

Francotyp-Postalia Holding AG



Digitalisation



Franking



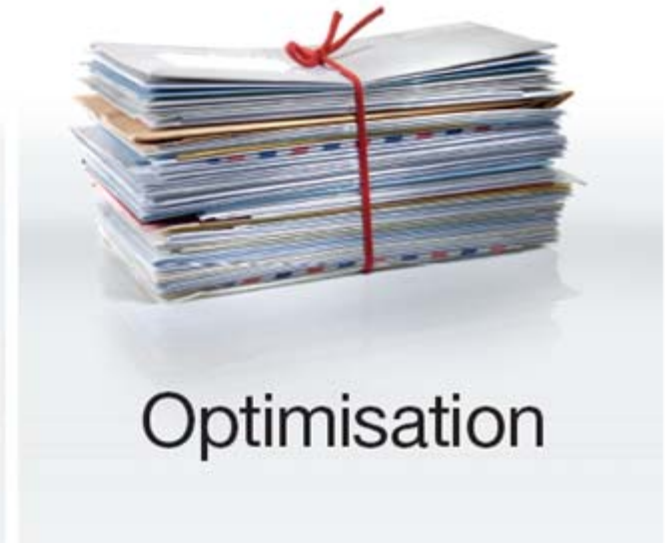
Optimisation

German Equity Forum – November 10, 2008

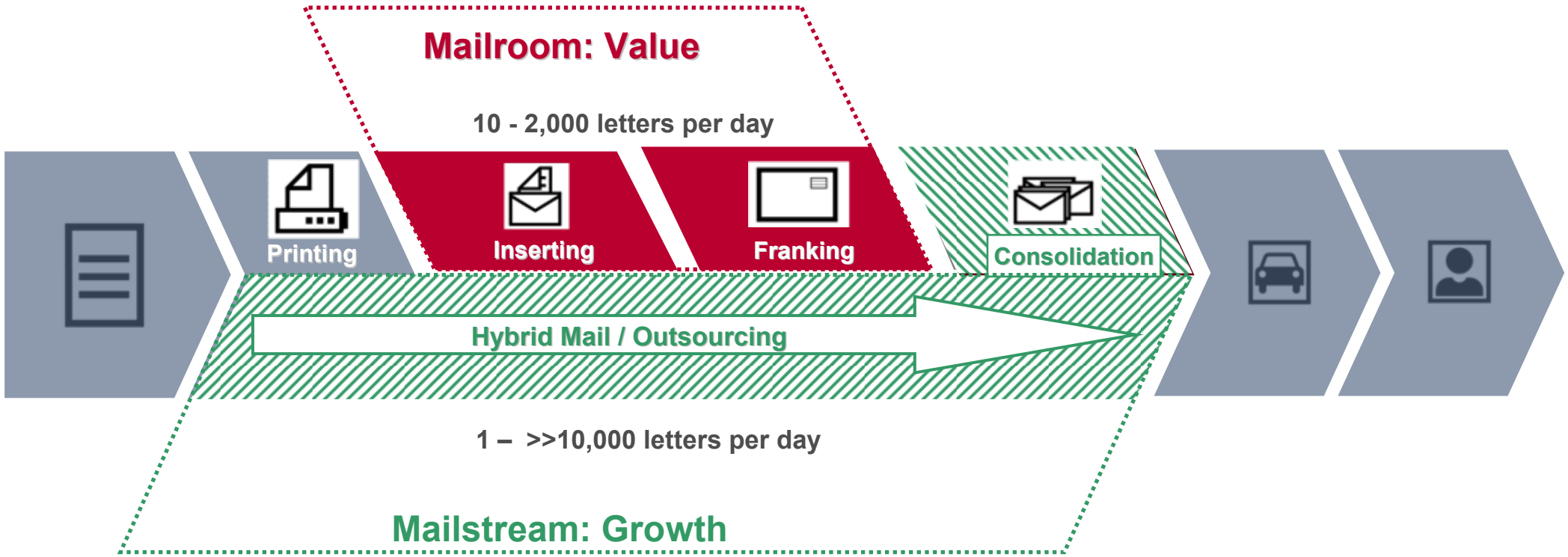
AGENDA

- Overview
- Results 30 September 2008
- Market and Strategy
- Outlook 2008

Overview



FP - The Mail Management Company: A Total Solutions Provider



Your First Partner for Mail Management Solutions

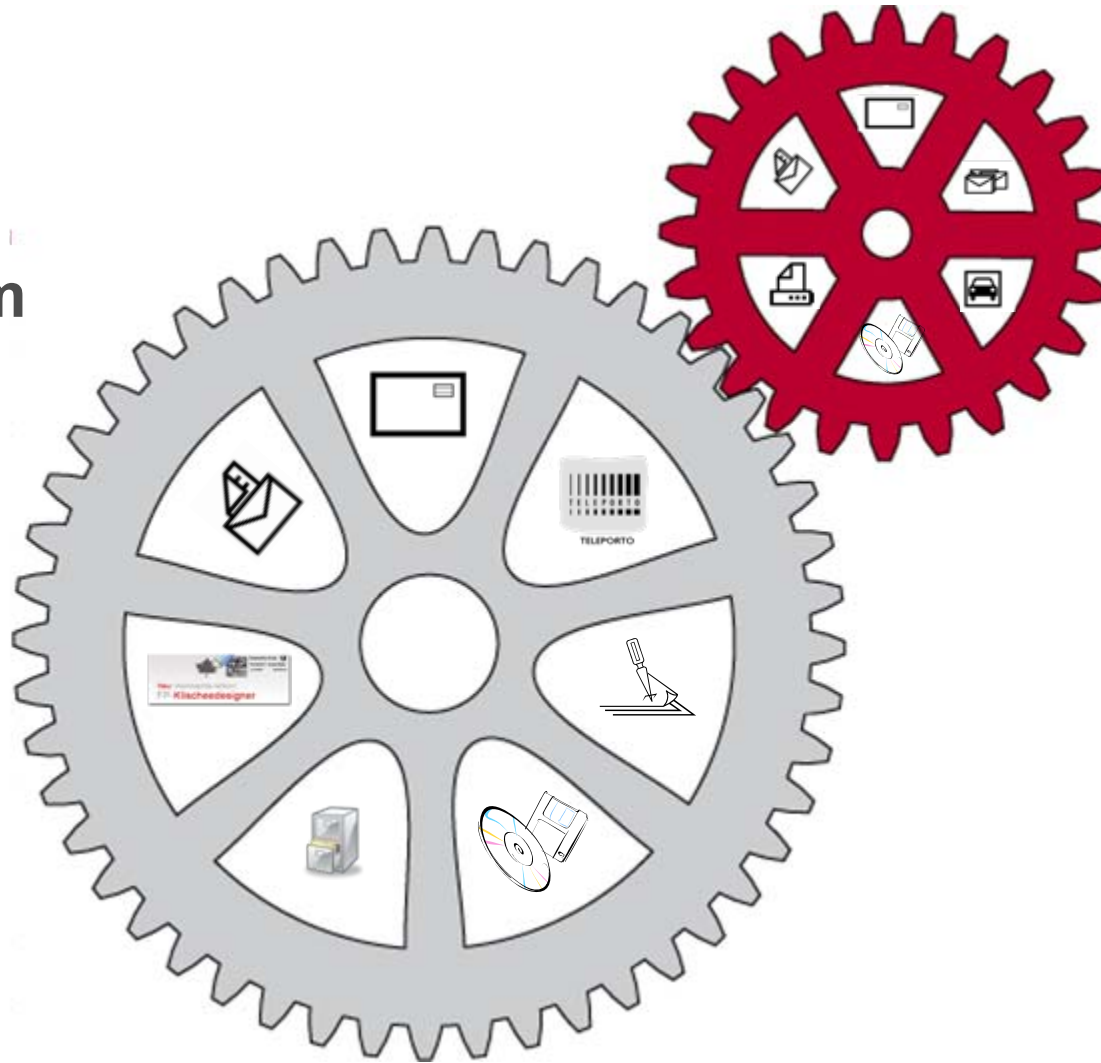
Overview

Results

Market and Strategy

Outlook 2008

Mailroom



Mailstream

Francotyp-Postalia (FP) at a Glance

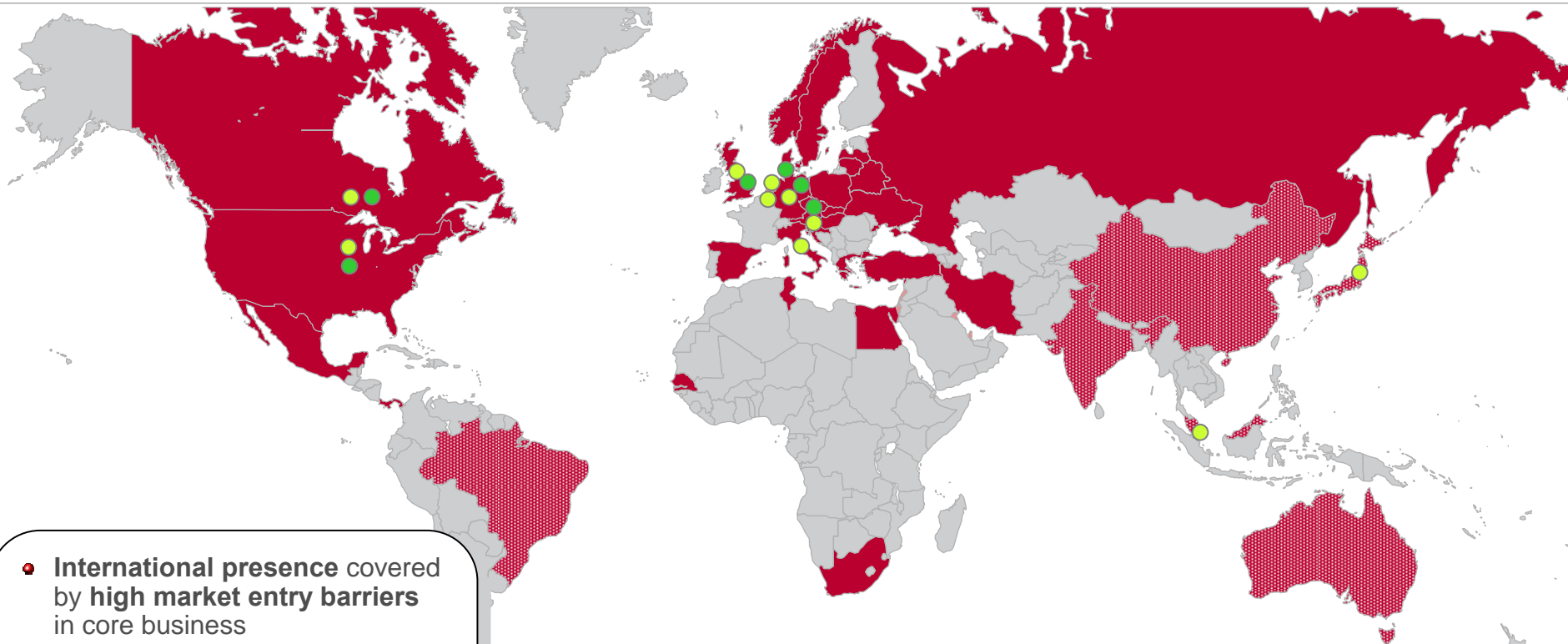
Overview

- FP-Group **covers the entire** value chain in the outbound mail market
- One of the **world's leading manufacturers of franking machines**
 - Germany 44.3% market share – Market leader
 - NL 27.7% market share – Number 2
 - UK 8.3% market share – Number 3
 - Globally 9.5% market share
- Large worldwide base of approx. **250,000 customers**
- Strong aftermarket business leads to **63.8% recurring revenues and strong cash flow generation** in Mailroom
