PRESS RELEASE

FIRST-HALF 2012: INCREASE IN EARNINGS

- **Sales up 5.2% (+0.0% excluding currency effects)**
- **Current operating margin before acquisition-related expenses[1]: 24.7% of sales, in line with the 2012 business plan**
- **Net income up to €80 million**

OUTLOOK FOR 2012

- **Sales expected to grow by 2% to 4% excluding currency effects**
- **Current operating margin before acquisition-related expenses anticipated of around 25.2% of sales after consolidation of GMC**

Paris, 25 September 2012

Neopost, the European leader and world's number two supplier of mailroom solutions, today released its interim results for 2012 (six-month period to 31 July 2012).

During the first half of the financial year, the Group posted sales of €508.7 million, an increase of 5.2% (+0.0% excluding currency effects). Current operating income before acquisition-related expenses came to €125.6 million during the first half of 2012, compared with €120.8 million in the equivalent period of 2011. The current operating margin before acquisition-related expenses[1] stood at 24.7% of sales, compared with 25.0% in the first half of 2011.

First-half 2012 net income totalled €80.0 million, up 25.4% compared with the €63.7 million recorded in the year-earlier period. Net income rose by 4.7% compares with the first half 2011 figures restated for the impact of structure optimisation expenses. The net margin[2] came to 15.7% of sales.

Denis Thiery, Chairman and Chief Executive Officer of Neopost, said: ***"In an environment characterised by challenging macroeconomic conditions, a decline between the echo effects of the last two decertification waves in North America as well as the introduction of our new sales organisation in France, we were able to keep our operating margin at a high level, providing further evidence of the resilience of our business model. Given the substantial proportion of our sales deriving from international markets, our earnings performance was boosted by positive currency effects.***

Denis Thiery added: ***"During the first semester, we acquired GMC Software Technology, a very promising company which illustrates our will to develop in activities beyond mail. The implementation of the optimisation plan, for which provisions were set aside in the first half of last year, has now almost been completed. Lastly, we made good progress with our refinancing programme, arranging new borrowings on good terms to cover the repayment of our credit lines due to mature shortly."***

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[1] Current operating margin before acquisition-related expenses = current operating income before acquisition-related expenses/sales
[2] Net margin = net income/sales

The Statutory Auditors have performed a limited review of the interim financial statements.
Their report on the limited review is currently being prepared.

(in millions of euros)	**H1 2012**	**H1 2011**	Change	**H1 2011 Excl. impact of optimisation charges**	Change
Sales	**508.7**	**483.6**	+5.2%[3]	**483.6**	+5.2%[3]
Current operating income before acquisition-related expenses	**125.6**	**120.8**	+3.9%	**120.8**	+3.9%
as a % of sales	*24.7%*	*25.0%*	**-**	*25.0%*	-
Current operating income	**122.4**	**120.8**	+1.3%	**120.8**	+1.3%
as a % of sales	*24.1%*	*25.0%*	**-**	*25.0%*	-
Structure optimisation expenses	-	(19.5)	-	**-**	-
Net income	**80.0**	**63.7**	+25.4%	**76.4**	+4.7%
as a % of sales	*15.7%*	*13.2%*		*15.8%*	
Net income attributable to owners	**79.2**	**63.2**	+25.3%	**75.9**	+4.3%
Reported earnings per share	**2.37**	**1.96**	+20.9%	**2.36**	+0.4%
Diluted earnings per share	**2.27**	**1.91**	+18.8%	**2.26**	+0.4%

First-half 2012 sales up 5.2% thanks to currency effects

Sales during the first half of 2012 rose by 5.2% to €508.7 million compared with the first half of 2011. At constant exchange rates, sales were completely stable.

Sales were boosted by the positive impact of the acquisition of GBC Australia (consolidated from June 2011) and of GMC Software Technology (consolidated from July 2012). Conversely, the absence of postal rate changes in several countries held back top-line performance compared with the previous year.

During the first half, Neopost experienced declines in its equipment sales in North America and France, causing respective sales contractions in these two regions of 5.2% (excluding currency effects) and 9.3%. In North America, Neopost had to contend with the temporary decline in the number of leasing contracts expiring between two waves of decertification echoes. Even so, the Group's redeployment of its sales force to focus on cross-selling is starting to pay off. In France, the new organisation implemented following the merger of the distribution subsidiaries disrupted sales operations for longer than anticipated, but sales efficiency has started to increase.

