

Francotyp-Postalia Holding AG



Analyst Conference: Results 1st Quarter 2008

Berlin, May 29, 2008

Agenda

- **Overview**
- **Results Q1 2008**
- **Outlook 2008**

Overview



Digitalization

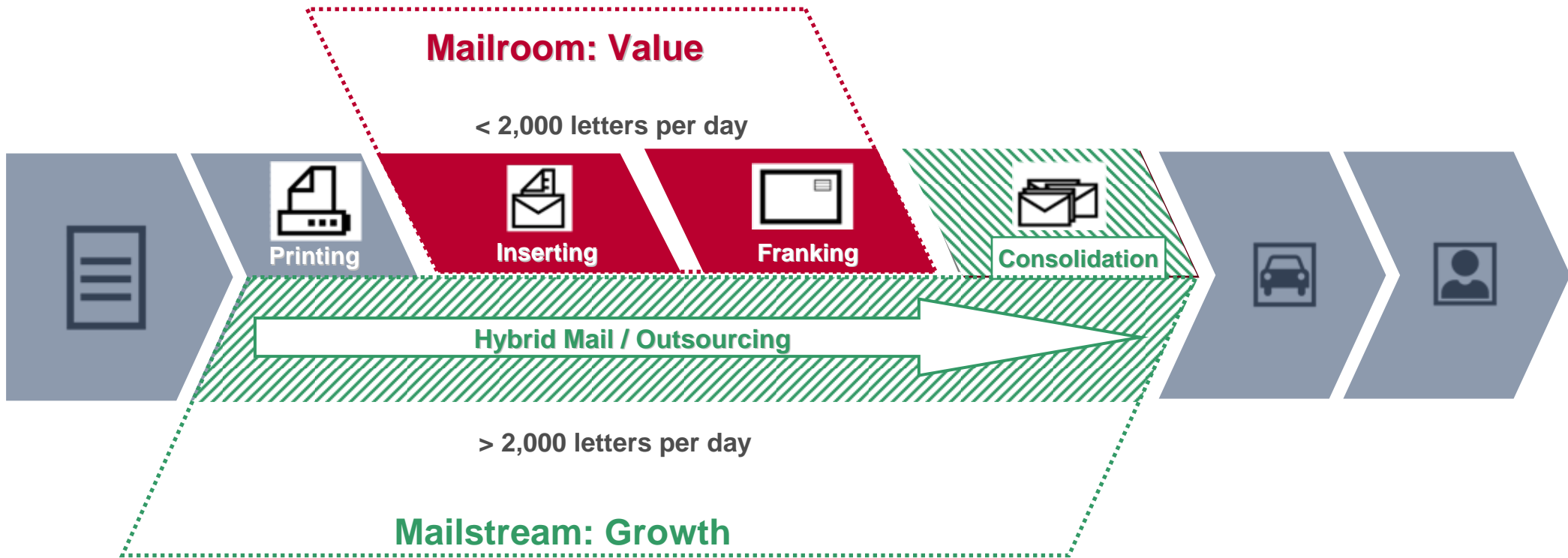


Franking



Optimization

The FP Business Model along the Mailstream Value Chain



Extension of the value chain by expanding into Mailstream Services

FP at a Glance

Overview

- FP is one of the **world's leading manufacturers of franking machines**
 - #1 Germany (44.6% market share)
 - #1 Austria (47.4% market share)
 - #2 The Netherlands (28.5% market share)
 - #3 Globally (9.4% market share)
- **Worldwide** activities with subsidiaries in Germany, USA, UK, The Netherlands, Canada, Austria, Belgium, Italy, and Singapore
- Large worldwide base of approx. **250,000 customers**
- Strong aftermarket business leading to 63.4% **recurring revenues** in Mailroom
- **Mailstream** business with **9 sorting centres** in Germany
- **1,095 employees**, worldwide

Key Figures

€ million	Q1 2007	Q1 2008	change %
Revenues	37.7	36.8	-2.4
EBITDA* in % of revenues	6.3 16.7	6.8 18.5	7.9
EBITA	3.9	4.4	12.8
EBIT	-0.8	0.4	n/a
Net Profit/Loss	-0.3	-1.8	n/a
Operating Cash Flow	19.4**	12.5	n/a
Installed Base (thousands)	265**	266	n/a

*without financial result

** per 12/31/07

Financial Highlights Q1 2008

Strong revenue growth in Mailstream services – Group revenues declined by -2.4%

- Mailroom revenues down by -7.8% mainly due to
 - currency effects and
 - slowdown in Germany and The Netherlands
- Mailstream revenues up by 97.0% mainly due to consolidation business