- With approx. **200 million sorted letters** and **9 sorting centres** one of the biggest companies in Germany for mail consolidation services
- Digital business with appr. 500 customers and approx. **20 million letters**
- Worldwide >1,100 employees

Key Figures

€ million	2006	2007
Revenues	142.9	145.1
EBITDA in % of revenues	32.0 22.4	26.3 18.1
Operating Cash Flow	17.9	19.4
Installed Base	263,329	265,501

Worldwide Presence as Our Base for Future Growth



- **International presence covered by high market entry barriers in core business**
- **Asia-Pacific as emerging FP target market**
- **Active in 8 countries with own subsidiaries and a dealer network in 44 countries**

- = Countries with FP centres (subsidiaries)⁽¹⁾
- = Countries in which FP is active
- = Emerging markets
- = potential FP Locations/ Points of Print or preferred partners

⁽¹⁾ USA, Germany, UK, The Netherlands, Canada, Italy, Belgium, Austria, Singapore, Japan



Stock Information



Results 30 September 2008



Digitalisation



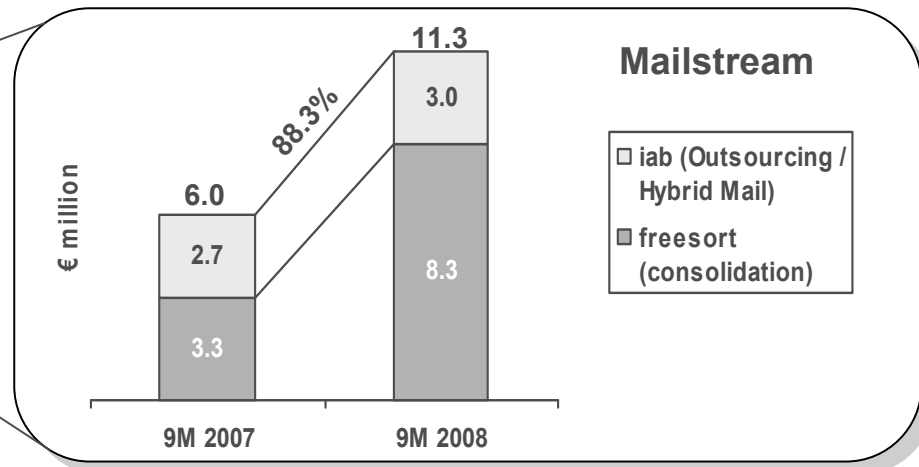
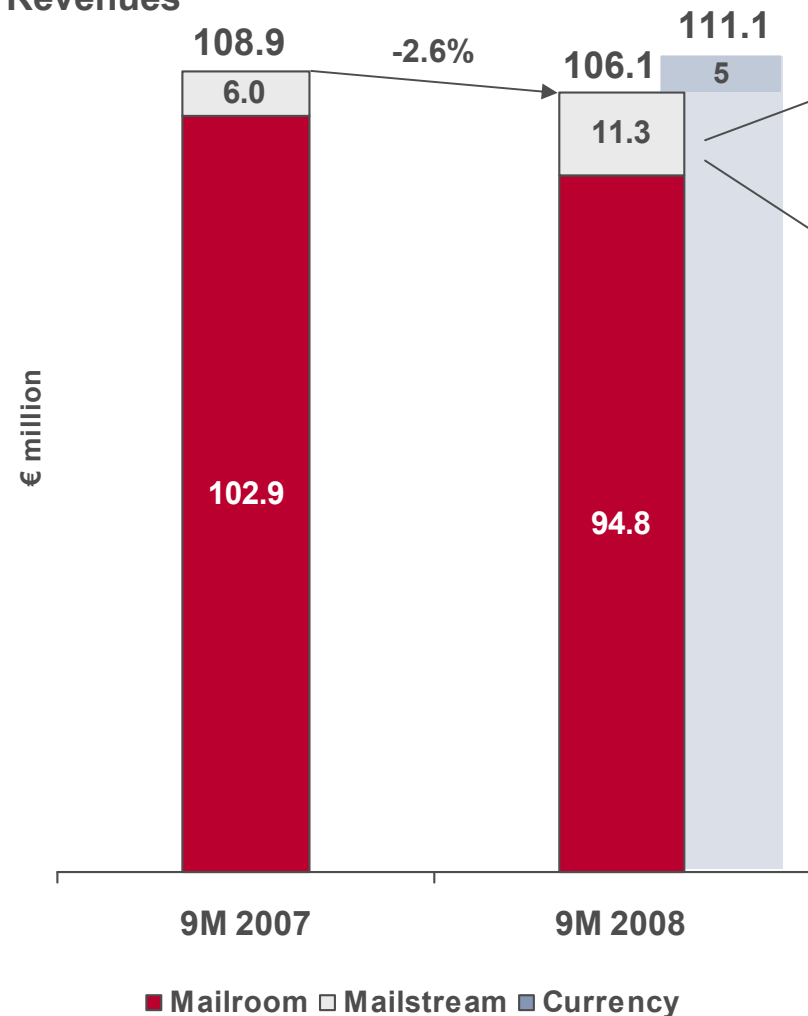
Franking



