



Quadiant continues the deployment of its strategy and records a sixth consecutive quarter of organic growth

- ▶ Third-quarter 2019 sales up by 5.2%, i.e. up 2.0% organically¹
- ▶ First nine months 2019 sales up by 2.2% organically²
- ▶ Upgraded sales growth outlook for 2019

Paris, November 26, 2019

Quadiant, a leader in business solutions for meaningful customers connections through digital and physical channels, today announced third-quarter 2019 sales (period ended October 31, 2019). Consolidated sales totaled €278 million, up 5.2% versus third-quarter 2018. Sales organic growth stood at 2.0%, excluding currency and scope effects linked to the acquisition of Parcel Pending and the divestments of Satori Software and Human Inference.

Major Operations (82% of total sales), gathering the Group's four major solutions across the two main geographies, i.e. North America and the Main European countries, show 0.4%-organic growth in total sales during third-quarter 2019. This performance was driven by the 4.6% organic growth in North America, where each of the four major solutions was showing growth. The Main European countries segment recorded a 4.4%-decrease in sales, excluding currency and scope effects.

Moreover, **Additional Operations** (18% of total sales) posted a 9.7%-organic growth during third-quarter 2019. Growth was driven by Customer Experience Management and Parcel Lockers Solutions that both performed well in addition to automated packing systems.

Sales for the first nine months of 2019 totaled €835 million, up 5.4% compared with the same period last year. Excluding currency and scope effects, sales were up by 2.2%.

As of October 31, 2019, recurring revenue were up 1.1% for the first nine months of 2019 and amounted to 69% of total Group sales.

Geoffrey Godet, Chief Executive Officer of Quadiant, commented: *"We are really pleased with our performance in third-quarter 2019. We are thus continuing our momentum with a sixth consecutive quarter of organic growth. It is a direct result of our refocusing efforts, the new organization implemented and the ramp-up of operating expenses to support the deployment of our strategy. Consequently, for the second time this year, we are upgrading our top line organic growth outlook for the full year 2019."*

In addition, through the acquisition of Parcel Pending, the divestment of Data Quality and the phased shutdown of Temando, we have made significant progress over the last few months in reshaping our business portfolio."

¹ Q3 2019 sales is compared with Q3 2018 sales to which is added revenue from Parcel Pending for an amount of €7.6m and deducted revenue from Satori Software and Human Inference for a total amount of €5.5m.

² 9M 2019 sales is compared with 9M 2018 sales to which is added revenue from Parcel Pending for an amount of €19.0m and deducted revenue from Satori Software and Human Inference for a total amount of €16.4m.



CHANGE IN SALES PER ACTIVITY

Throughout the third quarter of 2019

<i>In million euros</i>	Q3 2019	Q3 2018	Change	Change at constant exchange rate	Organic change ²
Major Operations	229	215	+6.7%	+3.9%	+0.4%
<i>Customer Experience Management</i>	26	25	+3.6%	+1.1%	+1.1%
<i>Business Process Automation</i>	15	13	+16.3%	+14.4%	+14.4%
<i>Mail-Related Solutions</i>	176	176	+0.2%	-2.4%	-2.4%
<i>Parcel Locker Solutions</i>	12	1	+884.7%	+842.9%	+36.2%
Additional Operations	49	49	-1.2%	-2.4%	+9.7%
Group total	278	264	+5.2%	+2.7%	+2.0%

(Unaudited figures)

<i>In million euros</i>	Q3 2019	Q3 2018	Change	Change at constant exchange rate	Organic change ²
Major Operations	229	215	+6.7%	+3.9%	+0.4%
<i>North America</i>	132	113	+16.5%	+11.4%	+4.6%
<i>Main European Countries</i>	97	102	-4.3%	-4.4%	-4.4%
Additional Operations	49	49	-1.2%	-2.4%	+9.7%
Group total	278	264	+5.2%	+2.7%	+2.0%

(Unaudited figures)

Throughout the first 9-months of 2019

<i>In million euros</i>	9M 2019	9M 2018	Change	Change at constant exchange rate	Organic change ²
Major Operations	689	643	+7.2%	+3.8%	+0.8%
<i>Customer Experience Management</i>	76	70	+8.7%	+5.8%	+5.8%
<i>Business Process Automation</i>	45	37	+20.8%	+18.4%	+18.4%
<i>Mail-Related Solutions</i>	536	531	+1.0%	-2.2%	-2.2%
<i>Parcel Locker Solutions</i>	32	5	+543.7%	+510.2%	+27.1%
Additional Operations	146	149	-2.4%	-3.3%	+8.6%
Group total	835	792	+5.4%	+2.5%	+2.2%

