

## FIRST QUARTER 2018 PERFORMANCE IN LINE WITH THE GROUP'S EXPECTATIONS

- ▶ First-quarter 2018 sales down -9.7%, down -2.1%<sup>1</sup> organically
- ▶ Enterprise Digital Solutions returned to organic growth: +6.7%
- ▶ Neopost Shipping recorded strong organic growth: +21.1%
- ▶ SME Solutions continued to decline organically: -4.3%
- ▶ Indications for fiscal 2018 unchanged

### Paris, May 31, 2018

Neopost, a global leader in digital communications, shipping and mail solutions, today announced €249 million in consolidated sales for first-quarter 2018 (period ended April 30, 2018), down -9.7% versus first-quarter 2017. Excluding the strong negative currency effects, performance in the first quarter was -2.5%. Stripping out the scope effect of the disposal of DMTI Spatial, organic growth came out at -2.1%.

Organic growth amounted to +6.7% for Enterprise Digital Solutions and +21.1% for Neopost Shipping, while it was -4.3% for SME Solutions.

With +6.2% organic growth overall, Communication & Shipping Solutions accounted for 27.8% of total sales, up from 25.9% one year earlier. The contribution of new businesses pushed recurring revenue up slightly. As a result, recurring revenues accounted for 72% of total Group sales.

Geoffrey Godet, Chief Executive Officer of Neopost, commented: **"Our revenue at the start of this year is in line with expectations. The Enterprise Digital Solutions division returned to growth and revenue was up sharply in Neopost Shipping. Within the SME Solutions division, the decline in Mail Solutions is in the range recorded over the last three years. All these factors allow us to maintain unchanged our full-year indications. "**

<sup>1</sup> Q1 2018 sales are compared with Q1 2017 sales after deduction of €1.1 million related to the disposal of DMTI Spatial (3 months).

## SALES BY DIVISION

€ million	Q1 2018	Q1 2017	Change	Change at constant exchange rates	Organic change <sup>1</sup>
<b>Enterprise Digital Solutions (EDS)</b>	<b>31</b>	32	-4.6%	+3.1%	+6.7%
<b>Neopost Shipping</b>	<b>13</b>	12	+12.5%	+21.1%	+21.1%
<b>SME Solutions</b>	<b>210</b>	237	-11.3%	-4.3%	-4.3%
<b>Eliminations</b>	<b>-5</b>	-5	-	-	-
<b>Total</b>	<b>249</b>	<b>276</b>	<b>-9.7%</b>	<b>-2.5%</b>	<b>-2.1%</b>

(Unaudited data)

### Enterprise Digital Solutions

**Enterprise Digital Solutions (EDS)** posted sales of €31 million in first-quarter 2018. Before currency effects and restated for the scope effect of the disposal of DMTI Spatial, organic growth in sales by EDS stood at +6.7%.

Sales in **Customer Communications Management** returned to more solid growth in the quarter as maintenance and service revenues increased, while license sales reached the same level as last year. Adjustments to the commercial approach, particularly in terms of organization and sales teams, are still being made. **Data Quality** activities were down slightly.

### Neopost Shipping

The **Neopost Shipping** division recorded €13 million in sales in first-quarter 2018, up +21.1% excluding currency effects.

Revenue generated by Packcity automated parcel lockers in Japan grew sharply as the installed base increased on the back of the large-scale roll-out since mid-2017. No new CVP-500 automated packing systems were placed this quarter, which was already the case in Q1 2017. Software solutions sales continued to decline, reflecting the gradual withdrawal of some applications. April 2018 saw the launch of the Shipping module developed by Temando for the Magento 2.0 e-commerce platform.

### SME Solutions

Sales for **SME Solutions** declined -4.3% in first-quarter 2018 to €210 million, excluding currency effects.

**Mail Solutions** sales were down -5.0%, excluding currency effects, versus the same quarter in 2017. The decline remains less pronounced in North America than in Europe, particularly in the United Kingdom and in the Nordic countries.

**Communication & Shipping Solutions** sales in SME Solutions were practically stable, at constant exchange rates. Excluding graphic activities, digital communications and shipping solutions grew at a double-digit pace.



## **GENERAL OVERVIEW OF FINANCIAL POSITION**

### **Savings plans**

The Group continues to optimize its cost structure in SME Solutions to address the decline in Mail Solutions and the acceleration in the sale of digital communications and shipping solutions, while maintaining a high operating margin.

