

neopost 

2 0 0 8

Interim results

September / October 2008

WE VALUE YOUR MAIL 



DISCLAIMER

Safe Harbour Statement

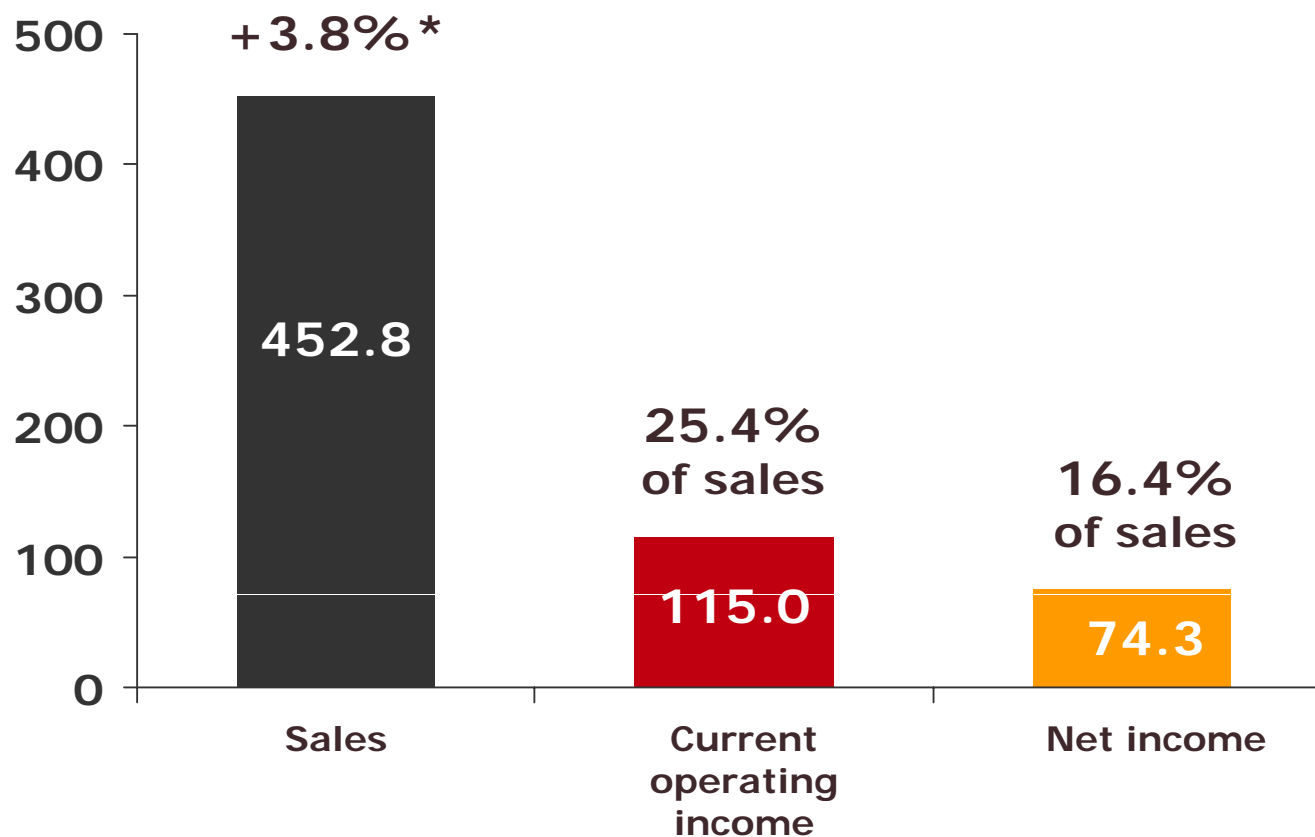
This presentation contains forward-looking statements (made pursuant to the safe harbour provisions of the Private Securities Litigation Reform Act of 1995). By their nature, forward-looking statements involve risk and uncertainty. Forward-looking statements represent the company's judgement regarding future events, and are based on currently available information. Consequently the company cannot guarantee their accuracy and their completeness and actual results may differ materially from those the company anticipated due to a number of uncertainties, many of which the company is not aware of. For additional factors that may cause the company's actual results to differ materially from expectations and underlying assumptions, please refer to the reports filed by the company with the 'Autorité des Marchés Financiers'.

FIRST HALF 2008

- Introduction
- Acquisitions in 2007/2008
- New product launches
- Optimisation programmes
- H1 2008 accounts
- Growth drivers
- Outlook

FIRST HALF 2008 KEY FIGURES

€ million



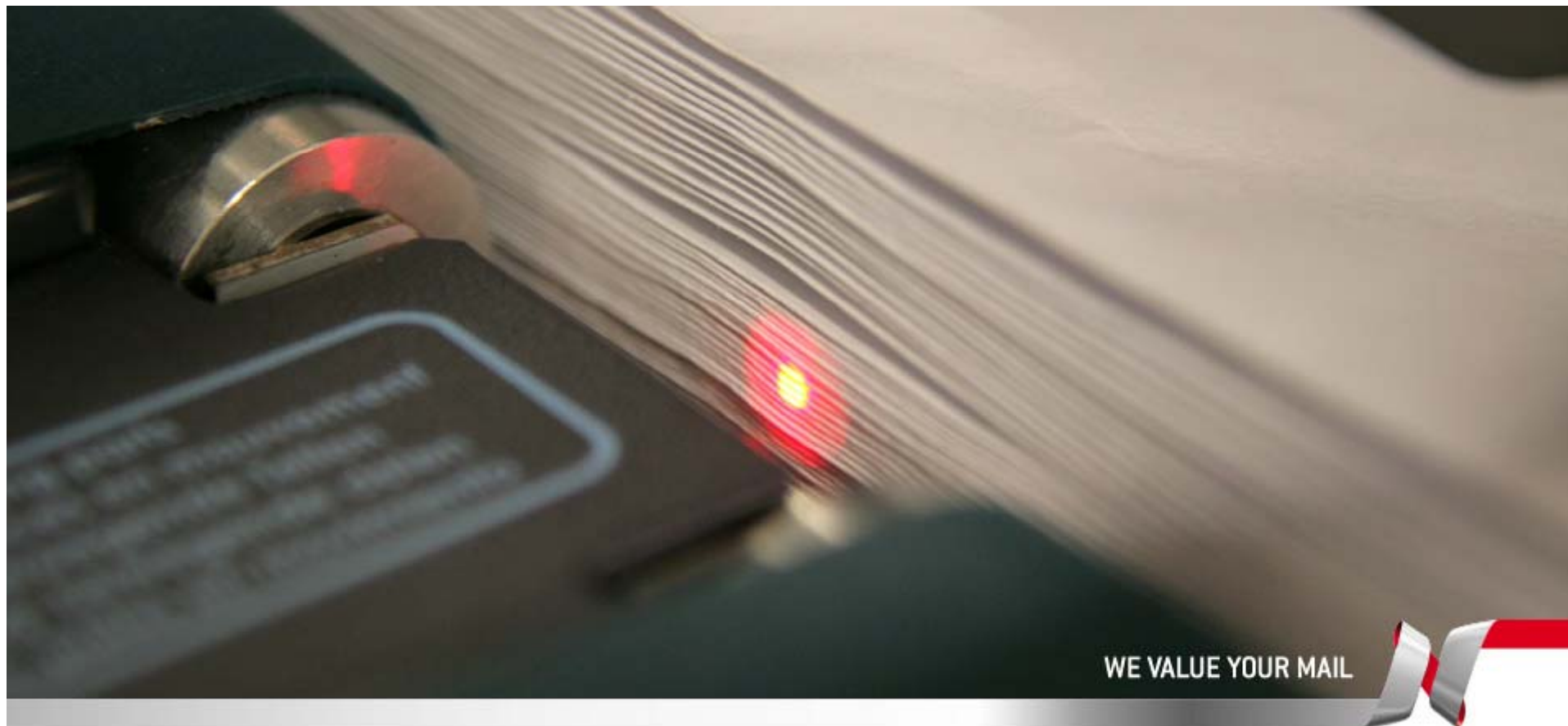
In a tough economic environment, results in line with half-year and full-year plans

