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PRESENTATION

Operator

Good morning, and welcome to the Pitney Bowes' First Quarter Earnings 2022 Results Conference Call. (Operator Instructions) Today's call is also being recorded. (Operator Instructions)

I would now like to introduce your participants for today's conference call. Mr. Marc Lautenbach, President and Chief Executive Officer; Ms. Ana Chadwick, Executive Vice President and Chief Financial Officer; and Mr. Ned Zachar, Vice President, Investor Relations.

Mr. Zachar will now begin the call with a safe harbor overview.

Ned Zachar ***Pitney Bowes Inc. - VP, Investor Relations***

Good morning, everybody. This is Ned Zachar, and I manage the Investor Relations program for Pitney Bowes. I'd like to welcome everyone to the call this morning. We very much appreciate your participation. Part of my duties this morning includes covering the usual and customary safe harbor information, so please bear with me for just a moment.

Today's presentation will include forward-looking statements about our expected future business and financial performance. Forward-looking statements involve risks and uncertainties that could cause actual results to be materially different from our projections. For more information on these topics, please see our earnings press release, our 2020 Form 10-K annual report and other reports filed with the SEC that are located on our website at www.pb.com, and by clicking on Investor Relations. Please keep in mind that we do not undertake any obligation to provide updates to forward-looking statements as a result of new information or developments. Also, for non-GAAP measures, the reconciliations to GAAP accounting can be found in the tables attached to our press release and also on our Investor Relations website.

Additionally, we provided a slide presentation on our website that summarizes many of the points we will discuss during today's call.

Our format this morning is going to be familiar. Marc Lautenbach, our President and Chief Executive Officer, will begin with opening remarks. He will be followed by Ana Chadwick, our Chief Financial Officer, who will provide a deeper discussion of our financial results.

I'd like to now turn the presentation over to Marc. Marc, the floor is yours.

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

Thanks, Ned, and good morning, everyone. I appreciate everyone joining the call. Our first quarter was very good, and the trends that we experienced most of last year continued. Improvement in Global Ecommerce business, our GEC margins, and strong performance in our SendTech, Financial Services and Presort businesses. The headline for the quarter is revenue, EBIT and EPS growth. This is the dynamic that we've been working for and the trend we expect to continue for full year '22. I know there is a tremendous interest in our GEC business, and I get that, but I want to spend a few minutes upfront talking about the other businesses.

In the aggregate, SendTech and Presort is a $2 billion business that has grown top line and carries a 25% EBIT margin. I want to make sure people do not overlook the incredibly strong base our traditional core businesses are built on. Case in point, Presort had another really strong quarter: very good top line growth, solid EBITDA and great customer satisfaction. Growth initiatives in SendTech are resonating with the clients and are having a positive impact on the numbers. The shipping business within SendTech grew 26% year-over-year. First class mail continues to decline, but Marketing Mail, Office Shipping and Small Business Lending are terrific opportunities, and we are hitting the ball. Our new products and offerings are doing very well in the market. As the disruptions of COVID and the related supply chain dynamics gradually wane, our GEC business continues to stabilize and improve. It's hard to overestimate how turbulent the e-commerce logistics market has been over the last 26 months.

In the first quarter, our service levels and unit economics improved. GEC gross margins improved 500 basis points year-over-year and the business was EBITDA profitable. Again, while this hasn't been and won't be a straight line improvement, we expect these dynamics to continue and we expect GEC to be EBITDA profitable for the year. We continue to really like the market dynamics in the e-commerce logistics, strong secular growth, coupled with an industry where capacity is unlikely to outpace long-run demand. Our brand plays really well in this market and our business model really works.

Integral to the business model in GEC is our relationship with the USPS, our marketing and sortation capability, coupled with the USPS final mile delivery is a very strong combination. Of note, President Biden signed the post-reform bill on April 6. To the extent there are any questions about the long-term viability of the United States Postal Service, including its mandate to run a 6-day integrated mail and parcel network, the Postal Reform legislation that President signed puts those questions to rest.