(Unaudited figures)

<i>In million euros</i>	9M 2019	9M 2018	Change	Change at constant exchange rate	Organic change ²
Major Operations	689	643	+7.2%	+3.8%	+0.8%
<i>North America</i>	382	324	+17.7%	+11.2%	+5.0%
<i>Main European Countries</i>	307	319	-3.4%	-3.7%	-3.7%
Additional Operations	146	149	-2.4%	-3.3%	+8.6%
Group total	835	792	+5.4%	+2.5%	+2.2%

(Unaudited figures)



Major Operations

Good performance in Customer Experience Management in North America but contrasting in Europe

Sales of Customer Experience Management in the third quarter of 2019 were up organically by 1.1%, at €26 million. The decline in the Germany/ Italy/Switzerland and UK/Ireland regions offset the good performance in North America and in France/Benelux.

Quadiant's customer base kept increasing in each of the Major Operations countries, particularly with new customers gained in new verticals (government, utilities, telcos). The number of SaaS³ subscriptions increased whereas license sale-related revenue decreased. Moreover, revenue related to maintenance, professional services and the use of SaaS software increased.

In the first nine months of 2019, sales of Customer Experience Management were up by 5.8% organically, to €76 million, of which 77% were recurring.

Moreover, thanks to the good performance in the other geographies, the growth in sales in Customer Experience Management activity at the Group level was above 10% in the first nine months of 2019.

Continuous strong growth in Business Process Automation

Sales of Business Process Automation in the third quarter of 2019 were up organically by 14.4%, at €15 million.

This increase was due to the strong momentum in the two main markets, i.e. France and North America, thanks notably to the successful development of new offers combined with Mail-Related Solutions. Conversely, revenue in the United Kingdom/Ireland region kept on decreasing due to a decline in the number of license deals versus last year.

In the first nine months of 2019, sales of Business Process Automation were up by 18.4% organically, at €45 million.

SaaS subscriptions were up strongly during the first nine months of 2019, resulting in a high level of recurring revenue at 78% of the total sales of the activity. Business Process Automation also benefitted from an increase in the client base across all countries within Major Operations.

Good resilience in Mail-Related Solutions thanks to growth in North America

Sales of Mail-Related Solutions in the third quarter of 2019 were down organically by 2.4 %, at €176 million.

This good resilience continued to reflect a contrasting performance. The activity recorded once again growth in North America owing to an increase in hardware sales, resulting from an optimized management of the installed base (renewal of leasing contracts), the acquisition of new customers as well as the development of new offers combined with Business Process Automation solutions.

In the Main European countries, the decline in Mail-Related Solutions continued at a similar pace compared with previous quarters. The decline was still stronger in the Germany/Italy/Switzerland region.

In the first nine months of 2019, sales of Mail-Related Solutions were down by 2.2%, at €536 million, of which 72% were recurring.

Acceleration in Parcel Locker Solutions

Sales of Parcel Locker Solutions in the third quarter of 2019 stood at €12 million, up 36.2% versus the third quarter of 2018. It notably benefitted from the consolidation of Parcel Pending, a US company acquired at end-January 2019, which integration is ongoing as planned.

In the first nine months of 2019, sales of Parcel Locker Solutions were up by 27.1% organically. Sales ended at €32 million, of which 31% was recurring revenue. Parcel Pending organic growth stood above 30% during the period.

³ SaaS = Software as a Service



Additional Operations

The Group is actively working to grow, improve or exit from its Additional Operations. Sales of Additional Operations in the third quarter of 2019 stood at €49 million. Excluding currency and scope effects linked to the divestments of Satori Software and Human Inference, sales recorded an organic growth of +9.7%.

This performance was linked to the continuous growth recorded among the major solutions, particularly with good one-off performances in Customer Experience Management in Asia-Pacific and the remaining European countries as well as the continuous expansion of Parcel Lockers in Japan where the installed base now exceeds 5,000 parcel lockers.

Sales of automated packing systems were strongly up on the quarter thanks to the installation of five new units.

As a reminder, Quadiant decided in September 2019 a phased shutdown of the activity of its subsidiary, Temando (shipping software dedicated to e-commerce). The business will be subject to an orderly shutdown over time, subject to Temando's legal obligations to its customers and other stakeholders. As of today, the Group considers that the shutdown is halfway complete.

In the first nine months of 2019, sales of Additional Operations were up by 8.6%, ending at €146 million.

