



Francotyp-Postalia Holding AG

Management Board Speech

Annual General Meeting

7 June 2017

Rüdiger Andreas Günther, Chairman of the Management Board

Thomas Grethe, Member of the Management Board

Sven Meise, Member of the Management Board

Check against delivery.

Introduction “Start to ACT”

Rüdiger Andreas Günther, Chairman of the Management Board

[The gong sounds as Mr Günther steps up to the lectern]

Ladies and gentlemen, the gloves are off for Round One!

As you can see, the FP Management Board team has entered the ring. This image shaped FP in 2016 and will continue to shape FP going forward: fitness, speed and agility. Team spirit and a tactical approach combined with fairness, ingenuity, the thrill of success and dedication. We are abandoning our defensive position to impress you, our customers, our employees and our partners.

We have something to offer. And now we want to show you what it is!

Over the last twelve months, we have set a lot of things in motion and have already successfully implemented some of our plans.

We start to ACT!

On that note I would like to wish you, ladies and gentlemen, esteemed shareholders, key bank representatives, employee representatives, partners and friends of FP, a warm welcome to this year’s Annual General Meeting in Berlin!

We are delighted to see so many of you here this year and that you have found the way to come to Berlin from all over Germany.

Exactly one year ago, on 7 June 2016, I stood in front of you and made the following promise:

FP is going to change.

I have kept my promise! We are going to provide you with a detailed report on what we have accomplished, where things stand and where we want to go from here.

But before I begin, please permit me to play a little game with you.

There are envelopes on your seats. In them you will find a numbers game: paint by number. Perhaps you know it. If you want to, have a go at connecting the numbers. If you have connected the numbers correctly they will spell a word.

Later on, I will ask you to shout out the solution and stand up. Perhaps you will be the lucky winner of a “special dividend”.

Chapter 1: Statement of accounts – what has happened and where do we stand today “Mystery Tales of FP”

Ladies and gentlemen, the topic of franking machines is not one of the stories with which we – at least in the past – have made major headlines.

Perhaps even you have anticipated the following negative news stories:

News broadcast [recorded]:

Now we come to the latest business news.

We learned today that on 6 June the last franking machine was disconnected. Thousands of people are joining in the funeral procession in great sorrow.

Chancellor Merkel commented on this upsetting news during a conference. With the decline of the franking machine, we are now mourning another victim that has succumbed to the attack of the Internet on our traditional values and products.

The last chapter has been written in a story dating back over 95 years. What began nearly 100 years ago and boasted many great successes is now a thing of the past.

As of today, the future belongs only to companies that have kept pace with the rapid developments of digitalisation.

Now, in all seriousness do you think this scenario is likely?

Who told us that the market for franking machines had no future? Who made us believe that we could not grow any more? And where is the much proclaimed spectre of digitalisation now?

These are myths that have been repeated time and again and become deeply engrained in our minds.

Ladies and gentlemen, it was so easy to accept this discourse. But for us – for FP – these myths certainly no longer dictate our future. After all, the numbers speak for themselves.

And on the subject of numbers, have you found the solution?

Ladies and gentlemen, when I say “go” please stand up and shout out the solution.

Ready.... go!

[....]

Ladies and gentlemen,

We have increased our revenue by 6.2% to €203.0 million, surpassing the €200 million mark for the first time in our history! In the first quarter of 2017, we continued this trend by generating revenue of €55.5 million, which equates to a growth rate of 8.1%. This revenue growth is not originating – as you would perhaps expect – solely from our new

business areas, which have continued to develop in a highly positive manner. No! It is also originating – and this is the paradigm shift – from our franking machine business! The franking machine business closed the previous year with growth of 1.9%, and we experienced continued growth through to the first quarter of 2017 at a rate of 5.1%!