*Before exchange rate effects

NEOPOST'S STRATEGIC ORIENTATIONS

- Innovate to take advantage of regulatory changes
- Strengthen mid and high-end business
- Expand recurring revenues
- Enhance distribution
- Improve productivity

Sustained Profitable Growth



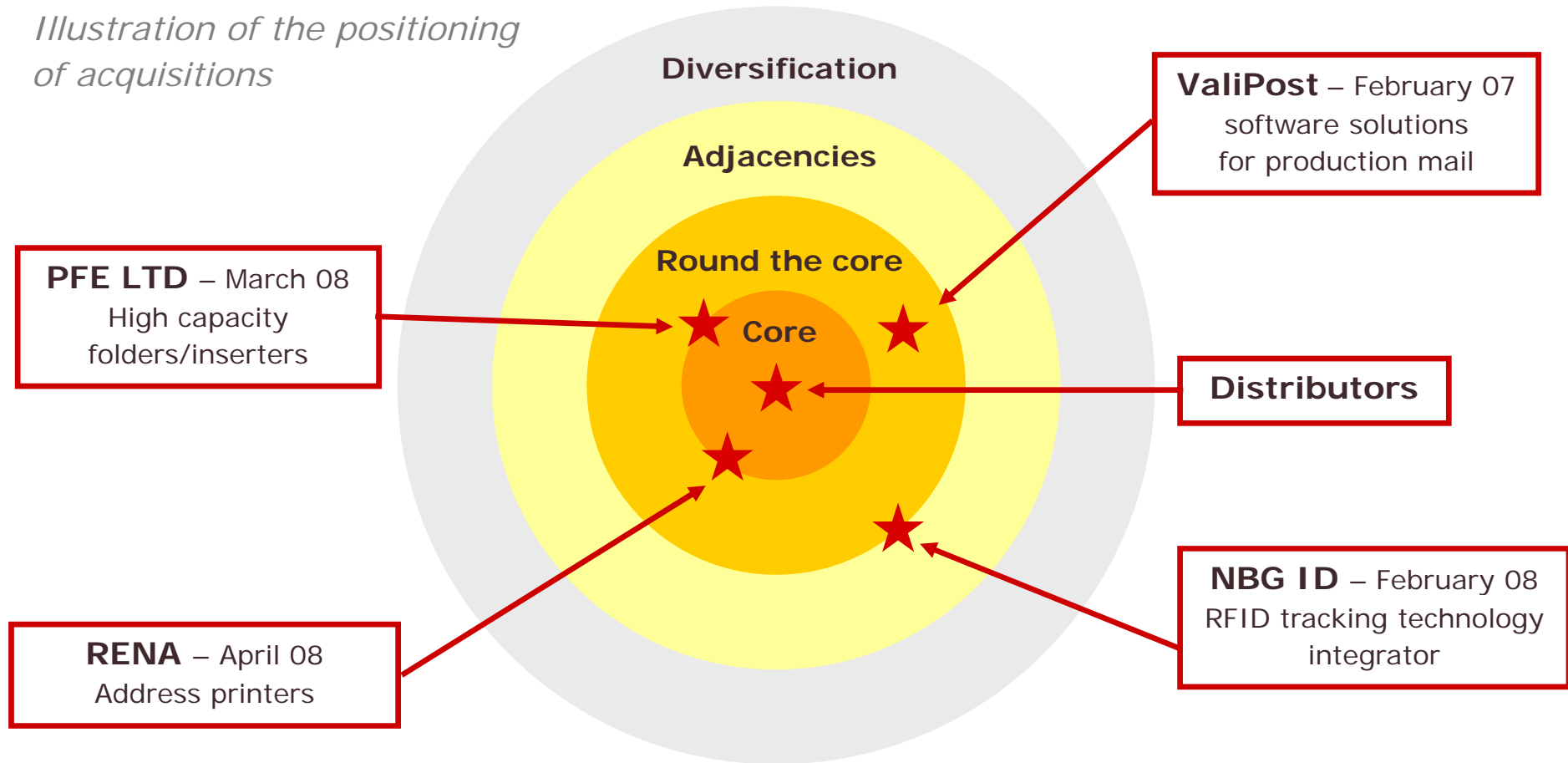
ACQUISITIONS **IN 2007/2008**

neopost 

2008 Interim Results

ACQUISITIONS COMPLETED IN 2007/2008

Illustration of the positioning of acquisitions



Consolidation of core
and round the core business

PFE: RAPID INTEGRATION

- Integrate distribution networks: **completed**
 - PFE networks aligned with Neopost networks
 - ▶ Australia, Portugal, Singapore
 - Direct networks merged
 - Indirect networks merged

- Redefine product lines: **implement in Q4 2008**
 - Decide to sell non-core products
 - Eliminate redundancy in entry range

- Optimize production and logistics process: **deadline H1 2009**
 - Integrate PFE's products in Neopost's logistics chain
 - Increase rationalisation of production centres
 - Pool suppliers

Confirmation of expected synergy:
minimum 15% EBIT by 2010

OTHER ACQUISITIONS

■ NBG ID

- **DHL/METRO contract: the largest roll-out of RFID technology in France**
 - ▶ Tracking of DHL deliveries to Metro
 - ▶ 1.3 million palettes tagged per year
- **Promising pilots**
- **100% growth expected in 2008**

