



FP GROUP

MADRID/BARCELONA, 27/28 APRIL 2017

FP AT A GLANCE



- ✓ Founded 1923 as Franking Machine Manufacturer
- ✓ No. 1 in Germany, No. 3 worldwide
- ✓ 1,100 employees, established in more than 40 countries, own subsidiaries in 10 countries
- ✓ Since 2006 public listed
- ✓ **FP demonstrates strength**
- ✓ **We are kick-starting FP's future**
- ✓ **With new strategy ACT FP will realise potentials**

FIRST
MYTH

“The Postage
Meter Market
has ~~no~~ future”

SHIFT IN SEGMENTS OPENS OPPORTUNITIES TO GAIN NEW CUSTOMERS



* Based on data of the four largest meter markets : US, UK, Germany, France (incl. PC-Postage)



SECOND
MYTH

“FP will ~~not~~ grow
in its core market”

WE WILL GROW OUR CUSTOMER BASE



FP has more than
10 % market share

90%

of the market
can be captured



FP CORE BUSINESS DELIVERS GROWTH POTENTIAL



PEER GROUP COMPARISON		Peer 1	Peer 2
TOTAL REVENUE GROWTH			
FY 2015	12%	7%	-6%
excluding currency effects	7%	-1%	-3%
H1 2016 (six months)	5%	-5%	-5%
excluding currency effects	6%	-3%	-4%
FY 2016	6%	-3%	-5%
excluding currency effects	7%	-1%	-4%
GROWTH MAILING SOLUTIONS			
FY 2015	10%	3%	-9%
excluding currency effects	2%	-5%	-5%
H1 2016 (six months)	2%	-8%	-7%
excluding currency effects	3%	-6%	NA
FY 2016	2%	-6%	-7%
excluding currency effects	4%	-5%	NA



FP GROUP

RESULTS 2017

ACT STRATEGY

LEARN MORE ABOUT ACT SEE SLIDES 20FF

FP DEMONSTRATES STRENGTH IN 2016 AND MEETS EXPECTATIONS



REVENUES

+6.2%

€ 203.0 million

EBITDA

+1.6%

€ 27.2 million

NET INCOME

+66.5%

€ 6.2 million

**POSITIVE
FREE
CASH FLOW**

€ 4.6 million

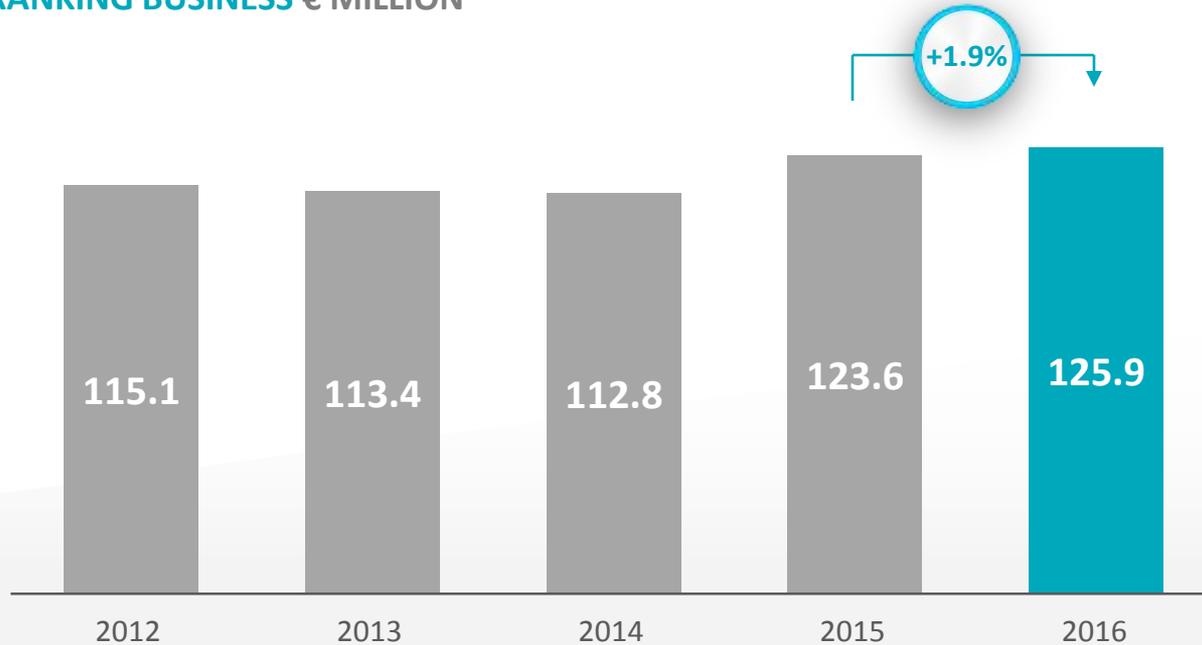
- ✓ Strong revenues in **franking machine business** despite negative currency effects of €2.3m
- ✓ Further positive development of **Mail Services** and **Software**

- ✓ **EBITDA growth** despite negative currency effects of €1.1m
- ✓ Significant improvement of free cash flow (€-1.4m previous year)
- ✓ Increasing **EPS** by 65% to **€ 0.36**

POSTBASE-FAMILY DRIVES BUSINESS



REVENUES FRANKING BUSINESS € MILLION

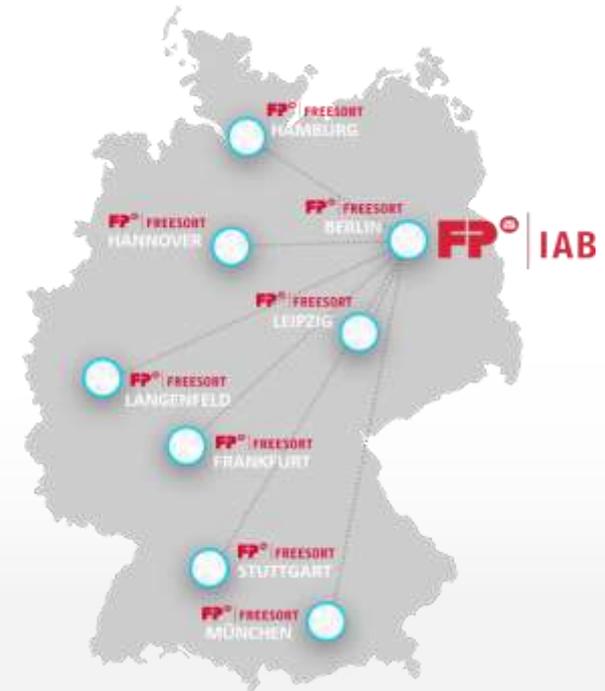
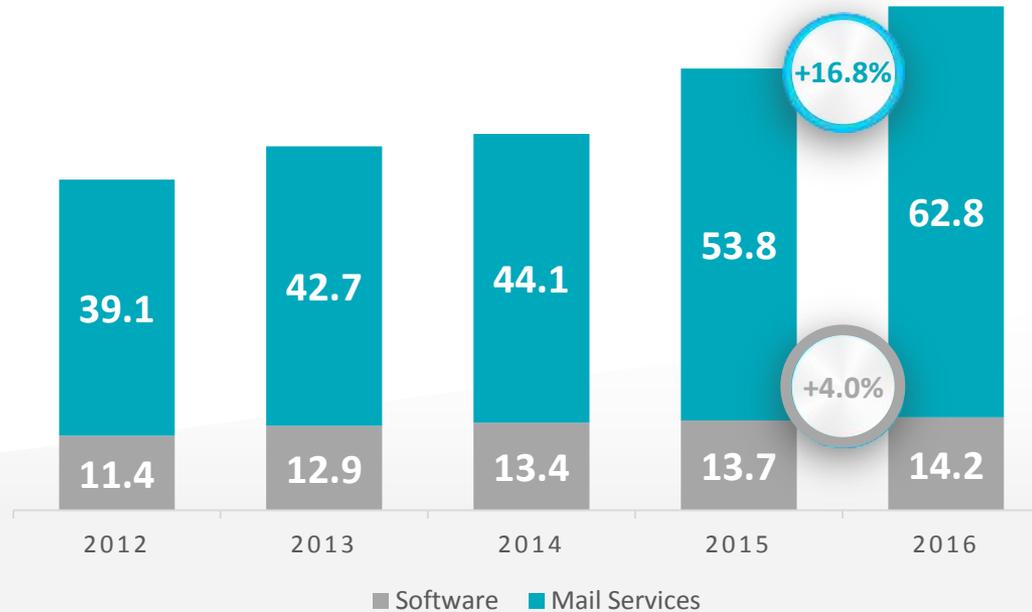


- ✓ **Growing revenues in franking business** despite **negative currency effects of €2.3m**
- ✓ Excluding currency effects the **growth in core business even amounts to 3.8%**
- ✓ Increasing revenues in **USA, Canada, Germany, France, Sweden and Int. Dealer**
- ✓ Ongoing positive impact from **Finance Lease**

POSITIVE DEVELOPMENT IN MAIL SERVICES AND SOFTWARE



REVENUES € MILLION



- ✓ **Revenue growth** of 16.8% in Mail Services (operative growth supported by rate change)
- ✓ Software with **increase in revenues** of 4.0%
- ✓ **Acquisition** of remaining 49% of IAB
- ✓ **Ongoing Extension** of services

