



# UNAUDITED FINANCIAL STATEMENTS Q1 2015

**FP GROUP INVESTORS' DAY**

MANAGEMENT BOARD OF FRANCO TYP-POSTALIA HOLDING AG

BERLIN | 28 MAY 2015

## 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 2014 Annual Report develop in a way other than we are currently expecting.

# FP WITH A GOOD START IN 2015

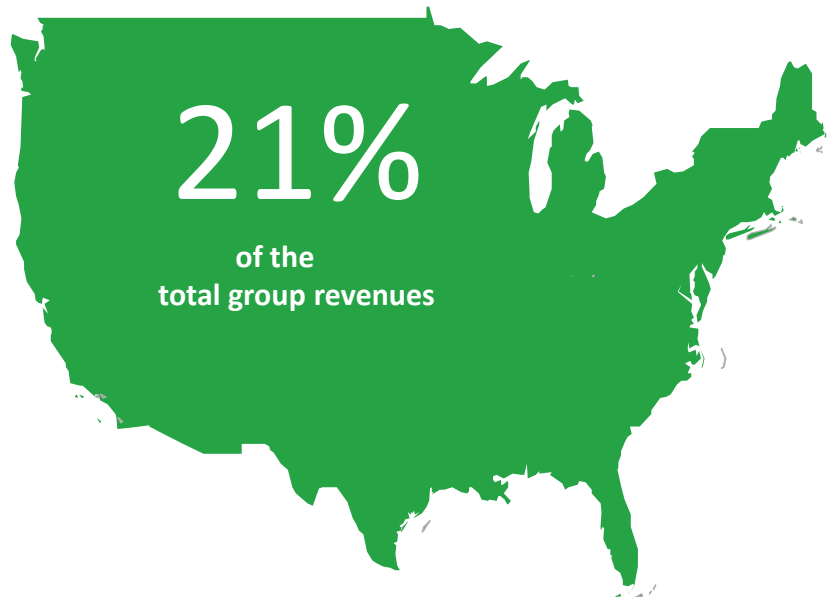


- FP increased all key figures in traditionally strong Q1



- **Positive business development** and ongoing shift towards rental business
- **Positive free cash flow** despite ongoing high CAPEX level
- **Positive effect of weaker Euro** on all key figures
- **FP confirms its guidance** for 2015

# MAJORITY OF INSTALLED BASE IN THE USA ALREADY SAFEGUARDED



- Decertification in the US until end of 2015 affected some 35,000 FP franking machines
- After Q1 2015, more than 32,000 PostBase are already installed
- Replacement of depreciated machines for new PostBase lead to
  - Temporary higher CAPEX
  - Higher depreciation
- Solid basis for future profitability
  - Steady recurring revenues
  - Steady positive earning impact

# UK IS DEVELOPING ON A VERY POSITIVE NOTE



- **Positive revenue impact**
- Successful incentives of **Royal Mail**
- High demand for **PostBase**
- Successful introduction of **PostBase Mini**
- **Increasing market share to 10.9%**

# RENTAL MARKETS ON THE RISE

## EXAMPLES FRANCE AND ITALY



- French customers view PostBase as a most-welcome innovation
- French sales team now is gathering its way



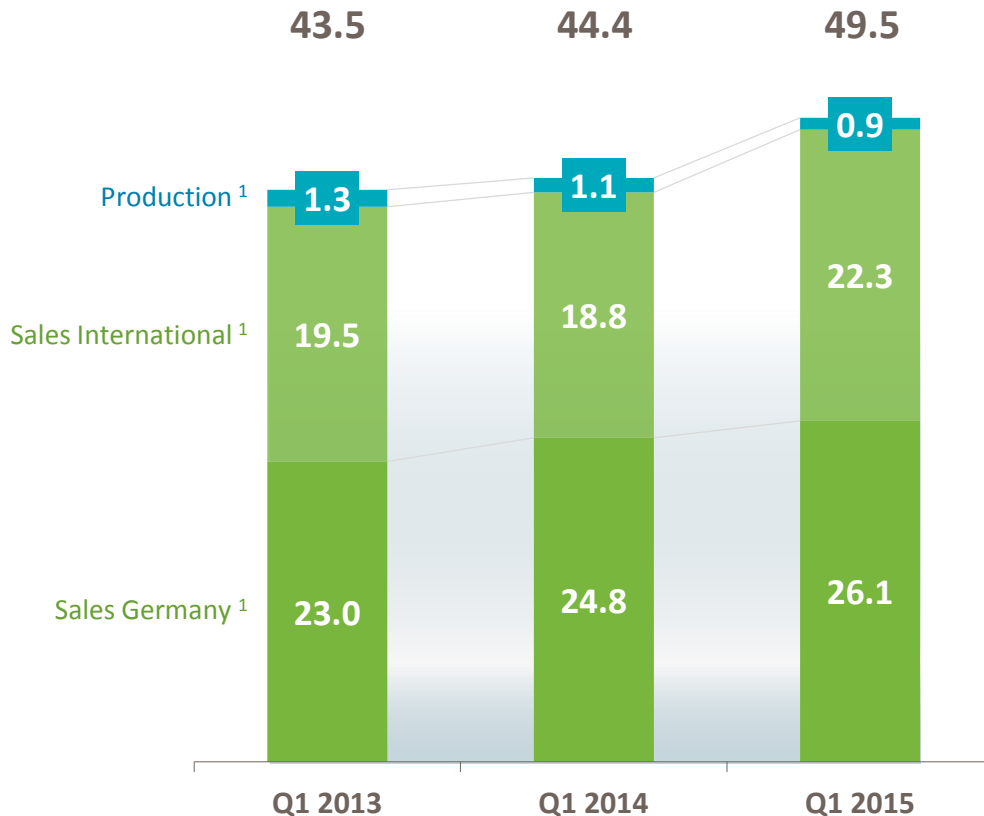
- Introduction of modern IT infrastructure for franking systems (TDC) in Italy, supported by Poste Italiane
- Increase of market share to more than 29%