■ ValiPost

- **Confirmed leader in production mail sector**
- **New contract with La Banque Postale**
- **50% growth expected in 2008**

■ Rena

- **Integration in progress**

Companies acquired successfully integrated
and their businesses expanded

ACQUISITIONS OF DISTRIBUTORS IN 2008

■ Europe:

- Sweden: first acquisition in the country
- Germany (1 distributor): consolidation of the German network
- Switzerland (1 distributor): consolidation of the Swiss network

■ USA:

- Acquisitions in California (2 distributors) and Connecticut (1 distributor)
- 47% direct distribution at end July 2008 (44% at end 2007)

Distribution rationalisation strategy
continuing



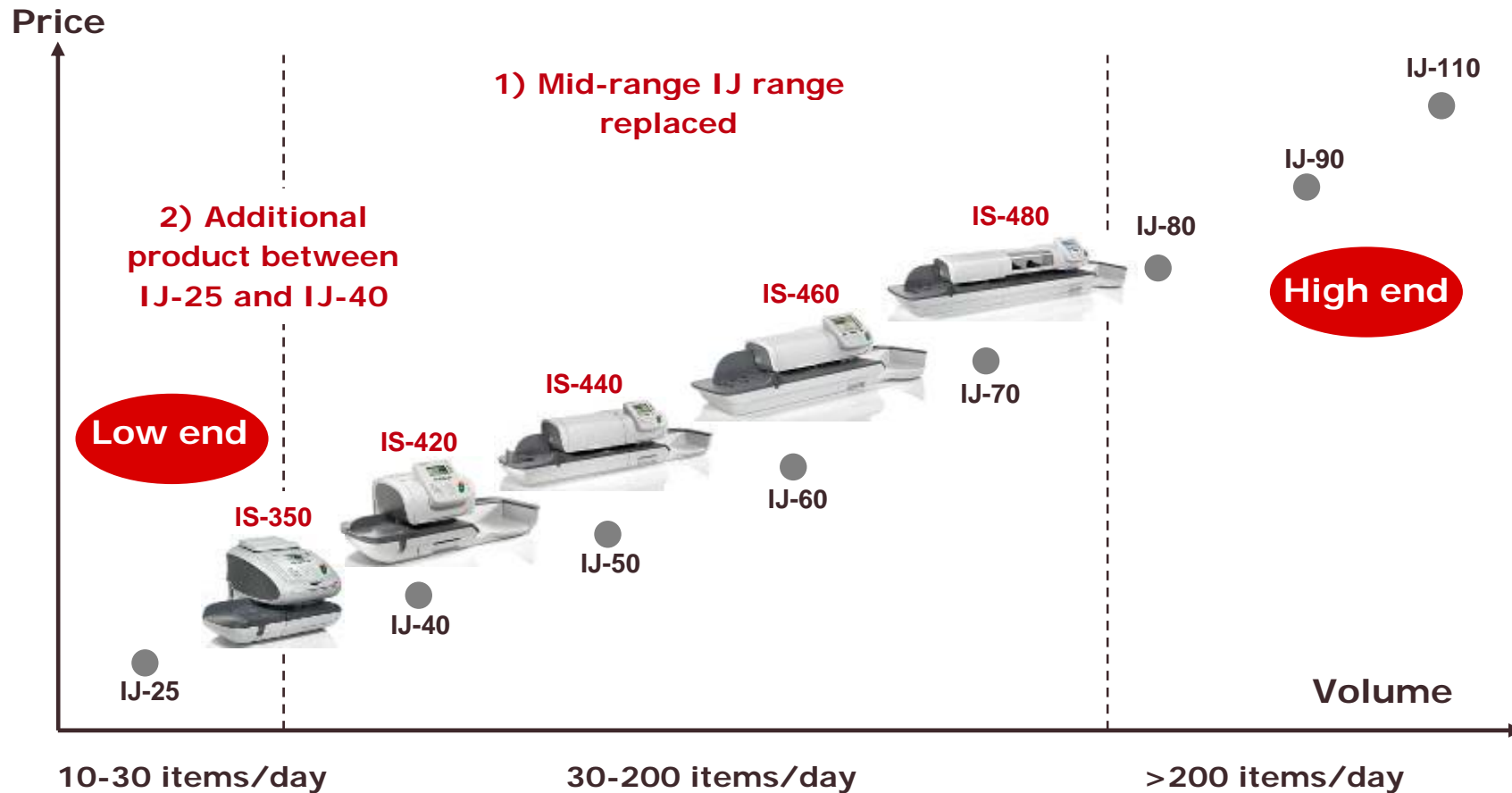
WE VALUE YOUR MAIL

NEW PRODUCT LAUNCHES

neopost 

2008 Interim Results

NEW IS RANGE OF MAILING SYSTEMS



Covers about 50% of whole Neopost range

PRODUCT LAUNCH PLANS

- Successful new product launches in USA and UK:
 - April 2008 in USA
 - July 2008 in UK
 - Very well received by customers, distributors and direct sales force

- Forthcoming product launches:
 - Germany – Q3 2008
 - Other European countries + Canada + Japan - 2009