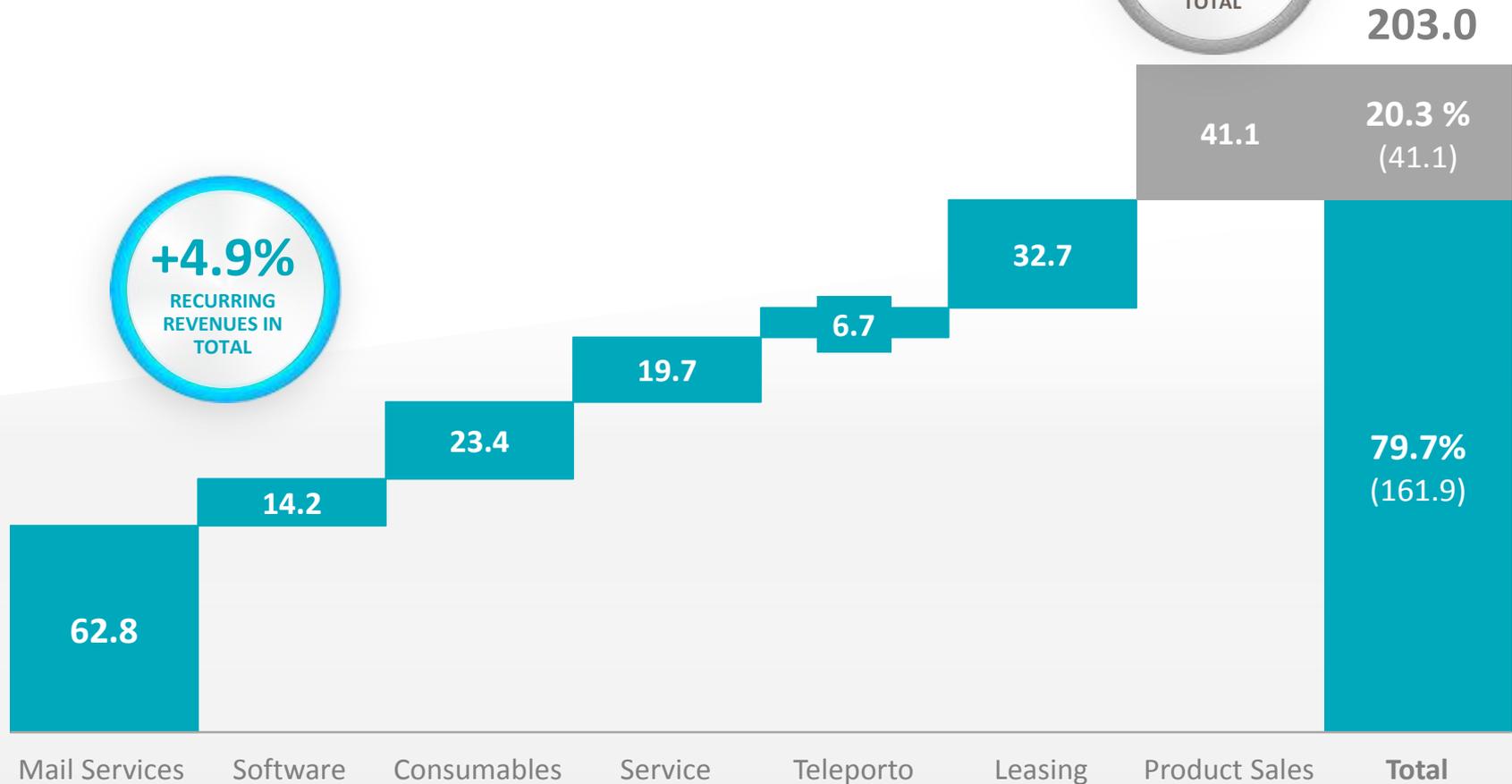
STRONG INCREASE OF NON-RECURRING REVENUES FOR FUTURE GROWTH



REVENUES € MILLION

+11.7%
NON-RECURRING
REVENUES IN
TOTAL

+4.9%
RECURRING
REVENUES IN
TOTAL

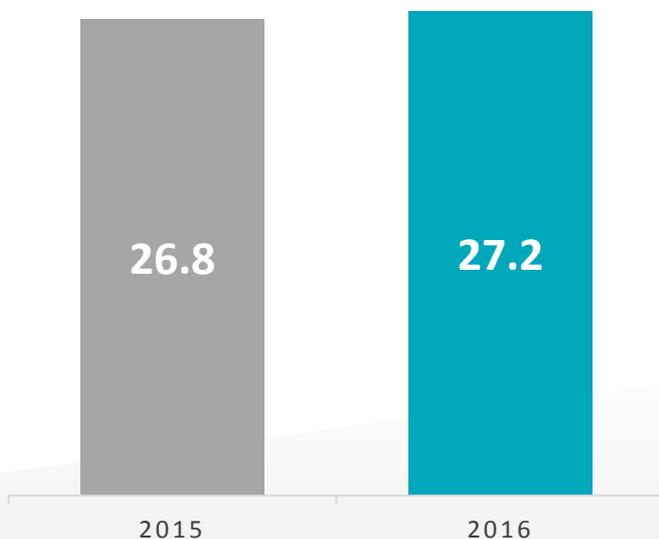


■ Recurring Revenues ■ Non-Recurring Revenues

INCREASE OF EARNINGS



EBITDA € MILLION

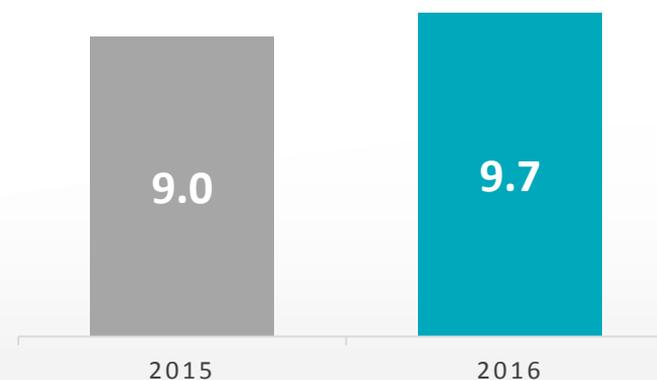


Slight increase of EBITDA

Burdens from negative currency effect of € 1.1m, ACT strategy / FP Fit, realignment De-Mail

EBITDA margin of 13.4%

EBIT € MILLION



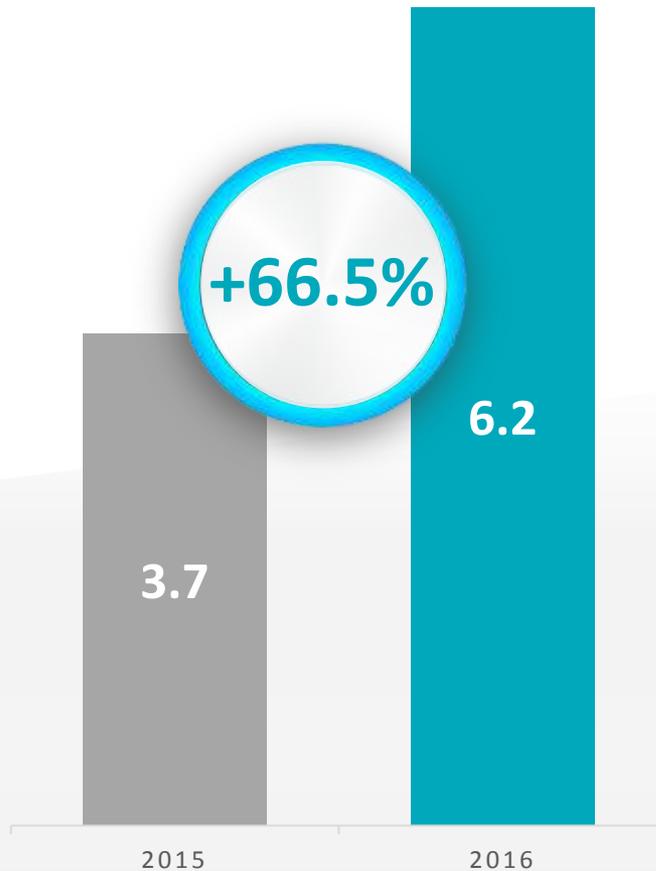
Increase of EBIT

despite increase of regular **Depreciation** and **Amortisation** as expected

STRONG GROWTH OF NET INCOME



NET INCOME € MILLION



Average rates €/\$ 2016 = 1.1071 and 2015 = 1.1099;
 €/£ 2016 = 0.8196 and 2015 = 0.7260

Significant improvement of net income

Negative currency effects, but:

- ✓ Improved EBIT
- ✓ Decreased net finance costs
- ✓ **Significant improvement of tax rate 35.5% (2015: 51.3%)**
- ✓ **Increasing EPS by 65% to € 0.36**

Management Board and Supervisory Board intend to propose a **dividend of 16 cents for 2016** (45% of net income)

SIGNIFICANTLY INCREASED FREE CASH FLOW REFLECTS IMPROVED OPERATIONAL PERFORMANCE



€ MILLION	2015	2016
Cash flow from operating activities	18.6	22.1
Cash flow from investing activities	-20.1	-17.6
Free Cash flow	-1.4	4.6
Cash flow from financing activities	2.4	-0.7
Cash and cash equivalents at the end of period	15.9	18.7

Operating activities:

- ✓ Increasing cash flow due to higher EBITDA as well as solid working capital despite strong increase of receivables from finance lease

Investing activities:

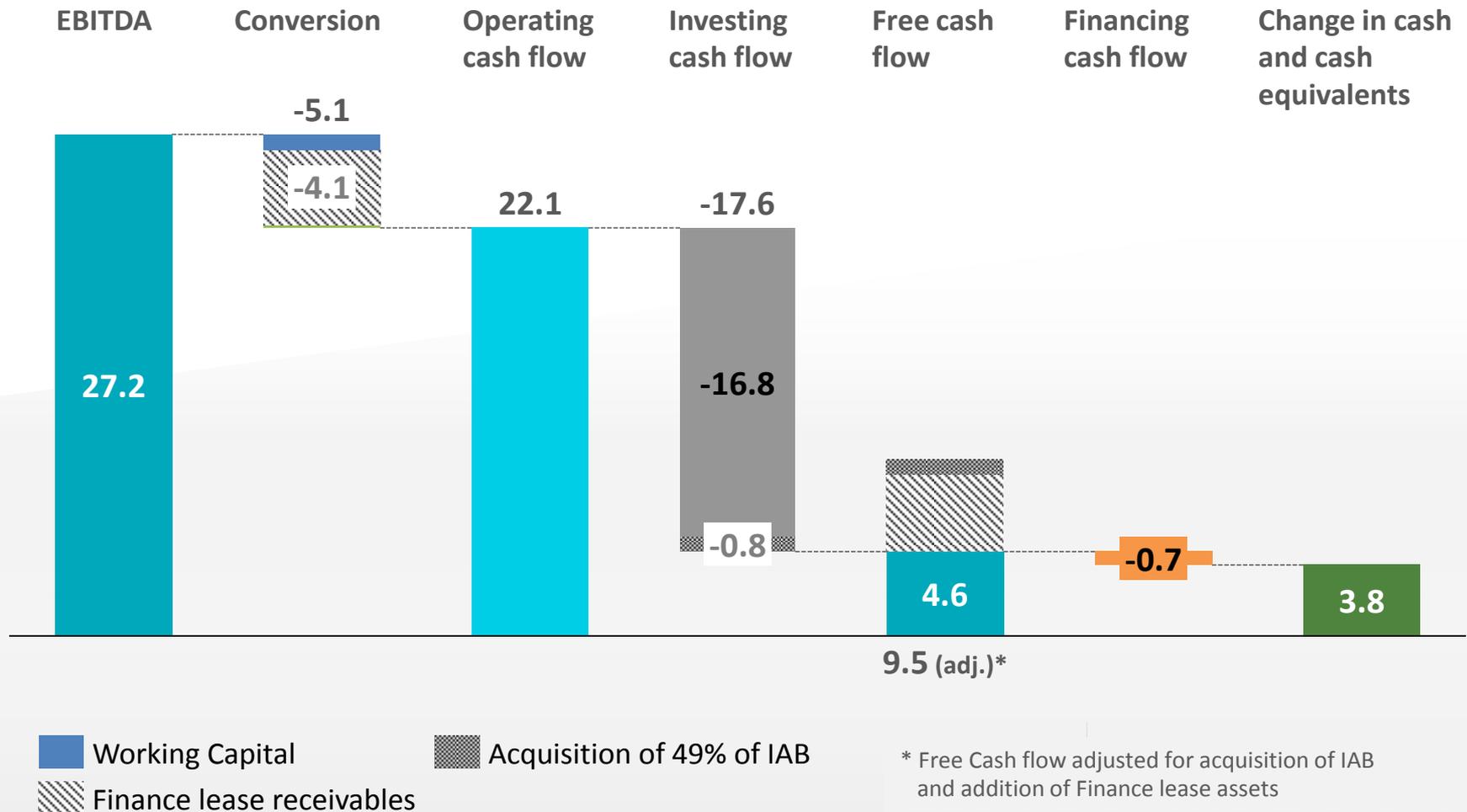
- ✓ Lower investments as expected, but acquisition of minority shares IAB

Financing activities:

- ✓ Dividend payments to shareholders and previous IAB minority shareholder



IMPACT ON FREE CASH FLOW FROM ACQUISITION AND INCREASE IN FINANCE LEASES



FP ACT AND FP FIT PROJECTS ARE UP AND RUNNING



WE KEEP OUR PROMISES

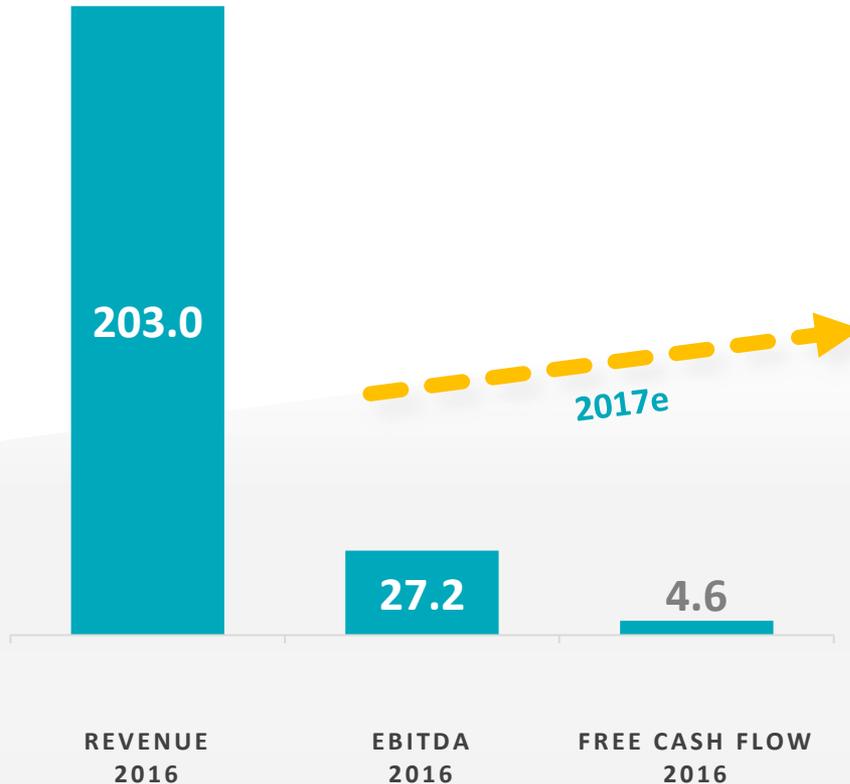
- ✓ Increase of financing power
- ✓ Reduced tax results
- ✓ Bring organisation towards excellence with FP FIT
- ✓ Show growth potential of FP
- ✓ Implement ACT



FURTHER PROGRESS IN ALL KEY FIGURES IN 2017



€ MILLION



REVENUES

FP expects a slight increase*

EBITDA

FP expects a slight increase*

FREE CASH FLOW

FP expects adj. FCF at a similar level to last year**

* Based on constant currency level.

** Based on constant currency level, excluding M&A and additions to finance lease assets.

ON TRACK TO REACH AMBITIOUS TARGETS



EPS
≥1 Euro



FP Fit

Dividend policy 35%-50% of
adjusted net income





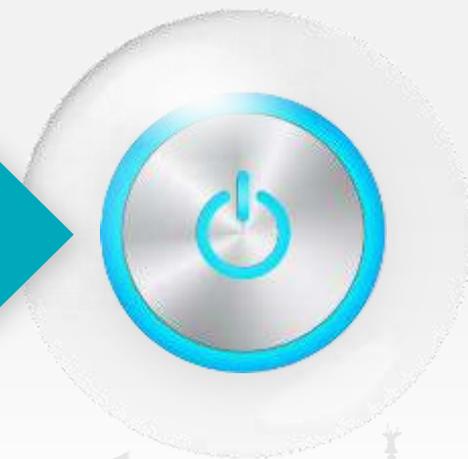
FP GROUP ACT STRATEGY

ACT STRATEGY 2016

START INTO A NEW GROWTH ERA



+++ START TO ACT +++
THE OLD IS THE NEW



**“Digitalisation
will come
~~overnight~~”**

THIRD
MYTH

POTENTIAL FOR GROWTH AND TRANSFORMATION



New products and services



grow customer base = win installed base



STRATEGY ACT

ACT WILL TRANSFORM FP INTO A GROWTH COMPANY



TRANSFORM FP INTO AN ENLARGED BUSINESS

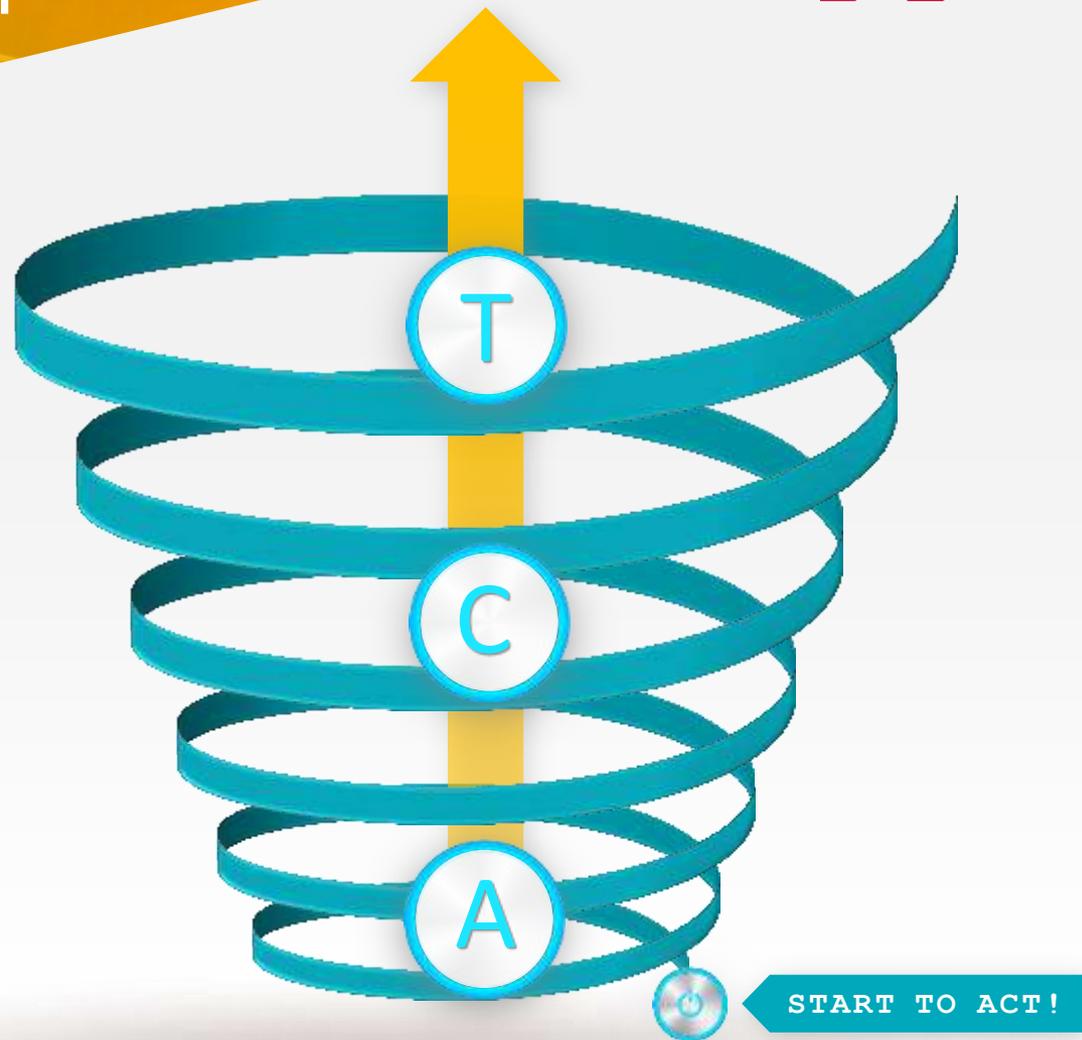
Develop new digital business segments based on our DNA

