

# Francotyp-Postalia Holding AG



Digitalization



Franking



Optimization

**Annual General Meeting 18 June 2008**

**Ludwig Erhard Haus, Berlin**

# Consolidated Income Statement

€ million	2006	2007
<b>Revenues</b>	142.9	145.1
Change in inventories	1.3	-1.0
Own work capitalised	11.2	12.1
<b>Total output</b>	155.5	156.3
Material expenses	42.7	45.9
in % of revenues	29,9	31,6
<b>Gross profit</b>	112.8	110.4
Personnel expenses	50.1	54.3
in % of revenues	35,1	37,4
Others	30.7	29.7
<b>EBITDA</b>	32.0	26.3
in % of revenues	22,4	18,1
Depreciation	8.8	9.9
<b>EBITA</b>	23.2	16.3
Amortisation	16.2	18.2
<b>EBIT</b>	7.0	-1.9
Interest result	-3.6	-2.6
Tax result	-3.7	+1.7
<b>Net profit/loss</b>	-0.3	-2.8

- Increase of Revenues of 1.5%
- EBITDA margin of 18.1%
- Return on Equity of -5%

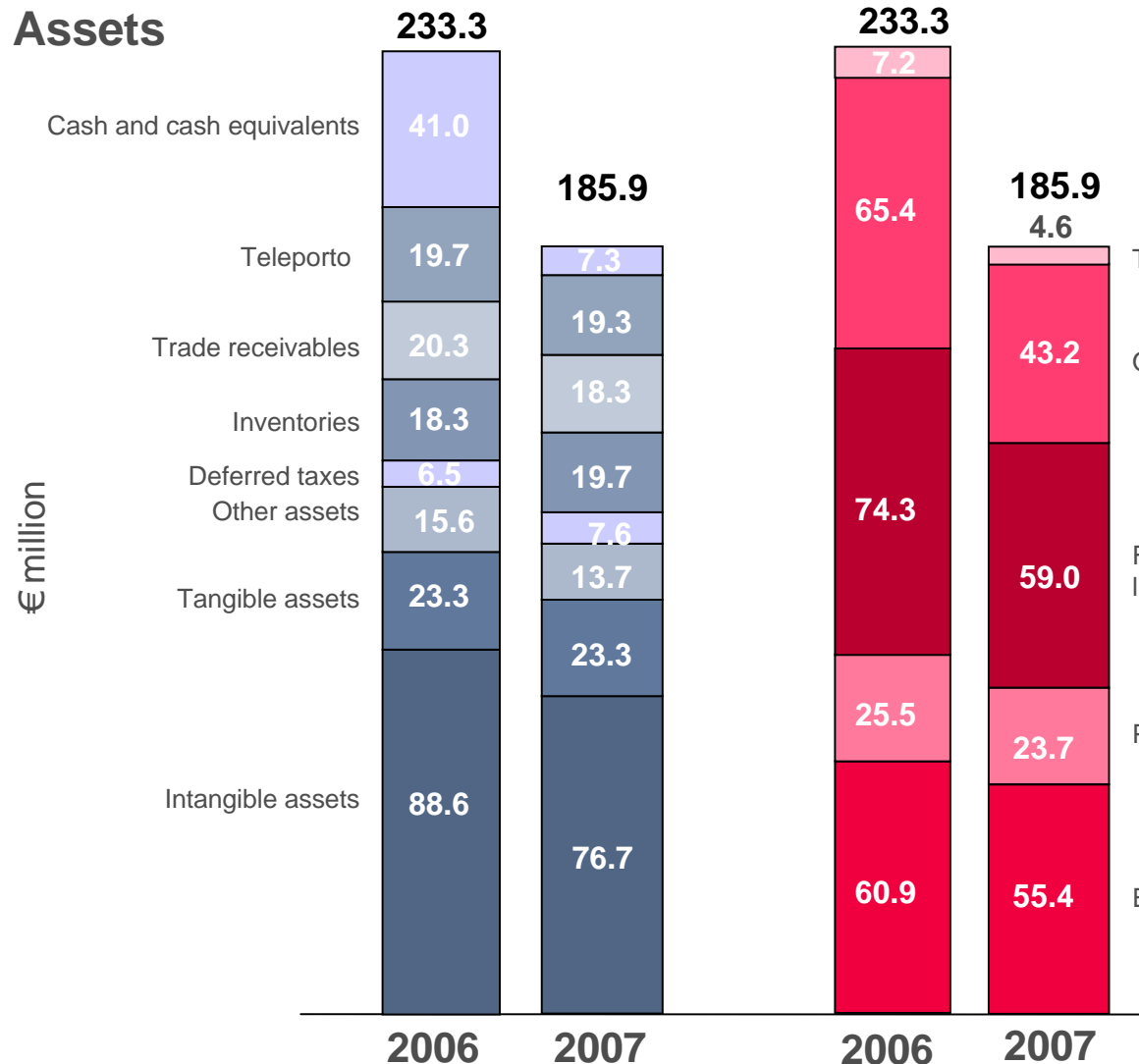
# Strong Cash Flow from Operating Activities

