

SECOND QUARTER 2012 SALES**SALES UP 4.5% DUE TO POSITIVE CURRENCY EFFECTS**

- At constant exchange rates, Neopost's Q2 sales decreased by 2.2% due to a temporary shortfall in hardware sales

**UPDATED OUTLOOK FOR FULL-YEAR 2012**

- Taking into account the acquisition of GMC Software Technology in July 2012 and business levels in the second quarter, full-year 2012 sales are now expected to total between €1,075 million and €1,095 million, representing a growth of between 7% and 9%, or +2 to +4% at constant exchange rates.
- Expected 2012 current operating margin<sup>[1]</sup> at around 25.5% confirmed, excluding GMC and acquisition-related costs

**Paris, 6 September 2012**

Neopost, the European leader and the world's number-two supplier of mailroom solutions, today announced consolidated sales of €260.7 million for the second quarter of the 2012 financial year (three months ended 31 July 2012), a 4.5% increase relative to the year-earlier period. At constant exchange rates, sales were down 2.2%.

In the first half of 2012, sales rose by 5.2% year-on-year to €508.7 million, and were stable excluding currency effects.

Sales benefited from the acquisitions of GBC Fordigraph (consolidated since June 2011) and GMC Software Technology (consolidated since July 2012). On the other hand, compared with last year, sales suffered from the lack of postal rate changes in several countries.

Denis Thiery, Chairman and CEO of Neopost, commented: *"We have seen a shortfall in equipment sales in both North America and France. In North America, to respond to the temporary decline in the number of leasing contracts coming to an end between two decertification echo phases, we redeployed our sales force at the start of the year. In France, the new organisation we set up after combining our distribution subsidiaries disrupted our sales operations slightly longer than we expected. In both cases, our sales productivity is starting to pick up again. In our other markets, Neopost's growth momentum remains firm."*

---

[1] Current operating income / sales

## Sales by region

€ million	Q2 2012	Q2 2011	Change	Change at constant exchange rates	H1 2012	H1 2011	Change	Change at constant exchange rates
North America	103.6	96.4	+7.4%	-5.6%	202.2	194.2	+4.1%	-5.2%
France	56.4	66.7	-15.4%	-15.4%	114.8	126.5	-9.3%	-9.3%
UK	32.7	29.6	+10.5%	+1.0%	62.7	57.6	+8.9%	+2.1%
Germany	20.0	19.2	+3.9%	+3.9%	37.3	35.8	+4.3%	+4.3%
Rest of the world	48.0	37.5	+28.1%	+24.0%	91.7	69.5	+31.9%	+27.7%
<b>Total</b>	<b>260.7</b>	<b>249.4</b>	<b>+4.5%</b>	<b>-2.2%</b>	<b>508.7</b>	<b>483.6</b>	<b>+5.2%</b>	<b>+0.0%</b>

(Unaudited figures)

### North America

Sales rose by 7.4% in the second quarter of 2012. At constant exchange rates, sales fell by 5.6%. This decline was mainly due to the end of the "echo effect" of the 2006 decertification programme. To offset the lower number of expiring mailing system leasing contracts, Neopost redeployed its sales force, with a particular focus on cross selling notably on document systems. This redeployment is starting to pay off. In addition, the number of contracts to be renewed will rise again due to the echo effect following the 2008 decertification programme. The Group therefore expects an improvement of the situation in the second half, despite cautious stances on the part of customers in the high-end folder/inserter business.

In the first half of 2012, sales rose by 4.1% but fell by 5.2% at constant exchange rates.

### France

Second quarter 2012 sales declined by 15.4% year-on-year. This was due to a high base for comparison, since Neopost benefited in 2011 from a postal rate change in July along with a significant contract win from Chronopost. The fall was also due to the introduction of the new commercial organisation following the merger of the Neopost France and Satas distribution subsidiaries. The resulting disruption was greater and lasted longer than initially expected. However, the situation is gradually improving and the Group expects more solid business levels in the second half.

In the first half as a whole, sales fell by 9.3%.

### UK

Although the economic environment remains tough in the UK, sales continued to grow, rising by 10.5% or 1.0% at constant exchange rates in the second quarter of 2012.

In the first half of 2012, sales grew by 8.9% or 2.1% at constant exchange rates.

WE VALUE YOUR MAIL



## Germany

In a market driven by major contract wins, Neopost sales continued to grow in the second quarter of 2012, coming in up 3.9%.

In the first half as a whole, sales grew by 4.3%.

## Rest of the world

Second-quarter sales rose by 28.1% or 24.0% at constant exchange rates. This strong growth resulted from the successful integration of distribution company GBC in Australia and the first month of consolidation for GMC Software Technology, as well as good performances in Benelux, Italy and Ireland.

In the first half of the year, sales were up 31.9% or 27.7% at constant exchange rates.

