



# Conference Call – H1 2019<sub>(preliminary)</sub>

# CHALLENGING FIRST HALF OF 2019 ...

## REVENUE FORECAST ADJUSTED, EBITDA AND FREE CASH FLOW CONFIRMED



### Market and Competition:

- Deteriorating global **economic environment**
- **Global installed base** (meter) decreased, some markets in stronger decline
- Uncertainty in **Mail Services** market due to delay in postage rate increase and the sale of **Postcon** to **Quantum Capital Partners**
- **Megatrend IoT market:**
  - Microsoft Study 07/19: worldwide 41.6bn connected devices; in IoT security is #1 concern regardless of industry

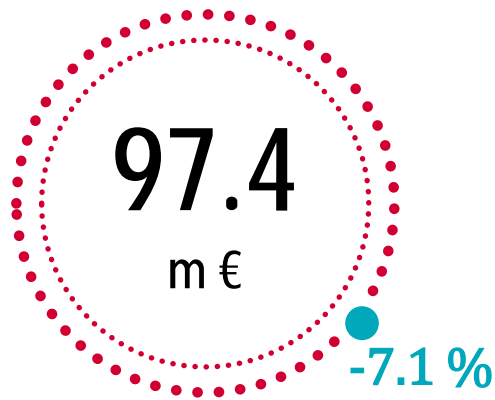
### Francotyp-Postalia:

- Focus on **ACT-implementation**
  - **PostBase Vision** launched in the **USA** in **June**, other core countries will follow in 2019
  - **Parcel Shipping** and **FP Sign** international rollout delayed
  - **Freesort** revenue catch up not satisfactory yet
  - **First efficiency gains** from **JUMP**, but **ERP/CRM** delayed
- Further **sales momentum** expected for **H2 2019**
- **Guidance 2019: Revenue adjusted // EBITDA and Free Cash flow confirmed**

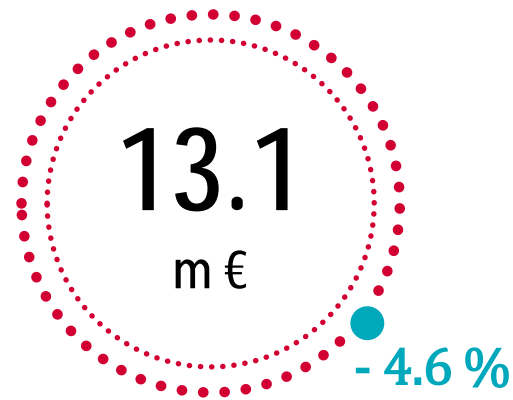
# H1 2019 REFLECTS ONGOING TRANSFORMATION UNDER “ACT”

## REVENUE AND EBITDA BELOW POTENTIAL, POSITIVE ADJ. FREE CASH FLOW

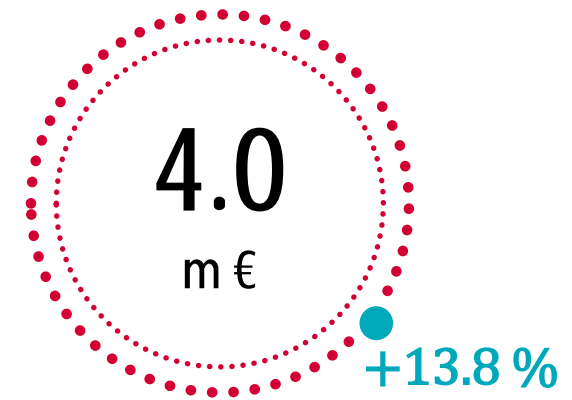
Revenue<sup>1</sup>



EBITDA<sup>2</sup>



ADJ. FCF<sup>3</sup>



- Excluding adjustments: Revenues of 99.0 m €, EBITDA of 11.6 m €
- JUMP expenses of 2.2 m €, implementation ongoing
- Non-adjusted Free cash flow of -1.3 m €

<sup>1</sup> Currency adjusted | <sup>2</sup> Adjusted for currency effects and JUMP expenses | <sup>3</sup> Excluding additions to finance lease assets, M&A and JUMP payments  
EUR/USD exchange rate in 2018: 1 € = 1,2109 USD, in H1 2019 = 1.1299 USD

# STRONG GROWTH IN SOFTWARE/DIGITAL

## FORGONE LOW-MARGIN REVENUE IN MAIL SERVICES

m €	6M 2018	6M 2019
Equipment sales & others	19.0	17.2
Service	11.2	10.1
Consumables	11.6	12.1
Teleporto	4.7	4.4
Mail Services	32.0	26.2
Software	7.4	8.9
<b>Revenue acc. to IFRS 15</b>	<b>85.9</b>	<b>78.8</b>
Finance Lease	3.4	3.5
Operate Lease	15.5	16.8
<b>Revenue acc. to IFRS16</b>	<b>18.9</b>	<b>20.2</b>
<b>Revenue total</b>	<b>104.8</b>	<b>99.0</b>

### Major items in H1 2019

- Decline of Mail Services by 18.3% yoy mainly on the basis of a strategic decision to focus on margin-oriented profitable revenue and a overall contraction in mail volumes
- Difficult market environment and consumer reticence in franking business due to the announced launch of a new and innovative model with the PostBase Vision
- Continuous and promising strong growth in our Software/digital business with +20.6 % yoy

# P&L IN THE FIRST SIX MONTHS OF 2019

## FP IN TRANSFORMATION PROCESS

m €	6M 2018	6M 2019
Revenue	104.8	97.4 <sup>2</sup> 99.0
<b>EBITDA adjusted</b>	<b>13.7<sup>1</sup></b>	<b>13.1<sup>3</sup></b>
<b>EBITDA as reported</b>	<b>12.8</b>	<b>11.6</b>
EBITDA Margin	13.1% <sup>1</sup> 12.2%	13.4% <sup>3</sup> 11.7%
Amortisation/ depreciation	8.6	10.9
~ to revenue	8.2%	11.0%
EBIT	4.2	0.7
Net Income	3.2	0.6
EPS (basic, Euro)	0,20	0,04

### Currency and special items

- Positive currency effects of 1.7m EUR on revenues and 0.8m EUR on EBITDA
- Impact on EBITDA from first time adoption of IFRS 16 of 1.8 m Euro almost offset by the depreciation of right-of-use assets
- Non-recurring expenses of 2.2m EUR for JUMP (0.9m same period of prev. year)