Neopost maintained its growth momentum in all its other markets. Growth in the United Kingdom ran at 2.1% excluding currency effects. In Germany, sales grew by 4.3%. In the rest of the world, sales advanced by 27.7% at constant exchange rates as a result of the successful integration of GBC Australia and the Group's positive momentum in other markets, including Scandinavia, the Benelux countries, Ireland and Switzerland.

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[3] +0.0% at constant exchange rates

By business line, first-half 2012 sales of mailing systems fell back 2.8% at constant exchange rates owing to lower revenues attributable to postal rate changes and the end of the echo effect from the 2006 decertifications in North America. Mailing systems contributed 67.1% of the Group's total sales during the first half of 2012.

Growth in document and logistics systems continued, with sales rising by 6.2% at constant exchange rates owing to the competitiveness of products and services and the positive impact of consolidating GBC Australia and GMC Software Technology, while the supply of equipment to Chronopost (France) had boosted performance during 2011.

By type of revenue, equipment sales dropped 3.5% at constant exchange rates. This decline was attributable in its entirety to the lower sales recorded in North America and France. All the Group's other markets grew.

Recurring revenues posted growth of 1.6% at constant exchange rates, even though revenues from postal rate changes fell short of the levels recorded in the previous year. Recurring revenues accounted for 69.9% of the Group's total sales.

Current operating income

Current operating income before acquisition-related expenses came to €125.6 million in the first half, compared with €120.8 million one year earlier. The current operating margin before acquisition-related expenses stood at 24.7%, compared with 25.0% of sales in the year-earlier period.

This trend, which was in line with the Group's plan for 2012, is chiefly attributable to lower revenues from postal rate changes, the mildly dilutive impact on the operating margin of consolidating GBC Australia and GMC Software Technology and investments in setting up the new distribution channel to cover the entry level segment.

Acquisition-related expenses came to €3.2 million during the first half of 2012, compared with zero in the first half of 2011. Current operating income thus stood at €122.4 million compared with €120.8 million in the year-earlier period.

Organisational optimisation plan for 2011-2012

During 2011, the Group launched a plan to optimise its operations in the United States and Europe and to continue streamlining its organisation and to create fresh impetus. Implementation of this plan is currently nearing completion.

The Group has confirmed that the provision of €19.5 million recorded at 31 July 2011 will be sufficient and that the optimisation plan is set to generate savings of around €7-8 million a year as of 2013.

Net income

The net cost of debt declined owing to better conditions in interest rates over the period. It came to €13.7 million compared with €15.3 million in the first half of 2011.

Hedging gains came to €1.1 million in the first half of 2012, compared with €0.4 million in the year-earlier period.

The average tax rate was virtually stable. It stood at 27.3% in the first half of 2012 compared with 27.0% in the same period of 2011.

First-half 2012 net income totalled €80.0 million, compared with the €63.7 million recorded one year earlier. Net income advanced by 4.7% compared with the net income posted in the first half of 2011 before organisational optimisation charges. The net margin came to 15.7% of sales.

Robust financial position

EBITDA[4] totalled €159.6 million, representing an increase of 4.9% compared with the first half of 2011.

Given seasonal fluctuations in the working capital requirement, outflows related to organisational optimisation and the continued development of the leasing business (€655.7 million as at 31 July 2012, up 6.2% at constant exchange rates compared with 31 July 2011), net cash flow generated by operating activities came to €43.4 million in the first half of 2012. During the first six months of the financial year, the Group also acquired GMC Software Technology.

Net debt rose to €765.3 million at 31 July 2012, up from €707.2 million at 31 July 2011. This increase derived primarily from the acquisition of GMC and exchange rate fluctuations. The Group reiterates that its debt is more than covered by future cash flows from its leasing and rental activities.

At 31 July 2012, equity posted a steep increase to €748.2 million from €627.6 million one year earlier owing in particular to the rise in net income and the issuance of new shares arising from the payment of part of the dividend in shares.

Gearing pulled back to 102% from 112% one year earlier. The debt to EBITDA ratio stands at 2.4x versus 2.2x one year earlier.

At 31 July 2012, the Group had more than €500 million in undrawn credit lines.

Further refinancing

The refinancing of the Crédit Agricole private placement maturing in December 2012 (€133 million), and the multi-currency revolving syndicated loan facility maturing in June 2013 (€675 million) made good progress.