ACCOMPANY THE CUSTOMER

Develop new solutions and services for existing and new customers

ATTACK IN CORE BUSINESS

Expand customer base and increase market share in core business



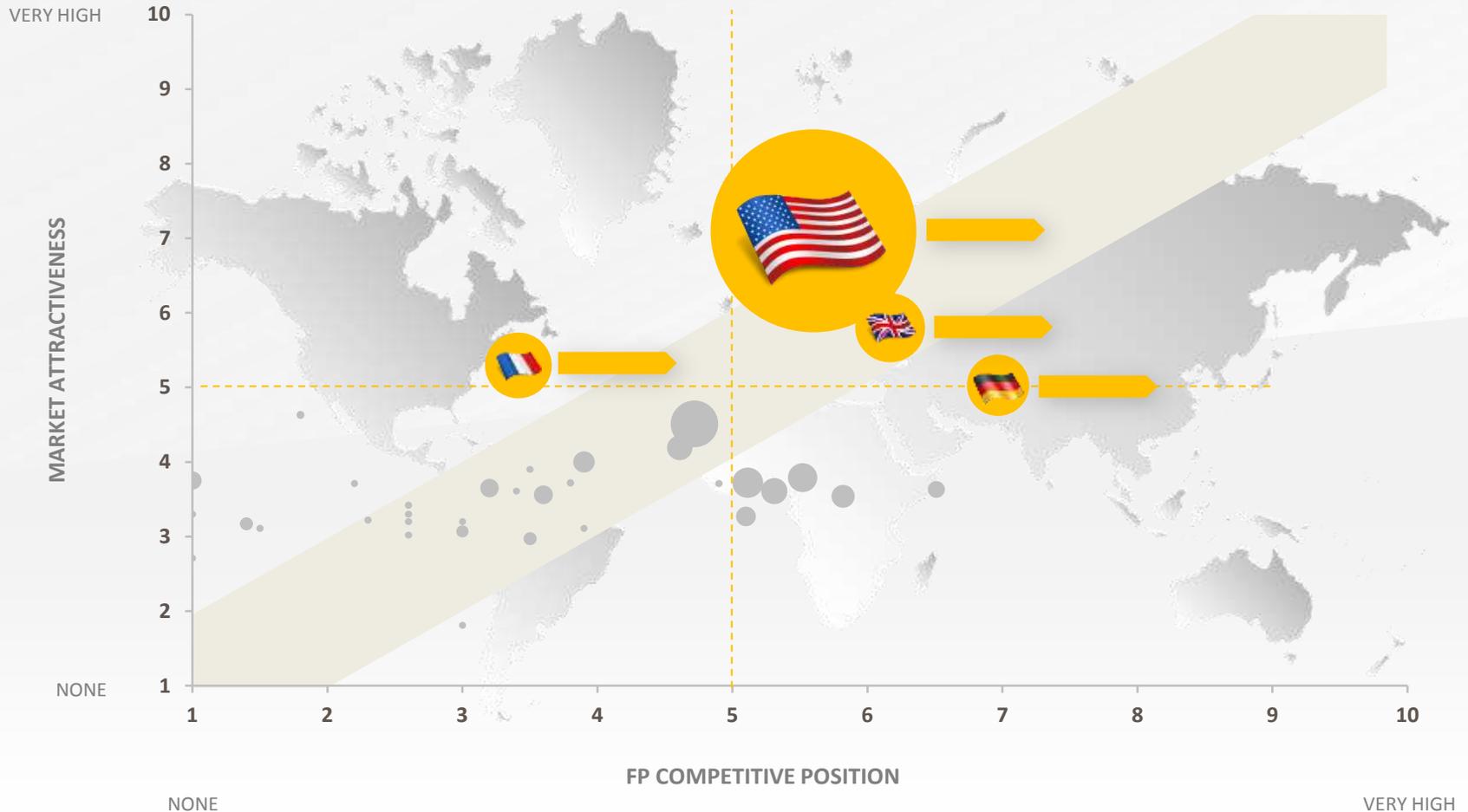
ATTACK IN CORE BUSINESS



**EXPANSION OF
CUSTOMER BASE
AND INCREASE OF
MARKET SHARE IN
CORE BUSINESS**



WE WILL SIGNIFICANTLY STRENGTHEN OUR ACTIVITIES IN THE US AND FRANCE – THE MOST ATTRACTIVE MARKETS WORLDWIDE

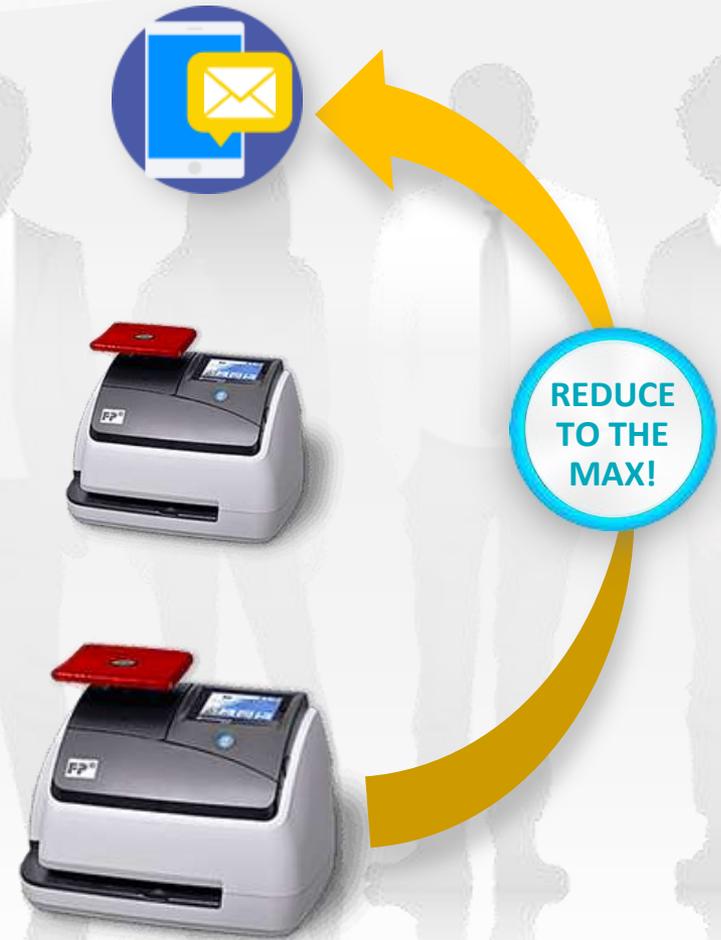


* Bubble size corresponds to market size

THE METER MARKET IS STILL ATTRACTIVE, PARTICULARLY FOR SMALL VOLUMES



- **Focus on the development of low-cost meter systems** that inspire new customer groups
- **Increase market share, margin and revenue** in the traditional meter market



DYNAMIC DEVELOPMENT OF THE PARCEL MARKET OPENS GROWTH OPPORTUNITIES FOR FP



- **Strong growth in the parcel market** also in **Small- and Medium-sized Businesses (SMB)**
- Customers are looking for **efficient shipping solutions**
- Digital **multi-carrier solutions** in SMB segment (offices) hardly exist
- Offer **solutions for parcel shipping** to benefit from growth in parcel market



FP FINANCE – SALES AID LEASING WITH KEY CUSTOMER BENEFITS



FP as **financing partner** for its customers:

- Completion of **consulting and solution expertise**
- Funding and other customer benefits
- **Individual** contract arrangements

Provide a **Sales Aid** Leasing package to FP's sales channels:

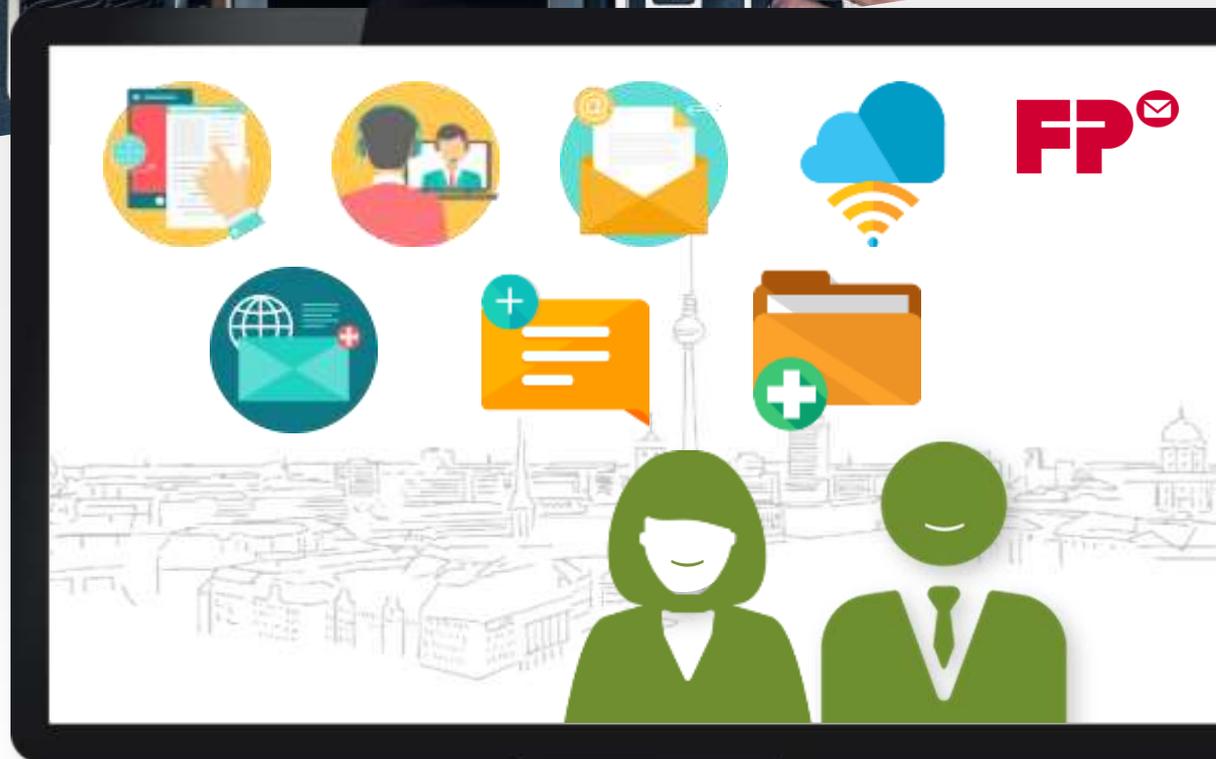
- **Growth** through targeted, proactive sales
- Increase of **profitability**
- Strengthening of **customer loyalty** and improved **retention**



