



PRESS RELEASE

2019 FULL-YEAR RESULTS
AND FOURTH QUARTER SALES



Quadient records 4.7%-growth in annual sales (+1.6% organically) and current EBIT of €185 million, in line with the indications

Liquidity position of €900 million of cash and undrawn credit facility line, without major debt repayment scheduled in the coming 12 months

- 2019 full-year sales of €1,143 million, up by 4.7 %, i.e. up 1.6 %¹ organically
- Fourth-quarter sales up by 2.6%, i.e. up 0.2%² organically
- Full-year current EBIT³ at €185 million
- Net attributable income at €14 million, impacted by the goodwill impairments associated to non-strategic activities within Additional Operations
- Decrease in net debt of €30 million (excluding IFRS 16 impact)
- Cash flow after capex conversion rate of 50.3%⁴
- Decision regarding dividend related to 2019 to be taken by the end of May 2020

Outlook

Taking into account fast developments in the Covid-19 pandemic and the uncertain economic context for the coming months, Quadient:

- is not in position to give any indications for the 2020 financial year as of today;
- implemented measures to adapt the operations on a case by case basis while maintaining continuity of service;
- benefits from a strong liquidity position at the end of January 2020: €498 million in cash and €400 million of undrawn credit line facility;
- suspends the indications given up to 2022 as part of the Back to Growth plan

Paris, March 30, 2020

Quadient, a leader in business solutions for meaningful customer connections through digital and physical channels, today announced its consolidated results for 2019 (closed on January 31, 2020). These financial statements were reviewed and approved by the Board of Directors at its meeting on March 27, 2020.

Geoffrey Godet, Chief Executive Officer of Quadient, commented: « *Quadient recorded a solid performance in 2019, compared with the trends observed in our markets. This performance validates the strategic choices made as part of our “Back to Growth” plan and our execution discipline. Helping to digitalize business processes, improve customer experience through omnichannel communication and automating last mile delivery are at the heart of our value proposition. Now operating as an integrated company enables us to further benefit from synergies across our solutions, better leverage our sales organization, optimize our shared services and back offices, as well as mutualize our R&D and marketing efforts.*

To face the current health crisis, we have quickly adapted our organization focusing in priority on our teams’ health and safety as well as ensuring that we best support our customers and partners. In this uncertain environment, the Group benefits from a highly resilient business model. Our balance sheet is extremely sound, our debt being backed by future cash flow from our leasing and rental portfolio. Default payment risk is limited thanks to a large and well-diversified customer base. Lastly, we have a strong €900 million liquidity position with hardly any debt repayment scheduled within the next 12 months. Some measures aimed at reducing our cost base are already in place and could eventually be intensified according to the evolution of the situation. We are also conducting a thorough review of our investment decisions. We are confident that Quadient’s agility and financial strength will prove to be strong assets to operate in this difficult environment and be prepared for the recovery.”

¹ 2019 sales are compared to 2018 sales to which is added revenue from Parcel Pending for an amount of €25.9 million and deducted revenue from Satori Software and Human Inference for a total amount of €21.6 million, and are restated of a €29 million favorable currency impact over the period.

² Q4 2019 sales is compared to Q4 2018 sales to which is added revenue from Parcel Pending for an amount of €6.9 million and deducted revenue from Satori Software and Human Inference for a total amount of €5.2 million, and are restated of a €6 million favorable currency impact over the period..

³ Excluding acquisition related expenses.

⁴ Cash flow after capex excluding non-recurring items linked to the non-recurring expenses of the refinancing and the resolution of a tax litigation, divided by current operating income before acquisition-related expenses



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ANNUAL SALES GREW BY 1.6%¹ ORGANICALLY

Consolidated sales for full-year 2019 stood at €1,143 million, up by 4.7% on 2018. Organic growth stood at +1.6%, excluding currency and scope effects, due to the acquisition of Parcel Pending and the divestments of Satori Software and Human Inference.