In June, the Group announced it had raised funds from various insurance companies via a private placement in the United States. The $175 million issue comprises several tranches, with maturities varying between 4 and 10 years. The annual fixed interest rates range between 3.17% and 4.50% depending on the maturity.

Since the end of the first half, Neopost has raised €150 million from several French insurance companies with a maturity of 5 years.

In addition, the Group also has a German law *Schuldschein* private placement programme in place, under which it has already borrowed $45 million and €17 million with a maturity of 4 years.

[4] EBITDA represents the sum of current operating income before acquisition-related expenses plus depreciation of property, plant and equipment and amortisation of intangible assets

The terms secured for these private placements provide further evidence of Neopost's investment grade-equivalent credit profile.

Through the funds raised in the various markets, the Group has continued to diversify its sources of financing.

Outlook for 2012

The Group is reiterating its sales growth target for 2012 of between 2% and 4% excluding currency effects. It anticipates a currency effect of around 5% over 2012 as a whole.

Neopost is reiterating that it anticipates a current operating margin before acquisition-related expenses of around 25.2% of sales after consolidation of GMC Software Technology.

The Group intends to keep its 2012 dividend at a high level. An interim dividend in respect of 2012 will be paid out in January 2013. Contrary to previous years, it will be paid solely in cash.

Neopost is expanding rapidly in activities not directly related to mail, such as address and data quality management, shipping and tracing solutions, as well as document composition software. The Group's ability to achieve its 2014 sales target of €200 million[5] has been bolstered by the acquisition of GMC (€35 million in sales in 2011) and the organic growth that it anticipates for all these solutions that are not directly related to mail. Based on its current scope (excluding further acquisition), the sales generated by these businesses are likely to reach between €150 million[5] and €175 million[5] in 2014, with organic growth running at between 10% and 15%.

At the same time, Neopost plans to continue developing its directly mail-related business at an annual averaged pace of 2-3%.

Summing up, Denis Thiery said: ***"We are confident that our performance will improve in North America and that our new sales organisation in France will deliver the expected benefits. Our business will also get a boost from GBC Australia's firm performance, the first-time consolidation of GMC Software Technology and from Neopost ID's recent success in parcel lockers. In the medium term, the continued execution of our strategy in mailroom solutions and the strong momentum of our activities beyond mail will bolster our ability to achieve total sales of about €1.2 billion[5] by 2014."***

Calendar

Third-quarter sales are due to be released on 3 December 2012 after the market closes.

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[5] At 2011 exchange rates

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.

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First half 2012

Consolidated income statement

In millions of euros	H1 2012 (period to 31 July 2012)		H1 2011 (period to 31 July 2011)		H1 2011 excl. provision for optimisation plan		Full year 2011	
Sales	**508.7**	***100.0%***	**483.6**	***100.0%***	**483.6**	***100.0%***	**1,002.6**	***100.0%***
Cost of sales	(109.3)	*(21.5)%*	(105.5)	*(21.8)%*	(105.5)	*(21.8)%*	(222.3)	*(22.2)%*
Gross margin	**399.4**	***78.5%***	**378.1**	***78.2%***	**378.1**	***78.2%***	**780.3**	***77.8%***
R&D expenses	(13.9)	*(2.7)%*	(15.2)	*(3.1)%*	(15.2)	*(3.1)%*	(30.0)	*(3.0)%*
Selling expenses	(131.4)	*(25.8)%*	(119.5)	*(24.7)%*	(119.5)	*(24.7)%*	(246.1)	*(24.6)%*
Administrative expenses	(81.0)	*(15.9)%*	(75.2)	*(15.6)%*	(74.2)	*(15.6)%*	(151.8)	*(15.1)%*
Maintenance and other expenses	(42.8)	*(8.4)%*	(43.0)	*(8.9)%*	(43.0)	*(8.9)%*	(86.4)	*(8.6)%*
Employee profit-sharing and share-based payments	(4.7)	*(0.9)%*	(4.4)	*(0.9)%*	(4.3)	*(0.9)%*	(9.5)	*(0.9)%*
Current operating income before acquisition-related expenses	**125.6**	***24.7%***	**120.8**	***25.0%***	**120.8**	***25.0%***	**256.5**	***25.6%***
Acquisition-related expenses	(3.2)	*(0.6)%*	-	-	-	-	-	-
Current operating income	**122.4**	***24.1%***	**120.8**	***25.0%***	**120.8**	***25.0%***	**256.5**	***25.6%***
Gains/(losses) on disposals and other	-	-	-	-	-	-	-	-
Structure optimisation expenses			(19.5)	*(4.0)%*	-	-	(19.5)	*(1.9)%*
Operating income	**122.4**	***24.1%***	**101.3**	***21.0%***	**120.8**	***25.0%***	**237.0**	***23.7%***
Net financial income/(expense)	(12.6)	*(2.5)%*	(14.7)	*(3.0)%*	(14.7)	*(3.0)%*	(27.6)	*(2.8)%*
Income before taxes	**109.8**	***21.6%***	**86.6**	***18.0%***	**106.1**	***22.0%***	**209.4**	***20.9%***
Income taxes	(30.0)	*(5.9)%*	(23.4)	*(4.9)%*	(30.2)	*(6.3)%*	(55.4)	*(5.6)%*
Income from associates	0.2	*0.0%*	0.5	*0.1%*	0.5	*0.1%*	0.6	*0.1%*
Net income	**80.0**	***15.7%***	**63.7**	***13.2%***	**76.4**	***15.8%***	**154.6**	***15.4%***
Non-controlling interest	0.8		0.5		0.5		1.0	
Net income attributable to owners	**79.2**		**63.2**		**75.9**		**153.6**	

