Press Release

1st half 2005:
Acceleration in growth and strong improvement in profitability

- **Sales: up 10.9% on a like-for-like basis* and at constant exchange rates**
- **Current operating margin: 24.4% of sales (22.2% in H1 2004)**
- **Net income: up 31.4%**

Outlook for 2005

- **Sales: growth above 7% on a like-for-like basis and at constant exchange rates**
- **Current operating margin above 24%**

Paris, 4 October 2005 - Neopost, the European leader and number two world-wide supplier of mailing solutions, today announced further improvement in its profitability for the first half of 2005 (six months ended 31 July 2005).

Current operating income is €98.9m for the period, an increase of 20.2% on the €82.3m posted in the first half of 2004. Current operating margin also improves significantly, rising from 22.2% of sales to 24.4%. Net income is 31.4% higher at €64.5m. The group's net margin stands at 16.0% of sales in the first half, a gain of nearly 3 points on the first half of 2004.

(€m)	H1 2004 IFRS	**H1 2005 IFRS**	Change
Sales	371.0	**404.4**	+9.0%(1)
EBITDA	113.5	**126.3**	+11.3%
As % of sales	*30.6%*	*31.2%*	
Current operating income (2)	82.3	**98.9**	+20.2%
As % of sales	*22.2%*	*24.4%*	
Net income	49.1	**64.5**	+31.4%
As % of sales	*13.2%*	*16.0%*	

Consolidated figures for 2005 have been drawn up under IFRS and financial statements for 2004 have been restated under these standards.

(1) + 10.9% on a like-for-like basis* and at constant exchange rates
(2) Current operating income is the new wording for EBIT under IFRS standards. It includes sales and expenses from current activity. It does not take into account positive depreciation of goodwill, results from disposals of assets and other non-current operating elements.

Jean-Paul Villot, Neopost's Chairman and CEO, noted, *"We achieved excellent results in the first half. Not only did we grow significantly faster than our sector as a whole, but we also improved our profitability. We generated a current operating margin of 24.4%, above the target of 24% we had set ourselves for the whole of 2005. This remarkable performance reflects the quality of our products and our people*."

* Excluding Stielow non-core business (print finishing) sold in March 2004.

Very strong business levels in the first half

Sales in the first half of 2005 are 10.9% up on the first half of 2004 (on a like-for-like basis and at constant exchange rates).

Over the period, Neopost saw strong growth in all its markets and businesses. This solid performance is the result of a strategy that continues to bear fruit. Key features include the success of new products, both in mailing systems and folder/inserters, the strength of a more selective marketing policy and the optimisation of distribution networks. Such performance was also helped by the benefits of decertifications that are either already under way or have been announced, in Switzerland, the Netherlands, Canada and the USA, and by the additional business generated by postal rate changes in France and the UK.

The first half also saw a sharp increase in revenue from services, allowing the group to maintain a high level of recurring revenues, at 62% of total sales.

Strong profitability improvement

The strong sales performance in the first half of 2005 and the on-going efforts to improve profitability enable Neopost once again to report growth in current operating income. Current operating income grew faster than sales, rising 20.2% on the first half of 2004, to €98.9m. The group thus reports a record current operating margin of 24.4% of sales.

The main reasons for the improvement in current operating margin are:

- sales growth;
- a shift to higher range products;
- postal rate changes;
- the positive contribution from Germany;
- the strong performance of newer subsidiaries, in the Netherlands, Italy and Belgium;
- good control over currency effects.

Net income is 31.4% higher at €64.5m, giving a net margin of 16.0% of sales, thanks to a sharp reduction in interest charges.

Growth in leasing

The leasing portfolio reaches €294.6m at end-July 2005, up 19.9% on the figure of €245.7m a year earlier. This increase is fully in line with the Group's target of building up a portfolio of around €500m by 2009.

A solid financial position

The first half saw strong cash flow generation. Neopost financed the increase in leasing business as well as the payment of €48m in ordinary dividends and €64m in exceptional dividends against its 2004 income.

The Group closed the first half of 2005 with net financial debt of €302.7m, or gearing of 66%. This is a very low level for the industry given the rental and leasing businesses.

Prospects for 2005

Thanks to the very strong first half performance, the group expects that sales growth for the whole of 2005 is likely to exceed 7% (on a like-for-like basis and at constant exchange rates).

Even while business is set to remain solid, growth in the second half of 2005 will be lower than in the first half (year on year comparison, on a like-for-like basis and at constant exchange rates), due to the very high basis of comparison in the second half of 2004.

Strong sales and the success of its strategy have increased Neopost's confidence in its prospects. The group now expects that over the full year it will exceed its initial current operating margin target of 24%. Neopost indicates, however, that in the second half of 2005 it will not benefit from the effects of postal rate changes as it did in the first half.

In conclusion, Jean-Paul Villot said, *"For Neopost, 2005 will be another very good year. Looking beyond 2005 we will continue to seize the opportunities that arise. Our effective and targeted marketing policy, our highly innovative products, and a market boosted by decertifications allow us to look to the future with confidence".*

Forthcoming events

Sales for the 3rd quarter of 2005 will be published after the market closes on 6 December 2005.

Neopost

Neopost is the European leader and number two world-wide supplier of mailroom equipment and logistics solutions. Neopost offers the most advanced solutions for online or off-line postage, large volume mail insertions, occasional parcel delivery and logistics management and traceability.

