PRESS RELEASE

2007: A YEAR OF TRANSITION

- **Sales up 2.4% at constant exchange rates in 2007**
- **Slight improvement in current operating margin* to 26.1% of sales (from 26.0% in 2006)**
- **Proposed dividend raised to €3.65 per share from €3.30 in 2006**

MORE INTENSE PREPARATIONS FOR THE FUTURE

- **A large number of acquisitions, accelerated optimisation of the Group's structure and major product launch**

Paris, 1 April 2008

Neopost, the European leader and number two worldwide supplier of mailroom solutions, today announced a slight increase in current operating margin to 26.1% of sales in 2007 compared with 26.0% in 2006.

In absolute terms, current operating income was virtually unchanged at €237.1 million (-0.7% compared with 2006). Net income for 2007 reached €135.7 million down 13.7% compared to 2006. Excluding provisions for optimisation of the Group's structure, net income was €148.4 million down 5.7% compared to 2006.

(€ million)	2006	**2007**	Change 2007 2006	**2007 Excluding provisions**	Change 2007 2006
Sales	918.5	**907.1**	-1.3%(1)	**907.1**	-1.3%(1)
EBITDA	296.8	**302.6**	+1.9%	**302.6**	+1.9%
% of sales	*32.3%*	*33.4%*		*33.4%*	
Current operating income	238.8	**237.1**	-0.7%	**237.1**	-0.7%
% of sales	*26.0%*	***26.1%***		***26.1%***	
Provisions for structure optimisation	-	*(20.5)*	-	**-**	-
Net income	157.3	**135.7**	-13.7%	**148.4**	-5.7%
% of revenue	*17.1%*	***15.0%***		***16.4%***	
Fully-diluted earnings per share (2)	4.91	**4.28**	-12.8%	**4.68**	-4.7%

(1) +2.4% at constant exchange rates
(2) In euros

Denis Thiery, managing director of Neopost, said: **"We have managed to slightly improve current operating margin, despite lower than initially expected sales growth in 2007. This clearly demonstrates the effectiveness and strength of Neopost business model. We have also**

*Current operating margin = current operating income/sales

decided to accelerate the optimisation plan of the Group's structure to improve efficiency still further. The objective of this plan is to realise productivity gains more quickly while improving customer satisfaction."

2007: a year of transition

While 2006 brought record sales growth, 2007 was a year of transition. Sales increased 2.4% at constant exchange rates to €907.1 million.

In North America, sales were unchanged excluding currency impact. This was achieved despite tougher than expected market conditions in the United States in the second half, and a particularly high basis of comparison after two decertification deadlines in the United States and Canada in 2006.

In France, the growth rate reached 1.2%, which is a solid performance.

In the United Kingdom, sales declined slightly, dropping 2.9% excluding currency impact. This is a remarkable performance considering that sales reached an exceptionally high level in 2006 due to a change in the way postage costs are calculated (Pricing in Proportion).

In Germany, sales increased 12.7% year on year. This strong growth was due to Neopost's dynamism in the market and also, to a lesser extent, to the acquisition of a distributor.

In the rest of the world, the Group posted 18.8% growth excluding currency impacts as a result of a number of export successes, good performance by certain European subsidiaries, and the consolidation of distributors acquired in 2007.

Overall, in 2007 mailing system sales excluding currency impacts was virtually unchanged (down 0.3%) while document and logistics systems grew by 10.6%. The 2007 sales split was 73% mailing systems and 27% document and logistics systems.

Equipment sales were down 6.6% excluding currency impacts, having performed excellently in the US and UK markets in 2006. By contrast, recurring revenue (financial services, sales of supplies and maintenance services) were up 8.4% and accounted for 63% of revenue, compared with 37% for equipment sales.

Continuing improvement of market coverage

A significant number of distributors were acquired in 2007.

In Europe, Neopost acquired two distributors in Switzerland, based in Zurich and Geneva respectively. The Group also acquired a distributor in northern Germany and two small distributors in Italy.

In the United States, the Group continued to improve market coverage by acquiring distributors in the states of California, Colorado, Florida, Maryland and Wisconsin, while disposing of territories in Alabama, Minnesota, Nevada and Pennsylvania. As a result, by the end of January 2008, 56% of the US market was covered by a single sales organisation compared with 40% a year ago and none at the end of 2004. 44% of the installed base was covered by direct distribution at 31 January 2008 compared with 31% at the end of 2004.

Enhanced products and services

The Group continues to enhance its product range and software solutions by making targeted acquisitions.

As previously announced, in February 2007, Neopost took over the French company ValiPost which specialises in software solutions for production mail. ValiPost generated sales of more than €3 million in 2007.