## Sales by business line and revenue type

€ million	Q2 2012	Q2 2011	Change	Change at constant exchange rates	H1 2012	H1 2011	Change	Change at constant exchange rates
Equipment sales	80.5	79.9	+0.7%	-5.9%	152.9	150.4	+1.7%	-3.5%
Recurring revenues	180.2	169.5	+6.3%	-0.5%	355.8	333.2	+6.8%	+1.6%
<b>Total</b>	<b>260.7</b>	<b>249.4</b>	<b>+4.5%</b>	<b>-2.2%</b>	<b>508.7</b>	<b>483.6</b>	<b>+5.2%</b>	<b>+0.0%</b>

(Unaudited figures)

Equipment sales fell by 5.9% at constant exchange rates in the second quarter of 2012. This decline was due solely to lower sales in North America and France, as explained above. All other markets generated growth. In the first half of 2012, equipment sales fell by 3.5% at constant exchange rates.

Recurring revenues were down 0.5% at constant exchange rates. This decline resulted from lower revenues in postal rate changes. In the first half of 2012, recurring revenues grew by 1.6% at constant exchange rates and equalled 67.1% of Neopost's total sales.

€ million	Q2 2012	Q2 2011	Change	Change at constant exchange rates	H1 2012	H1 2011	Change	Change at constant exchange rates
Mailing systems	173.4	169.4	+2.4%	-4.7%	341.5	332.9	+2.6%	-2.8%
Document and logistics systems	87.3	80.0	+9.1%	+3.0%	167.2	150.7	+11.0%	+6.2%
<b>Total</b>	<b>260.7</b>	<b>249.4</b>	<b>+4.5%</b>	<b>-2.2%</b>	<b>508.7</b>	<b>483.6</b>	<b>+5.2%</b>	<b>+0.0%</b>

(Unaudited figures)

Mailing systems sales fell by 4.7% at constant exchange rates in the second quarter of 2012, mainly because of lower revenues from postal rate changes and the end of the echo effect from the 2006 decertification programme in North America. In the first half of the year, mailing systems sales were down 2.8% at constant exchange rates.

WE VALUE YOUR MAIL

Sales of document and logistics systems grew by 3.0% at constant exchange rates in the second quarter, due in particular to the positive impact of consolidating GBC in Australia and GMC Software Technology, when 2011 benefited from the Chronopost contract. In the first six months of 2012, sales were up 6.2%. Document and logistics systems accounted for around a third of Group sales in the first half of the year (32.9%).

## Updated outlook

The economic climate was difficult and uncertain in the first half of 2012. In the second quarter, equipment sales in the United States and France were lower than the Group expected. However, Neopost foresees a gradual improvement in both of these countries in the second half.

As a result, the Group forecasts full-year 2012 sales of between €1,075 million and €1,095 million, representing year-on-year growth of between 7 to 9%, or 2 to 4% at constant exchange rates. This forecast is based on the following assumptions:

- €22 million of additional sales from the acquisition of GMC Software Technology;
- Sales growth of 0-2% at constant exchange rates excluding GMC Software Technology<sup>1</sup>;
- Positive currency effects for a total impact expected around 5% over the full year.

Neopost confirms that it expects current operating margin of around 25.5% excluding GMC and acquisition-related costs.

Denis Thiery concluded: ***"Despite the temporary shortfall in the second quarter, we are confident of improving our performance in North America and of generating the expected benefits from our new sales organisation in France. We are continuing to implement the Neopost strategy. Our business in the Asia-Pacific region is continuing to grow. The recent acquisition of GMC is very promising, and illustrates our ability to develop our business beyond mail. Given our strong international exposure, the fall in the euro since the start of the year allows us to expect a robust growth in 2012."***

## Calendar

Neopost's first-half results will be published on 25 September 2012 after the market close.

Third-quarter sales will be published on 3 December 2012 after the market close.

---

<sup>1</sup> Versus the previous forecast of at least 2%.



## PRESS RELEASE

### ABOUT NEOPOST

**NEOPOST IS THE EUROPEAN LEADER** and the number two world-wide supplier of mailing solutions. It has a direct presence in 26 countries, with 5,900 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.

**For further information, please contact:**

**Gaële LE MEN, Investor Relations Officer**

**Tel: 33 1 45 36 31 39**

**Fax: 33 1 45 36 30 30**

**E-mail: [g.le-men@neopost.com](mailto:g.le-men@neopost.com)**

**Fabrice BARON, DDB Financial**

**Tel: 33 1 53 32 61 27**

**Fax: 33 1 53 32 61 00**

**E-mail: [fabrice.baron@ddbfinancial.fr](mailto:fabrice.baron@ddbfinancial.fr)**

**Or visit our website: [www.neopost.com](http://www.neopost.com)**

WE VALUE YOUR MAIL