€ million	2006	2007	change %
Cash flow from operating activities	18.0	19.4	7.8
Cash flow from investing activities	-16.0	-17.4	-8.1
Free Cashflow	2.0	2.1	5.0
Cash flow from corporate acquisitions	-9.7	-17.0	-75.3
Cash flow from financing activities*	46.7	-18.7	n/a
Cash and cash equivalents	41.0	7.3	-82.2

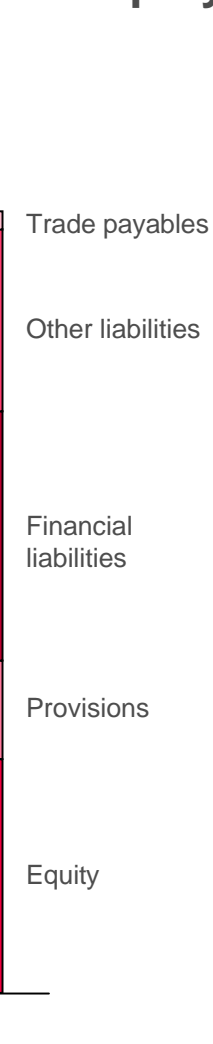
\* incl. currency effect of €-1.4 million (prior year €0.1 million)

# Consolidated Balance Sheet 2007

## Assets



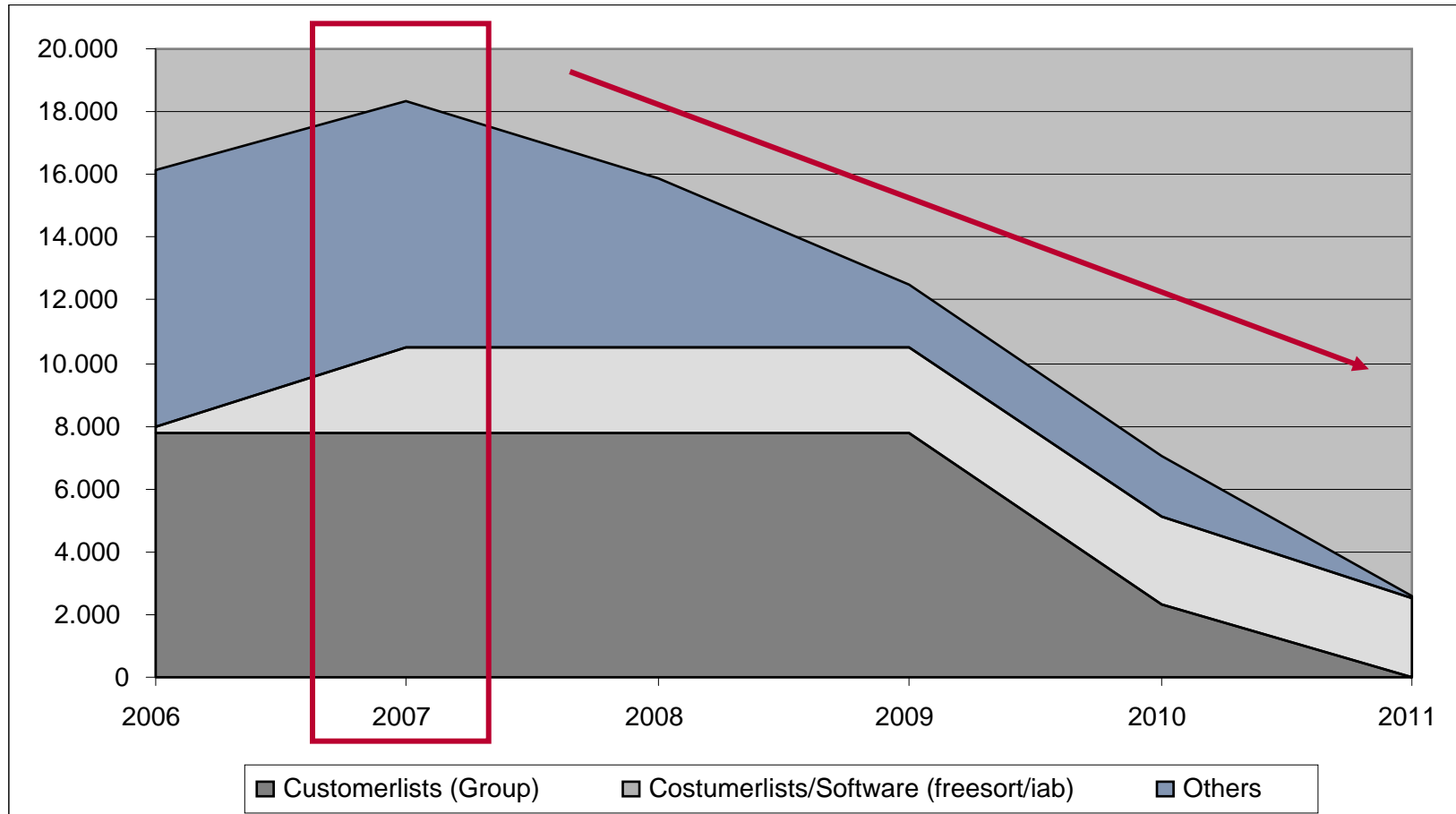
## Equity and liabilities



- Equity ration of 29.8 % (Previous year 26.1 %)
- Non-current financial liabilities of €52.9 mio. (Previous year €68.6 mio.)