# STRONG GROWTH OF INTERNATIONAL SALES

## REVENUE BY SEGMENTS



€ million



**Total growth** excluding currency effect in Q1 2015 €2.6m

### International Sales were influenced by

- Rate change in Austria and Belgium (€0.6m)
- High demand in key markets like UK
- Positive currency effect of €2.5m

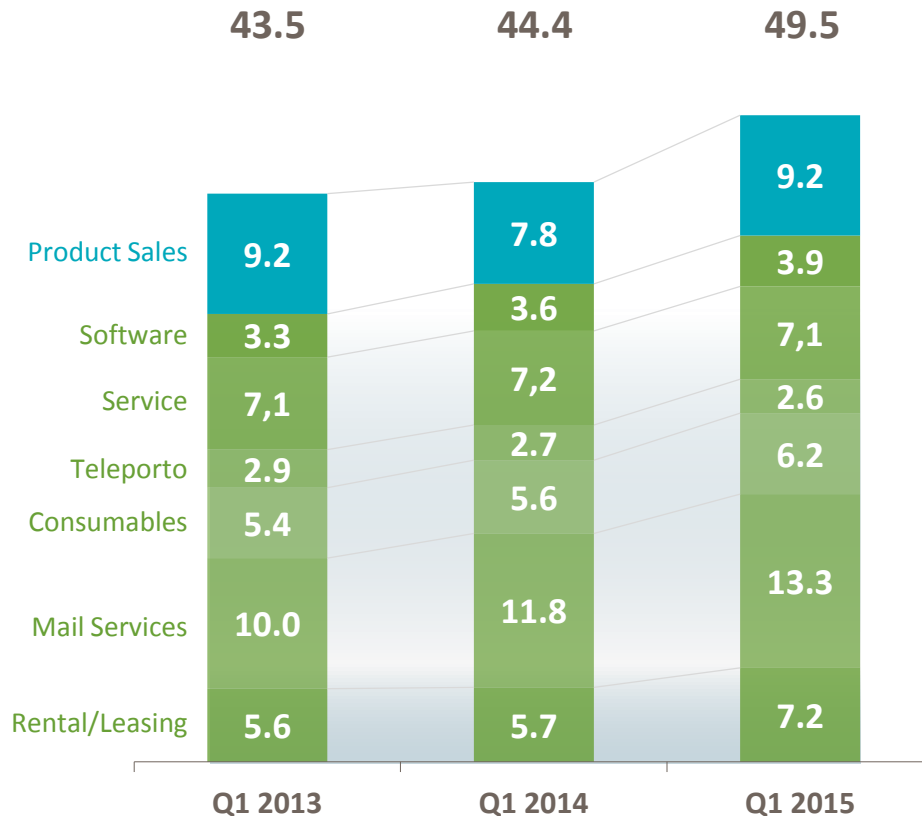
German organisation benefits from **increasing** Software and Mail Service business

<sup>1</sup> | Non-consolidated figures according local GAAP. Revenue with third parties.

# HIGH PROPORTION OF RECURRING REVENUES



€ million



## Major revenue drivers

- Rental/Leasing: +26%
- Mail Services: +13%
- Software: +8%

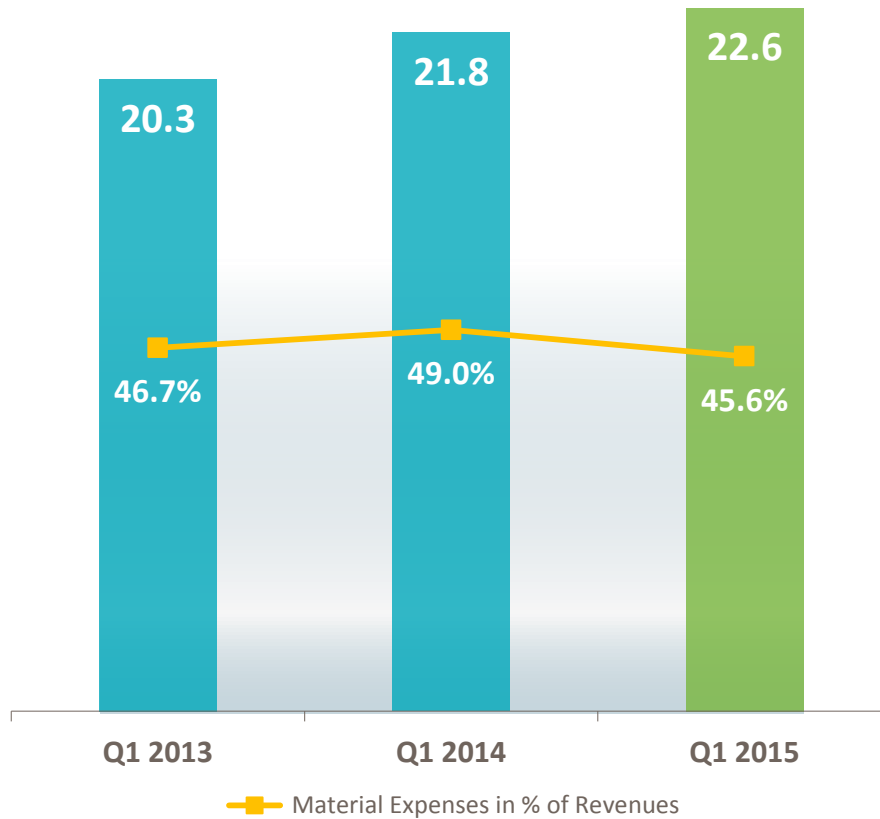
**High proportion** of recurring revenues (81%) is a **perfect base for sustainable business**



