

Q2 2014 SALES**SIGNIFICANT IMPROVEMENT IN GROWTH IN Q2 2014**

- Sales up 1.4%, i.e. +3.2% at constant exchange rates
- Organic growth<sup>1</sup> of 1.2%

**OUTLOOK FOR 2014 UNCHANGED**

- 2014 organic sales growth expected between +1% and +3%
- 2014 current operating margin before acquisition-related expense<sup>2</sup> expected between 22.5% and 23.5%

**Paris, 4 September 2014**

Neopost, the number two world-wide supplier of mail solutions and a major player in communication and shipping solutions, today announced consolidated sales totaling €273.3 million for Q2 2014 (period ended on 31 July 2014), a 1.4% increase on Q2 2013. At constant exchange rates, sales were up 3.2%. Organic growth<sup>1</sup> was +1.2%.

Over the first half of 2014, sales amounted to €530.7 million, a 0.6% reduction on the first half of 2013. At constant exchange rates, sales rose 1.7% and organic growth<sup>3</sup> stood at +0.4%.

Denis Thiery, Chairman and Chief Executive Officer of Neopost, commented: ***"As we anticipated, there was a significant improvement in growth in the second quarter, both for Mail Solutions and for Communication & Shipping Solutions. In North America, the Group saw a return to solid growth while the performance in Europe and in the Rest of the World remained strong. We are on track to achieve our annual targets. "***

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<sup>1</sup> Q2 2014 sales are compared with Q2 2013 sales with the addition of €5.3 million in sales generated by DMTI (3 months), ProShip (SPSI, 3 months) and DCS (3 months).

<sup>2</sup> Current operating margin before acquisition-related expense = current operating income before acquisition-related expense/sales

<sup>3</sup> H1 2014 sales are compared with H1 2013 sales with the addition of €7.1 million in sales generated by DMTI (6 months), ProShip (SPSI, 3 months) and DCS (3 months).

## Change in sales by business line

€ million	Q2 2014	Q2 2013	Change	Change at constant exchange rates	Q2 2013 Restated	Organic change <sup>1</sup> (at constant exchange rates)
Mail Solutions	219.5	224.6	-2.3%	-0.9%	224.6	-0.9%
Communication & Shipping Solutions	53.8	44.8	+20.2%	+23.5%	50.1	+10.6%
<b>Total</b>	<b>273.3</b>	<b>269.4</b>	<b>+1.4%</b>	<b>+3.2%</b>	<b>274.7</b>	<b>+1.2%</b>

(Unaudited figures)

€ million	H1 2014	H1 2013	Change	Change at constant exchange rates	H1 2013 Restated	Organic change <sup>3</sup> (at constant exchange rates)
Mail Solutions	431.7	446.6	-3.3%	-1.5%	446.6	-1.5%
Communication & Shipping Solutions	99.0	87.1	+13.6%	+18.2%	94.2	+9.3%
<b>Total</b>	<b>530.7</b>	<b>533.7</b>	<b>-0.6%</b>	<b>+1.7%</b>	<b>540.8</b>	<b>+0.4%</b>

(Unaudited figures)

### Mail Solutions

In Q2 2014 sales from **Mail Solutions** declined (-0.9% at constant exchange rate) at a markedly slower pace than in the previous quarter. This reflected the improved equipment sales, in particular in North America and the resilience of recurring revenue. Mail Solutions accounted for 80% of Group sales in Q2 2014.

### Communication & Shipping Solutions

Sales from **Communication & Shipping Solutions** rose 23.5% in Q2 2014 at constant exchange rates, notably thanks to the acquisition of DMTI in 2013 and ProShip (SPSI) and DCS in 2014. Restated for the scope effect linked to these acquisitions, sales from Communication & Shipping Solutions enjoyed organic growth of 10.6%, despite the unfavorable basis of comparison due to the installation last year of parcel lockers for Australia Post.

Customer Communication Management continued to enjoy strong growth both in terms of direct sales of GMC Software Technology and sales by the subsidiaries of the Neopost distribution network. Data Quality saw more measured growth. Restated for last year's revenue from the deployment of the parcel lockers for Australia Post, growth remained strong in Shipping Solutions.

In total, for the first time ever, Communication & Shipping Solutions accounted for 20% of Group sales in Q2 2014.



## Change in sales by region

€ million	Q2 2014	Q2 2013	Change	Change at constant exchange rates	H1 2014	H1 2013	Change	Change at constant exchange rates
North America	<b>107.9</b>	106.2	+1.6%	+6.2%	<b>205.5</b>	211.2	-2.7%	+2.2%
Europe	<b>146.0</b>	142.2	+2.7%	+1.6%	<b>289.7</b>	281.8	+2.8%	+2.1%
<i>o/w, France</i>	<i>56.5</i>	<i>57.3</i>	<i>-1.3%</i>	<i>-1.3%</i>	<i>112.1</i>	<i>114.1</i>	<i>-1.8%</i>	<i>-1.8%</i>
Asia-Pacific	<b>18.4</b>	20.1	-8.5%	-2.7%	<b>33.7</b>	38.9	-13.2%	-4.1%
Other	<b>1.0</b>	0.9	+9.3%	+12.2%	<b>1.8</b>	1.8	+1.3%	+5.6%
<b>Total</b>	<b>273.3</b>	<b>269.4</b>	<b>+1.4%</b>	<b>+3.2%</b>	<b>530.7</b>	<b>533.7</b>	<b>-0.6%</b>	<b>+1.7%</b>

(Unaudited figures)

### North America

In North America the Group achieved renewed sales growth in Q2 2014, growing 6.2% at constant exchange rates. This sustained growth was notably due to higher equipment sales at Mail Solutions and to the sharp increase in sales of licenses at Communication & Shipping Solutions. The Group also benefited from the consolidation of DMTI Spatial and of ProShip (SPSI).

