PRESS RELEASE

This replaces the announcement made at 5.50pm (Paris time) on 29 September 2009 due to the following correction: under “Solid financial position”, end of second paragraph, read “The Group therefore easily fulfils its bank covenants.” instead of “The Group therefore largely fulfils its bank covenants.”

FIRST HALF 2009: IMPROVEMENT IN PROFITABILITY

- **Growth in current operating income: €116.4 million in H1 2009 versus €115.0 million in H1 2008**
- **H1 2009 current operating margin[1]: 25.5% of sales**

OUTLOOK FOR 2009

- **Expected sales growth of around 1% at constant exchange rates**
- **Expected current operating margin[1] of at least 25.7% of sales**

Paris, 30 September 2009

Neopost, the European leader and the world’s number two supplier of mailroom solutions, today announced growth in its first half of 2009 earnings (period ended on 31 July 2009).

Current operating income totalled €116.4 million in the first half of 2009 compared with €115.0 million in the first half of 2008, while current operating margin[1] improved from 25.4% in the first half of 2008 to 25.5% in the first half of 2009.

Net income rose by 0.6% year-on-year to €74.8 million, with net margin remaining unchanged at 16.4%.

(€ million)	**H1 2009**	H1 2008	Change
Sales	**457.3**	**452.8**	+1.0%[2]
Current operating income	**116.4**	**115.0**	+1.2%
% of sales	*25.5%*	*25.4%*	
Net income	**74.8**	**74.3**	+0.6%
% of sales	*16.4%*	*16.4%*	
Fully diluted earnings per share	**2.44**	**2.39**	+2.1%

Denis Thiery, Chief Executive Officer of Neopost, comments: ***"In a challenging climate, we achieved growth in earnings thanks to our solid business model. We have managed to make it through the current crisis unscathed while continuing to invest in enhancing our distribution and expanding our range of products and services. Over the last few months, we have also carried out the majority of our optimisation measures."***

[1] Current operating margin = current operating income / sales
[2] -1.8% at constant exchange rates

First half 2009 sales up 1%

Sales increased by 1% year-on-year in the first half of 2009. At constant exchange rates, sales were down 1.8% due to continuing difficult market conditions in North America and further deterioration in Europe. Excluding currency effects, sales fell by 4.0% in France, 2.3% in the UK, 4.9% in Germany and 6.0% in the rest of the world relative to the first half of 2008. In North America, sales rose by 2.8% at constant exchange rates.

Compared with the first half of 2008, equipment sales declined by 13.5% at constant exchange rates. However, recurring revenue (leasing, postage financing, maintenance, services and supplies) rose further, up 4.0% at constant exchange rates relative to the first half of 2008, accounting for 71.3% of total sales.

Sales of mailing systems fell by 1.2% at constant exchange rates in the first half of 2009, while sales of document management and logistics systems dropped by 3.3% at constant exchange rates. Mailing systems, which proportionally benefit from a higher share of recurring revenues, accounted for 72.9% of sales.

Further takeovers of distributors

During the first half of 2009, the Group continued with its policy of acquiring its own distributors with the aim of optimising distribution. As part of this strategy, Neopost acquired a distributor in Sweden and one in the United States (Washington DC).

New acquisition

In early September, Neopost enhanced its service offering with the acquisition of Satori Software in the United States, one of the world market leaders in postal address quality management tools. Satori's software enables mail senders to validate, correct and update addresses in real time and to eliminate duplicates. It also allows for advance sorting by post code. The aim is to reduce the number of items that cannot be delivered because of an incorrect address, as well as, if applicable, benefiting from preferential tariffs from postal operators. Created in 1982, Satori Software has recorded strong growth. It currently has 50 employees and generated sales of $11.8 million in 2008, a large proportion of which is recurring. By becoming part of Neopost, Satori will benefit from the support of the Group's distribution networks to develop its operations, particularly in Europe.

Optimisation programs

At the end of January 2008, the Group decided to step up the implementation of optimisation measures concerning in particular research and development, supply chain and distribution.

Provisions of €20.5 million were booked for these programmes in the 2007 accounts, i.e. for the period ended on 31 January 2008.

The Group's R&D and supply chain programmes are now almost complete.

As regards distribution, the head offices of the two US subsidiaries have been combined on the East Coast and the various call centres have been transferred to Dallas. This major project required the closure of two sites, the relocation of over 300 jobs and the hiring and training of nearly 200 people. Standardisation of IT systems is under way and progressing as expected.

The Group confirms that the provisions booked in the 2007 accounts are sufficient and that these optimisation measures should allow for an annual saving of around €6-7 million by 2010, half of which as of 2009.

Improvement in operating margin

Current operating income totalled €116.4 million in the first half of 2009 compared with €115.0 million in the year-earlier period. Current operating margin for the first half of the year was 25.5% compared with 25.4% in the first half of 2008. The effects of synergies relating to the acquisition of PFE and the optimisation plan are now beginning to be seen.

As a result of the increase in net debt, mainly due to the development of financing activities (see below), net financial expenses[3] amounted to €11.8 million in the first half of 2009 compared with €9.4 million in the first half of 2008. The positive impact of the reduction in interest rates will be more apparent in the second half of 2009.

Net income for the first half of 2009 came to €74.8 million, up 0.6%, giving unchanged net margin of 16.4%.

Solid financial position

As stated, the Group is making gradual and controlled use of its financial leverage. Over the first half of the year, Neopost continued to develop its financing activities (leasing and postage financing), while also carrying out targeted acquisitions and continuing with its voluntary policy of return to shareholders. On 15 July 2009, Neopost paid the final dividend for the 2008 financial year, representing an amount of €65.8 million. As a reminder, the interim dividend of €50.3 million was paid on 15 January 2009.