# MATERIAL COST RATIO IMPROVED SIGNIFICANTLY



€ million



**Material expenses increased by just €0.8m** while revenues were up by €5.1m

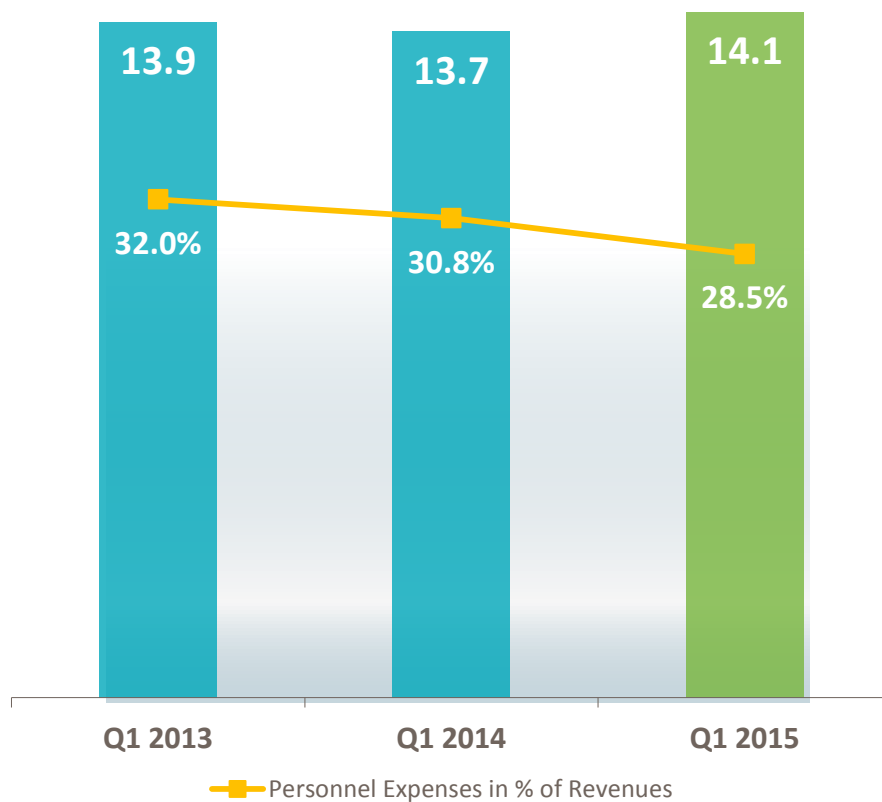
Improvement due to **less increase in change** in inventories