In 2019, the share of recurring revenue in the Group's total sales amounted to 68%, up organically by 1.1% versus 2018.

<i>In million euros</i>	2019	2018	Change	Change at constant exchange rates	Organic change ¹
Major Operations	944	886	+6.6%	+3.5%	+0.6%
<i>Customer Experience Management</i>	110	101	+9.1%	+6.2%	+6.2%
<i>Business Process Automation</i>	63	52	+21.1%	+18.8%	+18.8%
<i>Mail-Related Solutions</i>	728	727	+0.1%	(2.8)%	(2.8)%
<i>Parcel Locker Solutions</i>	43	6	+627.1%	+594.4%	+31.2%
Additional Operations	199	206	(3.6)%	(4.4)%	+6.7%
Group total	1,143	1,092	+4.7%	+2.0%	+1.6%

<i>In million euros</i>	2019	2018	Change	Change at constant exchange rates	Organic change ¹
Major Operations	944	886	+6.6%	+3.5%	+0.6%
<i>North America</i>	523	446	+17.3%	+11.6%	+5.6%
<i>Main European countries^(a)</i>	421	440	(4.3)%	(4.7)%	(4.7)%
Additional Operations	199	206	(3.6)%	(4.4)%	+6.7%
Group total	1,143	1,092	+4.7%	+2.0%	+1.6%

^(a) Austria, Benelux, France, Germany, Ireland, Italy, Switzerland, United Kingdom

Major Operations

Major Operations (83% of total sales), combining the Group's four strategic solutions across the two main geographies, *i.e.* North America and the Main European countries, recorded a 0.6 % organic growth in sales. This performance was driven by 5.6% organic growth in North America, where each of the four major solutions shows growth. The Main European countries segment achieved a 4.7% decrease in sales, excluding currency and scope effects.

Good dynamics in Customer Experience Management

For full-year 2019, **Customer Experience Management** sales were up organically by 6.2%, at €110 million, thanks to good performance in North America, including in particular the signature of three large deals during the fourth quarter of 2019. In the Main European countries, the level of activity remained high, but the growth rate was lower due to the high comparison basis of 2018.

The revenue linked to the SaaS⁵ subscriptions continued to grow significantly. Revenue related to maintenance and professional services continued to increase, stemming from the growth of the customer base in previous years, particularly in 2018. The Group achieved license sales in new verticals, notably in utilities, government services and telecom.

⁵ SaaS = Software as a Service



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Continued strong growth in Business Process Automation

For full-year 2019, **Business Process Automation** sales were up 18.8 % organically, at €63 million, due to the strong momentum in France and in the United States, and with the acquisition of new customers largely due to the development of new offers combined with Mail-Related Solutions. Conversely, the United Kingdom/Ireland region recorded a decrease in revenue due to a decline in the number of license deals versus last year.

SaaS⁵ subscriptions were up strongly, contributing to a higher level of recurring revenue at 78% of the total Business Process Automation sales.

Good resilience in Mail-Related Solutions thanks to growth in North America

For full-year 2019, **Mail-Related Solutions** sales were down organically by 2.8%, at €728 million.

This good resilience was reflected in growth in North America, particularly attributable to an increase in hardware sales, confirming Quadiant's ability to outperform the market. Sales performance resulted primarily from optimized management of the installed base (due in particular to the renewal of leasing contracts), new customers and the development of offers combined with Business Process Automation solutions.

Mail-related activities in the Main European countries declined moderately, except in the Germany/ Italy/ Switzerland region where the decline was stronger.

The level of recurring revenue for Mail-Related Solutions remains high at above 70%.

Year-round robust acceleration in Parcel Locker Solutions

For full-year 2019, **Parcel Locker Solutions** sales were up 31.2%⁶, at €43 million, due to the sharp increase in Parcel Pending's activity in the North American residential sector, with accelerating quarter-on-quarter growth. The latter company was acquired in the United States at the end of January 2019. Its integration is well underway.