Neopost therefore ended the first half of 2009 with net debt of €724.5 million, representing gearing of 163.6% (net debt to equity ratio) compared with 140.7% at the end of the first half of 2008. The ratio of EBITDA[4] to net debt was 2.4, with equity of €442.8 million. The Group therefore easily fulfils its bank covenants.

Undrawn credit lines at 31 July 2009 amounted to €218.5 million.

Neopost's next repayments of $175 million and €25 million are due in September 2010. These correspond to a senior debt raised from US institutional investors in the form of a private placement.

New private placement

In order to gain greater flexibility to finance its future growth, on 15 September 2009, the Group signed for a new revolving loan over 5 years, with a yearly amortisation after two years, of €175 million from Natixis / Banque Populaire / Caisse d'Epargne.

[3] Net financial expenses = cost of debt + currency gain or loss + other financial expenses
[4] EBITDA is the sum of current operating income and depreciation of tangible assets and intangible assets

Outlook for 2009

As announced in the second quarter sales release published on 1 September, the Group expects to achieve full-year sales growth of around 1%.

Neopost confirms that 2009 current operating margin should reach at least 25.7%.

Denis Thiery concludes: ***"During the first half of the year we continued to invest in the Group's development and are now in a position to make the most of the prospect of an economic rebound."***

Calendar of events

Publication of third quarter 2009 sales is scheduled for 1 December 2009 after market close.

ABOUT NEOPOST

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First half 2009

Consolidated income statement

€ million	H1 2009* (ended 31/07/2009)		H1 2008* (ended 31/07/2008)		2008	
Sales	**457.3**	***100.0%***	**452.8**	***100.0%***	**918.1**	***100.0 %***
Cost of sales	(89.8)	*(19.6)%*	(101.5)	*(22.4)%*	(210.2)	*(22.9)%*
Gross profit	**367.5**	***80.4%***	**351.3**	***77.6%***	**707.9**	***77.1%***
R&D expenses	(19.7)	*(4.3)%*	(21.2)	*(4.7)%*	(38.7)	*(4.2)%*
Selling expenses	(119.1)	*(26.1)%*	(110.9)	*(24.5)%*	(224.9)	*(24.5)%*
G&A expenses	(69.6)	*(15.2)%*	(61.0)	*(13.5)%*	(123.7)	*(13.5)%*
Maintenance and other operating expenses	(38.8)	*(8.5)%*	(38.0)	*(8.4)%*	(75.7)	*(8.2)%*
Employee profit-sharing and share-based payments	(3.9)	*(0.8)%*	(5.2)	*(1.1)%*	(9.0)	*(1.0)%*
Current operating income	**116.4**	***25.5%***	**115.0**	***25.4%***	**235.9**	***25.7%***
Income from asset sales and other	-	-	-	-	0.4	-
Provision for optimisation measures	-	-	-	-	-	-
Operating income	**116.4**	***25.5%***	**115.0**	***25.4%***	**236.3**	***25.7%***
Net financial income (expense)	(11.8)	*(2.6)%*	(9.4)	*(2.1)%*	(22.0)	*(2.4)%*
Income before tax	**104.6**	***22.9%***	**105.6**	***23.3%***	**214.3**	***23.3%***
Tax	(30.1)	*(6.6)%*	(31.4)	*(6.9)%*	(57.9)	*(6.3)%*
Income from associates	0.3	*0.1%*	0.1	*0.0%*	0.5	*0.1 %*
Net income	**74.8**	***16.4%***	**74.3**	***16.4%***	**156.9**	***17.1%***
Minority interests	-	-	-	-	0.1	-
Net income (attributable)	**74.8**	***16.4%***	**74.3**	***16.4%***	**157.0**	***17.1%***

* The interim financial statements have been subject to a limited review by the Group's auditors.

First half 2009

Summary consolidated balance sheet

ASSETS (€ million)	**31 July 2009***	31 July 2008*	**31 January 2009**
Goodwill	684.5	621.0	669.6
Intangible assets	63.6	56.0	66.0
Property, plant and equipment	140.5	139.5	144.8
Non-current financial assets	26.4	12.0	31.5
Leasing receivables	498.9	428.8	495.7
Other non-current receivables	8.4	6.4	9.2
Deferred tax assets	11.4	38.6	18.1
Inventories	55.9	54.9	45.5
Receivables	125.5	128.0	167.7
Other current assets	67.8	53.7	67.8
Financial instruments	2.6	7.5	0.4
Cash and marketable securities	117.5	130.7	132.8
Held-for-sale assets	-	0.1	**-**
TOTAL ASSETS	**1803.0**	**1,677.2**	**1,849.1**

EQUITY & LIABILITIES (€ million)	**31 July 2009***	31 July 2008*	**31 January 2009**
Shareholders' equity	442.8	434.8	436.3
Long-term provisions	9.2	26.3	11.1
Non-current financial liabilities	292.6	280.4	304.4
Current financial liabilities	549.4	462.3	497.1
Other non-current liabilities	11.2	-	17.9
Deferred tax liabilities	40.5	28.4	32.7
Non-current financial instruments	8.7	-	-
Prepaid income	141.9	133.0	183.1
Current financial instruments	4.0	1.2	15.8
Other current liabilities	302.7	310.8	350.7
TOTAL EQUITY & LIABILITIES	**1,803.0**	**1,677.2**	**1,849.1**

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