Competitive advantage and
increased revenue per customer



OPTIMISATION PROGRAMMES



2008 Interim Results

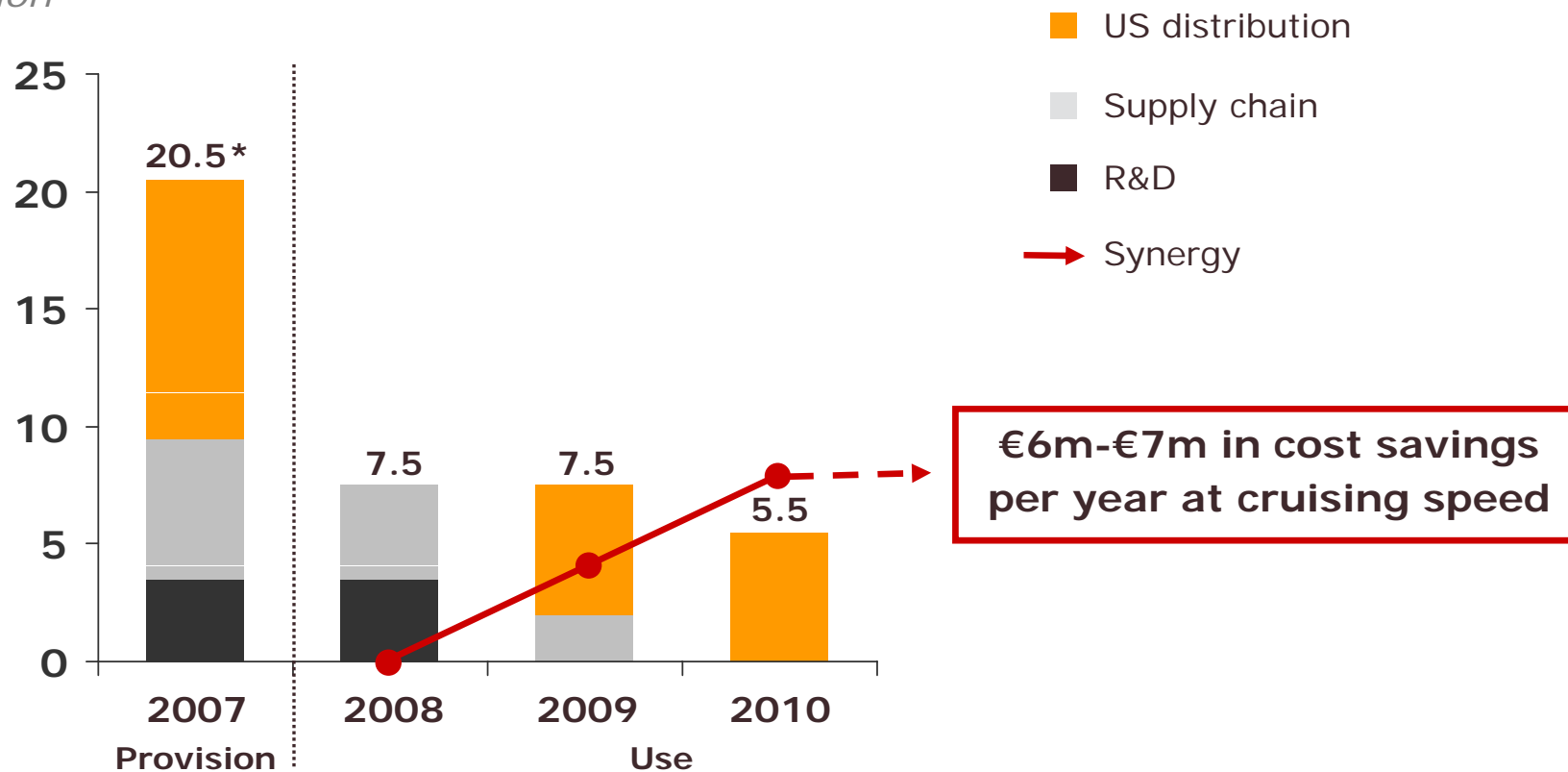
OPTIMISATION PLAN ROLL-OUT

- Research and Development: **completed**
 - R&D centres in USA merged
 - Subcontracting to Hanoi increased
- Supply chain: **in progress / completion in 2009**
 - 2 logistics platforms (Europe and USA)
 - Introduction of direct shipment
 - Rationalisation of refurbishing units
- US distribution: **2009 / 2010**
 - 1 organisation, 2 brands
 - Standardise ERP and postage meter resetting systems