Achieved higher profitability

- Group EBITDA* increased by 7.9% compared to Q1 2007 and increased by 41.7% compared to Q4 2007
- EBITDA margin improved to 18.5% from 16.7% in Q1 2007
- Mailroom EBITDA margin over 21% after currency effects
- Mailstream EBITDA positive, as expected

*without financial result

Operational Highlights Q1 2008

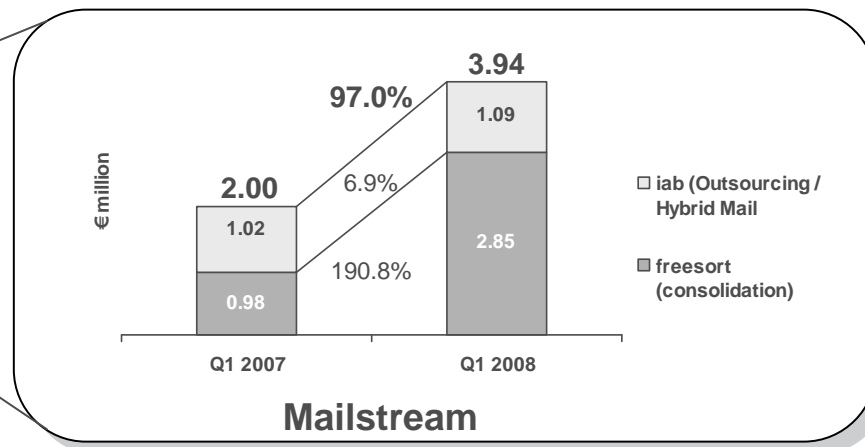
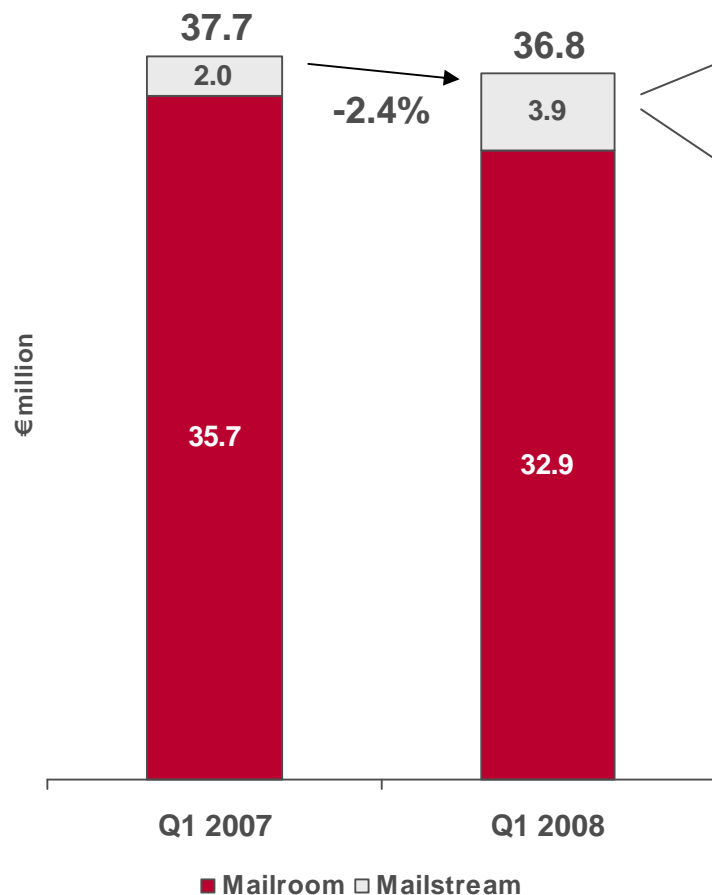
- Restructuring programme on track
- Broad acceptance of the need to restructure in the entire FP group
- Positive customers' response to the development of FP towards a one-stop Mailstream services provider
- Successful integration of over 1,000 customers of DirektExpress Brief AG, a member of the Pin Group
- Successful rollout of consolidation business with continuous growth
- **Partner contract with Deutsche Post AG signed on May 27, 2008**