### Amortization/depreciation

- Increase due to IFRS 16 and higher amortization of capitalized R&D (FP Sign, PostBase Vision)

<sup>1</sup> Adjusted for JUMP expenses | <sup>2</sup> Currency adjusted | <sup>3</sup> Adjusted for currency effects and JUMP expenses

# ADJUSTED FREE CASH FLOW ABOVE PREVIOUS YEAR'S LEVEL

## HIGH INVESTMENTS FOR ACT

m €	H1 2018	H2 2019
Cash flow from operating activities	10.0	10.4
Cash flow from investing activities	-10.0	-11.7
Free cash flow	0.0	-1.3
<b>Adjusted free cash flow*</b>	<b>3.5</b>	<b>4.0</b>
Cash flow from financing activities	-4.4	-2.3
Cash and cash equivalents	19.9	17.6

### Cash flow from operating activities

- JUMP payments of -3.3m EUR

### Cash flow from investing activities

- Increase in investments internally generated intangible assets of 2.1m EUR, but decrease of investments in leased assets of 1.1m EUR
- Participation in Juconn with 1.0m EUR

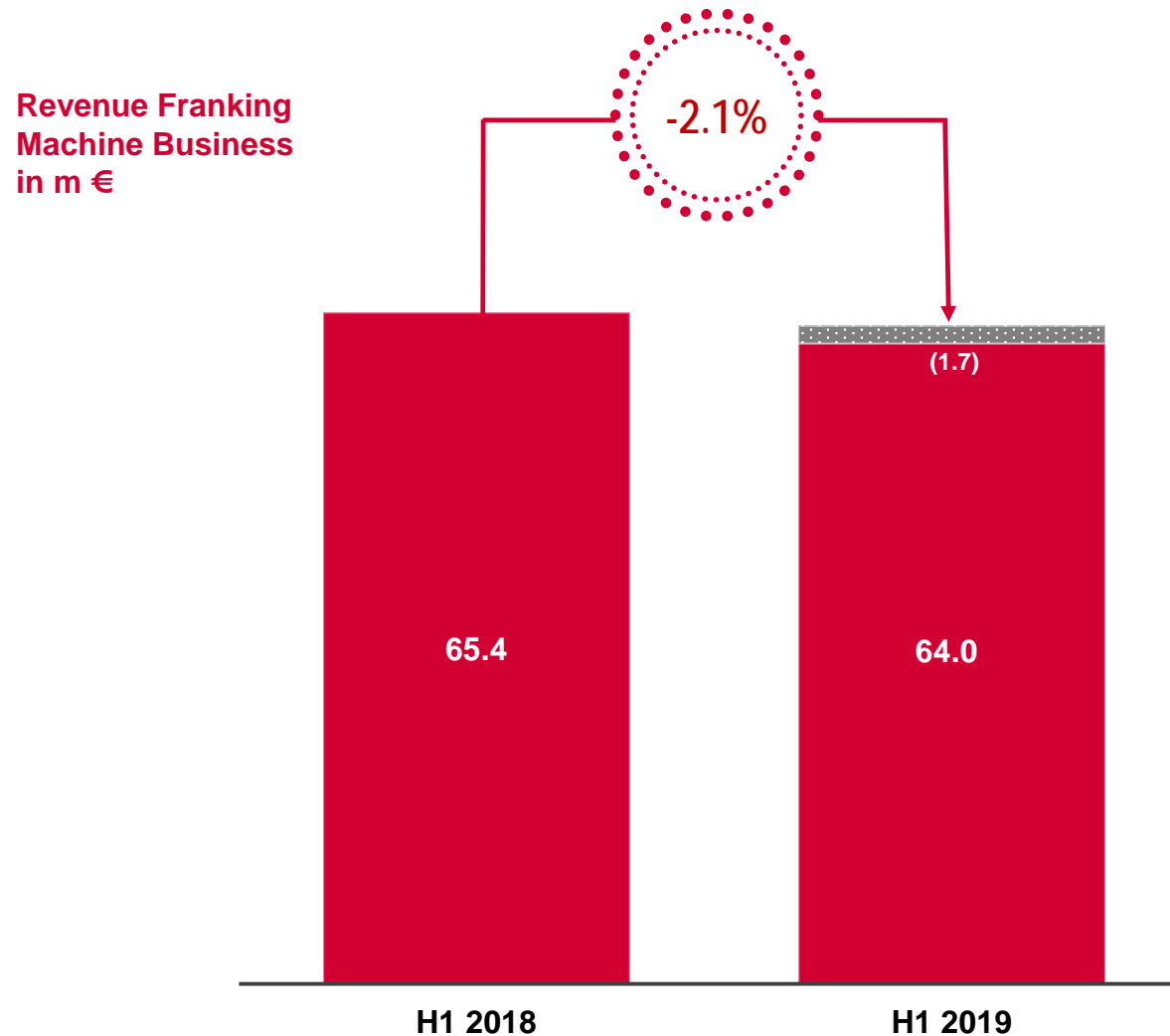
### Cash flow from financing activities

- IFRS 16 effect of lease payments of 1.8m EUR that had previously been recognized as cash flow from operating activities
- Dividend payment of 0.5m EUR (2018: 1.9m EUR)

\* Excluding investments in finance lease assets, M&A and payments for JUMP.

