PRESS RELEASE

2015 ANNUAL RESULTS AND FOURTH-QUARTER SALES

NEOPOST
Send.Receive.Connect.

CURRENT OPERATING MARGIN IN LINE WITH EXPECTATIONS AND STABLE NET INCOME DESPITE DISAPPOINTING CHANGE IN SALES, ESPECIALLY IN THE 4TH QUARTER

- **2015 annual sales up 6.9%, down 1.8% organically[1]**
- **Q4 2015 sales up 2.0%, down 3.5% organically[2]**
- **Communication & Shipping Solutions [3] sales up 11.4% organically in FY 2015 (representing 23.4% of total sales)**
- **2015 current operating margin (before acquisition-related expense[4]): 19.7%**
- **2015 net attributable income : €134 million**
- **Dividend proposed: €1.70 per share**

MID-TERM AMBITIONS

- **Return to organic growth**
- **Maintain current operating margin (before acquisition-related expense[4]) above 18%, with the target of returning above 20%**

Paris, March 29, 2016

Neopost, the number two global supplier of Mail Solutions and a major player in the fields of Digital Communication and Shipping Solutions, today announced its 2015 annual results (period ended on January 31, 2016) and its fourth-quarter 2015 sales. These financial statements were reviewed and approved by the Board of Directors at its meeting on March 29, 2016.

In full-year 2015, the Group generated sales of €1,190 million, up 6.9% compared to 2014, or -1.2% at constant exchange rates. Organic change was -1.8%. In Q4 2015, Neopost posted sales totaling €321 million, a rise of 2.0% over the fourth quarter of 2014, and a decline of 3.1% at constant exchange rates. Organic sales were down 3.5%.

Current operating income before acquisition-related expense was €234 million, compared with €245 million in 2014. The Group's current operating margin before acquisition-related expense stood at 19.7% of sales in 2015 versus 22.0% in 2014.

Net attributable income was stable at €134 million. The net margin[5] was 11.2% of sales versus 12.0% of sales in 2014.

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[1] 2015 sales are compared with 2014 sales, with the addition of €6.7 million which represents sales generated by ProShip, DCS and Temando.
[2] Q4 2015 sales are compared with Q4 2014 sales with the addition of €1.4 million in sales generated by Temando.
[3] See glossary page 9.
[4] Current operating margin before acquisition-related expense = current operating income before acquisition-related expense/sales
[5] Net margin = Group attributable net income / total sales.

INCOME STATEMENT

€ million	2015	2014	Change
Sales	**1,190**	**1,113**	***+6.9%***
Current operating income before acquisition-related expense	**234**	**245**	**-4.3%**
% of sales	*19.7%*	*22.0%*	
Current operating income	222	234	*-5.2%*
Net attributable income	**134**	**134**	**-0.3%**
% of sales	*11.2%*	*12.0%*	
Earnings per share	3.72	3.89	-4.4%
Diluted earnings per share[6]	**3.57**	**3.71**	**-3.8%**

Denis Thiery, Chairman and Chief Executive Officer of Neopost, commented: ***"The double digit growth in Communication and Shipping Solutions sales which accounted for 25.1% of total sales in the fourth quarter, confirms the relevance of our strategic choices. However it still falls short of offsetting the sharper than expected contraction in Mail Solutions. Although our structural cost reduction programs have yet to deliver their full potential, they have nonetheless been particularly effective as early as this year, with the result that Neopost ends the period with an operating margin of 19.7% and stable net income. At the same time, we have continued preparing for the future: investments in new projects, acquisition of a 55% stake in Temando, a company specializing in shipping software solutions for the e-commerce and logistics industries, and expansion of our range of innovative solutions to accelerate the transformation of Neopost."***

SALES BY BUSINESS LINE

€ million	2015	2014	Change	Change at constant exchange rates	Organic change[1]
Mail Solutions	**912**	**885**	**+3.0%**	**-5.3%**	**-5.3%**
Communication & Shipping Solutions	**278**	**228**	**+22.0%**	**+14.7%**	**+11.4%**
Total	**1,190**	**1,113**	**+6.9%**	**-1.2%**	**-1.8%**

€ million	Q4 2015	Q4 2014	Change	Change at constant exchange rates	Organic change[2]
Mail Solutions	**240**	**242**	**-0.9%**	**-6.4%**	**-6.4%**
Communication & Shipping Solutions	**81**	**72**	**+12.0%**	**+8.1%**	**+6.0%**
Total	**321**	**314**	**+2.0%**	**-3.1%**	**-3.5%**

[6] Diluted earnings per share for 2015 is calculated after deduction of the dividends paid to the Odirnane holders

Mail Solutions

Sales for **full-year 2015** rose 3.0% to €912 million, and were down 5.3% at constant exchange rates. This fall reflects very challenging market conditions, especially in Europe, which accounts for 50% of Neopost's sales.