Optimisation

Continuing Strong Growth in Mailstream – Mailroom Revenues Impaired by Currency and NetSet™ Effect

Revenues

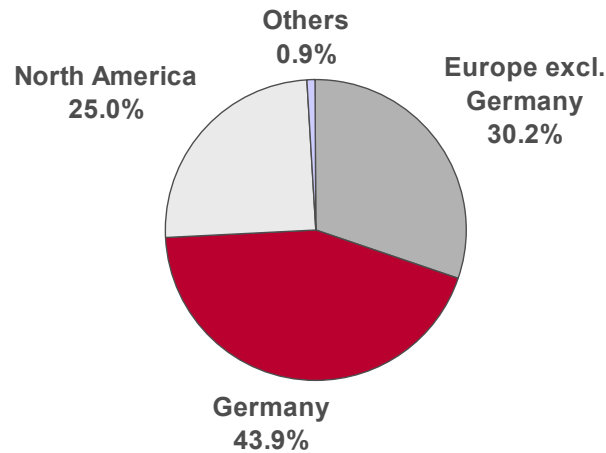


- Revenues of €111.1m (+2.0%) at constant exchange rate
- Decrease of (-2.6%) mainly due to **Mailroom**:
 - currency effect of €-5.0m
 - NetSet™ effect in the Netherlands in 2007 (€-1.9m)
 - rate change USA lower than expected (€-0.5m)
- **Mailstream business increases by €5.3m**

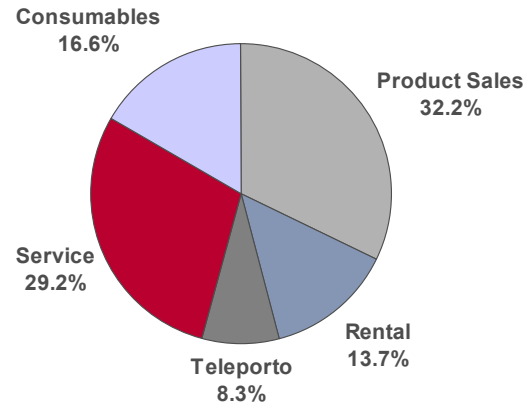
Diversified and Predictable Recurring Revenues

Revenue breakdown (including Mailstream)

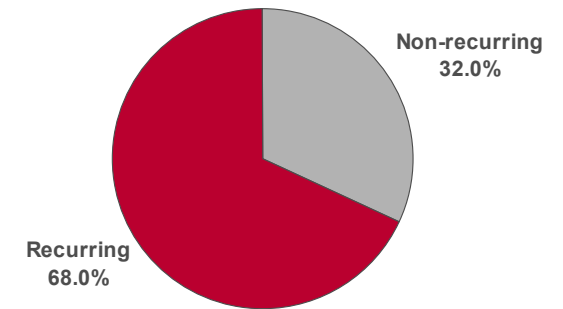
By region



By product



Recurring / Non-recurring



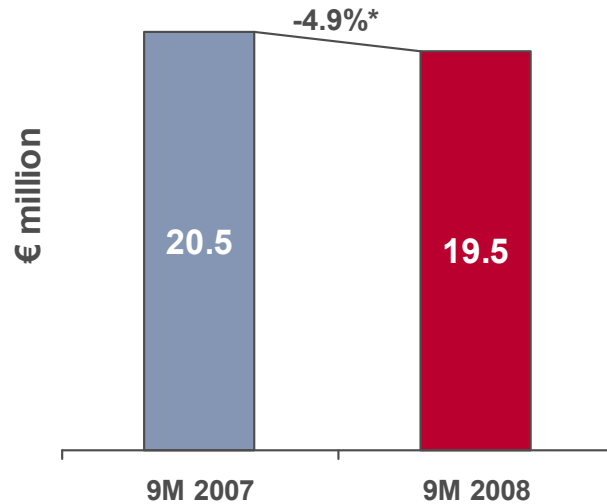
Global business with strong potential to grow market share internationally

Percentage of service increasing due to growing Mailstream

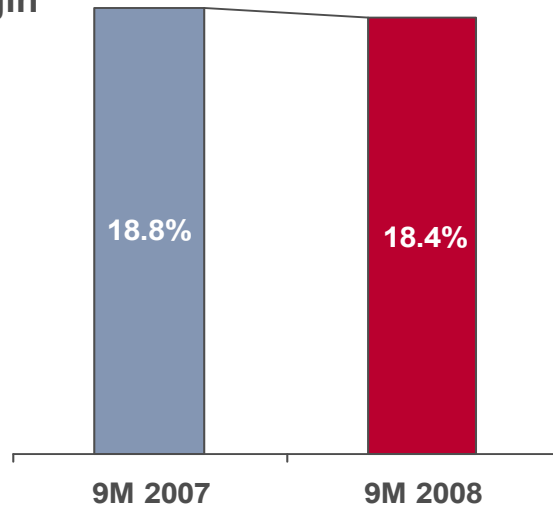
Large and continuous stream of recurring revenues as a result of extensive and stable installed base

Still Attractive Double Digit Margin

EBITDA



EBITDA Margin



- **EBITDA of €19.5m** at constant exchange rate and before restructuring costs
- **Restructuring costs** show an impact of **€2.5m**:
 - €1.5m personnel expenses incl. severance payments
 - €0.9m operating expenses
- **Currency effect of €2.7m**
- **Mailstream:**
After €-0.6m EBITDA in 2007 Mailstream shows an **positive EBITDA of €0.9m**

