



UNAUDITED FINANCIAL STATEMENTS 9 MONTHS 2014 //

FP GROUP

MANAGEMENT BOARD OF FRANCO TYP-POSTALIA HOLDING AG
BIRKENWERDER | 21 NOVEMBER 2014

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 2013 Annual Report develop in a way other than we are currently expecting.

STABLE BUSINESS IN TOUGH ENVIRONMENT



- Economic slowdown in continental Europe and negative currency effect of €0.7m impacted revenues in Q3
- EBITDA improvement by 2.2% while EBIT shows expected decline due to higher depreciation
- Increase of Net Profit by 10.9% leads to an EPS of 0.28€
- Nevertheless difficult economical environment burdens FP

REVIEW: MAIN CHALLENGES AND OPPORTUNITIES IN SUMMER 2014



Challenges

- Strong Euro
- Sluggish investment climate
- Delay in the implementation of the new sales channel
- Acceptance of De-Mail
- Revenue shift towards low-margin business

Opportunities

- Strong US-Dollar
- Revitalisation of business climate
- Growing revenues in existing and new sales channels
- Revenues in high-margin software business
- Entering new franking machine markets for FP

SOME CHALLENGES MATERIALIZED IN Q3



Challenges

- Strong Euro
 - **Sluggish investment climate**
 - **Delay in the implementation of the new sales channel**
 - **Acceptance of De-Mail**
 - Revenue shift towards low-margin business
- Unexpected economic downswing in Germany has forced experts to reduce their GDP forecasts for 2014 significantly
 - Building up the dealer channel needs more time than expected
 - Time consuming development of new digital communication channel

TAKEN OPPORTUNITIES HAD NOT THE SAME IMPACT



- Software business grew by 5% in 2014 so far with less impact of De-Mail. But:
 - Mentana-Claimsoft is continuously winning additional customers
- Progress in **Italy** is ahead of planning
- PostBase is certified for France

Opportunities

- Strong US-Dollar
- Revitalisation of business climate
- Growing revenues in existing and new sales channels
- **Revenues in high-margin software business**
- **Entering new franking machine markets for FP**

CHALLENGES AND OPPORTUNITIES IMPACTED GUIDANCE FOR 2014



- FP will increase profitability and aims to reach guidance to a large extent in 2014:
 - Revenue of at least €168m (>95% of revenue guidance)
 - EBITDA in the range of €23m to €24m (>90% of EBITDA guidance)
- Higher depreciation will lead to an EBIT of €10m to €11m
- Successful decertification in the US and corresponding investments will lead to a free cash flow of €-3m to €-4m
- Net debt improved significantly since Dec. 2013 from €30.1m to €13.4m due to the usage of restricted cash

SOLID DEVELOPMENT OF Q3



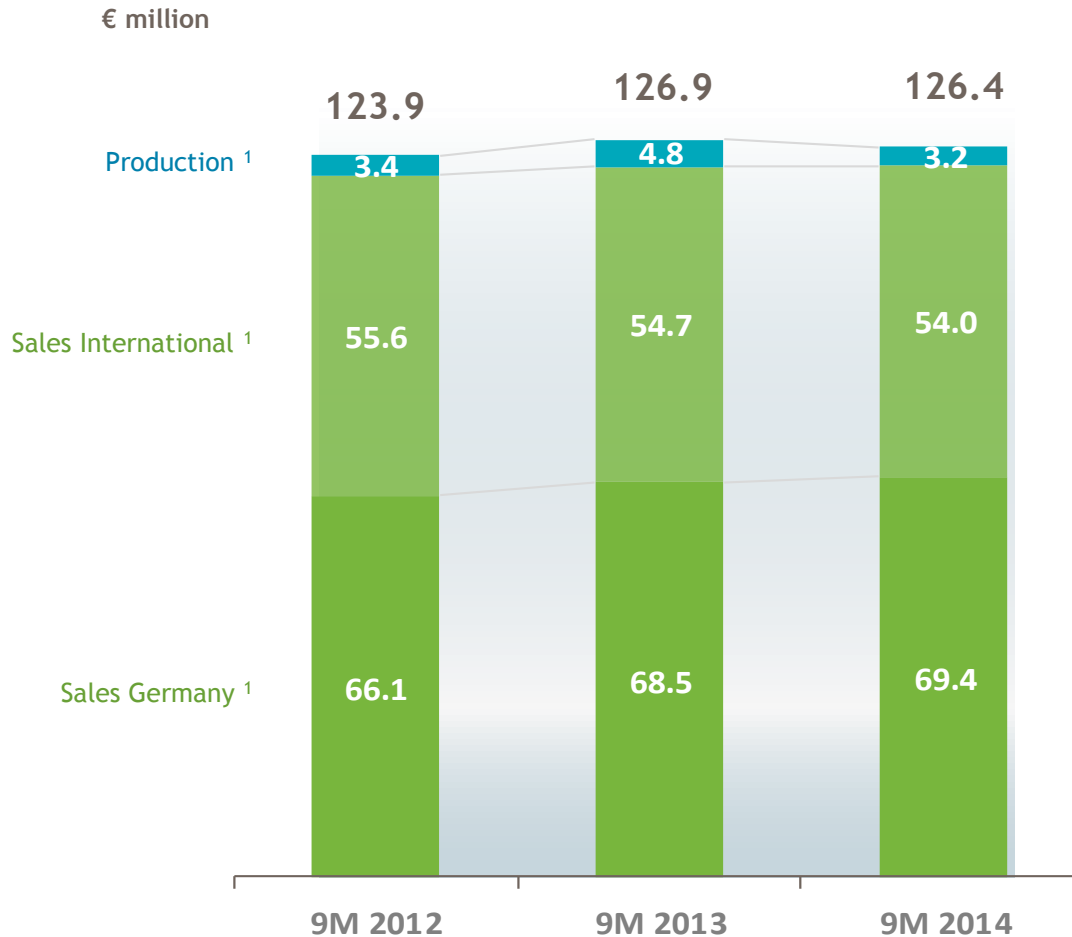
€ million	9M 2014	9M 2013	%	Q3 2014	Q3 2013	%
Revenue	126.4	126.9	-0.3	41.8	41.4	1.1
Change in inventories	1.9	0.8	144.5	1.1	-1.1	n/a
Own work capitalised	11.1	10.4	7.0	3.5	3.4	3.7
Total output	139.4	138.0	1.0	46.4	43.7	6.3
Material expenses	61.9	58.5	5.8	20.8	18.5	12.7
Gross profit	77.6	79.5	-2.5	25.6	25.2	1.5
Personnel expenses	39.9	40.6	-1.6	12.6	12.8	-2.2
Other income ./. Expenses	20.3	22.0	-7.8	7.6	7.0	8.3
EBITDA	17.3	16.9	2.2	5.5	5.4	1.6
as % of revenue	13.7	13.3		13.1	13.0	
Depreciation/ Amortisation	9.4	8.7	8.4	3.3	3.1	8.4
EBIT	7.9	8.2	-4.5	2.2	2.3	-7.2
Interest result	-1.7	-1.6	-8.1	-0.5	-0.6	-20.8
Financial results	0.8	0.0	n/a	0.8	-0.1	n/a
Tax result	-2.5	-2.6	5.1	-0.9	-0.8	n/a
Net profit/loss	4.5	4.0	10.9	1.6	0.8	92.3
EPS (€) (undiluted)	0.28	0.26	5.8	0.10	0.06	70.7

