

A RETURN TO GROWTH IN THE THIRD QUARTER OF 2009:

- Sales up 1.0% at constant exchange rates

INTERIM DIVIDEND:

- Set at €1.65 per share payable in shares or cash

OUTLOOK FOR 2009:

- At constant exchange rates, sales now expected to be close to 2008 level
- Confirmation of current operating margin¹ of at least 25.7% of sales

Paris, 1 December 2009

Neopost, the European leader and the world's number-two supplier of mailroom solutions, today announced consolidated sales of €215.2 million for the third quarter of the 2009 financial year (ended 31 October 2009), a fall of 2.2% relative to the same period in 2008, but an increase of 1.0% at constant exchange rates. In the first nine months of 2009, sales were stable relative to 2008, at €672.6 million, but were 0.9% lower at constant exchange rates.

Denis Thiery, CEO of Neopost, stated: *"Having well resisted in the first half, we returned to growth in the third quarter of this year, despite continuing difficult market conditions. This strong performance is based on the growth trend in our recurring revenue and on an improvement in equipment sales compared to previous quarters."*

Sales by region

€ million	Q3 2009	Q3 2008	Change	Change at constant exchange rates
North America	82.6	85.1	-2.8%	+0.3%
France	60.4	60.8	-0.7%	-0.7%
UK	27.9	30.5	-8.7%	+2.5%
Germany	17.6	18.3	-3.8%	-3.0%
Rest of world	26.7	25.4	+5.1%	+8.1%
Total	215.2	220.1	-2.2%	+1.0%

(Unaudited figures)

9 months 2009	9 months 2008	Change	Change at constant exchange rates
262.6	239.2	+9.8%	+1.9%
193.9	199.9	-3.0%	-3.0%
86.3	97.8	-11.7%	-0.8%
51.7	54.5	-5.2%	-4.2%
78.1	81.5	-4.1%	-1.6%
672.6	672.9	+0.0%	-0.9%

¹ Current operating income/sales

North America

Third quarter sales rose 0.3% at constant exchange rates compared with the third quarter of 2008, which benefited from the beginning of the last phase of decertification of non-digital franking machines. The recovery in equipment sales that began in the second quarter of 2009 was confirmed. Over the first nine months, sales at constant exchange rates rose by 1.9%.

France

As expected, the situation has stabilised. Sales were down 0.7% in the third quarter of 2009. Since 1 February 2009, sales have fallen by 3.0% relative to the first nine months of 2008. This decline was due mainly to lower business levels at Neopost ID and Valipost.

UK

As forecasted, Neopost saw a return to growth in the third quarter of 2009, due to improved market conditions on the one hand and a favourable basis of comparison on the other hand. At constant exchange rates, sales grew by 2.5% compared with the third quarter of 2008. Over the first nine months of the year, the decline in sales at constant exchange rates was limited to 0.8%.

Germany

Compared with the second quarter, Neopost saw an improvement in equipment sales. At constant exchange rates the Group's sales fell by 3.0% in the third quarter of 2009 relative to the same period in 2008 which experienced a high level of activity. This decline was mainly due to a fall in sales of document systems relating to the OEM contract, a phenomenon that has been ongoing since the beginning of the financial year. Over the first nine months of the year, sales were down by 4.2% at constant exchange rates.

Rest of world

The Group saw a return to growth in the third quarter of 2009, with sales rising 8.1% at constant exchange rates relative to the third quarter of 2008. This growth was due to a recovery in export activity, a strong resistance from European subsidiaries, a more favourable basis of comparison and the effects of the acquisition of a distributor in Sweden (June 2009). In the nine months since 1 February 2009, sales at constant exchange rates are down 1.6%.

Breakdown of sales by business line and activity

€ million	Q3 2009	Q3 2008	Change	Change at constant exchange rates	9 months 2009	9 months 2008	Change	Change at constant exchange rates
Equipment sales	63.7	72.0	-11.5%	-8.3%	195.2	221.8	-12.0%	-11.8%
Recurring revenue	151.5	148.1	+2.3%	+5.4%	477.4	451.1	+5.8%	+4.5%
Total	215.2	220.1	-2.2%	+1.0%	672.6	672.9	+0.0%	-0.9%

(Unaudited figures)

During the third quarter of 2009, with economic conditions remaining difficult, the drop in equipment sales at constant exchange rates (-8.3%) was smaller than in the previous quarters (-13.5% in the first half of 2009). Overall, equipment sales were down 11.8% in the first nine months of the year.

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However, recurring revenue (leasing, postage financing, maintenance, services and supplies) rose further, up 5.4% at constant exchange rates in the third quarter, and by 4.5% at constant exchange rates over the first nine months, accounting for 71.0% of total sales.