In **North America,** the decrease in Mail Solutions stems from the sharp decline in equipment sales, mainly/ related in high-end folder/inserters, while the contraction in recurring revenues was less pronounced due to the increase in leasing and financing revenues.

In **Europe**, the decrease in Mail Solutions was sharper than in North America, reflecting poorer equipment placement. The pressure on recurring revenues remains high. The year saw high growth in leasing revenues in the most recent countries to offer these financing solutions.

In the **rest of the world,** the drop in equipment sales was due to a change in postal regulation which had a negative impact on metered mail in Australia. However, the increase in recurring revenues, particularly leasing revenues, helped to moderate the decline.

Mail Solutions sales fell 6.4% in **fourth-quarter 2015**, at constant exchange rates, compared with the same period in 2014, due primarily to a poor equipment sales performance.

Communication & Shipping Solutions

Sales in full-year 2015 increased 14.7% at constant exchange rates. Restated for the scope effect linked to the ProShip, DCS and Temando acquisitions, organic growth in Communication & Shipping Solutions activities stood at 11.4%.

Organic growth in Communication & Shipping Solutions achieved by the Neopost distribution network (Neopost Integrated Operations[3]) rose to 15.9% in 2015, boosted by sales of solutions developed by the CSS Dedicated Units[3]. Growth in dedicated units came in at 7.2% for 2015. Shipping posted double-digit growth, despite the delay in rolling out Packcity. Enterprise Digital Solutions performed well, mainly due to the very strong growth in Customer Communication Management Solutions, despite the weakness in Data Quality, of which offering is currently being incorporated as part of Enterprise Digital Solutions.

Communication & Shipping Solutions posted a 8.1% rise in sales in the **fourth quarter of 2015**, at constant exchange rates. Restated for the scope effect associated with the acquisition of Temando, organic growth in Communication & Shipping Solutions activities was 6.0%. The slowdown was due notably to an unfavorable basis for comparison for shipping activities (the French Army contract and Packcity).

Communication & Shipping Solutions made up 23.4% of Group sales in full-year 2015 and 25.1% in Q4 2015.

ACQUISITION AND PARTNERSHIPS

Neopost made a number of acquisitions and entered into several partnerships in 2015:

- In April, Neopost acquired a majority stake in Temando, an Australian company that provides an intelligent fulfillment software platform to the e-commerce and logistics sectors;
- July saw the Group finalize a joint venture with Esker. With ownership divided 70/30 between Neopost and Esker, respectively, the purpose of the joint venture is to market Esker's digitization solutions to SMEs via the Neopost Integrated Operations network, in France and abroad;
- In January 2016, Neopost announced a partnership project with Yamato Transport for automated parcel lockers in Japan.

CURRENT OPERATING INCOME

Current operating margin by segment

	2015				
Sales (in millions of euros)	NIO	CSS DU	Elimination	New projects*	Total
Mail Solutions	912	-		-	**912**
Communication & Shipping Solutions	141	162	(26)	1	**278**
Total	**1,053**	**162**	**(26)**	**1**	**1,190**
Current operating income before acquisition-related expense	**228**	**15**	**-**	**(9)**	**234**
Current operating margin before acquisition-related expense	***21.6%***	***9.3%***	***N.A.***	***N.A.***	***19.7%***

** New projects in 2015 include the costs of developing dedicated platforms and applications for micro-businesses, as well as the CVP-500 sales and related expenses.*

	2014				
Sales (in millions of euros)	NIO	CSS DU	Elimination	New projects*	Total
Mail Solutions	885	-		-	**885**
Communication & Shipping Solutions	116	134	(22)	0	**228**
Total	**1,001**	**134**	**(22)**	**0**	**1,113**
Current operating income before acquisition-related expense	**231**	**16**	**-**	**(2)**	**245**
Current operating margin before acquisition-related expense	***23.1%***	***11.9%***	***N.A.***	***N.A.***	***22.0%***