THE CUSTOMER PORTAL OPENS UP ACCESS TO THE DIGITAL WORLD OF FP



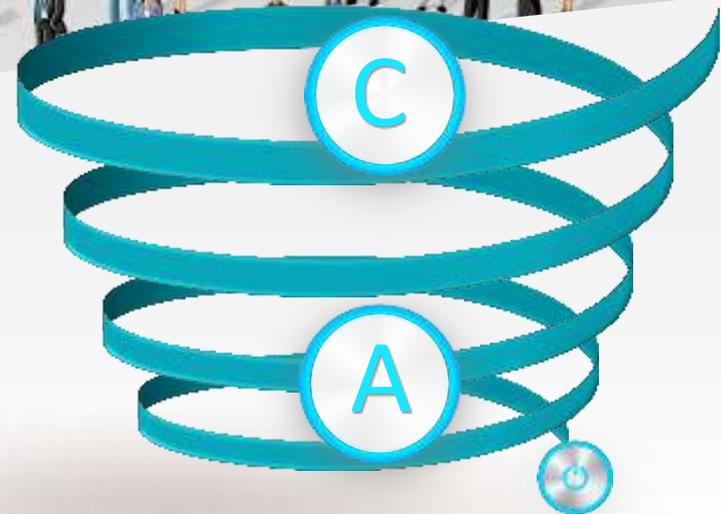
- **Direct access to customers**
- **Easy management of business communication**
- **Platform for additional products and services**



ACCOMPANY THE CUSTOMER



**EXPAND SOLUTIONS
PORTFOLIO ALONG
THE CUSTOMER
JOURNEY BY
DEVELOPING NEW
SOLUTIONS AND
SERVICES FOR
EXISTING AND NEW
CUSTOMERS**





FP SUPPORTS ITS CUSTOMERS IN THEIR **DIGITAL TRANSFORMATION** AND THUS GENERATES FURTHER **REVENUE GROWTH**

Digital Transformation does not happen overnight:

- Change and use of digital products/services is a **gradual process**
- Customers continue to use established processes for **confidential and important communication** (letter, fax)
- Nevertheless, there is a growing demand for **digital alternatives**
- There is **uncertainty** about **confidentiality, security and compliance** of digital solutions
- FP will use this opportunity

CUSTOMER JOURNEY: FP WILL FOLLOW ITS CUSTOMERS JOURNEY ...



„81 % of businesses use traditional letter mail.“

„66% of large businesses see optimization potential in digitizing inbound mail.“

„Only 14 % of businesses exclusively use a digital archive.“

Processing of letters and parcels within the mailroom

Digitization and processing of inbound mail

Digital document and transaction management



ANALOG

Optimization of document based processes

Production and processing of outbound mail

DIGITAL

„53% of business responding do not yet use the potential of digital alternatives.“

„51% of businesses in SMB segment (50-500 employees) push outsourcing in print/mail business.“

Source: Effizienzreport 2016 of FP; Customer survey, Marktforschungsinstitut mifm, München

... TO BE A **COMPETENT PARTNER** IN THEIR DIGITAL TRANSFORMATION



Mailroom
Meter, inserter,
software products
for mail and parcel
management

Inbound services
for digitization and
classification of
documents

**Digital document
and transaction
management**
Signatures and workflow
services



PRODUCT

Need for optimization
Supply of
consulting services

Outbound services
for analog and digital
communication

SOLUTION

Source: Effizienzreport 2016 der FP, Customer survey, Marktforschungsinstitut mifm, München

FP BECOMES A PROFESSIONAL PARTNER IN BUSINESS PROCESS OUTSOURCING



FP positions itself as a „one stop“-partner in the area of in- and outbound management

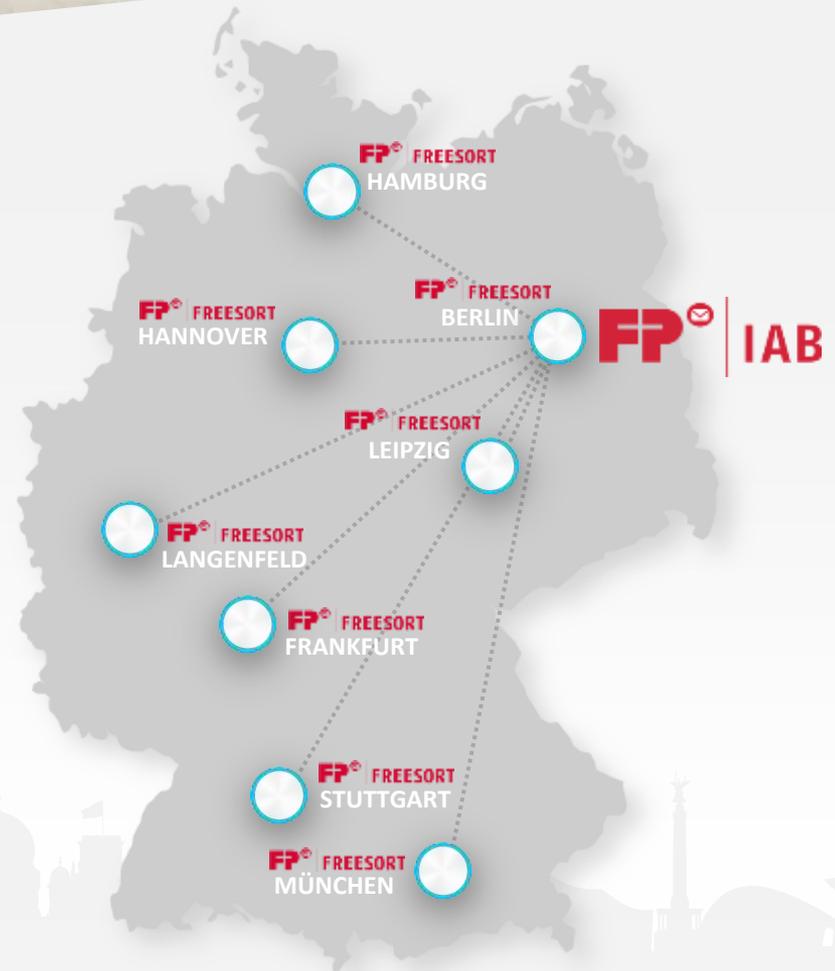
- **Standardization und modularization** of existing and future solutions
- Expansion of **solutions- and consulting expertise**
- Active **customer development** and **expansion of solutions selling**
- Enhancement of **IT- and project management skills**
- **Internationalization of Business Process Outsourcing Services (BPO)**



FP UTILIZES INTERNAL SYNERGIES TO STRENGTHEN MARKET POSITION



- Enhance **nationwide sorting centers** into **digitization hubs** for **inbound mail**
- Intelligent **combination of logistics and IT services**



FP UTILIZES GROWTH IN THE MARKET FOR DIGITAL TRANSACTION MANAGEMENT



Digital transaction management

Efficient, secure and compliant business processing of digital transactions by avoiding media disruption and having complete control of transactions