- Strength of Euro burdens revenue and EBITDA in 2014
- Own work capitalised increases due to successful replacement of franking machines in US, growth in UK and rental business in Italy
- Higher depreciation as expected due to growing number of rental machines
- Increase of Net profit and EPS

SOFTWARE AND MAIL SERVICES DRIVE GERMAN SALES



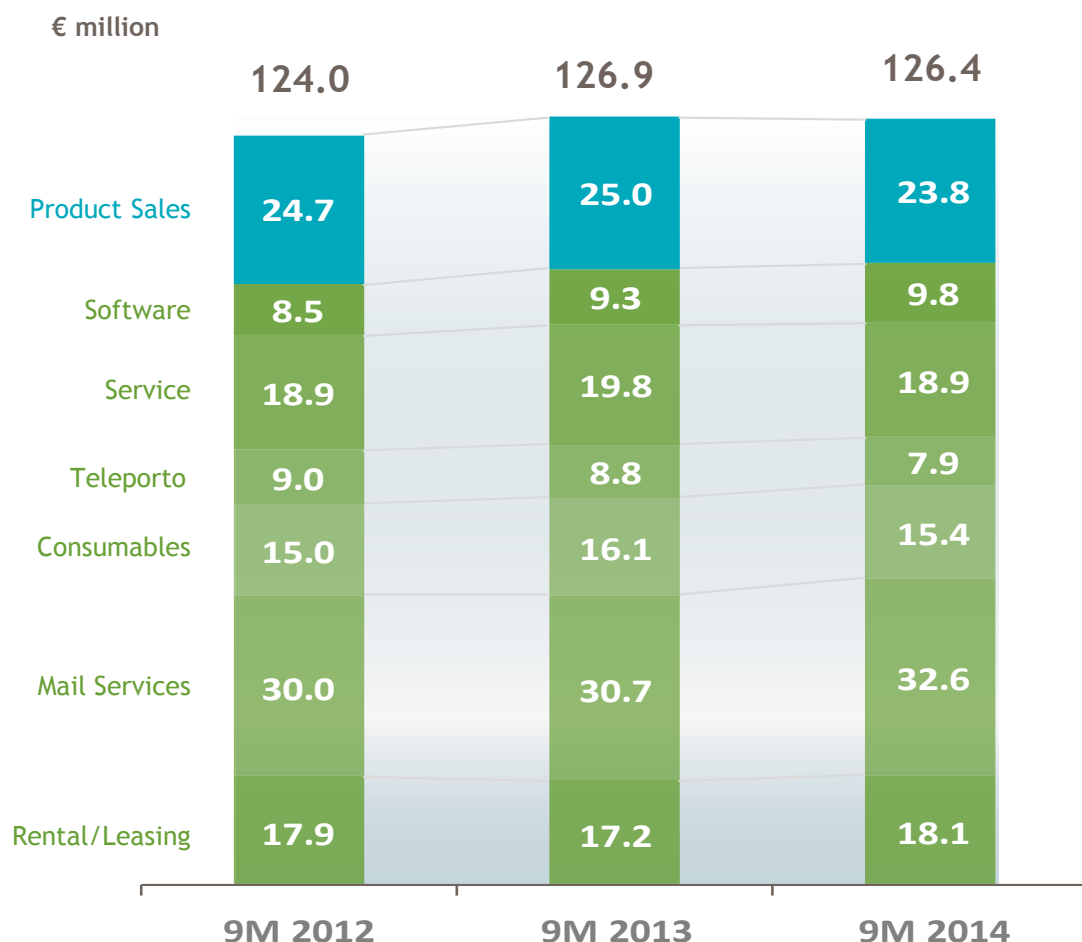
Revenue by Segments



- International Sales is influenced by negative currency effect of €0.7m
- **Successful business in Italy and UK** could not compensate difficult market conditions in Austria (end of decertification) and in Russia
- German franking machine and inserter business is below expectations
- **Mail Services and Software** business continue their **positive development**

¹ | Non-consolidated figures according local GAAP. Revenue with third parties.

HIGH PORTION OF RECURRING REVENUES

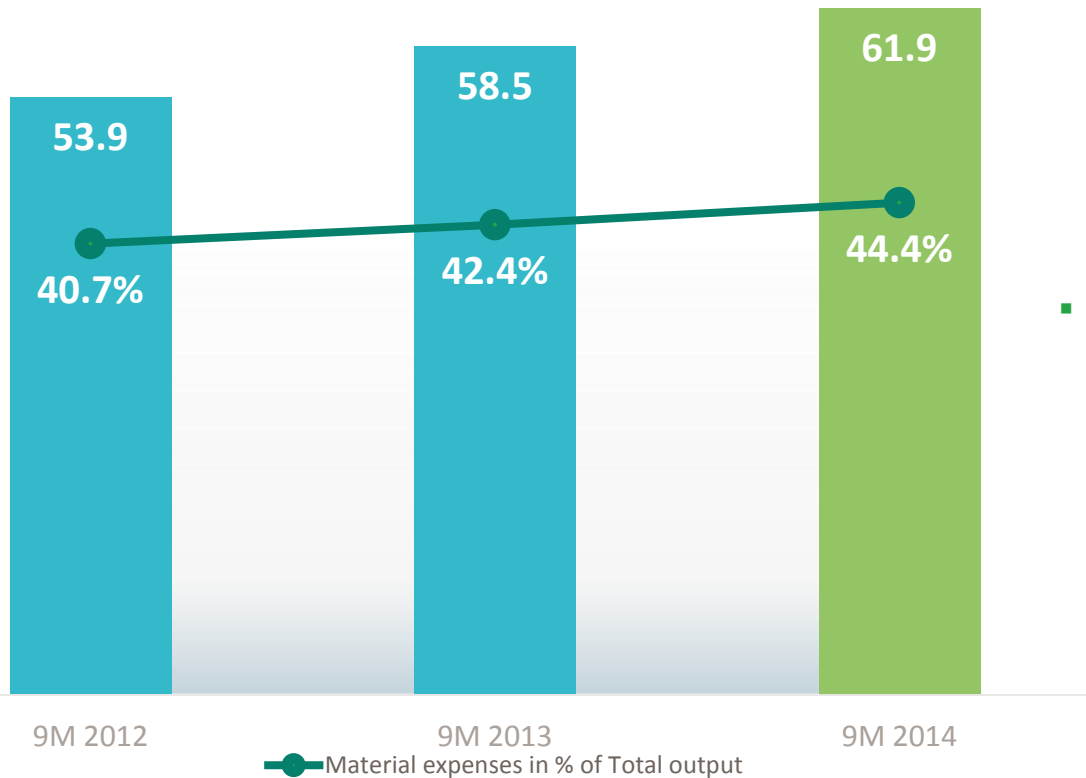


- High proportion of recurring revenues is a perfect base for sustainable business
- Growth constraints
 - Negative currency effect of €0.7m
 - End of decertification in Austria
 - Lower product sales (9 month) also due to growing importance of rental business (e.g. Italy)
- Major revenue drivers
 - Growing demand for Mail Services and Software in Germany
 - Mail Services +6.2%
 - Software +5.4%