HIGHLIGHTS

Change in name

As a reminder, on September 23, the Group announced its decision to change its name to Quadiant in place of Neopost. The choice of a unified and modern brand is the result of implementing a new Group organization as part of the Group's "Back to Growth" strategy, moving away from a holding company operating independent businesses to a single company with an integrated portfolio of solutions.

Quadiant Awarded "Gold" Certification by EcoVadis for its Commitment to Sustainable Development

Quadiant is placed among the top 1% of suppliers recognized by EcoVadis as being the most advanced and committed to sustainable development in all sectors—an increase from being ranked in the top 2% in 2018. EcoVadis' Gold certification is based on a comprehensive diagnosis of 21 criteria relating to companies' actions and policies on the environment, working conditions, business practices and sustainable procurement.

GENERAL OVERVIEW OF FINANCIAL POSITION

Quadiant's financial position is sound. The Group continues to generate significant cash flows. Quadiant would like to point out that its net debt is fully backed by future cash flows coming from its rental and leasing activities.



2019 INDICATIONS

Thanks to this good third-quarter 2019 performance, Quadiant is now expecting organic growth in sales above 1% for the full year 2019, versus slightly positive organic growth in sales. The Group reminds that the fourth quarter of 2018 constitutes a high basis of comparison.

The Group confirms its outlook for current operating income⁴ ranging between €180 and €185 million⁵.

Quadiant also confirms it expects a level of free cash flow generation⁶ above 50% of its current operating income before acquisition-related expenses and excluding the impacts of IFRS 16 standard.

Reminder of the key aspects of the “Back to Growth” financial trajectory

The Group expects its sales to grow at an average mid-single digit rate⁷ annually and its current operating income⁴ at an average high-single digit rate⁷ annually throughout the plan period, fueled by organic growth as well as M&A⁸.

The Group is also targeting a rebalanced portfolio, which will lead to Mail-related Solutions representing less than 50% of sales by 2022, in order to be in a position to achieve sustainable low single digit organic sales growth.

Quadiant will maintain a high level of free cash flow generation⁶ throughout the plan period with a minimum annual conversion ratio (free cash flow after CAPEX / current operating income⁴) above 50% (excluding IFRS 16 impacts).

MEETING WEBCAST

Quadiant has scheduled a conference call and a webcast on November 26, 2019 from 6:15pm Paris time / 5:15pm London time. The meeting will be held in English. To join the webcast, click on the following link: [Webcast](#). The recording of the webcast meeting will be available for a period of one year.

CALENDAR

The press release announcing fourth-quarter 2019 sales and 2019 results will be published on March 31, 2020 after market close.

⁴ Before acquisitions-related expenses

⁵ At H1 2019 average exchange rate

⁶ Free cash flow conversion rate = cash flow from operations after CAPEX / current operating income before acquisition-related expenses

⁷ Excluding currency effects

⁸ €400m net of divestments over the period



About Quadient®

Quadient is the driving force behind the most meaningful customer experiences. By focusing on four key solution areas including Customer Experience Management, Business Process Automation, Mail-related Solutions, and Parcel Locker Solutions, Quadient helps simplify the connection between people and what matters. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. Quadient, listed in compartment B of Euronext Paris, belongs to the SBF 120 index.

For more information about Quadient, visit quadient.com/connections.

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Glossary

- **Major solutions:** the four major solutions in which Quadient has already acquired strong legitimacy and which have the potential to reach a significant size and have significant growth potential. There are: Customer Experience Management, Business Process Automation, Mail-Related Solutions and Parcel Lockers Solutions. There are sold by both Major Operations and Additional Operations.
- **Major Operations:** the four major solutions in the two main geographies, i.e. North America and the main European countries.
- **Customer Experience Management:** solutions enabling companies to create, manage and provide omni-channel and personalized solutions on demand and in high volumes;
- **Business Process Automation:** range of business process automation solutions, especially in the field of invoicing flows (hybrid mail, accounts receivable, accounts payable);
- **Mail-Related Solutions:** solutions linked to mail management, mainly franking machines, folders/inserters and mailroom shipping software
- **Parcel Locker Solutions:** automated parcel lockers system to solve “last-mile” delivery issues in high density urban areas;
- **Additional Operations:** the four major solutions operating outside the two main geographies, and the Group’s other activities including graphics, shipping software and the CVP automated packing system.
- **Other solutions:** graphics, shipping software and the CVP automated packing system.
- **Other geographies:** all countries outside the two main geographies, i.e. North America and the main European countries