



# UNAUDITED FINANCIAL STATEMENTS HALF-YEAR 2015

**PRESENTATION OF THE HALF-YEAR FINANCIAL RESULTS 2015**

MANAGEMENT BOARD OF FRANCO TYP-POSTALIA HOLDING AG

BERLIN | 27 AUGUST 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 GOOD HALF-YEAR RESULTS

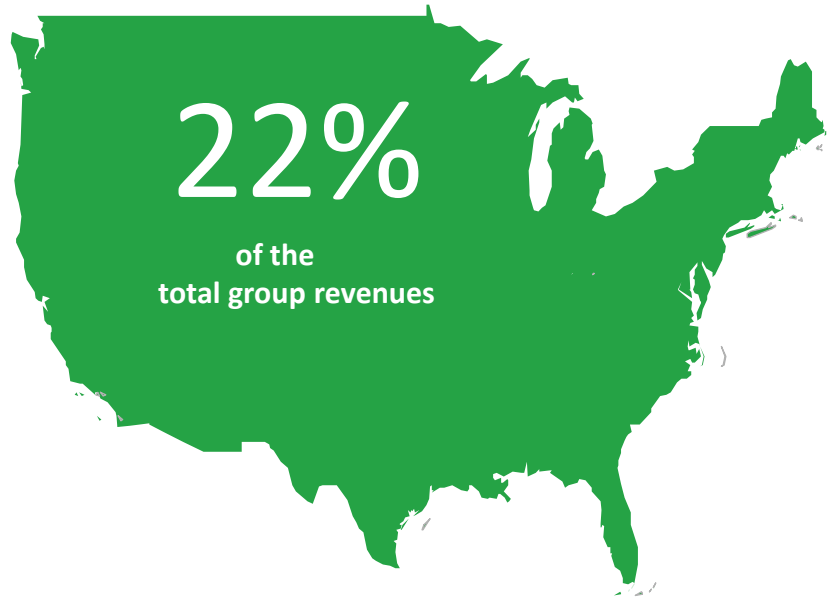


- FP increased all key figures in HY 2015



- **Positive business development** and ongoing shift towards rental business
- **Positive effect of weaker Euro** on all key figures
- **Q2/2015** as expected on a lower level than Q1/2015
- **FP confirms its guidance** for 2015

# INSTALLED BASE IN THE USA SAFEGUARDED



- Decertification in the US until end of 2015 affected some 35,000 FP franking machines
- More than 35,000 PostBase franking systems are already installed with existing customers and new customers
- Replacement of depreciated machines by new PostBase lead to
  - Temporary higher CAPEX until end of 2015
  - Higher depreciation
- Launch of PostBase Mini in Q2 2015
- Solid basis for future profitability
  - Steady recurring revenues
  - Steady positive earning impact

# UK IS DEVELOPING VERY POSITIVE



- Double-digit **Revenue Growth** in HY 2015
- Successful incentives of **Royal Mail**
- High demand for **PostBase** and successful introduction of **PostBase Mini**

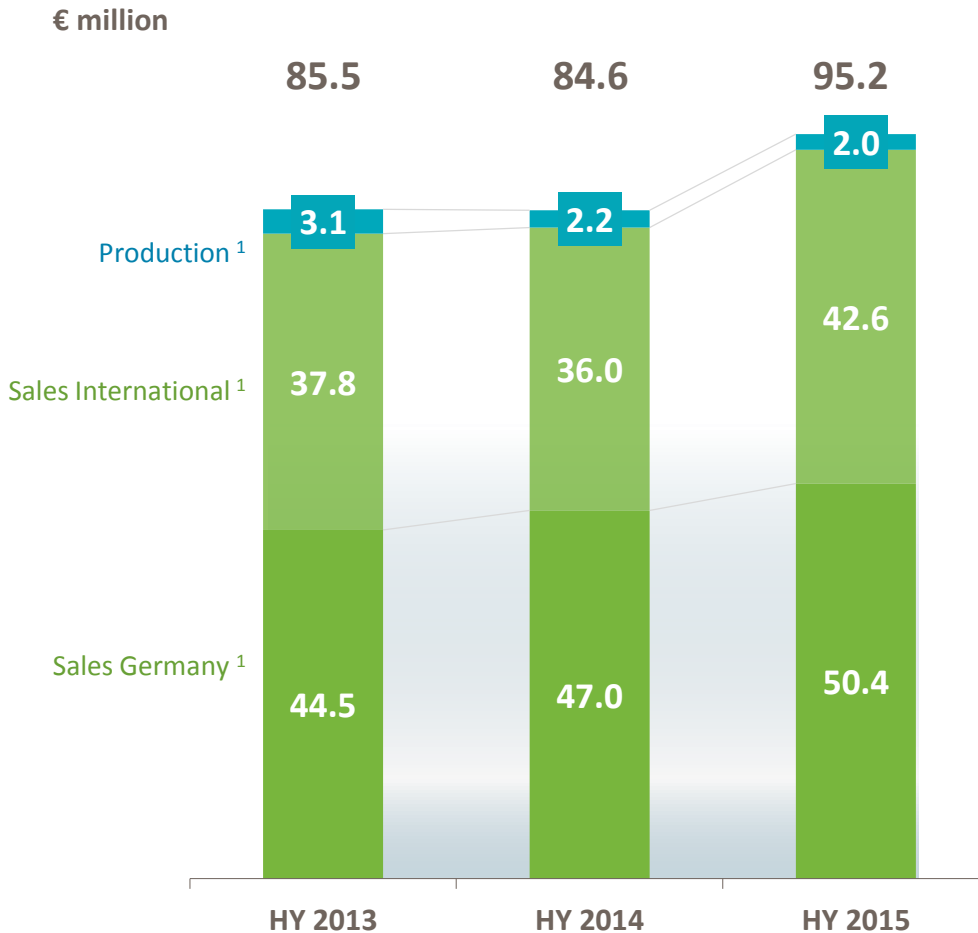
# FURTHER DEVELOPMENTS



- **France:**
  - Successful introduction of new sales team
  - Constantly increasing installed base
  
