FP GROUP

FINANCIAL RESULTS – FIRST QUARTER 2018

BERLIN | 17 MAY 2018

FP MAINTAINS ITS TRANSFORMATION PATH IN Q1 2018

Q1 2018: One of the strongest quarters in FP history

REVENUE*
€ 54,9 m
-1,0%

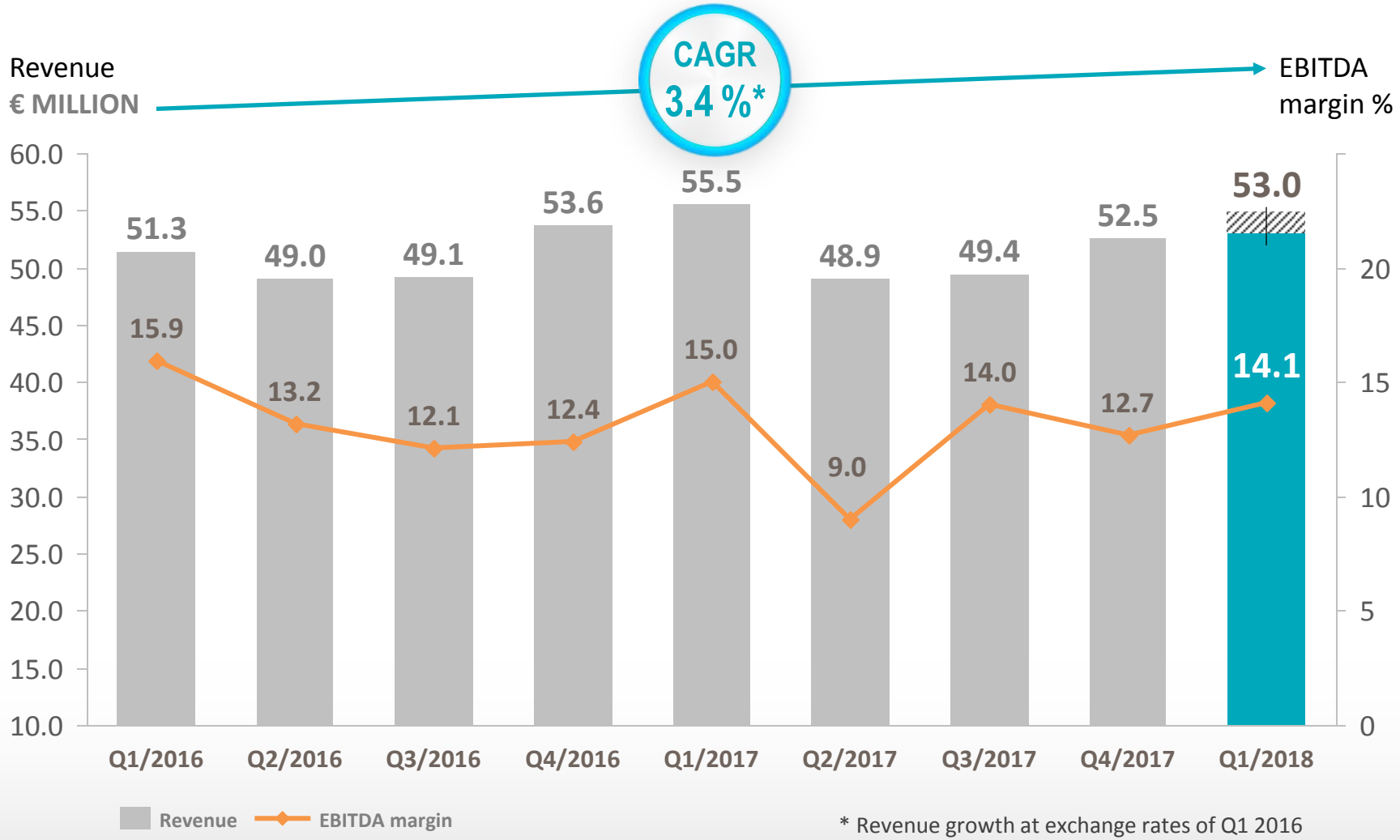
EBITDA**
€ 8.7 m
+5,3%

ADJ. FCF***
€ 3.4 m
-19.7%

- ✓ **Revenues of € 53.0 m, EBITDA of € 7.4 m (excluding currency adjustments)**
- ✓ **Free cash flow of € 2.6 m increase by 36% (Q1 2017: € 1.9 m)**
- ✓ **Stable earnings development, EPS on prior year level**

- Currency adjusted / ** Adjusted for currency effects and JUMP expenses / ***Excluding additions to finance lease assets and M&A
- **€/US$ exchange rate in Q1 2017: € 1 = US$ 1.06, in Q1 2018: € 1 = US$ 1.23**

MEDIUM TERM GROWTH TREND REMAINS INTACT



* Revenue growth at exchange rates of Q1 2016

IN Q1 2018, ALL MAJOR MILESTONES REACHED

Significant progress with ACT after only 18 months

✓ **CORE BUSINESS**

Market share gains
in most countries

✓ **NEW GENERATION POSTBASE**

Development ongoing
Launch Q1 2019

✓ **BRANDING, MARKETING**

New Vision, Claim to be presented
at AGM on 29 May 2018

✓ **JUMP**

- Decide Phase finalised
- Design Phase ongoing

✓ **FP SIGN**

- FP Sign market entry: initial SME customers, increasing demand
- EU support program STUDIES+
- Sales cooperation signed with Bundesdruckerei

✓ **INTERNET OF THINGS**

Amazon Web Services technology partner with FP Secure Gateway

✓ **INFRASTRUCTURE DISCOUNT**

First vendor in the industry to offer new Deutsche Post infrastructure discount compliant technology and services on time

