

FIRST-QUARTER 2014 FINANCIAL INFORMATION

BUSINESS NEARLY STABLE IN FIRST-QUARTER 2014

- Sales rose 0.3% at constant exchange rates (organic¹ growth: - 0.4%)

FULL-YEAR 2014 OUTLOOK UNCHANGED

- +1% to +3% organic growth in sales expected for 2014
- 2014 current operating margin before acquisition-related costs² forecast at 22.5% to 23.5%

Paris, 27 May 2014

Neopost, the number two worldwide supplier of mail solutions and a major player in the fields of communications and logistics solutions, today announced consolidated sales totalling €257.4 million for Q1 2014 (period ended on 30 April 2014). Taking changes in foreign exchange rates into account, sales declined 2.6% compared with first-quarter 2013. At constant exchange rates, sales were up 0.3%. Organic growth was slightly negative at -0.4%.

Denis Thiery, Chairman and Chief Executive Officer of Neopost, commented: ***"Although we knew that the start of the year would be challenging, Neopost delivered a modest performance in the first quarter. This is largely due to a high basis for comparison related to a number of large deals concluded last year, the end of the decertification echo effect in the US market, and the completion of the postal locker roll-out in Australia. Commercial activity is sustained for Mail Solutions and our growth outlook for Communication & Shipping Solutions remains intact. We are confident in our capacity to resume the pace of growth to match up to our ambitions in the course of the next quarters."***

Change in sales by business line

€ million	Q1 2014	Q1 2013	Change	Change at constant exchange rates	Q1 2013 restated	Organic change ¹ (at constant exchange rates)
Mail Solutions	212.3	222.0	-4.4%	-2.1%	222.0	-2.1%
Communication & Shipping Solutions	45.1	42.3	+6.7%	+12.5%	44.1	+7.8%
Total	257.4	264.3	-2.6%	+0.3%	266.1	-0.4%

(Unaudited data)

¹ Q1 2014 sales are compared with Q1 2013 sales, with the addition of sales generated by DMTI in Q1 2013 (amounting to €1.8 million). Organic growth is calculated at constant exchange rates.

² Current operating margin before acquisition-related expenses = current operating income before acquisition-related expenses as a percentage of sales.

Mail solutions

During the first quarter, sales of Mail Solutions were down 4.4%, i.e. -2.1% at constant exchange rates.

This decline reflects both a slight contraction in recurring revenue and a decline in equipment sales, notably for folders/inserters, after particularly robust performances by Neopost for mid and high end equipment in Q1 2013.

In the US, mailing systems sales were impacted by the end of the echo-decertification.

Mail Solutions sales accounted for 82% of Group sales in Q1 2014.

Communication & Shipping Solutions

Communication & Shipping Solutions posted a 6.7% rise in Q1 14 sales, increasing +12.5% at constant exchange rate. Restated for the scope effect relating to the acquisition of the Canadian DMTI Spatial company (consolidated as of fourth-quarter 2013), organic growth in sales for Communication & Shipping Solutions was 7.8%. This organic growth performance exceeded 12% however if one eliminates the difference in revenues due to the installation of the automated parcel lockers for Australia Post. This deployment was in full-swing in first-quarter 2013 and is now complete.

The quarter saw particularly sustained growth in Customer Communication Management, notably in direct sales by GMC Software Technology and sales through the European subsidiaries of the Neopost distribution network. Growth was also positive, if modest, for Data Quality. Stripping out the completion of the roll-out of parcel lockers for Australia Post, growth was very sound also in Shipping Solutions.

In all, Communication & Shipping solutions accounted for 18% of Group sales in first-quarter 2014.