- **Italy:**
  - Introduction of PostBase Mini
  - Still increasing market share to more than 30%
  
- **Switzerland/Ireland:**
  - Successful start of franking machine sales activities
  - Certification of PostBase in July 2015

# STRONG GROWTH OF INTERNATIONAL SALES

## REVENUE BY SEGMENTS



Total revenue growth of 12.5%

### International Sales were influenced by

- Rate change in Austria and Belgium (€0.6m)
- High demand in key markets like US and UK
- Positive currency effect of €5.1m

Still difficult market conditions in Germany

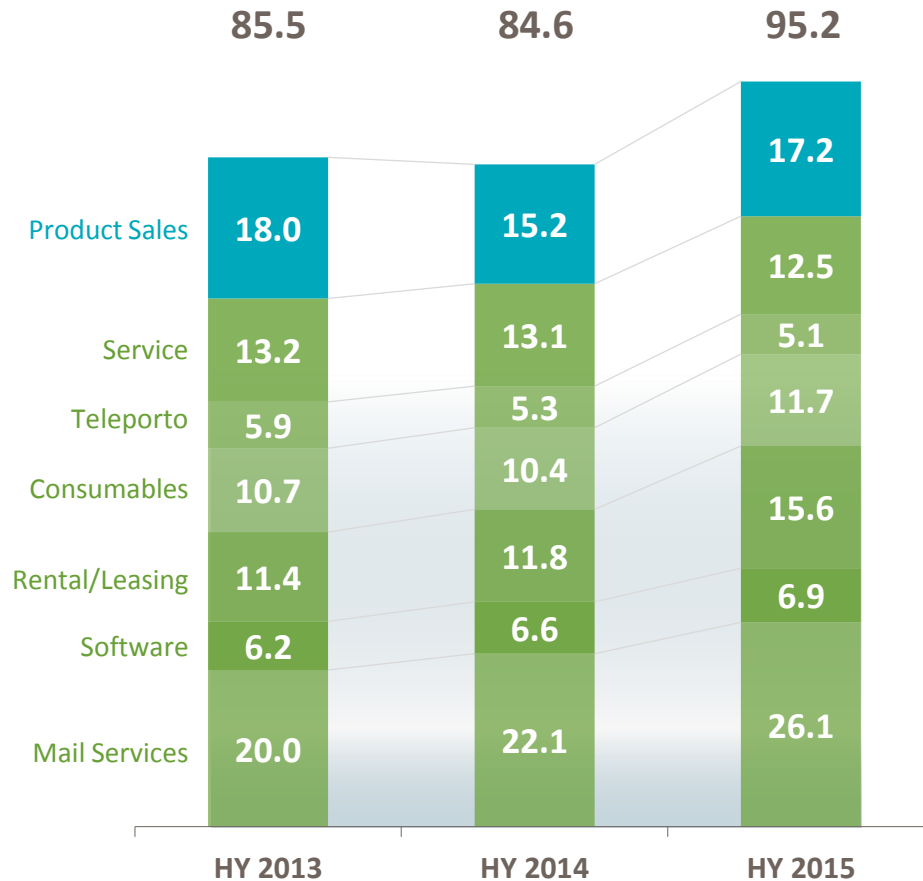
German organisation benefits from **increasing** Software and Mail Services business

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

# HIGH PROPORTION OF RECURRING REVENUES



€ million



## Major revenue drivers

- Product Sales: +13.4%
- Rental/Leasing: +32.3%
- Software: +4.0%
- Mail Services: +18.1%

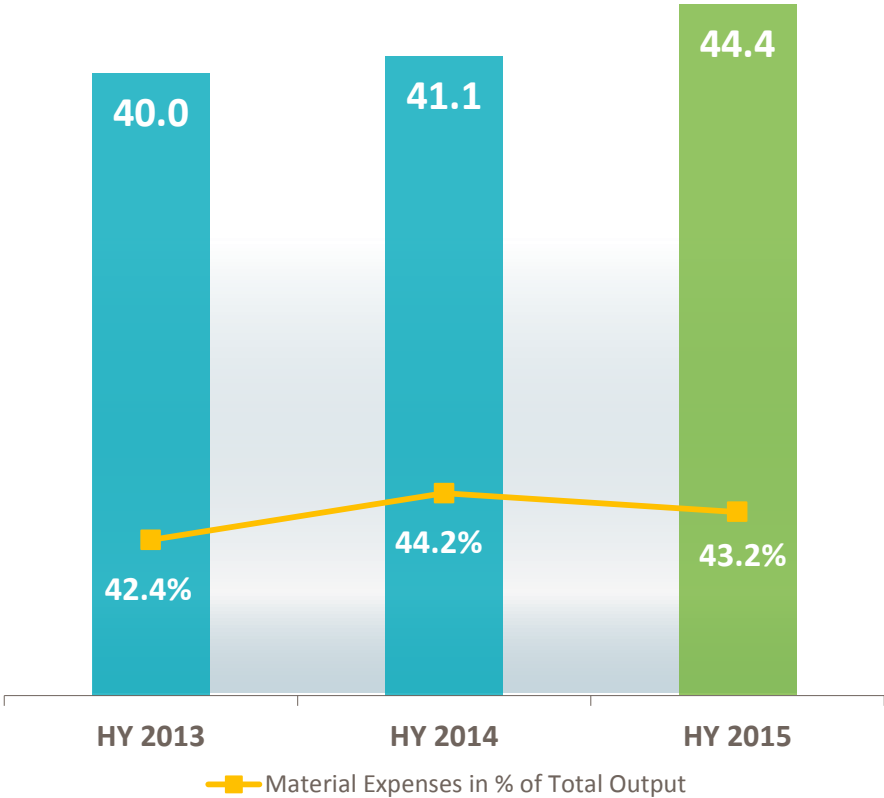
**Positive development** in the **Mail Services** due to additional outsourcing contracts in a highly competitive environment