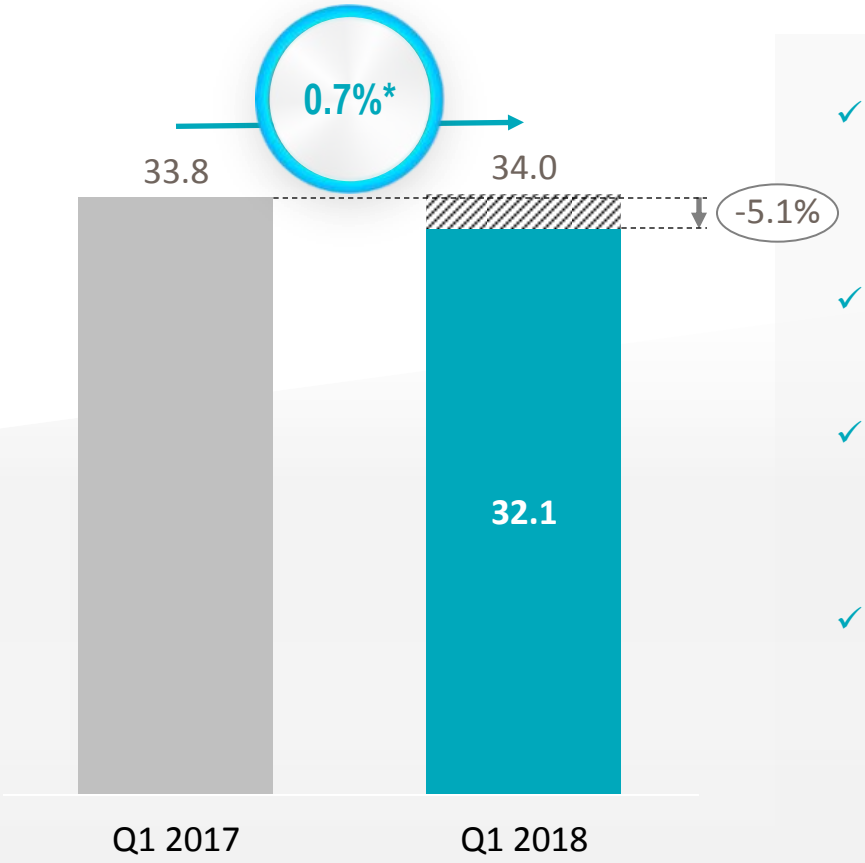
FP GROUP IS AHEAD OF PEERS

PEER GROUP COMPARISON	FP	PEER 1	PEER 2
TOTAL REVENUE GROWTH			
FY 2016	**6%**	**-3%**	**-5%**
excluding currency effects	7%	-1%	-4%
FY 2017	**2%**	**-4%**	**4%***
excluding currency effects	3%	-2%	4%*
Q1 2018	**-5%**		**18%***
excluding currency effects	-1%		15%*
REVENUE GROWTH FRANKING MACHINE BUSINESS			
FY 2016	**2%**	**-6%**	**-7%**
excluding currency effects	4%	-5%	NA
FY 2017	**1%**	-6%	-5%
excluding currency effects	3%	-4%	NA
Q1 2018	**-5%**		**-6%**
excluding currency effects	1%		-8%

* Driven by M&A.

REVENUE GROWTH* IN CORE BUSINESS

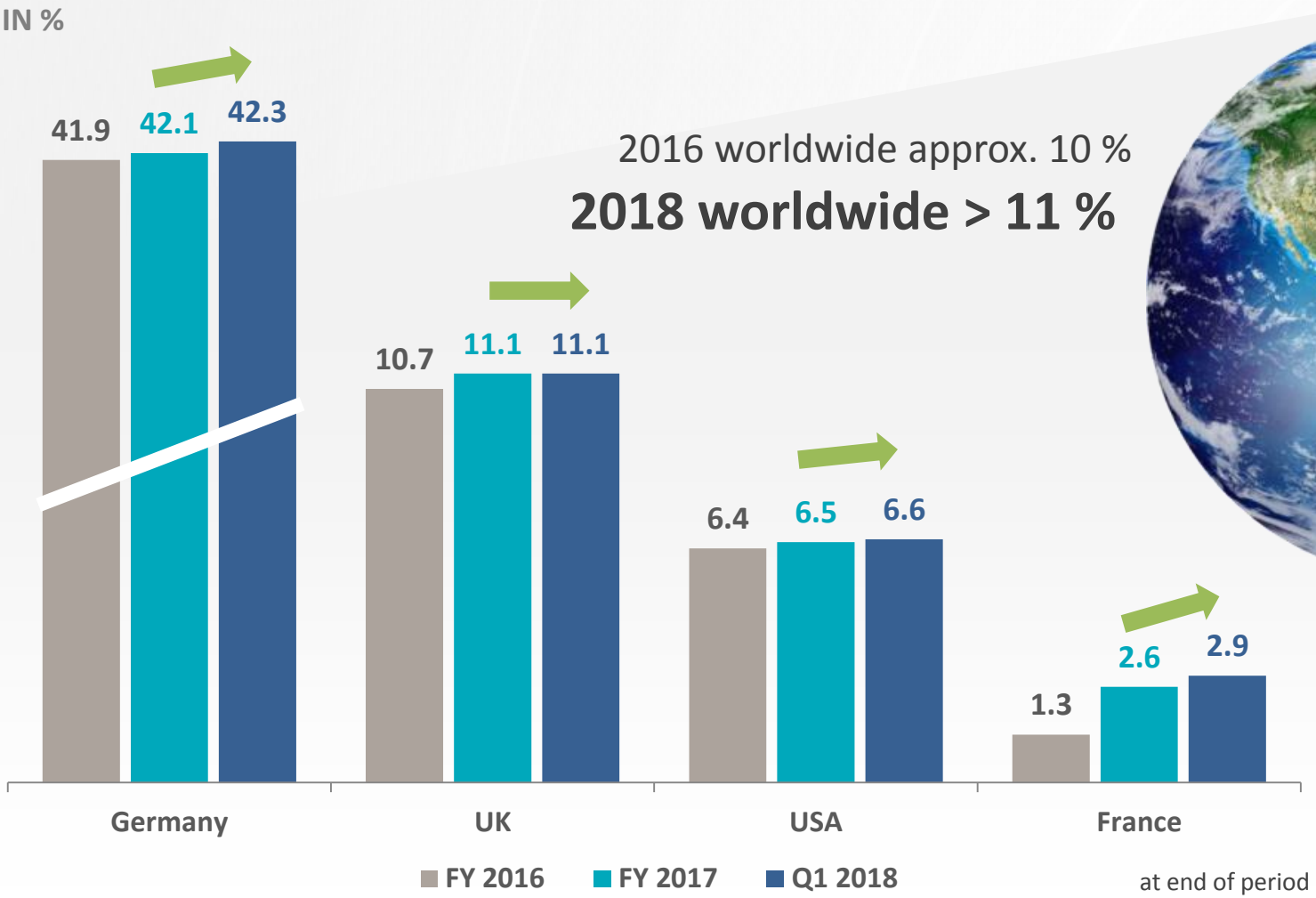
REVENUES FRANKING MACHINE BUSINESS
€ MILLION



* Currency adjusted

- ✓ **Increase of revenue by 0.7%** (decrease of 5.1% including currency effects)
- ✓ **Increase of market share to >11%**, market share gains in most markets
- ✓ **Germany** strong start into 2018, **further progress in strategic markets USA and France**
- ✓ Sluggish start in **UK** due to customer scepticism in view of Brexit scenarios. **Recovery anticipated** over the next quarters