Additional Operations

As announced in January 2019, as part of its Back to Growth strategy, the Group continued to implement strong measures to improve the performance of the **Additional Operations'** scope. 2019 sales totaled €199 million, or 17% of total sales. Excluding currency and scope effects due to the divestments of Satori Software and Human Inference, Additional Operations sales were up 6.7% organically.

This growth was achieved through an excellent 42.1% organic growth performance delivered by Customer Experience Management in Asia-Pacific and in the rest of Europe, as well as the continued expansion of Parcel Lockers in Japan resulting in 51.7% organic growth. The other remaining solutions (mail-related activities, shipping software, graphics, automated packing systems) declined slightly, despite the sale of a larger number of automated packing systems (17 units sold in 2019 versus 10 sold in 2018).

At the end of 2019, the shutdown of activity in Australian subsidiary, Temando, started in the second half of 2019 was substantially progressed. It is now almost completed.

Moreover, on March 2, 2020⁷, the Group announced the divestment of ProShip for USD 15 million. ProShip is accounted for as assets held for sale as of January 31, 2020.

⁶ Parcel Lockers Solutions proforma sales in 2018 (i.e. after incorporating Parcel Pending sales in 2018) totaled €32 million.

⁷ The transaction was closed on February 28, 2020. Please refer to the paragraph "Divestment of ProShip" in the section "Post-closing events" of this press release



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Fourth quarter 2019 sales: seventh consecutive quarter of organic growth

Fourth quarter 2019 sales were €308 million, up +0.2%² in organic terms despite a high comparison basis in 2018. It was the Group's seventh consecutive quarter with organic growth.

Major Operations sales were stable, at €255 million, driven by a good performance from Customer Experience Management, despite an unfavorable basis of comparison, and by strong growth in Business Process Automation and Parcel Locker Solutions. The Group notes that the fourth quarter organic growth rates for Customer Experience Management (+7.2%), Business Process Automation (+20.2%) and Parcel Locker Solutions (+44.1%) were higher than the organic growth rates in the first 9 months.

However, the Group posted a stronger decrease in Mail-Related Solutions revenue during the fourth quarter (-4.4%) than in the previous quarters.

Additional Operations sales recorded 1.7% of organic growth.

CHANGE IN P&L

Simplified P&L

In € million	2019	2018	Change
Sales	1,143	1,092	+4.7%
Current operating income before acquisition-related expenses	185	199	(7.1)% ^(a)
Current EBIT	170	182	(6.9)%
Net attributable income	14	92	(84.6)%
Earnings per share	0.15	2.40	-
Diluted earnings per share	0.15	2.27	-

^(a) As a reminder, in 2018, current EBIT before acquisition-related expenses included €7.5 million linked to icon Systemhaus' earn-out reversal

Current operating income

The Group's **current operating income before acquisition-related expenses** stood at €185 million in 2019, versus €199 million in 2018. As a reminder, excluding icon Systemhaus' earn-out reversal accounting for €7.5 million and taking into account scope effects recorded at the beginning of the year (acquisition of Parcel Pending and divestments of Satori Software and Human Inference), the Group's current operating income before acquisition-related expenses would have amounted to €188 million in 2018. Compared to this figure, the change in current operating income before acquisition-related expenses reflects:

- the increased resources deployed in Major Operations in order to support the acceleration in growth of the different solutions and an expanded customer base. An envelope of €15 million was allocated largely to the strengthening of the sales team and marketing activities, including Parcel Pending, as well as an increase in R&D and innovation expenses;
- the significant improvement in Additional Operations' profitability thanks to growth in revenue of Customer Experience Management in the rest of the world and Parcel Locker Solutions in Japan, cost reductions, sales efficiency, reduced R&D expenses for non-strategic activities and the decrease in Temando's losses as part of the phased shutdown of the activity; and,
- a positive currency effect amounting to €5 million.