**High proportion** of recurring revenues (82%) is a **perfect base for sustainable business**



# MATERIAL COST RATIO IMPROVED

€ million



**Material expenses** increased by €3.3m

Main effect in costs for purchased services of €4.1m (Q2 €2.3m)

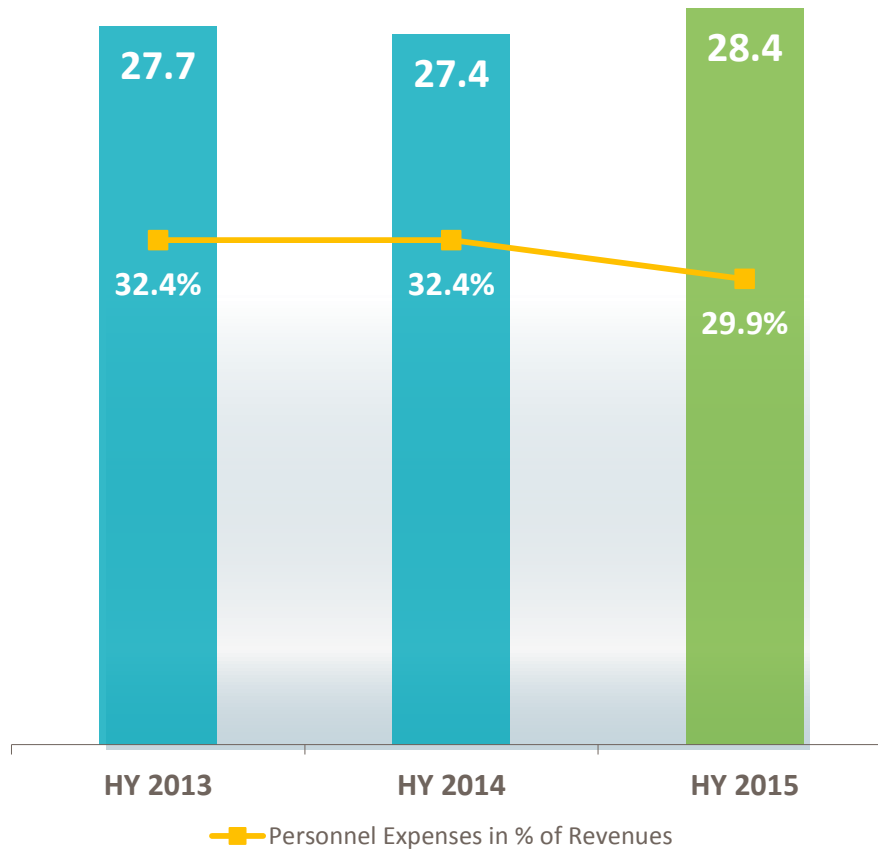
Improvement due to **less increase in change** in inventories

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

# IMPROVEMENT OF PERSONNEL EXPENSE RATIO



€ million



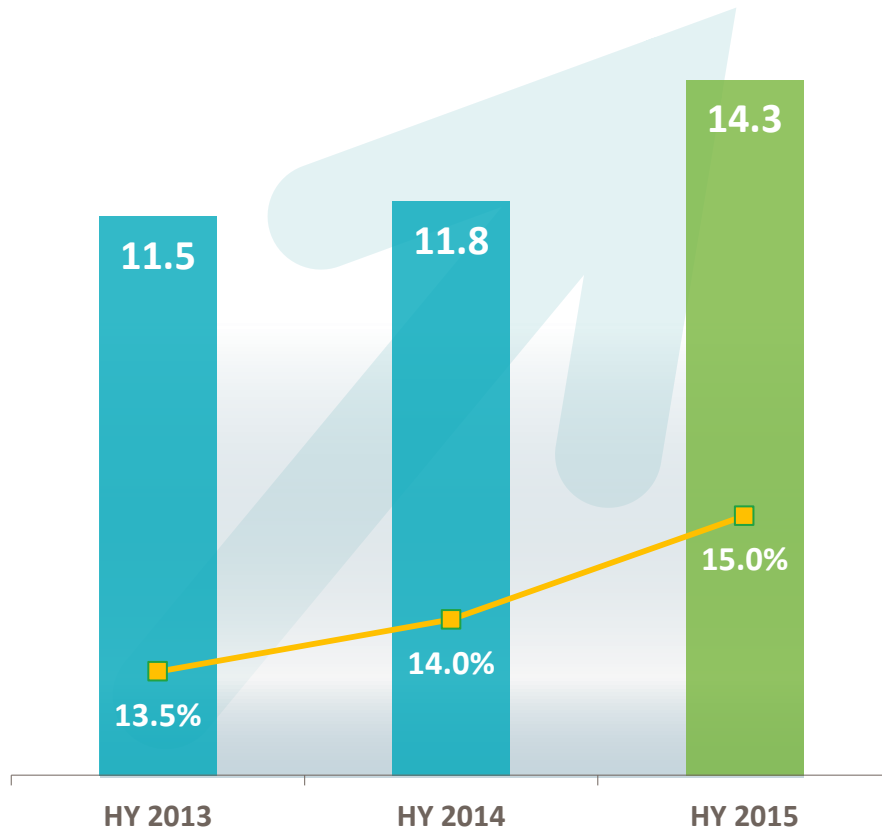
**Personnel expenses** increased by €1.0m due to currency effect