### **Financial position**

Neopost's financial position is sound. The Group continues to benefit from a natural hedge between the euro and the US dollar, protecting its operating margin. The Group also continues to generate significant cash flow, and its debt is entirely focused on financing rental, leasing and postage financing activities. Note that the Group has no significant debt refinancing due before 2021.

### **Balance of dividend**

The balance of the dividend due in respect of fiscal 2017 will be fully paid in cash on August 7, 2018. If the proposed €1.70 per share total dividend is approved by the shareholders' Annual General Meeting (AGM) on June 29, 2018, the balance payment would amount to €0.90 per share.

## **2018 INDICATIONS UNCHANGED**

Taking into account its first-quarter performance, the Group confirms its indications for 2018. An organic decline in full-year sales is expected. It would be broken down as follows:

- ▶ Enterprise Digital Solutions: low-single digit growth;
- ▶ Neopost Shipping: double-digit growth but at a significantly slower pace than in the first quarter 2018;
- ▶ SME Solutions: decline in Mail Solutions still in the range -4% to -6%, continued decline in graphic activities and double-digit growth in digital communications and shipping solutions (excluding graphic activities).

On the basis of innovation efforts identical to those in 2017, and continued cost-cutting at SME Solutions, the Group's current operating margin excluding acquisition-related expense should come out at around 18%. Neopost will continue to generate high operating cash flows.

## CALENDAR

Neopost's Annual General Meeting will be held in Paris on June 29, 2018.

The press release announcing second-quarter 2018 sales and the 2018 interim financial statements will be published on September 25, 2018 after market close.

A Capital Market Day will be scheduled in Paris by the end of the 2018 fiscal year to present the new Group's strategy.

### ABOUT NEOPOST

**NEOPOST** is a global leader in digital communications, logistics and mail solutions. Its mission is to help companies improve the way they manage interactions with their clients and partners. Neopost provides the most advanced solutions for physical mail processing (mailing and folder-inserter systems), digital communication management (Customer Communications Management and Data Quality applications), and supply chain and e-commerce process optimization (from point of sale to delivery, including associated tracking services).

With a direct presence in 29 countries and more than 5,800 employees, Neopost reported annual sales of €1.1 billion in 2017. Its products and services are sold in more than 90 countries. Neopost is listed in compartment A of Euronext Paris and belongs to the SBF 120 index.

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Or visit our website: [www.neopost-group.com](http://www.neopost-group.com)

## APPENDICES:

### Glossary

- **Enterprise Digital Solutions (EDS):** division offering Customer Communications Management and Data Quality solutions for large companies. This division includes GMC Software, Human Inference, and Satori, now grouped under Quadiant, and icon Systemhaus.
- **Neopost Shipping:** division offering management solutions for shipping and delivery; tracking of goods and merchandise for players in e-commerce, distribution and carriers. This division includes ProShip and Temando.
- **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.
- **Communication & Shipping Solutions:** digital solutions software (customer communications management and data quality software), shipping and graphic solutions.



## Sales by activity

€ million	Q1 2018	Q1 2017	Change	Change at constant exchange rates	Organic change <sup>1</sup>
<b>Mail Solutions</b>	<b>180</b>	204	-11.9%	-5.0%	-5.0%
<b>Communication &amp; Shipping Solutions</b>	<b>69</b>	72	-3.2%	+4.6%	+6.2%
<b>Total</b>	<b>249</b>	<b>276</b>	<b>-9.7%</b>	<b>-2.5%</b>	<b>-2.1%</b>

(Unaudited data)

## Sales by revenue type

€ million	Q1 2018	Q1 2017	Change	Change at constant exchange rates	Organic change <sup>1</sup>
<b>Equipment and license sales</b>	<b>69</b>	82	-16.1%	-8.9%	-8.4%
<b>Recurring revenue</b>	<b>180</b>	194	-6.9%	+0.2%	+0.5%
<b>Total</b>	<b>249</b>	<b>276</b>	<b>-9.7%</b>	<b>-2.5%</b>	<b>-2.1%</b>

(Unaudited data)

## Sales by region

€ million	Q1 2018	T1 2017	Change	Change at constant exchange rates	Organic change <sup>1</sup>
<b>North America</b>	<b>109</b>	127	-14.3%	-1.5%	-0.7%
<b>Europe</b>	<b>121</b>	128	-5.3%	-4.2%	-4.2%
<b>Asia-Pacific and others</b>	<b>19</b>	21	-8.3%	+1.7%	+1.7%
<b>Total</b>	<b>249</b>	<b>276</b>	<b>-9.7%</b>	<b>-2.5%</b>	<b>-2.1%</b>

(Unaudited data)