# Forecast Development of Transaction-Related Amortisation

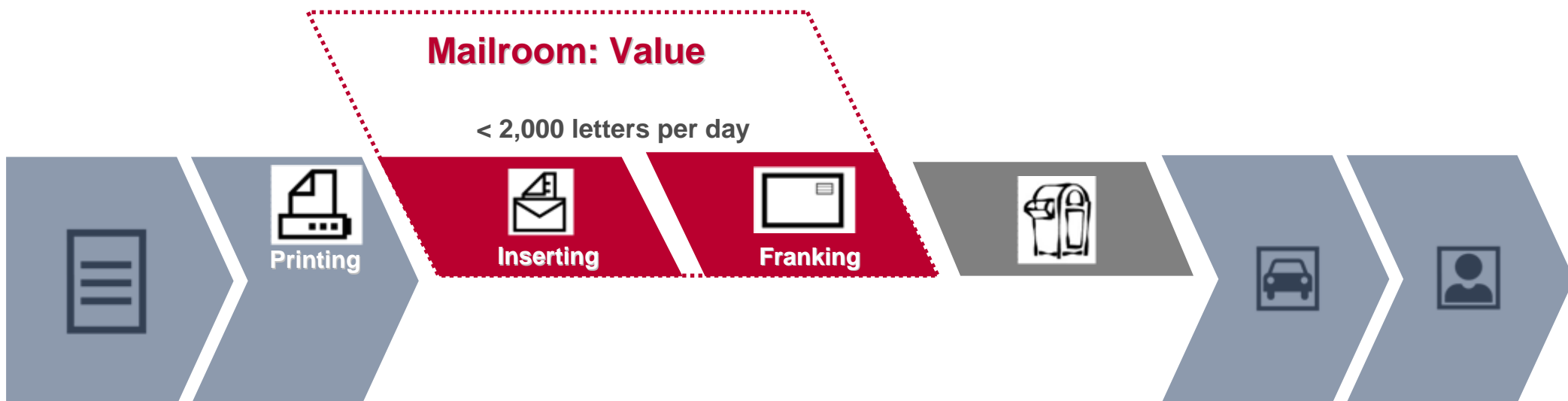
Amortisation of €18.2 mio. in 2007



# Six Reasons for Weaker Performance 2007

1. Dramatic slump by the US dollar
2. Changes in the world's economic outlook not only in the US but also in Germany
3. High level of interest from customers on *centormail* will take long to turn into revenues