**Improvement of personnel ratio** supported by increasing revenue

# POSITIVE DEVELOPMENT OF EBITDA



€ million



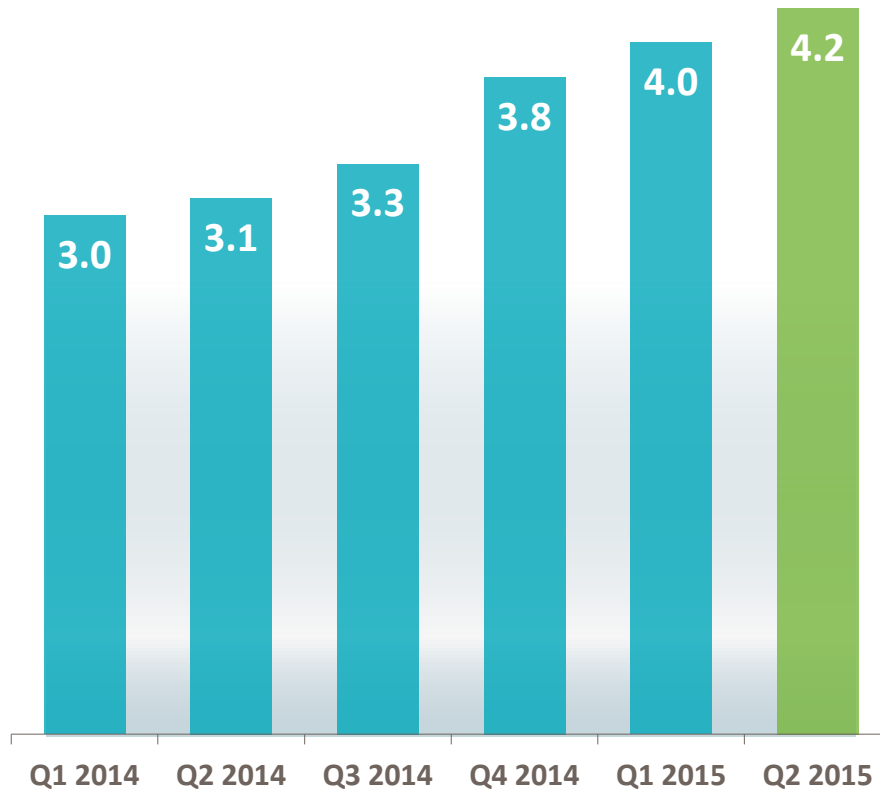
## Profitability drivers

- Revenue growth
- Positive currency effect of €2.1m mainly due to the strength of US-dollar and Great Britain pound

**Improvement of EBITDA margin to 15.0%**

## STILL SLIGHT INCREASE IN DEPRECIATION

€ million



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

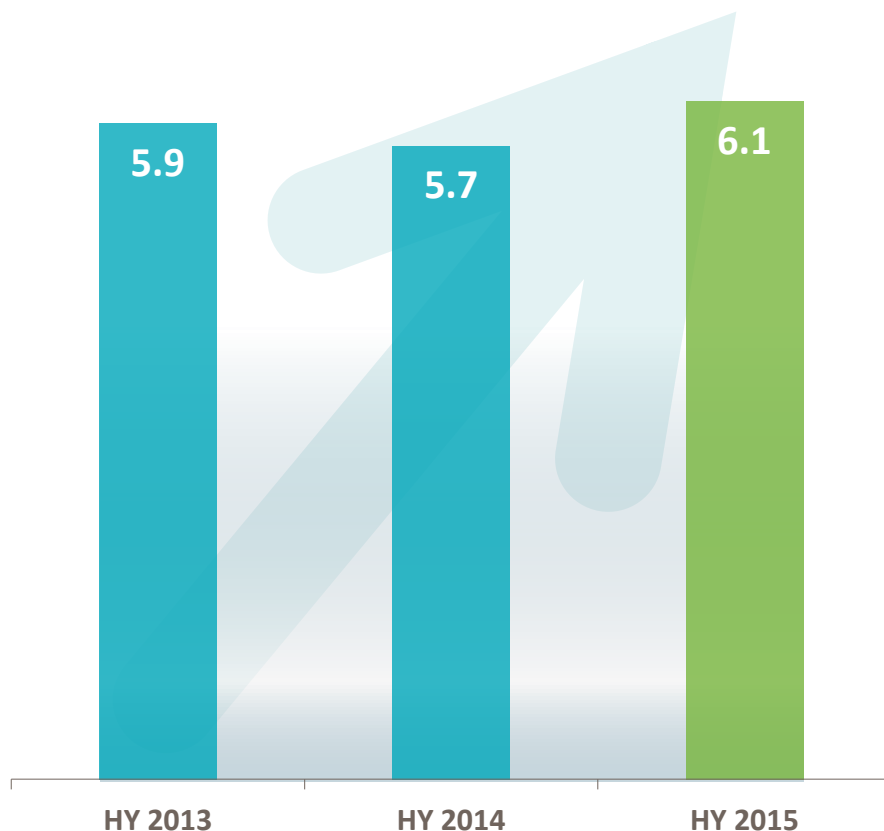
FP expects **depreciation between €15m to €17m for FY 2015**

