281       |
| <b>Assets as per financial statement</b>                          | <b>155,991</b> | <b>148,392</b> |

## SEGMENT INFORMATION

| 1.4.-30.6.2015                    | A                        | B                | C                      | D                                  |                         |              |
|-----------------------------------|--------------------------|------------------|------------------------|------------------------------------|-------------------------|--------------|
| in thousand euro                  | Production <sup>1)</sup> | Sales<br>Germany | Sales<br>International | Central<br>functions <sup>1)</sup> | Group<br>reconciliation | Total        |
| Revenue                           | 24,037                   | 25,463           | 20,387                 | 479                                | -24,658                 | 45,707       |
| with third parties                | 1,100                    | 24,298           | 20,343                 | 0                                  | -33                     | 45,707       |
| intersegment                      | 22,937                   | 1,165            | 44                     | 479                                | -24,625                 | 0            |
| <b>EBITDA</b>                     | <b>1,861</b>             | <b>1,097</b>     | <b>5,448</b>           | <b>-523</b>                        | <b>-1,652</b>           | <b>6,229</b> |
| Depreciation and impairments      | 310                      | 660              | 3,650                  | 24                                 | -489                    | 4,155        |
| Net interest income / expense     | -420                     | -167             | -41                    | 322                                | -35                     | -340         |
| of which interest expense         | 619                      | 178              | 160                    | 244                                | -704                    | 497          |
| of which interest income          | 199                      | 12               | 120                    | 566                                | -739                    | 157          |
| Other financial result            | -1,573                   | 0                | -212                   | -43                                | 596                     | -1,231       |
| Tax result                        | 0                        | -189             | -318                   | 283                                | 229                     | 6            |
| Net income                        | -441                     | 80               | 1,228                  | 15                                 | -373                    | 509          |
| Segment assets (as at 30.6.)      | 128,195                  | 37,420           | 106,161                | 99,510                             | -215,296                | 155,991      |
| Investment                        | 198                      | 369              | 4,770                  | 52                                 | -1,337                  | 4,052        |
| Segment liabilities (as at 30.6.) | 123,670                  | 29,466           | 82,604                 | 36,785                             | -150,525                | 121,998      |

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH, will be recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 30 June 2014: Sales revenue 0 thousand euro; EBITDA -17 thousand euro; Segment assets 18,104 thousand euro and segment liabilities 11,611 thousand euro.

## SEGMENT INFORMATION

| 1.4.-30.6.2014                    | A                        | B                | C                      | D                                  |                         |              |
|-----------------------------------|--------------------------|------------------|------------------------|------------------------------------|-------------------------|--------------|
| in thousand euro                  | Production <sup>1)</sup> | Sales<br>Germany | Sales<br>International | Central<br>functions <sup>1)</sup> | Group<br>reconciliation | Total        |
| Revenue                           | 21,246                   | 23,180           | 17,845                 | 656                                | -22,738                 | 40,189       |
| with third parties                | 1,061                    | 22,212           | 17,223                 | 0                                  | -307                    | 40,189       |
| intersegment                      | 20,185                   | 968              | 622                    | 656                                | -22,431                 | 0            |
| <b>EBITDA</b>                     | <b>1,509</b>             | <b>1,400</b>     | <b>3,194</b>           | <b>-675</b>                        | <b>-279</b>             | <b>5,149</b> |
| Depreciation and impairments      | 272                      | 631              | 2,508                  | 5                                  | -282                    | 3,133        |
| Net interest income / expense     | -517                     | -199             | -122                   | 215                                | -38                     | -661         |
| of which interest expense         | 752                      | 227              | 181                    | 520                                | -879                    | 801          |
| of which interest income          | 235                      | 28               | 59                     | 734                                | -917                    | 140          |
| Other financial result            | 107                      | 0                | -37                    | 5                                  | 29                      | 104          |
| Tax result                        | -11                      | -109             | -345                   | 110                                | -77                     | -433         |
| Net income                        | 815                      | 462              | 182                    | -351                               | -83                     | 1,026        |
| Segment assets (as at 30.6.)      | 116,885                  | 43,157           | 86,855                 | 116,854                            | -215,359                | 148,392      |
| Investment                        | 401                      | 125              | 4,739                  | 0                                  | -703                    | 4,563        |
| Segment liabilities (as at 30.6.) | 113,281                  | 33,732           | 66,257                 | 52,154                             | -144,800                | 120,624      |