4. Orders for hybrid mail solution are coming in more slowly
5. freesort GmbH needed a longer start-up time
6. Loss in installed base in Canada following decertification in the middle of last year

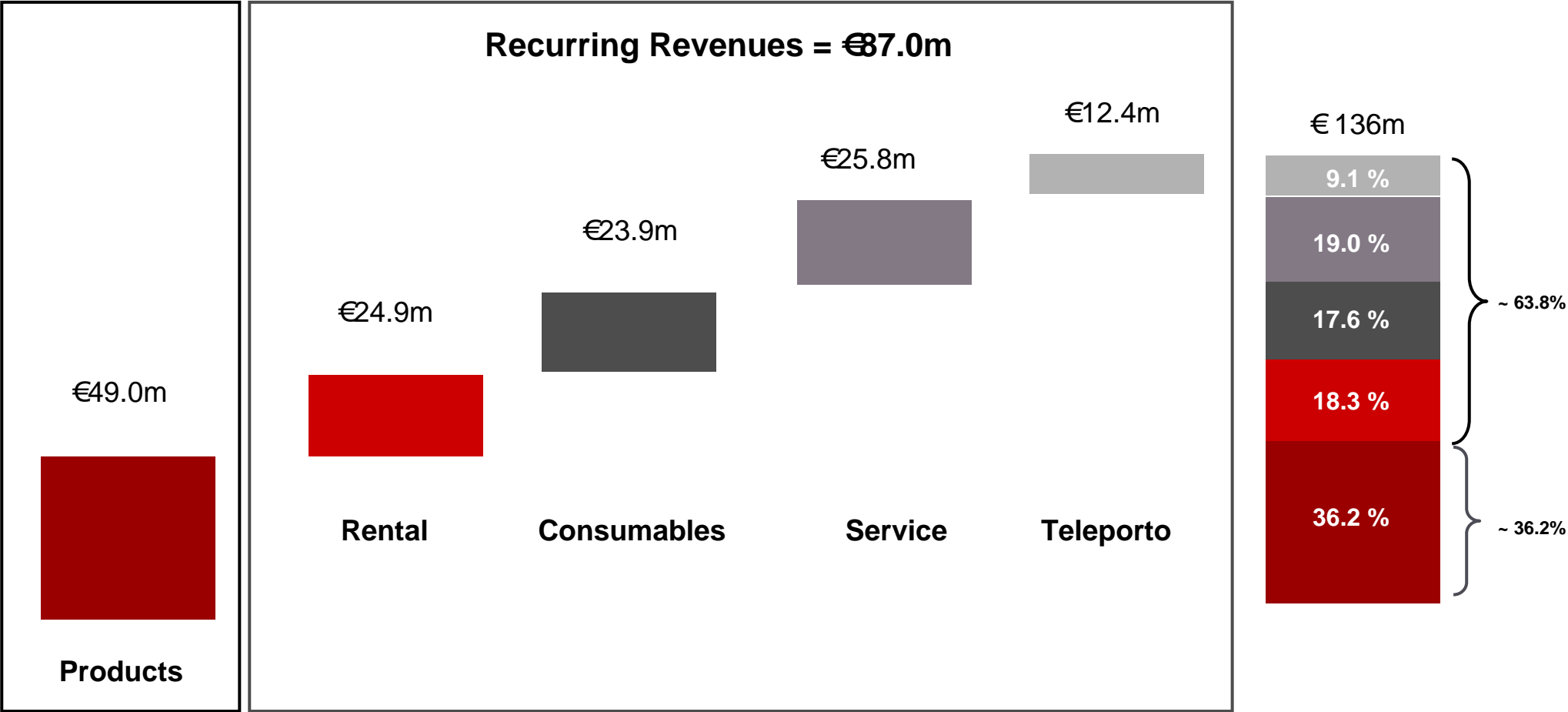
# Tailored Strategies for More Efficient Postal Processes