IN Q1 2018, FP CONTINUED TO GAIN MARKET SHARE IN ALMOST ALL COUNTRIES

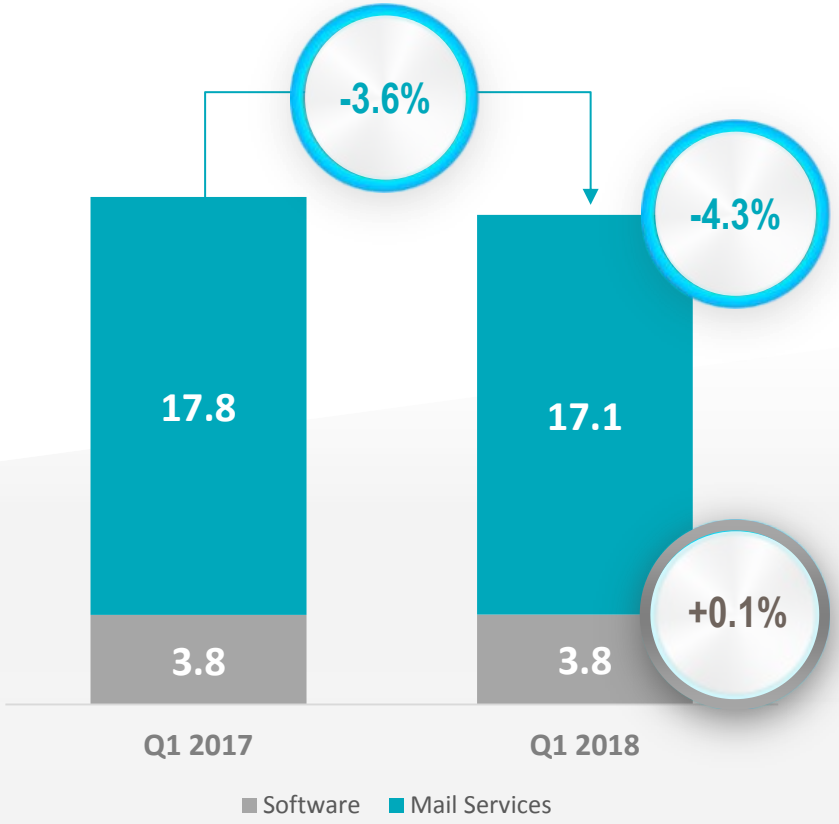


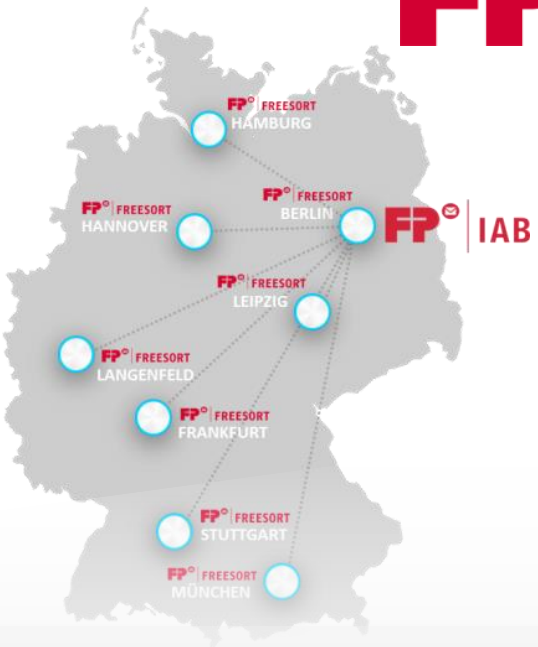
2016 worldwide approx. 10 %

2018 worldwide > 11 %

REVENUE MAIL SERVICES AND SOFTWARE

REVENUE MAIL SERVICES AND SOFTWARE
€ MILLION





- ✓ Processed mail volume in **Mail Services** stable. Revenue decline due to the largely completed reorganisation as well as to changes in the customer and product mix
- ✓ **Software business** continues to recover, reaches previous year level

ADJUSTED EBITDA ABOVE PREVIOUS YEAR'S LEVEL

€ MILLION	01.01. - 31.03.2017	01.01. - 31.03.2018
Revenue	55.5	54.9* 53.0
EBITDA	**8.3**	**8.7**** **7.4**
EBITDA Margin (%)	15.0%	15.9%** 14.1%
Amortisation/ depreciation	4.9	4.3
EBIT	3.4	3.2
Net Income	2.2	2.2
EPS (basic, EUR)	0.14	0.14

Currency and one-off effects

- ✓ Currency effects of -€2.0m on revenue, -€1.1m on EBITDA mainly due to strong Euro against US Dollar
- ✓ Non-recurring expenses of €0.2m for JUMP

Adjusted EBITDA above prior-year period

Amortisation/depreciation

- ✓ Decrease, as planned, due to lower depreciation of leased products
- ✓ Amortisation/depreciation to revenue has started to level out as expected

Net Income/EPS

- ✓ Net income and EPS on the same sound level as a year ago

* Currency adjusted / ** Adjusted for currency effects and JUMP expenses

ADJUSTED FREE CASH FLOW INFLUENCED BY ACT INVESTMENTS IN FUTURE GROWTH

€ MILLION	01.01. - 31.03.2017	01.01. - 31.03.2018
Cash flow from **operating activities**	6.2	6.6
Cash flow from **investing activities**	-4.3	-4.0
Free cash flow	1.9	2.6
Adjusted free cash flow*	**4.3**	**3.4**
Cash flow from **financing activities**	-2.3	-3.9
Cash and cash equivalents	18.3	22.6

* Excluding investments in finance lease assets and M&A.

Cash flow from operating activities

- ✓ Slight increase in spite of lower EBITDA, stable working capital

Cash flow from investing activities

- ✓ Different mix in investing activities: in Q1 2017 adjustable acquisition of customer list (€1.4m); in Q1 2018 increase in non adjustable capitalised R&D for new products (€ +1.0m)

As planned, adjusted free cash flow reflects ACT investments in future growth

Cash flow from financing activities

- ✓ Share buyback € -0.2 m
- ✓ Repayment of financial liabilities € -3.6 m

ATTACK IN CORE BUSINESS

OUTLOOK 2018

Maintain and expand leadership in selected markets –
Gain international market share

- ✓ **Continue attack on target markets** to increase market share, esp. in strategic key markets USA, France
- ✓ **Expand international reach**, new countries
- ✓ Winning **new partners and expand customer base**
- ✓ International rollout of **new web design**
- ✓ Development and introduction of **next generation PostBase**

DISCOVER FP ROLL-OUT GAINS MOMENTUM

discoverFP

Portal solution serves as the bridge between analogue and digital worlds – key to setting off on joint customer journey

COUNTRY ROLLOUT

✓ **Revenue generating additional features and apps under development**

ACCOMPANY CUSTOMERS ON THEIR JOURNEY
FROM THE ANALOGUE TO THE DIGITAL WORLD

FP-SIGN – EFFICIENT AND SAFE WORKFLOWS

FP-Sign offers corporations and authorities easy-to-use workflows for efficient transaction management and secure e-signature processes – saving them time and money.