* Change at constant exchange rate and before restructuring costs

Restructuring Cost Burden EBITDA Profit in 2008

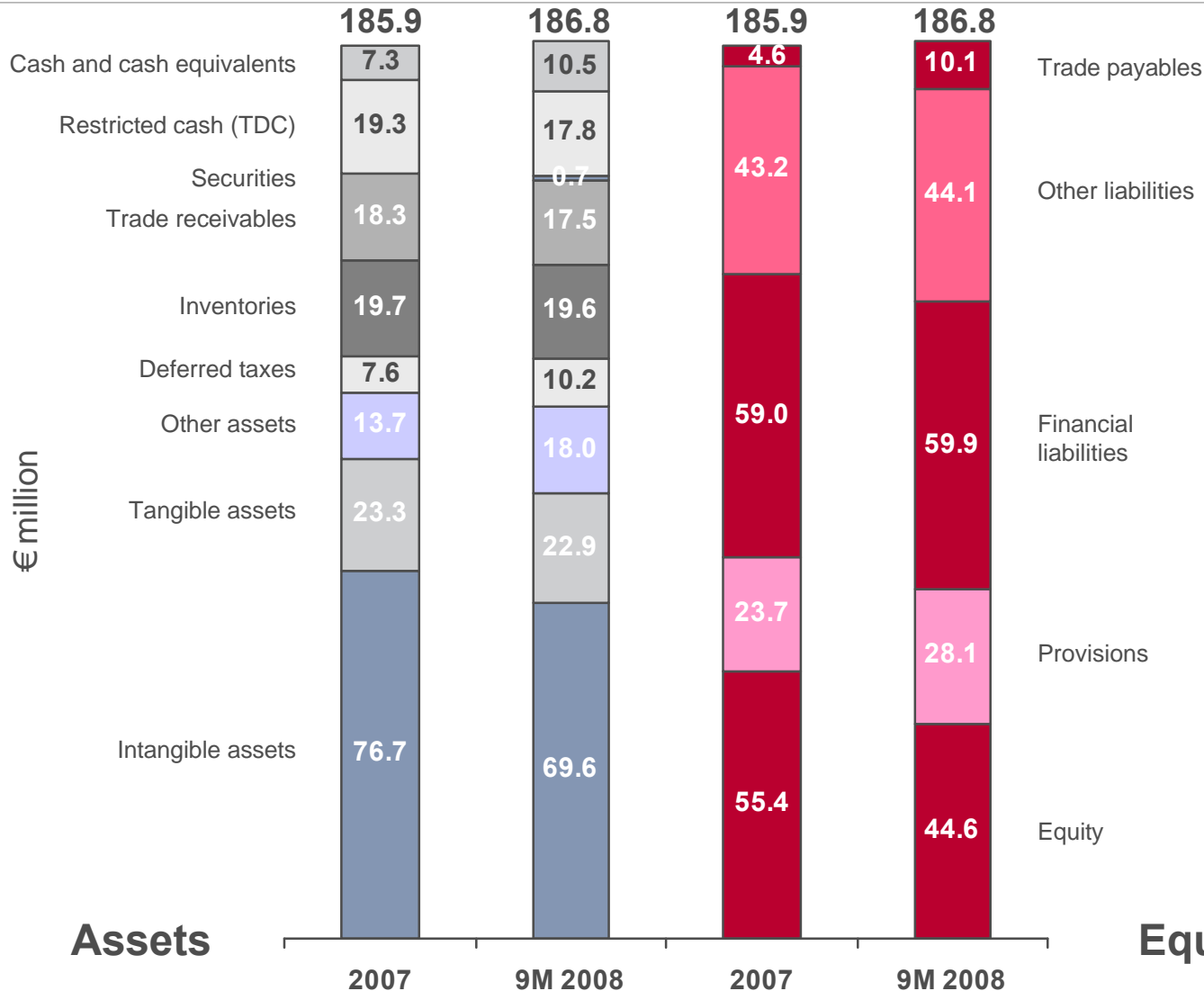
€ million	9M 2007	9M 2008
Revenue	108.9	106.1
Change in inventories	0.9	1.8
Own work capitalised	9.3	6.3
Total output	119.1	114.2
Material expenses	35.2	34.1
in % of revenue	32.3	32.1
Gross profit	83.9	80.1
Personnel expenses	40.7	42.2
in % of revenue	37.4	39.8
Operating expenses ./ income	22.8	23.6
EBITDA before restructuring	20.5	16.8
in % of revenue	18.8	15.8
EBITDA	20.5	14.3
in % of revenue	18.8	13.5
Depreciation	7.2	7.4
EBITA	13.3	6.9
Amortisation	13.6	11.8
EBIT	-0.3	-4.8
Interest result	-1.9	-2.3
Financial result	1.8	-0.7
Tax result	0.3	0.8
Net profit/loss*	0.2	-7.0
EPS (€)**	0.02	-0.45
EPS (€) adjusted by amortisation	0.68	0.07

- Stable **material ratio** of 32%
- **Personnel expenses** higher due to **restructuring costs** of €1.7m – thereof €1.0m **severance payments** for prior board members – and increase of headcounts in **Mailstream business**
- **Amortisation** due to acquisition of FP-group in 2005 and Mailstream companies in 2006 shows an **constant decrease**

* before minorities

** after minorities

Consolidated Balance Sheet



- Net Debt decreased to €47.0m (2007: €51.7m)
- Equity ratio as percentage of total assets 23.9%
- Provisions of up to €28.1m, thereof pensions €12.1m
- Working capital of €27m



Cash Flow Statement

€ million	2007	9M 2008
Cash flow from operating activities	19.4	20.7
Cash flow from investing activities	-17.4	-12.6
thereof:		
R&D	-5.8	-2.8
Tangible assets	-3.7	-2.9
Intangible assets	-1.6	-3.3
Leased inventories	-6.3	-3.6
Free cash flow	2.1	8.1
Cash flow from corporate acquisitions	-17.0	0
Cash flow from financing activities*	-18.7	-4.3
Cash and cash equivalents	7.3	11.1**

* incl. currency effect of €-1.3m (prior year €-1.6m)