EBITDA – earnings before interest, taxes, depreciation and amortisation – was also improved by 1.6% to €27.2 million. We maintained this growth rate in the first quarter of 2017 and, despite the initial negative effects from ACT, increased EBITDA slightly – in line with our guidance – by 1.7%, corresponding to €8.3 million. This saw us end the year with growth of 66.5% and a consolidated net profit of €6.2 million.

At this point, I would like to touch briefly on two issues:

Firstly, amortisation and depreciation, and, secondly, investment.

As expected, amortisation and depreciation adjusted by non-recurring effects increased slightly in fiscal year 2016. The main reason for this increase was higher amortisation and depreciation on rental machines, software and customer lists. At the same time, in 2016 we also completed the PostBase family with the development of PostBase One and PostBase 100, thus bringing to a close the long process of modernising the franking business product portfolio. We are anticipating increased amortisation and depreciation for 2017 as a result. The trend for the first quarter of 2017, which was already visible in the interim financial statements, will continue to shape our development based on the planned investments under the ACT strategy. At the current time, we

expect to see the ratio of amortisation and depreciation to revenue start to decline slowly from 2018 onwards.

With ACT, we are making FP fit for the future and intend to use these measures to enhance the capacity and profitability of our company. This requires continued investment, which will drag on the result. But we are planning for this.

Development of our free cash flow, the sum of cash inflows from operating activities and cash outflows from investing activities, has been very pleasing.

After recording a minus of €1.4 million in 2015, we achieved a turnaround in 2016 and generated free cash flow of €4.6 million. Our investments in 2016 included the acquisition of non-controlling interests in IAB. We also used finance leases to a greater extent in 2016 to boost sales and retain customers. Adjusted by investments in finance lease assets and non-controlling interests in IAB, free cash flow in 2016 increased to as much as €9.5 million.

Lack of opportunities and the extinction of a business model – ladies and gentlemen, things look a lot different!

This deserves a round of applause for our employees. Thank you very much to our fantastic FP team!

We are still in the very early stages, ladies and gentlemen! But a look at our competitors shows that we are on the right track with our strategy. Last year, while we achieved growth of 6% in overall business and 2% in

franking machine business, our competitors fell behind: between -3% and -5% in overall business and between -6% and -7% in franking machine business in 2016. This trend continued in the first quarter. We achieved growth of 8% and 5%. Our competitors, on the other hand, achieved only marginal growth of 1% and a minus of 1% in overall business and -4% and -6% in the franking machine segment.

These are not mere course corrections! They are diametrically opposing trends! Can there be any better affirmation of our working hypothesis?

In this respect, the news announcement regarding FP actually goes something like this:

News broadcast [recorded]:

Recent market reports:

Contrary to previous opinions, the end of the franking machine market is not yet in sight. According to the latest trends, the A segment for small-scale franking systems is growing at a rate of 3.4% a year.

The assessment of market observers, therefore, is that the companies to pull through will be the ones that gear their product portfolios towards low to medium mail volumes. Companies are also seeing a noticeable slowdown in the pace of digital transformation.

*Rüdiger Andreas Günther giving an interview to Börsenradio
Network in November 2016 [[https://www.brn-
ag.de/brnplayer.php?bid=31630](https://www.brn-ag.de/brnplayer.php?bid=31630)]*

Chapter 2: Strategy – “the old is the new” change of perspective

Ladies and gentlemen, FP’s future is still ahead of us!

“Long live the letter” was the headline of the Handelsblatt article regarding the new strategy on 17 November 2016.

But there is still a great deal of work to be done first. We are still in the early stages and need to adopt the right perspective. In other words, the old is the new! I made this statement last year and it remains as relevant as ever.

Let’s take the Report by the Management Board, for example. This is an old right to which you as shareholders are entitled. But who is to say that we need to structure this report in the same old way and just like everyone else? Rather than simply giving an account of the past fiscal year, which we already do on a regular basis in a more direct exchange with you, the Annual General Meeting in particular is the time to present to you FP’s future prospects, which ultimately involve you.