All in all, the first quarter was a good start. And while the macroeconomic environment is turning less positive, I continue to like how we are positioned.

Let me now turn the call over to Ana to walk through our financial details.

Ana Maria Chadwick ***Pitney Bowes Inc. - Executive EVP & CFO***

Thank you, Marc. From a financial standpoint, the primary takeaway here is that we have started 2022 with a solid quarter. Better revenues, improved margins, especially in Global Ecommerce and more balance sheet improvements. It's energizing to get 2022 started on a positive note. Unless otherwise noted, I will speak to revenue comparisons on a constant currency basis and other items such as EBIT, EBITDA, EPS and cash flow on an adjusted basis.

First, I'll take you through the high-level financial statement data point, starting with the income statement. Total revenue for the quarter was $927 million, which is a 2% improvement year-over-year. Gross margin for the company was $306 million compared to $299 million for the same period last year, a 2% increase. As a percent of total revenues, gross margin increased 30 basis points to 33%. Total EBITDA was $95 million and EBIT was $53 million, both of which were 6% higher than first quarter 2021.

Total EBITDA margin improved 40 basis points to 10.2%, and EBIT margin moved up 30 basis points to 5.7%. Interest expense was $34 million, down from $37 million in the prior year, driven by reductions in total debt outstanding. Our tax rate returned to more normal levels and was 25% in the quarter. Adjusted EPS was $0.08, $0.01 better than last year, and GAAP EPS was $0.12, driven by a handful of nonrecurring items, which are detailed in the press release.

At the end of the quarter, diluted shares outstanding were approximately 178 million.

Turning to cash flow. GAAP cash from operations was a use of $2 million, while adjusted free cash flow was a use of $30 million, driven largely by changes in working capital, which we expect to normalize as we move through 2022. I'll have more to say on that topic shortly, but I'll repeat that we continue to expect to generate healthy levels of free cash flow for the year.

During the quarter, we paid $9 million in dividends and made $4 million in restructuring payments. As we signaled in our last call, capital expenditures are expected to be lower in 2022. And for the quarter, CapEx was $33 million, down from $43 million in the same period last year. We also spent a little over $13 million on share repurchase during the quarter as we managed overall share count.

Looking at our balance sheet. Liquidity remains excellent with cash and short-term investments of approximately $634 million and our $500 million revolver remains undrawn. We continue to make progress in reducing debt levels. We redeemed our 2023 maturity during the quarter and total debt was $2.2 billion at the end of the quarter, compared to $2.3 billion at the end of last year and $2.4 billion a year ago.

Let's look at first quarter results by segment. The following segment information is outlined in our press release and slide presentation, which were posted to our Investor Relations website this morning.

Let me start with Presort. Presort revenues were $161 million in the quarter, which is 12% better than last year, driven by new customer additions and increased revenue per piece. Total sortation volume of 4.4 billion pieces was down 2% compared to prior year. A 3% decline in first class mail volumes was partially offset by a 3% increase in Marketing Mail. EBIT for the quarter was $20 million compared to $19 million a year ago. EBIT margin was 12.2% compared to 13.3% for first quarter 2021. The decline in margins was driven largely by increased transportation and labor costs. Also, we refined our allocation methodology for transportation costs, which resulted in a $3 million shift of expenses to Presort from GEC. The new approach better represents actual cost incurred within each segment and will continue for the balance of 2022.

In addition, our terrific new Las Vegas facility, which has the capability to process first-class mail and marketing mail across the product portfolio was not yet running at scale in the quarter, though we expect that to happen in the second half of 2022. The Presort team is taking several steps to attack rising labor and transportation costs. We are adding more automation, including new sorters, additional conveyors and more robotics. We also expect to use higher mix of employees versus temporary labor and wider variety of transportation vendors, all in the effort to return margins to the mid-teen levels, which we believe is attainable in the medium term.

We continue to feel very good about the growth prospects for Presort, driven by better revenue per piece and increased mix of Marketing Mail and the above-referenced cost measures.