- ✓ Increasing number of small orders from SME customers – larger accounts being addressed
- ✓ Sales partnerships (e.g. with Bundes-druckerei) enhance revenue potential without additional sales force ramp-up
- ✓ Advantage as compared to US competitors: significant part of customers prefer EU/German vendor

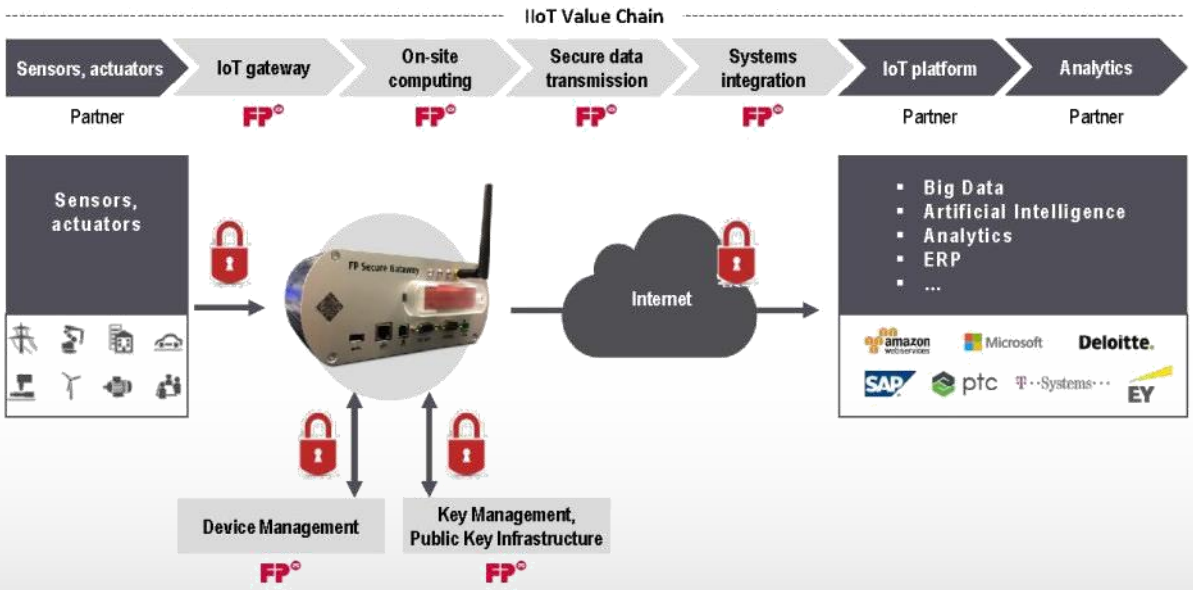
TRANSFORM FP INTO AN ENLARGED BUSINESS
NEW DIGITAL BUSINESS BASED ON OUR DNA

SECURE GATEWAY TO THE INTERNET OF THINGS

FP possesses a unique DNA in the areas of actuating elements, sensor systems, cryptography and connectivity.