In this way, we are pleased to be following in the footsteps of the former US President, John F. Kennedy, who once said:

“Change is the law of life. And those who look only to the past or present are certain to miss the future.”

We do not know every detail of FP’s future. We are not fortune-tellers. But we will keep an open dialogue with you. We will try to work together

with you to explore any opportunities available for FP and will keep you abreast of the latest developments.

We have expanded our Investor Relations activities considerably in recent months. We are also in talks with banks regarding new research and recently brought LBBW on board. In the last few weeks, more articles have also been written about FP in the press!

We are on the right track, even if we do not yet have all the answers. With this in mind, in 2016 we adopted not only a new strategy, but also a clear plan of action:

ACT!

This stands for:

A as in Attack: Going on the attack in the core business with franking systems means expanding our customer base and increasing our market share.

C as in Customer Journey: We are developing new solutions and services for our existing and new customers, and are supporting them on their journey to new types of communication.

T as in Transform: We will develop digital business segments based on our core DNA, and not only advance into new areas but also change the very essence of our company.

ACT will help FP become a high-growth company!

But we are keeping our feet firmly on the ground, as the saying goes!

The old is the new!

The franking machine market has no future? Rubbish! This is the first assumption we are consigning to the realm of myth. We have a new and highly successful product portfolio with our PostBase product family. We have expert knowledge of small and medium-sized companies. We have over 200,000 customers worldwide, a respectable basis that we can build on.

When I started working at FP, the general consensus was that we already had a market share of 10% and would not be able to grow any more. That is myth number two! Now our approach is that we can get the other 90% of the market. The same content but re-evaluated!

As we see it – the supposedly rapid process of digitalisation is also yet to materialise. In some sectors, like retail or banking, people's fear may well be justified. But we are as yet unaffected by this trend. It goes without saying that we are prepared for it nonetheless. We are not naive. Digitalisation cannot be stopped, and why should it be! But it has lost its fear factor.

I am in regular contact with journalists. Shortly after we prepared our quarterly report I had a very interesting conversation. Whereas our statements on the letter and its development had previously always been overshadowed by great scepticism, this particular journalist had an entirely different view and believed our statements to be altogether

plausible. He based this assessment on the ever-growing consumption of paper.

I once researched this:

According to a WWF study, in 1970 approximately 130 million tonnes of paper was produced around the globe. 45 years later, this figure is 440 million tonnes of paper! This is more than triple! This ties in with the number of letters that are still being sent: over 300 billion worldwide. 150 billion of these in the USA alone. What does this mean for us?

The old perspective that “digitalisation is going to happen overnight and exact its toll” can be safely cast aside. This is myth number three.

The new perspective is that yes, of course, digitalisation will happen, but it is not going to happen overnight. Customers will indeed go down this route, but it will be a gradual journey. Time pressure, obstructive safety requirements, deadlocked structures and processes are major obstacles to transformation.

We need to find a smart way of adjusting. This also applies to our customers who we are helping along this journey. But it applies in equal measure to us, too. Here, I am reminded of Charles Darwin’s clever words:

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.”

In the process of developing our strategy, we thought long and hard about how we could ensure we are the most adaptable in this sense, and how we could focus on our strengths.

We came up with over 20 ACT project ideas that we are managing as part of a rigid programme. Some of these ideas are still in the testing phase, but others have already gained considerable momentum.

My colleagues, Thomas Grethe and Sven Meise, will now tell you about some of these projects and project ideas.

Chapter 3: “What exactly does this mean?”

Thomas Grethe, Member of the Management Board of Francotyp-Postalia Holding AG

Good morning ladies and gentlemen, esteemed shareholders. First of all, I would like to wish you another warm welcome to our Annual General Meeting.

The franking machines of yesterday and the franking systems of today essentially still do the same job. They print money onto envelopes. But the way in which they do it is quite different.

