

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited; in thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenue:				
Equipment sales	\$ 85,551	\$ 93,811	\$ 175,338	\$ 200,519
Supplies	46,490	55,457	97,443	115,450
Software	72,206	91,703	145,524	167,997
Rentals	18,445	19,454	40,602	44,419
Financing	92,419	97,129	189,462	197,478
Support services	127,683	138,598	256,304	279,248
Business services	417,985	369,088	824,508	756,712
Total revenue	<u>860,779</u>	<u>865,240</u>	<u>1,729,181</u>	<u>1,761,823</u>
Costs and expenses:				
Cost of equipment sales	58,570	58,948	122,235	121,417
Cost of supplies	11,758	15,738	25,308	32,685
Cost of software	23,419	26,957	46,802	51,086
Cost of rentals	8,418	8,464	18,133	21,212
Financing interest expense	11,043	11,194	22,407	22,258
Cost of support services	40,448	42,306	82,227	88,371
Cost of business services	337,918	290,567	664,964	584,946
Selling, general and administrative	278,545	289,427	579,527	592,237
Research and development	22,630	23,574	44,404	48,069
Restructuring charges and asset impairments, net	7,279	11,503	10,877	12,407
Interest expense, net	28,019	30,775	55,621	62,789
Other components of net pension and postretirement cost	(1,618)	(2,499)	(2,256)	(4,218)
Other (income) expense	(27)	-	17,683	-
Total costs and expenses	<u>826,402</u>	<u>806,954</u>	<u>1,687,932</u>	<u>1,633,259</u>
Income from continuing operations before taxes	34,377	58,286	41,249	128,564
Provision for income taxes	4,099	7,899	12,400	26,694
Income from continuing operations	30,278	50,387	28,849	101,870
(Loss) income from discontinued operations, net of tax	(6,581)	1,208	(7,811)	9,695
Net income	<u>\$ 23,697</u>	<u>\$ 51,595</u>	<u>\$ 21,038</u>	<u>\$ 111,565</u>
Basic earnings (loss) per share (1):				
Continuing operations	\$ 0.17	\$ 0.27	\$ 0.16	\$ 0.54
Discontinued operations	(0.04)	0.01	(0.04)	0.05
Net income	<u>\$ 0.13</u>	<u>\$ 0.28</u>	<u>\$ 0.12</u>	<u>\$ 0.60</u>
Diluted earnings (loss) per share (1):				
Continuing operations	\$ 0.17	\$ 0.27	\$ 0.16	\$ 0.54
Discontinued operations	(0.04)	0.01	(0.04)	0.05
Net income	<u>\$ 0.13</u>	<u>\$ 0.27</u>	<u>\$ 0.12</u>	<u>\$ 0.59</u>
Weighted-average shares used in diluted earnings per share	<u>178,280,533</u>	<u>188,113,750</u>	<u>182,638,896</u>	<u>188,056,884</u>

(1) The sum of the earnings per share amounts may not equal the totals due to rounding.

Pitney Bowes Inc.
Consolidated Balance Sheets
(Unaudited; in thousands, except share amounts)

	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 771,042	\$ 867,262
Short-term investments	59,516	59,391
Accounts and other receivables, net	419,776	456,138
Short-term finance receivables, net	682,828	752,773
Inventories	73,347	62,279
Current income taxes	22,474	5,947
Other current assets and prepayments	132,878	100,625
Assets of discontinued operations	-	4,854
Total current assets	2,161,861	2,309,269
Property, plant and equipment, net	416,512	410,114
Rental property and equipment, net	36,917	46,228
Long-term finance receivables, net	554,075	536,369
Goodwill	1,754,610	1,766,511
Intangible assets, net	212,596	227,137
Operating lease assets	180,983	156,788
Noncurrent income taxes	63,013	66,326
Other assets	377,420	419,677
Total assets	\$ 5,757,987	\$ 5,938,419
<u>Liabilities and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,295,712	\$ 1,390,362
Current operating lease liabilities	34,612	37,208
Current portion of long-term debt	214,927	199,535
Advance billings	211,061	229,379
Current income taxes	6,011	15,284
Liabilities of discontinued operations	-	3,276
Total current liabilities	1,762,323	1,875,044
Long-term debt	3,029,246	3,066,073
Deferred taxes on income	264,191	254,353
Tax uncertainties and other income tax liabilities	45,586	39,548
Noncurrent operating lease liabilities	154,648	127,237
Other noncurrent liabilities	449,021	474,322
Total liabilities	5,705,015	5,836,577
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	-	1
Cumulative preference stock, no par value, \$2.12 convertible	-	396
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	105,341	121,475
Retained earnings	5,282,374	5,279,682
Accumulated other comprehensive loss	(907,678)	(948,961)
Treasury stock, at cost	(4,750,403)	(4,674,089)
Total stockholders' equity	52,972	101,842
Total liabilities and stockholders' equity	\$ 5,757,987	\$ 5,938,419