RISING MATERIAL EXPENSES



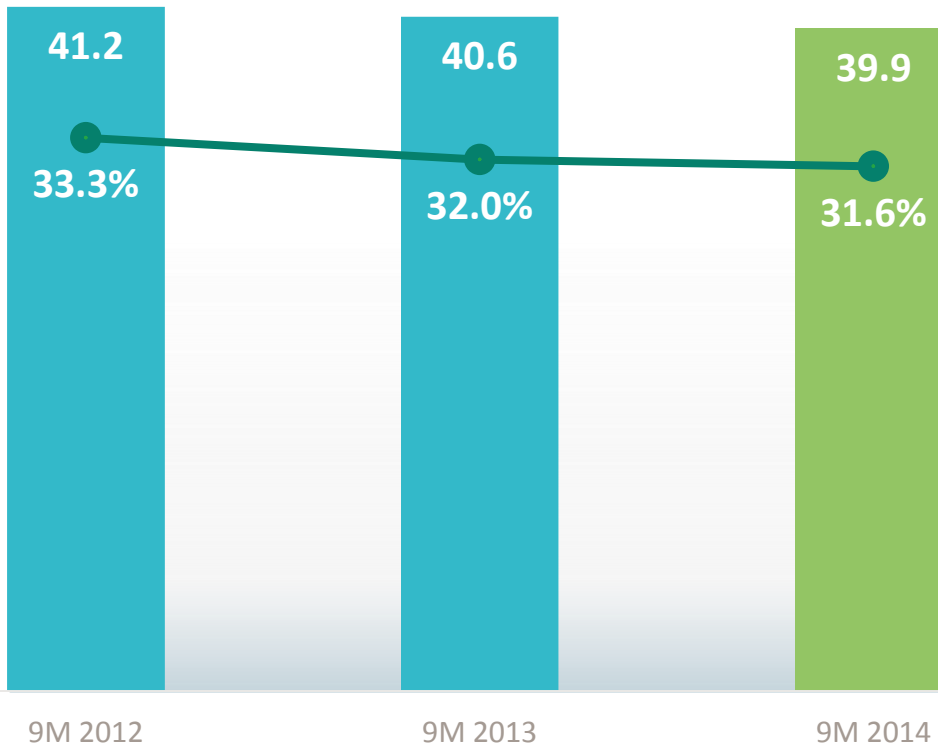
€ million



- High demand for Mail Services characterised by high material ratio leads to higher material expenses (+€1.8m)
- Material expenses also reflect growth in production of new franking machines for renting

DECLINE OF PERSONNEL EXPENSES

€ million

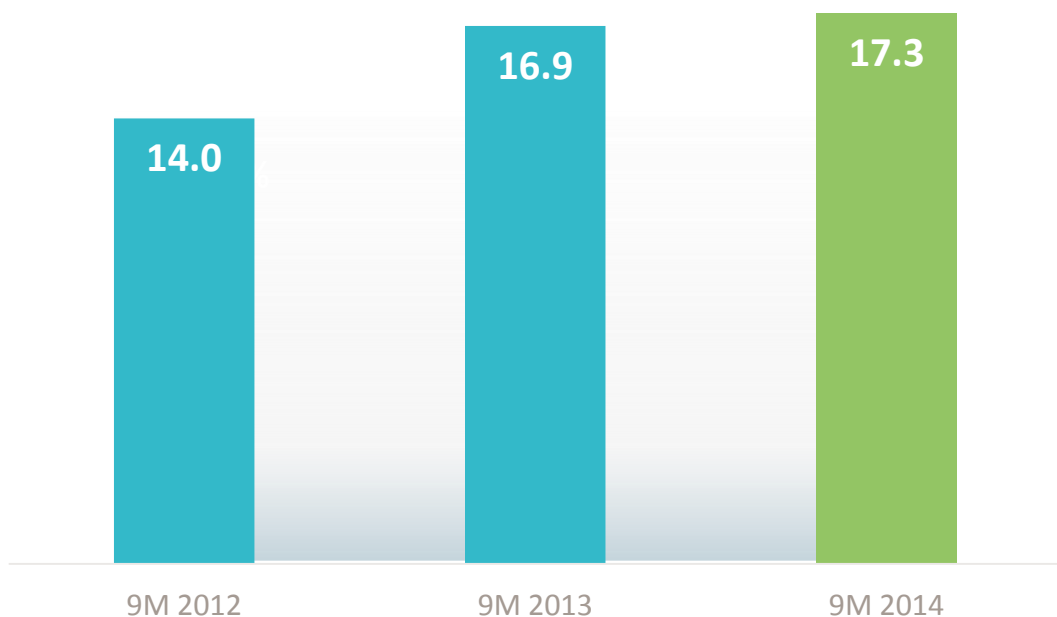


- **Stable level of employees**
1,057 as of Sep 30, 2014 and 2013
 - Consolidation in difficult markets
 - More people in growing markets
- 2014 includes pay-offs/accruals for a leaner German sales organisation
- Regular salary increase of about 2%
- Further decline of personnel expenses due to **higher efficiency**