Results Q1 2008



Strong Growth in Mailstream – Further Consolidation in Mailroom

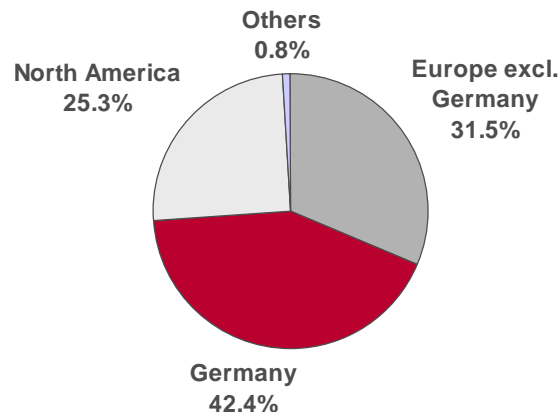
Revenues



- **Decrease of Mailroom business** by €-2.8 million (-7.8%) due to:
 - Currency effect of €-1.6 million
 - Lower sales in NL of €-1.1 million due to impact of 'NetSet I' still accounted for in Q1 2007
- **Mailstream business increased** by €1.9 million almost doubling (+97%)
 - Consolidation business almost tripled

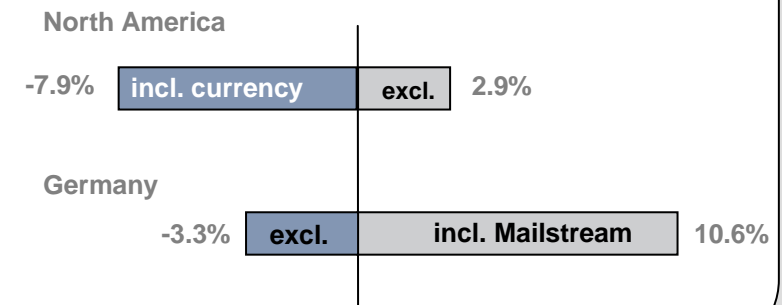
Revenues by Region

€ million	Q1 2007	Q1 2008	change %
Germany	14.1	15.6	+10.6
Europe excl. Germany	13.1	11.6	-11.5
North America	10.1	9.3	-7.9
Others	0.3	0.3	0.0
Total Revenues	37.7	36.8	-2.4



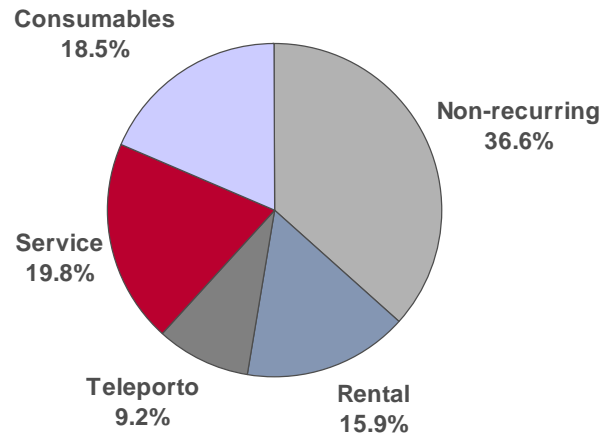
- **Germany:** Growth driven by mailstream (mainly consolidation). Slowdown in mailroom
- **Europe excl. Germany:** Revenues decreased to €11.6 million from €13.1 million (-11.5%) due to 'NetSet1' business in The Netherlands in Q1 2007
- **North America:** Negative impact from currency effect: US organic revenue growth +3.0%. CAN decreased by -7.9% (Q1 2007 still positively impacted by SWAP programme)