Better customer service and
increased efficiency

FINANCIAL ASPECTS OF OPTIMISATION PLAN

€ million



Confirmed synergies
and no further provisions

*of which €400K are non cash

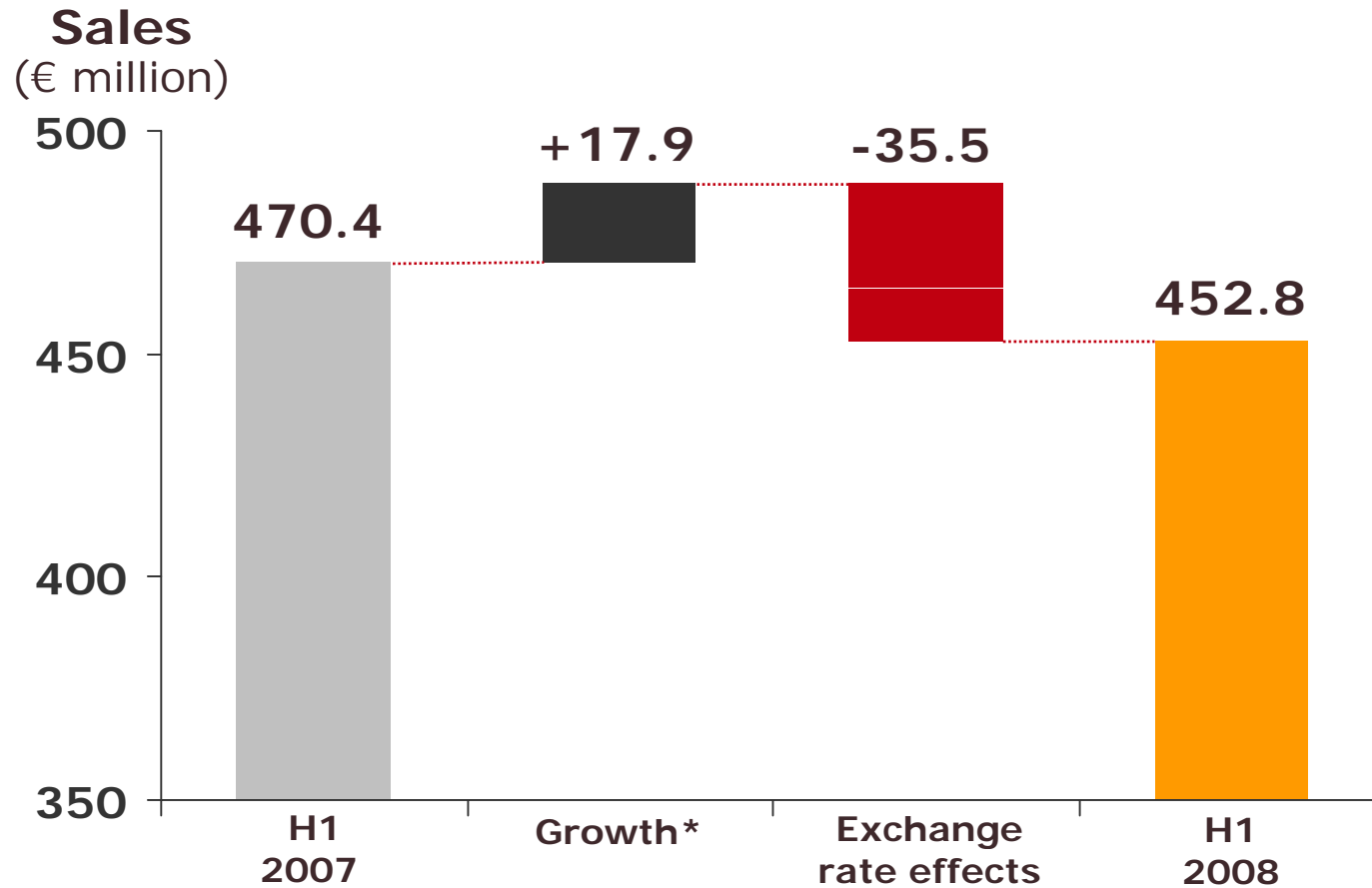


H1 2008 ACCOUNTS

neopost 

2008 Interim Results

H1 2008 GROWTH IN LINE WITH EXPECTATIONS



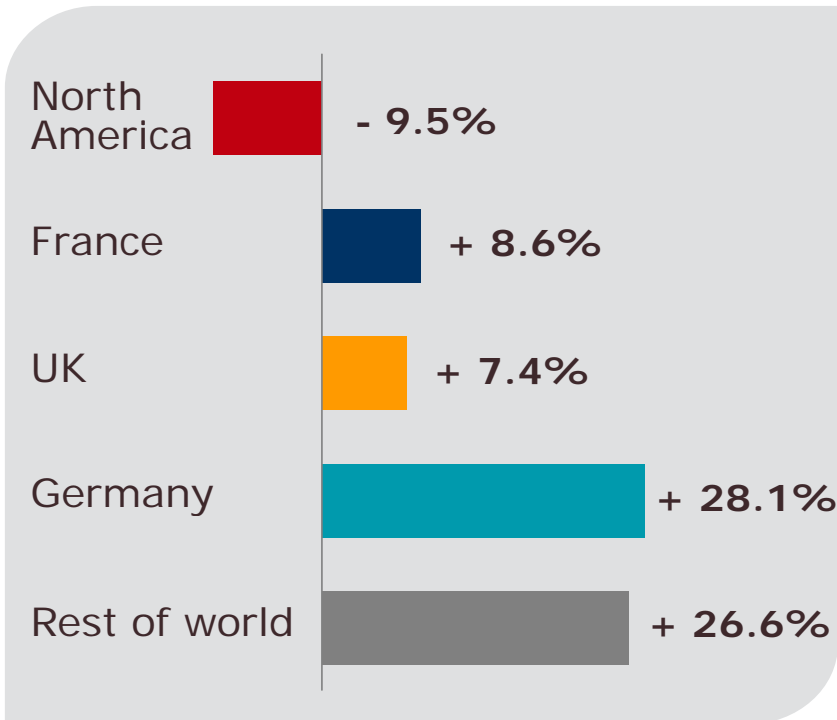
**3.8% growth
at constant exchange rates**



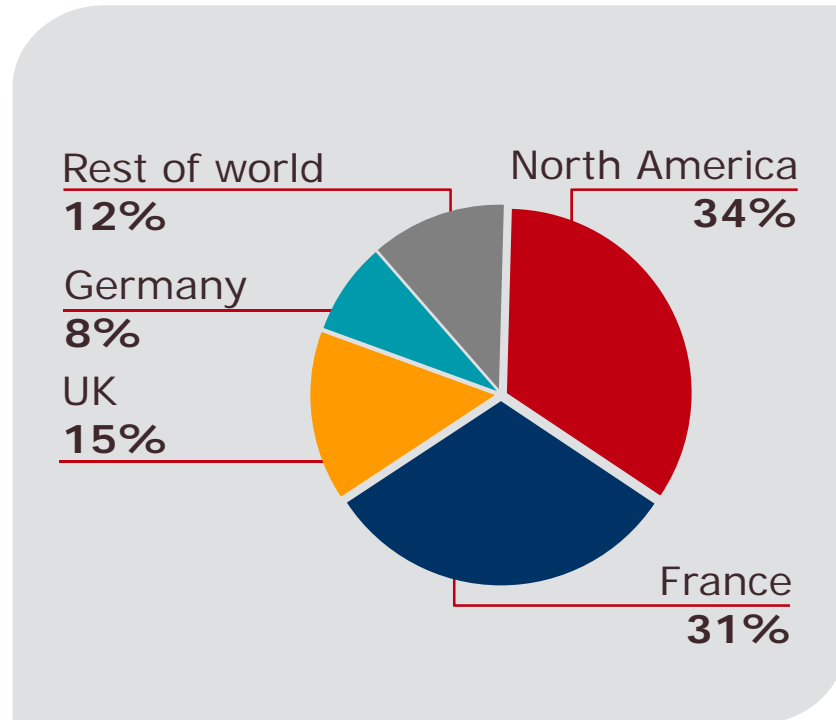
*Excluding currency impacts

H1 2008 GROWTH IN LINE WITH EXPECTATIONS

H1 2008 / H1 2007 change*



H1 2008 sales: €452.8m



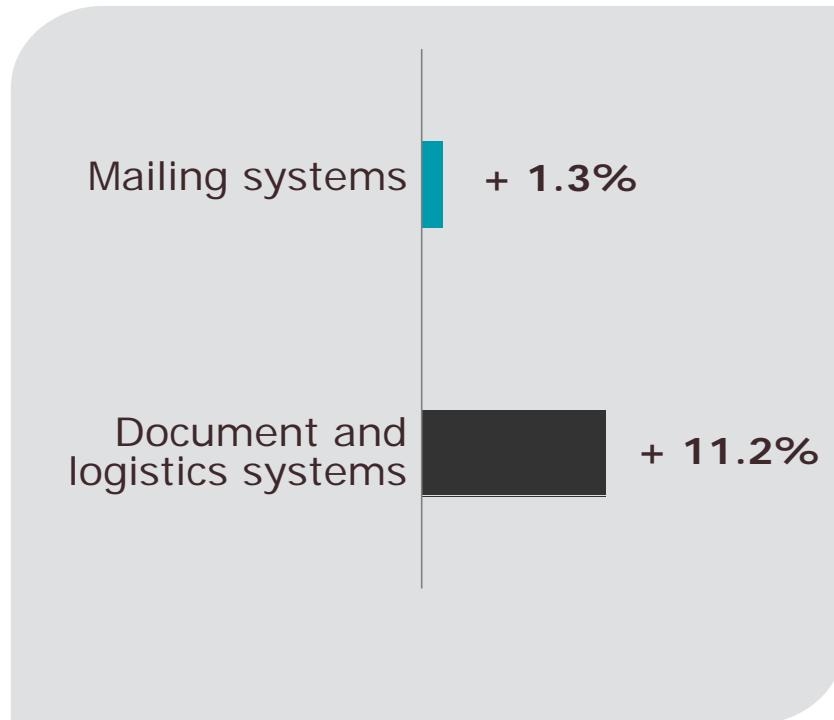
Market conditions stabilised in US
Solid performance in Europe



