

NEOPOST REPORTS A SLIGHTLY POSITIVE THIRD QUARTER 2018

- ▶ **Third quarter 2018 sales up +0.8%**
- ▶ **+0.2% organic growth, broken down as:**
 - **Enterprise Digital Solutions: +12.0%**
 - **Neopost Shipping: +12.6%**
 - **SME Solutions: -1.7%**
- ▶ **Guidance unchanged for full-year 2018**

Paris, December 3, 2018

Neopost, a global leader in digital communications, shipping and mail solutions, today announced third quarter 2018 sales (period ended October 31, 2018). Consolidated sales totaled €265 million, up +0.8%, or +0.2% on an organic basis, versus third quarter 2017.

Sales for combined Communication & Shipping Solutions activities grew +10.7% on an organic basis and now account for 31% of total sales, up from 28% one year earlier. Mail Solutions sales were down -4% on an organic basis, within the range observed in recent fiscal years. Recurring revenue grew +1.8% organically driven by new businesses. Recurring revenue increases as a share of Group sales, accounting for 71% of the total.

Sales for 9M 2018 totaled €792 million, down -3.5% on the year-earlier figure. Excluding currency and scope effects¹, sales were almost stable (-0.2%).

Geoffrey Godet, Chief Executive Officer of Neopost, commented: ***"We delivered a relatively good performance in the third quarter. Double-digit organic growth in combined Communication & Shipping Solutions activities was in line with our expectations and helped to offset the decline in revenue from Mail Solutions. The contraction in Mail Solutions remains within the range observed in the past three years. Based on these results, we confirm our guidance for full-year 2018."***

¹ 9M 2018 sales are compared with sales for the same period in 2017, minus €1.8 million for the disposal of DMTI Spatial (five months and one week).

SALES BY DIVISION

€ million	Q3 2018	Q3 2017	Change	Change at constant exchange rates	Organic change
Enterprise Digital Solutions	36	33	+12.4%	+12.0%	+12.0%
Neopost Shipping	16	14	+13.2%	+12.6%	+12.6%
SME Solutions	219	221	-1.1%	-1.7%	-1.7%
Eliminations	(6)	(5)	-	-	-
Total	265	263	+0.8%	+0.2%	+0.2%

(Unaudited data)

€ million	9M 2018	9M 2017	Change	Change at constant exchange rates	Organic change ¹
Enterprise Digital Solutions	105	102	+3.7%	+7.0%	+8.9%
Neopost Shipping	47	41	+14.8%	+18.5%	+18.5%
SME Solutions	658	694	-5.3%	-2.2%	-2.2%
Eliminations	(18)	(16)	-	-	-
Total	792	821	-3.5%	-0.5%	-0.2%

(Unaudited data)

Enterprise Digital Solutions (EDS)

Enterprise Digital Solutions (EDS) sales rose +12.0% to €36 million on an organic basis in **Q3 2018**.

The **Customer Communications Management** business posted double-digit growth, driven by the increase in revenue across maintenance, service and license sales. The Group continues to adapt its sales model, notably with a focus on sales team organization. **Data Quality** sales declined slightly.

In the **first nine months of 2018**, organic¹ growth in sales generated by the Enterprise Digital Solutions division came in at +8.9%.

Neopost Shipping

Neopost Shipping sales amounted to €16 million in **third quarter 2018**, an organic increase of +12.6%. As expected, this increase was lower than in the first half of 2018.

The Packcity parcel lockers in Japan once again delivered a strong performance, reflecting the significant locker roll-out since mid-2017. However, the pace of new parcel lockers installations slowed during the quarter to an average of 80 per month. Two new CVP-500 automated packing systems were placed in Q3 2018, matching the number for the same period last year. Software solutions sales continued to decline reflecting the gradual disposal of some applications.

In the **first nine months of 2018**, organic sales growth generated by Neopost Shipping came in at +18.5%.

SME Solutions

At €219 million, sales for the **SME Solutions** division were down -1.7% on an organic basis in **third quarter 2018**.

Mail Solutions sales fell -4.0% on an organic basis compared with the same prior-year period, in a performance that remained within the range recorded during previous fiscal years. The decline continued to be slower in North America compared with Europe.

Organic growth in **Communication & Shipping Solutions** sales by the SME Solutions division was +11.1%. Excluding graphics, where the pace of decline slowed this quarter, digital communication and shipping solutions delivered above 20% organic growth.

In the **first nine months of 2018**, sales generated by the SME Solutions division declined -2.2% on an organic basis.

GENERAL OVERVIEW OF FINANCIAL POSITION

Savings plans

The Group continues its drive to adjust the cost structure in the SME Solutions division to tackle both the decline in Mail Solutions and the growth in the digital communication and shipping solutions segment, while maintaining its high operating margin.