Changes Q1 2008 vs Q1 2007

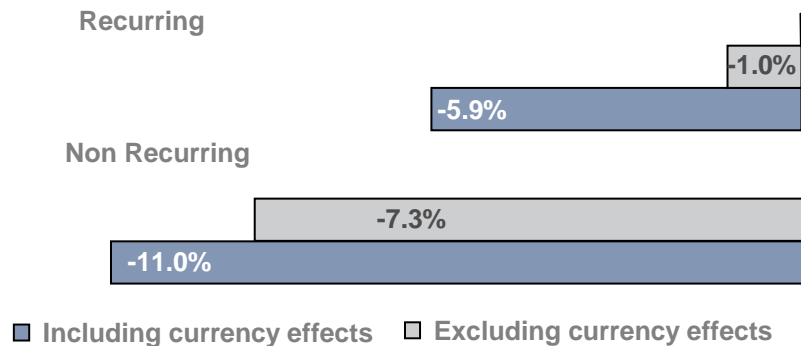


Mailroom: Strong Recurring Revenues of 63.4%

Revenues Q1 2008: €32.9 million



Changes Q1 2008 vs Q1 2007



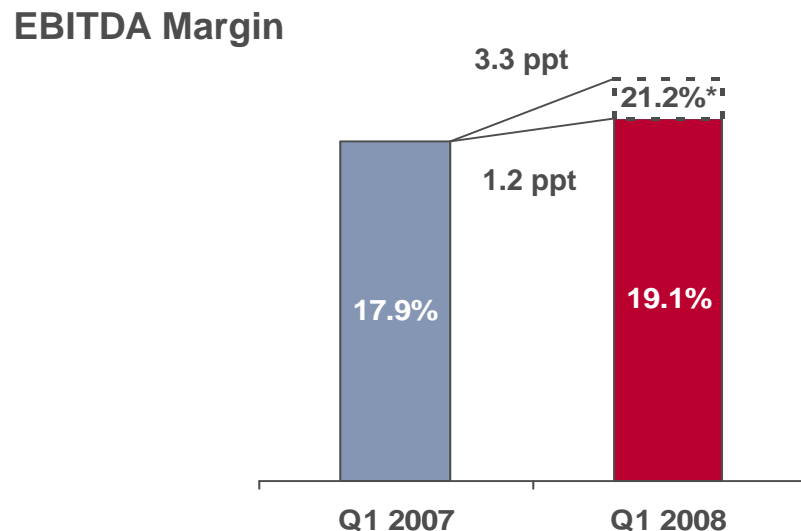
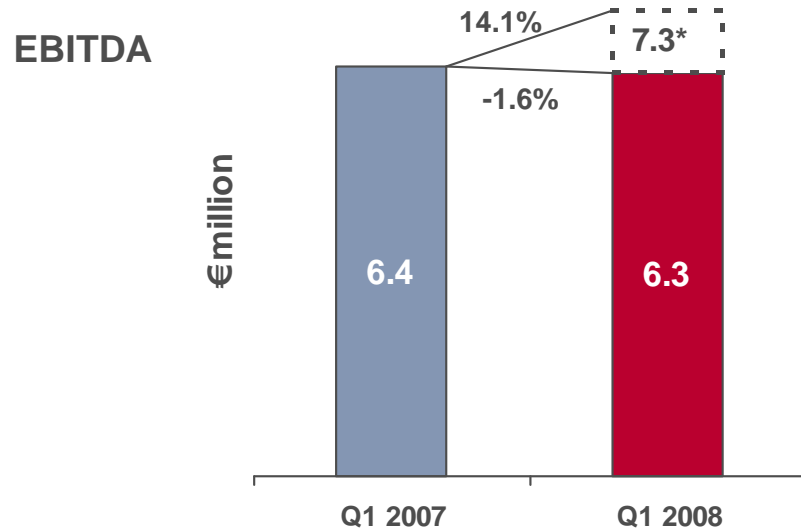
• Recurring:

- Stable revenue source
- Totalled € 20.8 million or 63.4% of revenues (2007: € 22.1 million or 62.0%)
- Currency effect of € -1.1 million (thereof € -0.6 million in rental business)

• Non-recurring:

- Totalled € 12.1 million or 36.6% of revenues (€ 13.6 million prior year or 38.0%)
- Currency effect of € -0.5 million
- Change of product mix towards smaller machines led to decrease in revenues

Mailroom: EBITDA Margin Increased to over 21%



- FEX impact of € 1.0 million at EBITDA level and € 1.6 million at revenues level
- EBITDA without financial result before FEX increased to € 7.3 million representing a 21.2% EBITDA margin
- Strong improvement of profitability mainly due to
 - Rate change in Canada
 - Less other operating expenses
 - Reduced material expenses