EBITDA IMPROVED DESPITE CURRENCY EFFECT



€ million



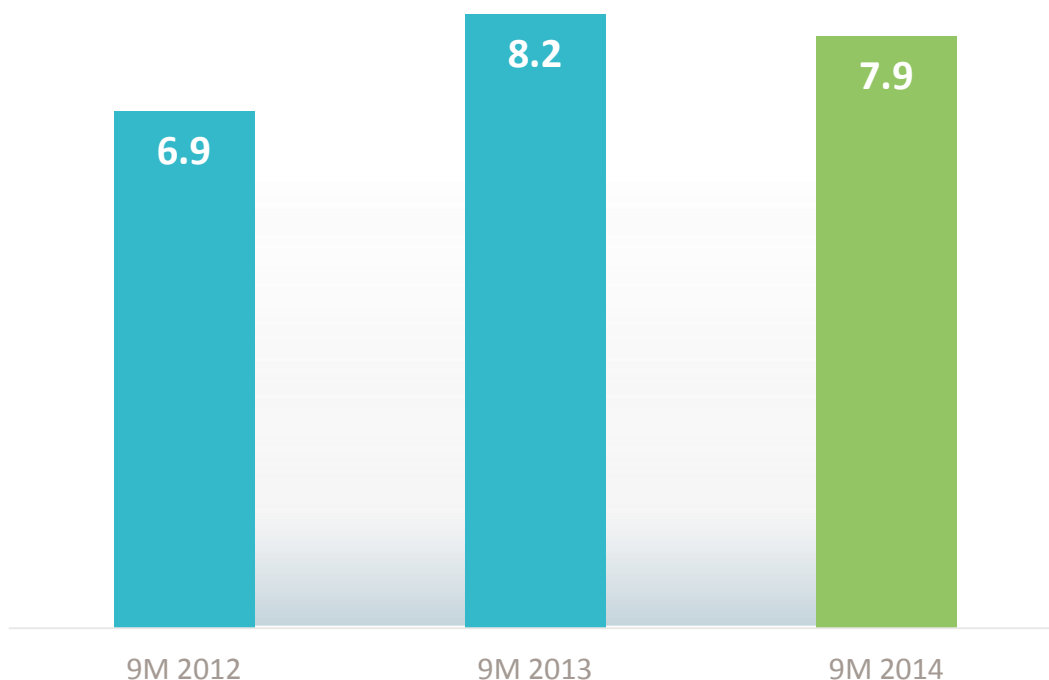
Adjusted EBITDA of €17.7m
(currency effect of €-0.4m)

Improvement of EBITDA
margin to 13.7%

EBIT IS IMPACTED BY HIGHER DEPRECIATION



€ million

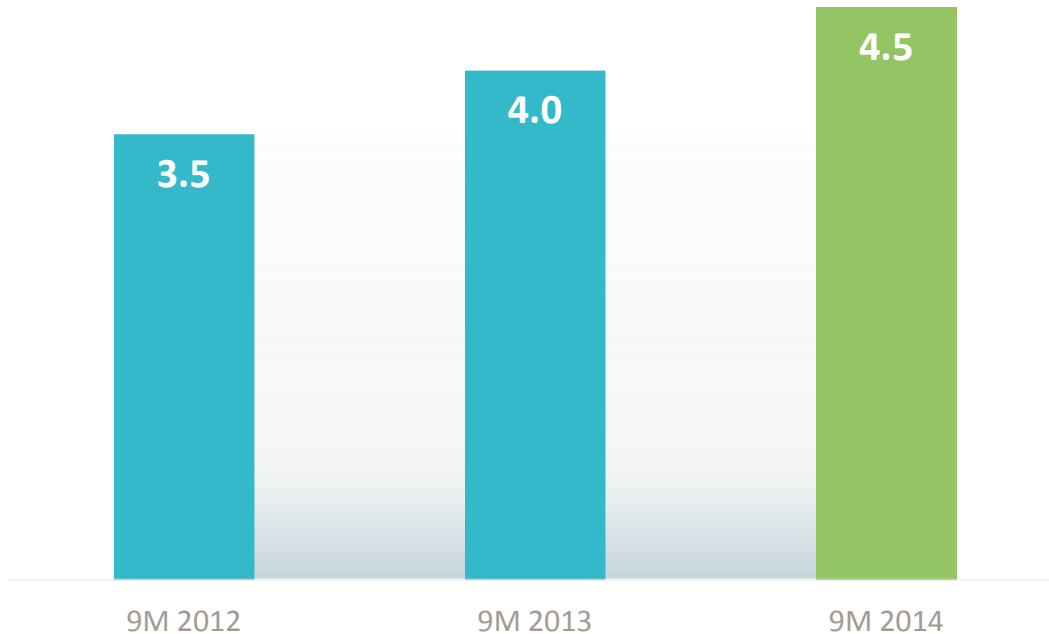


- Decertification in the US market means change of old franking machines against new PostBase systems
- As expected, depreciation and amortisation rose by 8% to €9.4m
- EBIT development reflects mainly higher depreciation

RISING NET PROFIT



€ million



- Rise of net profit by 10.9% is caused by
 - higher other financial income due to positive currency effects
 - improved tax result
- Tax rate of 35.6% in 2014

