

FOURTH QUARTER 2014: ACCELERATION OF GROWTH IN COMMUNICATION & SHIPPING SOLUTIONS

- ▶ **Sales rose 4.6% in Q4 2014, down 0.6% at constant scope¹ and exchange rates: very strong growth in Communication & Shipping Solutions sales while Mail Solutions decreased**
- ▶ **Annual 2014 sales were up 1.6%, down 0.2% organically², in line with the Group's most recent guidance**

FORECAST 2014 OPERATING MARGIN CONFIRMED

- ▶ **2014 current operating margin (excluding acquisition-related expense³) still expected to be close to 22%**

2015 SALES OUTLOOK

- ▶ **-1 to +2% organic growth in sales projected in 2015**

Paris, 3 March 2015

Neopost, the number 2 global supplier in Mail Solutions and a major player in Digital Communication and Shipping Solutions, today announced 4.6% growth in consolidated sales to €314.2 million for fourth quarter 2014 (period ended on January 31, 2015) compared with the same period in 2013 which had seen robust levels of activity. Excluding currency effects, sales remained stable (0.1% growth). At constant scope¹ and exchange rates, sales were down 0.6% in Q4 2014, as Communication and Shipping Solutions reported robust growth, while Mail Solutions contracted.

Sales for full-year 2014 amounted to €1,113.4 million, up 1.6% year-on-year. Excluding currency effects, sales rose 1.1%, and, as expected, organic growth² was close to zero (negative 0.2%).

Denis Thiery, Neopost's Chairman and Chief Executive Officer, commented: ***"Sales in Communication & Shipping Solutions accelerated strongly in the fourth quarter. These activities now account for more than 20% of our sales and, in line with our strategy, are powerful growth drivers to offset the structural decline in mail businesses."***

¹ Q4 2014 sales are compared with Q4 2013 sales with the addition of €2.3 million in aggregate sales generated by ProShip (3 months) and DCS (3 months).

² 2014 sales are compared with 2013 sales with the addition of €14.2 million in sales generated by DMTI (9 months), ProShip (9 months) and DCS (9 months).

³ Current operating margin before acquisition-related expenses = current operating income before acquisition-related expenses/sales

SALES BY BUSINESS LINE

€ million	Q4 2014	Q4 2013	Change	Change at constant exchange rates	Q4 2013 restated	Organic change (at constant exchange rates) ¹
Mail Solutions	242.4	246.7	-1.7%	-6.2%	246.7	-6.2%
Communication & Shipping Solutions	71.8	53.8	+33.5%	+29.0%	56.1	+23.8%
Total	314.2	300.5	+4.6%	+0.1%	302.8	-0.6%

(Unaudited data)

€ million	2014	2013	Change	Change at constant exchange rates	2013 restated	Organic change (at constant exchange rates) ²
Mail Solutions	885.6	909.4	-2.6%	-3.4%	909.4	-3.4%
Communication & Shipping Solutions	227.8	186.1	+22.4%	+22.8%	200.3	+14.2%
Total	1,113.4	1,095.5	+1.6%	+1.1%	1,109.7	-0.2%

(Unaudited data)

Mail Solutions

Mail Solutions sales decreased 6.2% in fourth quarter 2014, at constant exchange rates, compared with the same period in 2013 which had seen good level of activity. The decline mainly stemmed from the reduction in recurring revenues, especially in postal rate change revenues in the United States, rentals and consumables. However, the slowdown in Mail Solutions was exacerbated by the decline in equipment sales in some regions, notably in the Nordic countries, where some major equipment deals were postponed to 2015, and in Asia Pacific where fourth quarter 2013 constituted a particularly high basis for comparison.

Mail Solutions sales accounted for 77% of Group sales in Q4 2014 and 79.5% for full-year 2014.

Communication & Shipping Solutions

Communication & Shipping Solutions posted a robust 29.0% rise in sales in the fourth quarter of 2014, at constant exchange rates. Restated for the scope effect linked to the ProShip and DCS acquisitions, organic growth in Communication & Shipping Solutions sales was a resounding 23.8%. In Customer Communication Management, Neopost benefited from the successful performance of GMC with large accounts and the sharp rise in sales of solutions to the Group's traditional clients. In Shipping Solutions, Neopost notably reaped the benefits of the continued roll-out of Packcity and the contract with the French Army General Headquarters.

Organic growth by CSS Dedicated Units⁴ in Communication & Shipping Solutions stood at 13% in fourth quarter 2014, while the Neopost distribution network (Neopost Integrated Operations⁴) saw 36% organic growth, illustrating intensified commercial synergies and the relevance of our strategy.

⁴ See glossary page 5.

Communication & Shipping Solutions sales made up 23% of Group sales in Q4 2014 and 20.5% for full-year 2014.