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	2019			2018		
	Major Operations	Additional Operations	Group total	Major Operations	Additional Operations	Group total
Revenue	944	199	1,143	886	206	1,092
Current operating income ³	181	4	185	206	(7)	199

The **current operating margin** before acquisitions-related expenses stood at 16.2% of sales.

Acquisition-related expenses totaled €15 million, at a comparable level to the €17 million recorded in 2018.

Current operating income in 2019 amounted to €170 million, versus €182 million in 2018.

Operating income

As in previous years, the Group recorded expenses for the **optimization of structures** in order to continue adapting its costs to the changes in organization and activities. These expenses amounted to €10 million in 2019, versus €13 million in 2018.

Result from other operating income and expenses stood at -€83 million, versus -€12 million in 2018. In particular, this included:

- the impairment of almost 100% of non-strategic activities-related goodwill within Additional Operations for €70 million : it concerns activities in the Nordic countries (essentially graphics and mail-related activities), in Australia (also mainly graphics and mail-related activities) and legacy shipping software in France;
- a €3 million-charge due to the reclassification of ProShip as assets held for sale, under the IFRS 5 standard;
- a €5 million-expense related to the write-off of the net value of intangible assets recognized as part of Temando's PPA.

As regards the impairment of goodwill, the ProShip reclassification or write-off of the net value of intangible assets recognized with Temando's PPA, they represent non-cash items and reflect a value adjustment of Additional Operations. In this respect, the Group continues to assess options, in line with the strategy announced in early 2019 as part of the "Back to Growth" plan. At the end of 2019, the Group has almost no goodwill left in its balance sheet associated with this non-strategic activities in the Additional Operations.

After recognizing these non-current items, **operating income** ended at €77 million in 2019, versus €157 million in 2018.

Net income

Quadient continued to manage by anticipation the extension of its debt maturity and financing cost. As a result, the Group launched two debt issuances in 2019, in order to refinance its future maturities:

- a *Schuldschein* private placement in May 2019, in order to refinance its 2019 and early 2020 maturities
- a bond issue amounting to €325 million in January 2020, in order to refinance its existing bond issue maturing in June 2021.

These operations led to an additional expense of nearly €5 million in full-year 2019. Furthermore, the Group accounted for an interest expense as a result of applying the IFRS 16 standard for €2.6 million.

As a result, the **net cost of debt** amounted to - €39 million, versus - €31 million in 2018.

In 2019, the Group also recorded **currency losses and other financial items** of -€2 million, versus currency gains and other financial items of €1 million in 2018.



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Taking into account these non-recurring items, **net financial losses** therefore came to -€41 million in 2019, versus a loss of -€30 million for the same period in 2018.

The **corporate tax rate** ended at 58% from 29% in 2018, representing a total amount of €22 million. This rate is owing to the impairment of goodwill recorded this year. Restated for this item, the corporate tax rate would be 20.5%. This change represents a normalization of the tax rate compared with 2018 which specifically recorded a provision settling a long-standing tax dispute dating back from 2006 to 2008.

Factoring in the aforementioned items, **net attributable income** ended at €14 million, versus €92 million in 2018. Earnings per share stood at €0.15, versus €2.40 in 2018.

CASH FLOW GENERATION

EBITDA⁸ totaled €282 million in 2019 on €272 million in 2018. Excluding IFRS 16, EBITDA would have amounted to €258 million in 2019.

The €7 million increase in **working capital** largely owed to an increased level of inventories in preparation for needs in 2020. It was also impacted by a slight increase in receivables in 2019, in line with momentum in the Group's activity.

The Group recorded a decrease in its **lease receivables**, at a slower pace than in 2018 (-€25 million versus -€32 million in 2018). The leasing portfolio and other financing services reached €698 million as of January 31, 2020 compared to €706 million as of January 31, 2019 representing an organic 3.5% decrease, versus a 4.4% decrease in 2018.

Interest and taxes paid totaled -€85 million in 2019 from -€54 million one year earlier that benefitted from the €13 million received in France for dividend tax repayment and related-interest on arrears. Quadient also recorded a net cash outflow of €6.6 million from the resolution of tax litigation dated 2006-2008 as well as a cash-outflow of €8.7 million linked to the refinancing operations.

