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Full-year results

March-April 2010

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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 events, 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'.



2009

- Review of 2009
- 2009 financial statements
- Preparing for the future
- 2010 outlook



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REVIEW OF 2009

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2009 full-year results

2009

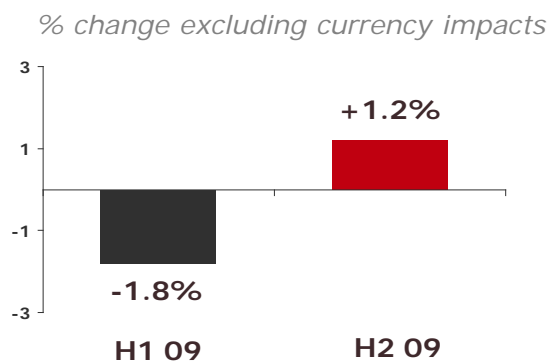
- Unprecedented economic crisis:
 - Sharp fall in equipment sales
- Continuous optimisation of the business model:
 - Increase in recurring revenue
 - Strengthening of direct distribution
 - Targeted acquisitions of technology
- Cost structure adjustment
 - Fixed costs transformed into variable costs
 - Optimisation programmes
- Balance sheet strengthening
 - Increased shareholders' equity
 - Refinancing

Managing recession while preparing for the future

2009 KEY FIGURES

■ Sales: **€913.1** million


■ -0.3% year on year, excluding currency impacts



■ Current operating margin*: **25.7%** of sales

■ Net margin: **16.2%** of sales

A solid performance in particularly tough economic conditions



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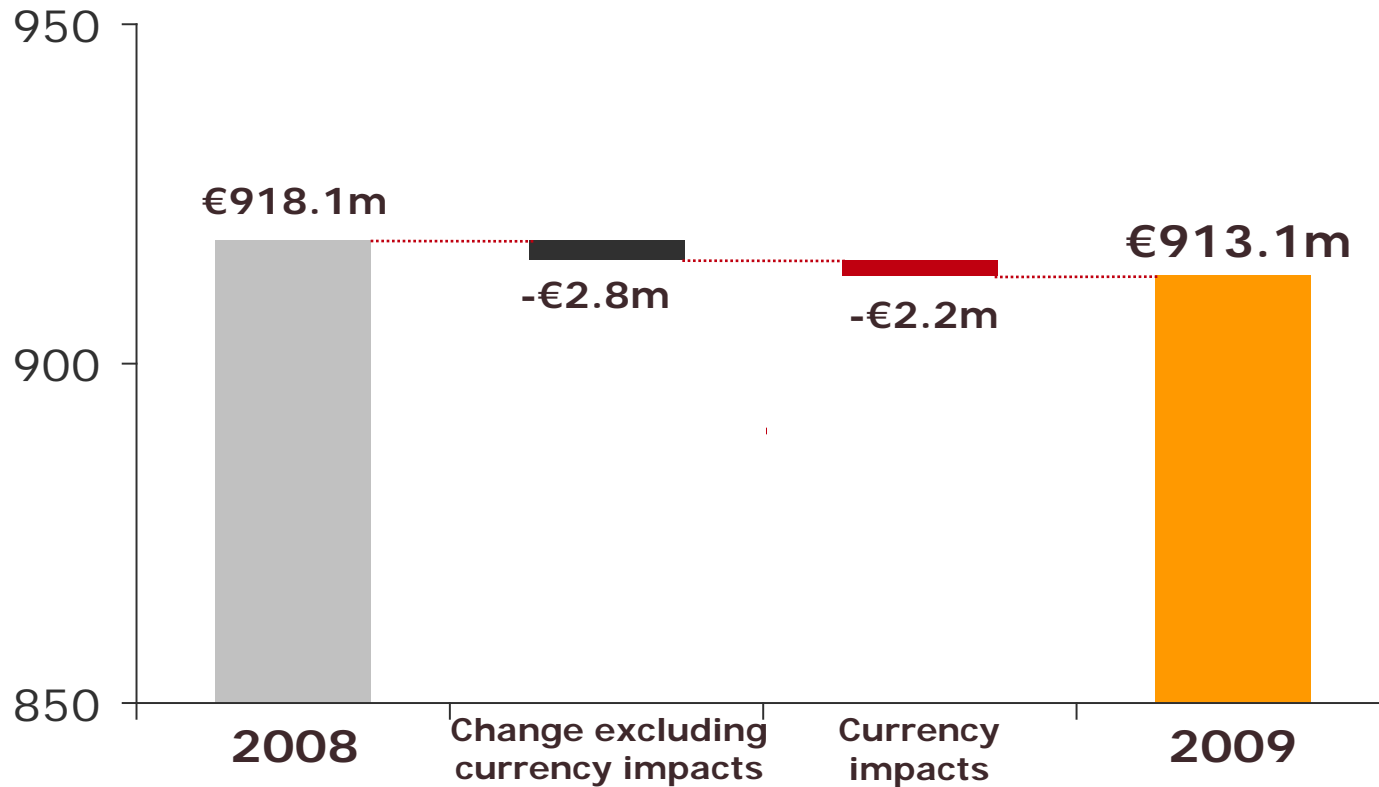
2009 FINANCIAL STATEMENTS