** including €0.7m securities



Market & Strategy



Digitalisation

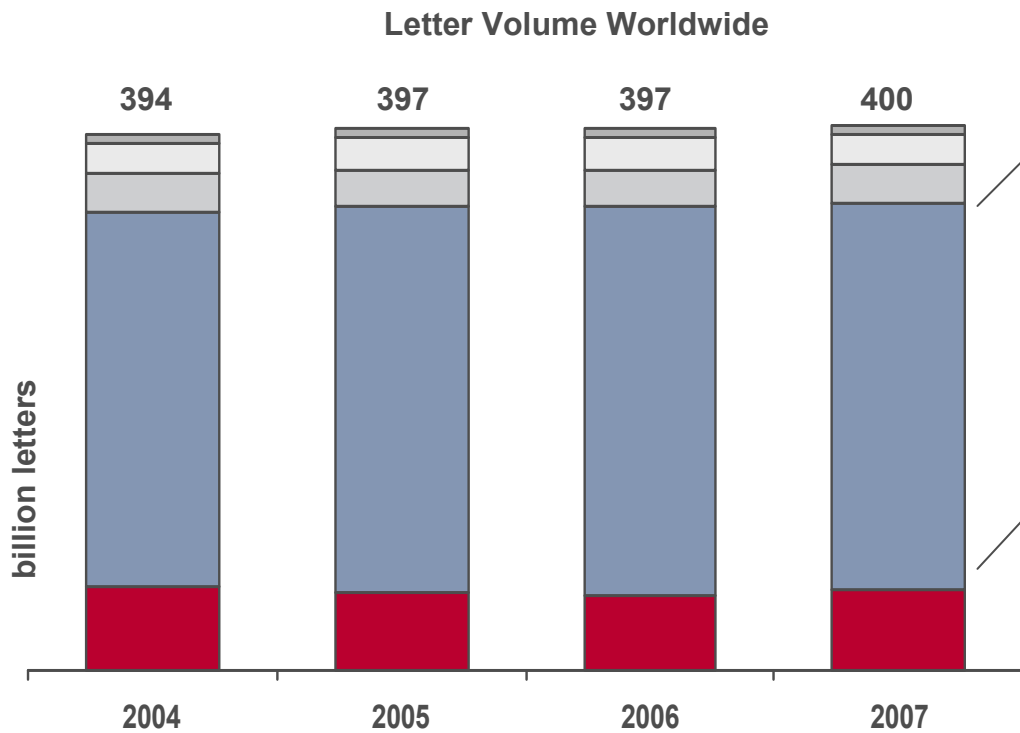


Franking

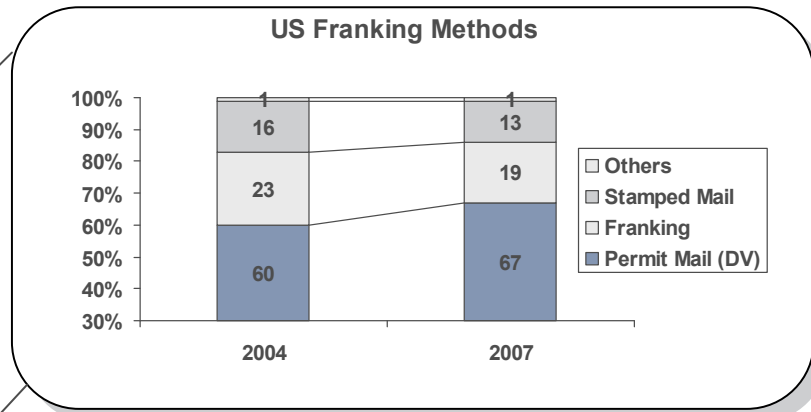


Optimisation


Trends in Postal Market Offer Unique Business Opportunities for FP



Source: UPU, Postal Organisations



Key players / segments franking machine market

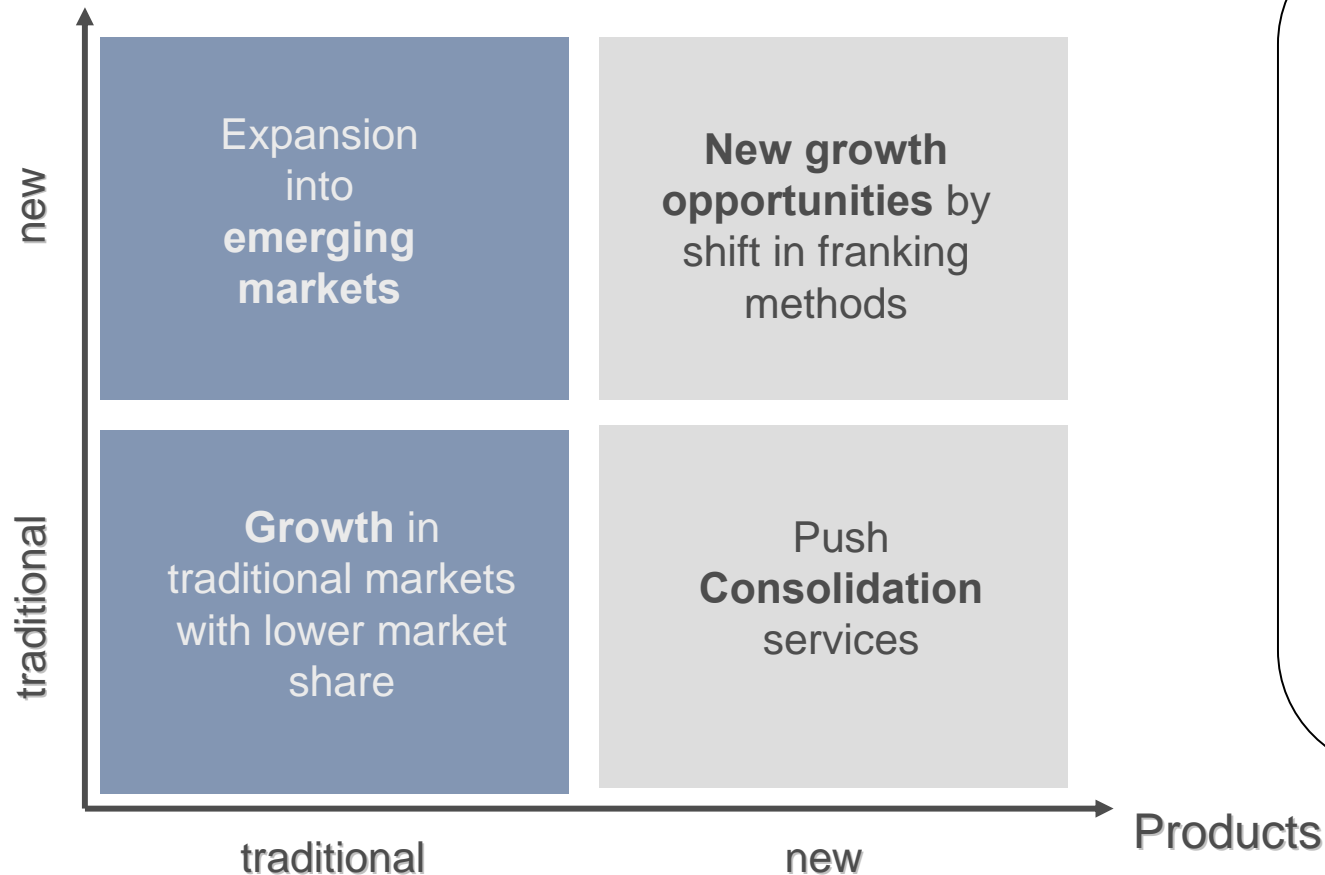
Segment	A	B	C
Franking volume	<200 letters/day	200 – 2,000 letters/day	>2,000 letters/day
Market growth* (US market CAGR 2004-06)	3.8%	-1.9%	-
Manufacturers	 Pitney Bowes Neopost		-16%

* Installed Base



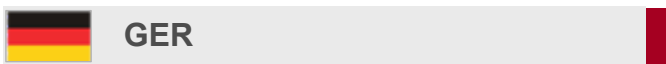
Growth Strategy Portfolio of the FP Group

Markets

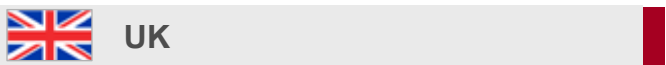


- **Improve** market share in core markets US and UK through customer-oriented, flexible solutions
- **Expand** into Asia-Pacific and other emerging countries with existing product and software know-how
- Leverage customer base for **consolidation** business to fully utilise existing capacities (Germany)
- Grow **new products** to take advantage of market trends

Mailroom: FP owns Leading Position in Key Markets



• **233k** Installed Base
 • **103k** Installed Base
 • **#1** Market Position
 • **≈ 44.3% Market Share**
 • **≈ 9% of Global Market**



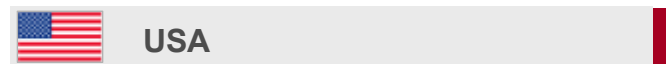
• **253k** Installed Base
 • **21k** Installed Base
 • **#3** Market Position
 • **≈ 8.3% Market Share**
 • **≈ 9% of Global Market**

**Global Market
 Franking Machines**

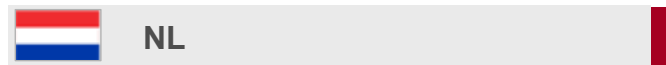
- **Installed base: 2.8m**

**FP Market Share
 Franking Machines**

- **9.5% global market share**
- **266k Installed base**
- **Installed base > 80 countries worldwide**
- **Covering 80% of the global FM market**
- **FP is set to gain market shares in UK and US markets**



• **1,599k** Installed Base
 • **68k** Installed Base
 • **#3** Market Position
 • **≈ 4.3% Market Share**
 • **≈ 57% of Global Market**