Financial position

Neopost's financials are sound. The Group continues to benefit from the natural euro/US dollar and euro/sterling hedge — protecting its operating margin. Cashflow generation remains strong and its net debt continues to be exclusively related to financing rental, leasing and postage financing activities.

Dividend

As previously indicated, the Group's shareholder return policy will be announced during the Capital Markets Day on January 23, 2019.

GUIDANCE UNCHANGED FOR 2018

Neopost confirms its expectation of an organic decline in **annual sales** in full-year 2018, as follows:

- ▶ Enterprise Digital Solutions: high single-digit growth expected;
- ▶ Neopost Shipping: double-digit growth expected, but well below 9M 2018 performance;
- ▶ SME Solutions: continued decline in Mail Solutions at a pace that, based on trends from previous fiscal years, should remain between -4% to -6%; double-digit growth in Digital communication & Shipping solutions; decline in graphic activities.

The Group confirms its **current operating margin** should be above 17% for full-year 2018.

Neopost will continue to generate high **operating cashflow**.

CALENDAR

Neopost will schedule a Capital Market Day outlining the Group's new strategy on January 23, 2019 in Paris.

ABOUT NEOPOST

NEOPOST is a global leader in digital communications, logistics and mail solutions. Its mission is to help companies improve the way they manage interactions with their clients and partners. Neopost provides the most advanced solutions for physical mail processing (mailing and folder-inserter systems), digital communication management (Customer Communications Management and Data Quality applications), and supply chain and e-commerce process optimization (from point of sale to delivery, including associated tracking services).

With a direct presence in 29 countries and more than 5,800 employees, Neopost reported annual sales of €1.1 billion in 2017. Its products and services are sold in more than 90 countries. Neopost is listed in compartment A of Euronext Paris and belongs to the SBF 120 index.

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APPENDICES:

Glossary

- **Enterprise Digital Solutions (EDS):** division offering Customer Communications Management and Data Quality solutions for large companies. This division includes GMC Software, Human Inference, and Satori, now grouped under Quadient, and icon Systemhaus.
- **Neopost Shipping:** division offering management solutions for shipping and delivery; tracking of goods and merchandise for players in e-commerce, distribution and carriers. This division includes ProShip and Temando.
- **SME Solutions:** division offering Mail Solutions products and services for small and mid-sized enterprises, the Group's long-standing customers. This division also delivers digital, shipping and graphic solutions for the same customer base.
- **Mail Solutions:** mailing systems, document management systems (folder/inserter for office and mailroom; other mail room equipment) and related services.
- **Communication & Shipping Solutions:** digital solutions software (customer communications management and data quality software), shipping and graphic solutions.

Q3 sales by division

€ million	Q3 2018	Q3 2017	Change	Change at constant exchange rates	Organic change
Mail solutions	182	188	-3.0%	-4.0%	-4.0%
Communication & Shipping Solutions	83	75	+10.4%	+10.7%	+10.7%
Total	265	263	+0.8%	+0.2%	+0.2%

(Unaudited data)

€ million	9M 2018	9M 2017	Change	Change at constant exchange rates	Organic change ¹
Mail solutions	554	594	-6.8%	-3.9%	-3.9%
Communication & Shipping Solutions	238	227	+4.9%	+8.6%	+9.5%
Total	792	821	-3.5%	-0.5%	-0.2%

(Unaudited data)

Q3 sales by region

€ million	Q3 2018	Q3 2017	Change	Change at constant exchange rates	Organic change
North America	122	116	+4.9%	+2.7%	+2.7%
Europe	123	123	-0.4%	-0.4%	-0.4%
Asia-Pacific and others	20	23	-13.1%	-9.5%	-9.5%
Total	265	263	+0.8%	+0.2%	+0.2%

(Unaudited data)

€ million	9M 2018	9M 2017	Change	Change at constant exchange rates	Organic change ¹
North America	353	367	-4.1%	+1.1%	+1.6%
Europe	378	386	-2.0%	-1.4%	-1.4%
Asia-Pacific and others	61	68	-9.5%	-3.6%	-3.6%
Total	792	821	-3.5%	-0.5%	-0.2%

(Unaudited data)

Q3 sales by revenue type

€ million	Q3 2018	Q3 2017	Change	Change at constant exchange rates	Organic change
Equipment and license sales	77	80	-3.1%	-3.6%	-3.6%
Recurring revenue	188	183	+2.5%	+1.8%	+1.8%
Total	265	263	+0.8%	+0.2%	+0.2%

(Unaudited data)

€ million	9M 2018	9M 2017	Change	Change at constant exchange rates	Organic change ¹
Equipment and license sales	231	256	-9.7%	-6.6%	-6.3%
Recurring revenue	561	565	-0.7%	+2.3%	+2.5%
Total	792	821	-3.5%	-0.5%	-0.2%

(Unaudited data)