Neopost also completed the acquisition of PFE, a private British company that is a world player in folders/inserters, in March 2008. This was the largest acquisition by the Group since 2002. PFE and Neopost's products are highly complementary, with PFE's range being more oriented towards higher processing capacity systems than Neopost's. The businesses acquired by Neopost from PFE generated about £26 million of sales in 2007. PFE will be consolidated in the Group's financial statements from March 2008.

Neopost has also made a strategic decision to invest in RFID technology and the Group recently bought the 76% it did not already own of NBG ID. NBG ID is an RFID technology integrator in the logistics business with a promising portfolio in pallet and asset tracking. In particular, this includes a large contract with Metro/DHL and pilots in progress notably with Mory and Kuehne & Nagel. Neopost believes that RFID technology is likely to expand in the parcels business and, in the longer term, in the mail environment.

Major product launch

In April 2008, Neopost launched a new range of mailing systems targeting the middle range of the market, a segment that represents 50% of the worldwide installed base of mailing systems. For Neopost, this is the most important product launch since 2004.

The new range includes very significant advances in connectivity and software. The range offers many accessories, including in particular dynamic scales which were previously not available in this segment. Particular attention has been paid to ergonomics and the machines are very easy to use. The new range generates a real competitive advantage for Neopost, and should help the Group to increase revenue per customer.

Slight improvement in current operating margin

Neopost has raised current operating margin to 26.1% of sales, 0.1 point more than in 2006 (26.0%). In absolute terms, current operating income amounted to €237.1 million, virtually unchanged from the €238.8 million reported in 2006.

The increase in current operating margin mainly reflected:

- A growing proportion of recurring revenue
- Improved productivity
- And control of currency impacts EUR/USD and EUR/GBP on margins.

Accelerated optimisation of the Group's structure

Neopost has decided to accelerate a number of programmes aimed at improving the organisation of research and development, the supply chain, and distribution.

With respect to R&D, technological developments and recent acquisitions in the software field have prompted Neopost to merge a number of its R&D centres in order to improve their efficiency.

With respect to the supply chain, Neopost will enhance its processes with two logistics platforms, one in Europe and the other in North America, the systematic use of direct shipment, and the rationalisation of refurbishing units.

In the United States, Neopost has taken major steps to optimize its distribution over the past years, in particular by increasing the proportion of direct distribution and lessening competition between Hasler and Neopost, its two networks. While pursuing these efforts, the Group now intends to migrate to common IT platforms, as quickly as possible, specifically the ERP (Oracle) and postage meter resetting systems, to increase productivity and customer satisfaction.

These optimisation programmes were provisioned for an amount of €20.5 million in the financial statements as at 31 January 2008. After tax, the impact on net income is reduced to €12.7 million. For the most part, these provisions will have a cash impact. Once in place, these programmes could lead to an annual cost saving of about €6 to €7 million by 2010.

Decrease of net income

As expected, financial expenses increased to €28.8 million in 2007 from €18.8 million in 2006. This increase was due to higher interest rates and higher net debt, as well as to €2.2 million of exchange rate losses in 2007 compared with an exchange rate gain of €1.4 million in 2006.

The average tax rate was down slightly to 28.6% in 2007 from 29.3% in 2006.

Net income for 2007 reached €135.7 million down 13.7% compared to 2006. Excluding provisions for optimisation of the Group's structure, net income was €148.4 million down 5.7% compared to 2006. Fully-diluted earnings per share excluding provisions were down only 4.7% because of share buybacks during the period.

Cash flow and financial situation

2007 brought a good level of cash flow generation. As a result, Neopost was able to finance an increase in its leasing business, acquisitions of distributors, the payment of €102.6 million in dividends for 2006, and €67 million of share buybacks.

The Group ended 2007 with net debt of €445.8 million and a gearing of 90%. This gearing is still very low given the size of the leasing and financing businesses. The interest coverage ratio (interests to EBITDA*) is 10.5 and the leverage ratio (net debt to EBITDA) is 1.5.

* EBITDA (€302.5m) is the sum of current operating income (€237.1m), depreciation of tangible assets (€47.2m) and amortisation of intangible assets (€18.2m).

Sharp dividend increase

The Board of Directors has decided to submit a proposal to the next Annual General Meeting that an ordinary dividend of €3.65 per share be paid for 2007, a 10.6% increase on 2006 (€3.30 per share).

This €3.65 per share dividend equates to a total pay out of €113 million and a yield of more than 5% based on the share price at 31 January 2008. With respect to share buybacks, excluding the liquidity contract the Group bought back 724,364 shares (2.3% of the share capital) between 1 February 2007 and 31 January 2008 for €67 million. These shares were cancelled at the 1 April 2008 Board of Directors meeting.

In accordance with Group policy, Neopost will continue to buy back shares in 2008 to a minimum of 2% of its share capital.

Impact of PFE consolidation

If PFE had been consolidated over 11 months in 2007, as will be the case in 2008, the current operating margin of Neopost would have reached 25.2% of sales.