**Improvement of material cost ratio** supported by increasing revenues

# IMPROVEMENT OF PERSONNEL EXPENSE RATIO



€ million

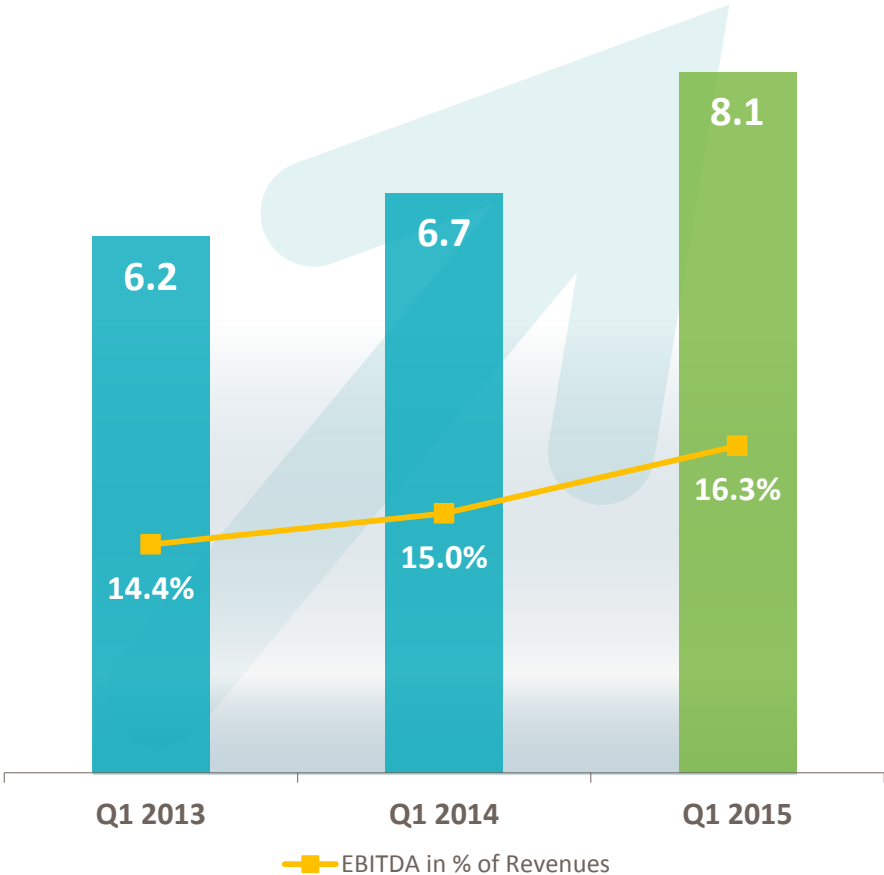


Personnel expenses nearly stable

Improvement of personnel ratio supported by increasing revenues

# EBITDA INCREASED BY 21% IN Q1 2015

€ million



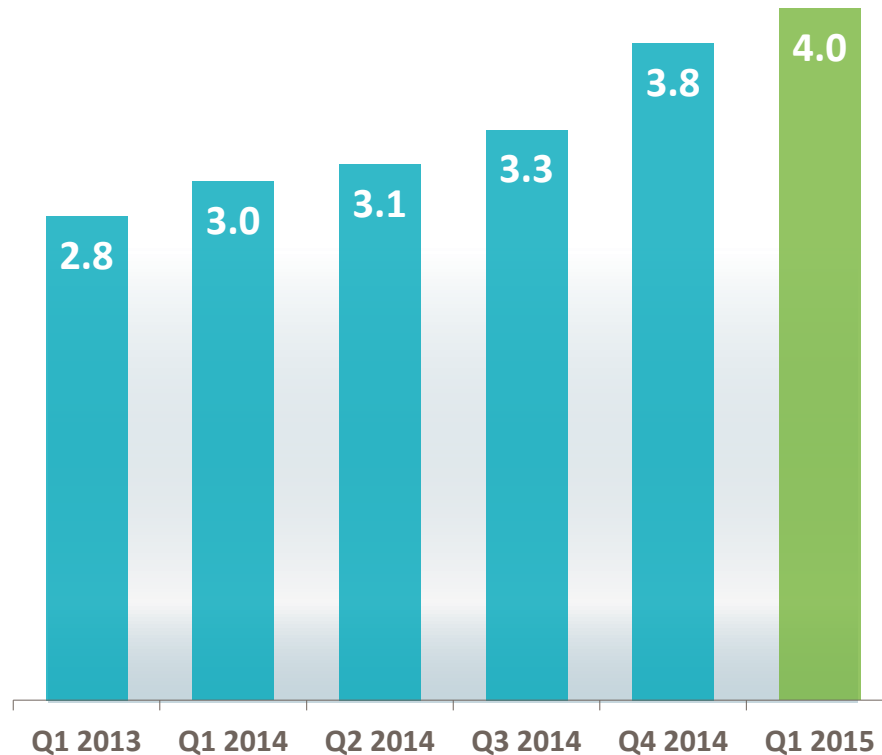
### Profitability drivers

- Revenue growth
- Positive currency effect of €1.1m mainly due to the strength of US-dollar

**Improvement of EBITDA margin to 16.3%**

# INCREASE IN DEPRECIATION

€ million



**Replacement of old machines by new PostBases** due to US decertification leads to a significant increase in depreciation

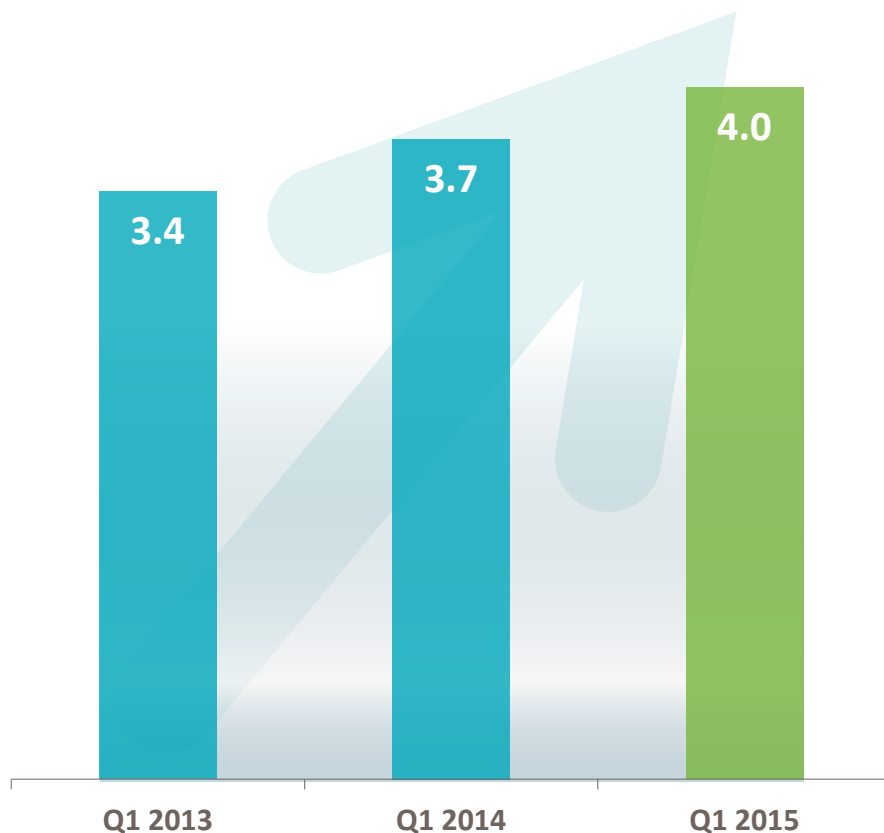
FP expects **depreciation between €15m to €17m for FY 2015**

