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PRESENTATION

Operator

Good morning, and welcome to the Pitney Bowes' Second Quarter 2023 Earnings Conference Call. (Operator Instructions) Today's call is also being recorded.

(Operator Instructions) I would now like to introduce participants on today's conference call, Mr. Marc Lautenbach, President and Chief Executive Officer; Ms. Ana Maria Chadwick, Executive Vice President and Chief Financial Officer; and Mr. Alexander Brown, Senior Manager, Investor Relations. Mr. Brown will now begin the call with a safe harbor overview.

Alexander Brown ***Pitney Bowes Inc. - Senior Manager, Investor Relations***

Good morning. I'm Alex Brown, and thank you for joining us. Included in today's presentation are forward-looking statements about our future business and financial performance. Forward-looking statements involve risks and uncertainties that could cause actual results to be materially different from our projections. More information about these risks and uncertainties can be found in our earnings press release, our 2022 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 update forward-looking statements as a result of new information or developments. Also, for non-GAAP measures that are used in the press release or discussed in our presentation materials, you can find reconciliations to the appropriate GAAP measures in the tables attached to our press release. Finally, we have provided a slide presentation and spreadsheet with historical segment information on our website.

And now I'd like to turn the call over to Marc.

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

Thank you, Alex, and good morning, everyone. I appreciate you all joining us this morning. The second quarter played out as we expected as trends from the first quarter largely continued. SendTech and Presort grew profit for the quarter, although SendTech left some transactions on the field that we were expecting. We expect those transactions to close in the third quarter.

Presort had a solid quarter, growing both revenue and profit for the second quarter. Both of these businesses are well positioned for the third quarter and second half. Global Ecommerce continued to experience different crosscurrents.

On the one hand, our Cross-Border business continued to face headwinds as 2 of our largest clients changed how they access our offerings. Our digital expedited business traded with the overall e-commerce market. However, the large social platform opportunity I've mentioned on previous calls began to come online. Hard to predict how this opportunity will roll out, but it could be a very interesting opportunity.

Growth in our Domestic Parcel business, where our opportunity to create value is centered, accelerated in the second quarter and parcel growth for the quarter was right around 30%. We are winning new clients and our growth is well above the market. Pricing on weights are less than expected, but consistent with historical periods, where retail performance is under some stress. Our network continued to

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perform well, and our service levels are very competitive in the market.

Finally, our costs are progressing as expected and are consistent with what was expected in our long-term plan. Let me unpack the cost dynamics in this business because they provide the foundation of our confidence. Our unit cost for transportation improved 12% quarter-to-quarter and 26% year-to-year.

Going forward, to achieve our long-term plan, our plan assumes postal cost trading with inflation, transportation unit costs remaining relatively flat, labor cost inflation offset by nominal productivity and fixed cost absorption improving as volumes improved.

Said another way, the plan relies on fairly standard cost improvements, resumption of market pricing and volume growth well less than we are experiencing right now. For me, however, the big news about the quarter was how well we positioned ourselves for the second half. We got a lot of important work done. Anna will give you more details, but our restructuring program is proceeding as we expected, if not slightly ahead of schedule.

Much of the cost and expense takeout is centered in GEC as we rightsized that business for the reset of our Cross-Border business, and we fine-tuned to account for better-than-expected performance of the network. We also completed our refinancing, which positions the balance sheet for the next several years.

Next, our bank began to buy receivables from our captive leasing company, fundamentally improving the earnings power of our bank and diversifying the bank's balance sheet. We've been working on this for a good bet, and this development improves the posture of our bank, which was already very strong.

Finally, the July USPS rate case expanded workshare discounts, recognizing the substantial value of the workshare program to the USPS and our clients and improving the economics of our Presort business going forward.

So to summarize, the second quarter turned out as we expected. Lots of work came to fruition that set us up very well for the second half and going forward. With that, I'll turn over the floor to Ana to walk through the operating and financial details of the quarter.

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

Thank you, Marc, and good morning, everyone. Before I begin my financial review, I'll note that the year-over-year revenue information will be discussed on a comparable basis, which, as previously discussed, adjusts for the impact of currency, the disposition of Borderfree and a revenue presentation change for our digital services. This revenue presentation change primarily affects global e-commerce revenues and, to a lesser extent, SendTech. The change does not affect the dollar profitability of our activities.