Pitney Bowes Inc.
Business Segment Revenue
(Unaudited; in thousands)

	Three months ended June 30,			Six months ended June 30,		
	2019	2018	% Change	2019	2018	% Change
REVENUE						
Global Ecommerce	\$ 282,319	\$ 239,100	18%	\$ 548,573	\$ 485,690	13%
Presort Services	128,138	122,730	4%	262,985	257,188	2%
Commerce Services	<u>410,457</u>	<u>361,830</u>	<u>13%</u>	<u>811,558</u>	<u>742,878</u>	<u>9%</u>
North America Mailing	303,417	318,901	(5%)	618,891	659,712	(6%)
International Mailing	74,699	92,806	(20%)	153,208	191,236	(20%)
Small & Medium Business Solutions	<u>378,116</u>	<u>411,707</u>	<u>(8%)</u>	<u>772,099</u>	<u>850,948</u>	<u>(9%)</u>
Software Solutions	72,206	91,703	(21%)	145,524	167,997	(13%)
Total revenue	<u>\$ 860,779</u>	<u>\$ 865,240</u>	<u>(1%)</u>	<u>\$ 1,729,181</u>	<u>\$ 1,761,823</u>	<u>(2%)</u>
Reconciliation of reported revenue to revenue excluding currency and Market Exits						
Total revenue	\$ 860,779	\$ 865,240	(1%)	\$ 1,729,181	\$ 1,761,823	(2%)
Currency impact on revenue	7,224	-		17,207		
Revenue, at constant currency	868,003	865,240	0%	1,746,388	1,761,823	(1%)
Less revenue from Market Exits	(2,356)	(14,014)		(8,369)	(28,893)	
Revenue, excluding currency and Market Exits	<u>\$ 865,647</u>	<u>\$ 851,226</u>	<u>2%</u>	<u>\$ 1,738,019</u>	<u>\$ 1,732,930</u>	<u>0%</u>

Pitney Bowes Inc.
Business Segment EBIT & EBITDA
(Unaudited; in thousands)

	Three Months Ended June 30,								
	2019			2018			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (15,576)	\$ 16,883	\$ 1,307	\$ (5,993)	\$ 15,467	\$ 9,474	>(100%)	(86%)	
Presort Services	15,462	7,087	22,549	12,565	6,623	19,188	23%	18%	
Commerce Services	(114)	23,970	23,856	6,572	22,090	28,662	>(100%)	(17%)	
North America Mailing	112,804	9,794	122,598	120,139	8,049	128,188	(6%)	(4%)	
International Mailing	11,934	2,115	14,049	13,091	2,322	15,413	(9%)	(9%)	
Small & Medium Business Solutions	124,738	11,909	136,647	133,230	10,371	143,601	(6%)	(5%)	
Software Solutions	2,002	2,356	4,358	18,433	2,564	20,997	(89%)	(79%)	
Segment Total	<u>\$ 126,626</u>	<u>\$ 38,235</u>	<u>164,861</u>	<u>\$ 158,235</u>	<u>\$ 35,025</u>	<u>193,260</u>	<u>(20%)</u>	<u>(15%)</u>	

Reconciliation of Segment EBITDA to Net Income:

Segment depreciation and amortization (2)	(38,235)	(35,025)
Unallocated corporate expenses	(43,785)	(46,477)
Restructuring charges and asset impairments, net	(7,279)	(11,503)
Gain on disposition of businesses	27	-
Interest, net	(39,062)	(41,969)
Transaction costs	(2,150)	-
Provision for income taxes	(4,099)	(7,899)
Income from continuing operations	30,278	50,387
(Loss) income from discontinued operations, net of tax	(6,581)	1,208
Net income	<u>\$ 23,697</u>	<u>\$ 51,595</u>