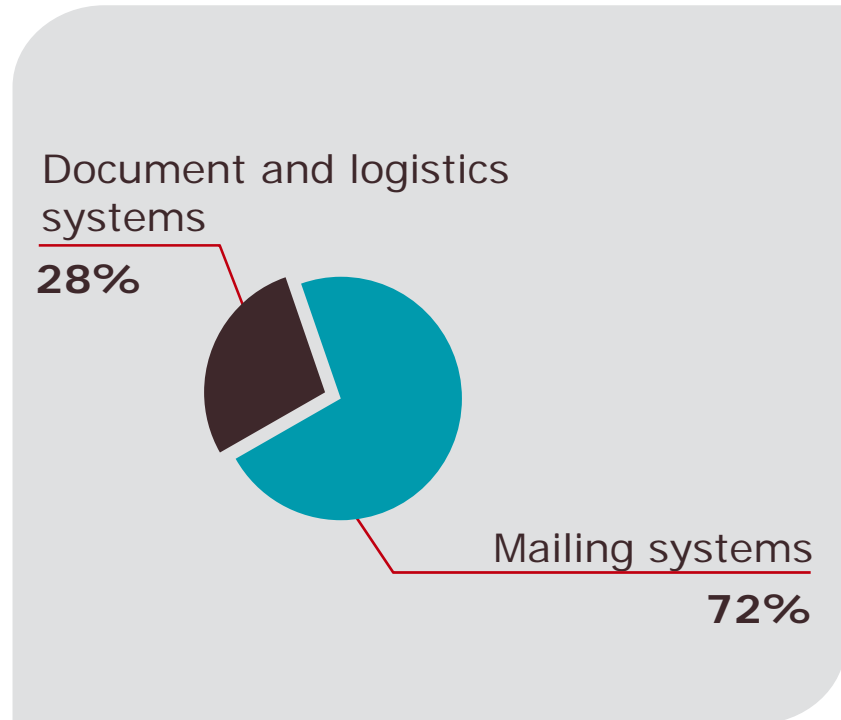
*Excluding currency impacts

STRONG GROWTH IN DOCUMENT AND LOGISTICS SYSTEMS

H1 2008 / H1 2007 change*



H1 2008 sales: €452.8m



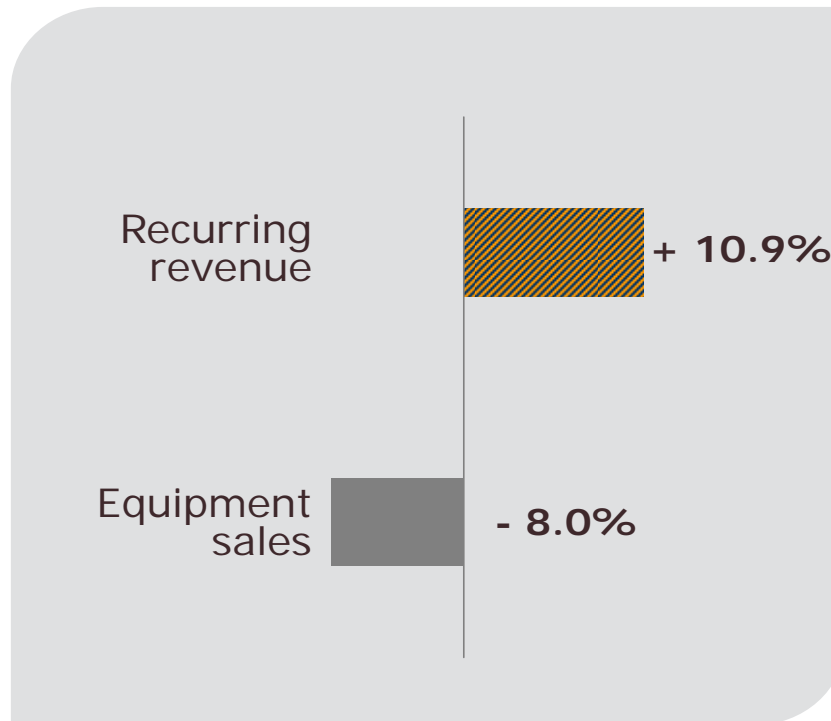
Successful cross-selling and impact of PFE



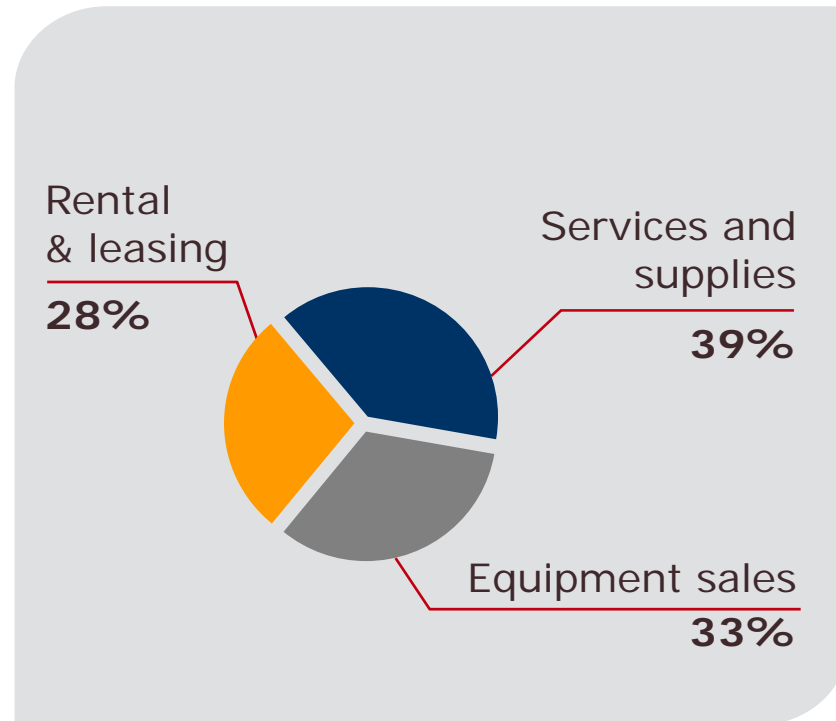
*Excluding currency impacts

STRONG GROWTH IN RECURRING REVENUES

H1 2008 / H1 2007 change*



H1 2008 sales: €452.8m



A balanced business model

* Excluding currency impacts

PROFITABILITY

Current operating margin
(Current operating income / sales, %)



*Not including Neopost Online ** Including PFE

CURRENT OPERATING MARGIN 25.4% OF SALES

€ million

	31/07 2007 Exc PFE	31/07 2008 Inc PFE*	Change %
Sales	470	453	-3.8%
Gross margin <i>As % of sales</i>	366 77.7%	351 77.6%	-3.9%
EBITDA <i>As % of sales</i>	158 33.5%	150 33.2%	-4.6%
Current operating income <i>As % of sales</i>	124 26.3%	115 25.4%	-7.0%

Effects of consolidating PFE under control and margins in line with expectations for the year