**Investments in installed base secure future recurring revenues**

# INCREASING EBIT DESPITE HIGHER DEPRECIATION



€ million



EBIT improved by 9.5%  
in Q1 2015

EBIT margin of 8.2% in Q1 2015

In FY 2015, EBIT will be  
influenced by ongoing  
decertification in the USA

# SUSTAINABLE PROFITABILITY



€ million	Q1 2015	Q1 2014	%
<b>Revenue</b>	<b>49.5</b>	<b>44.4</b>	<b>11.4</b>
Change in inventories	0.3	1.0	-70.5
Own work capitalised	3.8	3.8	1.5
<b>Total output</b>	<b>53.6</b>	<b>49.1</b>	<b>9.0</b>
Material expenses	22.6	21.8	3.7
<b>Gross profit</b>	<b>31.0</b>	<b>27.4</b>	<b>13.3</b>
Personnel expenses	14.1	13.7	3.2
Other income ./ Expenses	-8.9	-7.1	-25.3
<b>EBITDA</b>	<b>8.1</b>	<b>6.7</b>	<b>21.1</b>
as % of revenue	16.3	15.0	
Depreciation/ Amortisation	4.0	3.0	35.5
<b>EBIT</b>	<b>4.0</b>	<b>3.7</b>	<b>9.5</b>
Interest result	-0.3	-0.6	-47.5
Financial results	1.8	-0.1	n/a
Tax result	-2.1	-1.1	82.5
<b>Net profit/loss</b>	<b>3.5</b>	<b>1.9</b>	<b>85.0</b>
<b>EPS (€)</b>	<b>0.21</b>	<b>0.11</b>	<b>81.6</b>

**Revenue growth** due to higher International Sales and growth in Mail Services

**High level of own work capitalised** reflects higher demand for rental machines

**Nearly stable personnel expenses**, but personnel expense ratio declined to 28.5% (Q1 2014: 30.8%)

**Financial results** increase is attributable to exchange rate effects on the revaluation of balance sheet items on the reporting date