Investments in tangible and intangible fixed assets are in line with the guidance given during the announcement of the strategic plan. They ended at €109 million (*i.e.* €96 million excluding IFRS 16 standard implementation) compared to €88 million in 2018, when the Group benefitted from a €5 million-subsidy granted by the Japanese government to roll-out Packcity parcel lockers in Japan.

In total, the Group generated **cash flow after capex** of €86 million (*i.e.* €78 million excluding IFRS 16 standard implementation versus €152 million the previous year).

While operating cash flow was in line with the Group's expectations, in 2019, Quadient decided to seize the market opportunities, thereby refinancing its 2019, 2020 and 2021 debt maturities with beneficial conditions, in order to increase the average maturity of its debt. These operations had a €8.7 million impact on cash flow. In addition to these items, an additional €6.6 million cash outflow was booked in fourth-quarter 2019, linked to the resolution of tax litigation dated 2006-2008. Excluding these two non-recurring items, cash flow would have amounted to €93 million (excluding IFRS 16 standard implementation), *i.e.*; expressed as a percentage of current operating income before acquisition-related expenses, a cash flow after capex conversion rate⁴ of 50.3% in full-year 2019, in line with the Group's indication.

On January 31, 2020, the **net debt**, stood at €668 million from €617 million on January 31, 2019. This increase was mainly due to IFRS 16 standard implementation resulting in a €81 million increase in net debt. Excluding IFRS 16 impact, net debt decreased by almost €30 million in 2019. The leverage ratio (net debt/EBITDA) ended stable at 2.3 excluding the impact of IFRS 16. Group's net debt is backed by future cash flows generated from its rental and leasing activities.

Shareholders' equity was €1,249 million as at January 31, 2020, compared to €1,247 million as of January 31, 2019. Gearing⁹ decreased, to 47% of shareholders' equity excluding IFRS 16 impact, versus 49% in 2018.

⁸ EBITDA = current operating income + provisions for depreciation of tangible and intangible fixed assets.

⁹ Net debt / shareholders' equity



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HIGHLIGHTS

Refinancing

On May 15, 2019, the Group announced that it successfully raised the equivalent of €210 million (€130 million and USD 90 million) through a *Schuldschein*, a private placement loan issued under German law. This transaction, mainly intended to repay existing lines maturing in 2019 and early 2020, extends the average maturity of the Group's debt with highly favorable conditions.

In June 2019, Quadiant has extended up to June 2024 the revolving credit facility line maturity for the total commitment of €400 million thanks to the exercise of an extension option.

On January 16, 2020, the Group announced that it has successfully issued a new bond issue for €325.0 million in anticipation of the refinancing of its 2.5% existing bonds maturing in 2021 (issued with a nominal €350 million and with an outstanding nominal amount of €327 million before the launch). This operation allowed the repurchase of €148.8 million (*i.e.* 45% of the outstanding bond issue)¹⁰ extending the Group's average debt maturity. This new bond issue will mature on February 3, 2025 and bears a 2.25% coupon without financial covenants. The book was more than twice oversubscribed. This new non-rated bond was issued and admitted to trading on the regulated Paris Euronext market on January 23, 2020.

Phased shutdown of the activity of Australian subsidiary, Temando

In September 2019, Quadiant decided an orderly and phased shutdown of activity in its Australian subsidiary, Temando (e-commerce shipping software), subject to Temando's legal obligations to its customers and other stakeholders. At the end of fiscal year 2019, the shutdown was substantially progressed and is now almost completed. While this subsidiary recorded a current operating loss of nearly -€8 million for sales of less than €5 million in 2018, the current operating loss for 2019 was reduced to -€3 million for sales of c.€3 million.