Investments in installed base secure future recurring revenues

# INCREASING EBIT DESPITE HIGHER DEPRECIATION



€ million



**EBIT improved** by 7.2%  
in HY 2015

Higher depreciation is  
compensated by positive  
currency effect

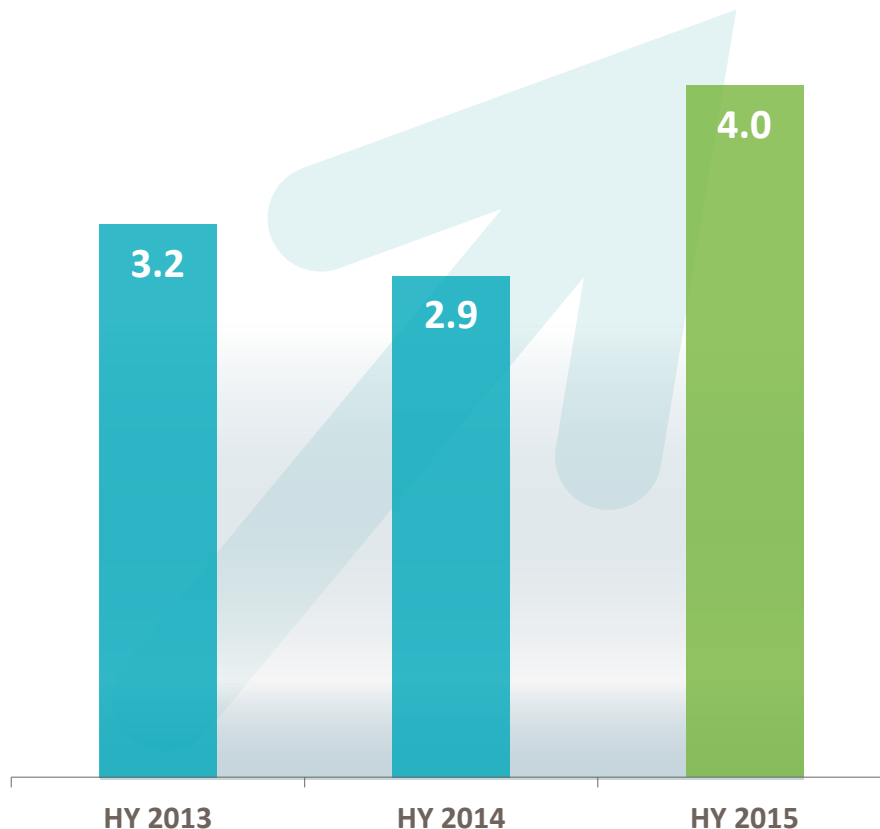
**EBIT margin** of 6.4% in HY 2015

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

# INCREASING NET PROFIT



€ million



**Net profit up by 37.3% in HY**

In total positive impact of **financial result of €0.6m** for the half year **but in Q2, financial results decrease by €1.2m**

- mainly due to the weaker USD on June 30<sup>th</sup> 2015 compared to March 31<sup>th</sup> 2015 (€0.8m) and
- due to deconsolidation of the FP subsidiary in Singapore (€0.4m)

**Tax rate** of 34.2% as expected (HY 2014: 35.1%)

# SUSTAINABLE PROFITABILITY



€ million	HY 2015	HY 2014	%	Q2 2015	Q2 2014	%
<b>Revenue</b>	<b>95.2</b>	<b>84.6</b>	<b>12.5</b>	<b>45.7</b>	<b>40.2</b>	<b>13.7</b>
Change in inventories	0.2	0.8	-80.7	-0.1	-0.1	-9.3
Own work capitalised	7.5	7.6	-1.1	3.7	3.8	-3.7
<b>Total output</b>	<b>102.8</b>	<b>93.0</b>	<b>10.6</b>	<b>49.2</b>	<b>43.8</b>	<b>12.3</b>
Material expenses	44.4	41.1	8.1	21.8	19.3	13.1
<b>Gross profit</b>	<b>58.4</b>	<b>51.9</b>	<b>12.5</b>	<b>27.4</b>	<b>24.5</b>	<b>11.7</b>
Personnel expenses	28.4	27.4	3.8	14.3	13.7	4.4
Other income ./ expenses	-15.7	-12.8	23.2	-6.9	-5.7	22.7
<b>EBITDA</b>	<b>14.3</b>	<b>11.8</b>	<b>21.0</b>	<b>6.2</b>	<b>5.1</b>	<b>21.0</b>
as % of revenue	15.0	14.0		13.6	12.8	
Depreciation/ Amortisation	8.2	6.1	34.0	4.2	3.1	32.6
<b>EBIT</b>	<b>6.1</b>	<b>5.7</b>	<b>7.2</b>	<b>2.1</b>	<b>2.0</b>	<b>2.9</b>
Interest result	-0.6	-1.2	-48.1	-0.3	-0.7	-48.6
Financial results	0.6	0.0	0.0	-1.2	0.1	n/a
Tax result	-2.1	-1.6	32.0	0.0	-0.4	n/a
<b>Net profit/loss</b>	<b>4.0</b>	<b>2.9</b>	<b>37.3</b>	<b>0.5</b>	<b>1.0</b>	<b>-50.4</b>
<b>EPS (€)</b>	<b>0.24</b>	<b>0.18</b>	<b>30.9</b>	<b>0.04</b>	<b>0.08</b>	<b>-53.7</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

