

## AS EXPECTED, SALES DOWN IN THE THIRD QUARTER OF 2007:

- Third-quarter sales down 1.3% at constant exchange rates
- Nine-month sales up 4.8% at constant exchange rates

## NEW 2007 OUTLOOK CONFIRMED:

- Full-year sales growth of around 2% excluding currency effects
- Current operating margin of around 26%

Paris, 4 December 2007

Neopost, the European leader and number two worldwide supplier of mailroom solutions, today announced consolidated sales of €212.1m for the third quarter of its 2007 financial year (three months ended 31 October 2007). This represents a decline of 4.4% relative to the year-earlier period. At constant exchange rates, sales were down 1.3%. In the first nine months of the financial year, Neopost's sales totalled €682.6m, an increase of 4.8% at constant exchange rates.

Denis Thiery, Neopost's CEO, made the following comments: *"As we announced on 30 October, we are currently experiencing difficult market conditions in the USA. The UK sales performance compares with particularly strong market conditions last year. Nevertheless, we maintained firm growth in all our other markets, and benefited from excellent performance in our document systems business line."*

### Sales by geographical zone

#### Sales

<i>in € million</i>	Q3 2007	Q3 2006	Change	Change excluding exchange-rate effects	9 months 2007	9 months 2006	Change	Change excluding exchange-rate effects
North America	75.8	91.3	-17.0%	-10.3%	271.1	277.1	-2.1%	+5.9%
France	58.4	56.3	+3.7%	+3.7%	186.6	177.2	+5.3%	+5.3%
UK	37.6	43.3	-13.2%	-11.7%	110.2	116.6	-5.5%	-5.9%
Germany	15.8	13.3	+19.2%	+19.2%	44.6	40.1	+11.1%	+11.1%
Rest of the world	24.5	17.8	+38.0%	+38.7%	70.1	61.3	+14.3%	+14.8%
<b>Total</b>	<b>212.1</b>	<b>222.0</b>	<b>-4.4%</b>	<b>-1.3%</b>	<b>682.6</b>	<b>672.3</b>	<b>+1.5%</b>	<b>+4.8%</b>

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**North America**

Excluding currency effects, sales in the third quarter of 2007 were 10.3% lower than in the third quarter of 2006. This decline resulted from three factors:

- The base for comparison was particularly high, since sales in the third quarter of 2006 received a major boost from the decertification programme that ended in December 2006.
- Business levels also slowed relative to the second quarter of 2007, when sales jumped by 22% following the adoption of "Shape-Based Pricing", a new way of calculating postage costs based on both weight and shape.
- Economic conditions have also become tougher in the USA, and replacements of machines in the next round of decertification, scheduled to end in December 2008, have not yet begun.

In the first nine months of 2007, sales were up 5.9% excluding currency effects.

**France**

Sales in the third quarter of 2007 were 3.7% higher than in the third quarter of 2006. In the first nine months, sales were up 5.3%.

**UK**

As expected, sales in the third quarter of 2007 fell year-on-year. Performance in the year-earlier period had been exceptionally strong due to equipment sales, arising from a change in the way postage costs are calculated ("Pricing in Proportion"). Excluding exchange-rate effects, third-quarter sales came in down 11.7%, while sales for the first nine months of 2007 were only 5.9% down.

**Germany**

Sales in the third quarter of 2007 grew 19.2% year-on-year. This excellent growth was driven by Neopost's strong momentum and, to a lesser extent, the acquisition of a distributor in Northern Germany. In the first nine months, sales were up 11.1%.

**Rest of the world**

Excluding exchange-rate effects, sales in the third quarter of 2007 were 38.7% higher than in the third quarter of 2006. The main growth driver was a series of export contract wins, while the consolidation of the Swiss distributor acquired in July 2007 also had a positive impact. In the first nine months of 2007, Neopost achieved sales growth of 14.8% excluding exchange-rate effects.

**Breakdown of sales by business line and type of activity**

In the third quarter of 2007, excluding currency effects, mailing systems sales were down 5.9% (up 2.8% in the first nine months), while sales of document and logistics systems rose by 14.0% (10.9% in the first nine months of 2007). These figures show the good fit between Neopost's two main business areas: growth in mailing systems was very strong in 2006, while document systems are generating robust growth this year. In the third quarter of 2007, 73% of sales came from mailing systems and 27% from document and logistics systems. Over nine months, the breakdown is 74/26.

Excluding currency effects, equipment sales fell by 16.7% in the third quarter (-5.5% in the first nine months), mainly due to the US and UK markets, while recurrent revenue rose by 9% (up 11.8% in the first nine months). These figures once again show the strength of Neopost's business model: after strong equipment sales in 2006, recurrent revenue (from financial services, sales of consumables and maintenance) is showing firm growth in 2007. In the third quarter of 2007, recurrent revenue accounted for 66% of sales, versus 34% for equipment sales. Over nine months, the breakdown is 64/36.

**Main events in Q3 2007**

In the third quarter of 2007, Neopost continued to strengthen its distribution network with the acquisition of one distributor in Germany and two in the USA (Miami and Tampa).

**Earnings and financial position**

Taking into account performance in the third quarter of 2007, Neopost's current operating margin is in line with the Group's full-year expectations.

Neopost has a very healthy financial position. The Group's policy involves acquiring distributors and other companies that strengthen its core business, developing financial services and returning cash to shareholders. This is naturally leading to an increase in gearing. However, gearing remains very low given Neopost's financing activities (equipment rental, leasing and postage financing).

**Outlook**

Market conditions remain tough in the USA. Sales from the next round of decertification, scheduled to end in December 2008, will only start in 2008.

Against this background, Neopost confirms the new sales target it announced on 30 October 2007, i.e. full-year growth of around 2% excluding currency effects. Neopost expects sales to fall more sharply in the fourth quarter than they did in the third on a year-on-year basis, mainly because Q4 2006 figures were boosted by a postal rate change in France as well as the end of the 2006 decertifications in the US and Canada.

The Group also confirms its new current operating margin target of about 26.0% in 2007, the same as in 2006.

As regards 2008, Neopost confirms that sales growth excluding currency effects should be stronger than in 2007, mainly due to the US decertification programme scheduled to end in December 2008. Current operating margin should also improve relative to 2007 (excluding the PFE acquisition).

On a medium-term view, market conditions remain positive, particularly due to ongoing technological developments and postal deregulation in Europe. Neopost's development model will continue to pay off in the form of growing sales and productivity gains.

Denis Thiery concluded: ***"2007 will be in the end a transitional year for Neopost, coming after our excellent performance in 2006 and before our anticipated return to stronger growth in 2008. The Group's fundamentals are solid, and this means that we can look to the future with confidence."***

**Calendar**

Sales figures for the fourth quarter of 2007 will be published after market close on 4 March 2008.

Full year 2007 figures will be published after market close on 1 April 2008.

## 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 4,900 employees and annual sales of €918.5 million in 2006. 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 Eurolist by Euronext Paris. Its market capitalisation is €2 billion.

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