Reduction of Expenses Led to a Higher Profitability

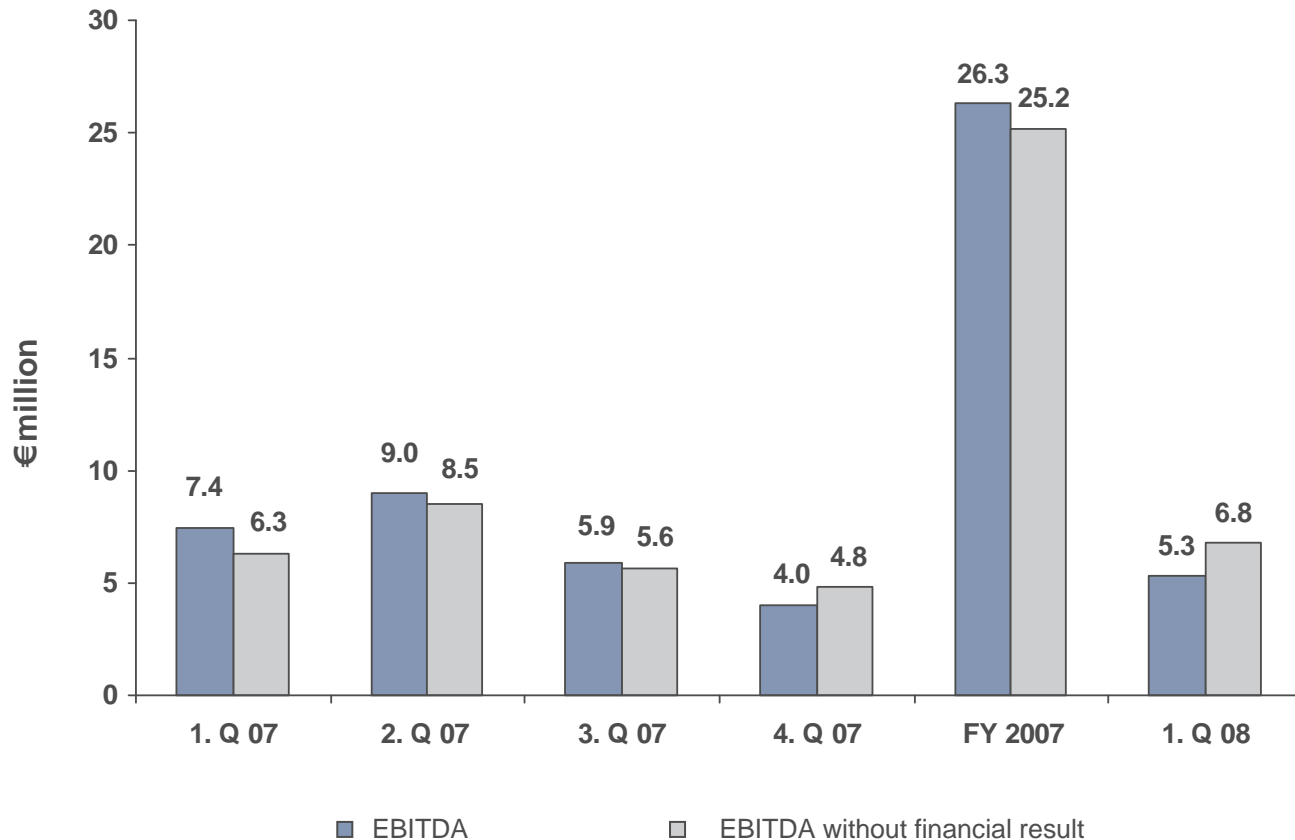
€ million	Q1 2007	Q1 2008
Revenue	37.7	36.8
Change in inventories	1.7	0.8
Own work capitalized	3.4	2.2
Total output	42.8	39.8
Material expenses	12.6	11.5
in % of revenue	33.4	31.2
Gross profit	30.2	28.3
Personnel expenses	14.3	14.4
in % of revenue	38.0	39.0
Operating expenses ./ income	9.6	7.1
EBITDA	6.3	6.8
in % of revenue	16.7	18.5
Depreciation	2.4	2.4
EBITA	3.9	4.4
Amortization	4.7	3.9
EBIT	-0.8	0.4
Interest result	-0.7	-0.7
Financial result	1.1	-1.5
Tax result	0.1	-0.1
Net profit/loss*	-0.3	-1.8
EPS (EUR)**	-0.01	-0.11
EPS adjusted (€)	0.19	0.08

- Less own work capitalised due to finalised decertification in Canada
- Lower material expenses due to less own work capitalised (rental equipment) and change in inventories
- Other operating expenses now on a normal level
- EBITDA of Mailstream business shows improvement of € -0.6 million to € 0.4 million in Q1 2008
- Amortisation lower due to end of non-competence clause in 2007
- Financial Result: (Explanation next slide!)
- **A dividend payment of €0.15 per share will be proposed to AGM**