Market volume of 5 bn. USD with 43% growth p.a over the next five years

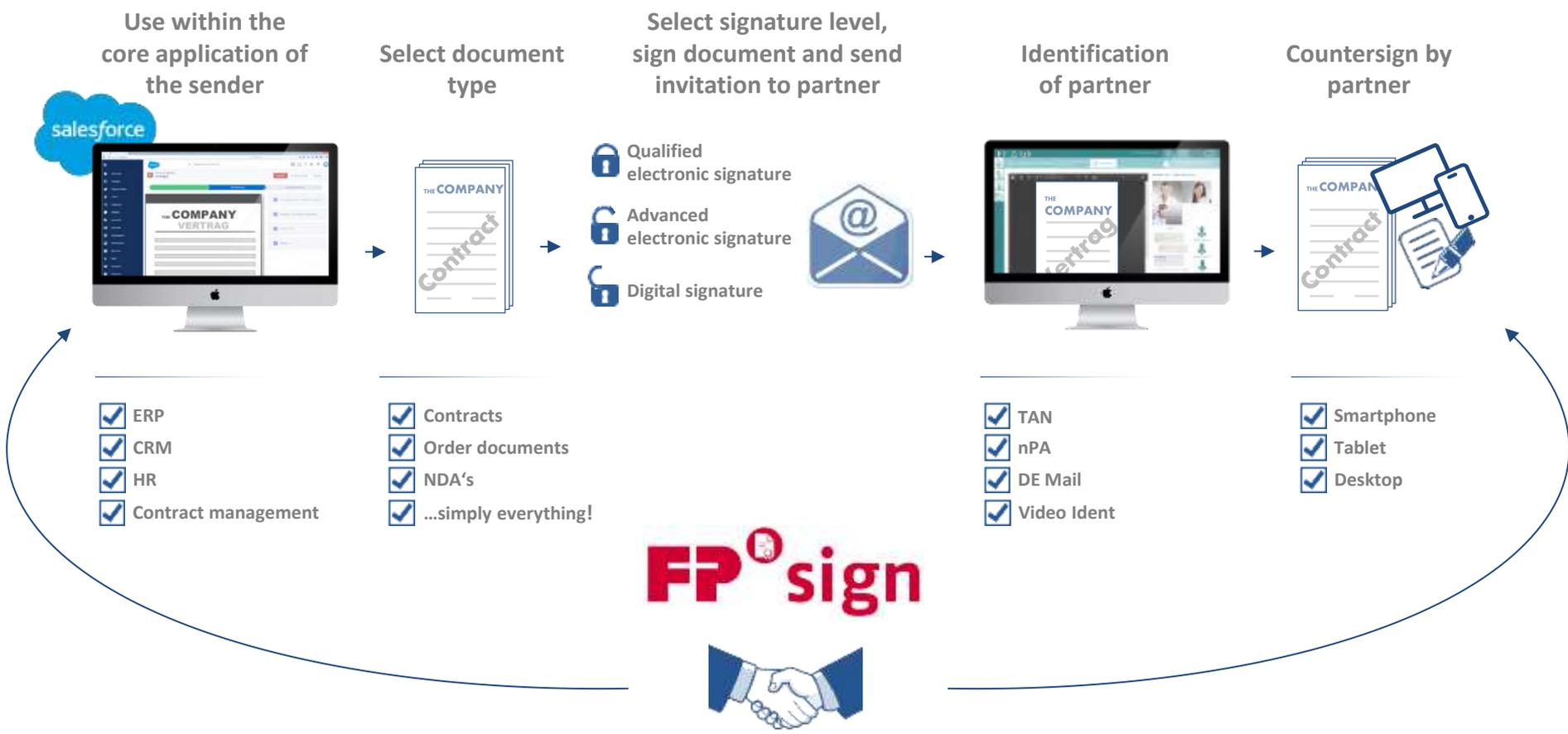


FP SIGN MEETS THE SPECIAL NEEDS OF GERMAN AND EUROPEAN CUSTOMERS FOR SECURITY AND LEGAL COMPLIANCE

MARKET LAUNCH 20 MARCH '17

[HTTPS://WWW.FP-SIGN.COM](https://www.fp-sign.com)

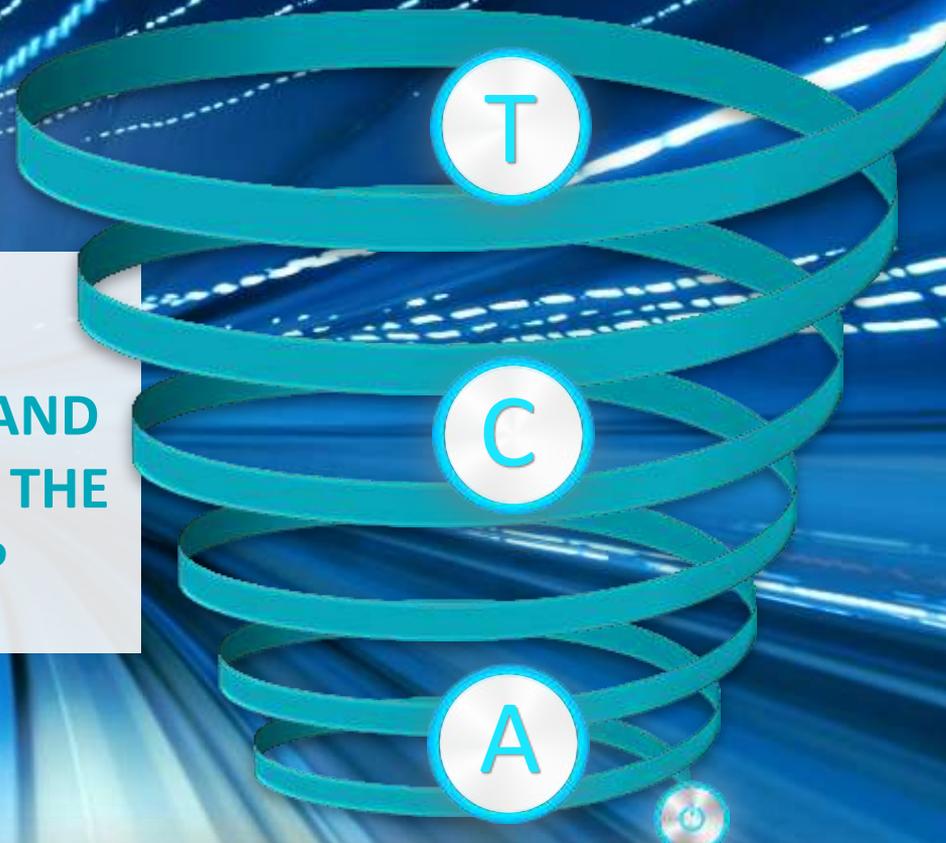
FP-SIGN PLATFORM-BASED SOLUTION FOR SECURE TRANSACTION MANAGEMENT



TRANSFORM FP INTO AN ENLARGED BUSINESS



**DEVELOPMENT OF
INNOVATIVE PRODUCTS AND
STRATEGIC OPTIONS FOR THE
TRANSFORMATION OF FP**



TRANSFORMATION HAS INTERNAL AND EXTERNAL DIMENSIONS



INTERN

Use of **agile innovation methods** for the **strategic positioning and adaptation of the core business** along the changing customer requirements.

EXTERN

Exploration and testing of future markets, products and business models **based on our DNA** (Cryptography, Sensors, Actuators, Connectivity)