FP today has a range of innovative products and a stable, growing customer base. The continued success of our PostBase systems, in particular the success of the new PostBase One and PostBase 100 featuring dynamic scales, which have added the finishing touches to our product portfolio in the medium-sized market segment, is testament to

the fact that customers can still see a use for franking systems and do not want to lose out on the benefits they provide.

Our new franking systems offer a number of competitive advantages:

1. High ease of use thanks to an innovative design resulting from nearly 100 years of market experience
2. Future-proof thanks to the highest connectivity levels
3. Customer focus due to particular ease of servicing

If you want to, you can have a go at using these new systems. We have set them up for you in the foyer.

There is a particular demand for smaller systems in the office sector. This is our strength. We have focused a lot of effort on and invested a lot of money in this segment. What is to prevent us from continuing to be successful in this segment? Nothing!

Last year, I told you about the start of our sales activities in Switzerland. Last week, after just 1.5 years, we installed the 1,000th PostBase system in Switzerland. An installed base of 1,000 systems corresponds to a market share of roughly 3%.

This is a fantastic achievement that has motivated us to obtain further system certifications for Switzerland and shift up a gear.

I also told you about obtaining certification for PostBase in Japan. We are in the process of conquering Japanese market share for FP with PostBase. Our dealers in Japan have boosted their sales by acquiring

specialised sales staff from our competitors and are pleased about the launch of the PostBase Mini, which will round off the range of products they have to offer.

In the UK, we have reacquired the customer base of a franchisee who wanted to retire, and our strong telesales team has succeeded in expanding this customer base significantly and more than doubling revenue.

However, we will focus our efforts on expanding our customer base in the core markets of the USA and France in particular – naturally without neglecting other countries in the process. From our perspective, the USA and France are extremely attractive markets with significant potential. 60% of the global installed base for franking systems is located in these two countries, around 1.2 million machines in total. FP has only a small market share of around 70,000 machines in these countries, which represents a good opportunity to take market share from other competitors and grow ourselves. With this in mind, we are continuing to expand our sales force by strengthening our telesales teams and acquiring additional specialist dealers for FP from our competitors.

This February, Mr Günther and I attended our major dealer summit in the USA. Events like these are important to ensure that we remain in direct contact with our sales partners and stay abreast of what makes them tick and what opportunities and risks they perceive. They tell us how our systems are being received in the respective markets. Only by maintaining this level of contact will we be able to retain our high quality standard going forward and consolidate the advantages that we have gained over our competitors in recent years.

More than 75 specialist dealers from practically all US states came to Chicago to learn more about our products, our strategy and our employees. Their comments about FP speak volumes.

[Film clips]

You heard it with your own ears: Martin Klaghoz, owner of Key Business Solutions, has worked with all the franking machine manufacturers. And he can confirm that – in his eyes (and compared with other competitors) – FP offers by far the best support and the best customer service.

And Eric Judson, owner of Innovative Office Solutions, has had some very exciting times with FP. He feels as though he is part of a company that is growing in spite of the difficult market environment and digitalisation. Judson sees the clear prospects for the future that we are delivering with our strategy. This is acting as motivation for all dealers.

In a nutshell, FP offers its sales partners attractive products; rapid, flexible and active support in daily operations; and – with the new ACT strategy – long-term growth prospects.

FP is already a strong brand in Germany. But that is not enough for us. We want to become a strong brand around the world, too, and significantly increase our visibility. This also includes having a uniform global image and a clear positioning with which we can clearly set ourselves apart from the competition. We already completed the first step last year when we overhauled our website, and we have a whole host of other measures in the pipeline. These include additional online

marketing activities, stepping up public relations work and sales support. These are points that have also been addressed by yourselves on several occasions and that we are of course taking very seriously. Especially in relation to our new growth strategy, ACT. After all, we have many plans in mind!