Change in sales by region

€ million	Q1 2014	Q1 2013	Change	Change at constant exchange rates
North America	97.5	105.0	-7.1%	-1.8%
Europe	143.6	139.6	+2.9%	+2.6%
<i>o/w, France</i>	55.5	56.8	-2.2%	-2.2%
Asia-Pacific	15.4	18.8	-18.3%	-5.6%
Other	0.9	0.9	-6.5%	-0.9%
Total	257.4	264.3	-2.6%	+0.3%

(Unaudited data)

North America

Sales in North America were down 7.1%, or -1.8% at constant exchange rates. This quarter saw the end of the boost to sales of mailing systems provided throughout the 2013 financial year by the echo-decertification in the US market. Moreover, the first quarter of 2013 constituted a high basis for comparison, due to a number of large deals of high-end folders/inserters and GMC Software Technology licences sold by the Neopost network. Sales of equipment and licences are expected to increase: during Q1 2014, the sales teams rebuilt their pipeline, while a high volume of leasing contracts are set to

mature by the year-end. Besides, recurring revenue contracted somewhat in the first quarter of 2014, compared with the first quarter of 2013. Lastly, Neopost benefited from the integration of DMTI Spatial.

Europe

In Europe, Neopost recorded a 2.9% increase in sales, i.e. +2.6% at constant exchange rate. With the exception of France, the Group recorded solid growth in almost all European countries. Neopost saw a substantial recovery in equipment sales in the United Kingdom, and very robust growth in Mail Solutions in Scandinavia. The UK and Germany, together with several other countries in Europe, all posted very good performances in Communication & Shipping Solutions.

Asia-Pacific

Sales in the Asia-Pacific region declined 18.3%, or -5.6% at constant exchange rates. As expected, results in the region reflected the impact of the end of deployment of the automated postal locker network for Australia Post. Stripping out the difference in revenue linked to the installation of these lockers, sales in Asia-Pacific showed positive growth.

Change in sales by revenue type

€ million	Q1 2014	Q1 2013	Change	Change at constant exchange rates
Sales of equipment & licences	81.4	83.3	-2.2%	+1.1%
Recurring revenue	176.0	181.0	-2.8%	-0.1%
Total	257.4	264.3	-2.6%	+0.3%

(Unaudited data)

Sales of equipment & licences

Sales of equipment and licences decreased by 2.2%. At constant exchange rates, sales were up 1.1%. The picture was a contrasting one in Mail Solutions as sales of mailing systems were down in North America and France, but rose significantly in the United Kingdom and Scandinavia. This result also reflects the decline in sales of folders/inserters at the top end of the range and the impact of the completion of the postal locker roll-out in Australia. As regards Communication & Shipping Solutions, sales of software solutions continued their upward trend.

Equipment and licence sales represented 32% of sales in Q1 2014.

Recurring revenue

In first-quarter 2014, recurring revenue rose 2.8% and remained practically stable at constant exchange rates (-0.1%), reflecting the positive contribution of Communication & Shipping Solutions revenues. As regards Mail Solutions, Neopost once again reported growth in services, maintenance, leasing and financing revenues, while rentals and consumables were down.

Recurring revenue accounted for 68% of sales in Q1 2014.

Other highlights of the quarter and recent events**Kick-off of the operational phase of Packcity**

Following a successful pilot phase launched in November last year, Neopost and its partner GeoPost have started the operational phase of the Packcity project, which will see the roll-out of some 1,500 secure automated lockers in France for pick-up and return of parcels by 2016.

In recent weeks, Neopost and GeoPost formally agreed the terms of their partnership, created the legal structures, selected the parcel locker terminal provider and established a dedicated Packcity team. Meanwhile, a number of partners, including Monop' and real estate companies Klépierre, Altarea Cogedim and Immochan, indicated or confirmed their interest in locating the terminals in their shops or shopping centres. The first lockers will be installed and the first parcels delivered by GeoPost before the end of the second quarter.

Acquisition of DCS

Neopost is announcing the acquisition of Data Capture Solutions Ltd (DCS), a leading UK supplier of document management software and service solutions targeted at improving business efficiency. DCS offers notably document capture solutions.

DCS revenue stood at £3.7m in 2013. DCS will be fully consolidated in Neopost accounts as from May 2014.