# CHALLENGING MARKET ENVIRONMENT IN CORE BUSINESS

## POSTBASE VISION LAUNCH IN H2 2019

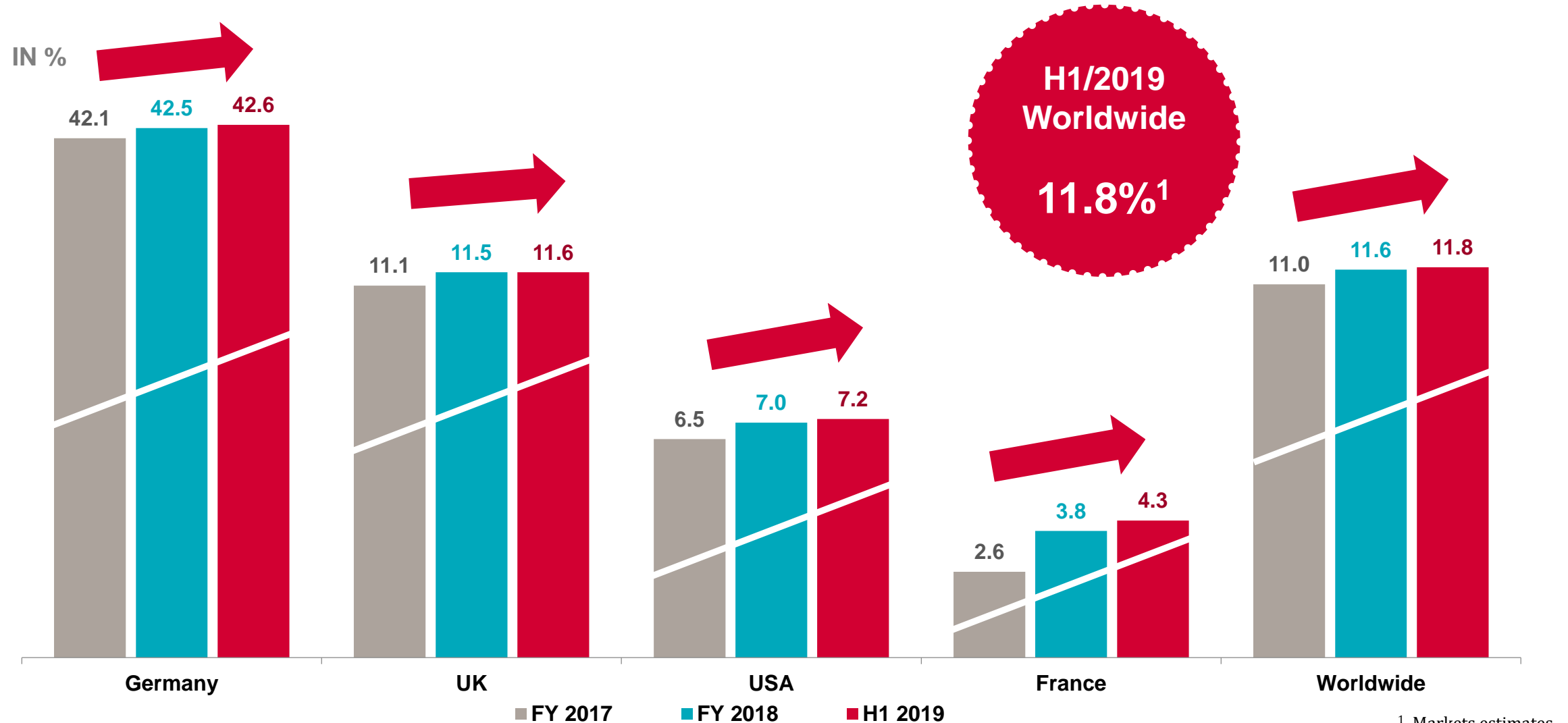


**Revenues down by 2.1% yoy due to difficult market environment and postponements of orders to H2 2019**

- Revenues in H1 2019 positively impacted by currency effects of 1.7m €
- Catch-up effects in H2 2019 with the launch of the new PostBase Vision expected; very positive customer feedback in the US.
- Positive Revenue/EBITDA-effect from service charge for postal rate change in H2 2019

# FP MARKET SHARE IN FRANKING INCREASED

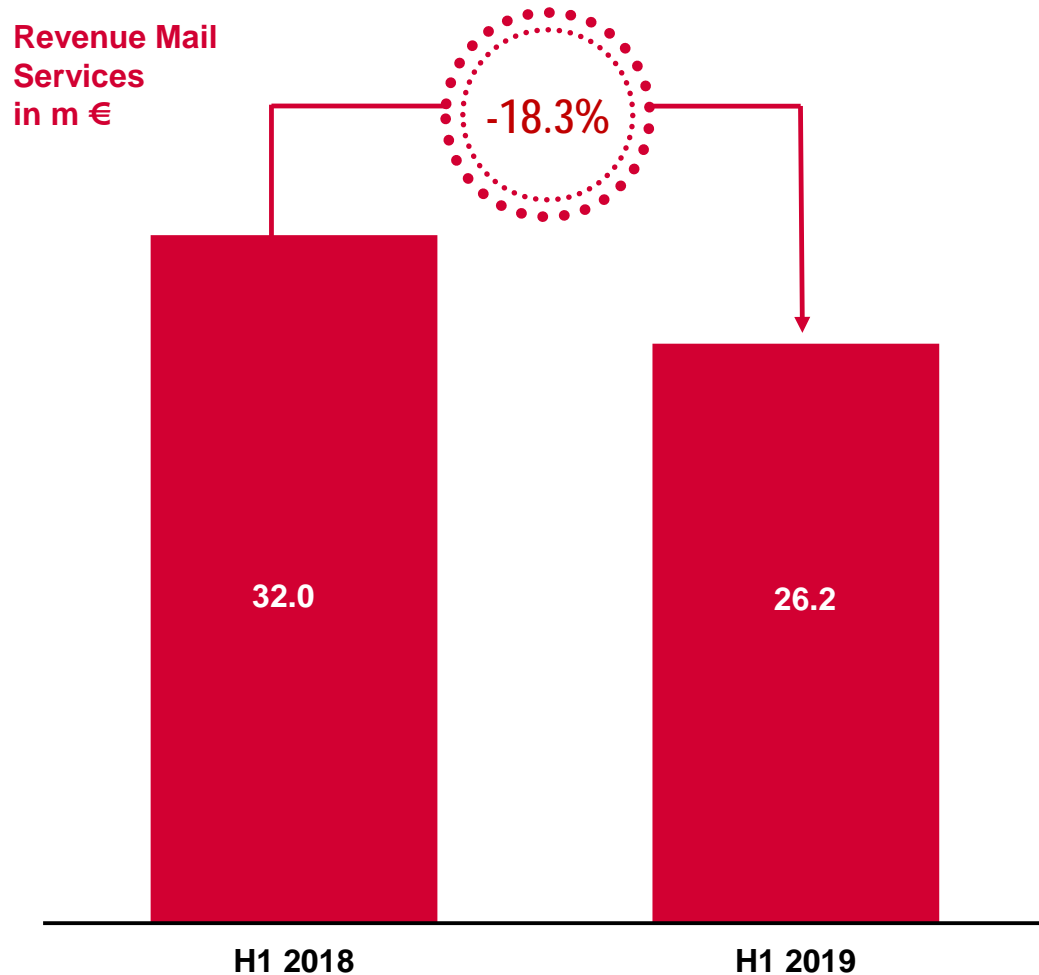
## OUTPERFORMING THE MARKET & COMPETITORS