Moving to SendTech. SendTech reported revenues of $348 million in the quarter, down 2% from the same period last year. EBIT was $105 million compared to $114 million and EBIT margin was 30.1%, down 180 basis points from first quarter 2021. The decrease in segment margins was driven primarily by lower high-margin finance revenues and higher freight costs. As we said last quarter, we are implementing surcharges and price increases, generally in combination with value-added products and services to offset the increased costs.

Key bright spots include equipment sales, which were up 4% to $89 million, and shipping revenues, which increased 26% and now exceed 10% of segment revenues. In terms of operational highlights, we launched PitneyShip Pro, which is a new cloud-based sending solution built on the powerful SaaS Shipping 360 platform. It integrates next-generation design with advanced shipping and mailing functionality, which we think is a significant differentiator in the marketplace. In addition, we continue to see excellent demand for our SendPro Mailstation, which was launched in April 2020. We have now shipped over 60,000 devices, up from approximately 50,000 at year-end.

In GFS, we are encouraged by the stabilization of finance receivables and continued improvement in portfolio quality. Total assets actually grew $5 million in the quarter and stand at $1.2 billion. While assets have begun to expand, it will naturally take some time to translate into revenue growth.

Portfolio quality improvement is evidenced by lower delinquencies and write-offs as a percentage of assets on a year-over-year basis.

Let me turn now to Global Ecommerce. Within Global Ecommerce, revenue in the quarter increased 1% to $419 million. Strength in domestic parcels and fulfillment was offset by lower cross-border and digital revenues. Cross-border was affected by a stronger U.S. dollar and weaker international e-commerce trends. Domestic parcel revenue increased in the mid-teens, primarily due to solid increase in revenue per parcel. Domestic parcel volumes were $41 million in the quarter, compared to $41.7 million last year.

In context, we did well, and here's why. The comparisons from a year ago were somewhat more difficult because of the spillover of parcels from the fourth quarter of 2020, the peak pandemic quarter; and second, broad market trends became more challenging as we moved through the quarter. U.S. e-commerce sales were actually down 6% month-to-month in March.

Gross margin in the quarter was $50 million, a record for us, and was up considerably from the $29 million figure a year ago. It was also up $33 million versus a $17 million level in the fourth quarter. As a percent of segment revenues, gross margin was 12% in the quarter, much better than last year's 7%. EBITDA for the quarter was a positive $8 million compared to a loss of $8 million in the first quarter of 2021. EBITDA margin was 1.9%, an improvement of almost 400 basis points year-over-year. EBIT was a loss of $14 million compared to a loss of $26 million a year ago, an improvement of $13 million. EBIT margin was negative 3.3%, an improvement of approximately 310 basis points from the same period last year.

Margin improvement was driven largely by both, better revenue per parcel and lower labor cost per parcel.

Let me point out a couple of long-term trends for our Global Ecommerce segment. Year-over-year revenues have now grown 7 out of the last 9 quarters. And for EBITDA, we have seen year-over-year improvement in 6 of the last 7 quarters. These are tangible reasons for investors to be encouraged with the progress of our Global Ecommerce segment despite the challenges we have all faced since early 2020. Our investments in automation, robotics transportation and labor management systems are all contributing to that progress. And our ongoing network optimization efforts are having a very positive impact on service levels.

Let me now shift to the outlook. As it pertains to guidance, we are maintaining our low to mid-single-digit revenue and EBIT growth expectations for full year 2022. We expect to generate similar levels of adjusted free cash flow as compared to 2021. As I think about the second quarter, we continue to see cost pressure in transportation and labor, though we are taking actions where we can to offset these effects, namely through transportation and fuel surcharges. We will also increase pricing for customers where appropriate, usually in combination with more value add.

Lastly, I'll note that we are not immune to the ongoing supply chain issues and we continue to proactively manage these challenges. We will provide further updates as the year progresses.

In closing, I am very pleased with the financial performance of all 3 segments in the quarter. Presort and SendTech, in aggregate, again, produced top line gains in the quarter, which is impressive for mature businesses. Importantly, the progress in Global Ecommerce profitability gives me confidence that our capital-efficient business model will generate the long-term margins that we all expect.