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2009 full-year results

VIRTUALLY FLAT SALES

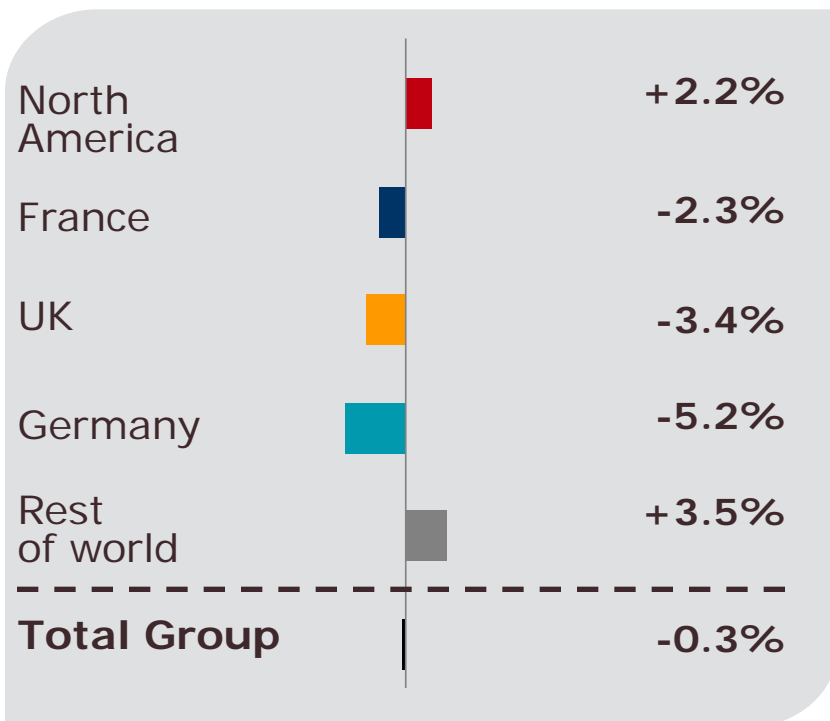
Sales



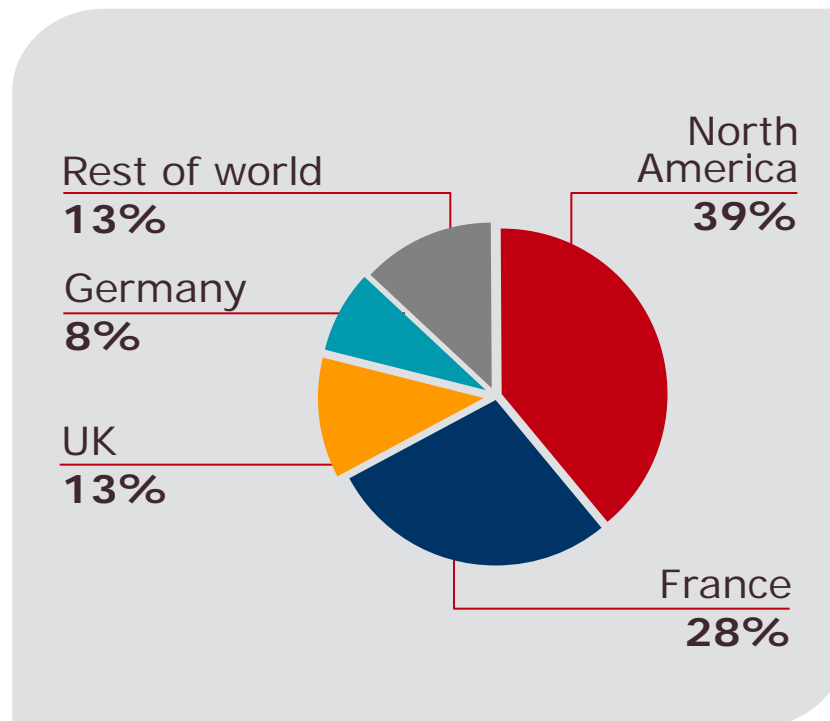
-0.3% at constant exchange rates