# MAIL SERVICES WEIGHED ON H1 2019

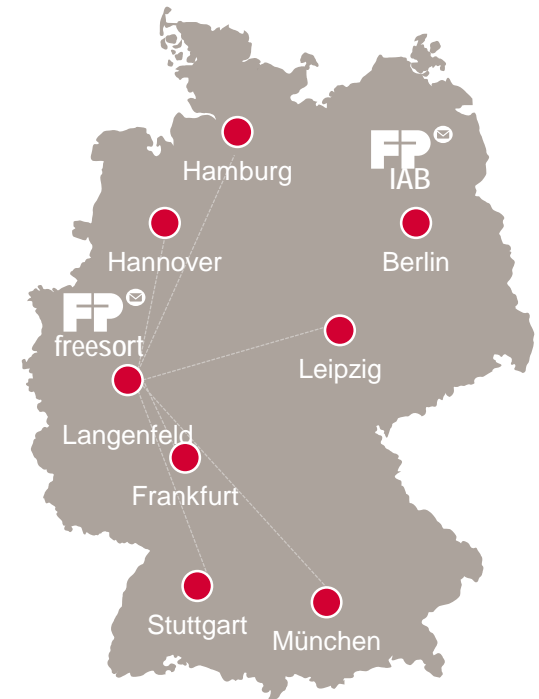
## POSITIVE IMPACT FROM POSTAGE TARIFF INCREASE



### As expected no improvement in Mail Services in H1 2019

Negative effects from Q1/19 still in place:

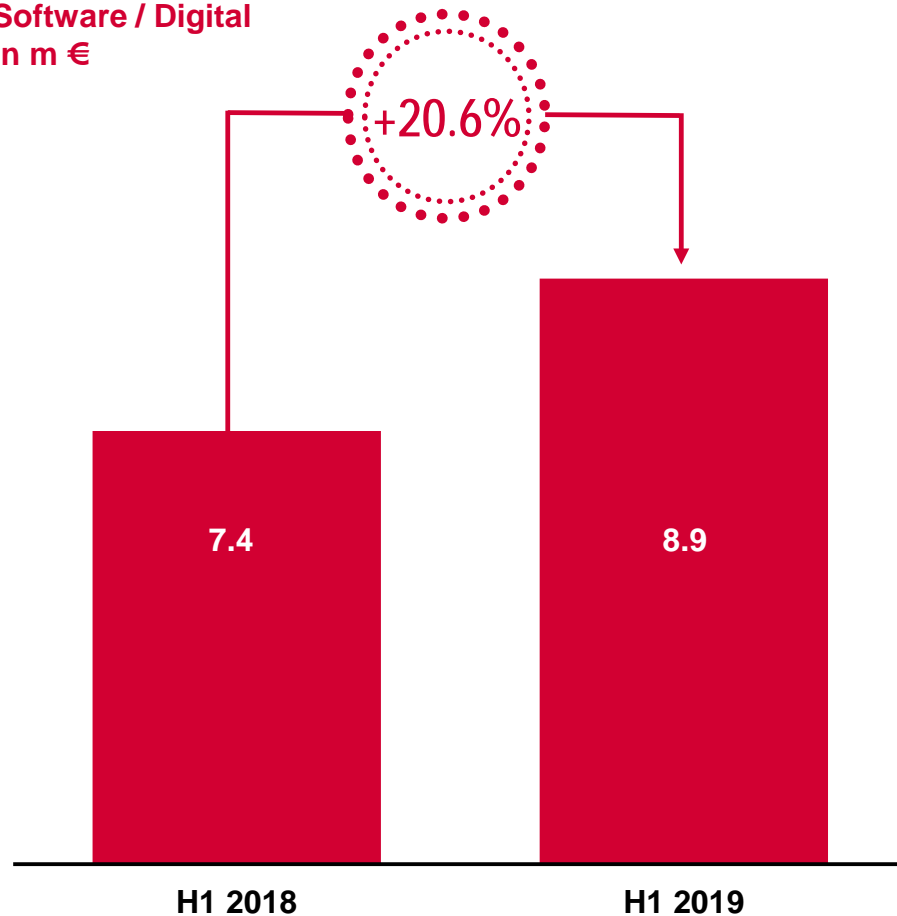
- Focus on profitable revenue, no compensation of forgone revenue yet
- Volume decrease in existing customer base continued
- Positive revenue impact in H2 2019 due to postage tariff increase by DPAG
- Improvement in margins due to an increase in relevant discounts (Teilleistungsrabatt/Infrastrukturabbatt)
- Active sales and marketing campaign to gain new customers and business



# REVENUE SOFTWARE/DIGITAL ON GROWTH PATH

## STRONG INCREASE IN FIRST HALF OF 2019

Revenue  
Software / Digital  
in m €



### FP Sign

- International roll-out shifted to Q3 2019
- New pricing concept to be validated to increase attractiveness for small and medium sized clients

### IoT

- Renown clients (e.g. E.ON, Lackmann, GETEC) important disseminators for future business
- TIXI successfully integrated into the FP Group
- Sales pipeline and activities further geared towards target markets

### Others

- Registrations for discoverFP increased
- FP Parcel shipping roll-out in the US market in Q4
- New products in the Hybrid-Mail Service for small/medium sized clients e.g. to forgo postal tariff increase by DGAP