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## RECONCILIATION

### REVENUE

| in thousand euro                                       | 1.4.-30.6.2015 | 1.4.-30.6.2014 |
|--|----------------|----------------|
| Sales revenue of the segments A-C <sup>1)</sup>        | 69,887         | 62,270         |
| Revenue of the Central functions segment <sup>1)</sup> | 479            | 656            |
| Effects from the adjustment of finance leases          | -34            | -307           |
|  | <b>70,332</b>  | <b>62,620</b>  |
| Minus intersegment revenue                             | 24,625         | 22,431         |
| <b>Revenue as per financial statement</b>              | <b>45,707</b>  | <b>40,189</b>  |

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH, will be recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 30 June 2014: Sales revenue 0 thousand euro; EBITDA -17 thousand euro; Segment assets 18,104 thousand euro and segment liabilities 11,611 thousand euro.

### EBITDA

| in thousand euro                                      | 1.1.-30.6.2015 | 1.1.-30.6.2014 |
|---|----------------|----------------|
| EBITDA of the segments A-C <sup>1)</sup>              | 8,406          | 6,104          |
| EBITDA of the Central functions segment <sup>1)</sup> | -523           | -675           |
|   | <b>7,883</b>   | <b>5,428</b>   |
| Assessment effects from the reconciliation to IFRS    | 632            | 802            |
| Effects at the consolidation level                    | -2,283         | -1,082         |
| <b>EBITDA Group</b>                                   | <b>6,229</b>   | <b>5,149</b>   |
| Depreciation and impairments                          | -4,155         | -3,133         |
| Net interest income / expense                         | -340           | -661           |
| Other financial result                                | -1,231         | 103            |
| <b>Group earnings before taxes</b>                    | <b>504</b>     | <b>1,458</b>   |
| Tax result  | 5              | -432           |
| <b>Consolidated net income</b>                        | <b>509</b>     | <b>1,026</b>   |

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The goodwill of 9,147 thousand euro (9,147 thousand euro in the previous year) shown in the consolidated balance sheet is exclusively assigned to the Sales Germany segment.

## Responsibility statement by legal representatives

To the best of our knowledge and in accordance with the applicable reporting principles for interim consolidated financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position, and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the Group's position, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Berlin, 27 August 2015

Management Board of Francotyp-Postalia Holding AG



Hans Szymanski  
CEO & CFO



Thomas Grethe  
CSO



Sven Meise  
CDO

# Financial calendar

|  |                       |
|--|-----------------------|
| Presentation of the Financial Results for the 3rd Quarter 2015<br>(telephone conference) | November 19 2015      |
| Company Presentation German Equity Forum Frankfurt                                       | November 23 / 24 2015 |

## Imprint

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### CONCEPT AND LAYOUT

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### TRANSLATION

CLS Communication AG, Basel  
[www.cls-communication.com](http://www.cls-communication.com)

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## STATEMENT RELATING TO THE FUTURE

This annual report contains statements that relate to the future and are based on assumptions and estimates made by the management of Francotyp-Postalia Holding AG. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. Francotyp-Postalia Holding AG makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this annual report. It is neither the intention of Francotyp-Postalia Holding AG nor does Francotyp-Postalia Holding AG accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published.

The annual report is available in English. If there are variances, the German version has priority over the English translation. It is available for download in both languages at [www.fp-francotyp.com](http://www.fp-francotyp.com).

**FRANCOTYP-POSTALIA HOLDING AG**

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