

## SUSTAINED SALES GROWTH IN THE THIRD QUARTER OF 2008

- Q3 2008 sales up 7.5% at constant exchange rates

## FY 2008 TARGETS UNCHANGED

- Sales growth of at least 6% excluding currency effects
- A 50 basis point improvement in the current operating margin <sup>(1)</sup>

Paris, 2 December 2008

Neopost, the European leader and the world's number-two supplier of mailroom solutions, today announced consolidated sales of €220.1 million for the third quarter of 2008 (ended 31 October 2008), a 3.8% increase relative to the third quarter of 2007. At constant exchange rates, sales were up 7.5%. In the first nine months of the financial year, the Group generated sales of €672.9 million, up 5.0% at constant exchange rates.

These figures integrate the sales of PFE<sup>(2)</sup>, a British firm specializing in high-volume folders/inserters acquired by Neopost in early March 2008.

Denis Thiery, CEO of Neopost, stated: *"As expected, we generated strong growth in North America in the third quarter, while sales held up well in Europe despite the tough economic environment."*

### Sales by region (unaudited figures)

€ million	Q3 2008 <sup>(3)</sup>	Q3 2007	Change	Change at constant exchange rates	9 months 2008 <sup>(3)</sup>	9 months 2007	Change	Change at constant exchange rates
North America	85.1	75.8	+12.2%	+15.3%	239.2	271.1	-11.8%	-2.6%
France	60.8	58.4	+4.1%	+4.1%	199.9	186.6	+7.2%	+7.2%
UK	30.5	37.6	-18.7%	-6.3%	97.8	110.2	-11.2%	+2.7%
Germany	18.3	15.8	+15.5%	+16.9%	54.5	44.6	+22.3%	+24.1%
Rest of world	25.4	24.5	+3.6%	+6.1%	81.5	70.1	+16.2%	+19.4%
<b>Total</b>	<b>220.1</b>	<b>212.1</b>	<b>+3.8%</b>	<b>+7.5%</b>	<b>672.9</b>	<b>682.6</b>	<b>-1.4%</b>	<b>+5.0%</b>

(1) Compared to the restated 2007 margin (current operating income/sale) of 25.2% which integrates PFE over 11 months

(2) Sales of PFE activities acquired by Neopost were about £26 million in 2007

(3) Including PFE consolidated as of 1 March 2008

## North America

As expected, third-quarter 2008 sales grew strongly, rising by 15.3% excluding currency effects relative to third-quarter 2007, which was a low base for comparison. Equipment sales rose sharply, reversing the trend seen in the previous four quarters. This strong performance is attributable to Neopost's sales teams, which showed their dynamism in taking full benefits from the new range of IS mailing systems and the decertification. In the first nine months of the year, the decline in sales was limited to 2.6% excluding currency effects.

## France

Business levels remained firm in third-quarter 2008. Sales were up 4.1% year-on-year. In the first nine months of the year, sales grew by 7.2%.

## UK

In the third quarter of 2008, against a tougher economic background, sales fell by 6.3% excluding currency effects relative to the third quarter of 2007, when the UK business benefited from a postal rate change. In addition to this high base for comparison, third-quarter 2008 sales growth suffered from the postponement of some deliveries at the very end of the period. Sales in the first nine months of 2008 rose by 2.7% excluding currency effects.

## Germany

The Group maintained its excellent performance with year-on-year sales growth of 16.9% in third-quarter 2008, excluding currency impacts, mainly due to Neopost's strong momentum in Germany. Sales were up 24.1% in the first nine months.

## Rest of world

Excluding currency effects, sales in the third quarter of 2008 were 6.1% higher than in the third quarter of 2007. Growth was slower than in previous quarters which were benefiting from the positive scope effect of acquisitions of dealers in Switzerland. Third-quarter 2008 also met tougher export conditions. Nine-month sales grew by 19.4% excluding currency effects.