At the same time, we are strengthening and improving our global sales activities including by means of an ingenious lead generation concept. And, lastly, we are expanding our range of solutions for our customers, for example with parcel shipping solutions, financing models and a new customer web portal, which will provide access to FP's digital solutions.

This is all happening for one reason only: customer satisfaction is not enough for us. We want – and are able – to make customers enthusiastic. If we play to our strengths in this regard, we will continue to be successful. This process will not always be smooth. We should expect possible stirrings from our competitors, and we also need to guide our colleagues along this new path. But we are repositioning ourselves as well as identifying and utilising the opportunities that present themselves.

Even more importantly, we need to take the journey along this path with the customer. Our customers still have business mail – letters, orders, invoices.

Nothing here has changed. They just now have many different options for sending these documents.

At this point, I would like to give the floor to my esteemed colleague, Sven Meise.

Sven Meise, Member of the Management Board of Francotyp-Postalia Holding AG

A warm welcome and good morning, ladies and gentlemen!

As you have heard, digitalisation is not going to happen overnight, but it will happen.

This gives us time that we can use wisely. Our strengths lie not only in franking systems themselves, but also in providing additional software solutions and services, an area in which we had a lot of success last year in particular.

In 2016, we increased revenue in the mail services segment by nearly 17%. The postage increases introduced by Deutsche Post undoubtedly contributed to this, but we also focused specifically on improving our operating business. We acquired major new customers – including a renowned DAX corporation, but also government ministries. Alongside our traditional consolidation service, we significantly expanded our franking service with freesort. This service entails collecting unfranked letters, franking them according to customer specifications, sorting them by postal code and transferring them to Deutsche Post for delivery. Last year, we processed a total of more than 200 million letters via the freesort service. A new record!

But when we refer to ACT, we are obviously looking at customer acquisition from a different angle. What additional services can we offer our customers? How can we impress our customers even more and remain one step ahead of our competitors?

An important element of the strategy is to develop sorting centres throughout Germany into digitalisation hubs. To this end, we have certified the first of eight national freesort locations according to the TR RESISCAN standard and can now – in line with our corporate policy – provide our digital services based on the standard of the German Federal Office for Information Security.

This is quite clearly a unique selling point. Mr Günther mentioned that IT security issues and data protection are top priorities for our customers and that, right now, these things are impeding digital transformation rather than enabling it. In this respect, anything that ultimately gives our customers a sense of reliability and security puts FP in a strong market position.

We are developing our digitalisation hubs in close cooperation with our subsidiary IAB. Since last year, IAB is now finally a wholly owned subsidiary of the FP Group. This gives us the necessary scope to drive forward the strategic development of our new business areas throughout the customer journey and, ultimately, also digital transformation itself. We are in the process of professionalising FP's business process outsourcing services to an even greater extent. In specific terms, we are investing in the modernisation of our production equipment in both the printing and scanning segments as well as in our IT infrastructure.

Direct proximity to the customer is a matter of importance to us. It makes little sense to develop software solutions and services without taking customer requirements into consideration. Our new cloud-based

signature solution, FP Sign, is a good example of customer-centric product development.

You have all been in this situation: when you are negotiating a contract, all the data is usually available digitally and it is exchanged via e-mail. But, as soon as the contract is ready to be signed, we generally revert to the traditional media discontinuity of printing out the contract and sending it in the post to people all over the world. In short, signing contracts costs time and money.

Contracts or other documents requiring a signature can be signed electronically with ease using FP Sign. The document is transferred to our cloud platform where it can be countersigned quickly, securely, digitally and in a legally binding format by all the other contracting parties. With FP Sign, we are thereby satisfying several key needs:

1. We are supporting a multi-stage workflow that extends beyond company boundaries with no media discontinuity whatsoever.
2. Documents can be processed on all devices – PCs, tablets, smartphones – all over the world with no time delay.
3. The current signature status is transparent for all parties involved in the process and can be monitored and tracked at all times.
4. All standard means of identification can be used.
5. The technology is based on German and European standards and the process is handled securely via German data centres.