Acquisition of SPSI

Neopost has also recently announced the acquisition of SPSI, a leading American provider of high-volume multi-carrier parcel shipping solutions. SPSI sells and supports several supply chain and logistics systems. ProShip®, its leading solution, ranks among the top 5 volume shipping software in the US and is the fastest performing solution on the market today, capable of managing millions of shipments per day. SPSI's customers are large retailers, e-retailers, pharmaceutical distributors and third-party logistic providers. SPSI's average customer volumes stand at 50,000 packages per day, with several customers above one million. SPSI enjoys strong relationships with the largest carriers, being certified by DHL, FedEx, UPS and USPS, among others.

SPSI is based in Brookfield, WI, with offices in Chicago, IL. It currently employs about 50 people. SPSI posted revenues of US\$ 10 million in 2013, growing at a double-digit rate versus 2012. SPSI, recently renamed ProShip Inc., will be fully consolidated in Neopost accounts as from May 2014.

Overview of the Group's financial position**Results**

Current operating margin in the first quarter developed in line with the Group's expectations for full-year 2014.

Financial position

The Group's financial position is sound. Debt is related solely to financing equipment leased or rented to customers.

Outlook unchanged

Despite the modest performances in first-quarter 2014, Neopost confirms its expectation for organic growth in sales in 2014 of between +1% and +3%, based on the following organic growth assumptions: Mail Solutions' sales remaining more or less stable and double-digit growth for Communication & Shipping Solutions.

Turning to earnings performance, the Group confirms its expectation of achieving a current operating margin³ before acquisition-related expenses of between 22.5% and 23.5% of sales.

Denis Thiery concluded: ***"We are confident in our ability to achieve the guidance we announced for the full year. The performance delivered by Mail Solutions will improve, especially in the United States. We will also benefit from the start-up of Packcity, our automated locker network in France in the second half of the year. Meanwhile, opportunities for commercial synergies across our business lines are increasing. The acquisition of SPSI marks a new stage in the expansion of our Communication & Shipping Solutions portfolio. SPSI is set to become the cornerstone of growth strategy for all our Shipping solutions in the US. "***

Calendar

The AGM will be held in Paris on 1 July 2014. Second-quarter sales will be published on 4 September 2014, after market close.

³ Excluding new acquisitions.

ABOUT NEOPOST

NEOPOST IS THE EUROPEAN LEADER and the number two worldwide supplier of Mail Solutions, as well as an increasingly significant player in the fields of Communication and Shipping Solutions. As a specialist provider of mailroom equipment, Neopost supplies the most technologically advanced solutions for metering, folding/inserting and addressing, providing a full range of services, including consultancy, maintenance and financing solutions. Neopost is also progressively building a portfolio of new activities to enhance its offering and support its clients' needs in the fields of Customer Communications Management, Data Quality and Logistics Solutions. With a direct presence in 31 countries and 6,100 employees, Neopost posted annual sales of €1.1 billion in 2013. Its products and services are sold in more than 90 countries.

Neopost is listed in Compartment A of Euronext Paris and belongs notably to the SBF 120 index.

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Appendix:

Sales by distribution network

Sales <i>(in € million)</i>	Q1 2014			
	NIO	CSS DU	Elimination	Total
<i>Mail Solutions</i>	212.3	-	-	212.3
<i>Communication & Shipping Solutions</i>	22.6	26.9	(4.4)	45.1
Total sales	234.9	26.9	(4.4)	257.4

Glossary

- **Mail Solutions:** mail metering systems, document management systems (folders/inserters for offices, mail rooms and production; other mail room equipment) and related services
- **Communication & Shipping Solutions (CSS):** data quality, customer communication management solutions, logistics solutions, document finishing solutions and graphics solutions
- **Neopost Integrated Operations:** Neopost subsidiaries developing, producing and distributing Neopost products and services
- **CSS Dedicated Units:** Neopost ID, Satori, Human Inference, GMC Software Technology and DMTI Spatial, ProShip.