SOLID EARNING POWER CHARACTERISES Q3 RESULTS

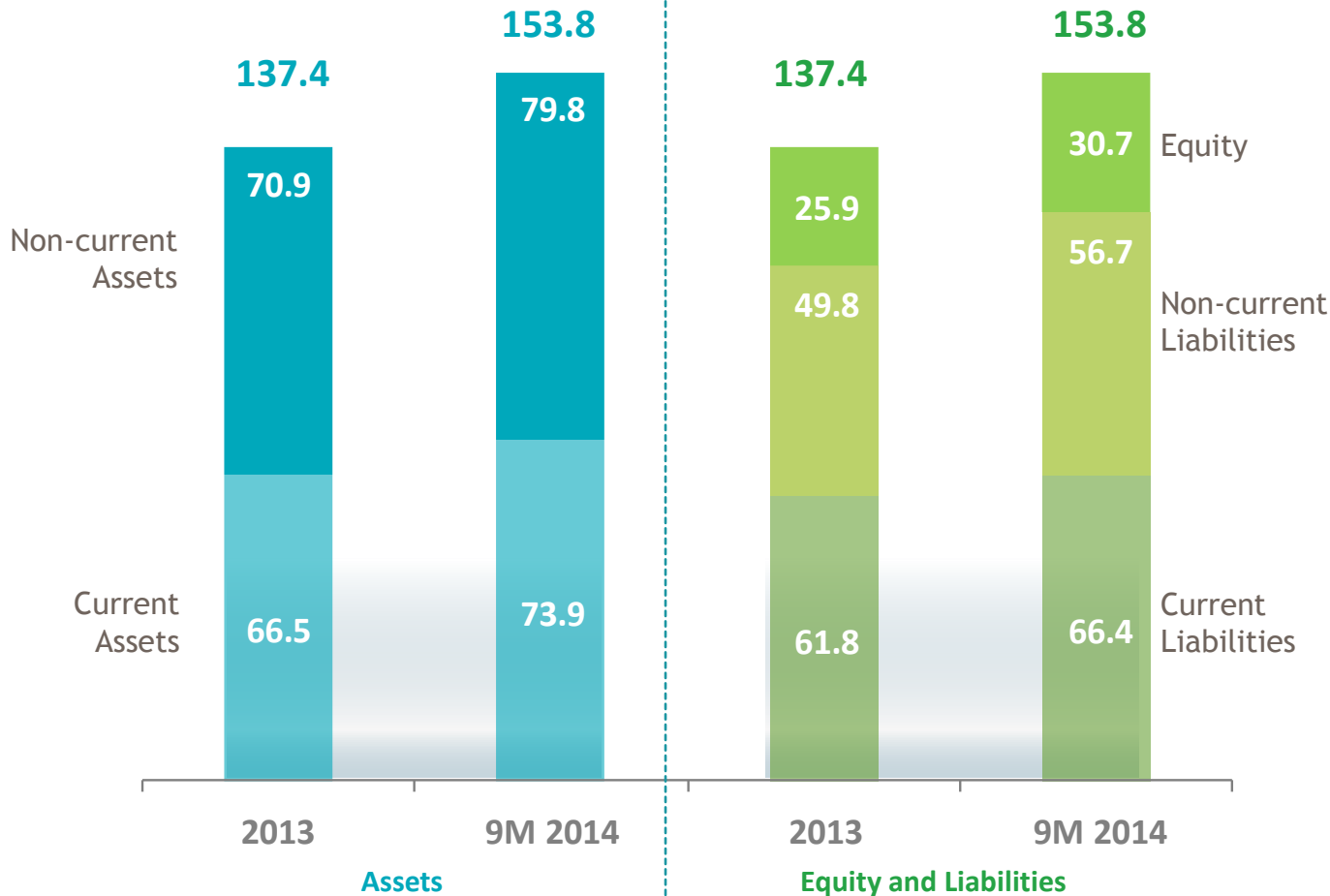


- FP was able to raise net profit as well as EPS in 9M 2014 significantly (net profit: +10.9%)
- Rising profitability is caused by:
 - Highly efficient new production site
 - Cost optimisation as part of Aufbruch 2015
- Next steps:
 - Higher flexibility in labour agreements due to the termination of collective agreement (Flächentarifvertrag) with IG Metal and new membership in alternative employer organisation
 - Move of headquarters to Berlin in November 2014