** New projects in 2014 are relative to the costs associated with CVP-500.*

The current operating margin before acquisition-related expense for the Neopost Integrated Operations division was 21.6% of sales in 2015 versus 23.1% in 2014. The explanation for this decrease lies in the mix effects, specifically those related to the growth in CSS revenue —where the margin has not reached full potential yet— and the fall in Mail Solutions revenue (equipment sales and recurring revenues). The Group is beginning to see particularly effective results from its programs to reduce costs and optimize its organization. During the period, operating expenses for the Neopost Integrated Operations division was 2.5% lower and headcount was down by more than 5%.

The current operating margin before acquisition-related expense for CSS Dedicated Units[7] came in at 9.3% of sales in 2015 versus 11.9% in 2014. This change reflects operating losses by Temando in line with the initial plan. Restated from Temando it stood at 13.1%.

The new projects invested in by the Group concern the continued development of the CVP-500 automated packing system and of new digital solutions for small and medium enterprises. Their impact on current operating income before acquisition-related expense was -€9 million, in line with the €10 million annual budget allocated by the Group for innovation projects.

The Group's current operating margin before acquisition-related expense stood at €234 million, against €245 million in 2014. In line with Neopost's expectations, the current operating margin before acquisition-related expense came in at 19.7% of sales, compared with 22.0% in the prior year.

Acquisition-related expense amounted to €12 million in 2014, versus €11 million one year earlier.

Current operating income was €222 million in 2015, compared with €234 million in 2014.

Non-current items

As announced during the presentation of its 2014 annual results, the Group recognized structural optimization charges in the amount of €14 million in 2015. These expenses were incurred for the optimization of R&D, the supply chain and distribution methods.

After these exceptional items, operating income totaled €208 million at January 31, 2016, versus €218 million one year earlier.

Net income

The net cost of debt was down to €33 million from €40 million in 2014. This reduction in the cost of debt comes about as a result of refinancing some credit lines through the issue of an ODIRNANE bond[8] where the interest (€6 million) is not recognized in the income statement, in accordance with IFRS.

The Group also recognized €4 million in foreign exchange losses and other financial items in 2015, due to sharp fluctuations in sterling and the dollar. Net financial income therefore amounted to -€37 million in 2015, compared with -€40 million in 2014.

The tax rate was 24.0% in 2015, down from 25.4% in fiscal 2014.

The Group's net attributable income remained stable at €134 million, which represents a net margin of 11.2%, compared with 12.0% in 2014. Net income per share[6] was €3.72, from €3.89 the previous year.

[7] Before investments in new projects
[8] ODIRNANE = convertible perpetual bond issue recognized in equity in accordance with IFRS accounting rules

HEALTHY FINANCIAL SITUATION

EBITDA[9] was €310 million in 2015, versus €317 million in 2014.

Change in working capital requirements essentially related to a €37 million payment for VAT regularization in the United Kingdom.

The leasing and financing portfolio continued to grow and amounted to €814 million at January 31, 2016, up from €781 million a year earlier, an increase of 2.8% at constant exchange rates.

At €86 million, investments in intangible and fixed assets remained practically stable year-on-year.

Regarding external growth, the Group invested AUD 30 million (€20 million) for the acquisition of existing shares of Temando and AUD 20 million (€13 million) for the subscription of new shares in order to finance its future growth. Overall, Neopost took a 55% majority stake in Temando.

The €265 million ODIRNANE bond had a positive impact on both equity, which increased to €1,069 million at January 31, 2016 from €818 million one year earlier, and net debt, which was down significantly to €813 million at end-January 2016 from €962 million at January 31, 2015. The proceeds of the issue went to refinance several private loans during the second half of 2015 for a total of €217 million. Note that net debt remained stable relative to July 31, 2015.

Neopost points out that its net debt is fully backed by the future cash flows expected from its rental and leasing activities.

Gearing came out at 76% of shareholders' equity compared with 118% at January 31, 2015. The leverage ratio (net debt / EBITDA) came at 2.6 at January 31, 2016, down from 3.0 one year earlier. All covenants are respected.

