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PRESS RELEASE

2014 ANNUAL RESULTS

2014: STRONG GROWTH IN COMMUNICATION & SHIPPING SOLUTIONS

- **2014 annual sales growth: up 1.6%, i.e. down 0.2% organically[1]**
- **CSS activities: 20.5% of overall sales vs. 17.0% in 2013**
- **2014 current operating margin (before acquisition-related costs[2]): 22.0%**
- **Dividend proposed: €3.90 per share**

2015 OUTLOOK

- **Organic sales growth in 2015 expected between -1% and +2%**
- **2015 current operating margin (before acquisition-related costs) expected between 19.5% and 20.5%**

Paris, March 31 2015

Neopost, the number two worldwide supplier of Mail Solutions and a major player in the fields of Communication and Shipping Solutions, today announced its 2014 annual results (period ended on 31 January 2015).

In 2014, the Group recorded sales of €1.113 billion, up 1.6% compared to 2013, or 1.1% excluding currency effects. Organic growth was close to 0% (-0.2%).

2014 current operating income amounted to €244.6 million before acquisition-related costs, compared with €262.5 million in 2013. The Group’s current operating margin before acquisition-related costs was 22.0% of sales in 2014, versus 24.0% in 2013. This performance reflects a margin equal to 23.1% of sales achieved in the Neopost network (Neopost Integrated Operations[3]), and 10.1% in CSS Dedicated Units.

After taking account of non-current items and the temporary increased in financial charges due to carrying costs, the net attributable income in 2014 amounted to €134.0 million, versus €164.0 million in 2013. The net margin[4] was 12.0%.

Denis Thiery, Chairman and Chief Executive Officer of Neopost, commented: ***"Over the period, Neopost has continued its transformation. Commercial synergies between our traditional distribution network and our Communication & Shipping Solutions activities are multiplying. Growth for the latter stands at over 20%, which illustrates our ability to provide our clients with tailored communication solutions to accompany their digital transition. This also reflects the promising new initiatives we are spearheading in the shipping field, such as Packcity automatic parcel lockers, the acquisition of ProShip and the development of the NeoShip service in the US. As expected, the Group's***

[1] 2014 sales are compared with 2013 sales, with the addition of €14.2 million which represents sales generated by DMTI, ProShip and DCS.
[2] Current operating margin before acquisition-related costs = current operating income before acquisition-related costs / sales
[3] See glossary page 8
[4] Net margin = net attributable income / sales.

transformation does have an impact on its profitability, although this remains high, as the operating margin stands at 22%. We will be proposing our shareholders a dividend which is unchanged in relation to previous years."

(in millions of euros)	2014	2013	Change
Sales	**1,113.4**	**1,095.5**	**+1.6%**
Current operating income before acquisition-related costs	**244.6**	**262.5**	**-6.8%**
% of sales	*22.0%*	*24.0%*	
Current operating income	233.8	254.1	-8.0%
Net income	**133.9**	**164.0**	***-18.4%***
% of sales	*12.0%*	*15.0%*	
Earnings per share	3.89	4.78	-18.6%
Diluted earnings per share[5]	**3.89**	**4.54**	**-14.8%**

Slight growth in sales

2014 sales rose 1.6% to €1.113 billion, an increase of 1.1% at constant exchange rates. Sales figures were boosted by the acquisitions of DMTI Spatial (consolidated as of November 2013), DCS and ProShip (consolidated as of May 2014). Excluding the scope effect related to these acquisitions and excluding currency effects, organic growth was -0.2%.

Mail Solutions' sales decreased by 3.4%, at constant exchange rates in 2014, compared with 2013 figures which benefited from a high level of activity. This drop is related to a decline in recurring revenue, notably rentals and consumables and the lack of a postal rate change in the United States in January 2015. It is also tied to the decline in equipment sales, accentuated by the lack of big tenders in export markets and the postponement to 2015 of a number of large deals notably in the Nordic countries.

Communication & Shipping Solutions' sales posted a rise of 22.8%, excluding currency effects. Restated for the scope effect of acquisitions, organic growth in sales for Communication & Shipping Solutions stood at 14.2%. In Customer Communication Management, Neopost benefited from the successes recorded by GMC with its key account clients, and from the very strong increase in solutions sold to traditional clients of the Group. In Shipping Solutions, Neopost notably benefited from the rolling-out of Packcity, as well as the deployment of the contract with the French Army.