**In Q2 net profit** of €0.5m

**Increase of HY EPS** to €0.24

## HY 2015: POSITIVE EFFECTS OF WEAKER EURO

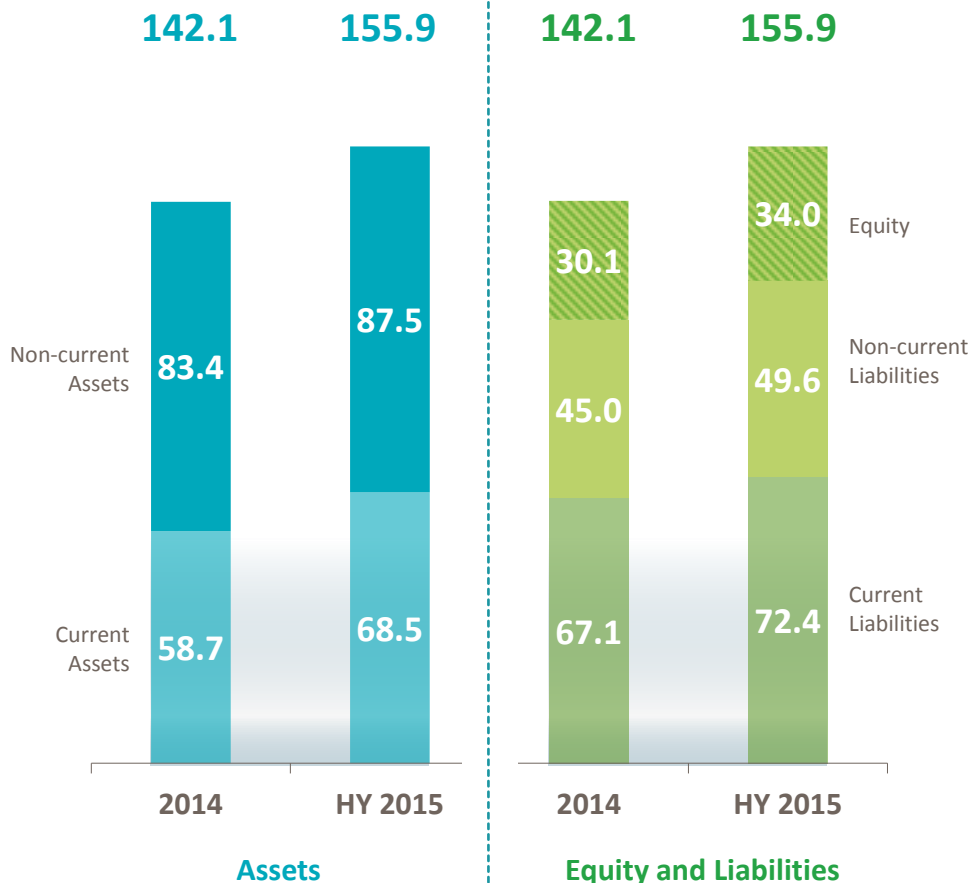
- **Euro declined** from US\$1.21 to US\$1.08 during Q1 2015; but in Q2 slightly increased from US\$ 1.08 to US\$ 1.12
- **Impact on revenues:** €+5.1m
- **Impact on EBITDA:** €+2.1m
- **Financial result:** €+0.6m
- Positive impact leads to **increase in net profit**



# PROFITABLE GROWTH STRENGTHENS EQUITY



€ million



**Non-current assets** increased due to higher **leased inventories** (+€4.0m)

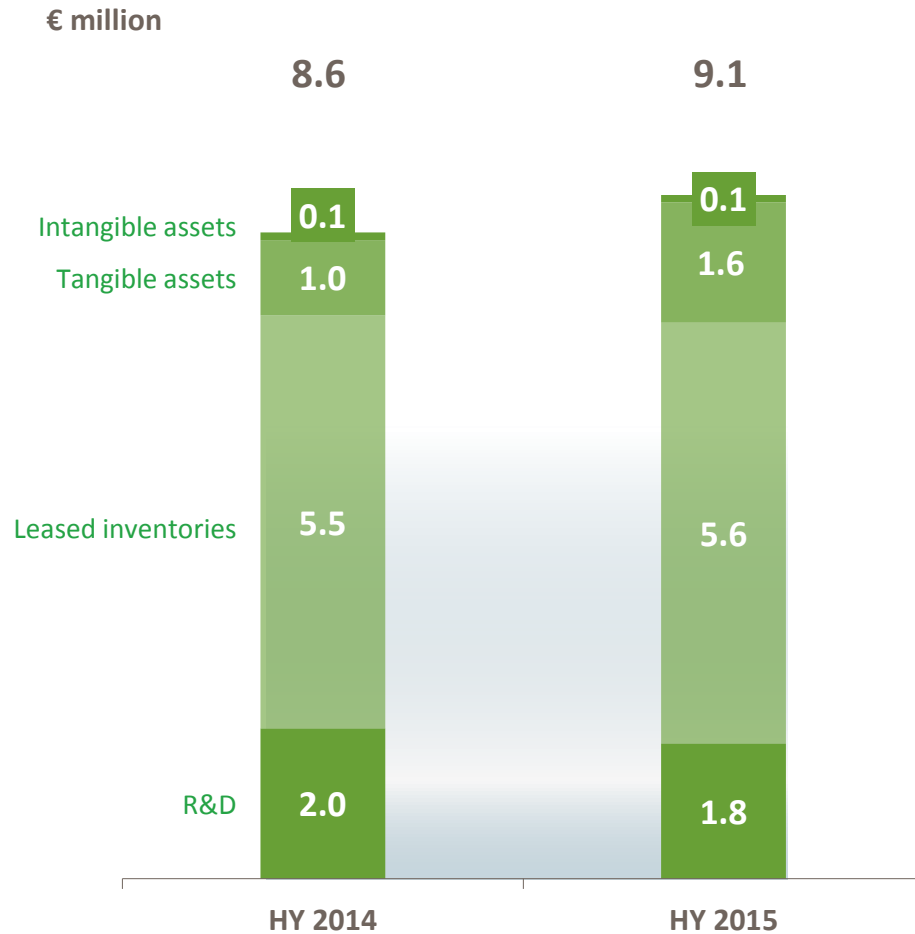
**Current assets** grew due to increase of **inventories** (+€1.7) as well as **trade receivables** (+€1.3m) due to improved revenue, increased market value of hedges (+€1.6) and higher **cash** (+€2.6m)