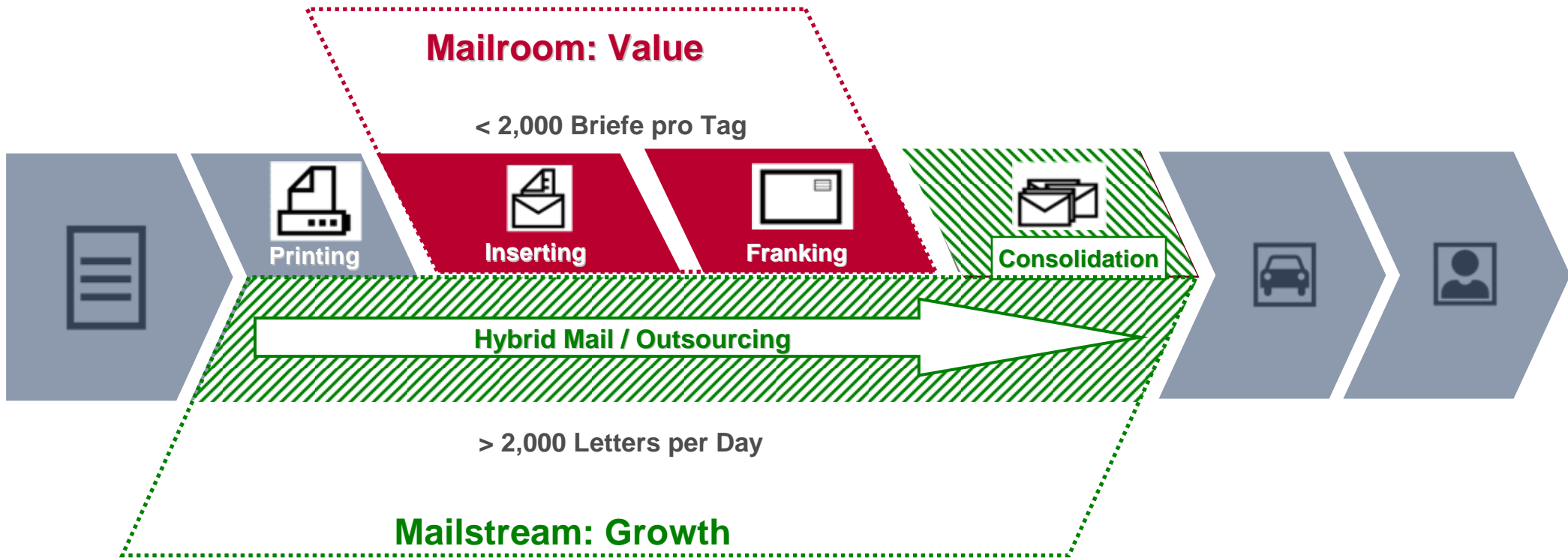
Mailroom – Traditional FP Business

# Stable Recurring Revenues of 60 – 65%

## Francotyp-Postalia 2007:



# Tailored Strategies for More Efficient Postal Processes



Extension of the value chain by expanding into Mailstream Services

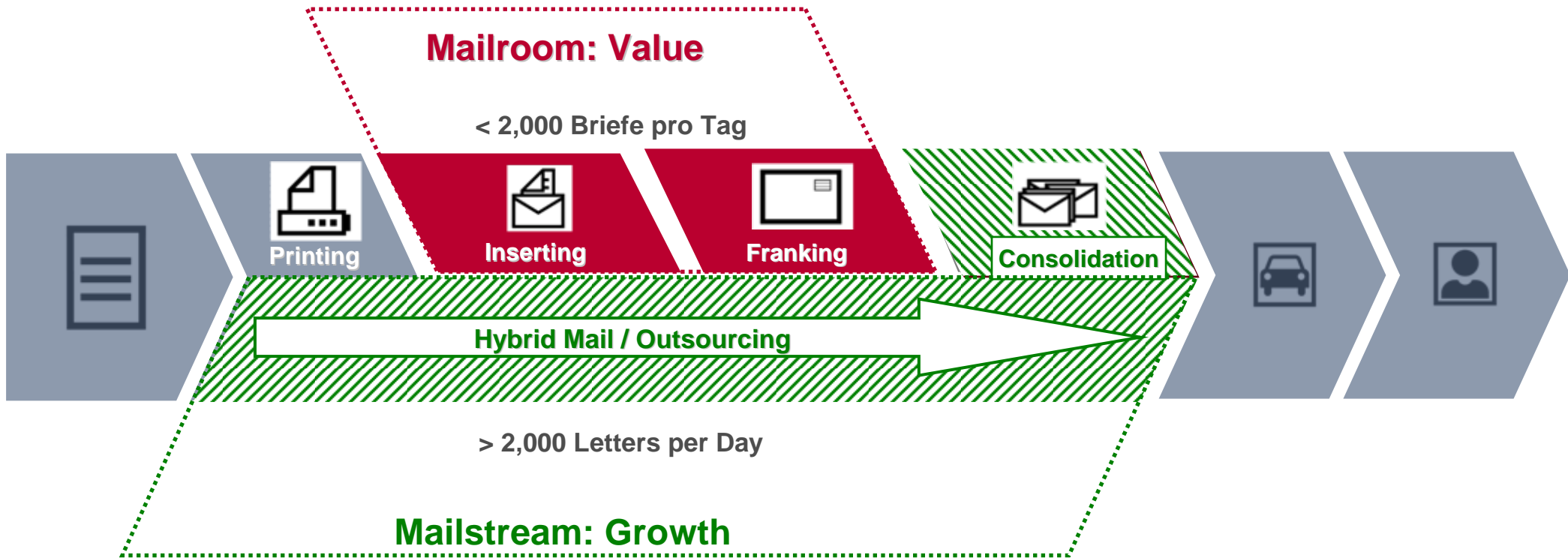
# Revenues per Business Area

€ million	Revenues		EBITDA	
	2006	2007	2006	2007
Mailroom	141.4	136.6	31.9	27.7
Mailstream	6.1 <sup>1)</sup>	8.5	n/a <sup>2)</sup>	-0.9
Consolidation	2.5 <sup>1)</sup>	4.8	n/a <sup>2)</sup>	-1.3
Outsourcing/Hybridmail	3.6 <sup>1)</sup>	3.7	n/a <sup>2)</sup>	0.4
FP Group	142.9	145.1	32.0	26.3

1) These figures are only included in consolidated amounts on a pro rata basis, as the Mailstream segment was not included in the FP Group for the entire period.