Thanks for listening. Operator, please open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question will come from Ananda Baruah with Loop Capital.

Ananda Prosad Baruah ***Loop Capital Markets LLC, Research Division - MD***

Yes, just -- Marc, Ana, just love your thoughts, with the start to Global Ecommerce that you -- well, sort of the incremental slowing that you saw in Global Ecommerce. Can you sort of that to the maintaining of the guidance for the year? How are you seeing the progression of that? And then, I guess, also in that context, for SendTech as well, if -- sort of I guess how much -- what's the macro perspective based into SendTech that has you maintained the guidance as well? And then I have a quick follow-up too.

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

Great. So let me start and see if I can unlayer the GEC performance a little bit. So as always, there's different currents running through the business. To your point, about macroeconomic circumstance, our cross-border business as one of our competitors reported earlier in the week, faced headwinds in the quarter that was principally, although not exclusively due to currency rates. So that was a hurt.

What helped was our Domestic Parcel business. And if you look at that from a unit economic perspective, the first thing that you would see is pricing caught up to cost. So on a year-on-year basis, pricing was a help. I would say that was a remedial dynamic to help cover costs that we had incurred. Labor similarly was a touch of a help in terms of unit economics. So that's what -- those were the principal dynamics that ran through the quarter.

As we look through the balance of the year, we now have a set of capabilities that we've been working on for, candidly, in the last several years in terms of our warehouse, our team in the warehouse, our leadership team, our transportation. That has both the capability, and, important, the capacity to drive improved economics going forward. So if you look at the warehouse capacity or if you look at the transportation capacity, we've got significant incremental capacity. So we can add volume without adding incremental costs. So if you look at the marginal economics of the Domestic Parcel business for incremental volume, they're very favorable in terms of the marginal economics.

So the key, therefore, is incremental volume. So we've completed some work, which built off of other stuff that we had done in terms of how we run the network that will improve our service lane across certain lanes, which we have very clear feedback from clients will drive incremental volume. So the dynamics in the first quarter are a little bit different than the going forward. Dynamics first quarter was driven by price and I'd say the price was similar to fourth quarter, but pretty different than the first quarter of last year, a little bit of labor going forward. We expect the unit economics, the unit cost to continue to improve, but much more of the incremental value driven by volume. So that's Global Ecommerce.

On SendTech, as you know, it's got a lot of reoccurring revenue and a lot of reoccurring cash flow. So what weighs on the margin for SendTech in terms of quarterly performance is really equipment sales. That's the one thing that's kind of nonrecurring, I mean, supplies to a degree as well, but that's pretty much of a function of volume in that business.

So we are paying close attention to what's going on macroeconomics. I would say SendTech has got a little bit of susceptibility to that in terms of equipment sales and if volume gets hurt. But it's pretty steady. I mean we've seen that most recently in the pandemic recession. We've seen that in the great recession of 2008. So it's a business that tends to keep on chugging through with a lot of variability in down economic cycles. So that business is, because of the way it's structured and the business model is fairly insulated against downturn.

So we look at all of that kind of in aggregate. GEC with a huge market opportunity, even if it is a market opportunity that is a little bit less growth than what we had seen because of a recession if we do have a recession, but a huge opportunity nonetheless, whether it's growing slightly up or slightly down, with a very clear path for margin appreciation with line of sight to that volume from our customers. And then based -- not just with SendTech and Presort that has very reliable revenue and cash flow.

So I think it's a very powerful business model in general. It's a particularly, I think, strong business model in times like this where there's uncertainty, because the market seems to be looking for a little bit of growth with clear margin appreciation. And I think we answered that bill very clearly.

Ananda Prosad Baruah ***Loop Capital Markets LLC, Research Division - MD***

Is that to say -- you mentioned something about line of sight when you're going through your GEC remarks, something about line of sight from customers to that regard to volume. Is that to say that there's some, sort of some degree of volume commitments? How would you characterize that?

