Francotyp-Postalia Holding AG

Corporate Communications
Prenzlauer Promenade 28
13089 Berlin
Tel.: +49/30/220 660 410
Fax: +49/30/220 660 425
Internet www.fp-francotyp.com

Corporate news

FP is attacking with ACT: 8% rise in revenues in Q1 2017

- Quarterly revenues climbs to €55.5 million
- EBITDA improves to €8.3 million
- Adjusted free cash flow increases to €4.3 million

Berlin, 18 May 2017. Francotyp-Postalia Holding AG, an expert in secure and efficient communication, saw further growth in the first quarter of 2017. Revenues climbed by 8.1% to €55.5 million. At the same time, the company intensified the implementation of the ACT strategy and FP Fit programme. Despite the associated expenses of €0.6 million, the FP Group increased EBITDA by 1.7% to €8.3 million; the EBITDA margin was 15%. In the first three months, the company achieved strong free cash flow, improving by 17% to €1.9 million as against the previous year. Adjusted for investments in finance lease receivables and M&A, the FP Group increased free cash flow by 83% to €4.3 million.

Franking machine business on course for growth
A key element of ACT is the attack on the core market of franking systems. This strategy continued to have a positive impact in the first quarter of 2017. Revenues in the franking machine business increased by 5.1% to €33.8 million. The FP Group saw growth, especially in the key foreign markets US and France. In addition, the business including the collection, franking and delivery of business mail with postage discounts made a significant contribution to the Group's dynamic growth. In the period under review, Mail Services revenues climbed by 16.9% to €17.8 million year-on-year. At €3.8 million, software revenues remained slightly below the previous year's level. FP is expanding its service range in this business area and presented its new cloud solution, FP-Sign, in the first quarter. This solution has already been awarded an innovation prize Initiative Mittelstand.

As announced, success in the franking machine business goes hand in hand with a rise in amortisation and depreciation. As a result, EBIT amounted to €3.4 million in the first quarter of 2017 after €4.0 million in the previous year. Consolidated net income amounted to €2.2 million compared with €2.5 million in the first quarter of 2016. Earnings per share (EPS) almost remained at the level of the previous year despite higher expenses for the implementation of the strategy and reached 14 cents

Corporate Communications
Prenzlauer Promenade 28
13089 Berlin
Tel.: +49/30/220 660 410
Fax: +49/30/220 660 425
Internet www.fp-francotyp.com

as against 15 cents in the previous year. Without taking ACT expenses into account, net income and EPS were above the previous year’s level.

Confirmation of the guidance for 2017 as a whole

As announced at the beginning of March 2017, the current year will be shaped by the continued implementation of ACT. The FP Group confirms its guidance after a good start to the year. Based on the assumption of constant exchange rates, it expects a slight increase in revenues and EBITDA for 2017 as a whole. Due to high investments in the modernisation of the product portfolio, software investments and the acquisition of customer lists, the FP Group expects amortisation and depreciation to rise in 2017. Despite higher expenses and investments for ACT, the company expects adjusted free cash flow to be on a par with the previous year in 2017.

FP continues successful course with ACT

FP CEO Rüdiger Andreas Günther explains: “Our company had a good start to the new fiscal year. We have only started to unleash the growth forces that have long lain dormant. With ACT, we are continuing our successful course. In doing so, we are also making FP fit for the future. With these measures, we want to increase the power and profitability of our company.” This requires investments in the short term that will, however, make a significant contribution to anticipated growth rates in the medium term. Günther added: “By 2020, we want to increase revenues by more than 20% to €250 million with an EBITDA margin of 17%. We are also seeking to achieve earnings per share of at least €1 for the period after 2020. Our aim is to double revenues to €400 million and achieve an EBITDA margin of 20% by 2023.”

Key figures at a glance:

in € million	Q1 2017	Q1 2016	Change
Revenues	55.5	51.3	8.1%
Cost of materials	27.5	23.8	15.4%
Staff costs	15.2	14.4	5.7%
Other expenses	8.0	8.5	-6.0%
EBITDA	8.3	8.2	1.7%
EBIT	3.4	4.0	-13.7%
Consolidated net income	2.2	2.5	-13.2%
Earnings per share (basic, in €)	0.14	0.15	-8.3%

Earnings per share (diluted, in €)	0.13	0.15	-9.4%
Free cash flow	1.9	1.6	17.2%
Adjusted free cash flow	4.3	2.3	83.4%

Contact

Francotyp-Postalia Holding AG
Investor Relations/Public Relations
Sabina Prüser
Tel: +49 (0)30 220 660 410
Fax: +49 (0)30 220 660 425
E-mail: s.prueser@francotyp.com
De-Mail: s.prueser@francotyp.de-mail.de

About Francotyp-Postalia Holding AG

The FP Group, which has its headquarters in Berlin, provides businesses and authorities with innovative solutions for secure and efficient communications. In addition to systems for franking and inserting mail, the company’s range currently comprises services such as the collection of business mail and software solutions. Thanks to its 90-year history, the FP Group boasts a unique combination of organically grown mail processing expertise and digital know-how. The company has branches in many developed countries and has a global market share of more than 10% in the area of franking machines. In the 2016 fiscal year, the FP Group generated over €200 million in revenue. It aspires to double revenue to around €400 million by 2023. As part of the ACT strategy, the company will be on the attack in the core business, provide additional products services to its customers and press ahead with its digital transformation.