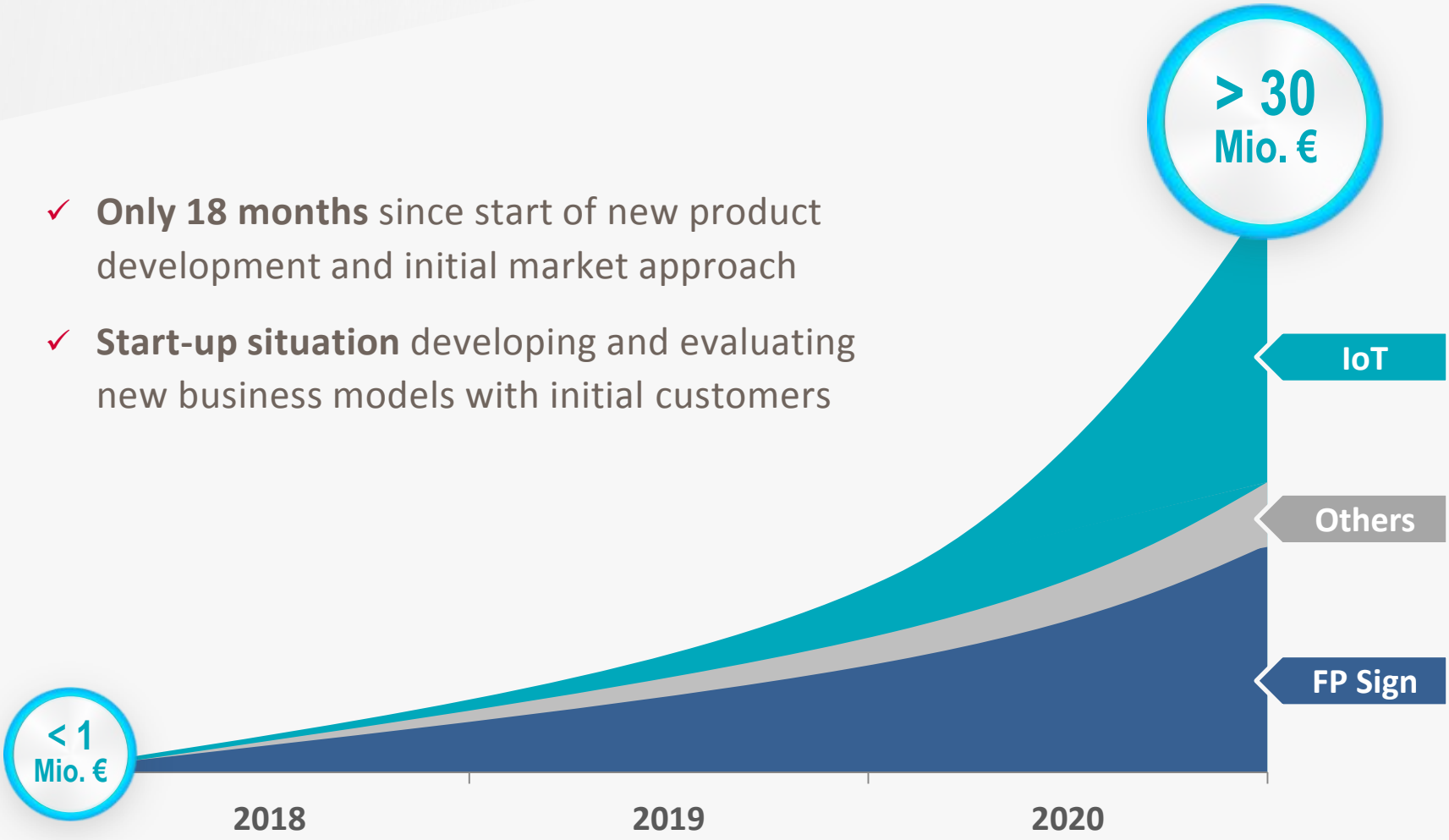
AMAZON WEB SERVICES PARTNERSHIP OPENS FASCINATING OPPORTUNITIES

- ✓ Numerous new opportunities from Hanover Industry Trade Show

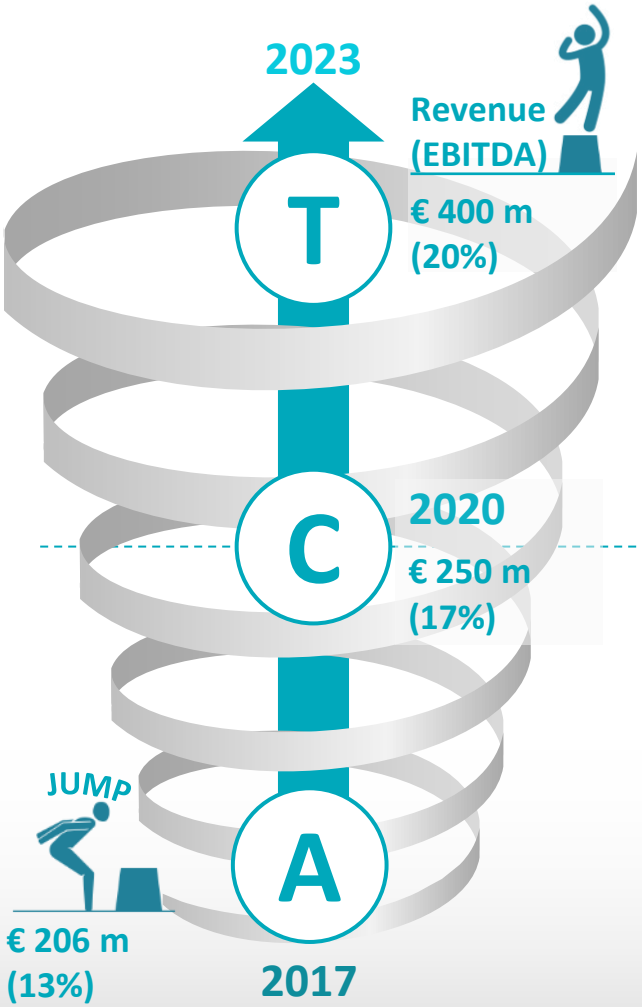


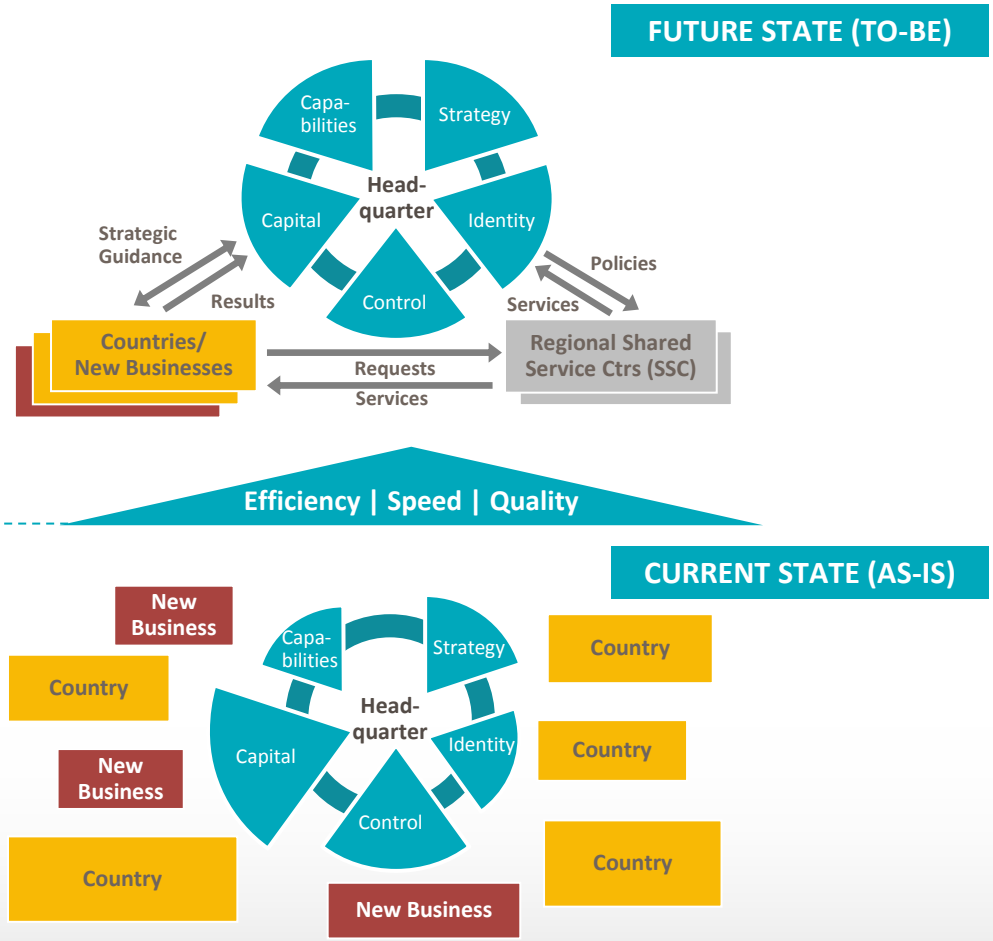
NEW DIGITAL BUSINESS MODELS GENERATE SIGNIFICANT REVENUE UPSIDE POTENTIAL FOR FP

- ✓ **Only 18 months** since start of new product development and initial market approach
- ✓ **Start-up situation** developing and evaluating new business models with initial customers

