

Q1 2015: GROWTH MOMENTUM CONTINUED FOR COMMUNICATION & SHIPPING SOLUTIONS ACTIVITIES

- ▶ Strong growth in Communication & Shipping Solutions while Mail Solutions decreased
- ▶ Total sales rose 11.1% in Q1 2015, down 1.4% at constant scope¹ and exchange rates

OUTLOOK FOR 2015 CONFIRMED

- ▶ -1% to +2% organic growth in sales projected in 2015
- ▶ 2015 current operating margin (excluding acquisition-related expense²) expected at between 19.5% and 20.5% of sales

Paris, 8 June 2015

Neopost, the number 2 global supplier in Mail Solutions and a major player in Digital Communication and Shipping Solutions, today announced 11.1% growth in consolidated sales to €286.0 million for first quarter 2015 (period ended on April 30, 2015) compared with the same period in 2014. Excluding currency effects, sales remained virtually stable (-0.3%). At constant scope¹ and exchange rates, sales were down 1.4% in Q1 2015, as Communication and Shipping Solutions reported robust growth, while Mail Solutions contracted.

Denis Thiery, Chairman and Chief Executive Officer of Neopost, commented: ***"The strong growth trend of Communication & Shipping Solutions continued. It particularly reflects the success of commercial synergies that we are implementing with our traditional network and that allow us to support our clients' ever-changing needs. Indeed we are offering them new solutions in the management of client communication, digitization of documents, data quality management, preparation and management of parcel shipments. In the first quarter, this strong growth nevertheless proved insufficient to offset the downturn in Mail Solutions activities, which were particularly affected by delivery delays and lower revenues from postal rate changes. Given the high proportion of our sales outside the euro zone, we have benefited from favorable exchange rates which have led to our sales increasing by more than 11%."***

¹ Q1 2015 sales are compared with Q1 2014 sales with the addition of €3.0 million in sales generated by ProShip (3 months) and DCS (3 months) and Temando (3 weeks).

² Current operating margin before acquisition-related expense = current operating income before acquisition-related expense/sales

SALES BY BUSINESS LINE

€ million	Q1 2015	Q1 2014	Change	Change at constant exchange rates	Organic change ¹
Mail Solutions	224.2	212.3	+5.6%	-5.5%	-5.5%
Communication & Shipping Solutions	61.8	45.1	+37.1%	+24.2%	+16.4%
Total	286.0	257.4	+11.1%	-0.3%	-1.4%

(Unaudited data)

Mail Solutions

Mail Solutions sales fell short of expectations in first quarter 2015, decreasing by 5.5% at constant exchange rates. This decline reflects a contrasted situation between regions.

In **North America**, Mail Solutions sales have shown resilience. On the one hand, equipment sales remained unchanged despite delivery issues which affected sales. On the other hand, recurring revenues decreased only slightly due to the continuing decline of rental and supply revenues while services, leasing and financing revenues were up again.

In **Europe**, the decline in Mail Solutions activities was significantly more marked both for equipment sales and recurring revenues, especially in France and Germany. The decrease in equipment sales was partly due to the low level of high-end folders/inserters. In contrast, the Nordic countries did well. The decline in recurring revenue particularly concerns postal rate change revenues in several European countries, rentals in France, service revenues as well as consumables. Leasing revenues, however, continued to rise.

In the **rest of the world**, the slight increase in recurring revenues and the steady performance of export equipment sales did not entirely offset the decline in equipment sales in the Asia-Pacific region.

Communication & Shipping Solutions

Communication & Shipping Solutions recorded a 24.2% rise in sales in first quarter 2015, at constant exchange rates. Restated for the scope effect linked to the ProShip, DCS and Temando acquisitions, organic growth in Communication & Shipping Solutions activities amounted to a robust 16.4%.

Organic growth in Communication & Shipping Solutions sales achieved by the Neopost distribution network (**Neopost Integrated Operations**³) reached +28.0%. This performance demonstrates the sharp ramp-up of commercial synergies, in particular the successful sales of software from dedicated subsidiaries such as GMC Software Technology, Satori or ProShip recorded by the Neopost network. It also illustrates the success of solutions marketed by the Neopost network, such as OMS-500, a new multichannel output management software for SMEs launched in several countries, Neotouch, a digitized mail solution and Neoship, a parcel management solution in the USA.

³ See glossary page 6

Organic growth in Communication & Shipping Solutions sales achieved by dedicated subsidiaries (**CSS Dedicated units**³) totaled 6.6% in first quarter 2015. Digital solutions are up. Data Quality activities are being integrated into the Enterprise Digital Solutions division in order to promote synergies with customer communication management software. With regard to Shipping Solutions' sales, Neopost continued to benefit from the contract with the French Army. Furthermore, the roll-out of Packcity will take place in second quarter 2015, given the administrative delays in obtaining permits for automated parcel lockers implementation in some public areas.

In all, Communication & Shipping Solutions accounted for nearly 22% of Group sales in first quarter 2015, versus 17.5% in the same period last year.

OTHER HIGHLIGHTS OF THE QUARTER

Agreement with Esker

On 31 March 2015, Neopost and Esker, one of the leading global providers of cloud-based digitized document process solutions signed an agreement regarding a project for the creation and operation of a joint venture. Its purpose will be marketing software solutions to SME/SMI clients worldwide, which allow for the distribution of documents on demand, automation of supplier invoices as well as the digitization of customer invoices.

