

FIRST QUARTER 2017 IN LINE WITH EXPECTATIONS

- ▶ Q1 2017 sales up +1.2%, and down -1.6%¹ at constant scope and exchange rates
- ▶ Organic growth reported by the two divisions: Enterprise Digital Solutions and Neopost Shipping
- ▶ Resilient performance by the SME Solutions division

Paris, June 1, 2017

Neopost, a global leader in digital communications, shipping and mail solutions, today announced €276 million in consolidated sales for the first-quarter of 2017 (period ended on April 30, 2017), up +1.2% compared with the same period in 2016. Excluding positive currency effects, growth was down -0.6%. Organic growth excluding the scope effects from the acquisition of icon Systemhaus was -1.6%. This performance reflects the slower decline in SME Solutions and organic growth generated by the two divisions, Enterprise Digital Solutions and Neopost Shipping.

Denis Thiery, Chairman and Chief Executive Officer of Neopost, commented:

"Our performance in the first quarter of 2017 is in line with our expectations. Organic growth recorded by our Enterprise Digital Solutions (EDS) and Neopost Shipping divisions were mid-single digit at the beginning of this year. Sales activity was steady in the EDS division, while Neopost Shipping continued to effectively roll out its global solutions across the entire logistics value chain. We are confident in our capacity to generate double-digit growth in these two divisions for the full-year 2017.

The SME Solutions division showed good resilience. The decline in our legacy businesses remains within the expected range. This decline is mitigated by the growth in digital communications and shipping solutions - both areas that continue to demonstrate strong potential.

All in all, this first quarter supports our objective of returning to growth in the medium-term."

¹ Q1 2017 sales are compared with Q1 2016 sales with the addition of €2.9 million in sales generated by icon Systemhaus (three months).

SALES BY DIVISION

€ million	Q1 2017	Q1 2016	Change	Change at constant exchange rates	Organic change ¹
Enterprise Digital Solutions (EDS)	32	27	+19.6%	+17.2%	+5.8%
Neopost Shipping*	12	11	+5.0%	+5.4%	+5.4%
SME Solutions	237	239	-0.7%	-2.5%	-2.5%
Eliminations	-5	-4	-	-	-
Group Total	276	273	+1.2%	-0.6%	-1.6%

*including €0.3 million in sales generated by the CVP-500 automatic packaging solution.

(Unaudited data)

Enterprise Digital Solutions (EDS)

Enterprise Digital Solutions (EDS) posted a +19.6% increase in sales to €32 million in **first-quarter 2017**. Restated for the scope effects of the consolidation of icon Systemhaus, sales grew +5.8% on an organic basis.

Double-digit growth continued in **Customer Communication Management (CCM)**. The integration of icon Systemhaus is going according to plan, but continues to weigh on growth with no significant new contract in the first quarter.

Neopost Shipping

In Q1 2017, **Neopost Shipping** reported sales of €12 million, up +5.4% excluding currency effects. The order backlog for the rest of the year has grown and the active phase of the roll-out of our global offering across the entire shipping solutions chain is firmly underway.

SME Solutions

SME Solutions' sales for the **first quarter 2017** were down -2.5% excluding currency effects to €237 million. This decline is not as sharp as in full-year 2016 and is in line with the performance in the last two quarters of the year.

With market conditions remaining tough, **Mail Solutions** was down -3.8% excluding currency effects, compared with the same quarter in 2016. Once again, the decline was less significant in North America.

Communication & Shipping Solutions activities within the SME Solutions division grew +6.3%, excluding currency effects, but continued to show the impact of an adverse business cycle in graphic activities. Excluding graphic activities, growth generated by digital communications and shipping solutions was +19.7%.



Group sales

Neopost reported sales of €276 million in Q1 2017, up +1.2% year-on-year. Excluding currency and scope effects, growth came out at -1.6%.

The Group pressed ahead with its transformation in the first quarter. In total, Communication & Shipping Solutions accounted for 25.9% of sales, up from 23.4% one year earlier. The Group has maintained a balance between its main activities, with stable recurring revenue at 70% of total sales. Regarding the sales breakdown by region, the weight of North America continues to grow and the region is now as important as Europe.

HIGHLIGHTS

Neopost raised the equivalent of €215 million (US\$ 86.5 million and €135 million) on February 22, 2017, maturing in 3, 5 and 6 years, through a **Schuldschein** private placement under German law. This transaction, which was largely oversubscribed under very good conditions, was used to redeem existing lines and extend the maturity of the Group's debt.