CONTRASTED PERFORMANCE BY MARKET

2009 / 2008 change*



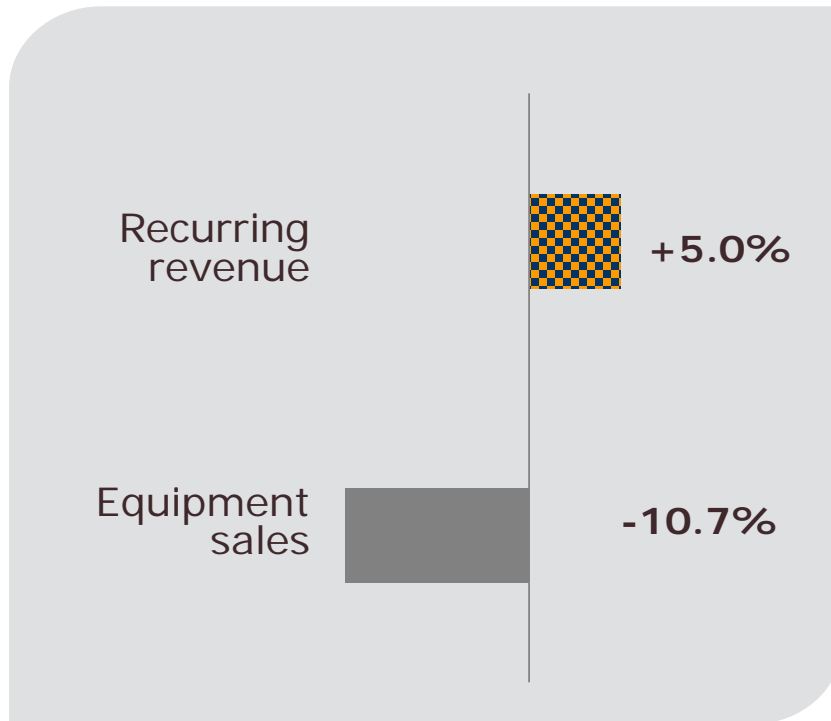
2009 sales: €913.1m



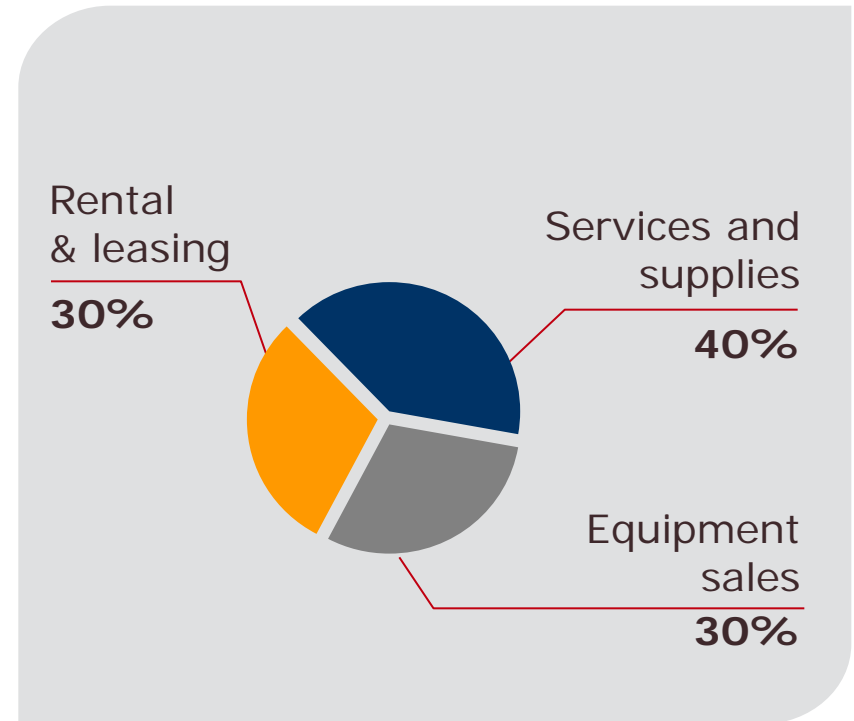
Neopost sales grew in the company's leading market, i.e. North America