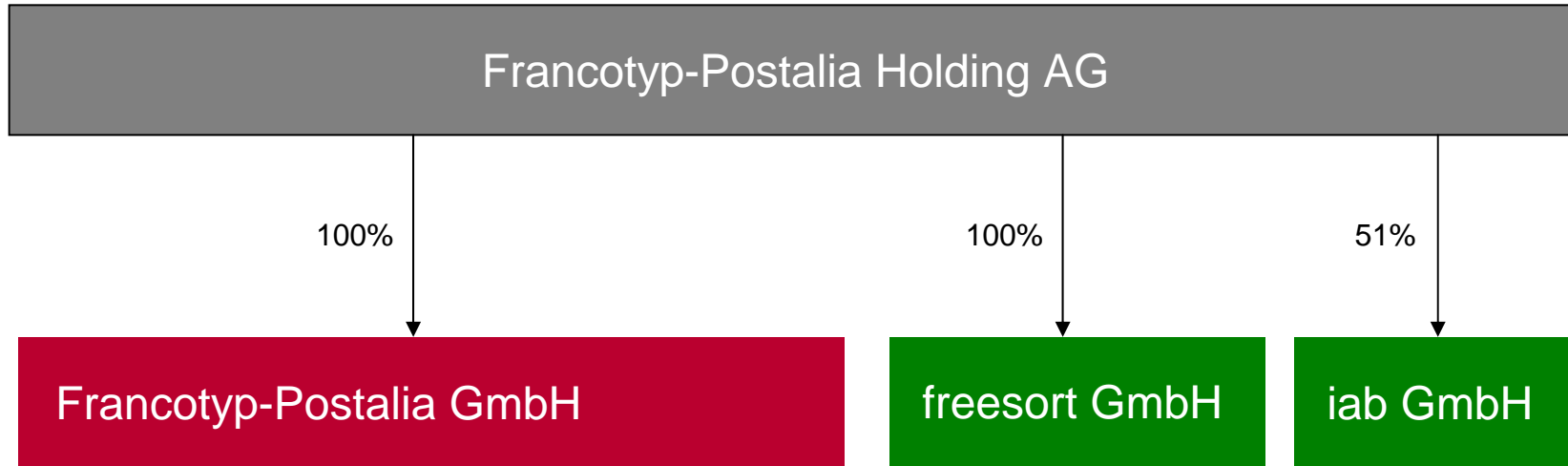
2) These figures are not available, as the Mailstream segment was only included in the FP Group on a pro rata basis in Q4 2006.

# Tailored Strategies for More Efficient Postal Processes

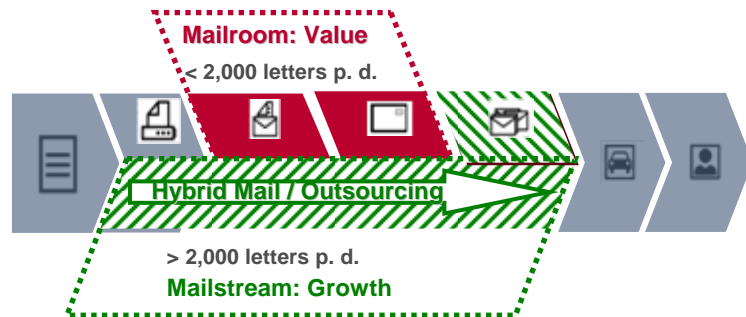


Extension of the value chain by expanding into Mailstream Services

# Group Structure



Purchase of 1,400 customers of DirektExpress Brief AG



# Reengineering Programme MOVE

## Measures

### Supply Chain Management:

Implementation of IT-supported integral approach for the “Order Management Process”, save up to 20% processing costs

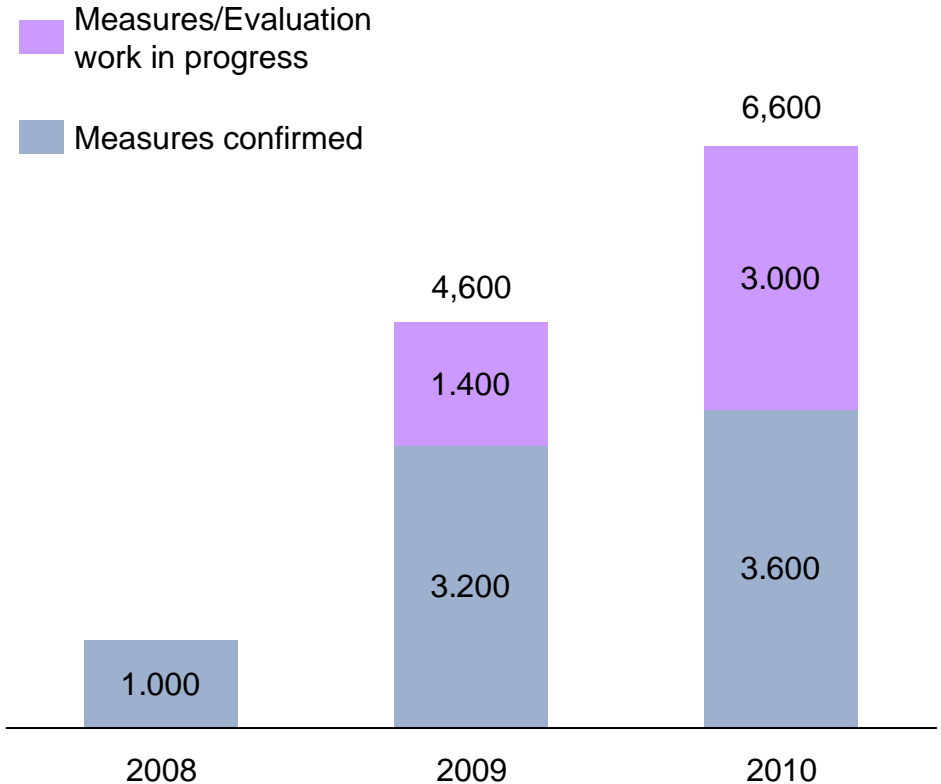
### Research & Development:

Increase effectiveness by focusing on core competencies; more efficient structures and processes with savings of approx. 20 %

### Administration:

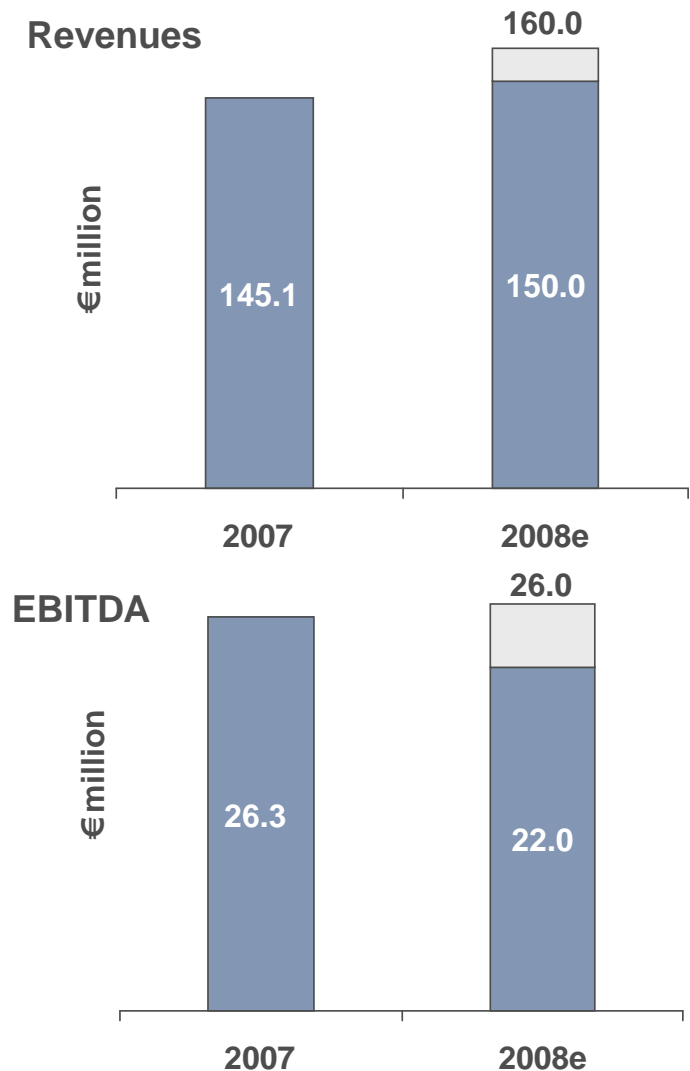
Streamline structures and processes

## Savings p. a. (vs. 2008) in thousand euro\*



\* Without restructuring costs (e.g. severance costs, project costs, etc.) - for 2008 approx. 965T€ severance costs are already identified

# Outlook 2008



- Development of the US dollar and world economy

BUT:

- Honed Francotyp-Postalia's strategy and prepared the ground with a number of operating measures
- Potentials as Full-Service-Provider

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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.