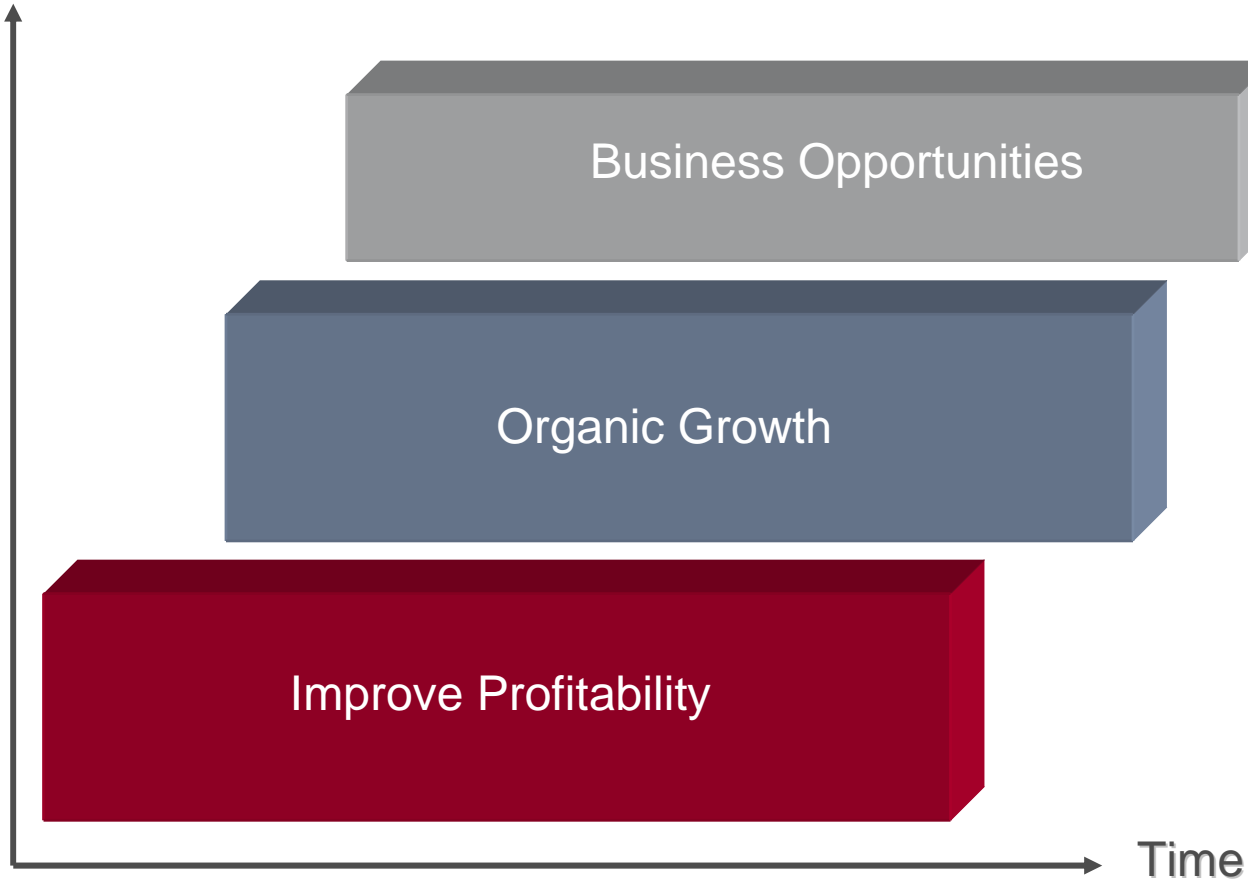


• **53k** Installed Base
 • **15k** Installed Base
 • **#2** Market Position
 • **≈ 27.7% Market Share**
 • **≈ 2% of Global Market**



Mailroom: Strategic Thrust to Improve Core Business

Growth

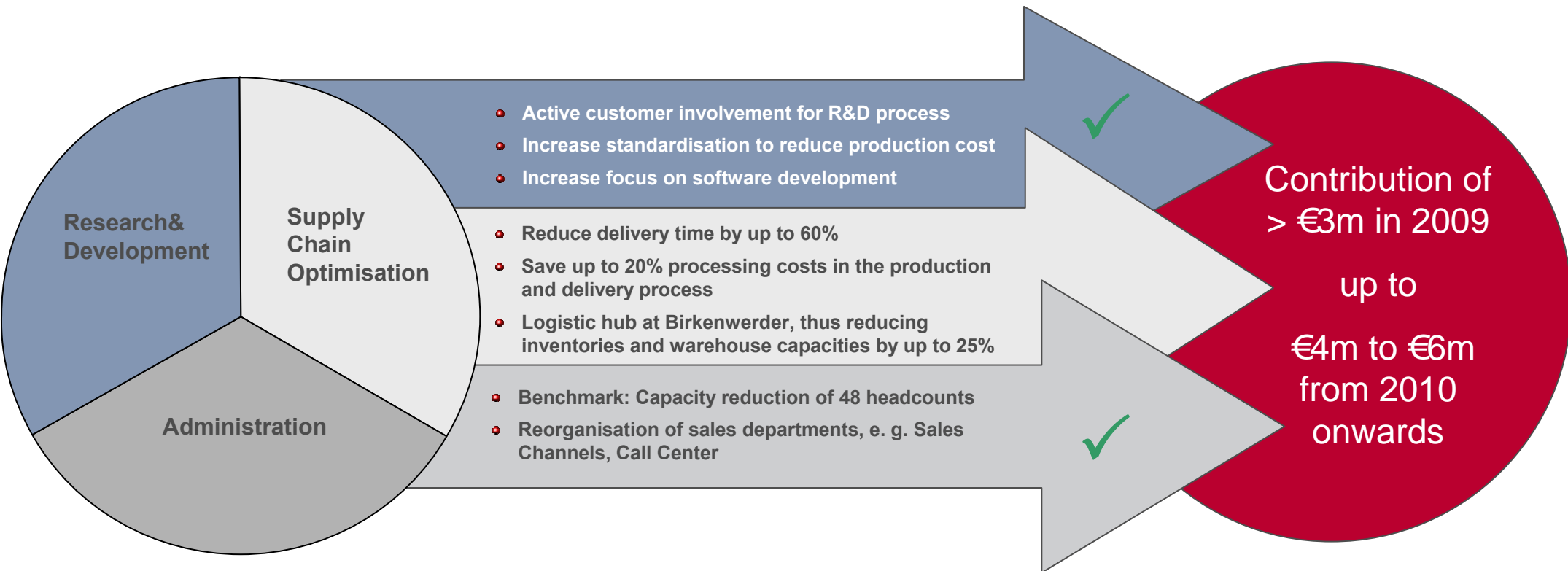


- Decertifications
- Tenders/Projects

- Expansion of worldwide service network
- Expansion Asia-Pacific and other emerging markets
- Growth in traditional markets with lower market shares

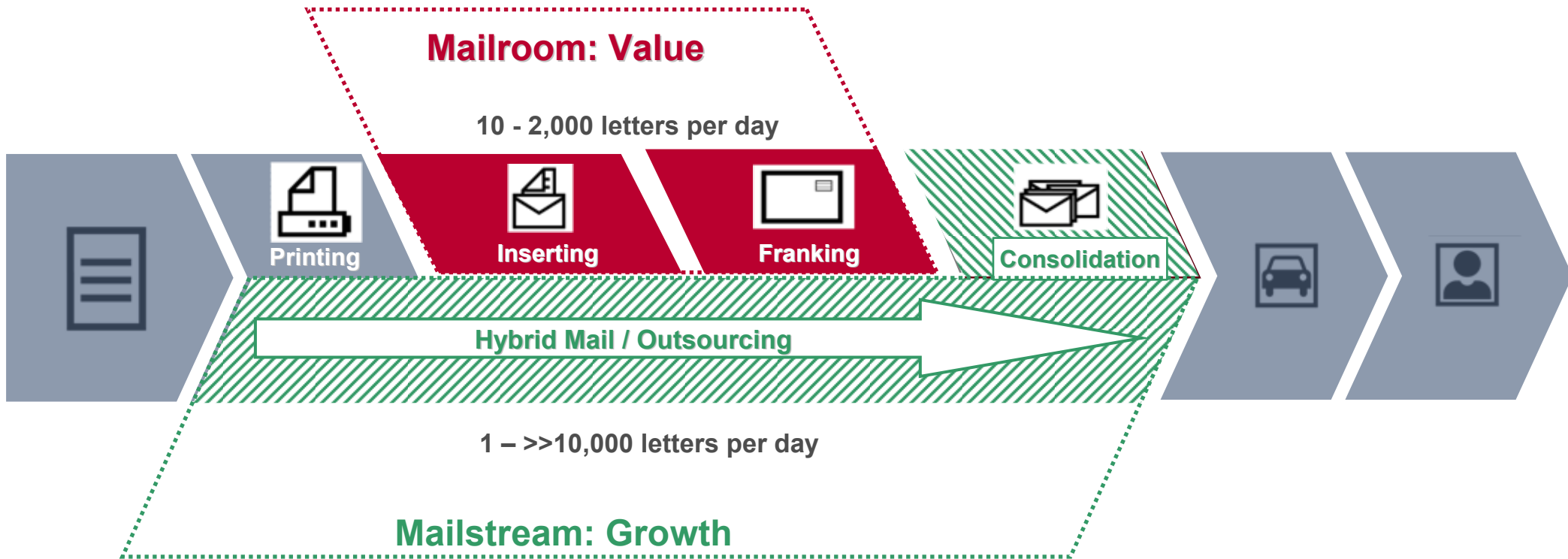
- Restructuring and Reengineering (MOVE)

