PRESS RELEASE

2011: AN IMPRESSIVE PERFORMANCE

- **2011 sales of over €1 billion, up 5.6% at constant exchange rates**
- **2011 current operating margin[1]: 25.6% of sales**
- **2011 net margin[2]: 15.4% of sales (16.7% of sales excluding provision for optimisation)**
- **Dividend: €3.90 per share**

OUTLOOK FOR 2012

- **2012 sales expected to grow by at least 2% at constant exchange rates**
- **Expected 2012 current operating margin of around 25.5% of sales**

Paris, 27 March 2012

Neopost, the European leader and world's number two supplier of mailroom solutions, today released its 2011 full-year results for the twelve-month period ended 31 January 2012.

The Group generated sales of €1,002.6 million, an increase of 3.8% or 5.6% at constant exchange rates compared with 2010. 2011 current operating income came to €256.5 million compared with €248.1 million in 2010. Current operating margin[1] reached 25.6% of sales compared with 25.7% in 2010.

Despite the €19.5 million provision for the optimisation plan booked in July 2011, net income fell by just 1.5% to €154.6 million, giving a net margin[2] of 15.4%. Excluding the impact of the provision, net income was €167.0 million, up 6.4% relative to 2010, giving a net margin[2] of 16.7%.

(€ million)	**2011**	**2010**	Change	**2011 Excluding impact of provision**	Change
Sales	**1,002.6**	965.6	+3.8%[3]	**1,002.6**	+3.8%[3]
Current operating income	**256.5**	248.1	+3.4%	**256.5**	+3.4%
% of sales	*25.6%*	*25.7%*		*25.6%*	
Provision for optimisation plan	(19.5)	-	-	**-**	-
Net income	**154.6**	**156.9**	-1.5%	**167.0**	+6.4%
% of sales	*15.4%*	*16.2%*		*16.7%*	
Net attributable income	153.6	155.7	-1.3%	**166.0**	+6.7%
Earnings per share (€)	**4.71**	**4.96**	-5.0%	**5.09**	+2.6%
Fully diluted earnings per share (€)	**4.50**	**4.68**	-3.8%	**4.84**	+3.4%

[1] Current operating margin = Current operating income / Sales
[2] Net margin = net income / sales
[3] +5.6% at constant exchange rates

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Audits of the full-year financial statements have been performed by the statutory auditors. The certification report shall be issued after verification of the management report and final implementation of the required procedures and diligences for the annual financial report publication.

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Denis Thiery, Chairman and Chief Executive Officer of Neopost, states: ***"We achieved a very impressive performance in 2011, with growth in all components of sales. We were able to maintain high operating margin despite investment in the Asia-Pacific region and in the new distribution channel for entry-level products in particular. We have carried out major optimisation works and even after provision, net income is virtually stable relative to 2010."***

Strong sales growth in 2011

2011 sales rose by 3.8% to €1,002.6 million, an increase of 5.6% at constant exchange rates, with growth in all components of sales.

By region, the positive momentum demonstrated by Neopost over the last few quarters in North America continued with growth of 5.4% at constant exchange rates. Neopost benefited from a large number of contracts signed during decertification programmes in 2006 in the United States and Canada reaching maturity ("decertification echo" effect), thanks to its entirely renewed range of mailing systems. The Group also enjoyed numerous successes in folders/inserters, particularly in the high-end segment.

In Europe, the Group achieved growth in its three main markets, thanks in particular to major contracts won in mailing systems and in logistics. In France, sales rose by 0.5%. In Germany and the UK, sales increased by 4.3% and 3.6% respectively at constant exchange rates.

In the rest of the world, sales grew by 18.5% at constant exchange rates thanks to the consolidation of GBC Australia over eight months and the Group's positive momentum in Scandinavia and in exports.

By business line, sales of mailing systems increased by 4.5% at constant exchange rates in 2011 thanks to the success of the IS range. Mailing systems accounted for 68.0% of the Group's total sales in 2011.

Sales of document and logistics systems increased by 8.1% at constant exchange rates thanks to the competitiveness of the Group's products and services and to the integration of GBC Australia.

By type of revenue, equipment sales saw strong growth of 9.8% at constant exchange rates in 2011.

Recurring revenues also increased by 3.7% at constant exchange rates, notably thanks to high revenues from postal rate changes in 2011. Recurring revenues accounted for 68.2% of total Group sales.

High current operating income

Current operating income amounted to €256.5 million compared with €248.1 million in 2010. Current operating margin reached 25.6% compared with 25.7% in 2010.

Current operating margin benefited notably from sales growth, control of costs and the high level of postal rate changes. It was nevertheless impacted by mix effects (higher level of equipment sales, particularly in the high-end segment), expenditure relating to the implementation of the new distribution channel to cover the entry-level segment, the slightly dilutive impact on operating margin of the consolidation of GBC Australia following its acquisition in June, and the creation of a regional office in Singapore to develop sales in the Asia-Pacific region.