**Non-current liabilities** grew mainly due to an increase of financial liabilities (+€5.3)

**Current liabilities** grew mainly due to an increase of **deferred income** (+€3.3m) and a positive currency effect regarding **teleporto liabilities** (+€2.0m)

**Equity ratio** improved to 21.8% (2014: 21.1%)

# FP INVESTS IN RENTAL MARKETS



## CAPEX Drivers

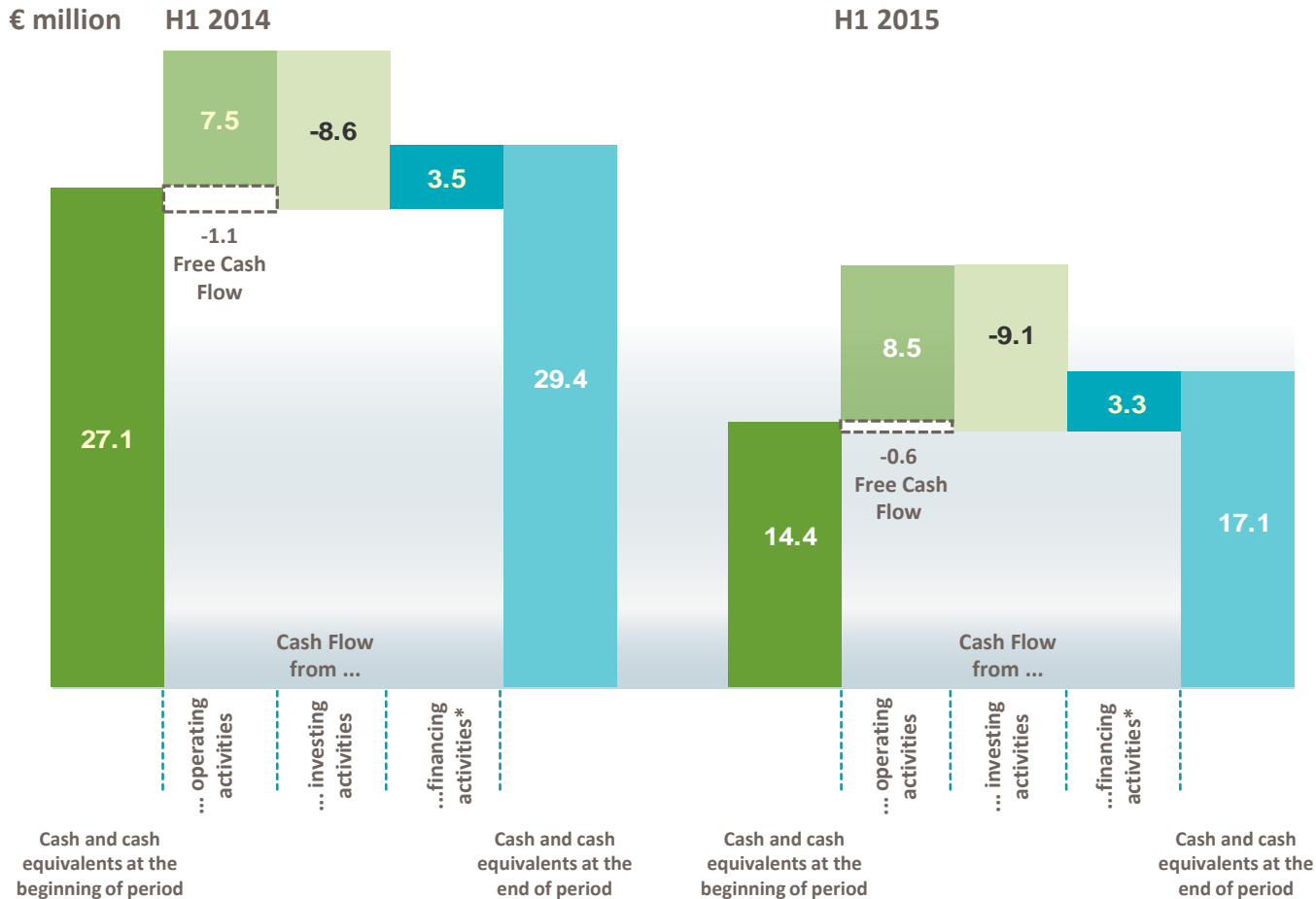
**Increase in tangible assets** due to increase of leased products

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

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

In **coming years**, the level of investments will decrease significantly

# FP EXPECTS SIGNIFICANTLY IMPROVED AND POSITIVE FREE CASH FLOW



## Free cash flow drivers

Cash flow from operating activities rose to €8.5m (2014: €7.5m) due to growing EBITDA