NET INCOME

€ million

	31/07 2007 Exc PFE	31/07 2008 Inc PFE*	Change %
Sales	470	453	-3.8%
Current operating income	124	115	-7.0%
Results of disposals and others	1	-	
Operating income	125	115	-8.3%
Financial results	(12)	(10)	
Taxes	(33)	(31)	
Net income	80	74	-6.8%
<i>As % of sales</i>	<i>17.0%</i>	<i>16.4%</i>	
Diluted EPS	2.51	2.39	-4.8%

In absolute terms, conversion effect due to decline of the dollar and pound

24

WORKING CAPITAL REQUIREMENT

€ million

Inventories

Accounts receivable

Prepaid income

Other payables and receivables

Total excluding leasing

31/07 2007 Exc PFE	31/07 2008 Inc PFE*	Change %
55	55	-1.1%
116	128	+10.1%
(127)	(133)	+4.6%
(243)	(256)	+5.4%
(199)	(206)	+4.0%

WCR improved under difficult economic circumstances
and after consolidation of PFE

CASH FLOW GENERATION IN H1 2008

€ million

	31/07 2007 Exc PFE	31/07 2008 Inc PFE**
EBITDA	158	150
Investments (net of disposals)	(57)	(101)
Change in working capital	(54)	(34)
Taxes	(33)	(31)
Cash flow*	14	(16)

Significant capital expenditure
and WCR under control

* Before debt service, dividends and share buybacks **From March 2008

GRADUAL AND CONTROLLED INCREASE IN GEARING

<i>€ million</i>	31/07 2007 Exc PFE	31/01 2008 Exc PFE	31/07 2008 Inc PFE*
Financial debt	646	595	743
Cash and marketable securities	(113)	(149)	(131)
Net financial debt	533	446	612
Shareholders' equity	485	493	435
<i>Net debt / shareholders' equity</i>	109.8%	90.5%	140.7%
<i>Net debt / EBITDA ratio</i>	1.7	1.5	2.0
<i>EBITDA / financial charges</i>	12.4	10.5	11.5

Ability to finance growth

INITIATION OF AN INTERIM DIVIDEND POLICY

- Current shareholder return policy maintained:
 - Return 100% of net increase in shareholders' equity generated during period (excluding any major acquisition)
 - ▶ Dividends
 - ▶ 2% minimum share buybacks

- Introduction of an interim dividend policy:
 - Mid-January: interim payment
 - Mid-July: balance payment (previously 100%) following decision by AGM

Interim dividend of €1.65 per share*
for 2008 to be paid on 15 January 2009



GROWTH **DIVERS**



2008 Interim Results

GROWTH DRIVERS

Market

- **Regulations:**
 - ▶ Decertification, deregulation
 - ▶ Postal operators in search of productivity and service quality
- **Technology:**
 - ▶ More rapid installed base turnover
 - ▶ Increased sophistication of average configuration



Neopost

- **Recurring revenues**
- **Indirect distribution => direct**
- **Ability to grow more rapidly than the market**
- **Acquisitions**

IMPACT OF POSTAL DEREGULATION

■ UK market as example

before deregulation - 2005

- 1% discount for franked mail

- Pricing by weight

- Only *Clean mail* for large volume

after deregulation - 2008

- Up to 9% discount for franked mail
7% increase in installed machine base in 2 years

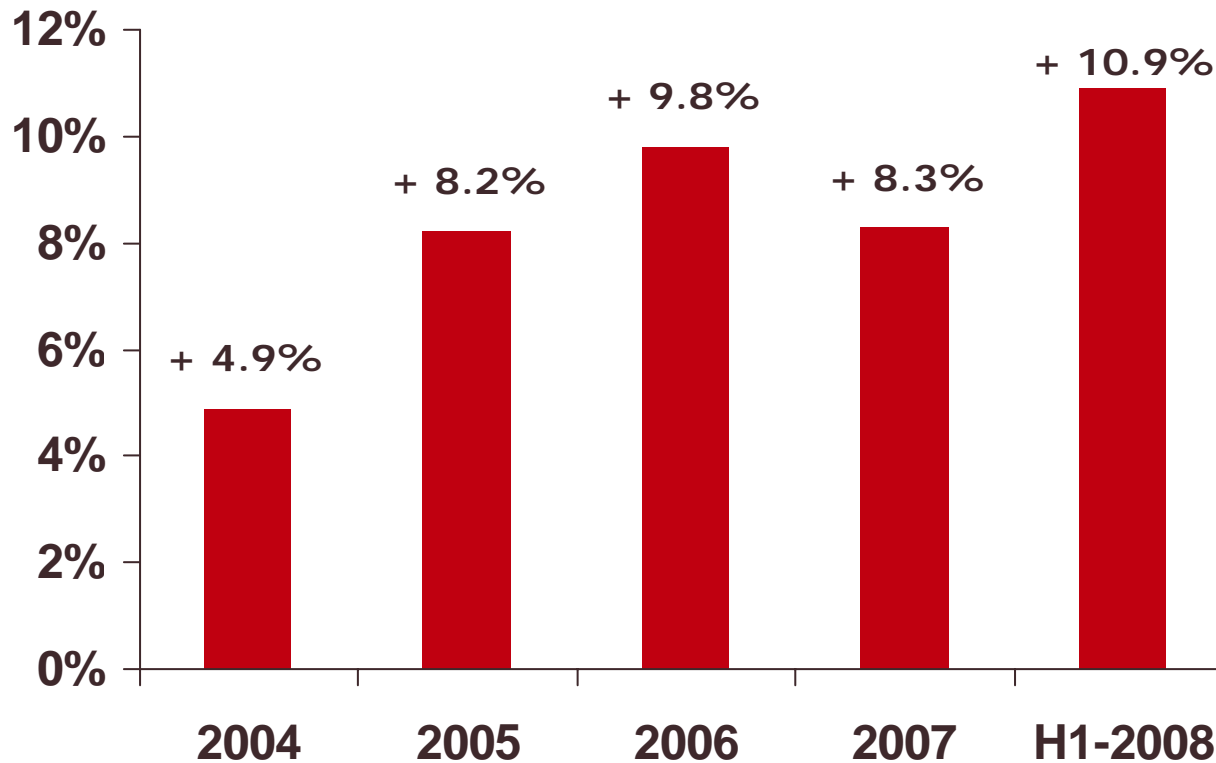
- Pricing by weight and size
Increase in average configuration (dynamic scales)

- *Clean mail* from 1,000 letters:
up to 10% reduction
Sale of address hygiene software

25% increase in sales
from £80m to more than £100m

TRACK RECORD OF GROWTH IN RECURRING REVENUES

*Growth rate
excluding currency impacts*



Recurring revenues in H1 2008 = 67% of total sales

RECURRING REVENUES GROWTH POTENTIAL (1/2)

■ Leasing

- Continue developing recent portfolios
- Growth potential due to change in distribution method from indirect to direct
- Leasing target: 75% penetration of sales

■ Postage financing

- Roll out programme in US: target 2% of sales by 2012
- Potential launch in other prepaid markets (UK, ...)