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

There are not commitments in the contractual sense. The way it works in that marketplace, not just for us, you have a book of clients and they have, I would say, volume agreements without the contracts underneath them. Typically, and aggregate those contract agreements, those agreements in terms of volume has been pretty reliable, putting the fourth quarter aside where they weren't, but what we saw up until the fourth quarter of last year, and we're seeing again this year, 98%, 99% accurate. So it's not a contractual commitment per se, but their volume direction has been pretty positive correlated to what they -- what we actually realized.

Ananda Prosad Baruah ***Loop Capital Markets LLC, Research Division - MD***

That's helpful. And then just last one for me. What would you -- how would you characterize the various priorities for -- as you move through the year here?

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

Priorities for Pitney Bowes? Or priorities for GEC?

Ananda Prosad Baruah ***Loop Capital Markets LLC, Research Division - MD***

For Pitney Bowes, as you move through the year here.

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

Yes. So let me kind of run through at a business level. For Global Ecommerce, it is increased volumes and continued operating efficiency. For SendTech, it has continued to hit the ball on the growth incentives. So as Ana mentioned and as I mentioned in our prepared remarks, I mean, shipping in SendTech grew 26%. So 26% off of business that's $140 million, $150 million is starting to be real, real growth in the absolute terms. So SendTech needs to continue to hit the ball on the growth and similarly in GFS.

So Ana talked about the assets growing. That's been the culmination of 3 or 4 years' worth of work. They've got some really terrific growth opportunities, both in terms of working capital, as well as equipment lending and leasing. Those are starting to similarly hit the ball. Inside of Presort, it's really around continued operational excellence. So their margins in the first -- the growth was terrific. We expect that growth to continue for another quarter or 2 based on some of the dynamics last year. Their margins have an opportunity to go up. So they are slightly more balanced view.

Operator

Our next question comes from the line of Kartik Mehta with Northcoast Research.

Kartik Mehta ***Northcoast Research Partners, LLC - Executive MD, Director of Research, Principal & Equity Research Analyst***

I'm wondering just from inflationary pressures. I know you talked a little bit about some of the impact that Pitney is having. If you look from an inflation perspective, overall, what are some of the positives and negatives for Pitney?

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

It's hard to say inflation is very positive in any way. What I will say is we've been able to manage price relatively well in this environment. So if you look at the respective businesses, transportation, labor inflation has been a net headwind to both Presort as well as Global Ecommerce. I would say in both businesses, we've been able to price for that. So that's a positive thing. SendTech, it's a little bit more subtle, but transportation affects them as well. I would say they've got -- they've had some luck with pricing. They've got more opportunities in front of them. So I don't see inflation is a positive or negative per se. It's kind of a fact of life. The question is, can you price for it in your businesses? And our answer is, yes, we've absolutely been able to price for it and we can feel real-life examples.

I mean if you look at UPS' results on Tuesday or whenever they announced that, I think it was on Tuesday. I mean, their volume was -- domestic volumes were down a couple percent, but their revenue is up close to double digit, I think, 8 or 9, I need to check the numbers, but they pointed to price. So it's -- I make that point not to talk about another party, but it is an industry that historically now continues to be pretty disciplined from a pricing perspective. And a marketplace from a client side that's pretty mature. I mean I've been in business for a long time now, some markets, some customers, you have more constructive conversations around price than others. This is a market where we have pretty constructive conversations around price. I mean, customers get it, similar things in that business.

Kartik Mehta ***Northcoast Research Partners, LLC - Executive MD, Director of Research, Principal & Equity Research Analyst***

And just as a follow-up, just on Global Ecommerce. I know in the past, you've talked about kind of parcels as a way to look at when Global Ecommerce can maybe breakeven and then start producing positive EBIT. Has that changed at all? Or how would you look at Global Ecommerce and maybe revenue or parcels as to when you think you could breakeven on the business?