BALANCE SHEET REFLECTS RENTAL BUSINESS



€ million

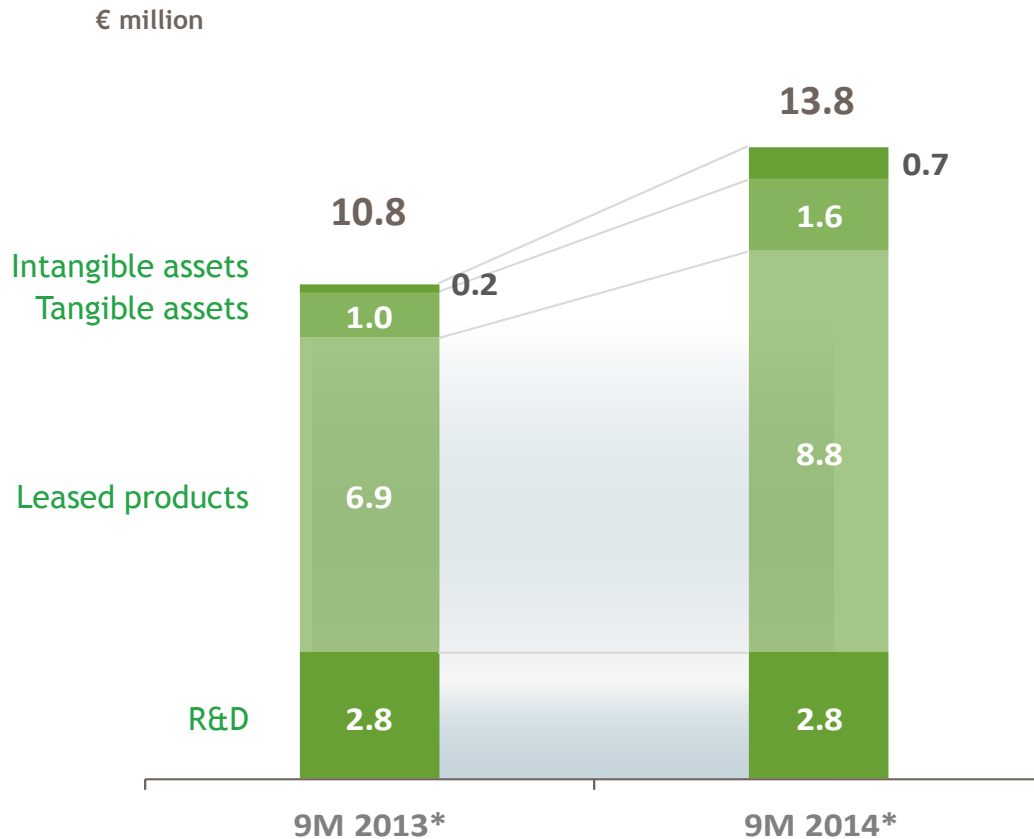


Increase in leased products by €6.6m due to successful decertification in the US

Current assets grew due to increase in PostBase production and cash and cash equivalents

Amendment of loan agreement will lead to improved conditions for financial liabilities from Q4/2014 onwards

FP INVESTS IN FUTURE GROWTH



CAPEX Drivers:

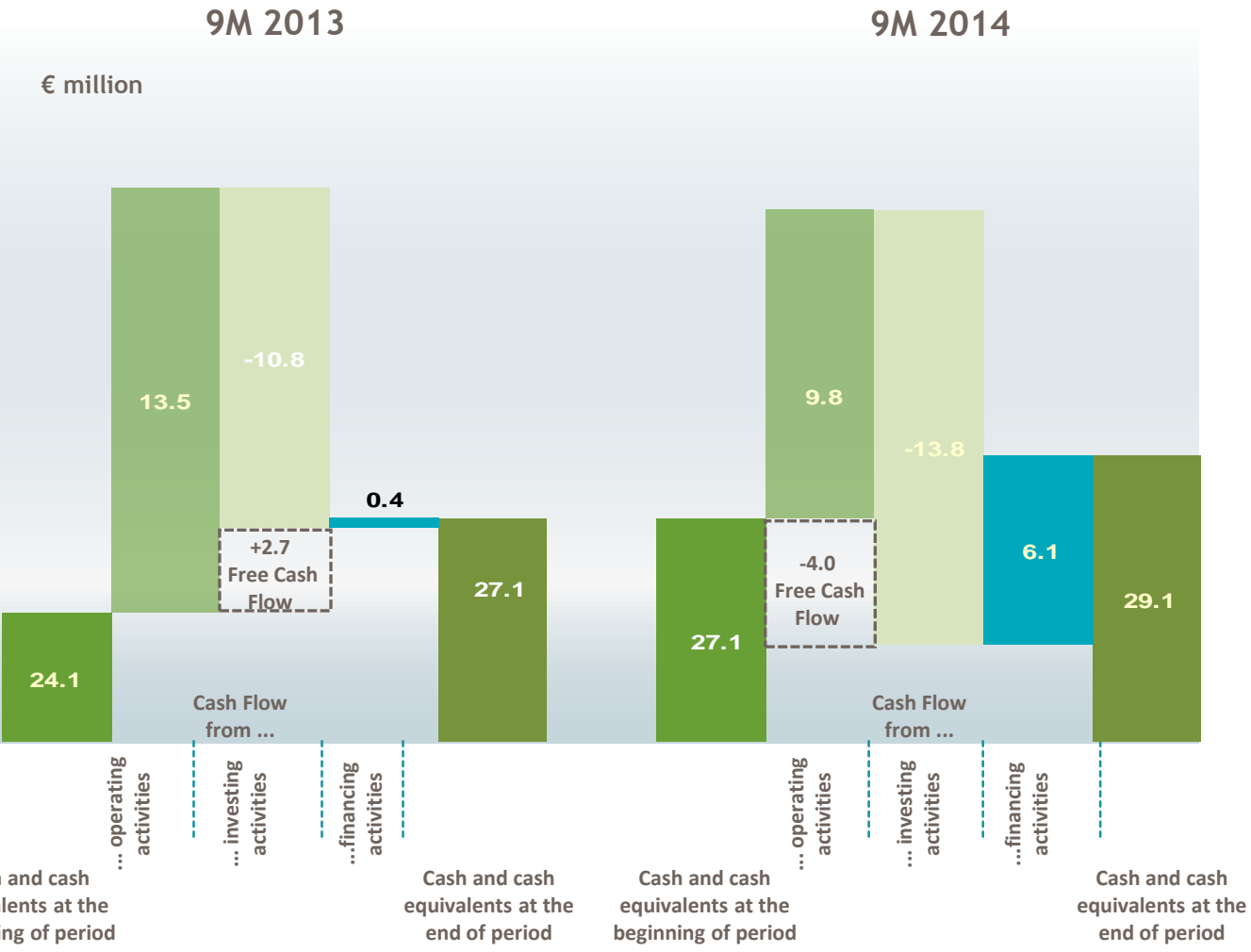
Tangible assets increased due to investments in production tools “PostBase mini” (MyMail successor)

Continuing high investments in leased products in US

Research and development focuses on PostBase mini and country variants of PostBase

* Incl. proceeds from the disposal of non-current assets

FREE CASH FLOW IS DEVELOPING AS EXPECTED



Free cash flow drivers:

Decrease of cash flow from operating activities from €13.5m to €9.8m is mainly due to the change in inventories by €-2.2m to deal with the high demand of new PostBase mainly for the US-market and currency related effects of €-1.6m.