Mailroom: MOVE - Securing a Profitable Core Business



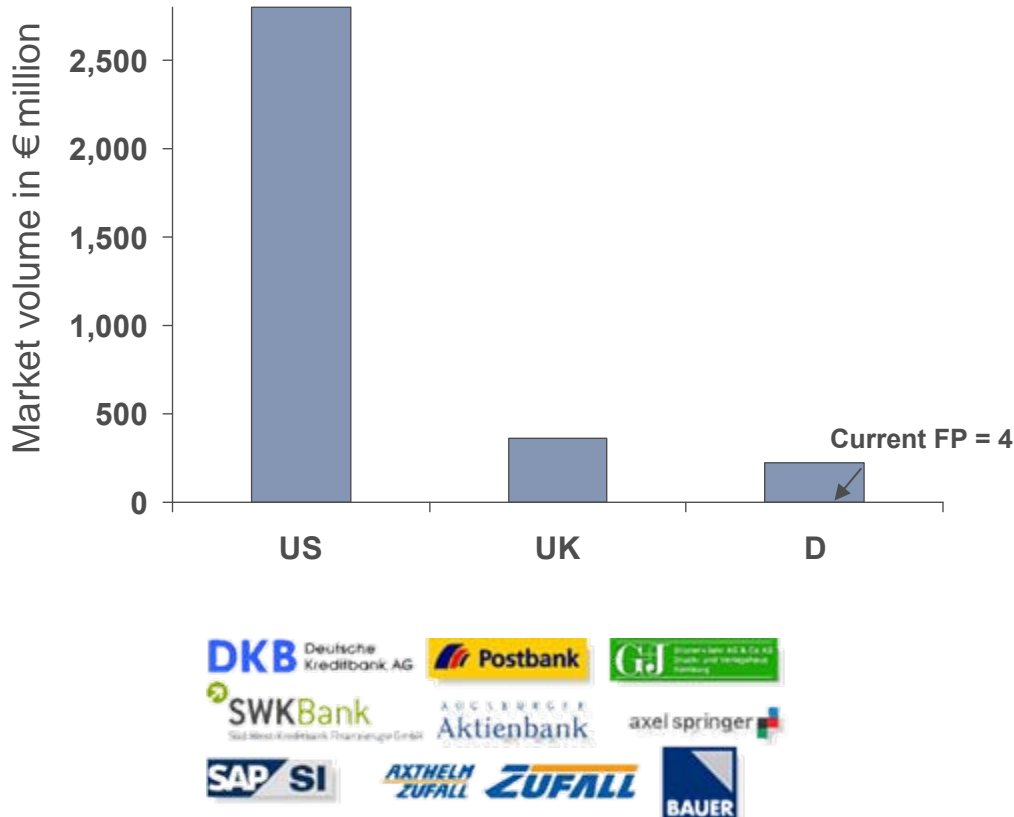
- Active customer involvement for R&D process
- Increase standardisation to reduce production cost
- Increase focus on software development
- Reduce delivery time by up to 60%
- Save up to 20% processing costs in the production and delivery process
- Logistic hub at Birkenwerder, thus reducing inventories and warehouse capacities by up to 25%
- Benchmark: Capacity reduction of 48 headcounts
- Reorganisation of sales departments, e. g. Sales Channels, Call Center

Mail Management Solutions drive FP's Growth Strategy



Mailstream: Outsourcing Benefits from Digitalisation and Increase of Environmental Awareness

Outsourcing Market 2008



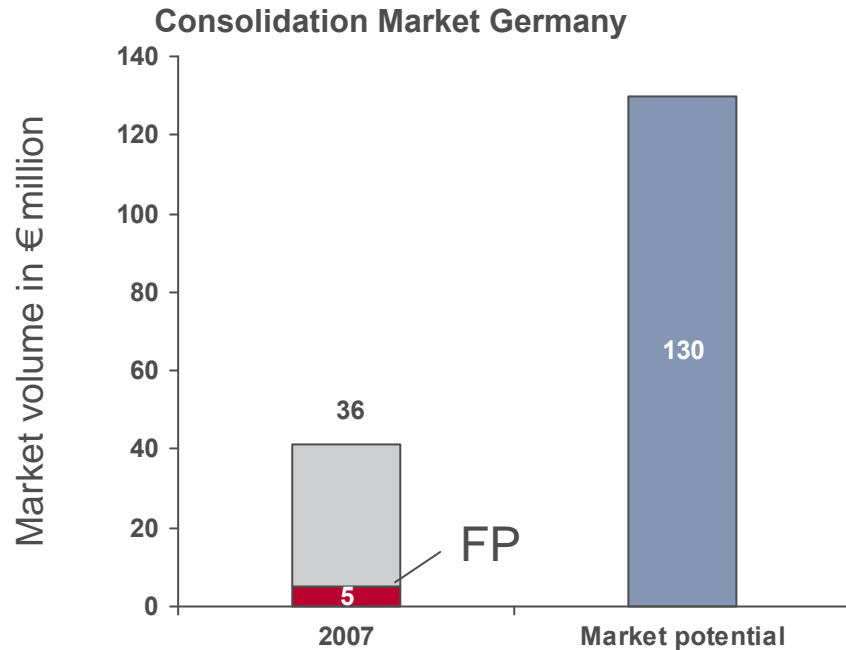
200 outsourcing and 300 Print&Mail customers

Strategic Thrust:

- Target on **Key Accounts** with letter volume of over 2,000 letters per day
- Focus on **cost savings** and lower total cost of ownership as **USP**
- Leverage **existing customer** base for **cross-selling services**
- Implement business model in **Germany 2008/2009** and roll out to **international markets 2009/2010**

Source: FP estimate

Mailstream: Consolidation Business Offers Excellent Growth Opportunities



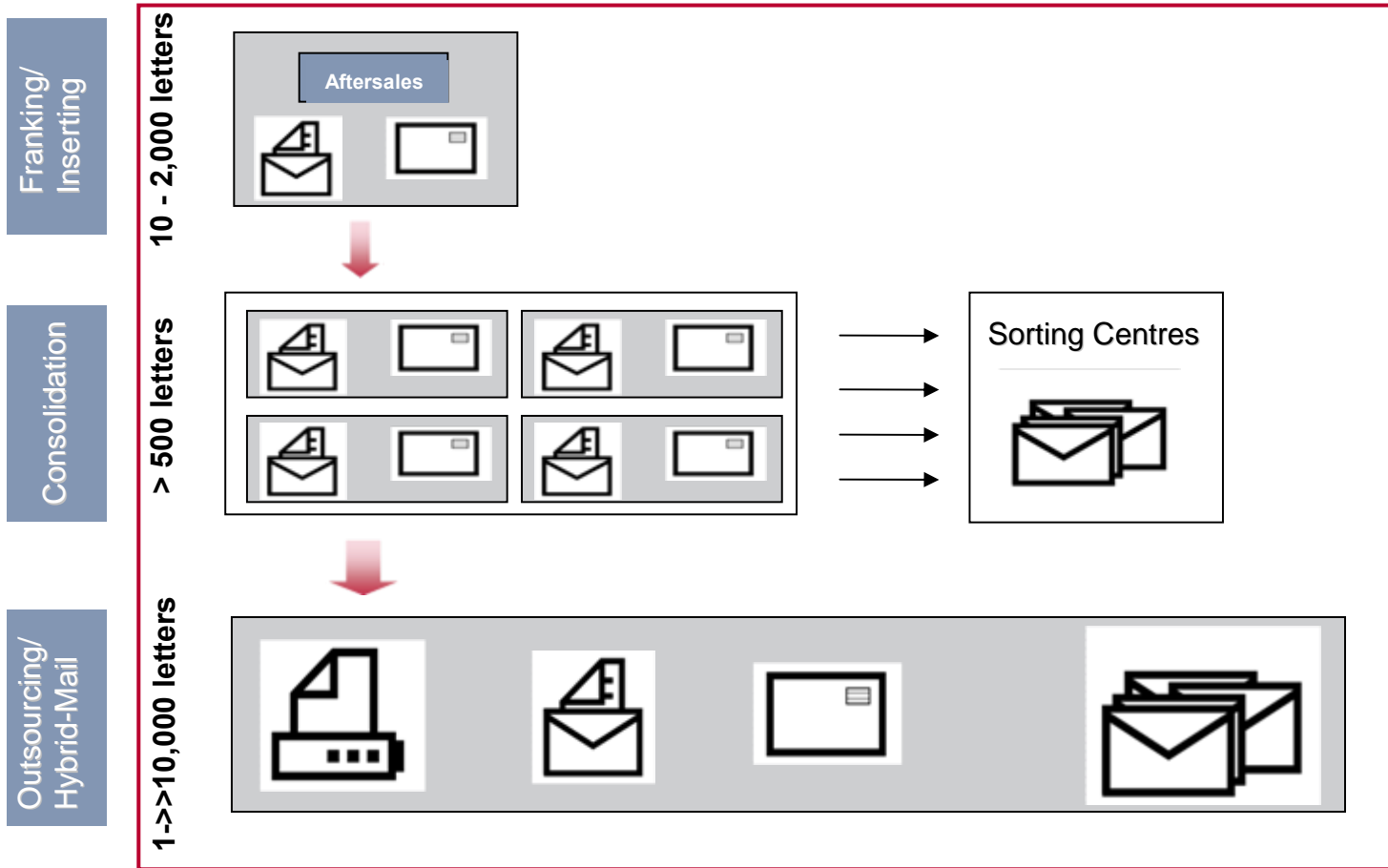
- **Nine sorting centres** with logistic network all over Germany
- Acquisition of **Key Accounts** in order to fully utilise existing capacities
- Leverage **existing customers** base for **cross-selling services**
- Push **cooperation with private carriers** to increase customer base