2015 PROPOSED DIVIDEND OF €1.70 PER SHARE

The Board of Directors has decided to submit a dividend of €1.70 per share for approval at the Shareholders' Annual General Meeting on July 1, 2016 in respect of the 2015 financial year, in line with its revised capital allocation policy announced in September 2015. If approved, the balance of €0.90 per share will be paid in August 2016, following the payment of an interim dividend of €0.80 per share which took place on February 9, 2016. The final 2015 dividend will be paid entirely in cash, as was the case with the interim dividend.

In September 2015, the Group committed to this dividend policy for the next two to three years.

MID-TERM AMBITIONS

The Group points out that it is engaged in a transformation strategy designed to capitalize on its legacy positions in mail and parcel solutions, and to leverage acquired or proprietary technologies. This strategy will position the Group to offer the right solutions to customers in a range of segments (SMEs, major accounts, carriers, logisticians and e-retailers) to help them make the transition to digital, manage both physical and digital customer communications, and facilitate management of logistic flows, from order preparation through to receipt and return of parcels.

[9] EBITDA = current operating income + provisions for depreciation of tangible and intangible fixed assets

- Regarding Shipping and Enterprise Digital Solutions, the Group wants to reinforce its leadership position in both these buoyant markets to continue to generate strong organic growth in sales and to improve the operating margin for all these activities. Neopost may decide to revisit and enrich its offering in these two divisions.
- Turning to SME-dedicated business (SMEs make up the bulk of its long standing customer base), the Group has decided to create an independent global division with the resources to accelerate the roll-out of digital and logistics solutions to supplement mail solutions, an activity that declines in correlation with the structural reduction in physical mail volumes. These digital and logistics solutions have enjoyed robust organic growth in the past few years and already account for 13.4% of sales to SMEs.
- While expanding its SME-dedicated range of solutions, the Group will continue its drive to reduce costs and comprehensively reorganize this division to maintain a high operating margin. These initiatives will concern R&D, production, distribution and sales policy, as well as the introduction of shared services. As announced, the Group will continue to set aside €10 to 15 million per year in provisions for the next two years to cover these structural optimization measures, to achieve target cost reductions of roughly €35 million to €50 million per year by 2018. With an annual budget allocation of €10 million, the Group will continue to invest in developing new projects.

Taken as a whole, this strategy should enable the Group to return to organic sales growth in the medium term.

Neopost intends to maintain a current operating margin, before acquisition-related expense, above 18% throughout this transformation period, while optimizing its costs and structures, to aim for an operating margin, before acquisition-related expense, ultimately back above 20%.

The Group also intends to generate sufficient cash flow to sustain its development, fulfill its dividend distribution commitments and maintain a high quality credit rating. Note that the Group has no significant debt refinancing due before 2019.

CALENDAR

First-quarter 2016 sales will be published on June 1, 2016 after market close.

ABOUT NEOPOST

NEOPOST is the number two 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 and folder-inserter 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 annual sales of €1.2 billion in 2015. 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.

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APPENDICES

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 management 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**: entities distributing CSS solutions to key account customers: **Enterprise Digital Solutions** (GMC Software Technology, DMTI Spatial, Human Inference and Satori Software), **Neopost Shipping** (formerly Neopost ID, ProShip and Temando).
- **SME Solutions:** formerly Neopost Integrated Operations
- **Enterprise Digital Solutions:** Customer Communication Management (GMC Software Technology) and Data Quality (DMTI Spatial, Human Inference and Satori Software) solutions

Changes in sales by region

€ million	**Q4 2015**	Q4 2014	Change	Change at constant exchange	Change organic[1]	2015	2014	Change	Change at constant exchange	Organic change[3]
North America	**138**	126	+9.4%	-1.7%	-1.7%	**516**	442	+16.7%	-0.6%	-1.2%
Europe	**161**	169	-4.9%	-6.4%	-6.4%	**591**	597	-1.1%	-3.3%	-3.4%
Asia-Pacific and others	**22**	19	+14.3%	+16.3%	+8.8%	**83**	74	+12.8%	+12.6%	+7.4%
Total	**321**	**314**	**+2.0%**	**-3.1%**	**-3.5%**	**1,190**	**1,113**	**+6.9%**	**-1.2%**	**-1.8%**