# IoT FOCUS ON TARGET MARKETS

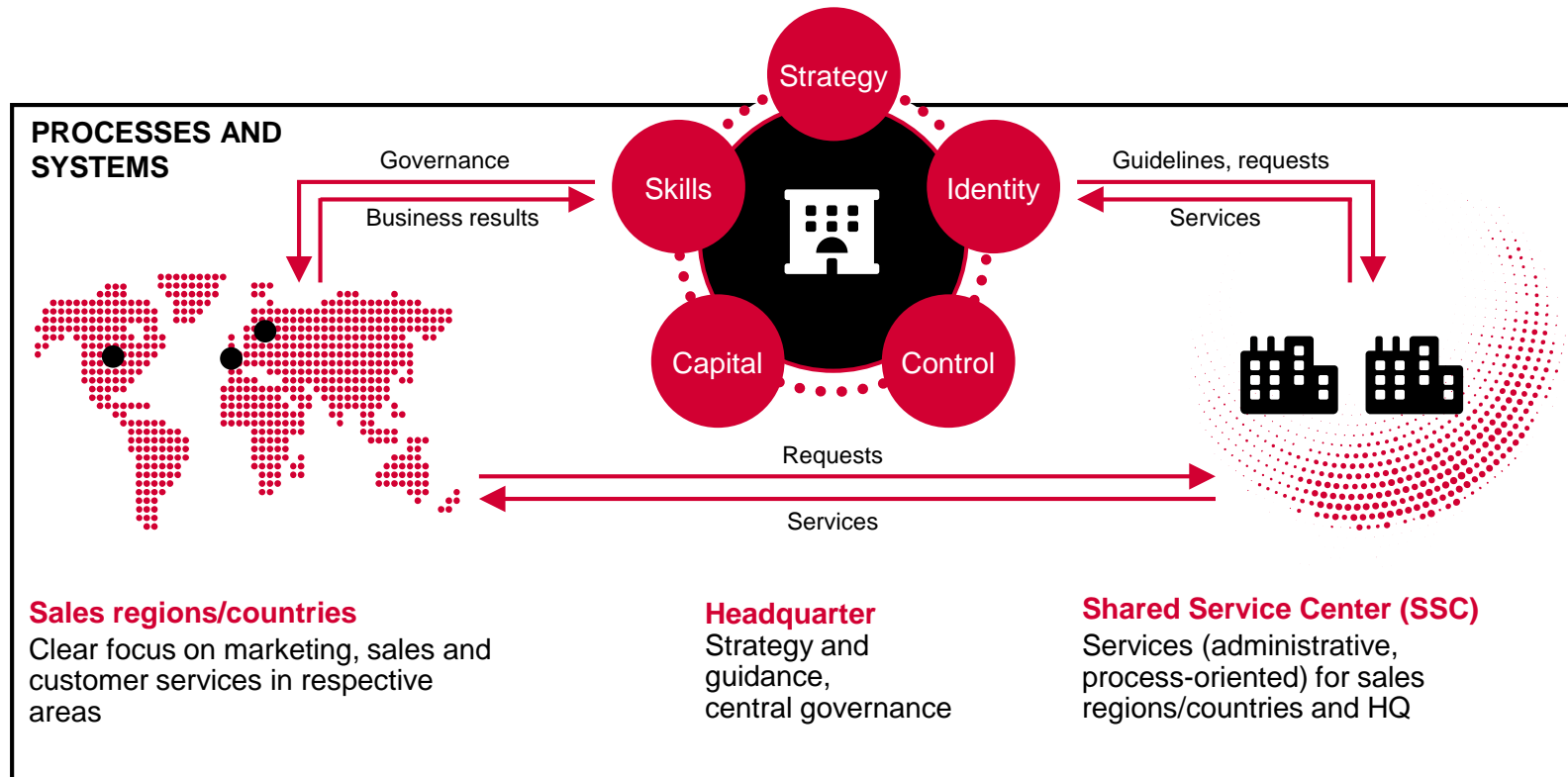
## END-TO-END SOLUTIONS



# JUMP IN ACTION

## IMPLEMENTATION ONGOING

### Our Target Operating Model



### Status update: JUMP

- ERP/CRM review of timing
- Progress JUMP on all other items as scheduled
- 2019 recurring savings of 1.6m expected to be realized
- 2020 realization of ~2/3 of planned savings independent of ERP/CRM
- Additional measures addressed to further realize cost savings, e.g. Repairhouse & Logistics

# ADJUSTED GUIDANCE 2019: STRONG INCREASE IN EBITDA

## REVENUE FORECAST ADJUSTED TO “SLIGHT INCREASE”

	2018	2019
REVENUE	204.2 m €	Slight increase <sup>2</sup>
EBITDA	25.1 m €	Adjusted for JUMP expenses – strong increase <sup>2</sup>
ADJ. FCF	10.9 m €	Positive adj. FCF at a considerably lower level than last year <sup>3</sup>

<sup>1</sup> EBITDA 2018 as reported – adjusted for JUMP expenses (8.0 m €).

<sup>2</sup> Based on constant currency level;

<sup>3</sup> Based on constant currency level, excluding payments for JUMP, additions to finance lease assets and M&A.

# OUTLOOK: H2 2019

## ADDITIONAL GROWTH MOMENTUM



### Core Business

- ✓ Catch-up effects by international PostBase Vision roll-out
- ✓ Rate change service charge for adjusting postage meters due to postal tariff increase in our biggest core market Germany

### Mail Service

- ✓ Mail Service business will profit from postal tariff increase
- ✓ Build up and re-structuring of sales

### Software/Digital

- ✓ Ongoing product optimization, international sales launch of products, renowned clients add to the awareness of FP
- ✓ Further developing high-end and customized end-to-end solutions