INCREASED RECURRING REVENUE

2009 / 2008 change*



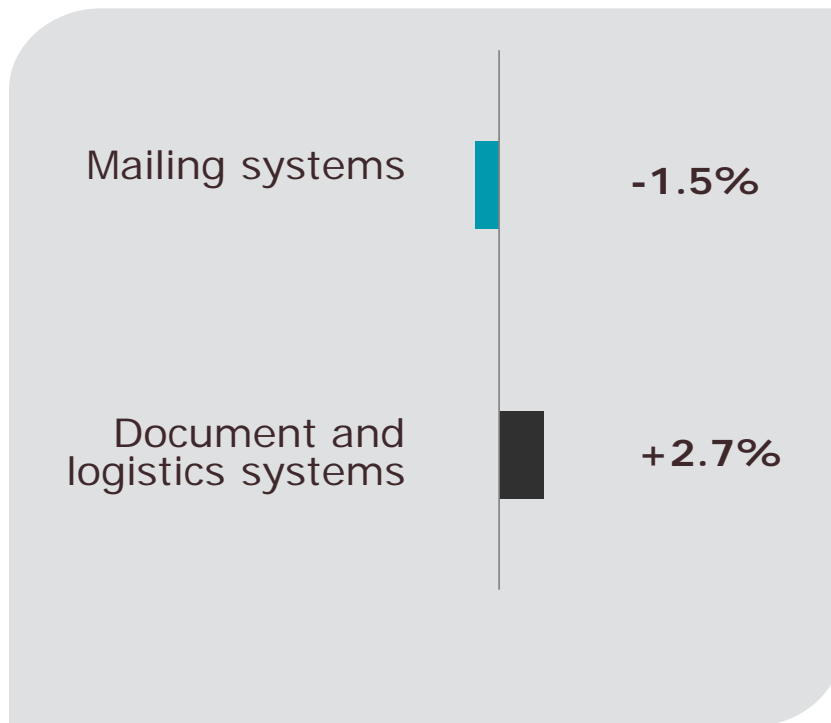
2009 sales: €913.1m



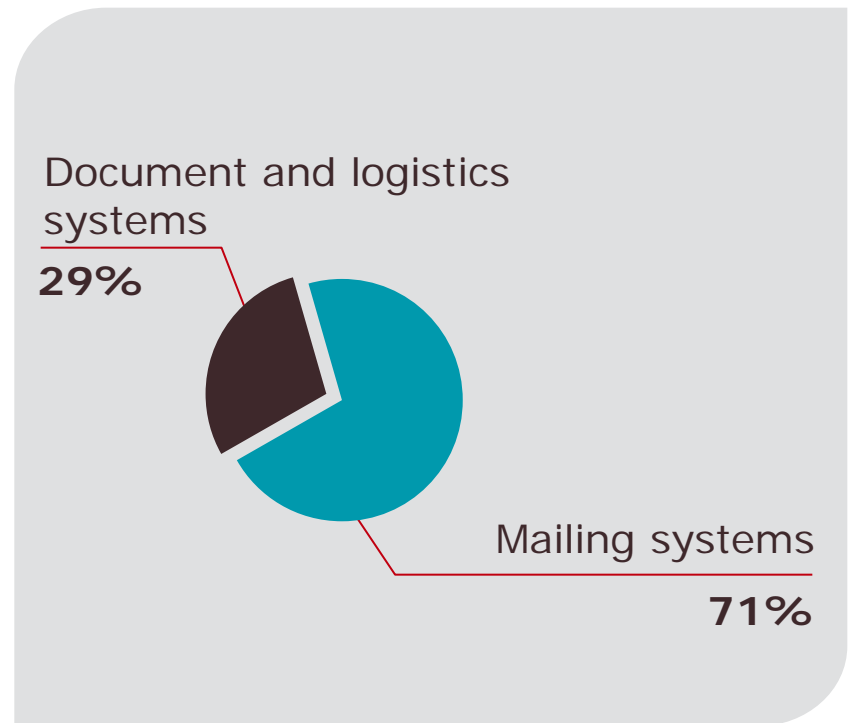
Successful strategy of developing recurring revenues

GROWTH IN DOCUMENT AND LOGISTICS SYSTEMS

2009 / 2008 change*



2009 sales: €913.1m



Successful integration
of new high end folders / inserters

* At constant exchange rates

CURRENT OPERATING MARGIN MAINTAINED AT 25.7%

Current operating margin

(Current operating income / total sales, %)



* Not including Neopost Online
** including PFE for 11 months

CURRENT OPERATING MARGIN MAINTAINED AT 25.7%

€ million

	2008	2009	Change %
Sales	918	913	-0.5%
Gross margin	708	726	+2.6%
<i>% of sales</i>	77.1%	79.5%	
EBITDA	301	297	-1.3%
<i>% of sales</i>	32.8%	32.5%	
Current operating income	236	235	-0.5%
<i>% of sales</i>	25.7%	25.7%	



PERFORMANCE ANALYSIS

Negative factors

- 11% decline in equipment sales
- Strengthened direct distribution
 - ▶ Dilutive acquisitions in recession time
- Targeted acquisitions
 - ▶ Dilutive effect since current operating margin is lower than the Group average



Positive factors

- Mix effect: recurring revenue
- Optimisation plan
- Adjustment of production facilities
- Partial subcontracting of production and R&D
- Control of operating costs
- Natural currency hedge

Complete control of operating margin

NET INCOME

	2008	2009	Change %
<i>€ million</i>			
Sales	918	913	-0.5%
Current operating income	236	235	-0.5%
Cost of the debt	(27)	(30)	
Exchange gain results	5	-	
Tax	(58)	(57)	
Attributable income from affiliates	1	-	
Net income	157	148	-5.7%
<i>% of sales</i>	<i>17.1%</i>	<i>16.2%</i>	
EPS	5.10	4.85	-4.9%
Diluted EPS	5.08	4.68	-7.9%

High level of profitability

STRUCTURALLY NEGATIVE WCR

<i>€ million</i>	2008	2009	Change %
Inventory	46	56	+23.6%
Accounts receivable	168	188	+12.3%
Deferred income	(183)	(189)	+3.2%
Other assets and liabilities	(284)	(271)	-4.1%
Total excluding leasing	(253)	(216)	-14.6%

WCR maintained at a high negative level

CASH FLOW

€ million

	2008	2009
Net income	157	148
Depreciation	65	62
Provisions	(22)	(20)
Other non cash items	19	26
Cash flow*	219	216

High level of cash flow

NEW SOURCES OF FINANCING

- Banques Populaires / Caisses d'Epargne / Natixis private placement
 - €175m redeemable revolving loan
 - Euribor + 190 bp
 - Maturity: September 2014

- Success of Neopost OCEANE
 - €300m
 - 30% premium on reference share price of €63.70 resulting in 1 CB = €82.81
 - Interest: 3.75%
 - Conversion: 1 CB = 1 share
 - Dividend protection clause up to €3.80 per share
 - Maturity: 31 January 2015

- Funds not yet drawn down: **€667m** as at 31/01/2010

Diversification of sources of financing
and extension of maturities

DEBT AND SHAREHOLDERS' EQUITY

<i>€ million</i>	31/01 2009	31/01 2010
Debt	802	855
Cash and marketable securities	(133)	(139)
Net debt	669	716
Shareholders' equity	436	490
<i>Net debt / shareholders' equity</i>	153.3%	146.3%
<i>Net debt / EBITDA</i>	2.2	2.4
<i>EBITDA / interest charges *</i>	11.0	9.9