New brand

On September 23, 2019, the Group announced the decision to change its name to Quadiant instead of Neopost. The choice of a unified and modern brand is the result of deploying a new Group organization as part of the Group's "Back to Growth" strategy, moving away from a holding company operating independent businesses to a single company with an integrated portfolio of solutions.

POST-CLOSING EVENTS

Divestment of ProShip

In March 2020, Quadiant announced the sale of its subsidiary, ProShip, a global provider of automated multi-carrier shipping software, to FOG Software Group, a division of Constellation Software, Inc, a company listed in Toronto. The transaction was closed on February 28, 2020. The selling price totaled USD 15 million.

Continued active debt management in February 2020

In February 2020, Quadiant bought back an additional €15 million of its 2.50% bond maturing in June 2021. Following this buy back, the outstanding amount of the bond is €163.2 million. In February 2020, to the request of some investors, Quadiant offered its debt holders in the German law private debt *Schuldschein*, the opportunity to extend the maturity of their existing investment maturing February 21, 2020. As a result of this transaction, Quadiant paid back €17 million and USD 30 million and issued a new *Schuldschein* for USD 3 million with a four year-long maturity and USD 10 million and €30.5 million both with a five year-long maturity.

¹⁰ Quadiant completed an additional repurchase of €15 million. After this transaction, the outstanding nominal amount of this bond issue stood at €163.2 million.



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DIVIDEND

The Board of Directors will make a decision by the end of May for the dividend proposal related to the 2019 financial year, which will then be submitted to the approval of shareholders at the General Meeting.

INFORMATION FOR 2020 AND BEYOND

In response to the COVID-19 pandemic situation, the Group has already implemented measures aimed primarily at protecting the health of its employees while maintaining continuity of service to its customers. To date, the vast majority of teams around the World are teleworking, enabling all leads, service, maintenance, support and back-office activities to be performed remotely.

The economic impact of the global measures to control the spread of COVID-19 on the Group's business is difficult to assess and observations made so far should be viewed with caution. Nevertheless, in this context, the Group's installed base business model gives it a certain resilience, thanks in particular to the large proportion of recurring revenues that make up its topline, whether rental or leasing revenues, maintenance or service revenues, or even subscriptions to its software solutions in SaaS⁵/Cloud invoiced as subscriptions and/or on a pay-as-you-go basis. The Group has a relatively flexible cost base thanks in particular to the outsourcing of equipment manufacturing, at c.90% in volumes of mailroom equipment systems and 100% in automated parcel lockers. Finally, the Group's large customer base of 500,000 customers, widely diversified both in terms of sectorial and geographical exposure, enables it to mitigate the impact of potential default payment.

- With respect to **Mail-Related Solutions**, the Group is starting to observe postponements of equipment deliveries and on-site maintenance operations, as well as a slowdown in leads. The Group expects this situation to continue as long as the lockdown measures are in place. In the event that the Group is unable to replace equipment reaching the end of its leasing or rental contracts, it plans to offer contract extension, which will consequently limit its cash outflow. Quadient also anticipates a drop in sales of consumables (e.g., ink cartridges) which are directly correlated to the use of mailing systems.
- In the area of **Customer Experience Management**, leads are beginning to be affected, as well as on-site service operations in most countries where they became impossible to be performed. Virtual meetings, however, make it possible to continue installing and developing solutions at customer sites. In a context where organizations are realizing the importance of managing multi-channel digital communications with their customers, the current environment favors the sale of SaaS/Cloud solutions.
- Without ruling out a potential impact on business, Quadient believes that the current environment is conducive to digital **Business Process Automation** solutions that enable the sending of dematerialized mail, electronic storage or the automation of invoice management processes. The solutions offered by Quadient can be easily installed remotely and operated in SaaS/Cloud mode.
- Finally, for **Parcel Locker Solutions**, the marketing and installation of parcel lockers in North America has so far been only slightly affected, but the extension of containment measures could have an impact on business. On the other hand, the automated parcel lockers activity in Japan is based on contractual rental revenues.