2011-12 optimisation plan proceeding well

The Group launched an optimisation plan in the United States and Europe in order to continue to streamline its organisational structure and create new momentum.

In the United States, logistics activities have been transferred from Austin, Texas to Milford, Connecticut in order to allow for greater integration into Neopost USA.

In France, distribution subsidiaries Neopost France and Satas have been merged so that only one brand is used and in order to optimise coverage of the French market while also creating new sales and marketing momentum.

The Group has also transferred its development and technical support activities for envelope printers from Munich in Germany to Bagneux in France in order to consolidate its research and development and supply chain activities.

In addition, the Group is gradually adopting a new organisational structure to cover the entry-level segment in its five main markets, which in some countries requires adaptation of its business structure.

The Group confirms that the provision of €19.5 million booked at 31 July 2011 is sufficient and that the optimisation plan should generate savings of around €7-8 million a year as of 2013.

Net income virtually stable

As expected, net cost of debt decreased to €30.4 million compared with €31.9 million in 2010, mainly resulting from the repayment of the US private placement which took place in September 2010. The Group also benefited from currency gains and other financial items of around €2.8 million in 2011 compared with a currency loss of €0.6 million in 2010. In total, net financial expenses came to €27.6 million in 2011 compared with €32.5 million in 2010.

The average tax rate, excluding provision for the optimisation plan, decreased slightly to 27.3% in 2011 from 27.5% in 2010.

Excluding the provision for the optimisation plan, net income rose by 6.4% in 2011 to €167.0 million from €156.9 million. Net margin also improved to 16.7% compared with 16.2% in 2010.

The net impact (after tax) of provision for the optimisation plan was €12.4 million. After provision, net income was €154.6 million, down 1.5% relative to 2010. Net attributable income came to €153.6 million compared with €155.7 million in 2010.

A stronger financial position

EBITDA[4] came to €319.1 million, up 1.7% relative to 2010. Net cash flow from operations rose by 22.4% to €226.6 million whilst the Group continued to develop its leasing activities. The leasing portfolio was worth €616.9 million at 31 January 2012 compared with €571.6 million at 31 January 2011, an increase of 5.7% at constant exchange rates.

The Group also acquired its distributor GBC in Australia. It has also paid dividends to its shareholders of €76.7 million.

At 31 January 2012, net debt stood at €665.2 million, down €23.3 million compared with 31 January 2011. The Group states that its debt is used to finance equipment placed with customers and is more than backed by future cash flow from its leasing and rental activities.

Shareholders' equity increased significantly to €696.8 million at 31 January 2012 from €606.2 million a year earlier, thanks to net income and the creation of new shares relating to partial payment of the dividend in shares.

[4] EBITDA represents the sum of current operating income plus the depreciation of tangible assets and intangible assets

Under these conditions, gearing was 95% compared with 114% a year earlier. The ratio of debt coverage by EBITDA was 2.1 compared with 2.2 a year earlier. Bank covenants are easily met.

At 31 January 2012, the Group had undrawn credit lines of €501 million.

Stable dividend

The Board of Directors has decided to ask the 4 July 2012 shareholder AGM for approval to pay a total dividend of €3.90 per share for 2011. If the total dividend is approved, the balance paid in August 2012 will be €2.10 per share, as the Group had already paid an interim dividend for 2011 of €1.80 per share on 11 January 2012. Shareholders will again have the option of choosing payment in shares.

For 2012, the Group expects to maintain a high dividend and continue with its policy of paying an interim dividend.

Outlook for 2012

The economic outlook for 2012 remains uncertain and revenues from postal rate changes are likely to be much lower than in 2011. Neopost can nevertheless count on the quality of its products, its return to the entry-level segment, its continuing expansion in the Asia-Pacific region and the optimisation measures carried out in 2011.

Against this backdrop, the Group expects sales growth of at least 2% at constant exchange rates in 2012.

In view of the expected decline in revenues from postal rate changes, continuing investment in the entry-level segment and in the Asia-Pacific region and the slightly dilutive effect of the consolidation of GBC Australia over 12 months, current operating margin should be around 25.5% in 2012.

Neopost is rapidly developing its presence in solutions which are not directly related to mail, such as address and data quality management solutions, shipping and traceability, and document composition software. In 2011, these solutions already represented sales of around €80 million. Thanks to organic growth, the signing of partnership agreements and acquisitions, these solutions not directly related to mail should represent around €200 million[5] of sales within three years. At the same time, Neopost will continue to develop its presence in directly mail-related business at a rate of 2-3% a year.

Denis Thiery concludes: ***"Following this very impressive 2011 performance, we are confident about our ability to continue to grow in an uncertain economic climate, while also maintaining high profit margins. For the years ahead, our objective is to continue to develop our mail-related business, while also capitalising on our base of 800,000 clients to step up the growth of our portfolio of solutions not directly related to mail."***

Calendar

First quarter sales will be published on 31 May 2012 after market close.