* before minorities

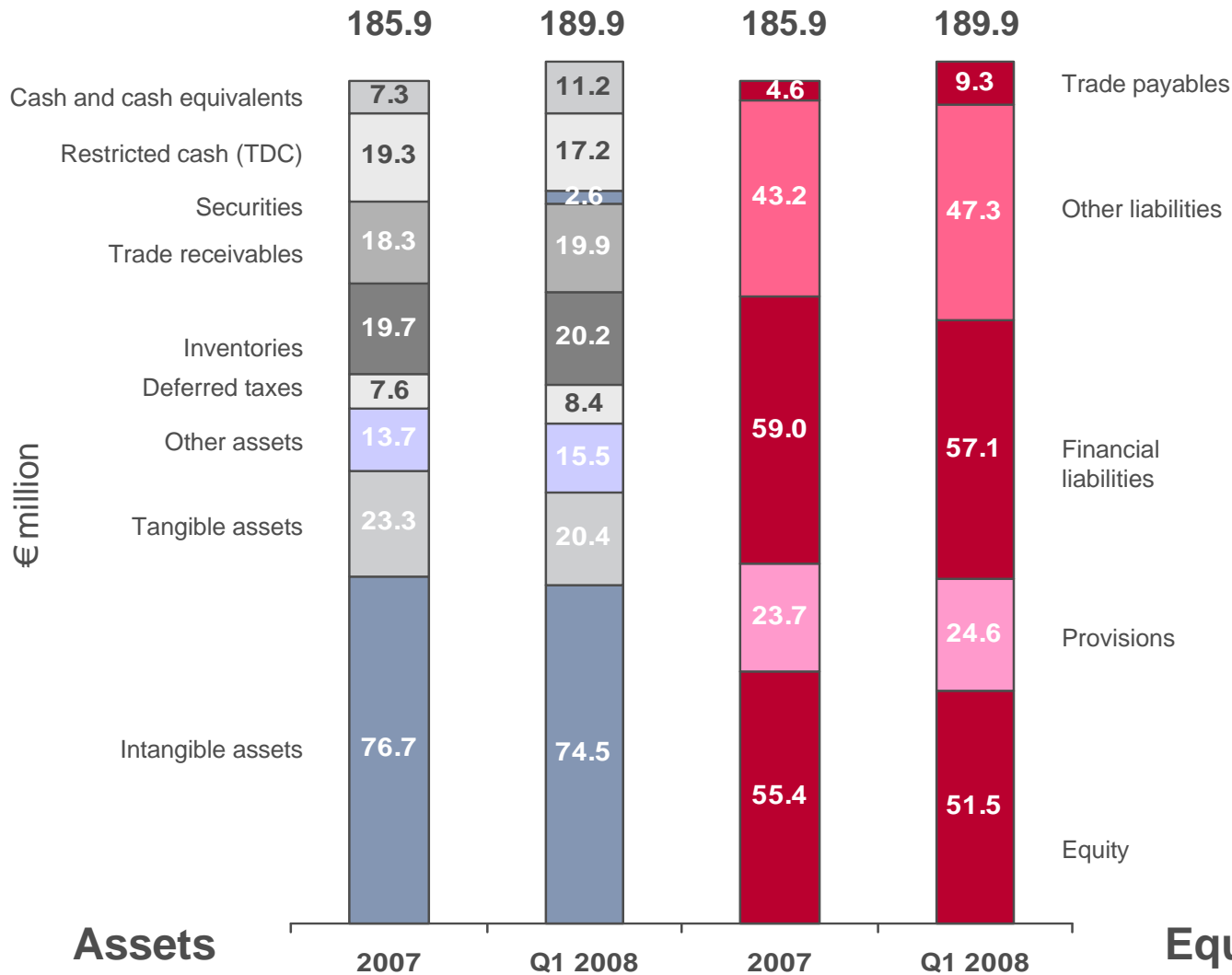
** after minorities

EBITDA without Financial Result



- As of FY 2008, EBITDA will be shown without financial result to elevate transparency and to adhere best practice
- EBITDA without financial result shows organic growth
- Impact of financial result: Revaluation of receivables and liabilities due to currency effects led to € 1.1 million in 2007 and € -1.5 million in 2008

Consolidated Balance Sheet



- Cash and cash equivalents increased
- Net Debt decreased to € 45.9 million (2007: € 51.7 million)
- Equity ratio as percentage of total assets 27%
- Provisions of € 24.6 million, thereof pensions € 12.1 million
- Working capital of € 30.8 million

Cash Flow Statement

€ million	2007	Q1 2008
Cash flow from operating activities	19.4	12.5
Cash flow from investing activities	-17.4	-3.4
thereof:		
R&D	-5.8	-1.4
Tangible assets	-3.7	-1.2
Intangible assets	-1.6	-0.8
Free cash flow	2.1	16.4
Cash flow from corporate acquisitions	-17.0	0
Cash flow from financing activities*	-18.7	-2.6
Cash and cash equivalents	7.3	13.8**

{ Share-buy-back program €-1.2 million
 Currency effect €-1.4 million

* incl. currency effect of €-1.4 million (prior year €0.1 million)