■ Rental

- Revenues stabilised

■ Supplies

- Function of inkjet penetration rate and shift up range
- Strong growth

RECURRING REVENUES GROWTH POTENTIAL (2/2)

- Maintenance and online services
 - Sophisticated and rationalised product range
 - Growth potential due to change in distribution method from indirect to direct
- Changes in postage prices
 - Inflation
 - Competitive or government pressure
 - Price differentiation in deregulated environment
 - Neopost offer shifting to rate change insurance

Growth in revenue per customer

STRENGTHENING DIRECT DISTRIBUTION (1/3)

- Commercial rationale:
 - Expansion of recurring sales and revenues
 - Medium / long-term approach

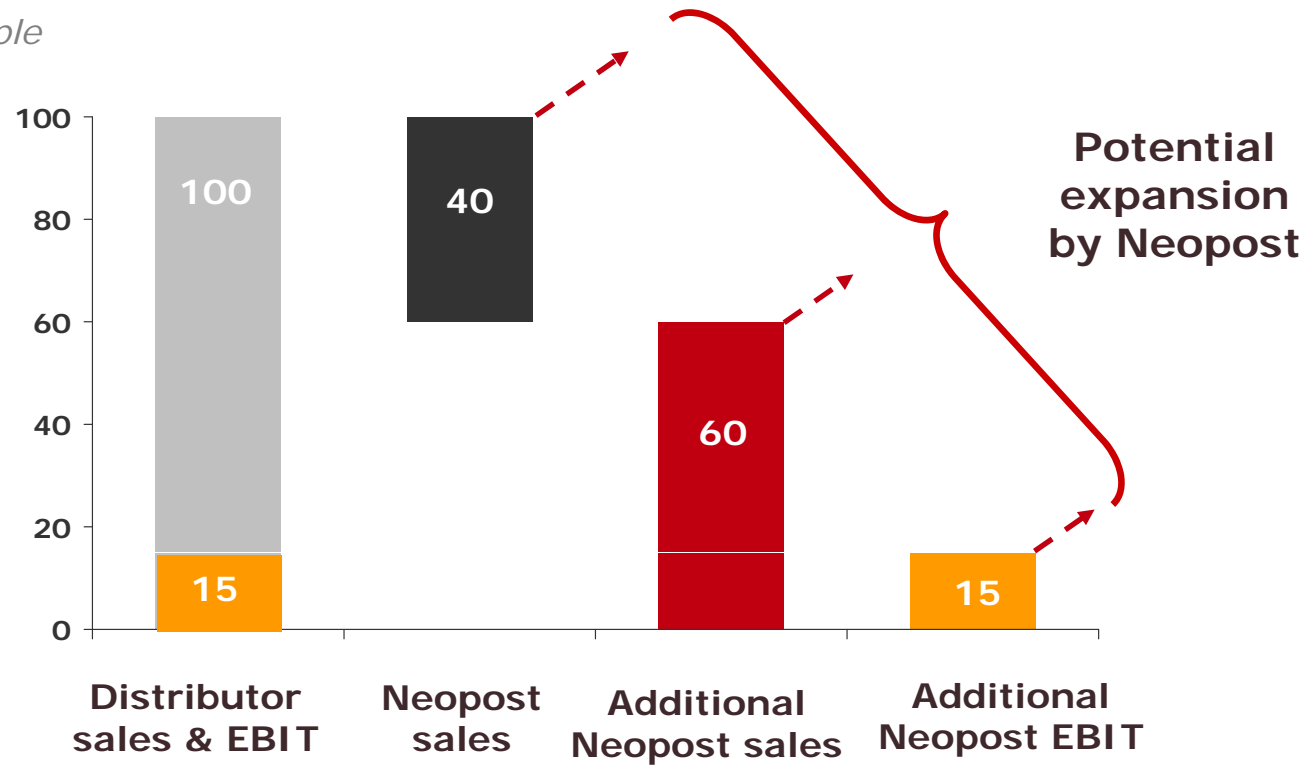
<i>Initial geographic extension</i>	Year of acquisition	Sales at 1 st acquisition	Sales 2007
Italy	1998	2	13
Netherlands	2000	9	16
Belgium	2001	3	14
Norway	2003	4	9
Ireland	2004	5	10

Ability to capitalise on acquisitions

STRENGTHENING DIRECT DISTRIBUTION (2/3)

- Financial rationale: effect on margins +/- neutral at acquisition

Theoretical example



Potential for future sales and profit growth

STRENGTHENING DIRECT DISTRIBUTION (3/3)

■ Growth potential

■ USA

- ▶ Direct distribution end 2004: 31%
- ▶ Direct distribution end 2007: 44%
- ▶ Direct distribution end July 2008: 47%
- ▶ Medium-term target: 60%

■ Western Europe

- ▶ Norway, Sweden, Denmark, Spain, Switzerland

■ Other regions

- ▶ Potential outside traditional Neopost regions
- ▶ Growth of other markets using indirect method (direct potential in medium to long term)

Still significant potential



OUTLOOK



2008 Interim Results

Outlook

■ 2008

■ Sales:

- ▶ **Minimum 6%** growth in 2008 at constant exchange rates

■ Current operating margin:

- ▶ **50 basis point** improvement (compared with 2007 EBIT margin of 25.2% including PFE)

■ To achieve these targets, the Group is counting on:

- ▶ The expected effect of decertification in the US
- ▶ Continuing good performance in Europe

■ 2009

■ Continuing **profitable growth**



APPENDIX



CONSOLIDATED BALANCE SHEET (1/2)

€ million

Assets

	31/07 2007	31/07 2008
Goodwill	544	621
Intangible fixed assets	50	56
Tangible fixed assets	142	139
Financial investments	21	12
Other long-term assets	4	6
Leasing receivables	433	429
Deferred tax assets	45	39
Inventory	55	55
Trade receivables	116	128
Other short-term assets	57	53
Cash & marketable securities	113	131
Financial instruments	38	8
TOTAL	1,618	1,677

CONSOLIDATED BALANCE SHEET (2/2)

€ million

Liabilities

	31/07 2007	31/07 2008
Shareholders' equity	485	435
Provisions	27	26
Long-term financial debt	303	280
Short-term financial debt	343	462
Deferred tax liabilities	31	28
Prepaid income	127	133
Other short-term liabilities	301	312
Financial instruments	1	1
TOTAL	1,618	1,677