The organic growth in Communication & Shipping Solutions achieved by CSS Dedicated Units reached 10.8% in 2014, whereas that recorded in Neopost Integrated Operations distribution network amounted to 19.0%, which highlights the growing momentum in commercial synergies and the relevance of the strategy.

In total, Communication & Shipping Solutions accounted for 20.5% of Group sales for 2014, up from 17.0% one year earlier.

[5] 2014 diluted earnings per share was corrected for the dilution of the convertible bond that was redeemed on 1 February 2015

Sales by region

In **North America**, sales rose 1.9% excluding currency effects. This rise resulted from a decline in Mail Solutions income, due to the decrease in recurring revenue, and from a sharp increase in income from Communication & Shipping Solutions thanks to license sales in Customer Communication Management and, to a lesser extent, the consolidation of ProShip.

In **Europe**, Neopost sales grew 0.8% excluding currency effects. Growth in Communication & Shipping Solutions activity was particularly high in Europe, notably in France, the UK, and the Nordic countries, with growth rates approaching or exceeding 30%. Moderate in most European countries, the decrease in Mail Solutions activity was more pronounced in France as a result of the decrease in recurring revenue, and in the Nordic countries, where a number of large equipment sales were postponed to 2015.

In **Asia-Pacific**, the Group recorded a slight decrease of 0.5% in sales, excluding currency effects, due to an unfavorable basis for comparison, with 2013 notably having seen the rolling-out of automated lockers by Australia Post.

Sales by revenue type

Sales of equipment and licenses moved ahead 5.3% excluding currency effects. This increase resulted from the combination of a sharp rise in license and equipment sales in Communication & Shipping Solutions, and a decrease in Mail Solutions sales, notably in France, the Nordic countries, and Asia-Pacific.

Recurring revenue fell by 1.0%, excluding currency effects, influenced by the decline in rentals and consumables in Mail Solutions, combined with the absence of a postal rate change in the United States. Recurring revenue accounted for 65.5% of sales in 2014, versus 66.8% one year earlier.

Current operating income

The change in current operating income, before acquisition-related costs, results from the variation in the Group's current operating margin for each of the two Group segments, and in their respective weightings:

- Neopost Integrated Operations reported an operating margin before acquisition-related costs of 23.1%, versus 24.8% in 2013. This evolution is due to mix effects and to a decrease in recurring revenue (rentals, consumables and postal rate changes).
- The operating margin for CSS Dedicated Units came to 10.1% before acquisition-related costs, against 12.2% in 2013. As expected, spending and capital expenditures for the development of new solutions by these specialist subsidiaries were stepped up, notably in relation with Packcity, CVP-500 and SME Digital Solutions.

Current operating margin by segment

	2014				2013			
Sales (in millions of euros)	NIO	CSS DU	Elimination	Total	NIO	CSS DU	Elimination	Total
Mail Solutions	885	-	-	**885**	910	-	-	**910**
Communication & Shipping Solutions	116	134	*-22*	**228**	*94*	*110*	*-18*	**186**
Total sales	**1,001**	**134**	**-22**	**1,113**	**1,004**	**110**	**-18**	**1,096**
Current operating margin before acquisition-related costs	***23.1%***	***10.1%***		***22.0%***	***24.8%***	***12.2%***		***24.0%***

Current operating income before acquisition-related costs was €244.6 million, versus €262.5 million in 2013. As expected, the current operating margin before acquisition-related costs remained high, reaching 22.0% compared with 24.0% the previous year. This reflects the Group's transformation.

Acquisition-related costs amounted to €10.8 million, versus €8.4 million one year earlier. Current operating income was €233.8 million in 2014, compared with €254.1 million for the prior year.

Non-current items

The Group decided to continue with the optimization of its structures, particularly in the United States and Germany. Neopost also decided to end the Sendeasy and Delivery Preference Manager pilot schemes in Germany and the United States respectively. In addition, the Group recorded costs relating to a tax adjustment in the UK.

After these non-current items, operating income amounted to €218.0 million compared to €256.6 million one year earlier. In 2013, expenses for optimization were more than offset by the non taxable profit linked to the renegotiation of the GMC acquisition contract.