~ 1,400 customers

Source: FP estimate

Mail Management by FP - A Unique Competitive Advantage



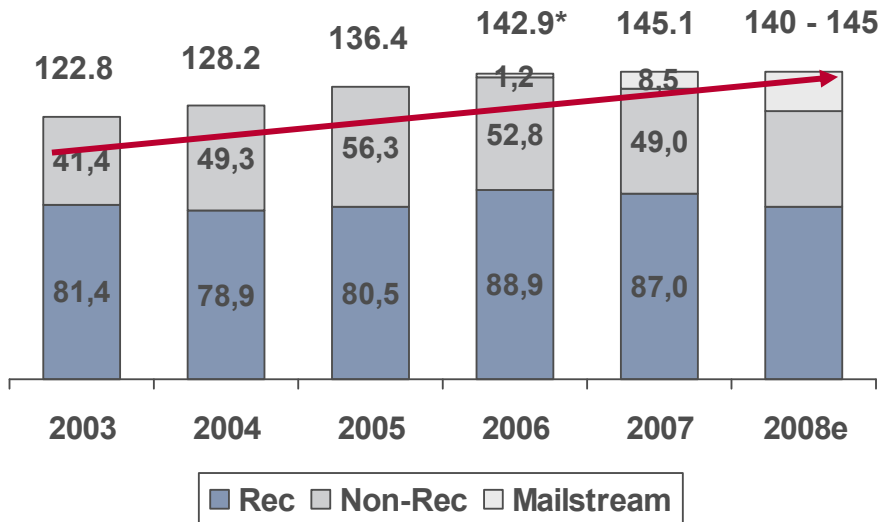
Cost Savings Example Germany:

costs/letter	€1.38
Outsourcing costs/letter	€0.25
savings/letter	€1.13
Letter/day	7,000
Letter/year	1,76m



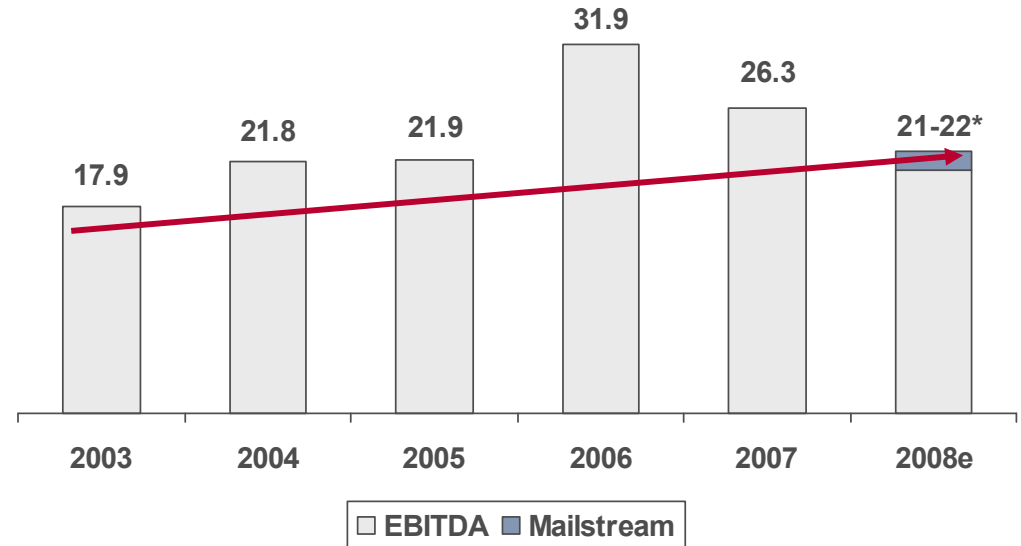
Broad Customer Base Offers Attractive Cross-selling Potentials

Revenues



* include only 2 month revenues of Mailstream business

EBITDA



* before restructuring costs

Strategic Focus on Mailstream Business Supports Sustainable Growth in Group Wide Revenues and Earnings

Investment Highlights



VALUE

1

Market leader for franking machines in Germany with growing market share in US and UK markets

2

Further expansion into attractive target markets with favourable trends for FP

3

Diversified and predictable recurring revenues and operating cash flow

4

Improved profitability as solid base for further growth

GROWTH

5

One of the leading providers in the fast growing consolidation and outsourcing business in Germany

6

Well-balanced business model by positioning as mail management partner



Thank you for your attention!

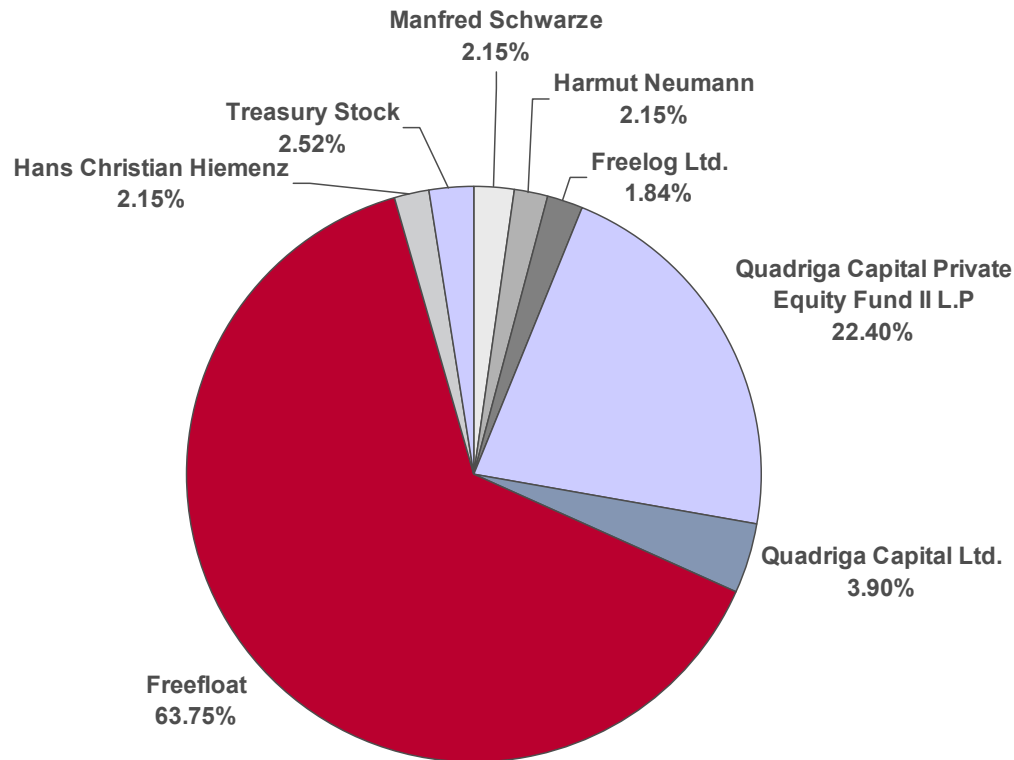
We will now answer your questions.



Appendix



Shareholder



Freefloat

Amiral Gestion	11.30%
Richelieu Finance Gestion Privée	9.12%
Baillie Gifford & Co	5.39%
INVESCO UK Limited	5.11%
Financière de l'Echiquier	5.11%

Financial Calendar

- Investor's Day February/March 2009
- Results 2008 April 2009
- Results Q1 2009 May 2009
- Annual General Meeting 23 June 2009



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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.