At the strategy presentation in November 2016, I promised you that we would have developed the first version of FP Sign by March 2017. FP Sign was launched just in time for CeBIT 2017. We have already acquired our first few customers and we are in talks with many other customers, particularly in the personnel management and financial services sectors. But we are still in the very early stages. And please understand that FP Sign is one of many solutions that we are developing together with our customers. Many more will follow.

If I have aroused your curiosity about FP Sign, then why don't you try it out for yourself and register for a free test account [www.fp-sign.com]. Our colleagues are also on hand in the foyer to give you a more detailed explanation.

This brings me in closing to another very exciting topic that we have made one of our top priorities with ACT: digital transformation. This is a big word that is currently on everyone's lips. What does digital transformation have to do with FP? Quite a lot.

As Mr Grethe has already mentioned, a franking system is not a straightforward printing system. A franking system combines a number of technologies that can be used in a very beneficial way in connection with digital transformation or, to be more precise, in connection with the Internet of Things. While other companies are having to spend a lot of time and money adapting to this technology, we have over 90 years of experience and development work in this area.

To give you a better understanding, what is the Internet of Things? Every one of us has objects – things – at home. Before now, these objects – let's say a TV or the heating – were standalone units without any Internet connection.

But today, we can connect these objects to the Internet and control them externally using our smartphones. This is a very simple example, but it can easily be transferred to the industrial surroundings in which our spheres of activity are located.

Our franking systems are devices like these. Today we manage over 200,000 decentralised hardware systems that can be securely connected with our central cloud service via the Internet.

This interface is used to transfer not only telemetry data, such as temperature and ink levels, but also – and this is what makes them unique – large amounts of money. In Germany alone, we transfer over one billion euros a year between our cloud infrastructure and our customers' franking systems. And using highly secure encryption.

Franking systems contain the following pieces of technology, which have a large significance when it comes to the IoT:

- Cryptography
- Identity management
- Sensor technology
- Highly secure connectivity with cloud services

Over the last few months, we have combined these competencies in a prototype and are currently in the process of testing it with potential

industrial partners, reputable consulting firms, and software and cloud service providers with a clear focus on industrial applications.

The managing director of one of the largest consulting firms in Germany, Austria and Switzerland summed it up in a single quote. “FP is able to manage highly secure data streams cost-effectively.” And this is precisely our ambition:

To make the IoT more secure!

This is one of our core competencies and a major problem that the Internet of Things has to grapple with. FP has the solution. It’s as simple as that.

If I have peaked your interest, feel free to ask for an explanation of our proof of concept in the foyer. My staff and I would be happy to answer your questions and hear your thoughts. I would now like to hand back over to Mr Günther. Thank you for your time.

Chapter 4: “What we have already achieved!”

Ladies and gentlemen, dear shareholders!

We have made a start! To ensure we continue to make progress on this front, we have chosen the perfect location for FP: Berlin, Europe’s capital city for start-ups. We have made some initial contacts and the enthusiasm is catching. It is causing us to consider partnerships, for example, and perhaps later even acquisitions.

But in-house developments – as Mr Meise described – are also part of our future, because we have the expertise required.

The key thing is that we transform our company from the inside out. The old is the new means changing what is old, not obliterating it.

We are restructuring processes, transforming structures and developing new products. No stone is being left unturned. It is all about speed, flexibility and efficiency. It is about team spirit, smart intelligence and ingenuity! We have only just started this project and we are already seeing the first signs of success.

- Within the space of a few weeks, we negotiated a syndicated loan for €150 million with a first-rate consortium of banks, which, based on the excellent conditions, gives us sufficient room for manoeuvre for our growth strategy.

This highlights the confidence that our financial partners have in us and our strategy. We will use this good starting point and work side by side with you to continue to move our business relations and FP as a company forward.

