neopost **PRESS RELEASE**

2009: A ROBUST PERFORMANCE IN A PARTICULARLY CHALLENGING ENVIRONMENT

- **Full-year sales virtually unchanged: -0.3% at constant exchange rates**
- **Current operating margin[1] maintained at 25.7% of sales**
- **2009 dividend: €3.80 euros per share**

OUTLOOK FOR 2010

- **Sales expected to grow between 0% and 2% at constant exchange rates**
- **Current operating margin[1] expected at 25.7% of sales**

Paris, 30 March 2010

Neopost, the European leader and world's number two supplier of mailroom solutions, today released its 2009 full-year results for the twelve-month period ended 31 January 2010.

Sales came to €913.1 million in 2009, down 0.5% compared with 2008, or down 0.3% at constant exchange rates.

Current operating income amounted to €234.7 million compared with €235.9 million in 2008. Current operating margin reached 25.7% of sales, a level unchanged from 2008.

Net attributable income stood at €147.9 million, down 5.7% compared with 2008. The net margin amounted to 16.2% of sales against 17.1% in 2008.

(€ million)	**2009**	2008	Change
Sales	**913.1**	918.1	-0.5%
EBITDA[2]	**297.1**	301.2	-1.3%
% of sales	*32.5%*	*32.8%*	
Current operating income	**234.7**	235.9	-0.5%
% of sales	*25.7%*	*25.7%*	
Net attributable income	***147.9***	157.0	-5.7%
% of sales	*16.2%*	*17.1%*	
Earnings per share	**4.85**	5.10	-4.9%
Fully-diluted earnings per share	**4.68**	5.08	-7.9%

[1] Current operating margin = current operating income / sales
[2] EBITDA (€297.1 million) represents the sum of current operating income (€234.7 million) plus the depreciation of tangible assets (€42.9 million) and the amortisation of intangible assets (€19.5 million).

Commenting on the Group's 2009 results, Denis Thiery, Chairman and Chief Executive Officer of Neopost, stated: "***In a particularly challenging economic environment, Neopost successfully sustained its sales and maintained its high operating margin. This performance was achieved while continuing to prepare for the future, as evidenced notably by the optimisation of operating structures in the United States and our ongoing research and development efforts. These developments give us confidence in our ability to emerge from the current crisis in a much stronger position.***"

2009 sales virtually unchanged

Sales amounted to €913.1 million in 2009, down 0.5% compared with 2008, or down 0.3% at constant exchange rates.

Amidst an unprecedented economic crisis, equipment sales declined by 10.7%, excluding currency impacts. However, growth in financial services revenue, increased supplies sales and growing services and maintenance revenue fuelled a 5.0% increase (at constant exchange rates) in Neopost's recurring revenue. These revenues accounted for 70.1% of the Group's total 2009 sales.

Sales trends varied significantly from one region to the next, depending on the severity of the economic crisis and the relative proportion of recurring revenue recorded by Neopost in each market.

In North America, the Group's largest market, sales climbed by 2.2%, at constant exchange rates, compared with 2008 sales which benefited from the decertification of the latest generation of non-digital franking systems in the United States. In 2009, the increase in sales recorded in North America was fuelled by the solid performance of the IS range of franking machines, success in document systems, particularly high-end folders/inserters, as well as the integration, as from September 2009, of Satori Software, the US-based provider of address quality management solutions.

In Germany and the United Kingdom, two countries in which the percentage of recurring revenue is lower than the Group average, sales declined by 5.2% et 3.4%, respectively, excluding currency impacts. In France, sales fell by 2.3% owing to weak sales at Neopost ID and Valipost.

Sales in the Rest of the World grew by 3.5%, excluding currency impacts, thanks to a recovery in export sales, good resilience by European subsidiaries and the acquisition of distributors in Scandinavia.

In 2009, sales of mailing systems fell by 1.5% (excluding currency impacts) and accounted for 70.9% of total Group sales. Sales of document and logistics systems rose by 2.7%, excluding currency impacts. This performance was notably attributable to the success of the new range of high-end folders/inserters and the integration of Satori.

Continued strengthening of direct distribution

In Europe, Neopost continued to expand its market presence with the acquisition of two new Scandinavian distributors in 2009, one in Sweden and one in Denmark.

In the United States, Neopost acquired three new distributors in Washington, Philadelphia and Atlanta. At end-January 2010, the proportion of the installed base covered by the direct distribution network had risen to 56.5%. This compares with 31% at the end of 2004, whilst the Group's target is to reach 60%.

