

SLIGHT IMPROVEMENT IN Q2 2015

- ▶ Strong growth continued in Communication & Shipping Solutions sales and Mail Solutions started to improve
- ▶ Sales rose 9.8% in Q2 2015, down 0.8% at constant scope¹ and exchange rates

OUTLOOK

- ▶ Projected organic growth for FY 2015 sales narrowed to between -1% to +1%
- ▶ Confirmation of 2015 current operating margin (before acquisition-related expense²) expected at between 19.5% and 20.5% of sales

Paris, September 3, 2015

Neopost, the number 2 global supplier of Mail Solutions and a major player in digital Communication and Shipping Solutions, today announced 9.8% growth in consolidated sales to €300.1 million for second quarter 2015 (period ended on July 31, 2015) compared with the same period in 2014. At constant exchange rates, sales declined 0.3%. Organic growth was -0.8%, reflecting continued strong growth in Communication & Shipping Solutions and a slightly lower contraction in Mail Solutions than in prior quarters.

For H1 2015 as a whole, sales rose 10.4% to €586.1 million compared with the same period in 2014. At constant exchange rates, sales were down 0.3% and organic growth³ was negative at -1.1%.

Denis Thiery, Chairman and Chief Executive Officer of Neopost, commented: ***"The improved performance in Mail Solutions still falls short and the strong growth in business volume for Communication and Shipping Solutions has not fully offset the decline recorded in Mail Solutions. Our Communication and Shipping Solutions businesses continue to see the benefits of the strong momentum generated by commercial synergies in our traditional network, which confirms the relevance of our strategy. Having once again recorded foreign exchange gains, we are reporting sales growth in excess of 10% for H1 as a whole."***

¹ Q2 2015 sales are compared with Q2 2014 sales with the addition of €1.2 million in sales generated by Temando (3 months).

² Current operating margin before acquisition-related expense = current operating income before acquisition-related expense/sales.

³ H1 2015 sales are compared with H1 2014 sales with the addition of €4.2 million in sales generated by ProShip (3 months), DCS (3 months) and Temando (3 months, and 3 weeks).

SALES BY BUSINESS LINE

€ million	Q2 2015	Q2 2014	Change	Change at constant exchange rates	Organic change ¹
Mail Solutions	230.7	219.5	+5.1%	-4.9%	-4.9%
Communication & Shipping Solutions	69.4	53.8	+28.8%	+18.2%	+15.7%
Total	300.1	273.3	+9.8%	-0.3%	-0.8%

(Unaudited data)

€ million	H1 2015	H1 2014	Change	Change at constant exchange rates	Organic change ³
Mail Solutions	454.9	431.7	+5.4%	-5.2%	-5.2%
Communication & Shipping Solutions	131.2	99.0	+32.6%	+21.0%	+16.0%
Total	586.1	530.7	+10.4%	-0.3%	-1.1%

(Unaudited data)

Mail Solutions

Mail Solutions sales in Q2 2015 fell 4.9% at constant exchange rates, which represents a slight improvement over previous quarters. The decline in equipment sales was not as sharp as in Q1, as sales were supported by the resilience of mailing systems as well as low and mid-end folders/inserters, while high-end folders/inserters sales continued to contract. This trend is all the more noticeable given the high business volume in Q2 2014. Based on the level of our leads, we expect the improvement to continue throughout H2 2015. In addition, the decline in recurring revenues has stabilized. Leasing and financing revenues continued to rise, while revenues generated by rental, supplies and services were down. Performance was contrasted by region.

The decline in Mail Solutions sales was moderate in **North America**. The supply issues encountered in Q1 2015 are now resolved. Equipment sales continued to decrease slightly due to a high basis for comparison. Recurring revenues edged down slightly, reflecting the rise in revenue from services, leasing and postal rate change, and the continued decrease in rental and supplies revenues. The economic environment is favorable and the level of our leads is very satisfactory.

In **Europe**, the fall in Mail Solutions stemmed from the United Kingdom, the Nordic countries and the lower revenues from postal rate change in Germany. The situation is improving in France, where the drop in sales was less pronounced than in previous quarters, helped along by a recovery in equipment sales.

In the **rest of the world**, the steady performance of export equipment sales did not entirely offset the decline in equipment sales in the Asia-Pacific region.

Communication & Shipping Solutions

Communication & Shipping Solutions recorded a strong 18.2% surge in sales in Q2 2015, at constant exchange rates. Restated for the scope effect linked to the consolidation of Temando, organic growth in sales for Communication & Shipping Solutions stood at +15.7%.

Organic growth in Communication & Shipping Solutions sales achieved by the Neopost distribution network (**Neopost Integrated Operations**⁴) continued at a particularly high 28.4%. This performance demonstrates the sharp ramp-up in commercial synergies, in particular the successful sales of software from dedicated subsidiaries such as GMC Software Technology, Satori and ProShip recorded by the Neopost network. It also illustrates the success of solutions marketed by the Neopost network, such as OMS-500 and OMS-200, a new multichannel output management software for SMEs launched in several countries, Neotouch, a digitized mail solution in France, and NeoShip, a parcel management solution in the USA.

Organic growth in Communication & Shipping Solutions achieved by dedicated subsidiaries (**CSS Dedicated Units**⁴) totaled to 4.4% in Q2 2015. Customer Communication Management solutions are up. Data Quality is down: its integration into the Enterprise Digital Solutions division to promote synergies with Customer Communication Management software is underway. In Shipping Solutions, Neopost's performance was boosted by the growth recorded by ProShip, Temando and by Online Shipping Station contracts. As indicated in our Q1 earnings release, the roll-out of Packcity will take place in H2 2015, due to delays in obtaining the authorizations necessary to install the automated parcel lockers in some public areas.