Net income

The net cost of debt rose to €39.6 million, compared with €37.0 million in 2013. This rise was linked to the increase in net debt, as well as to the carrying costs of refinancing carried out in 2014 (inaugural bond issue and US private placement). The Group also recorded around €0.5 million in losses for foreign exchange and other financial items in 2014 - an amount identical to that recorded for the previous year. Net financial income therefore amounted to -€40.1 million for 2014, compared with -€37.5 million in 2013. For 2015, the Group will benefit from refinancing carried out in 2014 at lower interest rates than the convertible bond that was redeemed on 1 February 2015. Its cost of borrowing should thus drop by €6 million, at constant debt and exchange rates.

The average tax rate is relatively low, due to the non-current items recorded for 2014 and 2013. It was 25.3% in 2014, down from 25.5 % one year previously.

The Group's net attributable income reached €134.0 million, which represents a net margin of 12.0%, compared with 15.0% in 2013. Net income per share was €3.89, down from €4.78 the previous year.

Healthy financial situation

Cash flow before the net cost of borrowing is strongly recurring and remained very high, amounting to €307.4 million for 2014 compared with €322.8 million in 2013.

The noteworthy financial flows in 2014 were as follows:

- a limited degradation of working capital requirement, excluding leasing;
- a leasing portfolio that increased by €37.3 million, excluding currency effects;
- a net investment level of €142.0 million, of which €55.4 million mainly related to the acquisitions of ProShip and DCS, as well as the final payment in respect of GMC Software AG, and €26.4 million to the capitalization of R&D expenses, with the remainder essentially relating to the renewal of the rental network of mailing machines and the deployment of IT systems;
- payment of the 2013 dividend for a total amount of €134.3 million.

Net debt[6] amounted to €962.3 million as at end-January 2015, compared with €869.8 million as end-January 2014, adjusted for the interim 2013 dividend payment[7]. Neopost points out that its net debt is fully backed by future cash flows from its rental and leasing activities.

Shareholders' equity increased, reaching €817.8 million as at the end of January 2015, versus €769.6 million one year earlier. Net debt was equal to 118% of shareholders' equity as at 31 January 2015, versus 113% as at 31 January 2014 after restatement. The leverage ratio[8] reached 3.0.

As at 31 January 2015, the Group had €473.5 million in undrawn lines of credit.

There are no restrictions of the use of Group cash. The Group is, however, subject to compliance with some financial covenants. As at 31 January 2015, Neopost was in compliance with its financial covenants - namely, having shareholder's equity of at least €525 million and a net debt / EBITDA ratio below 3.25.

Renegotiation of covenants

Neopost has undertaken to review its covenants, which date back to 2007, with its financial partners in order to take into account the change in leasing receivables, which today total €781 million compared with €425 million eight years ago. The banks that are members of the revolving credit line pool have agreed to handle leasing operations separately, and to approve the following covenants:

- for leasing operations, a maximum drawing equal to 90% of receivables;
- for non-leasing debt: a maximum debt / EBITDA ratio of 3.0;
- a minimum shareholders' equity of €600 million;
- an interest coverage ratio greater than 4.0.

Neopost is currently in consultation with its other financial partners (US Private Placement and Euro Private Placement) in order to obtain similar conditions.

[6] Net debt = Long-term debt + short-term debt – cash and cash equivalents
[8] In 2013, only the balance of the 2012 dividend was accounted for. To make the 2 years comparable, the 2013 interim payment has to be restated.
[7] EBITDA = Current operating income (€233.8m) excluding amortization of fixed tangible assets (€47.8m) and intangible assets (€35.6m)

2014 proposed dividend of €3.90 per share

The Board of Directors has decided to submit a dividend of €3.90 per share for approval at the Shareholders' General Assembly on 1 July 2015 in respect of the 2014 financial year, which represents an amount identical to that for the 2013 financial year. If approved, the remaining balance of €2.10 per share will be paid in August 2015, following payment of an interim dividend of €1.80 per share on 10 February 2015. The final 2014 dividend payment will be made entirely in cash, as was the case with the interim dividend.

With regard to the next financial years, the Group expects to maintain a high dividend and continue its policy of interim dividend payments, while at the same time reserving the option to offer shareholders the possibility of choosing to receive their dividend payment in shares.

