

2007 FOURTH QUARTER AND FULL YEAR SALES IN LINE WITH EXPECTATIONS:

- Fourth quarter sales down 4.3% at constant exchange rates
- Full year sales up 2.4% at constant exchange rates

OUTLOOK:

- 2007: Confirmation of a current operating margin¹ of around 26% of sales
- 2008: sales growth expected to be at least 3% at constant exchange rates and excluding the acquisition of PFE Ltd

Paris, 4 March 2008

Neopost, the European leader and number two worldwide supplier of mail handling solutions, today announced consolidated sales of €224.5m for the fourth quarter of its 2007 financial year (three months ended 31 January 2008). This represents a decline of 8.8% relative to the fourth quarter of 2006. At constant exchange rates, sales were down 4.3%. Over the full year, Neopost's sales totalled €907.1m, an increase of 2.4% at constant exchange rates.

Denis Thiery, Neopost's CEO, made the following comments: *"Despite tougher than expected market conditions in the USA in the second half, Neopost's full-year sales finally grew by 2.4% at constant exchange rates relative to a 2006 financial year that was particularly rich in opportunities. Growth was driven by the success of our document systems division and by the very strong performances we recorded in most European countries and export markets."*

Sales by geographical zone

Sales²

<i>in € million</i>	Q4 2007	Q4 2006	Change	Change excluding currency impacts	2007	2006	Change	Change excluding currency impacts
North America	75.7	100.1	-24.3%	-16.3%	346.9	377.1	-8.0%	+0.0%
France	68.8	75.0	-8.4%	-8.4%	255.3	252.1	+1.2%	+1.2%
UK	32.2	32.3	-0.4%	+7.7%	142.4	148.9	-4.4%	-2.9%
Germany	18.4	15.8	+16.7%	+16.7%	63.0	56.0	+12.7%	+12.7%
Rest of the world	29.4	23.0	+27.6%	+29.5%	99.5	84.4	+17.9%	+18.8%
Total	224.5	246.2	-8.8%	-4.3%	907.1	918.5	-1.3%	+2.4%

¹ Current operating margin = current operating income / sales

² Unaudited

North America

Excluding currency impacts, sales in the fourth quarter of 2007 were 16.3% lower than in the fourth quarter of 2006, which was a particularly high basis for comparison due to fact that two decertification programmes, one in the USA and the other in Canada, ended on 31 December 2006. As announced on 30 October 2007, the decline in sales towards the end of the year was also due to more difficult than expected market conditions in the USA. Over the full year, sales were stable at constant exchange rates.

France

As expected, fourth quarter sales for 2007 were 8.4% lower than the particularly strong sales recorded in the fourth quarter of 2006. Over the year as a whole, sales grew by 1.2%, which represents a very good performance. Valipost, a company specialising in software solutions for 'industrial' mail handling, acquired at the beginning of 2007, has been successfully integrated.

UK

As expected, the UK saw a return to growth in the fourth quarter of 2007, with a 7.7% increase in sales excluding exchange rate effects. Over the full year, sales declined slightly and were 2.9% lower at constant exchange rates. This was a remarkable performance given the exceptionally strong sales recorded in 2006, as a result of the change in the way postal costs are calculated ("Pricing in Proportion"). Indeed, Neopost enjoyed 25% growth in this market in 2006.

Germany

Sales in the fourth quarter grew by 16.7% year-on-year. This high level of growth was due to Neopost's strength in this market and, to a lesser extent, to the acquisition of a distributor in the north of the country. Over the full year, sales increased by 12.7%.

Rest of the world

Excluding exchange rate effects, sales in the fourth quarter of 2007 were 29.5% higher than in the fourth quarter of 2006. This very strong growth was mainly due to:

- numerous successes in export markets;
- the strong performances of a number of European subsidiaries, particularly those in Belgium, Italy and Norway;
- the consolidation of two distributors in Switzerland, acquired in July and October 2007.

Over 12 months, the Group recorded 18.8% growth in sales in the rest of the world at constant exchange rates.

Breakdown of sales by business line and type of activity

Excluding exchange-rate impacts mailing systems sales were almost stable (down 0.3%), whilst sales of document and logistics systems rose by 10.6%. These figures show the good fit between Neopost's two main business areas: growth in mailing systems was very strong in 2006, while growth in document systems was strong in 2007. In 2007, 73% of total sales came from mailing systems and 27% from document and logistics systems.

Having posted excellent performances in the US and UK markets in 2006, equipment sales declined by 6.6% at constant exchange rates over the year as a whole. However, recurring revenue (from financial services, sales of consumables and maintenance) rose by 8.4%: this growth was partly driven by the increase in sales in the previous year, demonstrating the strength of Neopost's business model. In 2007, recurring revenue accounted for 63% of sales, versus 37% for equipment sales.

Closing of PFE acquisition

After having obtained the approval of the relevant regulatory authorities, Neopost is about to close the acquisition of PFE International Limited ('PFE'), a private British group and a worldwide supplier of folders/inserters. The activities of PFE acquired by Neopost generated sales of around £26 million in 2007. The transaction will be based on an enterprise value of about £27 million, around one time sales. Neopost stresses that a strong complementarity exists between Neopost and PFE's lines of folders/inserters, PFE's offer being strongly focused on the higher volume market.

PFE will be consolidated within Neopost accounts starting in March 2008. Neopost expects significant commercial synergies from this acquisition and believes to be in a position to bring the current operating margin of this activity to 15% or more within 2 years.

Outlook

The Group has confirmed that its current operating margin will be around 26% of sales in 2007, a level similar to that in 2006.

In 2008 the Group will benefit from a number of positive factors, such as the decertification of all non-digital franking machines in the USA and postal rate changes in its main markets. Given these conditions, and despite a weaker economic climate in the USA, the Group expects to generate sales growth of at least 3% in 2008, at constant exchange rates and excluding the acquisition of PFE.

Denis Thiery concluded: ***"We are entirely confident in the outlook for 2008. Market conditions over the medium term are favourable, due in particular to continued technological developments and postal deregulation in Europe. Neopost's business model will continue to generate both sales growth and productivity gains."***

Calendar

Full year 2008 audited figures, approved by Neopost's Board of Directors, will be published after market close on 1 April 2008.

Sales figures for the first quarter of 2008 will be published after market close on 3 June 2008.



PRESS RELEASE

ABOUT NEOPOST

NEOPOST IS THE EUROPEAN LEADER and number two world-wide supplier of mailing solutions. It has a direct presence in 14 countries, with more than 4,900 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. Its market capitalisation is €2 billion.

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