FP FIT
START TO ACT

FP FIT IS THE BASIS AND DRIVING FORCE FOR ACT



FINANCIAL
EXCELLENCE



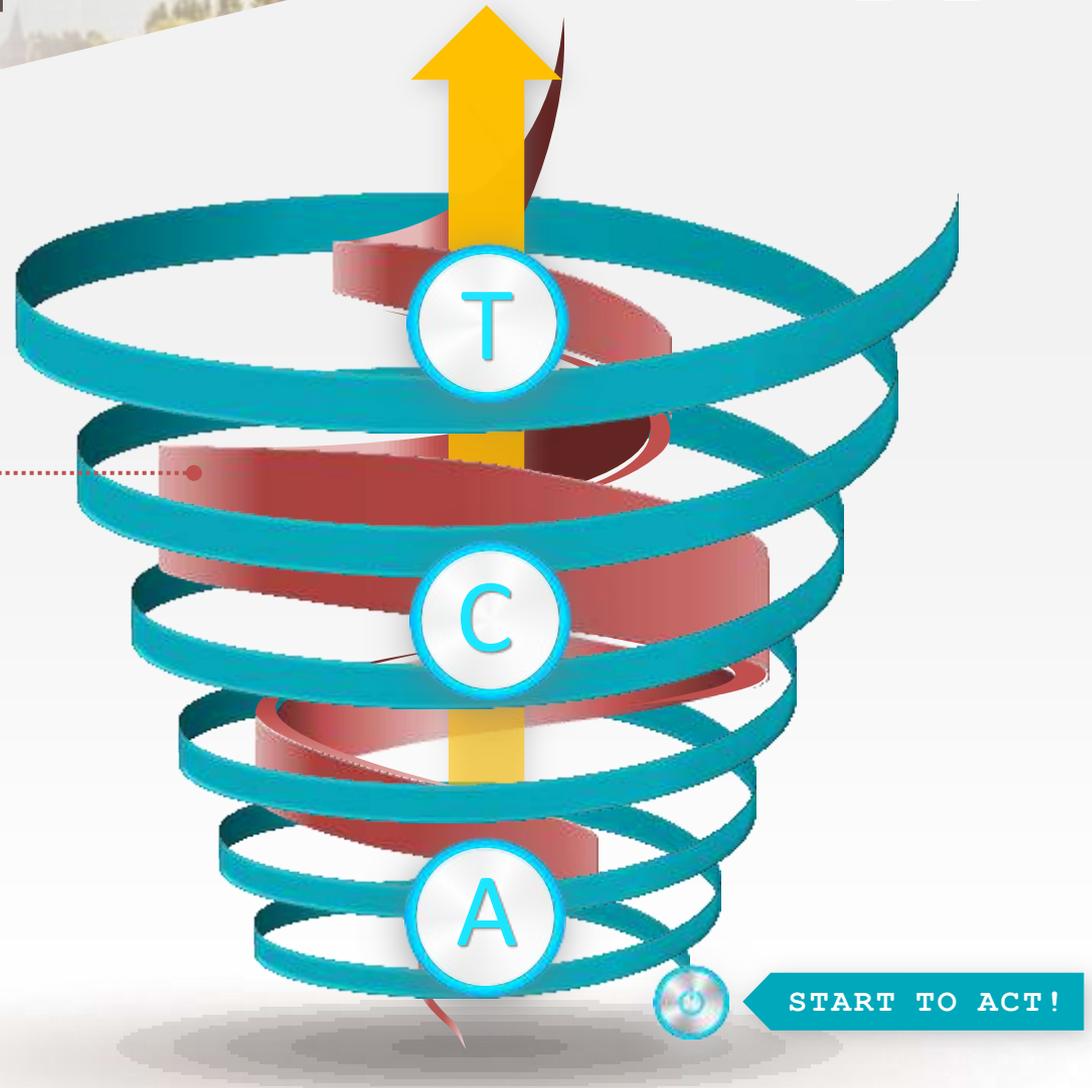
SALES
EXCELLENCE



HR
EXCELLENCE



DIGITAL
EXCELLENCE



PREREQUISITE FOR SUCCESS– FP FIT



FINANCIAL EXCELLENCE



SALES EXCELLENCE

- ✓ **REORGANIZE FINANCE DEPARTMENT**
CLEAR STRUCTURES / CENTRAL VS. DE-CENTRAL RESPONSIBILITY

- ✓ **PRICE MANAGEMENT**
REORGANIZATION OF PRICE STRUCTURE / BEST IN CLASS PROCESS

- ✓ **REDESIGN MIS** MANAGEMENT INFORMATION SYSTEM
INCREASE QUALITY AND TRANSPARENCY / COMPLIANCE

- ✓ **STRENGTHEN AND ENHANCE SERVICE**
OPTIMIZE SERVICE MODEL / ADD NEW SERVICES

- ✓ **PROFESSIONALIZE FINANCE MANAGEMENT**
GROUP FINANCING / TAX RATIO / WORKING CAPITAL / FUNDING

- ✓ **DEVELOP SALES DISTRIBUTION**
OPTIMIZATION / PROFESSIONALIZATION / CHANNEL MIX

- ✓ **SUPPLY CHAIN MANAGEMENT**
REVIEW SUPPLY CHAIN / MANAGEMENT OF MATERIAL COSTS

- ✓ **SIGNIFICANTLY INCREASE MARKET PENETRATION**
LEAD GENERATION / INTELLIGENT MARKETING

SUSTAINABLE PROFITABILITY THROUGH CUSTOMER FOCUS AND EXCELLENT PROCESSES

PREREQUISITE FOR SUCCESS– FP FIT



HR EXCELLENCE

- ✓ **DRIVE INNOVATION CULTURE AND CHANGE**
LEADERSHIP / RESPONSIBILITY / VALUES

- ✓ **IDENTIFY, INSPIRE AND DEVELOP TALENTS**
TALENT MANAGEMENT / BRANDING / „FP ACADEMY“

- ✓ **ESTABLISH CLEAR GOVERNANCE / ORGANIZATION**
RULES OF PROCEDURE / GUIDELINES / CLEAR COMPETENCIES

- ✓ **DEVELOP RETENTION PROGRAM**
INCENTIVE, COMPENSATION SYSTEMS / COMMUNICATION / EVENTS



DIGITAL EXCELLENCE

- ✓ **HARMONIZE AND MAKE “IT” MORE EFFECTIVE**
INFRASTRUCTURE / ERP / WORKFLOWS / COLLABORATION

- ✓ **IMPROVE INNOVATION / IP MANAGEMENT**
R&D PROCESSES / START-UP METHODS / MANAGE PATENTS

- ✓ **REPOSITION DIGITAL BUSINESS**
EXPAND KNOW HOW / SECURE COOPERATION PARTNERS

- ✓ **DIGITIZE BUSINESS PROCESSES**
100% DIGITAL OFFICE / DATA ANALYTICS PLATFORM

SUSTAINABLE PROFITABILITY THROUGH INNOVATION AND EMPOWERMENT



SUMMARY

RECAP

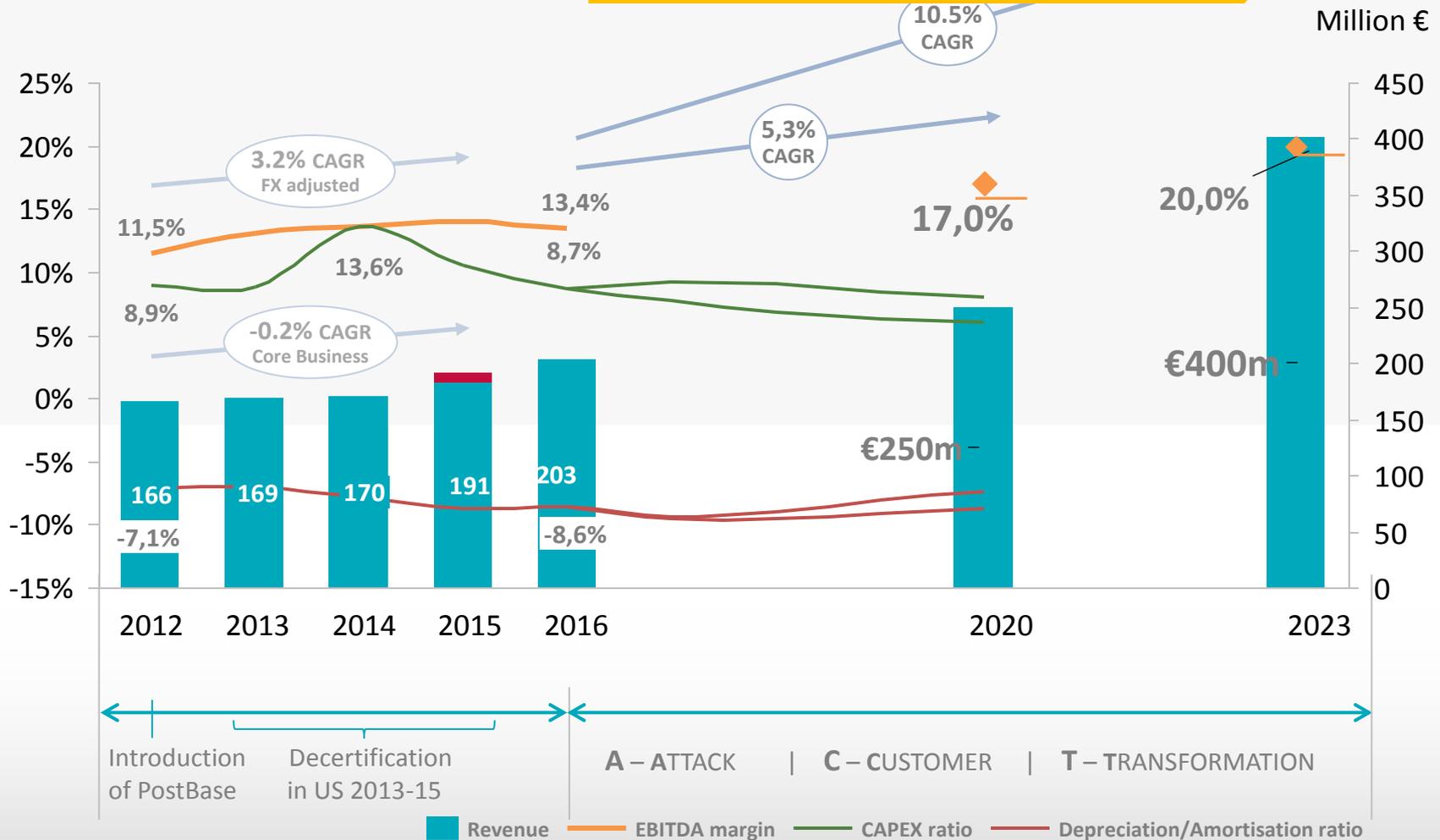
NEW ERA FOR FP



Revenue Growth

Dividend Policy 35 - 50 % of adjusted Net Income

Positive Free Cash Flow



A NEW ERA FOR FP

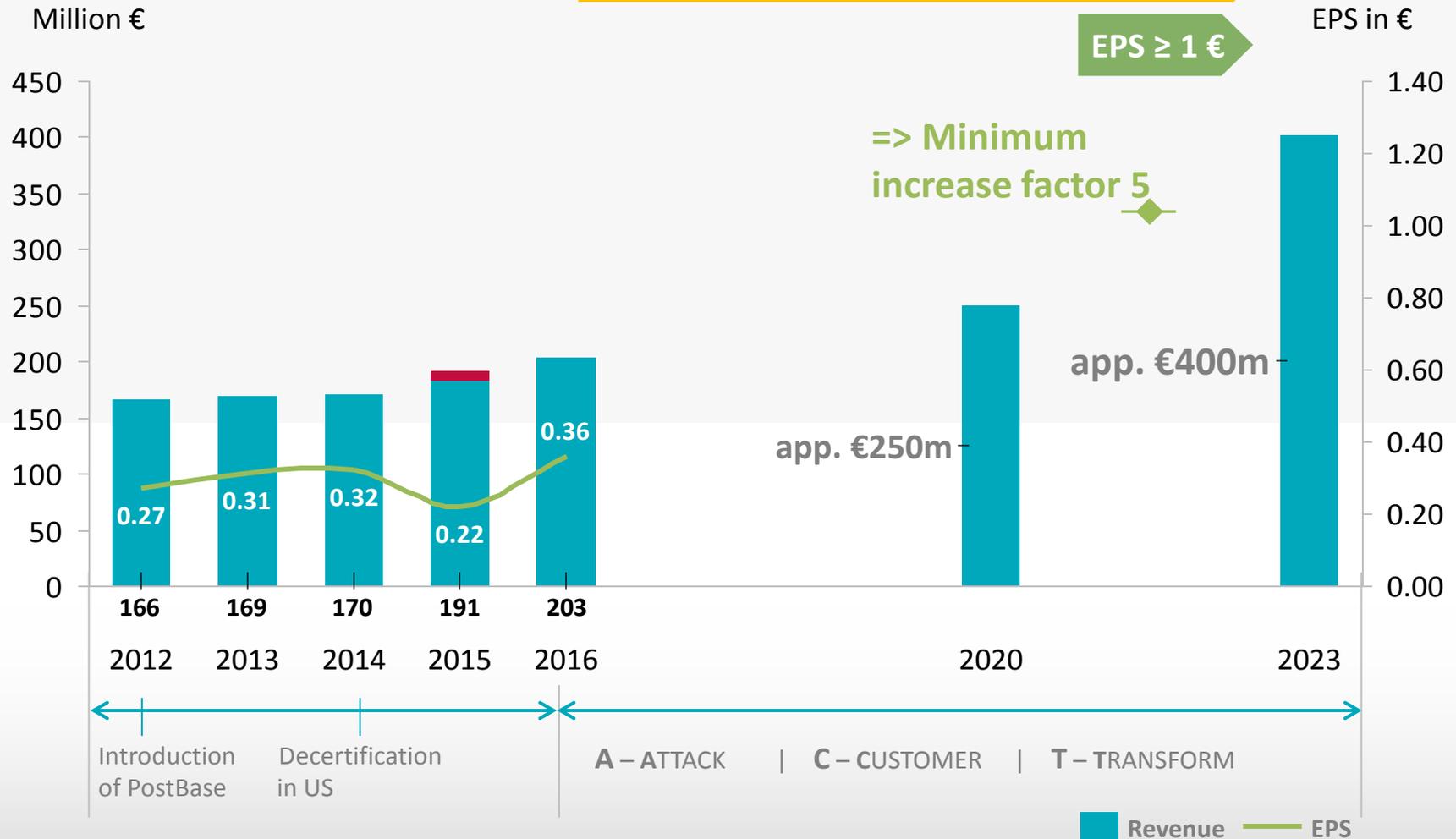


Revenue Growth

Dividend Policy 35 - 50 % of adjusted Net Income

Positive Free Cash Flow

EPS ≥ 1 €