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[5] At exchange rates identical to current levels

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ABOUT NEOPOST

NEOPOST IS THE EUROPEAN LEADER and the number two world-wide supplier of mailing solutions. It has a direct presence in 19 countries, with 5,600 employees and annual sales of €1,003 million in 2011. Its products and services are sold in more than 90 countries. The Group is a key player in the markets for mailroom equipment and logistics solutions.

Neopost supplies the most technologically advanced solutions for franking, folding/inserting and addressing as well as logistics management and traceability. Neopost also offers a full range of services, including consultancy, maintenance and financing solutions.

Neopost is listed in the A compartment of Euronext Paris and belongs notably to the SBF 120 index.

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2011

Consolidated income statement

€ million	2011 (year ended 31/01/2012)		2011 Excl. provision for optimisation plan		2010 (year ended 31/01/2011)	
Sales	**1,002.6**	***100.0%***	**1,002.6**	***100.0%***	**965.6**	***100.0%***
Cost of sales	(222.3)	*(22.2)%*	(222.3)	*(22.2)%*	(207.5)	*(21.5)%*
Gross income	**780.3**	***77.8%***	**780.3**	***77.8%***	**758.1**	***78.5%***
R&D expenses	(30.0)	*(3.0)%*	(30.0)	*(3.0)%*	(30.5)	*(3.1)%*
Selling expenses	(246.1)	*(24.6)%*	(246.1)	*(24.6)%*	(231.5)	*(24.0)%*
G&A expenses	(151.8)	*(15.1)%*	(151.8)	*(15.1)%*	(149.6)	*(15.5)%*
Maintenance & other operating expenses	(86.4)	*(8.6)%*	(86.4)	*(8.6)%*	(88.7)	*(9.2)%*
Employee profit-sharing and share-based payments	(9.5)	*(0.9)%*	(9.5)	*(0.9)%*	(9.7)	*(1.0)%*
Current operating income	**256.5**	***25.6%***	**256.5**	***25.6%***	**248.1**	***25.7%***
Goodwill amortisation	-	-	-	-	-	-
Optimisation charges	(19.5)	*(1.9)%*	-	-		
Operating income	**237.0**	***23.7%***	**256.5**	***25.6%***	**248.1**	***25.7%***
Net financial items	(27.6)	*(2.8)%*	(27.6)	*(2.8)%*	(32.5)	*(3.4)%*
Income before taxes	**209.4**	***20.9%***	**228.9**	***22.8%***	**215.6**	***22.3%***
Taxes	(55.4)	*(5.6)%*	(62.5)	*(6.2)%*	(59.3)	*(6.2)%*
Income from associates	0.6	*0.1%*	0.6	*0.1%*	0.6	*0.1%*
Net income	**154.6**	***15.4%***	**167.0**	***16.7%***	**156.9**	***16.2%***
Minority interests	1.0		1.0		1.2	
Net attributable income	**153.6**		**166.0**		**155.7**	

2011

Consolidated balance sheet summary

ASSETS € million	31 January 2012	31 January 2011
Goodwill	803.8	755.0
Intangible assets	91.7	72.6
Tangible assets	139.6	135.5
Other non-current financial assets	28.9	25.7
Leasing receivables	616.9	571.6
Other non-current receivables	11.5	19.5
Deferred tax assets	12.6	11.6
Inventories	67.5	57.4
Net accounts receivable	195.0	183.3
Other current assets	95.1	87.0
Financial instruments	0.1	0.1
Cash and cash equivalents	171.8	136.3
TOTAL ASSETS	**2,234.5**	**2,055.6**

EQUITY & LIABILITIES € million	31 January 2012	31 January 2011
Shareholders' equity	696.8	606.2
Long-term provisions	12.9	9.7
Long-term debt	297.9	431.2
Other non-current liabilities	12.6	10.6
Short-term debt	539.1	393.6
Deferred tax liabilities	100.7	74.2
Non-current financial instruments	7.4	5.3
Deferred income	204.8	194.9
Current financial instruments	3.3	1.3
Other current liabilities	359.0	328.6
TOTAL EQUITY & LIABILITIES	**2,234.5**	**2,055.6**

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2011

Cash flow statement summary

€ million	2011	2010
EBITDA	**319.1**	**313.7**
Other items	5.2	(7.4)
Cash flow before net cost of debt and taxes	**324.3**	**306.3**
Change in working capital requirement	(4.9)	(7.8)
Net change in leasing receivables	(32.7)	(51.1)
Cash flow from operations	**286.7**	**247.4**
Interest and tax paid	(60.1)	(62.3)
Net cash flow from operating activities	**226.6**	**185.1**
Capital expenditure	(71.4)	(68.4)
Purchases of securities and granting of loans	(52.9)	(14.4)
Disposal of assets and other	9.0	2.6
Net cash flow from investing activities	**(115.3)**	**(80.2)**
Capital increase	1.7	2.7
Dividends	(76.7)	(63.6)
Change in debt and other	3.8	(55.1)
Net cash flow from financing activities	**(71.2)**	**(116.0)**
Impact of exchange rates on cash	3.0	3.8
Change in net cash	**37.1**	**(7.3)**

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