€ million	Q3 2009	Q3 2008	Change	Change at constant exchange rates	9 months 2009	9 months 2008	Change	Change at constant exchange rates
Mailing systems	151.1	156.4	-3.4%	+0.1%	484,5	482.3	+0.5%	-0.8%
Document and logistics systems	64.1	63.7	+0.6%	+3.2%	188.1	190.6	-1.3%	-1.1%
Total	215.2	220.1	-2.2%	+1.0%	672.6	672.9	+0.0%	-0.9%

(Unaudited figures)

Sales of mailing systems were stable, at constant exchange rates, in the third quarter. Over the first nine months they were down 0.8%, accounting for 72.0% of total sales.

Sales of document and logistics systems rose 3.2% at constant exchange rates in the third quarter. This was the second consecutive quarter of growth. Amongst other reasons, this strong performance relates to the successful roll-out of PFE products within Neopost's distribution network. Sales were still down 1.1% at constant exchange rates for the first nine months of the year.

Other recent events

The Group reminds having acquired early September Satori Software in the United States, one of the world market leaders in postal address quality management tools.

The Group continued to strengthen its direct distribution in Scandinavia, through the acquisition of a distributor in Denmark at the beginning of November.

Results and financial position

Current operating margin in the first nine months is in line with the Group's expectations for the full year.

The optimisation programme launched early 2008 is now nearing completion. As previously announced, this programme will require no additional provisions and by 2010 is likely to generate savings of about €6 million to €7 million per year.

In mid-September 2009, Neopost made a €175 million private placement with the Natixis / Banque Populaire / Caisse d'Epargne group, in the form of a revolving credit line expiring in September 2014².

In mid-October, the Group also successfully issued €300 million of OCEANE convertible bonds maturing on 1 February 2015³.

² This credit line is subject to an interest rate set at Euribor + 190bp.

³ The nominal value of the bonds, which can be converted into shares on a one-for-one basis (subject to subsequent adjustments) was set at €82.81, a premium of 30% to the reference price, with the coupon set at 3.75%.

These two issues allowed the Group to diversify its financial resources and extend their maturity profile.

Interim dividend

In accordance with the policy introduced last year, Neopost's shareholders will benefit from the payment of an interim dividend.

The Board of Directors, meeting on 30 November 2009, set the interim payment against the dividend for the current year at €1.65 per share. Shareholders may elect to receive the interim dividend in shares during a period running from 10 December 2009 to 28 December 2008. The issue price of shares provided in payment of the interim dividend is set at €54.46⁴. If the value of the dividend on which the option is exercised does not correspond to a whole number of shares, the shareholder may receive the next lowest whole number of shares with the balance paid in cash.

The ex-dividend date is set on 10 December 2009 and payment in shares or in cash will be made on 11 January 2010.

The balance of the dividend will be paid during 2010 summer, once the Board of Directors has proposed and the General Meeting of Shareholders has approved the final amount. The Group points out that the amount of the interim dividend in no way prejudices the amount of the final dividend.

Outlook for 2009

Business levels in the third quarter confirmed the signs of improvement that had already been noted in North America and the UK, and indicated a stabilisation of equipment sales in Continental Europe and a recovery in exports. Recurring revenue continued to grow strongly. However, the improvement in equipment sales has been somewhat weaker than expected, and will not be sufficient to allow the Group to meet its previously announced sales growth target of around 1% at constant exchange rates.

Under these circumstances, the Group is now targeting 2009 sales at constant exchange rates close to 2008 level.

However, Neopost confirmed once again that current operating margin should reach at least 25.7% of sales in 2009.

Denis Thiery concluded: ***"Having grown by more than 6% last year, Neopost is likely to finish this year of global economic recession with sales more or less stable at constant exchange rates. Looking further ahead, we should benefit from continued growth in our recurring revenue and from a slow but steady improvement in hardware sales. We are therefore confident for the coming quarters."***

⁴ The issue price for shares used in payment of the interim dividend corresponds to 93% of the average opening price of the Company's shares on Euronext Paris over the twenty trading days prior to the day on which the decision to pay the interim dividend was made, less the net value of the interim dividend, rounded up to the nearest one-hundredth of a euro.

Calendar of events

Sales for the fourth quarter of 2009 are due on 2 March 2010 after market close.

ABOUT NEOPOST

NEOPOST IS THE EUROPEAN LEADER and number two world-wide supplier of mailing solutions. It has a direct presence in 18 countries, with 5.400 employees and annual sales of €918 million in 2008. 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 Euronext Paris and belongs to the CAC Next 20 Index.

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