In order to limit the impact on results of the economic slowdown linked to the Covid-19 crisis and taking into account the level of inventories on hand, Quadient has already adapted its subcontracted equipment orders in Asia. The Group's production facilities will be temporarily closed, whereas its logistic centers continue to provide a minimum level of service. The Group has discontinued the use of temporary contracts and considers implementing partial working measures in countries where the drop of activity justifies it. This reduction in payroll cost base will be supplemented by appropriate management of all operating costs. The Group will also conduct a careful review of planned investment decisions with the aim of reducing or delaying reducible capital expenditures, while preserving the potential for rolling out its solutions and pursuing some of its innovation and R&D efforts.

The Group is monitoring the situation extremely closely so that it may act nimbly and with the necessary responsiveness to continue adapting its operations and cost base, while ensuring an optimal level of service for its customers. The Group will



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ensure the trade-offs it makes in savings will allow it to take advantage of the economic recovery under the best possible conditions, when this occurs.

The Group has a very solid cash position. At the end of January, it stood at c.€900 million, of which €498 million in cash and €400 million of undrawn credit line, the latter maturing in 2024. The Group also has only €32 million of maturities to service in the next 12 months.

In view of the above and the uncertain economic environment in the coming months, the Group is not currently in a position to give any guidance for 2020. It also suspends the indications given for 2022 under the “Back to Growth” plan.



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MEETING WEBCAST

Quadiant has scheduled a webcast and a conference call on **March 31, 2020** from 8:30am Paris time / 7:30am London time. The meeting will be held in English.

To join the webcast, click on the following link: [Webcast](#).

To join the conference call, click on the following link: [Conference call](#).

The recording of the webcast meeting will be available for a period of one year.

CALENDAR

The press release announcing first-quarter 2020 sales will be published on May 27, 2020 after market close.

About Quadient®

Quadient is the driving force behind the most meaningful customer experiences. By focusing on four key solution areas including Customer Experience Management, Business Process Automation, Mail-related Solutions, and Parcel Locker Solutions, Quadient helps simplify the connection between people and what matters. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. Quadient, listed in compartment B of Euronext Paris, belongs to the SBF 120 index.

For more information about Quadient, visit quadient.com/connections.

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Appendices:

Glossary

- **Major solutions:** the four major solutions in which Quadient has already acquired strong legitimacy and which have the potential to reach a significant size and have significant growth potential. There are: Customer Experience Management, Business Process Automation, Mail-related Solutions and Parcel Lockers Solutions. There are sold by both Major Operations and Additional Operations.
- **Major Operations:** the four major solutions in the two main geographies, i.e. North America and the main European countries.
- **Customer Experience Management:** solutions enabling companies to create, manage and provide omni-channel and personalized solutions on demand and in high volumes;
- **Business Process Automation:** range of business process automation solutions, especially in the field of invoicing flows (hybrid mail, accounts receivable, accounts payable);
- **Mail-Related Solutions:** solutions linked to mail management, mainly franking machines, folders/inserters and mailroom shipping software
- **Parcel Locker Solutions:** automated parcel lockers system to solve “last-mile” delivery issues in high density urban areas;
- **Additional Operations:** the four major solutions operating outside the two main geographies, and the Group’s other activities including graphics, shipping software and the CVP automated packing system.
- **Other Solutions:** graphics, shipping software and the CVP automated packing system.
- **Other Geographies:** all countries outside the two main geographies, i.e. North America and the main European countries

Changes in Q4 2019 sales

<i>In million euros</i>	Q4 2019	Q4 2018	Change	Change at constant exchange rates	Organic change ²
Major Operations	255	243	+4.8%	+2.7%	0.0%
<i>Customer Experience Management</i>	34	31	+9.9%	+7.2%	+7.2%
<i>Business Process Automation</i>	18	15	+22.1%	+20.2%	+20.2%
<i>Mail-Related Solutions</i>	192	196	(2.5)%	(4.4)%	(4.4)%
<i>Parcel Locker Solutions</i>	11	1	+1,050.9%	+1,022.5%	+44.1%
Additional Operations	53	57	(6.8)%	(7.5)%	+1.7%
Group total	308	300	+2.6%	+0.8%	+0.2%