# Conference Call – H1 2019

Q&A session



# APPENDIX

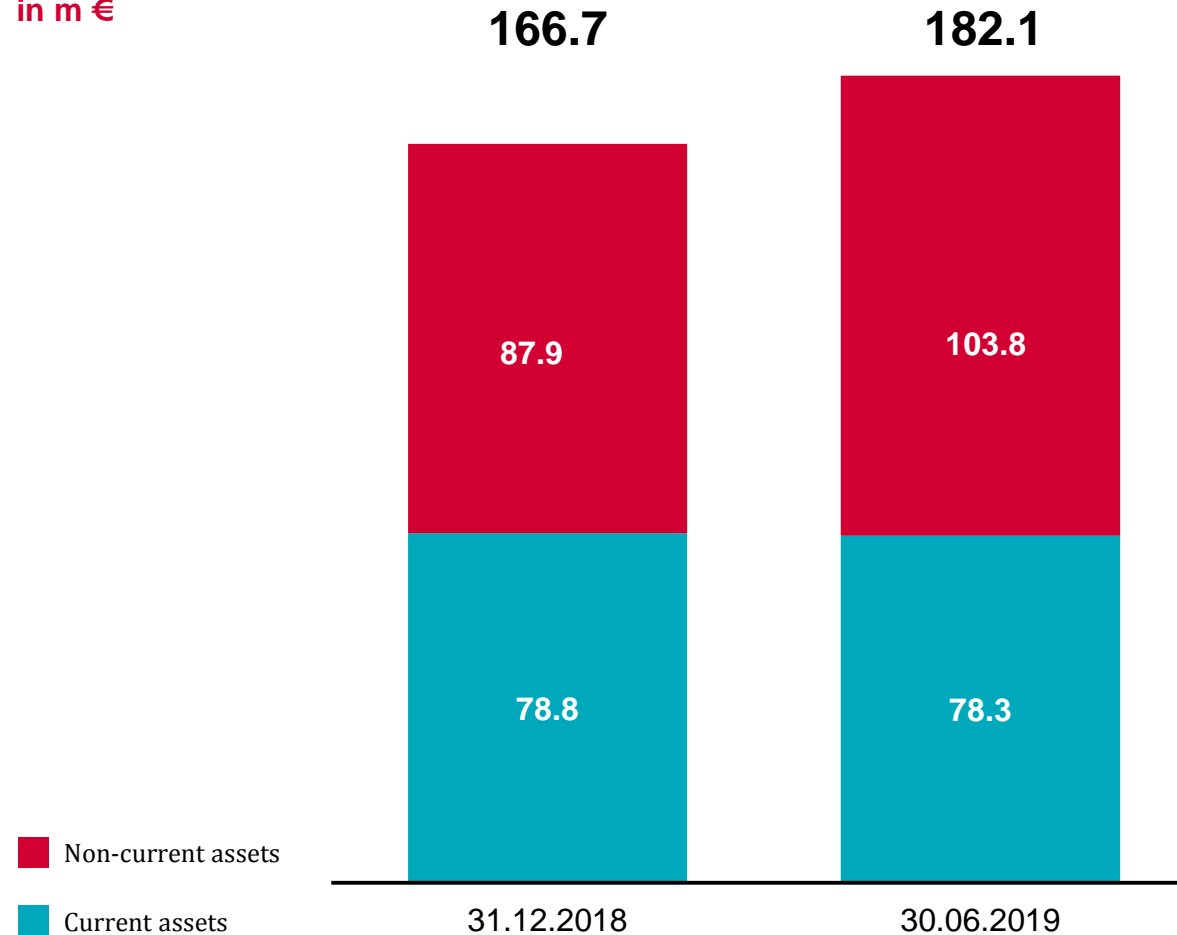


# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME H1 2019

m €	H1 2018	H1 2019	%
<b>Revenue</b>	<b>104.8</b>	<b>99.0</b>	<b>-5.5</b>
Change in inventories	0.6	1.7	191.0
Other own work capitalised	6.8	8.2	19.8
<b>Total output</b>	<b>112.2</b>	<b>108.9</b>	<b>-2.9</b>
Cost of materials	52.3	48.9	-6.6
Staff costs	31.0	30.7	-1.1
Other income/expenses	-16.1	-17.8	10.5
<b>EBITDA</b>	<b>12.8</b>	<b>11.6</b>	<b>-9.3</b>
as % of revenue	12.2%	11.7%	
Amortisation/depreciations	8.6	10.9	27.4
<b>EBIT</b>	<b>4.2</b>	<b>0.7</b>	<b>-84.1</b>
Interest result	0.3	0.4	38.5
Other financial result	0.3	-0.1	n/a
Income taxes	-1.7	-0.3	-82.7
<b>Consolidated net income</b>	<b>3.1</b>	<b>0.6</b>	<b>-81.9</b>
<b>EPS (€basic)</b>	<b>0.20</b>	<b>0.04</b>	<b>-81.9</b>
<b>EPS (€diluted)</b>	<b>0.20</b>	<b>0.04</b>	<b>-81.9</b>

# FINANCIAL SITUATION – BALANCE SHEET ASSETS (30.06.2019)

**ASSETS**  
in m €



## Non-Current Assets

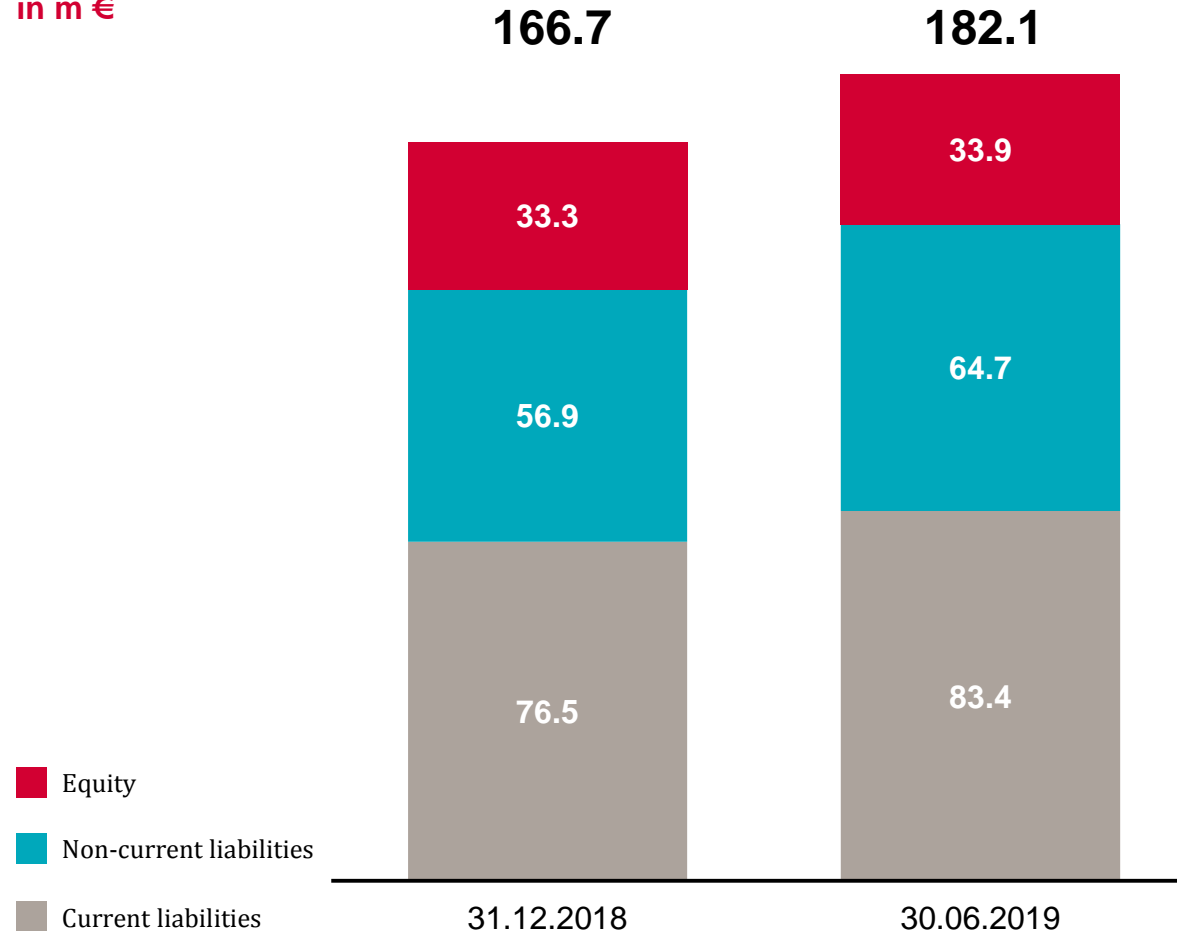
- + First-time adoption IFRS 16: accounting for right-of-use assets (12.0 m €)
- + Increase of other assets, mainly from participation on Juconn (2.0 m €)
- + Increase of other non-current assets (1.4 m €)