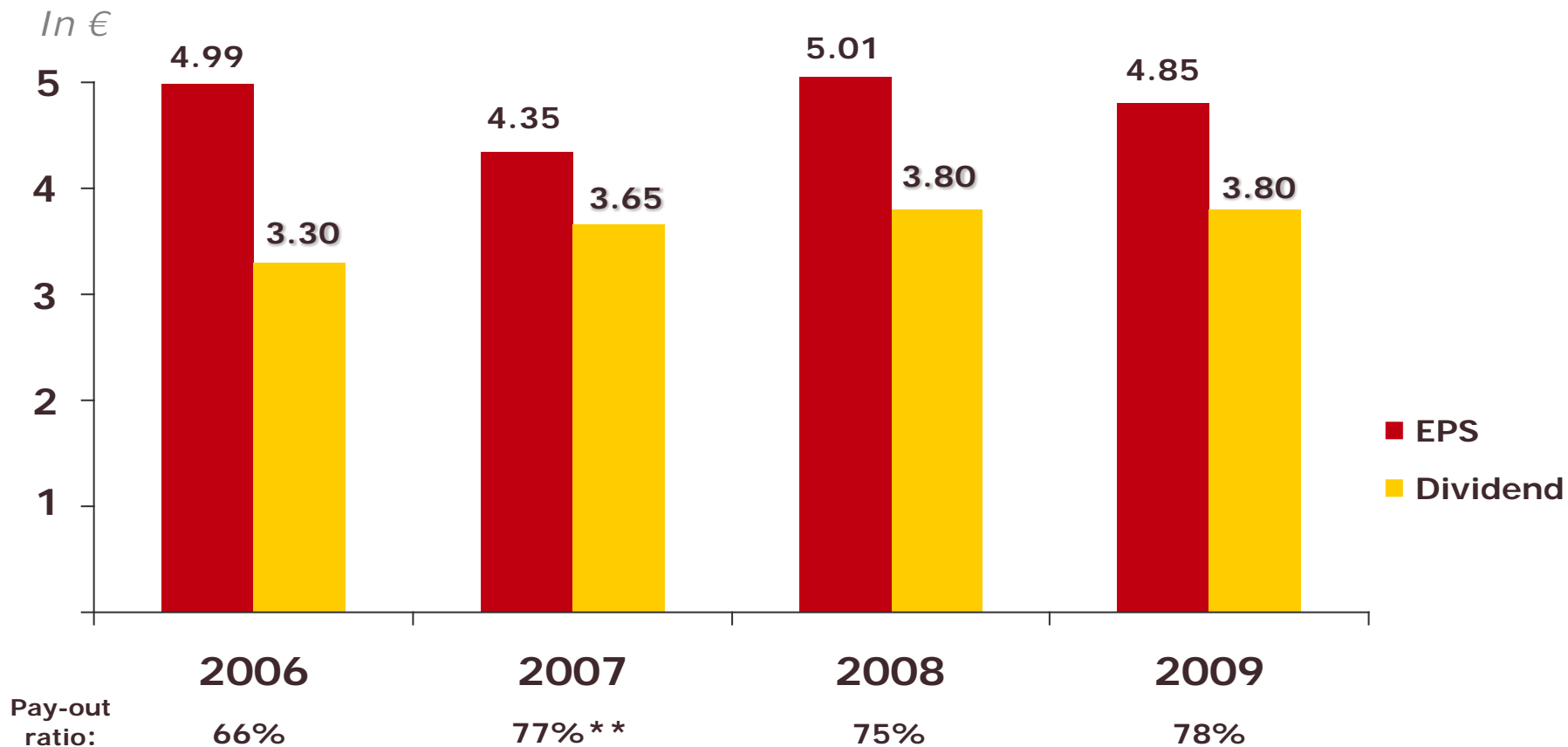
Strengthening of shareholders' equity
and debt under control

CUSTOMER FINANCING

- Leasing portfolio at the end of January 2010: €512m
 - +9% as compared to the end of January 2009*
 - €512m = principal of the loans to customers
- Rental
 - Net present value of future rental cash flows about €300m
- Net debt: €716m at the end of January 2010
- Leasing + rental future cash flows about €800m
i.e. >> 100% of net debt

Further development of customer financing

HIGH DIVIDEND MAINTAINED IN 2009



€3.80 dividend per share for 2009,
above 6% yield



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PREPARING FOR THE FUTURE



2009 full-year results

GROWTH DRIVERS

Market

■ Regulations

- ▶ Decertification programmes, deregulation
- ▶ Postal operators' quest for productivity and service quality
- ▶ Echoes of past decertification programmes or changes in regulations

■ Technology

- ▶ Faster turnover of installed base
- ▶ Increased sophistication of average configurations



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■ Innovation

■ Recurring revenue

■ Indirect → direct distribution

■ Ability to grow more rapidly than the market

■ Acquisitions



OPTIMISATION OF THE GROUP'S STRUCTURE

■ R&D

- Merger of US centres → 3 to 1 centre
- Development of subcontracting in Asia

■ Supply chain

- 2 logistics platforms plus introduction of direct shipment

■ US distribution

- **Combination of headquarters on the east coast:**
 - ▶ West coast closed and more than 300 people transferred
 - ▶ Combination of call centres to Dallas (Texas)
 - ▶ 200 people hired
 - ▶ 1 unified management team
- **Unification of IT systems: in progress**

A stronger organisation creating new momentum

SHIFT TO DIRECT DISTRIBUTION

■ Europe

■ Scandinavia:

- ▶ Acquisition of 2 distributors in Sweden and Denmark

■ Switzerland:

- ▶ Development of direct distribution in document systems

■ USA

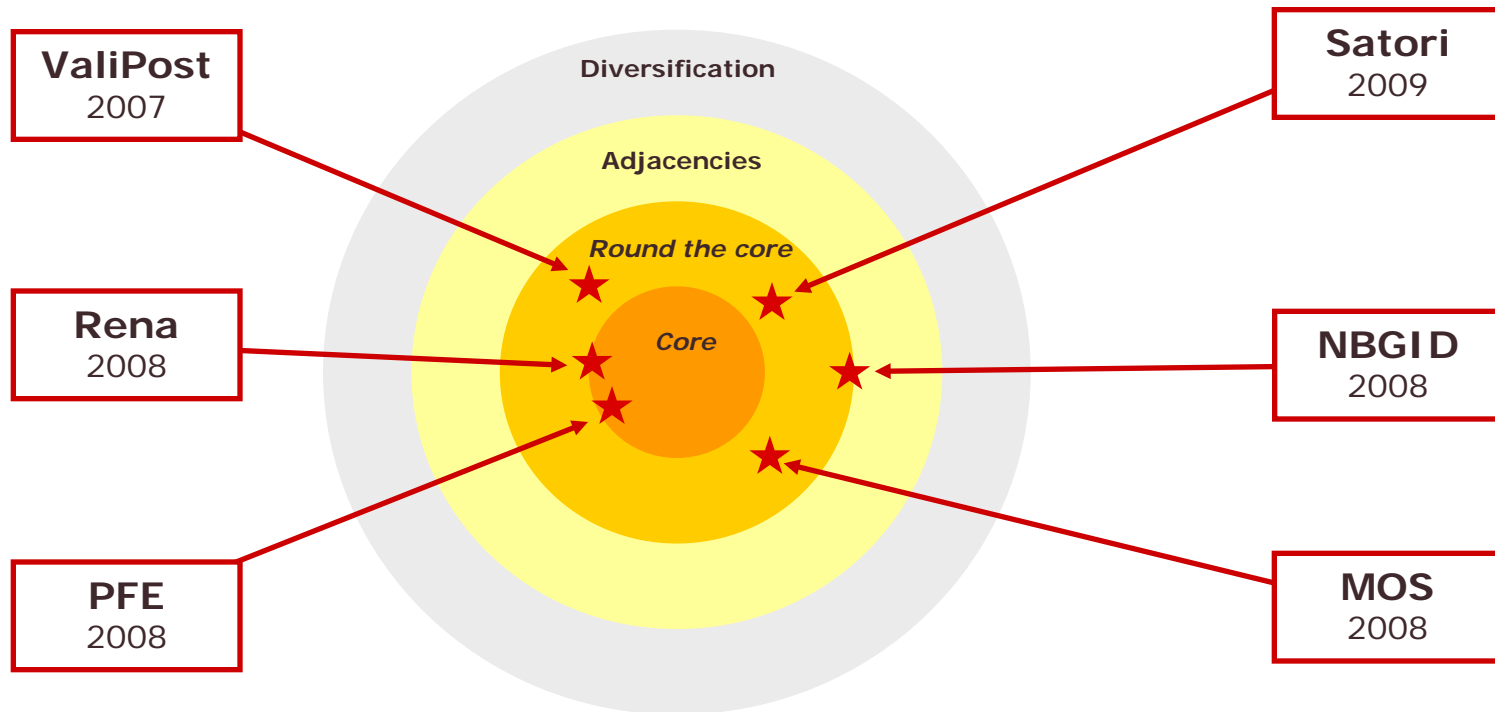
■ Acquisition of 3 new dealers

- ▶ Washington
- ▶ Philadelphia
- ▶ Atlanta

■ 56.5% direct distribution (versus 31% in 2004 → target 60%)