Changes in sales by revenue type

€ million	**Q4 2015**	Q4 2014	Change	Change at constant exchange rates	Organic change[1]	2015	2014	Change	Change at constant exchange rates	Organic change[3]
Equipment and license sales	**114**	118	-3.3%	-7.9%	-8.0%	**408**	384	+6.3%	-1.6%	-2.1%
Recurring revenue	**207**	196	+5.3%	-0.2%	-0.8%	**782**	729	+7.2%	-0.9%	-1.6%
Total	**321**	**314**	**2.0%**	**-3.1%**	**-3.5%**	**1,190**	**1,113**	**+6.9%**	**-1.2%**	**-1.8%**

2015

Consolidated income statement

€ million	2015 (year ending January 31, 2016)	%	2014 (year ending January 31, 2015)	%
Sales	**1,190**	***100.0%***	**1,113**	***100.0%***
Cost of sales	(300)	*(25.2)%*	(267)	*(24.0)%*
Gross margin	**890**	***74.8%***	**846**	***76.0%***
R&D expenses	(44)	*(3.7)%*	(36)	*(3.3)%*
Sales and marketing expenses	(312)	*(26.2)%*	(289)	*(25.9)%*
Administrativeexpenses	(196)	*(16.4)%*	(172)	*(15.5)%*
Service and other operating expenses	(101)	*(8.5)%*	(97)	*(8.7)%*
Employee profit-sharing and share-based payments	(3)	*(0.3)%*	(7)	*(0.6)%*
Current operating income before acquisition-related expense	**234**	***19.7%***	**245**	***22.0%***
Acquisition-related expense	(12)	*(1.1)%*	(11)	*(1.0)%*
Current operating income	**222**	***18.6%***	**234**	***21.0%***
Proceeds from asset sales	0	-	-	-
Structure optimization expenses	(14)	*(1.1)%*	(4)	*(0.4)%*
Non-current gains related to acquisitions	-	-	-	-
Other operating expenses	-	-	(12)	*(1.0)%*
Operating income	**208**	***17.5%***	**218**	***19.6%***
Financial income/(expenses)	(37)	*(3.1)%*	(40)	*(3.6)%*
Income before taxes	**171**	***14.4%***	**178**	***16.0%***
Income taxes	(41)	*(3.5)%*	(45)	*(4.1)%*
Share of results of associated companies	1	*0.1%*	1	*0.1%*
Net income	**131**	***11.0%***	**134**	***12.0%***
Minority interests	3	*0.2%*	0	*0.0%*
Net attributable income	**134**	***11.2%***	**134**	***12.0%***

2015

Summary consolidated balance sheet

Assets *(€million)*	January 31, 2016	January 31, 2015
Goodwill	1,096	1,045
Intangible assets	214	205
Fixed assets	135	137
Other non-current financial assets	56	46
Leasing receivables	814	781
Other non-current receivables	4	3
Deferred tax assets	14	9
Inventories	76	70
Trade receivables	249	240
Other current assets	110	96
Financial instruments	0	6
Cash and cash equivalents	75	404
TOTAL ASSETS	**2,843**	**3,042**

Liabilities *(€ million)*	January 31, 2016	January 31, 2015
Shareholders' equity	1,069	818
Long term provisions	26	29
Non-current financial debt	775	1,007
Other non-current liabilities	65	10
Current financial debt	113	359
Deferred tax liabilities	186	143
Non-current financial instruments	1	1
Deferred income	214	213
Current financial instruments	0	1
Other current liabilities	394	461
TOTAL LIABILITIES	**2,843**	**3,042**

2015

Simplified cash flow statement

€ million	2015 (year ending January 31, 2016)	2014 (year ending Saturday, January 31, 2015)
EBITDA	**310**	**317**
Other elements of net cash provided by operating activities/ Adjustments to reconcile EBITDA to cash flow	(16)	(10)
Cash flow before net cost of debt and tax	**294**	**307**
Change in the working capital requirements	(37)	(15)
Net change in leasing receivables	(22)	(37)
Cash flow from operating activities	**235**	**255**
Interest and tax paid	(85)	(97)
Net cash flow from operating activities	**150**	**158**
Capital expenditure	(86)	(87)
Financial investments	(28)	(55)
Disposals of assets and other	0	5
Net cash flow from investing activities	**(114)**	**(137)**
Capital increase	0	1
Dividends paid	(134)	(134)
Change in debt and other	(220)	335
Net cash flow from financing activities	**(354)**	**202**
Impact of exchange rates/ *Cumulative translation adjustments* on cash	(15)	(9)
Change in net cash position	**(333)**	**214**