Promising prospects

In 2008, Neopost will continue to benefit from favourable factors such as decertification of all non-digital mailing systems in the United States, and postal rate changes in the Group's main markets. As a result, despite weaker economic conditions in the United States, the Group should manage to increase sales by at least 3% in 2008, excluding exchange rate effects and excluding the acquisition of PFE.

PFE should bring Neopost about 3 additional points of growth at constant exchange rates.

Neopost has set the target of gaining 50 basis points in current operating margin compared to the 25.2% level the Group would have reached with PFE consolidated over 11 months in 2007.

Beyond 2008, Neopost anticipates favourable market conditions, thanks in particular to continuing technological developments and postal deregulation in Europe. Neopost business model will continue to bear fruit, both in terms of revenue growth and productivity improvement.

Given these factors, the synergies from the integration of PFE and the accelerated optimisation programmes, the Group should be able to improve its current operating margin beyond 26%.

Denis Thiery concluded: ***"We have great confidence in Neopost's growth prospects for 2008 and the years after that. To demonstrate this confidence, we decided to increase significantly the dividend for 2007, which will be paid in July 2008."***

Timetable

First quarter 2008 revenue is due to be published on 3 June 2008, after the stock market closes.

ABOUT NEOPOST

NEOPOST IS THE EUROPEAN LEADER and number two world-wide supplier of mailing solutions. It has a direct presence in 14 countries, with more than 5,000 employees and annual sales of €907.1 million in 2007. 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. Its market capitalisation is €2 billion.

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PRESS RELEASE

2007

Consolidated income statement

€ million	31 January 2008		31 January 2008 Excluding provisions for structure optimisation		31 January 2007	
Sales	**907.1**	***100.0%***	**907.1**	***100.0%***	**918.5**	***100.0%***
Cost of sales	(199.3)	*(22.0)%*	(199.3)	*(22.0)%*	(212.5)	*(23.1)%*
Gross profit	**707.8**	***78.0%***	**707.8**	***78.0%***	**706.0**	***76.9%***
R&D expenses	(48.3)	*(5.3)%*	(48.3)	*(5.3)%*	(42.1)	*(4.6)%*
Selling expenses	(216.8)	*(23.9)%*	(216.8)	*(23.9)%*	(229.8)	*(25.0)%*
G&A expenses	(122.3)	*(13.5)%*	(122.3)	*(13.5)%*	(120.7)	*(13.1)%*
Maintenance & other operating expenses	(72.7)	*(8.0)%*	(72.7)	*(8.0)%*	(67.5)	*(7.4)%*
Employee profit-sharing	(10.6)	*(1.2)%*	(10.6)	*(1.2)%*	(7.1)	*(0.8)%*
Current operating income	**237.1**	***26.1%***	**237.1**	***26.1%***	**238.8**	***26.0%***
Proceeds from disposals and other	1.4	*0.2%*	1.4	*0.2%*	1.5	*0.1%*
Provision for optimisation	(20.5)	*(2.3)%*	-	-	-	-
Operating income	**218.0**	***24.0%***	**238.5**	***26.3%***	**240.3**	***26.1%***
Financial results	(28.8)	*(3.2)%*	(28.8)	*(3.2)%*	(18.8)	*(2.0)%*
Income before taxes	**189.2**	***20.8%***	**209.7**	***23.1%***	**221.5**	***24.1%***
Taxes	(54.0)	*(5.8)%*	(61.8)	*(6.8)%*	(64.8)	*(7.1)%*
Results of associated companies	0.5	*0.1%*	0.5	*0.1%*	0.6	*0.1%*
Minority interests	-	-	-	-	-	-
Net income, group share	**135.7**	***15.0%***	**148.4**	***16.4%***	**157.3**	***17.1%***

2007

Simplified consolidated balance sheet

ASSETS € million	31 January 2008	31 January 2007
Goodwill	575.0	529.5
Intangible assets	47.3	52.8
Tangible assets	134.6	144.0
Financial assets	13.8	15.2
Other non-current assets	5.4	3.8
Leasing receivables	425.3	398.7
Deferred tax assets	44.5	44.3
Inventories	43.3	50.1
Receivables	156.9	142.8
Cash & marketable securities	149.6	157.8
Other current assets	72.0	48.7
TOTAL ASSETS	**1,667.7**	**1,587.7**

LIABILITIES € million	31 January 2008	31 January 2007
Shareholders 'equity	492.7	537.1
Provisions for risks and contingencies	42.1	40.3
Long-term debt	284.8	312.1
Short-term debt	310.6	184.1
Deferred tax liabilities	25.9	22.7
Deferred income	167.0	156.6
Other current liabilities	344.6	334.8
TOTAL LIABILITIES	**1,667.7**	**1,587.7**