<i>In million euros</i>	Q4 2019	Q4 2018	Change	Change at constant exchange rates	Organic change ²
Major Operations	255	243	+4.8%	+2.7%	0.0%
<i>North America</i>	141	122	+16.2%	+12.9%	+7.0%
<i>Main European countries</i>	114	121	(6.6)%	(7.5)%	(7.5)%
Additional Operations	53	57	(6.8)%	(7.5)%	+1.7%
Group total	308	300	+2.6%	+0.8%	+0.2%



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2019 FULL-YEAR RESULTS
AND FOURTH QUARTER SALES

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2019

Consolidated income statement

<i>In € million</i>	FY 2019 (period ended on January 31, 2020)	FY 2018 (period ended on January 31, 2019)
Sales	1,143	1,092
Cost of sales	(302)	(272)
Gross margin	841	820
R&D expenses	(53)	(57)
Sales expenses	(283)	(274)
Administrative and general expenses	(215)	(194)
Maintenance and other expenses	(104)	(95)
Employee profit-sharing and share-based payments	(1)	(1)
Current operating income before acquisition-related expenses	185	199
Acquisition-related expenses	(15)	(17)
Current operating income	170	182
Result from other operating income and expenses	(83)	(12)
Structure optimization expenses, net of reversals	(10)	(13)
Operating income	77	157
Financial income/(expense)	(41)	(30)
Income before taxes	36	127
Income taxes	(22)	(36)
Share of results of associated companies	1	1
Net income	15	92
Minority interests	1	0
Net attributable income	14	92



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Simplified consolidated balance sheet

Assets <i>In € million</i>	January 31, 2020	January 31, 2019
Goodwill	1,045	1,127
Intangible fixed assets	130	138
Tangible fixed assets	235	149
Other non-current financial assets	69	64
Leasing receivables	698	706
Other non-current receivables	4	3
Deferred tax assets	9	6
Inventories	77	71
Receivables	233	230
Other current assets	96	85
Current financial instruments	0	0
Cash and cash equivalents	498	246
Assets held for sale	21	8
TOTAL ASSETS	3,115	2,833

Liabilities <i>In € million</i>	January 31, 2020	January 31, 2019
Shareholders' equity	1,249	1,247
Long-term provisions	29	26
Non-current financial debt	1,055	674
Other non-current liabilities	1	7
Current financial debt	112	190
Deferred tax liabilities	135	145
Non-current financial instruments	0	0
Deferred income	198	193
Current financial instruments	2	0
Other current liabilities	327	345
Liabilities held for sales	7	6
TOTAL LIABILITIES	3,115	2,833



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Simplified cashflow statement

<i>In €millions</i>	FY 2019 (period ended on January 31, 2020)	<i>FY 2019 excluding IFRS 16</i>	<i>FY 2018 (period ended on January 31, 2019)</i>
EBITDA	282	258	272
Other elements	(20)	(20)	(25)
Cash flow before net cost of debt and income tax	262	238	247
Change in the working capital requirement	(7)	(7)	15
Net change in leasing receivables	25	25	32
Cash flow from operating activities	280	256	294
Interest and tax paid	(85)	(82)	(54)
Net cash flow from operating activities	195	174	240
Capital expenditures	(109)	(96)	(88)
Net cash flow after investing activities	86	78	152
Acquisitions /financial investments net of divestments	(12)	(12)	(26)
Disposals of assets and other	3	3	7
Net cash flow after acquisitions and disposals	77	69	133
Capital increase	1	1	0
Dividends paid	(18)	(18)	(59)
Change in debt and other	191	199	(17)
Net cash flow from financing activities	174	182	(76)
Cumulative translation adjustments on cash	0	0	(2)
Change in net cash position	251	251	55