** including €2.6 million securities

Reengineering Programmes



Digitalization

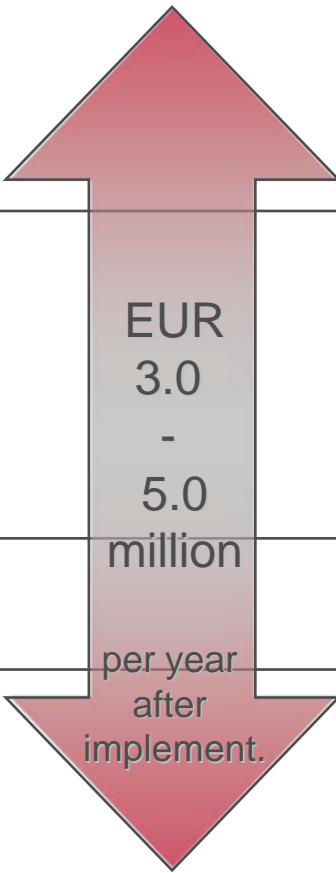


Franking



Optimization

FP Improves 'Mailroom' Profitability (Short Term)

Topic	Measures & Effect	Timeline (finalization)	EBITDA Impact
Research & Development	<ul style="list-style-type: none"> • New structure and processes defined. Now <u>under implementation</u> • Reduce expenses/headcount by approx. 20% (Headcount reduction: number defined. Measures <u>under implementation.</u>) 	<ul style="list-style-type: none"> • end of 2008 	 <p>EUR 3.0 - 5.0 million per year after implement.</p>
Supply Chain Optimization	<ul style="list-style-type: none"> • Implementation of an IT-supported, integral approach for the "Order Management Process" (order entry – production – warehouse – logistics) • Reduce inventories and warehouse capacities by up to 25%, worldwide: targets identified; under implementation • Save up to 20% processing costs in the production- and delivery process 	<ul style="list-style-type: none"> • Germany • NL / UK: 2008 • US/CAN: 2009 	
Streamline Administration	<ul style="list-style-type: none"> • Headcount reduction target defined. <u>Under implementation</u> 	<ul style="list-style-type: none"> • end of 2008 	
MOVE Project	<ul style="list-style-type: none"> • Enable change management and cultural change: <ul style="list-style-type: none"> • Closer to market • More efficient • Implement new clear strategy and direction into operation • Building international teams; best practice • Improve steering and support by headquarters 	<ul style="list-style-type: none"> • 2008 	

Outlook 2008



Digitalization

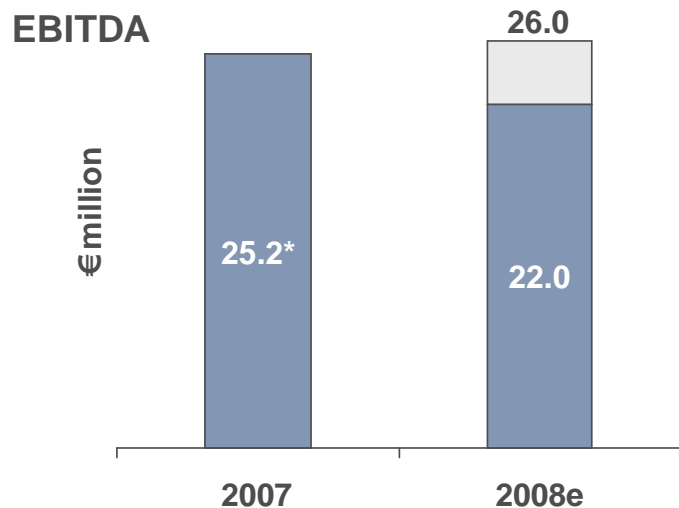
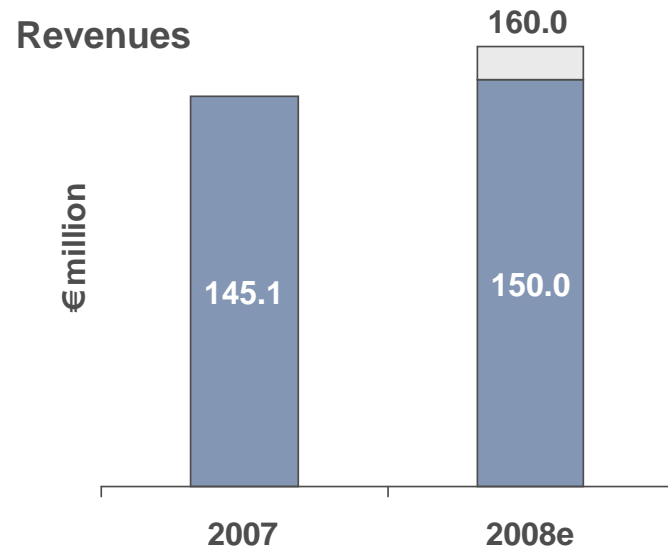