- As we promised at the last Annual General Meeting, we have reduced the tax rate from 51% to around 35%.
- We have taken the first steps to setting up a currency management policy and are seeing the first fruits of our labours.

- We have significantly improved our cash flow.
- And, last but not least, we are generating success with our products and solutions in our core markets and are continuing to develop and extend our range of services.

These are just a few of the milestones FP has achieved.

You, too, dear shareholders, are starting to see FP from another – new – perspective. How else do we explain the development of the share price in recent months?

You were impressed, in particular, by the announcement of our ACT strategy. At the start of December, the FP share topped the €5 mark again for the first time since 2008 and, in the last week, even moved above €6.

Since then, our share has outperformed the SDAX. This means that over the year to date the share price has risen by more than 60%! This is a strong upward trend compared with the market as a whole.

What you are witnessing here are the initial stages in the development of a sustainably growing company value that will benefit all stakeholders. But we have a mammoth task ahead of us.

Finally, I would like to draw your attention to the last core aspect of our strategy:

At investor meetings, I am often asked what I perceive to be the biggest risk for FP and how I see the successful implementation of our strategy. The competition, technological developments and market changes are only part of the picture.

These risks are obvious and we are of course taking them very seriously. I see an entirely different, generally underestimated risk, but one that simultaneously presents us with a tremendous opportunity.

We are facing the following situation: FP used to be – and I say this deliberately – a machine builder with a long history, which operated in a relatively protected market. This world has changed! So if you ask me what I think is the biggest risk or, in other words, the biggest challenge, I would have to say it is the internal transformation that we need to successfully undertake. We need to give our workforce a fairy-tale kiss to wake them up.

The modern world requires different capabilities than ten years ago: agility, flexibility, speed, team spirit and ingenuity. We need to come out of the trenches! And we have started this process. We are seeing the first signs of success. But we need to get into the ring together and take everybody along for the ride. Which is why I am also extremely pleased that we have restored a good working relationship with employee representatives, and I would like to say a special thank you for that.

What we need to do now is to continue to step up our efforts and sustain them over the long term. We cannot do this alone! The development and advancement of our workforce is the key to ACT's success. This is a matter close to my heart. By the same token, we need to be careful that we do not embark on too many projects and end up knocked out on the ropes. This would mean that although we entered the ring we would not emerge victorious.

This brings me to our dividend proposal.

In spite of ACT, we committed to a clear dividend policy and are sticking to a payout ratio of between 35% and 50% of the adjusted consolidated net profit. The Supervisory Board and Management Board are thus proposing a dividend payment of 16 cents for 2016. This corresponds to a payout ratio of 45%!

Esteemed shareholders, what does this mean?

That you are part of a company that combines the following characteristics.

Firstly, we are growing!

Secondly, we are investing in the long-term success of the company.

Thirdly, we are paying dividends!

Hence you should see the dividend proposal as a sign of our confidence. We are optimistic that by working together we can take advantage of our

growth opportunities in the years to come! At the same time, it should be in all our interests to secure the sustainable growth of our company in the long term and continue to drive it forward.

Revenue of €400 million combined with an EBITDA margin of 20% and EPS post-2020 of over one euro: this is the ambitious goal we have set ourselves. But we have a lot of work to do to get there. The goal will not achieve itself. It could be that we will also have to take the decision to invest our profits in the opportunity of achieving larger growth spurts.

Ladies and gentlemen, dear shareholders, to be successful we need to be able to rely on having strong foundations and a good team.

You are part of the ACT team.

When we talk about the success of the company, we are also talking about you. We need your support and your trust – even and especially when things are perhaps not going quite as well. So we ask you, give us time over the next few years to rewrite FP's history. We are not just putting our minds to the task but our hearts, too, and promise to do everything in our power to ensure your company is successful. Only by working together – together with you – will we achieve our goal. Join us on this journey. Let's work together to confront the myths and enter the ring with confidence.

We start to ACT!