The Statutory Auditors have performed a limited review of the interim financial statements.
Their report on the limited review is currently being prepared.

First half 2012

Condensed balance sheet

ASSETS in millions of euros	31 July 2012	31 July 2011	31 January 2012
Goodwill	942.5	792.4	803.8
Intangible assets	106.6	75.8	91.7
Property, plant and equipment	144.5	134.9	139.6
Other non-current financial assets	31.6	34.8	37.3
Leasing receivables	655.7	569.8	616.9
Other non-current receivables	12.3	10.9	11.5
Deferred tax assets	9.0	15.1	12.6
Inventories	76.8	69.4	67.5
Trade receivables	184.9	169.7	195.0
Other current assets	101.1	95.1	95.1
Financial instruments	-	0.1	0.1
Cash and cash equivalents	134.0	160.9	171.8
TOTAL ASSETS	**2,399.0**	**2,128.9**	**2,242.9**

LIABILITIES in millions of euros	31 July 2012	31 July 2011	31 January 2012
Equity	748.2	627.6	696.8
Provisions	14.5	10.1	12.9
Non-current borrowings	451.4	433.8	306.3
Other non-current liabilities	38.6	12.3	12.6
Current borrowings	447.9	434.3	539.1
Deferred tax liabilities	116.0	79.4	100.7
Non-current financial instruments	6.0	5.3	7.4
Prepaid income	182.2	159.6	204.8
Current financial instruments	3.4	3.8	3.3
Other current liabilities	390.8	362.7	359.0
TOTAL EQUITY & LIABILITIES	**2,399.0**	**2,128.9**	**2,242.9**

The Statutory Auditors have performed a limited review of the interim financial statements.
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PRESS RELEASE

First half 2012

Simplified cash flow statement

In millions of euros	First-half 2012	First-half 2011
EBITDA	**159.6**	**152.3**
Adjustments to reconcile EBITDA to cash flow	(4.3)	2.5
Cash flow before net cost of debt and income tax	**155.3**	**154.8**
Change in the working capital requirement	(54.1)	(55.3)
Net change in leasing receivables	(14.1)	(10.9)
Cash flow from operating activities	**87.1**	**88.6**
Interest payments and income tax	(43.7)	(39.1)
Net cash flow from operating activities	**43.4**	**49.5**
Capital expenditure	(41.9)	(36.2)
Acquisitions of investments and grant of loans	(85.2)	(49.1)
Disposals of assets and other	2.7	0.9
Net cash flow from investing activities	**(124.4)**	**(84.4)**
Increase in capital	-	1.3
Dividends	-	-
Change in debt and other	30.6	58.4
Net cash flow from financing activities	**30.6**	**59.7**
Impact of exchange rates on cash	8.7	-
Net change in cash	**(41.7)**	**24.8**
Net cash at beginning of period	165.0	127.9
Net cash at end of period	123.3	152.7