### Europe

In Europe, despite the ongoing tough economic climate, in particular in France, sales rose 1.6% at constant exchange rates in Q2 2014. This increase was notably due to the strong growth seen in Germany, the UK and Scandinavia as well as an improved performance in France.

### Asia-Pacific

In the Asia-Pacific region, sales declined 2.7% at constant exchange rates. It should be recalled that last year the Group earned revenue from the installation of the automated parcel lockers for Australia Post. Excluding this revenue, sales continued to grow in the Asia-Pacific region.

## Change in sales by revenue type

€ million	Q2 2014	Q2 2013	Change	Change at constant exchange rates	H1 2014	H1 2013	Change	Change at constant exchange rates
Equipment and licenses sales	<b>93.3</b>	89.5	+4.2%	+6.2%	<b>174.7</b>	172.8	+1.1%	+3.7%
Recurring revenue	<b>180.0</b>	179.9	+0.1%	+1.6%	<b>356.0</b>	360.9	-1.3%	+0.8%
<b>Total</b>	<b>273.3</b>	<b>269.4</b>	<b>+1.4%</b>	<b>+3.2%</b>	<b>530.7</b>	<b>533.7</b>	<b>-0.6%</b>	<b>+1.7%</b>

(Unaudited figures)

### Sales of equipment and licenses

Sales of equipment and licenses moved ahead 6.2% at constant exchange rates. This performance was the result of both almost unchanged sales at Mail Solutions and strong growth in sales of licenses at Communication & Shipping Solutions.

Sales of equipment and licenses accounted for 34% of sales in Q2 2014.

### Recurring revenue

Recurring revenue was up 1.6% at constant exchange rates. In Mail Solutions, Neopost continued to see growth in revenue from leasing, financing and maintenance services whereas revenue from rentals and supplies continued to decline. In Communication & Shipping Solutions, recurring revenue was up sharply.

Recurring revenue accounted for 66% of sales in Q2 2014.

### Outlook unchanged

Following a Q2 2014 in line with its expectations, Neopost confirms expecting organic sales growth of between +1% and +3% for 2014. To this end, the Group made the following assumptions regarding organic growth: sales more or less stable at Mail Solutions and double-digit growth at Communication & Shipping Solutions.

On the earnings front, the Group confirms expecting a current operating margin<sup>4</sup> before acquisition-related expenses of between 22.5% and 23.5% of sales, despite the dilutive effects of recent acquisitions, DCS and ProShip (SPSI).

Denis Thiery concludes: ***"While we have achieved higher sales in Mail Solutions, the Group's organic growth will continue to improve in the second half thanks to accelerated growth at Communication & Shipping Solutions. We are in particular counting on sales synergies from the acquisitions, the roll-out of the traceability solutions contract with the French Army and the launch of the Packcity parcel lockers network in France."***

### Calendar

Interim results will be published on 30 September 2014 after market close. Q3 sales will be published on 1 December 2014 after market close.

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<sup>4</sup> Excluding new acquisitions.

## ABOUT NEOPOST

**NEOPOST** is the number two world-wide supplier of Mail Solutions as well as an increasingly significant player in the fields of Communication and Shipping Solutions. As a provider of mailroom equipment, Neopost supplies the most technologically advanced solutions for franking, 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 Shipping Solutions.

With a direct presence in 31 countries and 6,200 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 the A compartment of Euronext Paris and belongs notably to the SBF 120 index.

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## Appendix:

### Breakdown of sales by distribution network

Sales (€ million)	Q2 2014				H1 2014			
	NIO	CSS DU	Elimination	Total	NIO	CSS DU	Elimination	Total
Mail Solutions	219.5	-	-	<b>219.5</b>	431.7	-	-	<b>431.7</b>
Communication & Shipping Solutions	26.2	32.9	(5.3)	<b>53.8</b>	48.8	59.9	(9.7)	<b>99.0</b>
<b>Total</b>	<b>245.7</b>	<b>32.9</b>	<b>(5.3)</b>	<b>273.3</b>	<b>480.5</b>	<b>59.9</b>	<b>(9.7)</b>	<b>530.7</b>

## Glossary

- **Mail Solutions:** mail metering systems, document management systems (folders/inserters for offices, mailrooms; other mailroom 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 operating companies engineering, producing and distributing Neopost products and services
- **CSS Dedicated Units:** DCS, DMTI Spatial, GMC Software Technology, Human Inference, Neopost ID, Satori Software, ProShip (SPSI)