Under this agreement, these SaaS/Cloud application solutions, based on Esker's platform, will be marketed by the Neopost network under the names and colors of Neopost's distribution subsidiaries. First of all, priority will be given to France and the United States where the two partners already have a sizeable presence.

This agreement is the logical follow-up to the strong success, on the French market, of the Neotouch pilot hybrid mail solution.

This project should be completed at the end of June 2015.

Acquisition of a majority stake in Temando

On 7 April, Neopost took a 55% stake in the Australian company Temando, via the acquisition of existing shares and the subscription to new shares through a reserved capital increase, for a total amount of 50 million Australian dollars.

Temando provides intelligent fulfillment solutions for e-commerce and logistics providers. This platform is well integrated with the most popular e-commerce platforms such as Magento and provides online merchants with effective tools which can be used to:

- ▶ prepare quotations with multiple carriers;
- ▶ schedule shipping;
- ▶ check inventory and the location of stock (shops, sub-contractors, warehouses...);
- ▶ determine the exact location of clients in order to offer the most effective shipping route;
- ▶ provide a reliable delivery timing estimate;
- ▶ comply with customs rules;
- ▶ calculate the exact total price of transport, including taxes and customs duties.

The 20 million Australian dollars invested in cash by Neopost in connection with the capital increase will be used to cover financing needs related to the development of new products and the geographic expansion of Temando for the next three years, primarily in the United States and the United Kingdom.

Temando was consolidated in Neopost's financial statements as of 8 April 2015.

GROUP FINANCIAL POSITION OVERVIEW

Results

Current operating margin in first quarter 2015 is in line with the Group's expectations for the full year.

Financial position

The Group's financial situation is healthy. Debt is related solely to financing equipment leased or rented to customers.

CONFIRMED OUTLOOK

Neopost confirms its forecast range for organic growth of sales, between -1% and +2% for the 2015 financial year.

Turning to earnings performance, the Group confirms its expectations of achieving a current operating margin excluding acquisition-related expense⁴ in the range of 19.5% to 20.5% of sales.

Denis Thiery concluded: ***"We are expecting an improvement in our performance during the next nine months and our vision for the full year remains unchanged. For Mail Solutions, sales of high-end folders/inserters should pick up. In the USA, we will benefit from the postal rate change which was initially forecasted for the first quarter and delivery issues are now behind us. Regarding Communication & Shipping Solutions, our commercial synergies momentum will continue, particularly with our VAR⁵ programs but also with OMS and Neotouch sales. The performance of our subsidiaries dedicated to digital communication and shipping solutions will improve, driven by the deployment of our automated lockers Packcity, stronger growth of GMC and Proship, as well as the integration of Temando."***

CALENDAR

The AGM will be held in Paris on 1 July 2015 in Paris. Second-quarter sales will be published on 3 September 2015, after market close.

⁴ Excluding new acquisitions.

⁵ Value added reseller.

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.

For more information, please contact:

Gaële Le Men, Neopost

Financial, External & Internal Communication Director

Tel: +33 (0)1 0 45 36 31

E-mail: g.le-men@neopost.com

Fabrice Baron, DDB Financial

Chairman

Tel: +33 (0)1 53 32 61 27

E-mail: fabrice.baron@ddbfinancial.fr

Or visit our web site: www.neopost.com

APPENDICES:

Change in sales by region

€ million	Q1 2015	Q1 2014	Change	Change at constant forex	Organic change ¹
North America	122.2	97.5	+25.3%	+0.9%	-1.3%
Europe	144.3	143.6	+0.5%	-2.5%	-2.9%
Asia Pacific: and others	19.5	16.2	+20.4%	+12.5%	+11.0%
Total	286.0	257.4	+11.1%	-0.3%	-1.4%

(Unaudited data)

Change in sales by revenue type

€ million	Q1 2015	Q1 2014	Change	Change at constant forex	Organic Change ¹
Sales of equipment and licenses equipment	92.4	81.4	+13.5%	+2.2%	+0.6%
Recurring revenue	193.6	176.0	+10.0%	-1.4%	-2.3%
Total	286.0	257.4	+11.1%	-0.3%	-1.4%

(Unaudited data)

Sales by distribution network

Sales (in € millions)	Q1 2015				Organic growth ¹ Q1 2015			
	NIO	CSS DU	Elim.	Total	NIO	CSS DU	Elim.	Total
Mail Solutions	224.2	-	-	224.2	-5.5%	-	-	-5.5%
Communication & Shipping Solutions	32.3	34.9	(5.4)	61.8	+28.0%	+6.6%	n-a	+16.4%
Total	256.5	34.9	(5.4)	286.0	-2.2%	+6.6%	n-a	-1.4%

Glossary

- **Mail solutions** : mailing systems, document management systems (folders/inserters for offices and mailrooms; other mailroom equipment) and related services
- **Communication & Shipping Solutions (CSS)** : digital solutions software (customer communication and data quality software), shipping solutions, print finishing and graphic solutions
- **Neopost Integrated Operations** : Neopost subsidiaries developing, producing and distributing Mail Solutions and CSS products and services to long-standing customers of the Group
- **CSS Dedicated Units** : entities distributing CSS solutions to key account customers : Enterprise Digital Solutions (GMC Software Technology, DMTI Spatial, Human Inference and Satori Software), Neopost Shipping Solutions (former Neopost ID, ProShip and Temando)