Franking



Optimization

Outlook 2008: FP Confirms Guidance



*without financial result

Upside potential (top-line):

- Decertification in US
- Improved sales activities in Germany as a result of ongoing restructuring in sales force

Extraordinary influences reducing margin:

- Currency fluctuation USD/ CAD
- Restructuring Costs
- Lower sales and after sales margin due to price pressure
- Product upgrade costs in the US
- Teleporto Data Center (TDC) introduction Italy

FP is Well Positioned for Future Growth

Francotyp-Postalia

- The market leader for franking machines in Germany (>44%), with growing market share in the US and UK markets
- The leading provider in the fast growing Mailstream market in Germany
- Can draw upon an installed base of 265,000 units across 250,000 customers, opening up cross selling potential for new Mailstream services
- Generates stable cash flows from more than 60% recurring revenues
- Benefits from high entry barriers in core business
- Owns in-depth know-how for international Hybrid-mail solutions

Our future builds upon

- An excellent sales force becoming even more powerful with new approaches
- Significant potentials for productivity improvement through process reengineering in operational areas
- A new management team under the leadership of a new CEO to manage and implement the change and quickly realize margin potential

Appendix



Digitalization

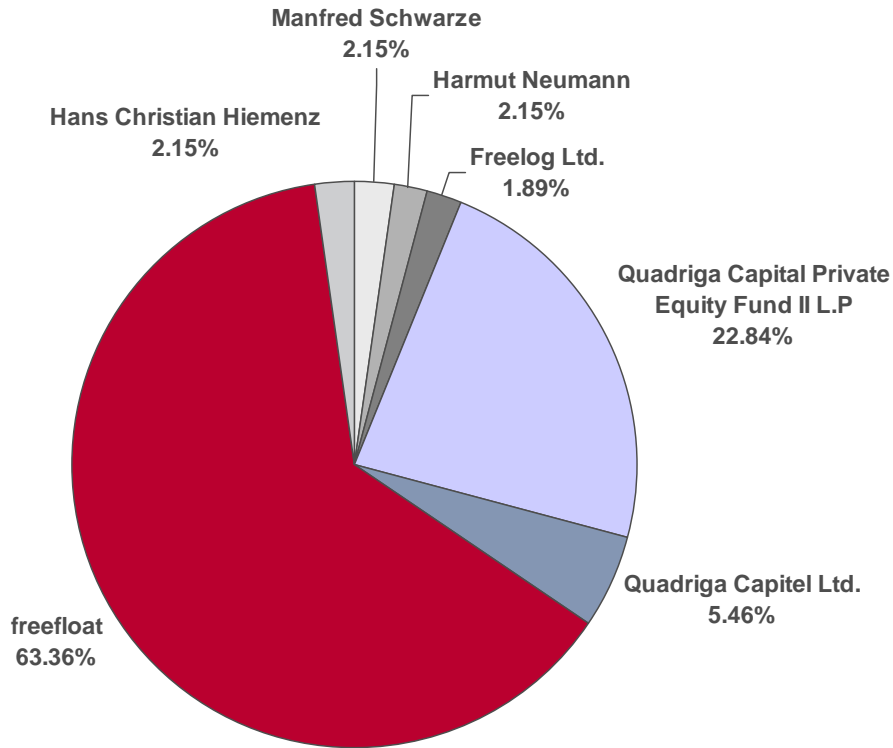


Franking



Optimization

Shareholder Structure



Freefloat

J O Hambro Capital Management Limited	9.35%
Richelieu Finance Gestion Privée	9.12%
INVESCO UK Limited	5.11%
Financière de l'Echiquier	5.11%
KAIROS Investment Management Ltd.	3.01%
Treasury shares	2.52%

Financial Calendar

- Annual General Meeting June 18, 2008 – Ludwig Erhard Haus, Berlin
- H1 Results 2008 August 28, 2008 – Conference Call
- Q3 Results 2008 November 27, 2008 – Conference Call
- Results 2008 April 2009

Thank you for your attention!

We will now answer your questions.

Investor Relations Contact

Andreas Drechsler

Senior Vice President Investor Relations
Francotyp-Postalia Holding AG

Telephone

+49 (0)3303 525 555

Fax

+49 (0)3303 53707 555

E-Mail

a.drechsler@francotyp.com

Address

Triftweg 21-26
16547 Birkenwerder

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 2007 Annual Report develop in a way other than we are currently expecting.