Neopost may also temporarily review the dividend amount if a significant acquisition or a series of acquisitions were to occur during the same period.

Acquisitions and partnerships

Neopost has announced today the signing of an agreement with Esker, a worldwide leader in document process automation solutions and pioneer in Cloud Computing. This agreement relates to the creation and operation of a joint venture to market cloud-based solutions to small and midsize enterprises (SMEs) worldwide allowing for mail distribution as well as the automation of supplier and customer invoices. The joint company will be owned 70% by Neopost and 30% by Esker. It will be fully consolidated into Neopost's accounts.

In a separate press release, Neopost today announced to be in advanced negotiations to acquire a majority stake in Temando, an Australian technology company providing intelligent fulfillment software for the e-commerce and logistics industries. The Temando platform provides e-retailers with effective tools to better control the entire fulfillment process from point of sale to delivery, as well as for the return of parcels. These tools make it possible to get quotes in real time from multiple carriers, to unify inventory across multiple locations (e.g., in-store, drop ship, warehouses), to determine the consumers' exact locations in order to recommend the most cost-effective shipping route, to provide reliable prediction of courier speed, to ensure compliance control and to calculate the full landed shipping cost.

2015 outlook

For 2015, Neopost expects organic sales growth of between -1% and +2%, excluding currency effects. This expectation is based on the following organic growth assumptions: a further decrease in Mail Solutions sales, and double-digit growth in Communication & Shipping Solutions.

With regard to profitability, the Group confirms its expectation of achieving a current operating margin[9], before acquisition-related costs, of between 19.5% and 20.5% of sales. This expectation is based on the following items:

- different profitability levels in Neopost Integrated Operations and CSS dedicated units;
- the rolling-out of the Packcity network;
- the continued development of CVP-500;
- the launch of new projects such as SME Digital Solutions and Neopost Labs;
- the investments required for the rolling-out of Temando.

Denis Thiery concluded: ***"As evidenced by our project of taking control of Temando or the signing of a partnership agreement with Esker, we continue to develop our portfolio of Communication & Shipping Solutions activities to compensate for the decline in Mail Solutions. The evolution in our sales revenue mix and the continuation of our investments will translate into a new deceleration in our operating margin. We should nevertheless benefit from the weakness of the euro, which only represents slightly less than 40% of our sales. Finally, thanks to our capacity to generate a significant operating cash flow and our sound financial position, we are determined to continue to offer a high return to our shareholders."***

[9] Excluding new acquisitions

CALENDAR

First-quarter 2015 sales will be published on 8 June 2015 after market closing.

ABOUT NEOPOST

NEOPOST is the world's second-largest supplier of Mail Solutions and a major player in the field of digital Communication and Shipping Solutions. Its aim is to help companies improve the way they manage interactions with their clients and stakeholders. Neopost provides the most advanced solutions for physical mail processing (mailing and mail insert systems), digital communication management (Customer Communication Management and Data Quality applications), and supply chain and e-commerce process optimization (from point of sale to delivery, including associated tracking services).
With a direct presence in 31 countries and more than 6,000 employees, Neopost recorded an annual sales figure of €1.1 billion in 2014. Its products and services are sold in more than 90 countries.
Neopost is listed in the A compartment of Euronext Paris, and notably belongs to the SBF 120 index.

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APPENDICES:

Glossary

- ***Mail Solutions:*** mail metering systems, document management systems (folders/inserters for offices and mail rooms; other mail room equipment) and related services
- ***Communication & Shipping Solutions (CSS):*** applications for the management of client communication and data quality, shipping solutions, document finishing solutions and graphic design solutions
- ***Neopost Integrated Operations:*** Neopost subsidiaries developing, producing and distributing Mail Solutions and CSS products and services to the core clients of the Group
- ***CSS Dedicated Units:*** entities distributing CSS solutions to large customers: Enterprise Digital Solutions (GMC Software Technology, DMTI Spatial, Human Inference and Satori Software), Neopost Shipping Solutions (formerly Neopost ID and ProShip)