Optimisation programme successfully completed

At end-January 2008, the Group decided to accelerate the implementation of a number of optimisation programmes, particularly in R&D, the supply chain and distribution. Provisions of €20.5 million were recognised in the 2007 financial statements (period ended 31 January 2008) for these optimisation programmes.

In 2008, Neopost consolidated the activities of its R&D centres in the United States into a single site and implemented optimisation programmes for its supply-chain operations in Europe and North America. In 2009, efforts focused on finalising the reorganisation of distribution structures in the United States. The head offices of the two US subsidiaries were combined into one office on the East coast and the various call centres were consolidated in a single location in Dallas. This large-scale project involved the closure of two sites, the relocation of 300 jobs and the hiring and training of close to 200 new employees. A project to harmonise information systems is underway and is proceeding according to plan.

Implementation of this optimisation programme is almost complete and has been a major success. The initiatives taken began to bear first fruits in 2009 and the Group confirmed that after having achieved 50% of the expected annual savings in 2009, it is on track to achieve projected savings of between €6 million and €7 million per year as from 2010.

Current operating margin maintained at 25.7% of sales

Current operating income amounted to €234.7 million in 2009, compared with €235.9 million a year earlier.

Current operating margin was maintained at the high level of 25.7% of sales. This performance, achieved against the backdrop of a 10.7% drop in equipment sales (excluding currency impacts), was attributable to tight control over operating expenses and an increase in gross margin due notably to the favourable impact of increased recurring revenue. On top of that, the Group's margin was diluted by the impact of the expansion in direct distribution amidst a recessionary economy and the targeted acquisitions completed during the period.

Net financial expense amounted to €30.2 million in 2009, up from €22.0 million a year earlier. This change was attributable to two main factors: the impact of a €0.2 million exchange rate loss which compared to a €5.2 million exchange rate gain in 2008; and an increase in financial interests linked to the convertible bond issue of October 2009.

The tax rate for 2009 stood at 27.8%, against 27.0% a year earlier.

2009 net attributable income amounted to €147.9 million, compared with €157.0 million in 2008, a decrease of 5.7%. Net margin remained at the high level of 16.2% of sales.

Strengthening of the financial position

In 2009, Neopost further expanded its financing operations (leasing and postage financing). Furthermore, the Group continued to invest, acquiring new distributors and completing targeted acquisitions such as that of Satori.

During the year, Neopost paid €116.4 million in dividends, of which €98.7 million were paid in cash.

To diversify its sources of financing and extend their maturities, the Group first signed a €175 million, five-year revolving credit agreement with the Natixis/Banque Populaire/Caisse d'Epargne group on September 2009. Then, on October 2009, it successfully issued €300 million in "OCEANE" bonds (convertible and/or exchangeable into new or existing shares).

Neopost closed the 2009 financial year with a net debt[3] of €716.0 million, vs. €668.7 million a year earlier and with shareholders' equity before minority interests of €489.5 million, vs. €436.1 million at the end of the previous year.

As of 31 January 2010, the Group's undrawn credit lines amounted to €667 million.

Group debt is under control and represented 1.5 times shareholders' equity. The coverage ratio (i.e. EBITDA to interest expense[4]) stood at 9.9 and the leverage ratio (i.e. net debt to EBITDA) at 2.4. As of 31 January 2010, Neopost complied with its financial covenants.

As stated before, the Group's debt is backed by future cash flows from its renting and leasing businesses. Its net debt is therefore expected to grow as financing activities expand.

High dividend maintained

For 2009, the Board of Directors has decided to propose a total dividend of €3.80 per share, the same level as last year, for the approval of shareholders at the Annual General Meeting on 6 July 2010. Neopost having paid a 2009 interim dividend of €1.65 per share on 11 January 2010, the remainder, which will be paid in August 2010, should amount to €2.15 per share, shareholders having the option to receive dividends in the form of shares.

For 2010, the Group plans to keep a high level of dividend and to continue its policy of paying an interim dividend.

Preparing for the future

Over the past few quarters, Neopost has carried out significant optimisation plans, made several targeted acquisitions, continued to purchase distributors and invested heavily in R&D. As a result, Neopost will launch many new products in 2010 which will create new momentum into sales for the coming years.