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

Yes. So it has changed. So not surprisingly, the pandemic has changed lots of different things in that world. So I would say the first thing were finishing off the long-term plan, but I would say the long-term plan, ultimate profitability to get that 8% to 12% was predicated on 250 million parcels. I think a more likely figure today is probably 300 million parcels. So up -- but not up a crazy amount. Ana referenced, the 41 million parcels that we're at this year. We think our 41 million parcels we're at in the first quarter, we did 175 million last year. I think we'll be -- I think the first handle will be 2 this year, I mean 200 million-something-or-other, might be just over that threshold. As it relates to profitability, what I said, and I'll say again is we'll be EBITDA profitable this year.

From an EBIT perspective, I would say a couple of things. We have a -- what I would characterize is a higher risk, in some ways, low probability internal plan that gets them to EBIT profitable this year. I'd say that plan's logical. I mean -- but it's -- you'd have to acknowledge given the environment and candidly so, given where we are in our maturity curve that it's high risk. So we've got an internal plan. We're not betting our external guidance on them getting EBIT profitable.

But there has been internal plan and I'd say while it's high risk, it's not illogical, but they've got a lot of money. There's a lot of money on the table for them to do that. So they're running hard for that. They're enthused about the opportunity. They're enthused about building this business and they can make real money as that business gets profitable.

In terms of ultimate profitability, it's still kind of in the '24, might be '25 time frame. But it's not -- things have changed a little bit, which is not terribly surprising when the minimum wage is -- our wages have gone from $14 an hour to close to $20. Unit transportation has gone from $0.55 a unit to over double that. So it's not surprising that the underlying plan has changed. But I'd say it's kind of changed on the edges. If that helps you.

Operator

Our next question comes from the line of Jeff Harlib with Barclays.

Jeffrey Alan Harlib ***Barclays Bank PLC, Research Division - MD***

So with e-commerce, I just want to kind of understand where we're headed near term. On the last call, you talked about a very challenging conditions in e-commerce in the first half. It seems like you managed that very well in 1Q in your $8 million positive EBITDA. And on this call, you talked about some of the weakness in e-commerce more recently. I think that was more industry-wide, but what are you seeing volume-wise? And what are some of the cost pressures versus pricing that you see in the near term and should adjusted EBITDA in e-commerce turn back negative in 2Q? Just some more details on that would be helpful.

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

So I want to kind of start with the market. What UPS announced in the first quarter, and we saw similar dynamics as volume was flat to down a little bit. So that's kind of a general market statement. I don't have any reason to believe that's going to change dramatically. But What I have always said and the team reminded me of the other day is, when you've got 1.5% market share, I'm not sure that the most relevant factor is whether the market is going up 1% or 2% or down 1% or 2%. We've got tremendous opportunity in front of us and tremendous addressable market in front of us, assuming we've got the right offering. And so I think the market will continue to be a little bit choppy from a volume perspective.

As I said to the earlier question, and others have said as well, pricing is a net positive, so you can still get good revenue performance even with fairly flat volumes. In terms of how the year unfolds, I'm not going to get into quarter-by-quarter. I did say EBITDA profitable for the year. I'm probably going to stick with that.

It's hard to kind of call what's going on in a 90-day period, but I do like how we're starting the quarter in terms of the kinds of conversations we're having with customers in terms of incremental volumes. So assuming the end economics hold and these conversations with customers come to fruition in terms of first, getting more volume from existing customers; and second, onboarding new customers. I think that bodes well for the year.

Jeffrey Alan Harlib ***Barclays Bank PLC, Research Division - MD***

Okay. And then you said free cash flow you expect to be comparable with '21. I know CapEx will be lower, but you had some pretty good working capital performance last year. Can you just give some of the puts and takes on that with some of the key cash flow items?

Ana Maria Chadwick ***Pitney Bowes Inc. - Executive EVP & CFO***

Sure. This is Ana. I'll take you through that a little bit. We have had the 2 key drivers from a cash flow perspective that are most significant for the quarter were working capital, as we mentioned, and in that, we also had a slower reduction of our finance receivables, which we actually ended up growing some of our finance receivables. So we're seeing that stabilization, which bodes for something very good, which means more profits into the future, it's a hurt initially on free cash flow. So as we look through the year, there's seasonality in our free cash flow, first quarter is always lower, and we expect that to normalize.