Also, unless otherwise noted, I will speak to other items such as EBIT, EBITDA and EPS on an adjusted basis. Total revenue for the quarter was $776 million, which is a decrease of 5% compared to the prior year second quarter. Gross profit for the company was $259 million compared to $274 million for the same period last year, a 6% decrease. SG&A was $223 million in the quarter and down $4 million from prior year.

Within SG&A, unallocated corporate expenses were $48 million, up from $41 million a year ago, which was largely due to timing of employee variable compensation. Interest expense, including finance interest, was $38 million, which is up $4 million due to higher interest rates on our floating debt. Adjusted EBITDA was $72 million compared to $82 million a year ago, and adjusted EBIT was $32 million compared to $39 million in prior year.

Adjusted EPS was a $0.02 loss in the quarter compared to $0.02 in prior year. GAAP EPS was $0.81 loss in the quarter. GAAP EPS includes a noncash $0.67 goodwill impairment charge related to the global e-commerce segment due to performance of our global e-commerce unit through June 30, 2023, and continuing changes in macroeconomic conditions.

Turning to cash flow. GAAP cash from operating activities was breakeven. Free cash flow was a use of $11 million compared to a source of $8 million last year. CapEx for the quarter was $26 million, down from $32 million in prior year. During the quarter, we paid $9 million in

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dividends and made $8 million in restructuring payments.

Let's dive into our 3 business segments. I'll start with SendTech. SendTech reported revenues of $321 million in the quarter, down 4% compared to prior year. We continue to make progress on our product refresh and are now 63% through the IMI migration, which is up 20 percentage points from prior year. We are now entering a stage of our product life cycle, where we will have less new lease opportunities, offset by a corresponding increase in fixed-term lease extensions. This is largely due to our success in placing new equipment over the past several years.

From a financial perspective, this shift results in lower upfront equipment sales offset by higher margin financing revenue spread over the lease term. This is a net positive to cash flow. These dynamics, coupled with transactions being deferred, played out in the second quarter with equipment sales down 11% compared to prior year and financing revenue only down 1%.

Shipping continues to be a bright spot for SendTech. In the quarter, shipping-related revenue grew 14% over prior year and now comprises 12% of segment revenues. We remain very encouraged by the traction our shipping products are receiving, especially in the enterprise segment, where we saw our largest growth.

Moving to profit. Adjusted segment EBIT grew 2% over prior year as SendTech removed costs faster than revenue declined. We achieved this through initiatives to drive efficiencies and simplify the business. I will highlight 2.

First, we reorganized our supplier network to be less concentrated in China, while also lowering the cost of equipment manufacturing and freight. These actions helped offset product mix headwinds and resulted in flat equipment gross margins year-over-year. Second, we continue to optimize our sales and customer service operations, driving more clients touch points to lower cost channels.

For example, more than 50% of our U.S. SMB client service requests are handled via an automated chat function. This has resulted in a 22% decline in total customer touch points, while maintaining an over 80% customer satisfaction score. These actions continue to demonstrate the durability of the business. I'll spend a moment on the performance of financial services inside of SendTech.

This quarter, we made significant progress positioning our financial services for long-term success by growing finance receivables, including those held at the Pitney Bowes Bank. We also initiated a program, where our bank will participate in the financing of select captive lease receivables, and initiatives that will be good for the bank and the enterprise overall.

Finance receivables grew $12 million over the quarter to $1.2 billion, and we continue to see healthy payment trends across our financing portfolio with delinquencies improving to its best level in over 15 years. Next, let's turn to Presort.

Presort generated revenue of $143 million in the quarter, up 3% from prior year. Total sortation volume declined 5% to 3.6 billion pieces. Revenue per piece expansion and growth in higher-yielding mail classes offset volume decline. Adjusted segment EBIT for the quarter was $20 million, an increase of 59% compared to last year. Adjusted segment EBIT margin improved 500 basis points to 14%.

The improvement in margins highlights the team's excellent work driving operational efficiencies. More specifically, margin improvement was due to better revenue per piece continued labor productivity gains from our investment in new sorters and lower unit transportation costs.

Also, as Marc mentioned, the USPS implemented new rates on July 9 that reflect the value our Presort network provides our clients and the postal services. These new rates, along with continued technology investments and operational improvements, will help drive continued strong performance in the second half. Let's shift to global e-commerce.

Revenue was $313 million, down 9% versus prior year. Adjusted segment EBIT was a loss of $38 million compared to a loss of $29 million last year. Cross-Border continues to weigh heavily on segment performance. The changes in how our 2 largest Cross-Border clients access our services, which we described in last quarter's earnings call, contributed to over 100% of the year-over-year decline in segment revenue and drove lower adjusted segment EBIT.