The high demand of new PostBase mainly for the US-market is also the main reason for the increase of cash outflow from investing activities to €13.8m

* | incl. change in cash and cash equivalents due to currency translation 2013: €-0.5m, 2014: €1.6m

SIGNIFICANT IMPROVEMENT OF NET DEBT



- FP can make **free use** of additional cash and cash equivalents totalling GBP16.6m or €21.3m (Sep. 30, 2014)
- Reason is the reassessment of teleporto funds (restricted cash) of the **UK subsidiary**
- Improvement of net debt to €13.4m

in € million	9M 14	2013 (adj.)	2013
Financial Liabilities	43.8	38.6	38.6
Cash	30.3	28.9	8.5
Net debt	13.4	9.7	30.1
Shareholders' equity	30.7	25.9	25.9
Net debt-equity ratio	44%	37%	116%

FP is considering using the newly available cash for attractive value adding investments in the future and/or for temporary reduction of financial liabilities

FOCUS ON EXISTING OPPORTUNITIES (1)



- FP is strengthening training and support for the dealer channel
- FP is adjusting sales organisation to market conditions by reducing direct sales capacities and enlarging Telesales and digital activities

Opportunities

- Revitalisation of business climate
- **Growing revenues in existing and new sales channels in Germany**
- Revenues in high-margin software business
- Growing acceptance of De-Mail
- Launch of PostBase in France
- Launch of PostBase Mini

FOCUS ON EXISTING OPPORTUNITIES (2)



- 3rd board member with focus on digital business (as of Feb. 1, 2015)
- 2nd managing director for Mentana-Claimsoft, focus on sales (as of Nov 1, 2014), **new customer Bundesagentur für Arbeit**
- France is now on the run
- PostBase mini (MyMail successor) launched in Q4 in UK, will be launched beginning 2015 in the US and Germany

Opportunities

- Revitalisation of business climate
- Growing revenues in existing and new sales channels in Germany
- **Revenues in high-margin software business**
- **Growing acceptance of De-Mail**
- **Launch of PostBase in France**
- **Launch of PostBase Mini**

OPPORTUNITIES ENABLE FP TO RISE PROFITABILITY



Guidance 2015 will be announced February 2015:

- FP expects improvements in German Sales
- FP expects positive development of Digital Business
- FP will start to benefit from investments in rental markets and product development

FP is on course to raise profitability in 2015 again

Growing profitability and financial strength will pave the ground for proposing an attractive dividend for financial year 2014



WE WILL NOW ANSWER YOUR QUESTIONS //

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APPENDIX //

FP GROUP

MANAGEMENT BOARD OF FRANCO TYP-POSTALIA HOLDING AG
BIRKENWERDER | 21 NOVEMBER 2014

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.

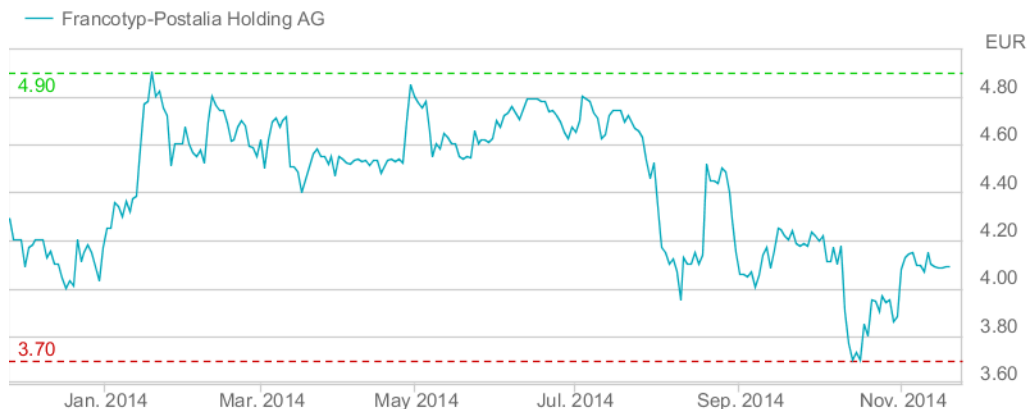
Thomas Grethe

CSO

Member of the Board since June 2013.

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

FP STOCK INFORMATION



ISIN	DE000FHP9000
Segment	Prime Standard/ All Industrial
IPO	30 November 2006
Reuters	FPHG.DE
Shares	16.16 million
Freefloat	87.2% (according to GSE Frankfurt)
Coverage	Hauck & Aufhäuser, Warburg Research

Shareholder Structure

Shareholder	Percentage
3R Investments	10.3%
ARGOS Funds SICAV	5.2%
Saltarax GmbH	3.6%
Ludic GmbH	3.5%
HANSAINVEST	3.4%
Alceda Fund Management SA*	3.1%
Scherzer & Co. AG	3.0%
Rudolf Heil	3.0%
INKA mbH	3.0%
Treasury Stock	1.5%

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

CONTACT



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FINANCIAL CALENDAR



21 November 2014

Presentation Financial Results 3rd Quarter 2014

25 November 2014

Company Presentation German Equity Forum Frankfurt



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