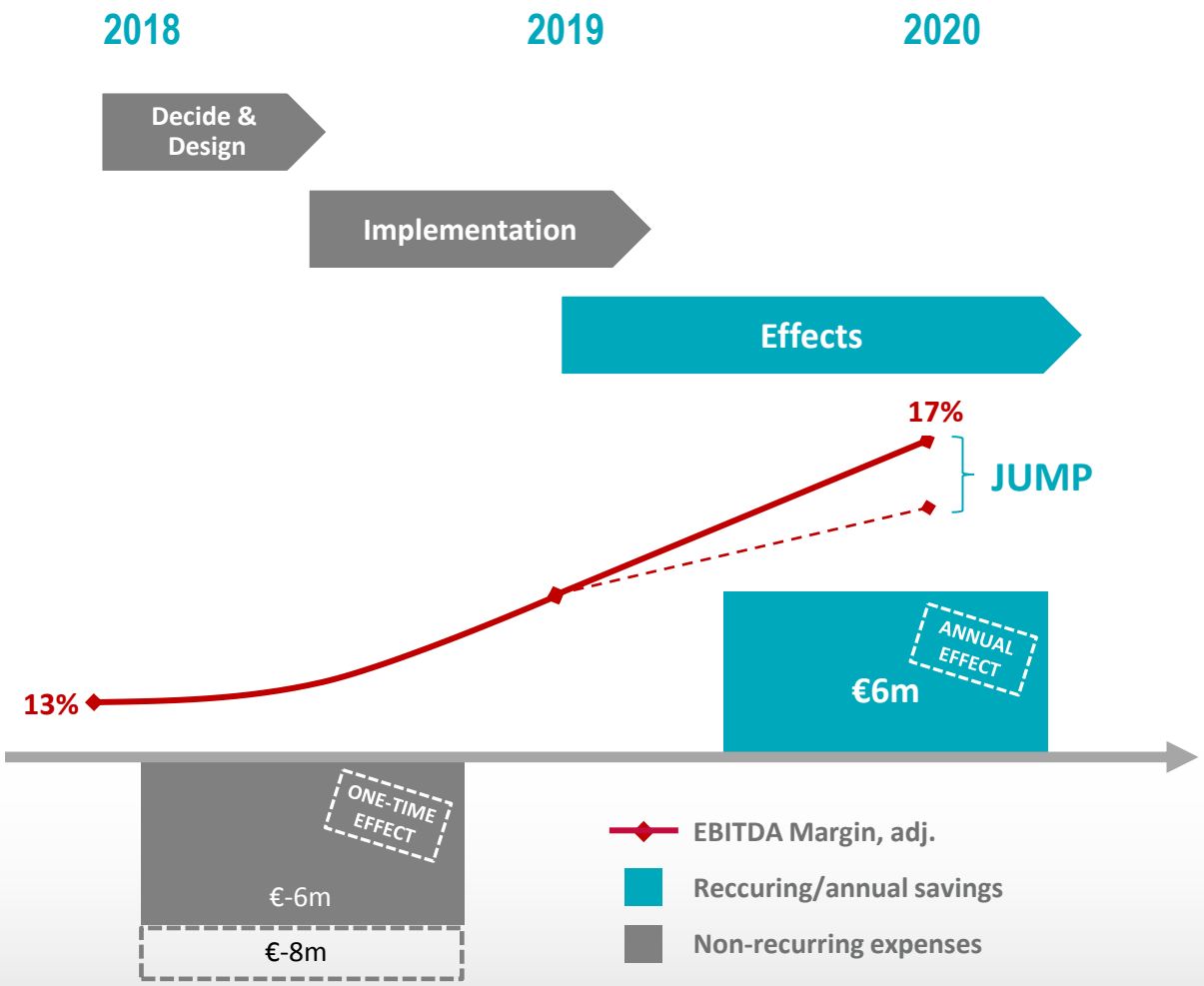


ACT-PROJECT JUMP:
MAKING FP FIT FOR PROFITABLE GROWTH





ACT-PROJECT JUMP – TRANSFORMATION FOR SUSTAINABLE PROFIT IMPROVEMENTS



KEY TARGET

- Sustainable profitability improvements (FP Group)

PROJECT ONGOING

- Initial projects finalised
- Decision phase finalised
- **Design phase ongoing**
- Roll-out 2018/2019
- One-off expenses in 2018
- Full positive annual effects as of 2020

SELECTED JUMP INITIATIVES

Supporting Functions:

- Establish competence centers, shared services
- Maximise automation, digitalisation

Sales & Marketing, R&D, Production & Logistics:

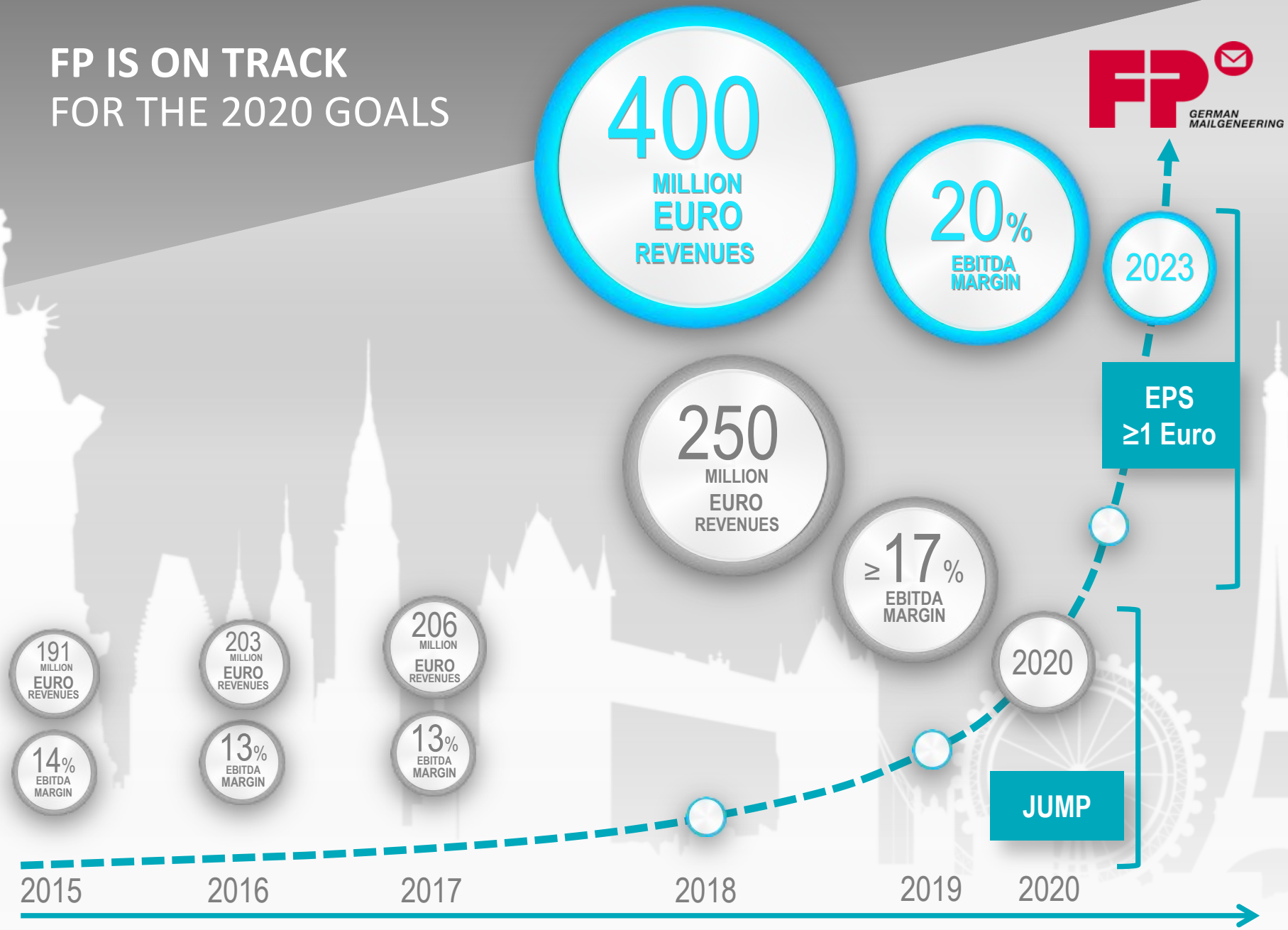
- Reduce time-to-market
- Increase customer retention rate