## Current Assets

- + Increase of inventories (2.1 m €)
- + Increase of other assets (1.0 m €)
- Decrease in cash and cash equivalent (-3.5 m €)

# FINANCIAL SITUATION – BALANCE SHEET LIABILITIES (30.06.2019)

**LIABILITIES**  
in m €



## Equity ratio of 18.6%

(31.12.2018: 20.0%)

- Dividend payment 2018: -0.5 m €
- + Total comprehensive income 6M 2019 (+1.0 m €)

## Non-current liabilities

- + Increase of financial liabilities, mainly following first-time adoption IFRS 16 (+8.1 m €)

## Current liabilities

- + Increase of financial liabilities, mainly following first-time adoption IFRS 16 (+3.4 m €)
- + Increase of other liabilities (+4.7 m €)



# BASIC INFORMATION

## Rüdiger Andreas Günther

**CEO, CFO**  
since January 2016



**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

## Patricius de Gruyter

**CSO**  
since June 2018



**Degree in Business Administration, WHU – Otto Beisheim School of Management, Vallendar, Germany**

- Many years of experience in the IT, cable network operator and dialogue marketing sectors,
- Director of B2B Sales at Kabel Deutschland AG
- Managing Director of the Tectum Group, a specialist in customer service and telesales
- Managing Director of Computacenter AG, a leading IT service provider