Development of direct distribution
continued in 2009

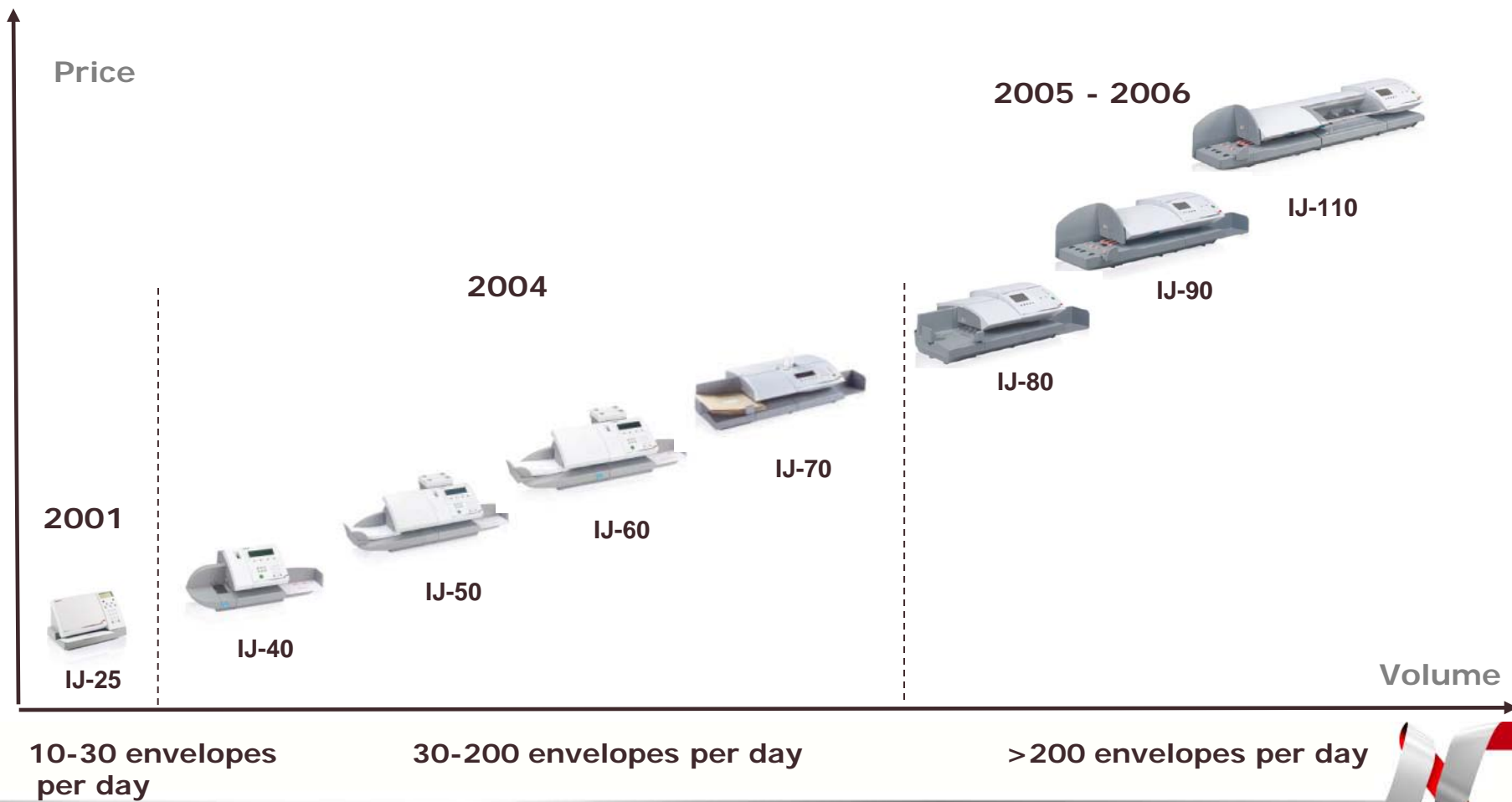
TARGETED ACQUISITIONS



Service range enhanced
with Satori in 2009

MAILING SYSTEMS

Mailing machine range



10-30 envelopes per day

30-200 envelopes per day

>200 envelopes per day

Volume

RANGE COMPLETELY REPLACED AND EXTENDED IN 2 YEARS

2009
2010

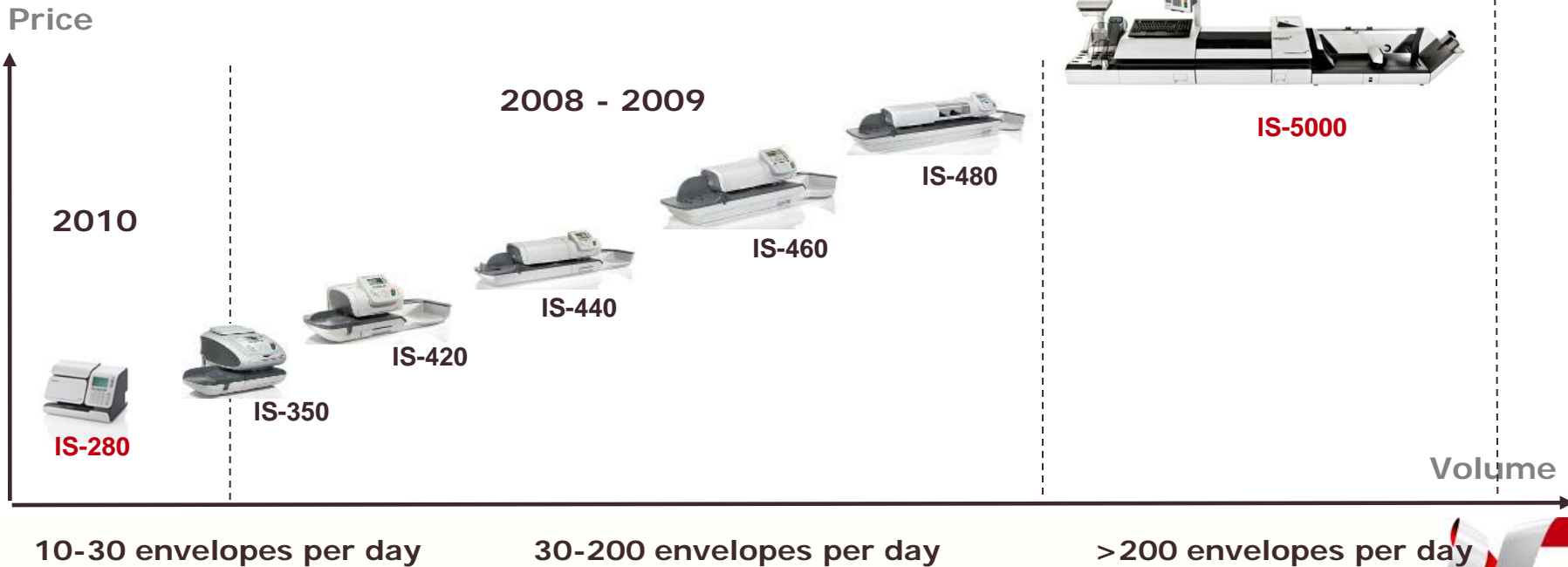
IT franking
EM-150

Related services:

Online services 

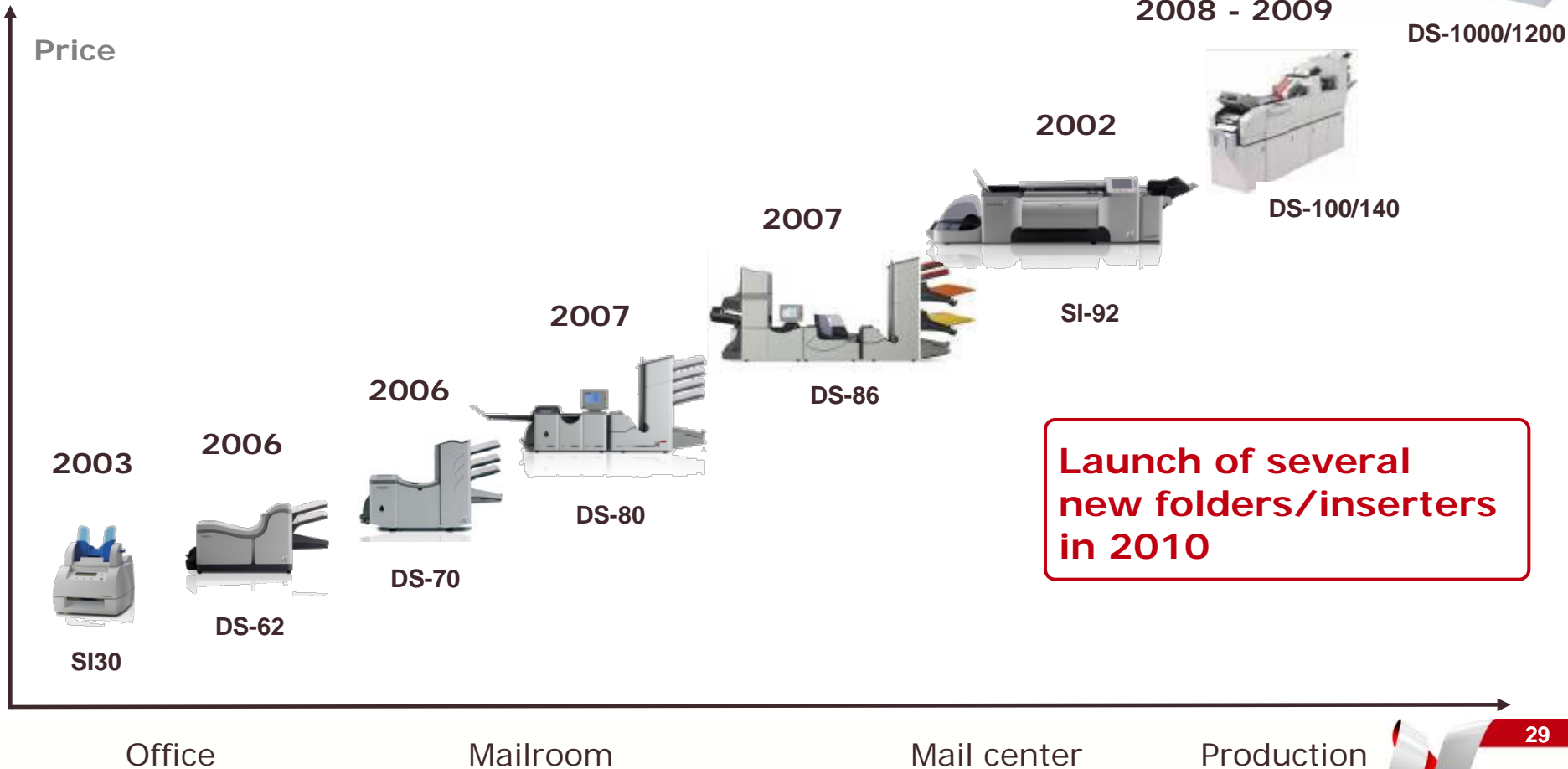
 **Analytical accounting**

2010



DOCUMENT SYSTEMS

Folders/inserters range



CONCLUSION

- Large number of product launches
- Promising acquisitions
- Organisation optimised
- Distribution strengthened

Fighting spirit of Neopost



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2010 OUTLOOK



2009 full-year results

2010 OUTLOOK

Return to growth, assuming the economy does not deteriorate again:

- Sales

- **0% to 2%** growth in 2010 at constant exchange rates

- Current operating margin

- Maintained at the high level of **25.7%** of sales

We are confident about 2010 and beyond



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APPENDIX

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2009 full-year results

CONSOLIDATED BALANCE SHEET (1/2)

Assets	€ million	31/01	31/01
		2009	2010
Goodwill		670	748
Intangible assets		66	66
Tangible assets		145	140
Financial assets		31	15
Other non-current assets		9	19
Leasing receivables		496	512
Deferred tax assets		18	15
Inventory		46	56
Accounts receivable		168	188
Other current assets		67	72
Cash and cash equivalents		133	139
TOTAL		1,849	1,970

CONSOLIDATED BALANCE SHEET (2/2)

Liabilities	€ million	31/01	31/01
		2009	2010
Equity		436	490
Provisions		11	9
Long-term debt		304	430
Short-term debt		497	425
Deferred tax liabilities		33	54
Other non-current liabilities		18	27
Prepaid income		183	189
Financial instruments		16	2
Other current liabilities		351	344
TOTAL		1,849	1,970