2018: STEPPING STONE TOWARDS SUSTAINABLE GROWTH IN 2019 AND BEYOND

	2017	2018	2019 …
REVENUE	€ 206.3 m	Slight increase*	
EBITDA	€ 26.3 m	Slight increase**	
Adj. FCF	€ 9.9 m	Positive adj. FCF at a **considerably lower level** than last year***	

* Based on constant currency level;
** Based on constant currency level, adjusted by JUMP (leading to up to € 6.0 m to € 8.0 m non-recurring expenses);
*** Based on constant currency level, excluding payments for JUMP, additions to finance lease assets and M&A;

FP IS ON TRACK
FOR THE 2020 GOALS



FP GROUP

QUESTIONS ARE WELCOME

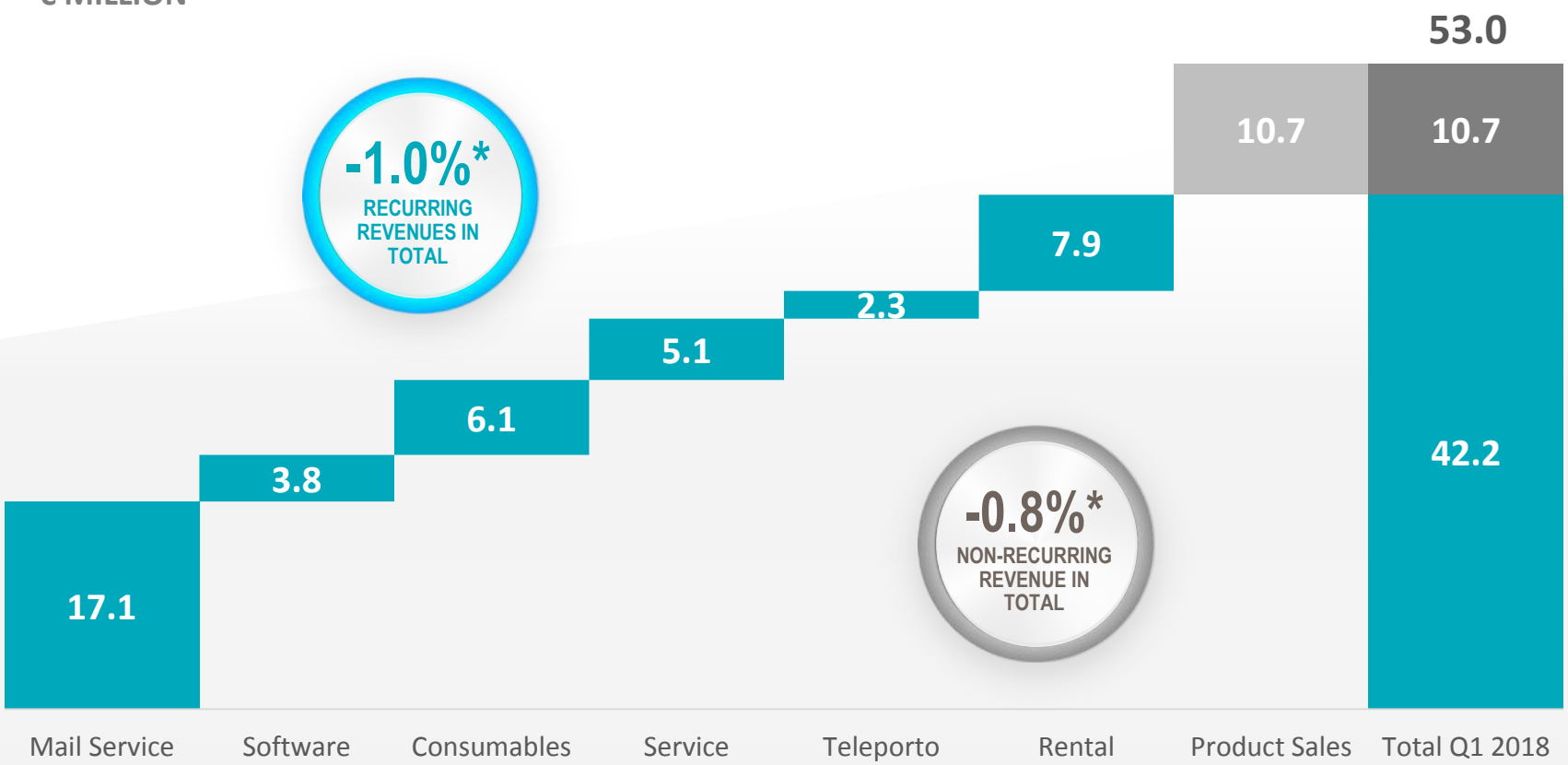
ICONS AND PCTURES WITH KIND PERMISSION OF FREEPIK.COM, FLATICON.COM AND SHUTTERSTOCK.COM

FP GROUP

APPENDIX

REVENUE DECLINE MAINLY DUE TO CURRENCY EFFECTS

REVENUE
€ MILLION



Recurring revenues Non-recurring revenues

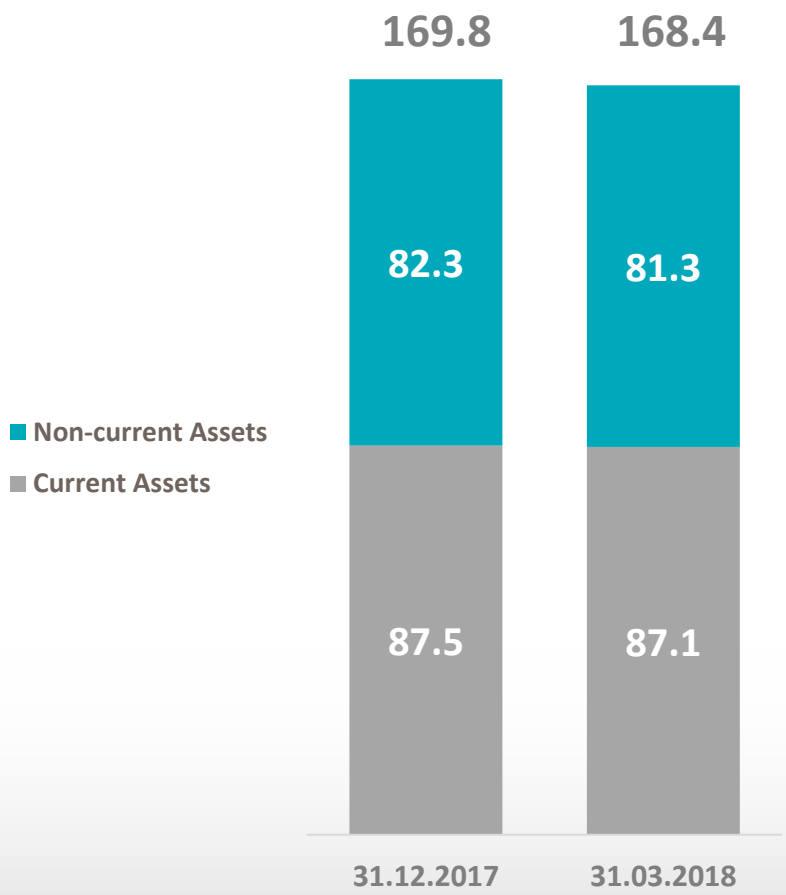
* Currency adjusted;
Recurring revenues incl. currency effects -4.3%;
Non-Recurring revenues incl. currency effects -5.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Q1 2018