**Increase of EPS**

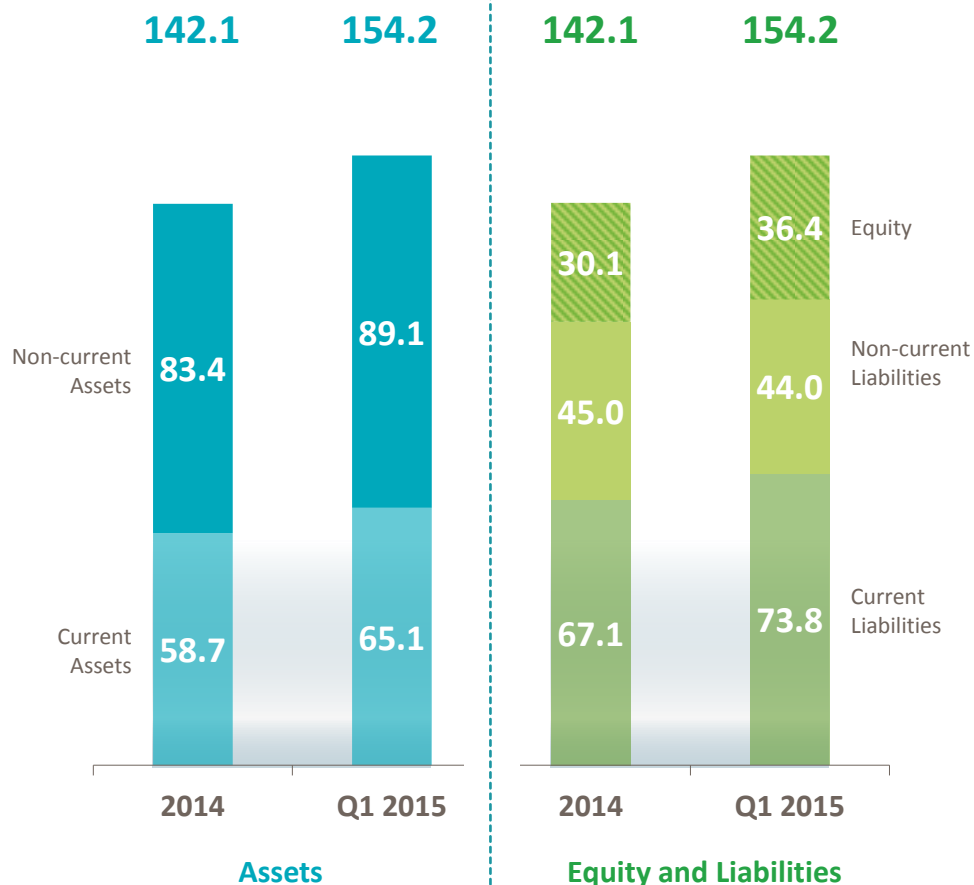
## POSITIVE EFFECTS OF WEAKER EURO

- **Euro declined** from US\$1.21 to US\$1.08 during Q1 2015; average exchange rate 1.12 Euro/US\$
- **Impact on revenues:** €+2.5m
- **Impact on EBITDA:** €+1.1m
- **Financial result:** €+1.8m
- Positive impact leads to **strong increase in net profit**

# PROFITABLE GROWTH STRENGTHENS EQUITY



€ million



Non-current assets increased due to **higher leased inventories** (+€4.1m)

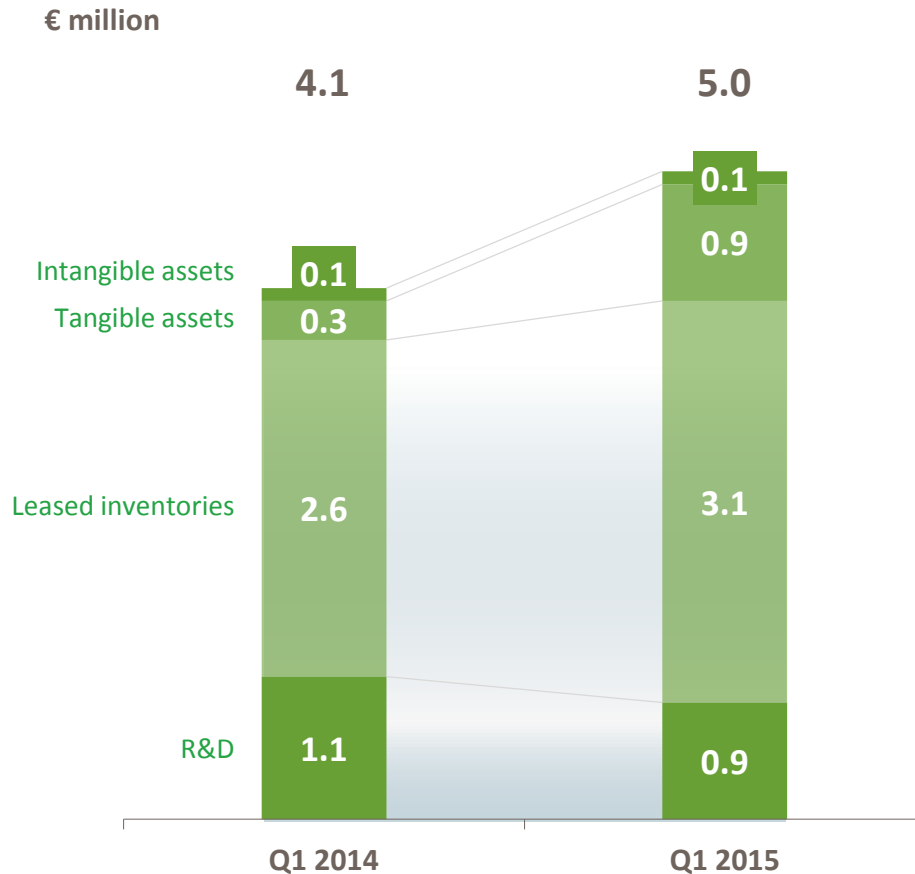
**Current assets** grew due to **increase of trade receivables** (+€3,5m) due to improved revenue and **higher cash** (+€2,1m) in consequence of a positive free cash flow

**Current liabilities** grew mainly due to **an increase of deferred income** (+€2,2m) and a positive **currency effect** regarding **teleporto liabilities** (+€1,7m)