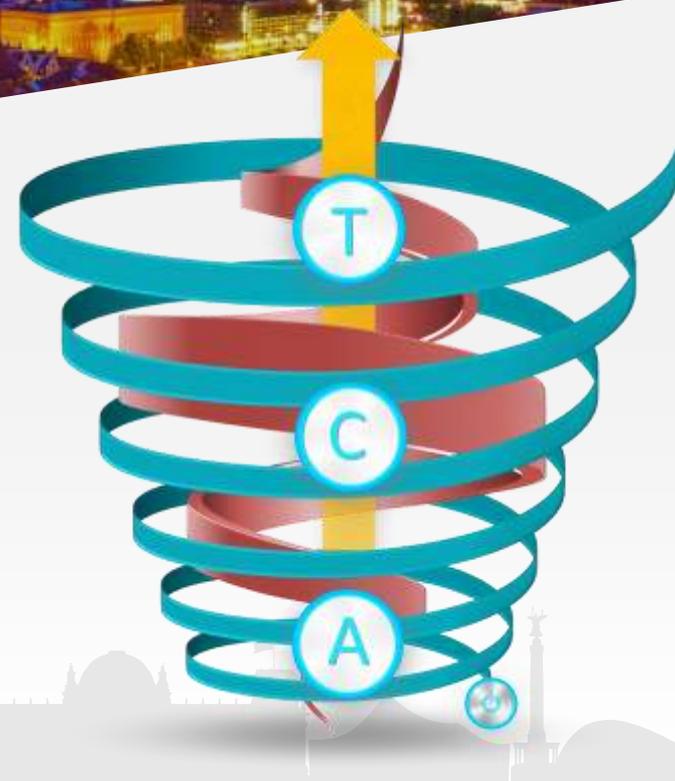


ACT BRINGS THE FP-GROUP INTO A NEW GROWTH ERA



Three Reasons to Invest in FP:

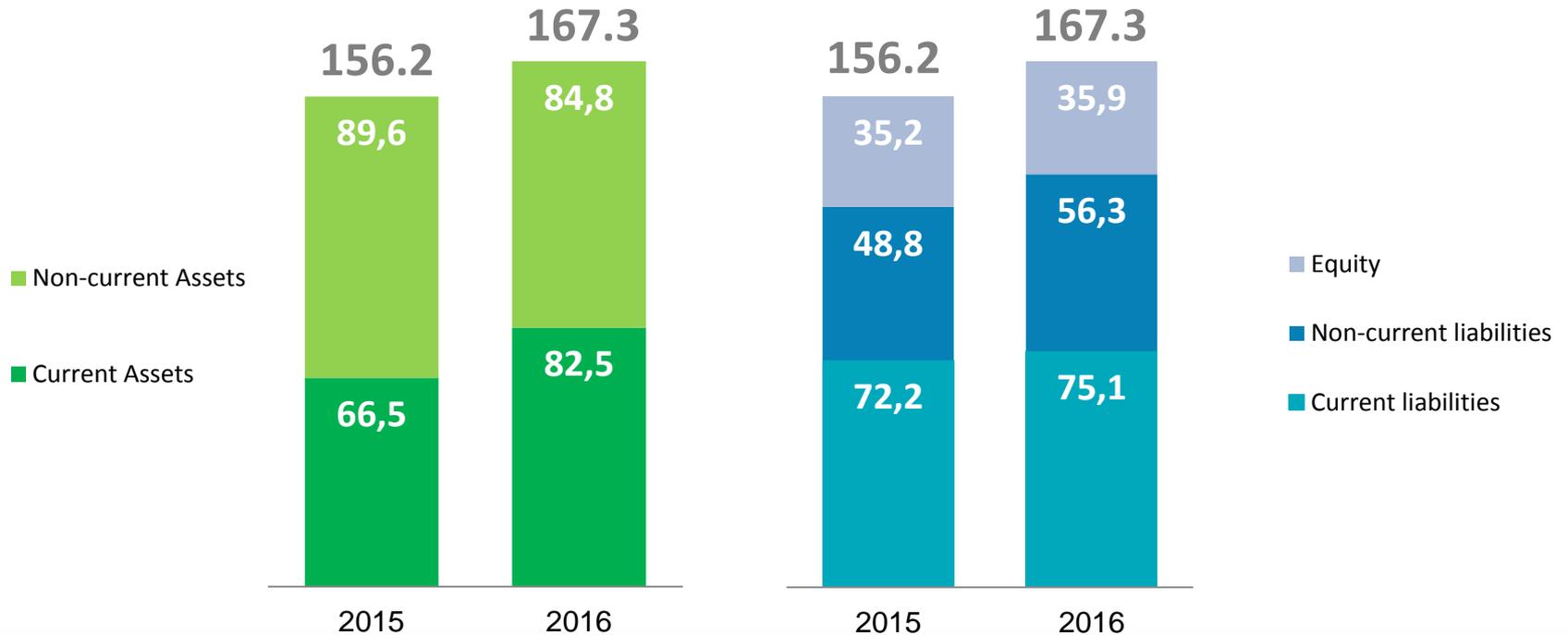
1. Dynamic growth company with attractive dividend prospects
2. Innovative products and services with clear customer focus
3. High-margin with recurring revenue business and strong cash flows. EPS target of ≥ 1 Euro (2020 – 2023)





FP GROUP
TO BE CONTINUED

FINANCIAL SITUATION - BALANCE SHEET



- ✓ **Growing operation business** shaped the FP Group's statement of financial position as at 31 December 2016

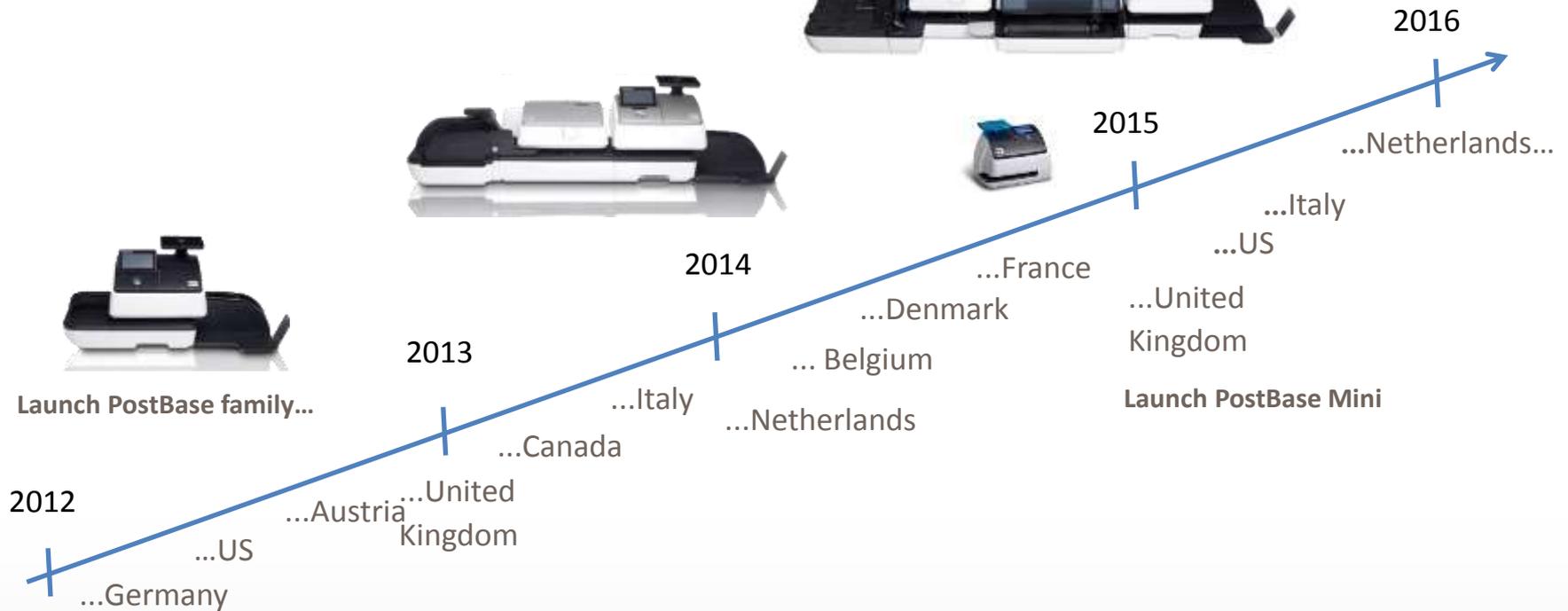
THE GLOBAL SUCCESS OF POSTBASE



PostBase



reddot design award
winner 2012



PostBase Mini:

<https://www.youtube.com/watch?v=HB9PvOrajCY>



Rüdiger Andreas Günther, CEO and CFO since January 2016 with FP
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



Thomas Grethe, CSO since June 2013 with FP
Banker and Economist (WAH)

- ✓ More than 27 years of sales experience in the IT and telecommunications industry
- ✓ Executive positions in sales management and general management of international groups such as Oki Systems, Konica Minolta Printing Solutions und Ricoh
- ✓ CEO of Utax GmbH (was acquired by Kyocera Corporation in 2010)



Sven Meise, CDO since February 2015 with FP
Degree in Business Administration (BA) 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

FP AT THE STOCK MARKET



ISIN	DE000FHP9000
Segment	Prime Standard/ All Industrial
IPO	30 November 2006
Reuters	FPHG.DE
Shares	16.3 million
Freefloat	89.9% (according to GSE Frankfurt)
Coverage	Hauck & Aufhäuser, Warburg Research

MAIN SHAREHOLDER

3R Investments	10.3%
INKA MBH	10.2%
Quaero Capital	5.2%
SALTARAX GMBH	3.6%
Ludic GmbH	3.5%
RUDOLF HEIL	3.0%

FINANCIAL CALENDAR



18 May 2017

Results for the First Quarter 2017

07 June 2017

Annual General Shareholder Meeting, Berlin

24 August 2017

Results for the Half Year 2017

16 November 2017

Results for the Third Quarter 2017

CONTACT



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Blog

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Facebook

www.facebook.com/FPFrancotypDE

Twitter

www.twitter.com/ir_fp



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.



FP GROUP