## Breakdown of sales by business line and activity

<i>€ million</i>	Q3 2008	Q3 2007	Change	Change at constant exchange rates	9 months 2008	9 months 2007	Change	Change at constant exchange rates
Mailing systems	<b>156.3</b>	155.3	+0.7%	+4.0%	<b>482.2</b>	504.3	-4.4%	+2.1%
Document and logistics systems	<b>63.8</b>	56.8	+12.3%	+16.8%	<b>190.7</b>	178.3	+6.9%	+13.0%
<b>Total</b>	<b>220.1</b>	<b>212.1</b>	<b>+3.8%</b>	<b>+7.5%</b>	<b>672.9</b>	<b>682.6</b>	<b>-1.4%</b>	<b>+5.0%</b>

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<i>€ million</i>	Q3 2008	Q3 2007	Change	Change at constant exchange rates	9 months 2008	9 months 2007	Change	Change at constant exchange rates
Equipment sales	<b>72.0</b>	71.9	+0.1%	+5.0%	<b>221.8</b>	248.3	-10.6%	-4.3%
Recurring revenues	<b>148.1</b>	140.2	+5.7%	+8.7%	<b>451.1</b>	434.3	+3.9%	+10.2%
<b>Total</b>	<b>220.1</b>	<b>212.1</b>	<b>+3.8%</b>	<b>+7.5%</b>	<b>672.9</b>	<b>682.6</b>	<b>-1.4%</b>	<b>+5.0%</b>

The sharp rise in document systems sales resulted from the cross-selling policy, along with the successful integration of PFE. At end-October 2008, mailing systems accounted for 71% of the Group's total sales.

Equipment sales rose by 5.0% in the third quarter excluding currency effects, due in particular to a strong performance in North America.

Recurring revenues continued to grow strongly, coming in up 8.7% in the third quarter of 2008. At end-October 2008, they accounted for 67% of the Group's total sales.

### Other events

In the third quarter, the Group continued to strengthen its direct distribution with the acquisition of a distributor in the United States (Minnesota) and of PFE's Swiss distributor.

The Group finalised its plan to reorganise support functions for its US distribution operations. The plan includes closing the West-coast site in 2009, transferring the call centre activities to Dallas (Texas) and other support functions to Milford (Connecticut). This reorganisation is part of the Group's structure optimisation plan announced in March 2008. This plan, which also includes initiatives to improve R&D and the supply chain, is running to schedule, and will not require any further provisions. As previously announced, generated cost savings should amount to €6 to €7 million per year from 2010.

As part of its shareholder return policy, Neopost initiated a new €10 million share buyback programme in the third quarter of 2008.

### Profitability and financial position

The current operating margin in the first nine months of the year is in line with the Group's full-year forecast.

Neopost has a healthy financial position. The Group's policy involves acquiring distributors and other companies that strengthen or extend its core business, developing financial services and returning cash to shareholders. This is naturally leading to an increase in debt levels. At end-October 2008, debt remained low given that it is used exclusively to finance the rental, leasing and postage financing businesses.

The Group continues to generate strong cash flow, and has a €750 million revolving credit facility expiring in 2012, which provides a comfortable level of financing. It was negotiated on excellent terms in June 2007 with a consortium of 15 commercial banks.

### Outlook unchanged

In the United States, the effects of decertification started to show through in the third quarter, and should continue.

UK business levels are expected to improve in the fourth quarter. The Group will also continue benefiting from a rise in recurring revenues, along with the growing proportion of sales coming from direct distribution and its enhanced product range, thanks notably to the integration of PFE and to the IS range of franking machines.

As a result, the Group should achieve a full-year 2008 sales growth of at least 6% excluding currency fluctuations and a 50 basis point improvement in the current operating margin compared to the restated 2007 margin of 25.2%, which integrates PFE over 11 months.

To reach these goals, the Group is counting on the continuing decertification of non-digital franking machines in the United States and ongoing good performances in Europe.

As previously announced, Neopost expects to generate profitable growth in 2009.

Denis Thiery concluded: ***"Our quarterly figures have consistently shown that we remain on track to attain our 2008 targets. Although caution is required given the current economic environment, we are sticking to our objectives. We can count on the resilience of our business model and the strong motivation of all of our staff."***

### Calendar of events

Fourth-quarter sales figures will be released after the market closes on 3 March 2009.

Full-year 2008 earnings will be reported after the market closes on 31 March 2009.

## ABOUT NEOPOST

NEOPOST IS THE EUROPEAN LEADER and number two world-wide supplier of mailing solutions. It has a direct presence in 15 countries, with more than 5.000 employees and annual sales of €907.1 million in 2007. 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.

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