**Equity ratio** improved to **23.6%** (2014: 21,1%)



# FP INVESTS IN RENTAL MARKETS



## CAPEX Drivers

**Increase in tangible assets** due to increase of leased products

**Continuing high investments** in leased inventories. FP expects investments between €17m and €18m in 2015

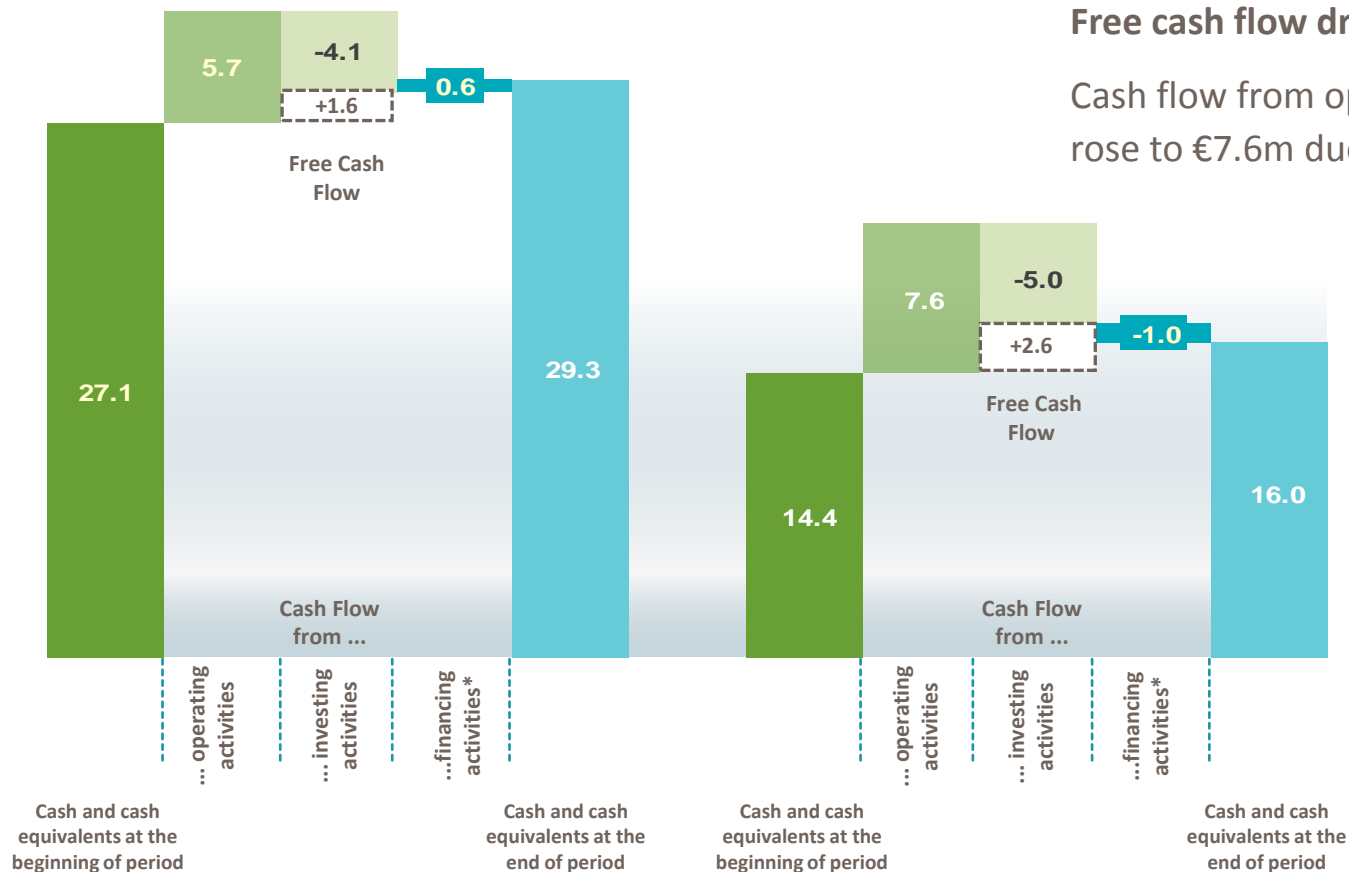
**Investments in 2015 will decrease** in comparison to 2014 (€23.1m).

# STRONG OPERATIVE BUSINESS STRENGTHENS LIQUIDITY



€ million Q1 2014

Q1 2015



## Free cash flow drivers

Cash flow from operating activities rose to €7.6m due to growing EBITDA

\* | incl. change in cash and cash equivalents due to currency translation Q1 2014: €0.1m, Q1 2015: €0.7m

# IMPROVEMENT IN ALL FINANCIAL KEY FIGURES



in € million	31.12.14	31.03.15
Financial Liabilities	31.4	29.7
Cash	15.4	17.4
<b>Net debt</b>	<b>16.0</b>	<b>12.3</b>
Shareholders' equity	30.1	36.4
<b>Net debt/equity ratio</b>	<b>53%</b>	<b>35%</b>
<b>Net debt/EBITDA</b>	<b>0.77</b>	<b>0.56</b>

In Q1 2015, **net debt** declined due to strong cash flow

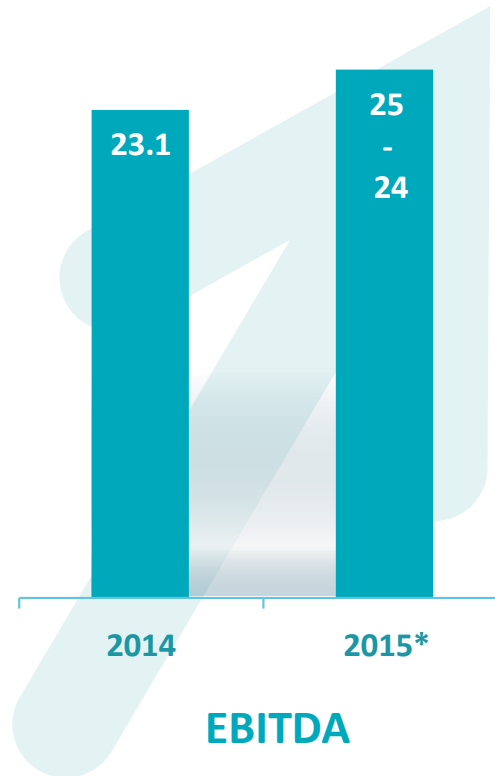
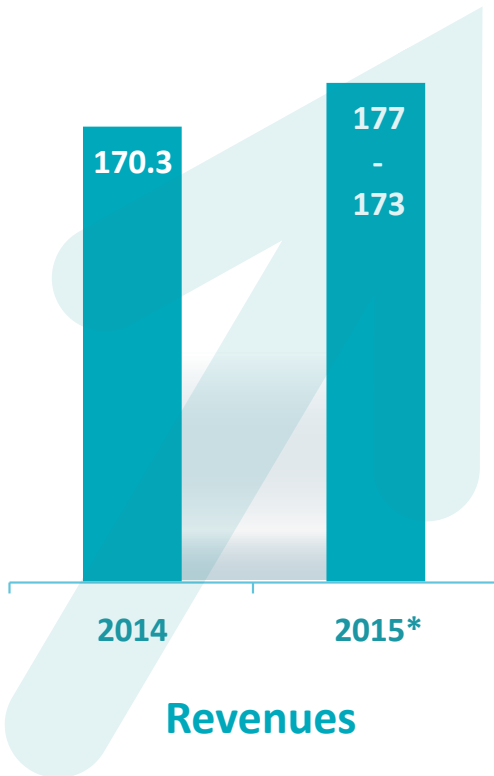
FP achieves a solid **net debt/equity ratio** of 35% (end of 2014 53%)