in € Million	Q1 2017	Q1 2018	%
Revenue	**55.5**	**53.0**	**-4.5**
Change in inventories	0.6	0.1	-91.4
Other own work capitalised	2.1	3.4	66.0
Total output	**58.2**	**56.5**	**-2.9**
Cost of materials	27.5	26.7	-2.9
Staff costs	15.2	14.9	-1.8
Other income ./. expenses	-7.2	-7.4	3.2
EBITDA	**8.3**	**7.4**	**-10.3**
as % of revenue	15.0%	14.1%	
Amortisation/ depreciations	4.9	4.3	-11.9
EBIT	**3.4**	**3.2**	**-8.1**
Interest result	0.1	0.1	77.9
Other financial result	-0.2	0.1	N/A
Income taxes	-1.2	-1.2	0.2
Consolidated net income	**2.2**	**2.2**	**-0.1**
EPS (€ basic)	**0.14**	**0.14**	**2.1**
EPS (€ diluted)	**0.13**	**0.14**	**2.6**

FINANCIAL SITUATION – **BALANCE SHEET** ASSETS (31.03.2018)

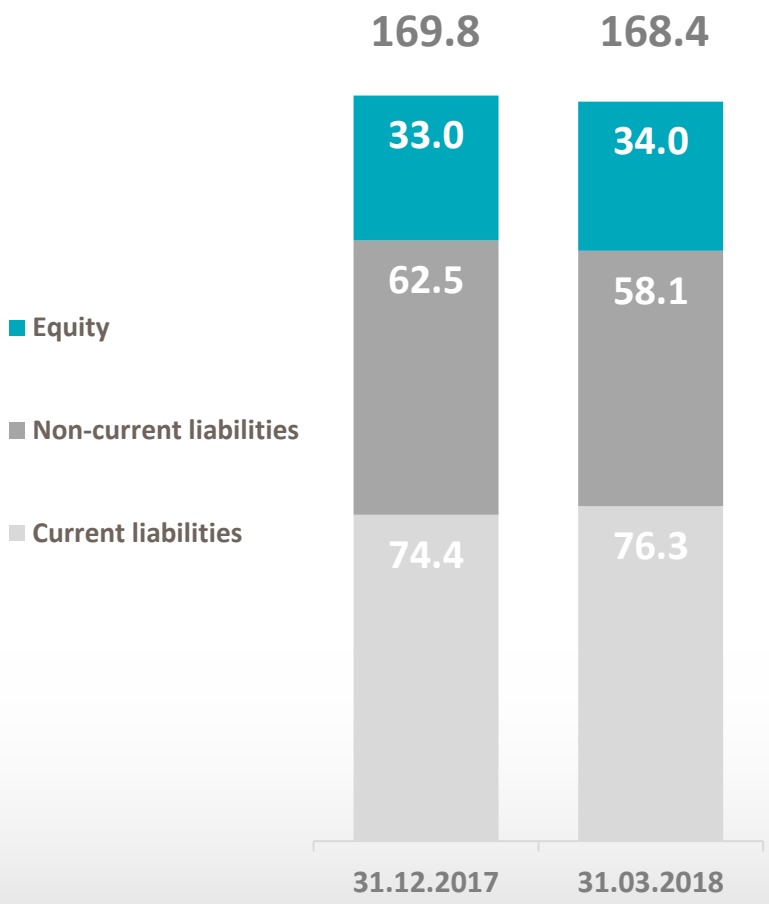
ASSETS
€ MILLION



- ✓ **Non-Current Assets**
  - – Decline in leased products (€ -0.3 m) and Finance lease assets (€ -0.6 m)
- ✓ **Current Assets**
  - + Increase of inventories and trade receivables (€ 1.0 m)
  - – Decrease in cash and cash equivalents (€ -2.2 m)

FINANCIAL SITUATION – **BALANCE SHEET** LIABILITIES (31.03.2018)

LIABILITIES
€ MILLION



- ✓ **Equity ratio** of **20.2%** (31.12.2017: 19.4%)
  - Share buyback (€ -0.2 m)
  - Total comprehensive income Q1 2018 (€ 1.2 m)
- ✓ **Non-current liabilities**
  - \+ Decrease of financial liabilities (€ -3.4 m)
- ✓ **Current liabilities**
  - \+ Increase of other liabilities (€ 2.0 m)

FP GROUP

BASIC INFORMATION

FP MANAGEMENT

Rüdiger Andreas Günther
CEO and CFO
since January 2016 with FP

Bank Apprenticeship and Business Administration studies in Göttingen, North Carolina, USA

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

Thomas Grethe
CSO
since June 2013 with FP

Banker and Economist (WAH)

- ✓ More than 30 years of sales experience in the IT and telecommunications industry
- ✓ Executive positions in sales management and general management of international groups such as Oki Systems, Konica Minolta Printing Solutions und Ricoh
- ✓ CEO of Utax GmbH (was acquired by Kyocera Corporation in 2010)

Sven Meise
CDO
since February 2015 with FP

Degree in Business Administration (BA) specializing in Business Computer Science

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

FP AT THE **STOCK MARKET**

ISIN	DE000FHP9000
Segment	Prime Standard/ All Industrial
IPO	30 November 2006
Reuters	FPHG.DE
Shares	16.3 million
Freefloat	74.3% (according to GSE Frankfurt)
Coverage	Warburg Research, LBBW, EQUI.TS, GSC

MAIN SHAREHOLDERS

INKA GMBH	10.2%
Active Ownership Fund	9.5%
Quaero Capital	5.2%
SALTARAX GMBH	3.6%
Ludic GmbH	3.5%
BARING'S	3.1%

FINANCIAL CALENDAR

29 May 2018
Annual General Shareholder Meeting, Berlin

23 August 2018
Results for the Half Year 2018

15 November 2018
Results for the Third Quarter 2018

CONTACT

Dr. Joachim Fleing
Investor Relations / PR

Francotyp-Postalia Holding AG
Prenzlauer Promenade 28
13089 Berlin

Telephone
Fon + 49 (0) 30 220 660 410
Fax + 49 (0) 30 220 660 425
j.fleing@francotyp.com

Blog
www.fp-francotyp.com/blog

Facebook
www.facebook.com/FPFrancotypDE

Twitter
www.twitter.com/ir_fp

DISCLAIMER

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

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

The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, Canadian dollars, Singapore dollars. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2016 Annual Report develop in a way other than we are currently expecting.

FP GROUP

LET‘S GO FOR IT!