## Sven Meise

**CDO, COO**  
since February 2015

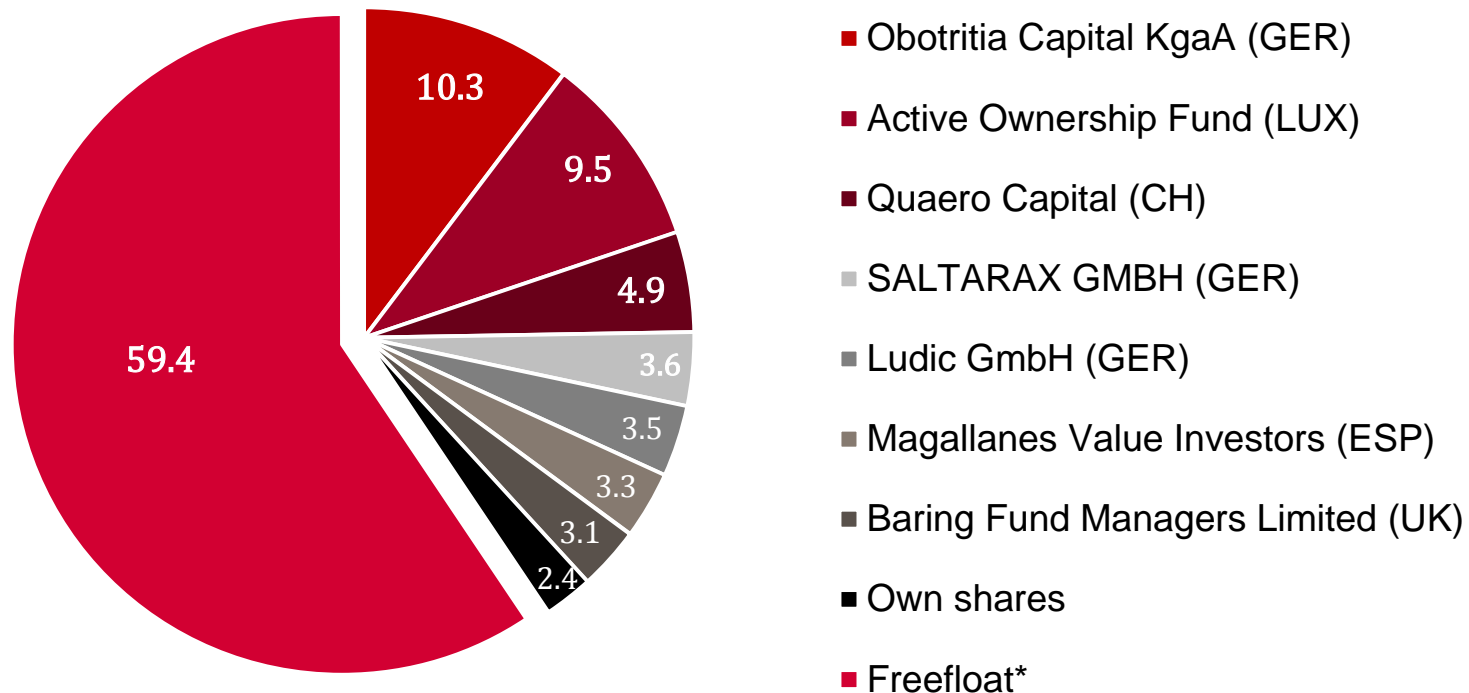


**Degree in Business Administration specializing in Business Computer Science**

- 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

# THE FP SHARE

## STRONG & INTERNATIONAL SHAREHOLDER BASE (IN %)



**# shares 16,301,456**

**Market cap > 56m €**

**Prime Standard**

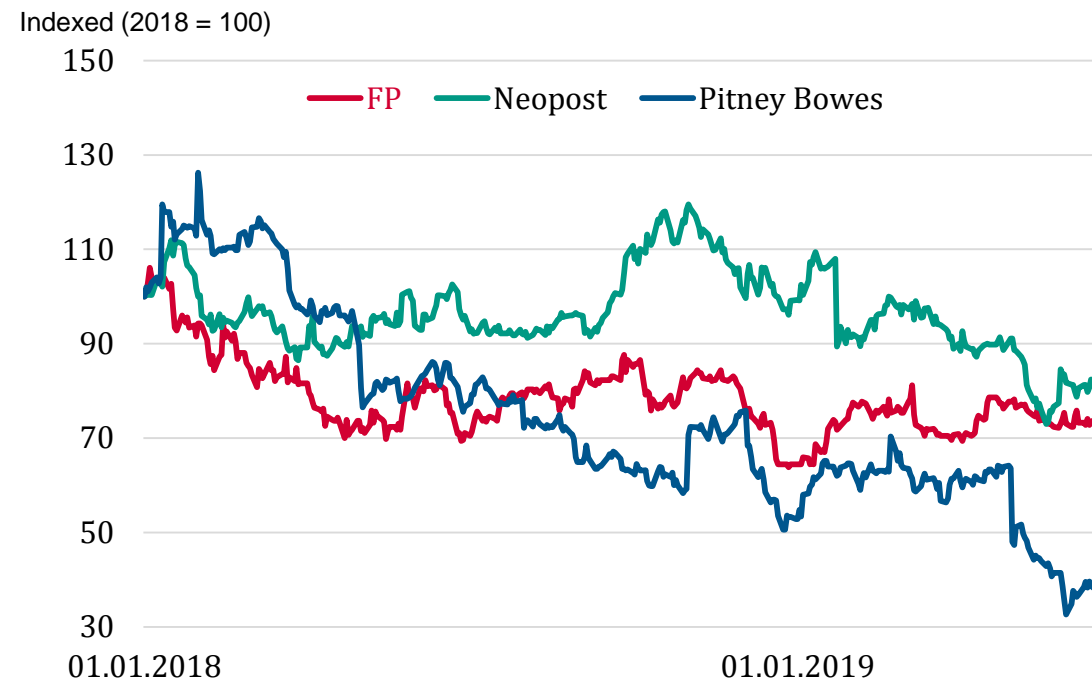
\* 2.1% directly held by Management & Supervisory Board members



# FP SHARE

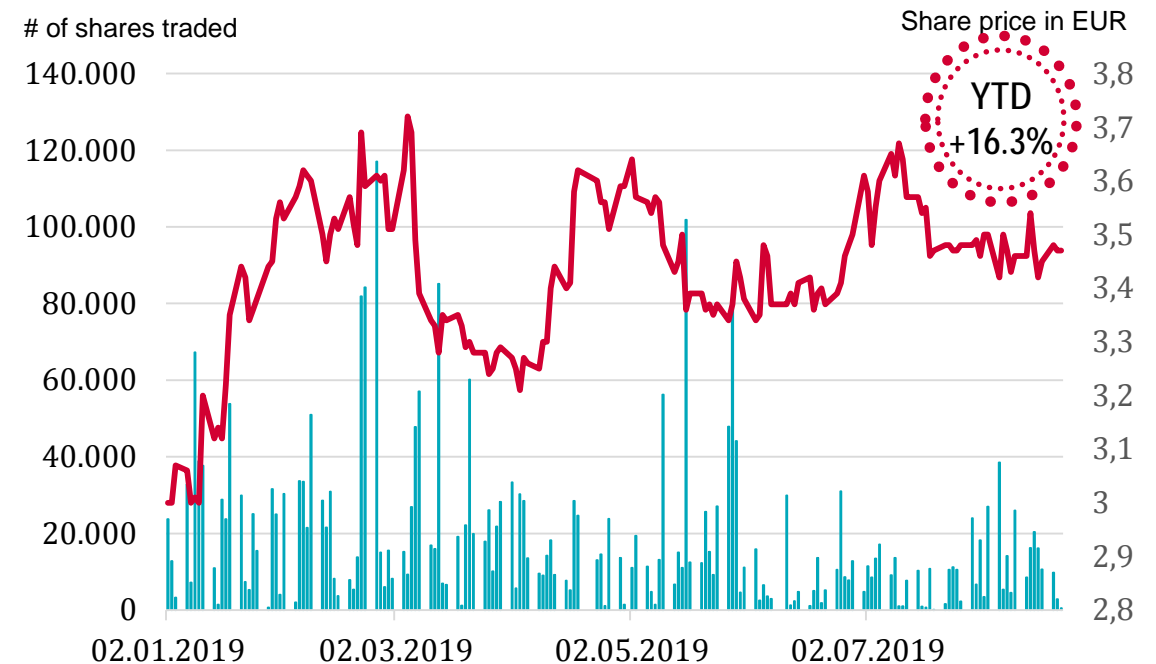
## REASONABLE POTENTIAL

### FP vs. peers 2018 - 2019



- **ISIN:** DE000FHP9000
- **Segment:** Prime Standard






### The FP Share in 2019



- **Designates Sponsor:** ODDO Seydler, Baader Bank
- **Reuters:** FPHG.DE

# FP ANALYST COVERAGE

100% „BUY“-RECOMMENDATION WITH 50%-UPSIDE POTENTIAL

	Institute	Recommendation	Date	Target price (in €)	Upside potential (in %)
	Baader Helvea Equity Research	Buy	May 16, 2019	6.3	+83%
	Warburg Research	Buy	May 17, 2019	5.3	+49%
	LBBW Equity Research	Buy	May 16, 2019	4.5	+27%
	GSC Research	Buy	May 21, 2019	4.0	+13%
	Dr. Kalliwoda Research	Buy	June 29, 2019	6.5	+83%
<b>CONSENSUS (MEDIAN)</b>		<b>100% BUY</b>		<b>5.3</b>	<b>+50%</b>



# FP INVESTOR RELATIONS

## CONTACT AND FINANCIAL CALENDAR

**Till Gießmann**  
Head of Investor Relations

**Francotyp-Postalia Holding AG**  
Prenzlauer Promenade 28  
13089 Berlin

**Telephone**  
Fon + 49 (0) 30 220 660 410  
Fax + 49 (0) 30 220 660 425  
[ir@francotyp.com](mailto:ir@francotyp.com)

### Financial Calendar

<b>29 August 2019</b> —————●	Results for the First Half Year 2019
<b>3 September 2019</b> —————●	Equity Forum Autumn Conference, Frankfurt
<b>24 September 2019</b> —————●	Berenberg Goldman Sachs Conference Munich
<b>25 &amp; 26 September 2019</b> —————●	Baader Investment Conference Munich
<b>21 November 2019</b> —————●	Results for the Third Quarter 2019
<b>26 November 2019</b> —————●	German Eigenkapitalforum Frankfurt

# 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.