SALES BY REGION

€ million	Q4 2014	Q4 2013	Change	Change at constant exchange rates	2014	2013	Change	Change at constant exchange rates
North America	126.2	115.7	+9.0%	-0.5%	442.4	430.5	+2.8%	+1.9%
Europe	168.6	165.7	+1.7%	+0.7%	597.0	586.8	+1.7%	+0.8%
<i>o/w, France</i>	<i>64.7</i>	<i>65.4</i>	<i>-1.1%</i>	<i>-1.1%</i>	<i>228.5</i>	<i>234.9</i>	<i>-2.7%</i>	<i>-2.7%</i>
Asia Pacific	18.2	17.0	+6.9%	+3.2%	69.8	73.0	-4.3%	-0.5%
Other	1.3	2.0	n.s	n.s	4.2	5.2	n.s	n.s
Total	314.2	300.5	+4.6%	+0.1%	1,113.4	1,095.5	+1.6%	+1.1%

(Unaudited data)

North America

At constant exchange rates, sales in North America were slightly down by 0.5% in Q4 2014, compared with Q4 2013 which had experienced a particularly robust performance. This change was due to the decline in Mail Solutions sales with notably the lack of postal rate change in the United States, which was partially offset by the very strong growth in Communication & Shipping Solutions. In this area, Neopost recorded sustained organic growth in license sales, especially in the Customer Communication Management segment, and also benefited from the consolidation of ProShip.

Europe

Sales in Europe rose 0.7% in fourth quarter 2014, at constant exchange rates. Growth in Communication & Shipping Solutions in Europe was particularly buoyant, especially in France, the UK and the Nordic countries, where growth was close to or exceeded 50%. The decline in Mail Solutions was around 3% in the majority of European countries, but was more marked in France due to the fall in recurring revenues and in the Nordic countries where some major equipment deals were postponed.

Asia Pacific

In Asia Pacific, the Group grew sales 3.2% at constant exchange rates in the fourth quarter, despite lower equipment sales in Mail Solutions mainly due to a high basis for comparison.

SALES BY REVENUE TYPE

€ million	Q4 2014	Q4 2013	Change	Change at constant exchange rates	2014	2013	Change	Change at constant exchange rates
Sales of equipment & licences	118.1	106.7	+10.6%	+6.3%	383.9	363.2	+5.7%	+5.3%
Recurring revenue	196.1	193.7	+1.3%	-3.3%	729.5	732.3	-0.4%	-1.0%
Total	314.2	300.5	+4.6%	+0.1%	1,113.4	1,095.5	+1.6%	+1.1%

(Unaudited data)

Sales of equipment & licenses

Sales of equipment and licenses moved ahead 6.3% in fourth quarter 2014, excluding currency effects. This improvement stems from a combination of very strong growth in license and equipment sales in Communication & Shipping Solutions, and lower Mail Solutions hardware sales, notably in the Nordic countries and in the Asia-Pacific region.

Equipment and license sales accounted for 38% of sales in Q4 2014.

Recurring revenue

Recurring revenues were down 3.3% at constant exchange rates in fourth quarter 2014, reflecting the reduction in revenue from rentals and consumables for Mail Solutions and the lack of postal rate change in the United States.

Recurring revenue accounted for 62% of sales in Q4 2014.

OUTLOOK

The Group confirms its full-year outlook for an operating margin excluding acquisition-related expenses of close to 22% in 2014.

For 2015, Neopost expects organic sales growth in the range -1% to +2%, based on a further decline in Mail Solutions and continued double-digit growth for Communication & Shipping Solutions.

Denis Thiery concluded:

"In addition to illustrating the relevance of our selected strategic growth drivers, our results this year make us confident regarding our capacity to continue to improve the performance of our dedicated units, while intensifying commercial synergies. The very strong growth in sales of digital communication solutions to our traditional client base proves the network's ability to establish Neopost in its role as facilitator supporting small and mid-sized companies in their transition to digital. Similarly, the roll-out of our Packcity terminals and the potential of the ProShip acquisition help to confirm our ambition to become a preferred provider from end to end of the parcel delivery chain."

CALENDAR

Full-year 2014 results will be published on 31 March 2015 after market close.
First-quarter 2015 sales will be published on 8 June 2015 after market close.

ABOUT NEOPOST

NEOPOST is the number 2 global supplier in Mail Solutions as well as a major player in Digital Communications and Shipping Solutions. His mission is to help organizations improve the way they manage their interactions with their customers and stakeholders. Neopost supplies the most technologically advanced solutions for physical mail processing (franking and folding/inserting systems), for digital communications management (Customer Communication Management and Data Quality software) as well as for supply-chain and e-commerce process improvement (from order to delivery including tracking related services).

With a direct presence in 31 countries and more than 6,000 employees, Neopost reported annual sales of €1.1 billion in 2014. Its products and services are sold in more than 90 countries. Neopost is listed in Compartment A of Euronext Paris and belongs notably to the SBF 120 index.

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APPENDICES

Sales by distribution network

Sales (in € millions)	Q4 2014				2014			
	NIO	CSS DU	Elimination	Total	NIO	CSS DU	Elimination	Total
Mail Solutions	242.4	-	-	242.4	885.6	-	-	885.6
Communication & Shipping Solutions	36.5	41.7	(6.4)	71.8	115.5	134.1	(21.8)	227.8
Total	278.9	41.7	(6.4)	314.2	1,001.1	134.1	(21.8)	1,113.4

Glossary

- **Mail Solutions:** mailing systems, document systems (folder/inserters for offices, mailrooms, other mailroom equipment) and related services
- **Communication & Shipping Solutions (CSS):** customer communication management and data quality software, logistics solutions, document finishing and graphics solutions
- **Neopost Integrated Operations:** Neopost subsidiaries developing, producing and distributing Mail Solutions and CSS services to the Group's long-standing customers
- **CSS Dedicated Units:** entities distributing CSS solutions to large accounts: Enterprise Digital Solutions (GMC Software Technology, DMTI Spatial, Human Inference and Satori Software), Neopost Shipping Solutions (former Neopost ID and ProShip)