In all, Communication & Shipping Solutions accounted for 23% of Group sales in Q2 2015, versus 20% in the same period last year.

OUTLOOK

In light of the sales achieved for H1, Neopost is narrowing its guidance for the 2015 financial year to between -1.0% and +1.0% from -1.0% to +2.0% before.

Turning to earnings performance, the Group confirms its expectations of achieving a current operating margin excluding acquisition-related expense⁵ in the range of 19.5% to 20.5% of sales.

Denis Thiery concluded:

"We are determined to remain as resilient to market decline as possible in Mail Solutions. We are targeting increased market share, based on the high quality of our offering and the efficiency of our distribution network. We are entering the second half of the year with encouraging leads, especially in the United States. We are also expecting an uptick in high-end folders/inserters and we will benefit from a more favorable basis of comparison. Mail Solutions performance should therefore be stronger in H2.

The current momentum behind Communication & Shipping Solutions is expected to continue, boosted by the synergies generated by the VAR programs, sales of OMS software suites and the Neotouch application. Our digital communication and software solutions dedicated units are predicted to enhance their performance, driven by more sustained growth by GMC, the roll-out of Packcity and the strong momentum generated

⁴ See glossary page 5.

⁵ Excluding new acquisitions.

by ProShip and Temando. We are on track to achieve our objective of 35% of total sales by CSS in the period 2017-2019."

CALENDAR

Interim results will be published on September 29, 2015 after market close. Q3 sales will be published on December 1, 2015 after market close.

ABOUT NEOPOST

NEOPOST is the number 2 global supplier in Mail Solutions and a major player in the field of Digital Communications 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 systems and folders/inserters), 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 annual sales 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 belongs to the SBF 120 index.

For more information, please contact:

Gaële Le Men, Neopost

Financial, External & Internal Communication Director
Tel: +33 (0)1 45 36 31 39
E-mail: g.le-men@neopost.com

Fabrice Baron, DDB Financial

Chairman
Tel: +33 (0)1 53 32 61 27
E-mail: fabrice.baron@ddbfinancial.fr

Or visit our web site: www.neopost.com

APPENDICES

Change in sales by region

€ million	Q2 2015	Q2 2014	Change	Change at constant forex	Change organic ¹	H1 2015	H1 2014	Change	Change at constant forex	Organic change ³
North America	130.9	108.0	+21.2%	-0.1%	-0.3%	253.0	205.5	+23.1%	+0.4%	-0.8%
Europe	147.7	146.0	+1.1%	-1.7%	-1.7%	292.1	289.7	+0.8%	-2.1%	-2.3%
Asia-Pacific and others	21.5	19.3	+11.2%	+8.8%	+8.8%	41.0	35.5	+15.4%	+10.5%	+7.0%
Total	300.1	273.3	+9.8%	-0.3%	-0.8%	586.1	530.7	+10.4%	-0.3%	-1.1%

(Unaudited data)

Change in sales by revenue type

€ million	Q2 2015	Q2 2014	Change	Change at constant forex	Organic change ¹	H1 2015	H1 2014	Change	Change at constant forex	Organic change ³
Sales of equipment and licenses	106.9	93.3	+14.6%	+3.5%	+3.4%	199.2	174.7	+14.1%	+2.9%	+2.1%
Recurring revenue	193.2	180.0	+7.3%	-2.3%	-3.0%	386.8	356.0	+8.7%	-1.9%	-2.6%
Total	300.1	273.3	+9.8%	-0.3%	-0.8%	586.1	530.7	+10.4%	-0.3%	-1.1%

(Unaudited data)

Sales by distribution network

€ million	Q2 2015			
	NIO	CSS DU	Elim.	Total
Sales				
Mail Solutions	230.7	-	-	230.7
Communication & Shipping Solutions	35.8	39.8	(6.2)	69.4
Total	266.5	39.8	(6.2)	300.1

(Unaudited data)

Organic growth ¹ Q2 2015			
NIO	CSS DU	Elim.	Total
-4.9%	-	-	-4.9%
+28.4%	+4.4%	n/a	+15.7%
-1.3%	+4.4%	n/a	-0.8%

€ million	H1 2015			
	NIO	CSS DU	Elim.	Total
Sales				
Mail Solutions	454.9	-	-	454.9
Communication & Shipping Solutions	68.1	74.7	(11.6)	131.2
Total	523.0	74.7	(11.6)	586.1

Organic growth ³ H1 2015			
NIO	CSS DU	Elim.	Total
-5.2%	-	-	-5.2%
+28.2%	+5.4%	n/a	+16.0%
-1.7%	+5.4%	n/a	-1.1%

Glossary

- **Mail Solutions:** mailing systems, document management systems (folder/inserters for offices and mailrooms; other mail room equipment) and related services
- **Communication & Shipping Solutions (CSS):** digital solutions software (customer communication and data quality software), shipping solutions, print finishing and graphic solutions
- **Neopost Integrated Operations (NIO):** Neopost subsidiaries developing, producing and distributing Mail Solutions and CSS products and services to long-standing customers of the Group
- **CSS Dedicated Units (CSS DU):** entities distributing CSS solutions to key account customers: Enterprise Digital Solutions (GMC Software Technology, DMTI Spatial, Human Inference and Satori Software), Neopost Shipping (former Neopost ID, ProShip and Temando)
- **Enterprise Digital Solutions :** Customer Communication Management and Data quality solutions