Strong investment activities caused a free cash flow of €-0.6m compared to €-1.1m in 2014

\* | incl. change in cash and cash equivalents due to currency translation H1 2014: €0.9m, H1 2015: €0.7m

# STABLE FINANCIAL KEY FIGURES



in € million	31.12.14	30.06.15
Financial Liabilities	31.4	36.4
Cash	15.6	17.9
<b>Net debt</b>	<b>15.8</b>	<b>18.5</b>
Shareholders' equity	30.1	34.0
<b>Net debt/equity ratio</b>	<b>53%</b>	<b>54%</b>
<b>Net debt/EBITDA</b>	<b>0.75</b>	<b>0.72</b>

In HY 2015, **net debt** increased due to rising financial liabilities

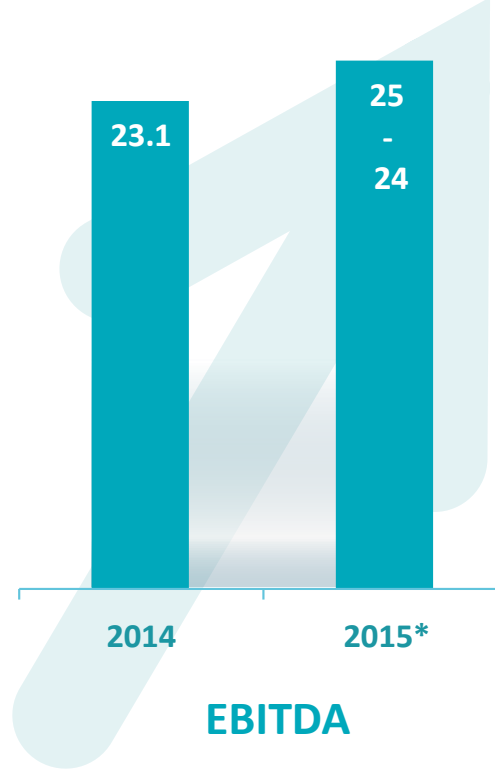
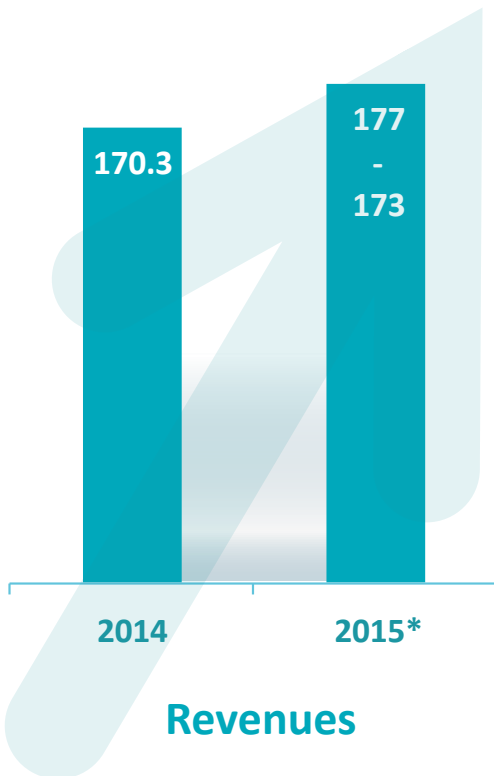
FP achieves a solid **net debt/equity ratio** of 54% (end of 2014 53%)

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** in key markets (UK, USA and Germany in July) / 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



# APPENDIX

**PRESENTATION OF THE HALF-YEARLY FINANCIAL RESULTS 2015**

MANAGEMENT BOARD OF FRANCO TYP-POSTALIA HOLDING AG

BERLIN | 27 AUGUST 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

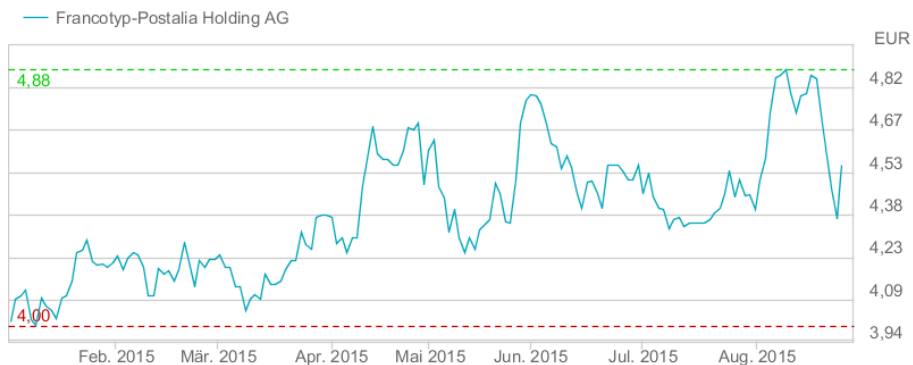
CDO

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	1.0%

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

# CONTACT



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Vice President Investor Relations/ Public Relations

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## Blog

[www.fp-francotyp.com/blog](http://www.fp-francotyp.com/blog)

## Facebook

[www.facebook.com/FPFrancotypDE](http://www.facebook.com/FPFrancotypDE)

## Twitter

[www.twitter.com/ir\\_fp](http://www.twitter.com/ir_fp)



# FINANCIAL CALENDAR



## **27 August 2015**

Presentation Financial Results 2<sup>nd</sup> Quarter 2015

## **19 November 2015**

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

## **23 November 2015**

German Equity Forum 2015



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