2014
Consolidated income statement

€ million	2014 (year ending 31 January 2015)	%	2013 (year ending 31 January 2014)	%
Sales	**1,113.4**	***100.0%***	**1,095.5**	***100.0%***
Cost of sales	(267.1)	*(24.0)%*	(257.7)	*(23.5)%*
Gross margin	**846.3**	***76.0%***	**837.8**	***76.5%***
R&D expenses	(36.7)	*(3.3)%*	(30.7)	*(2.8)%*
Commercial expenses	(288.8)	*(25.9)%*	(272.6)	*(24.9)%.*
Administrative and general expenses	(172.0)	*(15.5)%*	(164.8)	*(15.0)%.*
Maintenance and other expenses	(97.1)	*(8.7)%.*	(97.8)	*(8.9)%*
Employee profit-sharing and share-based payments	(7.1)	*(0.6)%*	(9.4)	*(0.9)%*
Current operating income before acquisition-related costs	**244.6**	***22.0%***	**262.5**	***24.0%***
Acquisition-related costs	(10.8)	*(1.0)%*	(8.4)	*(0.8)%*
Current operating income	**233.8**	***21.0%***	**254.1**	***23.2%***
Gain/loss on disposals and others	-	-	-	-
Structural optimization costs	(4.2)	*(0.4)%*	(12.5)	*(1.1)%*
Non-current acquisition-related income	-	-	15.0	*1.4%*
Other operating expenses	(11.6)	*(1.0)%*	-	-
Operating income	**218.0**	***19.6%***	**256.6**	***23.4%***
Financial income/expenses	(40.1)	*(3.6)%*	(37.5)	*(3.4)%*
Income before taxes	**177.9**	**16.0%**	**219.1**	**20.0%**
Income taxes	(45.1)	*(4.1)%*	(55.8)	*(5.1)%.*
Share of profit/loss for associates	1.1	*0.1%*	0.7	*0.1%*
Net income	**133.9**	***12.0%***	**164.0**	***15.0%***
Minority interests	0.1	*0.0%*	-	-
Net attributable income	**134.0**	***12.0%***	**164.0**	***15.0%***

2014
Summary consolidated balance sheet

Assets *(€million)*	31 January 2015	31 January 2014
Goodwill	1,045.4	977.3
Intangible assets	205.1	177.8
Fixed assets	137.2	134.0
Other non-current financial assets	46.3	46.1
Leasing receivables	780.8	674.8
Other non-current receivables	2.7	2.0
Deferred tax assets	8.9	9.9
Inventories	70.5	69.1
Trade receivables	239.6	219.0
Other current assets	95.7	82.5
Financial instruments	6.1	0.1
Cash and cash equivalents	403.9	186.7
TOTAL ASSETS	**3,042.2**	**2,579.3**

Liabilities *(€ million)*	31 January 2015	31 January 2014
Shareholders' equity	817.8	769.6
Non-current provisions for contingencies and expenses	29.1	19.7
Non-current financial debt	1,006.8	907.9
Other non-current liabilities	10.0	12.2
Current financial debt	359.3	86.7
Deferred tax liabilities	143.2	142.1
Non-current financial instruments	1.4	2.9
Deferred revenue	213.0	210.6
Current financial instruments	1.4	0.1
Other current liabilities	460.2	427.5
TOTAL LIABILITIES	**3,042.2**	**2,579.3**

2014
Simplified cash flow statement

€ million	2014 (year ending 31 January 2015)	2013 (year ending 31 January 2014)
EBITDA	**317.2**	**331.1**
Adjustments to reconcile EBITDA to cash flow	(9.8)	(8.3)
Cash flow before net cost of debt and tax	**307.4**	**322.8**
Change in working capital requirements	(14.7)	(33.5)
Net change in leasing receivables	(37.3)	(33.0)
Cash flow from operating activities	**255.4**	**256.3**
Interest and tax paid	(97.5)	(66.1)
Net cash flow from operating activities	**157.9**	**190.2**
Capital expenditure	(86.6)	(94.6)
Purchases of securities and granting of loans	(55.4)	(40.3)
Disposals of assets and other	5.2	4.6
Net cash flow from investment activities	**(136.8)**	**(130.3)**
Capital increase	0.8	5.1
Dividends	(134.3)	(71.9)
Change in debt and other	335.4	24.8
Net cash flow from financing activities	**201.9**	**(42.0)**
Impact of exchange rate variation on cash	(8.6)	13.8
Change in net cash position	**214.4**	**31.7**