Specifically, Neopost is pursuing the roll-out of its new IS range of franking machines, together with a full array of accessories for each model. Having launched a range of equipment intended for the mid-market segment from 2008, the Group is now preparing to launch systems targeting the high-end, in order to strengthen its presence there, and also for the entry level, to win back this segment. In the space of two years, Neopost will have renewed its entire range of franking machines. The Group is also preparing to enter a new segment, that of IT franking.

In document systems, having successfully integrated PFE's premium range of folding/inserting machines in 2008-09, Neopost is preparing to launch three new machines in the entry level, mid-range and high-end market segments, so as to strengthen its leadership in this business.

Outlook for 2010

In 2010, the Group is expected to continue benefiting from growth in recurring revenue and slow but steady improvement in equipment sales. As a result, assuming no further deterioration in the economic environment, the Group should achieve sales growth of 0% to 2% in 2010, at constant exchange rates and should maintain its current operating income at the high level of 25.7% of sales.

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[3] Net debt or Group debt = long term + short term debt – cash & marketable securities
[4] Interest expense = net cost of debt

Denis Thiery concluded, ***"We have optimised our operations, strengthened our distribution, carried out promising acquisitions, renewed our product range and secured our financing. Neopost has therefore strong assets to look forward to 2010 and future years with full confidence."***

Agenda

Publication of first-quarter 2010 sales is scheduled for 1 June 2010 after the market close.

ABOUT NEOPOST

NEOPOST IS THE EUROPEAN LEADER and number two world-wide supplier of mailing solutions. It has a direct presence in 18 countries, with 5,500 employees and annual sales of €913 million in 2009. Its products and services are sold in more than 90 countries, and the Group has become 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.

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PRESS RELEASE

Financial year 2009

Consolidated income statement summary

€ million	2009		2008	
Sales	**913.1**	**100.0%**	**918.1**	***100.0%***
Cost of sales	(187.1)	(20.5)%	(210.2)	*(22.9)%*
Gross margin	**726.0**	**79.5%**	**707.9**	***77.1%***
R&D expenses	(37.6)	(4.1)%	(38.7)	*(4.2)%*
Selling expenses	(226.6)	(24.8)%	(224.9)	*(24.5)%*
G&A expenses	(138.4)	(15.2)%	(123.7)	*(13.5)%*
Maintenance & other operating expenses	(81.2)	(8.9)%	(75.7)	*(8.2)%*
Employee profit-sharing	(7.5)	(0.8)%	(9.0)	*(1.0)%*
Current operating income (EBIT)	**234.7**	**25.7%**	**235.9**	***25.7%***
Proceeds from disposals and other	-	-	0.4	-
Operating income	**234.7**	**25.7%**	**236.3**	***25.7%***
Financial results	(30.2)	3.3%	(22.0)	*(2.4)%*
Income before taxes	**204.5**	**22.4%**	**214.3**	***23.3%***
Taxes	(57.0)	(6.3)%	(57.9)	*(6.3)%*
Results of associated companies	0.4	0.1%	0.5	*0.1%*
Net income	**147.9**	**16.2%**	**156.9**	***17.1%***
Minority interests	-	-	(0.1)	-
Net attributable income	**147.9**	**16.2%**	**157.0**	***17.1%***

Financial year 2009

Consolidated balance sheet summary

ASSETS € million	31 January 2010	31 January 2009
Goodwill	747.9	669.6
Intangible assets	65.8	66.0
Tangible assets	140.0	144.8
Financial assets	14.9	31.5
Other non-current assets	19.1	9.2
Leasing receivables	511.7	495.7
Deferred tax assets	14.7	18.1
Inventories	56.3	45.5
Receivables	188.3	167.7
Other current assets	72.9	67.8
Financial instruments	0.1	0.4
Cash & marketable securities	138.7	132.8
TOTAL ASSETS	**1,970.4**	**1,849.1**

LIABILITIES & SHAREHOLDERS' EQUITY € million	31 January 2010	31 January 2009
Shareholders' equity including minority interests	489.7	436.3
Provisions for risks and contingencies	8.9	11.1
Long-term debt	430.2	304.4
Short-term debt	424.5	497.1
Deferred tax liabilities	54.3	32.7
Other long-term liabilities	27.2	17.9
Deferred income	189.0	183.1
Financial instruments	2.2	15.8
Other short-term liabilities	344.4	350.7
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**1,970.4**	**1,849.1**

Note: as usual in late March, audit procedures on consolidated accounts have been carried out. The certification report shall be released once the management report is checked and the procedures required for the financial report's release are completed.