One of the dynamics in working capital to point out specifically around receivables is we have had historically an improvement of day sales outstanding that has been significant, and we will continue to push for that, but that rate of improvement is going to levelize as well. Those are the broad key dynamics you mentioned. Slowdown in CapEx, we're going to be very focused on optimizing the network that we have and not as focused on building additional capacity. We do have a commitment that we feel very good about in the Chicago building. But beyond that, we'll be very focused on optimization. And those are probably the key highlights to mention.

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

I will just built on that. Ana answered very well, not surprisingly. So I was asked about the dynamics within GEC. One of the dynamics that's also changed post-COVID is the team now thinks they're going to require less nodes in the overall network, which will diminish the incremental capital that we need to put behind that business, which is important. One of the metrics that we do look at is EBITDA minus CapEx with respective businesses, which has been a key inflection point for Global Ecommerce. When does that number turn positive? I think it's got a good chance to be positive this year.

Operator

(Operator Instructions) And there are no additional questions in the queue. I will now turn it back to Marc Lautenbach for closing remarks.

Marc B. Lautenbach ***Pitney Bowes Inc. - President, CEO & Director***

Thanks, operator, and I'd like to thank everyone for joining the call. Let me just close by making a couple of points. I often ask my team and say, okay, what are the highlights? And what are the headlines for the quarter, and they pointed, I think, appropriately. First, is revenue, EBIT and EPS growth. That's really important for all kinds of reasons because that just speaks to the trajectory of the overall business. And candidly, the work we've been doing for the last 10 years to recreate this business and to turn it into a going forward successful business. So growth in revenue, EBIT and EPS in the quarter with continued prospects for that for the full year.

Secondly, I think it kind of gets overlooked too often that if you look at the combination of Presort, Global Financial Services as well as SendTech that in aggregate is a $2 billion business that is growing for the moment, and we expect it to continue to grow. And it's got 25%-or-so EBIT margins. That is a tremendously strong franchise to build off of. And we are, and it will continue.

The third point is all around Global Ecommerce. I would say that the fog of COVID is starting to lift. COVID is not totally behind us, and it does affect supply chain of our customers and affects our own supply chain with SendTech. You can begin to see the fog of COVID-lifting and the path forward for Global Ecommerce has become much clearer. We have a clear view of where the economics lie. We have a clear view of the market opportunity. We've had significant and meaningful conversations with clients about bringing that volume on. And as we do that, you'll continue to grow the top line for sure, but as I mentioned, the marginal economics between where we are today and 300 million parcels is really compelling.

So you really have a very clear view from where I sit of how this works going forward in a way that creates tremendous incremental value. I'll just remind everyone that Global Ecommerce at a $2 billion business, and we think it will be higher than that at the completion of the long-term plan with 8% EBIT margins is $160 million of incremental EBIT from 0 and close to $250 million of incremental EBIT from where we are.

That's a pretty strong proposition, particularly in this marketplace. So we got a lot of work to do for sure. The environment is going to continue to be choppy. We didn't get a lot of questions on China, but China's no COVID policy is a touch problematic, but that will pass as well. But all that being said, the dynamics in this business are very, very positive.

So enough for now. Thank you for your time today, particularly thanks to the team, the Pitney Bowes team, they've done tremendous work over the last couple of years. And you're beginning to see the fruits of that work show up in the marketplace. Thank you very much.

Operator

Thank you. Ladies and gentlemen, this conference will be available for replay after 10:00 a.m. Eastern today through May 28. You may access the AT&T replay system at any time by dialing 1-866-207-1041, and entering access code 9745785. International participants may dial (402) 970-0847. Those numbers again are 1 (866) 207-1041 and (402) 970-0847, with access code 9745785.

That does conclude our conference for today. We thank you for your participation for using AT&T conferencing service. You may now disconnect.