	Six Months Ended June 30,								
	2019			2018			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (30,176)	\$ 33,341	\$ 3,165	\$ (13,704)	\$ 29,897	\$ 16,193	>(100%)	(80%)	
Presort Services	30,528	14,008	44,536	39,591	12,785	52,376	(23%)	(15%)	
Commerce Services	352	47,349	47,701	25,887	42,682	68,569	(99%)	(30%)	
North America Mailing	223,417	16,234	239,651	248,707	15,548	264,255	(10%)	(9%)	
International Mailing	23,724	4,533	28,257	29,113	5,932	35,045	(19%)	(19%)	
Small & Medium Business Solutions	247,141	20,767	267,908	277,820	21,480	299,300	(11%)	(10%)	
Software Solutions	3,694	4,836	8,530	20,925	4,808	25,733	(82%)	(67%)	
Segment Total	<u>\$ 251,187</u>	<u>\$ 72,952</u>	<u>324,139</u>	<u>\$ 324,632</u>	<u>\$ 68,970</u>	<u>393,602</u>	<u>(23%)</u>	<u>(18%)</u>	

Reconciliation of Segment EBITDA to Net Income:

Segment depreciation and amortization (2)	(72,952)	(68,970)
Unallocated corporate expenses	(99,474)	(97,559)
Restructuring charges and asset impairments, net	(10,877)	(12,407)
Loss on disposition of businesses	(17,683)	-
Interest, net	(78,028)	(85,047)
Transaction costs	(3,876)	(1,055)
Provision for income taxes	(12,400)	(26,694)
Income from continuing operations	28,849	101,870
(Loss) income from discontinued operations, net of tax	(7,811)	9,695
Net income	<u>\$ 21,038</u>	<u>\$ 111,565</u>

(1) Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges, and other items that are not allocated to a particular business segment.

(2) Includes depreciation and amortization expense of reporting segments only, and excludes corporate depreciation and amortization expense of \$5,213 and \$5,572 for the three months ended June 30, 2019 and 2018, respectively, and \$9,861 and \$11,365 for the six months ended June 30, 2019 and 2018, respectively.

Pitney Bowes Inc.
Reconciliation of Reported Consolidated Results to Adjusted Results
(Unaudited; in thousands, except per share amounts)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reconciliation of reported net income to adjusted earnings				
Net income	\$ 23,697	\$ 51,595	\$ 21,038	\$ 111,565
Loss (income) from discontinued operations, net of tax	6,581	(1,208)	7,811	(9,695)
Restructuring charges and asset impairments, net	5,252	8,461	7,911	9,132
(Gain) loss on disposition of businesses	(27)	-	19,396	-
Transaction costs	1,602	-	2,891	786
Tax legislation	-	(5,980)	-	(5,980)
Adjusted net income	<u>37,105</u>	<u>52,868</u>	<u>59,047</u>	<u>105,808</u>
Provision for income taxes, as adjusted	6,674	16,921	14,638	36,216
Interest, net	39,062	41,969	78,028	85,047
Adjusted EBIT	<u>82,841</u>	<u>111,758</u>	<u>151,713</u>	<u>227,071</u>
Depreciation and amortization	43,448	40,597	82,813	80,335
Adjusted EBITDA	<u>\$ 126,289</u>	<u>\$ 152,355</u>	<u>\$ 234,526</u>	<u>\$ 307,406</u>
Reconciliation of reported diluted earnings per share to adjusted diluted earnings per share				
Diluted earnings per share	\$ 0.13	\$ 0.27	\$ 0.12	\$ 0.59
Loss (income) from discontinued operations, net of tax	0.04	(0.01)	0.04	(0.05)
Restructuring charges and asset impairments, net	0.03	0.04	0.04	0.05
(Gain) loss on disposition of businesses	(0.00)	-	0.11	-
Transaction costs	0.01	-	0.02	0.00
Tax legislation	-	(0.03)	-	(0.03)
Adjusted diluted earnings per share	<u>\$ 0.21</u>	<u>\$ 0.28</u>	<u>\$ 0.32</u>	<u>\$ 0.56</u>
Note: The sum of the earnings per share amounts may not equal the totals due to rounding.				
Reconciliation of reported net cash from operating activities to free cash flow				
Net cash provided by operating activities	\$ 16,925	\$ 85,040	\$ 86,782	\$ 154,493
Net cash used in (provided by) operating activities - discontinued operation	3,267	(16,916)	6,881	(41,772)
Capital expenditures	(32,441)	(50,640)	(61,327)	(79,481)
Restructuring payments	6,139	11,943	14,283	27,528
Reserve account deposits	14,720	(695)	(8,316)	5,959
Transaction costs paid	4,269	1,444	6,108	4,037
Free cash flow	<u>\$ 12,879</u>	<u>\$ 30,176</u>	<u>\$ 44,411</u>	<u>\$ 70,764</u>