Low **net debt/EBITDA** ratio supports FP 2020 growth strategy

# FP CONFIRMS GUIDANCE



€ million



Revenue growth estimated to €173 - €177 million

EBITDA growth estimated to €24 - €25 million

FP expects a significantly improved and positive Free Cash Flow

\* | Guidance: EBITDA German service optimisation not included. Currency rate: 1.25 Dollar/Euro

# BUSINESS DRIVERS IN 2015



- **Launch of PostBase Mini** / Protection and modernisation of franking machine business
- **End of decertification** in the USA
- **Growing demand for rental machines** in key markets
- **Optimisation** of German service organisation
- **Upgrading of digital competencies** in Germany and beyond



WE WILL NOW ANSWER YOUR QUESTIONS

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BIRKENWERDER | 28 MAY 2015



# APPENDIX

## **FP GROUP INVESTORS DAY**

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BIRKENWERDER | 28 MAY 2015

# FP BOARD OF MANAGEMENT



## Hans Szymanski

CEO and CFO

Member of the Board since December 2008.

Born in 1963, economics graduate, responsible for Finance, Accounting, Controlling, Human Resources, Legal and Compliance, IT, Research and Development, Quality Management, Production, Purchasing, Logistics, and Strategic Business Development.

## Thomas Grethe

CSO

Member of the Board since June 2013.

Born in 1959, banking and economics graduate (WAH), responsible for Sales Germany and International, Strategic Business Development and Product Management, Internal Audit, Marketing and Corporate Communications.

## Sven Meise

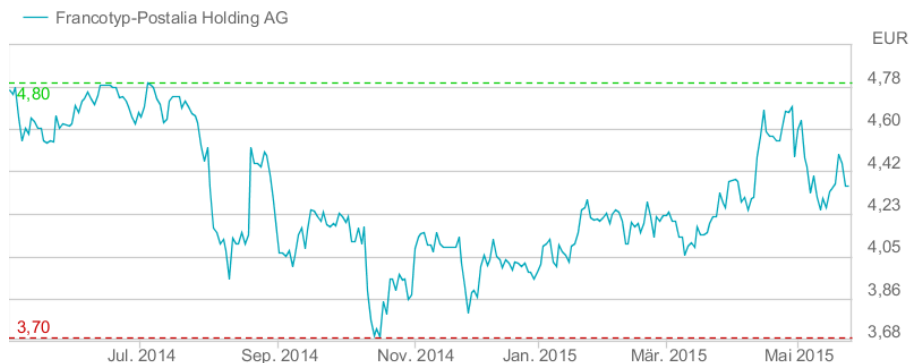
CDO

Member of the Board since February 2015.

Born in 1971, degree in Business Administration (BA) specializing in Business Computer Science, responsible for business area digital solutions



# FP STOCK INFORMATION



<b>ISIN</b>	DE000FHP9000
<b>Segment</b>	Prime Standard/ All Industrial
<b>IPO</b>	30 November 2006
<b>Reuters</b>	FPHG.DE
<b>Shares</b>	16.16 million
<b>Freefloat</b>	88.6% (according to GSE Frankfurt)
<b>Coverage</b>	Hauck & Aufhäuser, Warburg Research

## Shareholder Structure

3R Investments	10.3%
INKA mbH	6.5%
ARGOS Funds SICAV	5.2%
Saltarax GmbH	3.6%
Ludic GmbH	3.5%
Alceda Fund Management SA*	3.1%
Scherzer & Co. AG	3.0%
Rudolf Heil	3.0%
Treasury Stock	1.1%

\* | These are data based on share capital of 14.7 million shares

# CONTACT



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Corporate Communication  
Vice President Investor Relations/ Public Relations

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## Twitter

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# FINANCIAL CALENDAR



## **11 June 2015**

Annual General Meeting in Berlin

## **27 August 2015**

Presentation Financial Results 2<sup>nd</sup> Quarter 2014

## **18 November 2015**

Presentation Financial Results 3<sup>rd</sup> Quarter 2015

## **23 November 2015**

German Equity Forum 2015



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