Headquartered near Paris, France, Neopost has a direct presence in the world's top mailing and logistics markets, i.e. the US, France, the UK, Germany, Canada, the Netherlands, Italy, Belgium, Ireland, Japan, Norway and Spain. Neopost products are sold in 90 countries.

In 2004, Neopost posted sales of €756m and a net income of €109m. In 2002, Neopost acquired Ascom Hasler, the world number three supplier of mailing solutions, and Stielow, Germany's leading supplier of folder/inserters.

Neopost is listed on the Eurolist by Euronext Paris, and has been a constituent of the CAC Next20 and CACIT20 indices since 3 January 2005 and of the MSCI World Index since 1 June 2005.

For further information please contact:

Gaële Chagnaud, Investor Relations Officer
Tel: +33 (0)1 45 36 31 39
Fax:+ 33 (0)1 45 36 30 30
E-mail: g.chagnaud@neopost.fr

Fabrice Baron, Gavin Anderson & Company
Tel: +33 (0)1 53 32 61 27
Fax: + 33 (0)1 53 32 56 30
E-mail: fbaron@gavinanderson.fr

Or visit our website: www.neopost.com

1st half 2005
Consolidated income statement

(€m)	H1 2005 IFRS (ended 31 July 2005*)		H1 2004 IFRS (ended 31 July 2004*)		*Full year 2004 IFRS (ended 31 January 2005)*	
Sales	**404.4**	***100.0%***	**371.0**	***100.0%***	***755.7***	***100.0%***
Cost of sales	(97.7)	*(24.2)%*	(93.1)	*(25.1)%*	*(186.9)*	*(24.8)%*
Gross margin	**306.7**	***75.8%***	**277.9**	***74.9%***	***568.8***	***75.2%***
R&D expenses	(18.7)	*(4.6)%*	(16.0)	*(4.3)%*	*(31.5)*	*(4.2)%*
Sales and marketing expenses	(98.1)	*(24.3)%*	(91.3)	*(24.6)%*	*(194.5)*	*(25.7)%*
G&A expenses	(53.9)	*(13.3)%*	(48.6)	*(13.1)%*	*(96.3)*	*(12.8)%*
Maintenance and other operating expenses	(34.7)	*(8.6)%*	(37.6)	*(10.1)%*	*(65.1)*	*(8.6)%*
Employee profit sharing	(2.4)	*(0.6)%*	(2.1)	*(0.6)%*	*(3.9)*	*(0.5)%*
Current operating income	**98.9**	***24.4%***	**82.3**	***22.2%***	*177.5*	*23.4%*
Results of disposals and other	0.7	*0.2%*	0.7	*0.2%*	*0.5*	*0.1%*
Operating income	**99.6**	***24.6%***	**83.0**	***22.4%***	***178.0***	***23.5%***
Financial results	(4.6)	*(1.1)%*	(10.8)	*(2.9)%*	*(23.6)*	*(3.1)%*
Net income before tax	**95.0**	***23.5%***	**72.2**	***19.5%***	***154.4***	***20.4%***
Taxes	(31.1)	*(7.7)%*	(23.6)	*(6.4)%*	*(50.7)*	*(6.7)%*
Results of associated companies	0.6	*0.2%*	0.5	*0.1%*	*0.5*	*0.1%*
Minority interests	-	-	-	-	-	-
Net income	**64.5**	***16.0%***	**49.1**	***13.2%***	***104.2***	***13.8%***

** Financial statements for the half-year periods to 31 July 2004 and 2005 have been subject to a limited review by the company's auditors.*

1st half 2005
Summary consolidated balance sheet

Assets (€m)	**31 July 2005* IFRS**	31 July 2004** IFRS	31 January 2005 IFRS
Goodwill	503.1	495.4	496.4
Intangible fixed assets	43.0	30.6	37.2
Tangible fixed assets	135.5	134.1	130.7
Financial investments	7.7	5.2	6.6
Other non-current assets	5.1	2.3	3.3
Leasing receivables	294.6	245.7	257.4
Long-term deferred tax assets	47.3	78.7	46.1
Inventories	50.4	53.7	44.9
Trade receivables	137.9	124.2	179.6
Cash & marketable securities	96.6	34.0(1)	117.9
Other short-term assets	24.0	17.8	21.6
TOTAL ASSETS	**1,345.2**	**1,221.7**	**1,341.7**

Liabilities (€m)	**31 July 2005* IFRS**	31 July 2004** IFRS	31 January 2005 IFRS
Shareholders' equity	461.5	380.9	506.8
Provisions	53.0	53.0	51.7
Long-term financial debt	184.2	236.5	173.9
Leasing debts	87.8	60.1	72.7
Short-term financial debt	127.3	149.8	61.8
Long-term deferred tax liabilities	26.9	50.0	27.0
Prepaid income	112.4	108.8	144.5
Other short-term liabilities	292.1	182.6(1)	303.3
TOTAL LIABILITIES	**1,345.2**	**1,221.7**	**1,341.7**

**Financial statements as at 31 July 2005 have been subject to a limited review by the company's auditors.*
***Financial statements restated under IFRS as at 31 July 2004 have not been audited.*

(1) These figures do not include postage prepayments, which stood at €65m on 31 July 2004.