As announced, the Group changed its distribution method in some Asian countries, including Malaysia, Singapore, Thailand and Indonesia. The change saw the disposal of assets that had been recognized as assets held for sale in the financial statements at January 31, 2017.

GENERAL OVERVIEW OF FINANCIAL POSITION

Savings plans

Neopost is maintaining its program to cut costs to maintain a high operating margin in the SME Solutions division. As announced, these structural actions to optimize the organization are expected to result in annual cost savings above €50 million² per year from 2018.

Financial position

The Group's financial position is sound. Net debt is related solely to financing rental, leasing and postage financing activities. Note that the Group has no significant debt refinancing due before 2019.

Balance of dividend

Subject to the approval of the shareholders' Annual General Meeting (AGM), the €0.90 per share balance of the dividend in respect of fiscal 2016, will be paid entirely in cash on August 8, 2017.

² Compared with the 2014 cost structure.



MEDIUM-TERM AMBITIONS CONFIRMED

The transformation of Neopost continues as follows:

- ▶ in the Enterprise Digital Solutions division, the Group continues to invest to firmly anchor its leadership position and will benefit from icon Systemhaus's complementary range. The Group is targeting growth in excess of 10% per year and improved profit margins;
- ▶ in the Neopost Shipping division, the Group's offering is now established and will be rolled out to generate significant organic growth and improve profitability;
- ▶ in the SME Solutions division, the Group is accelerating the roll-out of digital and shipping solutions to mitigate the decline in sales of mail solutions. Meanwhile, Neopost will pursue the plan to lower net costs by at least €50 million² by January 31, 2018 to stabilize its operating margin around 22%;
- ▶ in addition, the Group's investment in innovation will stay on course, with an annual average budget of €10 million.

This strategy is designed to return Neopost to organic sales growth in the medium-term. It will also ensure the Group maintains a current operating margin, before acquisition-related expense, above 18.0% throughout the period of transformation, and return it progressively to above 20.0%, before acquisition-related expense.

The Group also intends to hold sufficient cash flow to sustain growth, meet its dividend distribution commitments and maintain a solid balance sheet structure.

CALENDAR

The shareholders' AGM will be held in Paris on June 30, 2017.

The press release announcing second-quarter 2017 sales and the interim 2017 financial statements will be published on September 26, 2017 after the market close.

ABOUT NEOPOST

NEOPOST is a global leader in digital communications, shipping and mail solutions. Its mission is to guide and support organizations in how they send and receive communications and goods, helping them better connect with their business environment through hardware, software and services. Neopost supplies innovative user-friendly solutions for physical and digital communications management for large enterprises and SMEs, as well as shipping processes for supply-chain and e-commerce players. With a strong local presence in 31 countries and over 6,000 employees, Neopost reported sales of €1.2 billion in 2016. Neopost markets its solutions 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:

Changes in sales by business

€ million	Q1 2017	Q1 2016	Change	Change at constant exchange rates	Organic Change ¹
Mail solutions	204	209	-2.1%	-3.8%	-3.8%
Communication & Shipping Solutions	72	64	+12.0%	+9.9%	+5.1%
Group Total	276	273	+1.2%	-0.6%	-1.6%

(Unaudited data)

Changes in sales by region

€ million	Q1 2017	Q1 2016	Change	Change at constant exchange rates	Organic Change ¹
North America	127	122	+4.3%	-0.3%	-0.3%
Europe	128	131	-2.4%	-0.8%	-3.0%
Asia-Pacific and others	21	20	+5.5%	-0.5%	-0.5%
Group Total	276	273	+1.2%	-0.6%	-1.6%

(Unaudited data)

Change in sales by revenue type

€ million	Q1 2017	Q1 2016	Change	Change at constant exchange rates	Organic change ¹
Equipment and license sales	82	81	+1.7%	-0.1%	-0.4%
Recurring revenue	194	192	+0.9%	-0.8%	-2.1%
Group Total	276	273	+1.2%	-0.6%	-1.6%

(Unaudited data)

Glossary

- **Enterprise Digital Solutions (EDS):** division offering Customer Communication Management (CCM) and Data Quality (DQ) solutions for large companies.
- **Neopost Shipping:** division offering management solutions for shipping and delivery; tracking of goods and merchandise for players in e-commerce, distribution and carriers.
- **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/inserters for office and mailroom; other mail room equipment) and related services (leasing, rental, maintenance and others).
- **Communication & Shipping Solutions:** digital solutions software (customer communication management and data quality software), shipping and graphic solutions.