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Cross-Border revenue, excluding Borderfree, declined $55 million versus prior year and $24 million versus last quarter. Gross profit was down $13 million and $4 million against the same time period.

Moving forward, we expect changes in Cross-Border to be less significant on a sequential quarter basis. We continue to be encouraged by the progress in domestic parcel with several strong leading indicators that set the stage for improved financial performance. These are strong service levels, volume growth and unit cost improvement.

Let me unpack these items. First, service levels were very competitive in the quarter with on-time delivery reaching the high-90s during several weeks in the quarter. This performance bolstered client satisfaction scores, which reached an all-time high, and more new clients want our services.

Second, domestic parcel volumes were $50 million, up 29% over prior year against the market that is close to flat. Domestic parcel revenue grew 19%. Third, higher volumes, coupled with operational improvements, drove 8% lower unit cost versus prior year and 3% lower versus prior quarter. Our transportation and labor costs are now in line with our long-term model.

Unit transportation costs declined 26% versus prior year and 12% versus prior quarter, and labor costs declined 12% and 3% against the same period. However, similar to last quarter, a mix of lighter weight parcels, combined with pricing pressures from market overcapacity resulted in lower revenue per parcel. In addition, our regional delivery offerings, which have been essential to winning more volume in the market have also impacted revenue per parcel. These dynamics absorbed the improvements in unit costs.

We already started to address this issue with our newly signed 2023 clients, which on average come at a higher revenue per parcel and margin. We expect volumes from our new clients to start ramping up in the second half and scale as we move into 2024.

From an operating expense perspective, we completed a significant portion of the planned headcount reduction. We also made progress on our plan to consolidate facilities. In total, we have started the process to close 3 facilities, all of which will occur in the third quarter. These actions marginally benefited expenses in the second quarter and will provide further benefit in the second half of the year and going forward.

Cost actions, combined with more attractive incremental volume we expect to come online in the second half of the year are the major building blocks required for long-term profitability in this segment. That said, we expect continued pressure on revenue per parcel in the third quarter. Let me shift gears and discuss the meaningful progress we made on the restructuring and cost reduction plan announced last quarter.

We reduced headcount and shifted more processes to shared service centers, resulting in a restructuring charge of $22 million. We are reaffirming our annualized savings target of $75 million by the end of 2024 from the restructuring plan and productivity measures in global e-commerce.

Next, regarding capital structure. We took several significant actions to strengthen our balance sheet. During the quarter, we bought $13 million of bonds in the open market, bringing the total purchase to $39 million year-to-date.

Most importantly, earlier this week, we raised $275 million in a private placement offering maturing March 2028. Net proceeds will be used to redeem the remaining balance of our 2024 notes as well as a portion of our Term Loan A. After this refinancing, our next maturity will be in 2026.

Moving to guidance. For full year 2023, we expect revenue to be on the lower end of our guidance, relatively flat on a comparable basis. We continue to expect adjusted EBIT performance to outpace the percent change in revenue. We also anticipate third quarter revenue and EBIT to improve versus second quarter as incremental volumes in global e-commerce, new rate case in Presort and cost actions materialize.

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In conclusion, SendTech and Presort maintained strong momentum with profit growth. And while Cross-Border remained a headwind in the quarter, strong service levels, volume growth and unit cost improvement in domestic parcel position global e-commerce well for the second half. Operator, please open the call to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We'll go to Anthony Lebiedzinski with Sidoti & Company.

Anthony Chester Lebiedzinski ***Sidoti & Company, LLC - Senior Equity Research Analyst***

So first, I guess, maybe a little bit of a bigger picture question. So this is your first public call, since the Board of Directors was changed. What can you share with us so far in regards to the initial assessment of the new Board?

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

So listen, here's what I would say about the Board. I would say the following. The on-boarding that we went through with the new Board members was terrific. They were highly engaged, asked lots of great questions. And hopefully, we passed on lots of great information. So that's the first thing I would say.

I'd say the second thing, as we reconstituted the committees and the Board Jury, all of those votes were unanimous. So you see people coming together to move forward. And then I would say beyond that, there's a fairly intensive effort for, I would say, the entire Board, the new Board members as well as the existing Board members, to drive shareholder value consistent with how you would expect.

Anthony Chester Lebiedzinski ***Sidoti & Company, LLC - Senior Equity Research Analyst***

Got it. Okay. And then in regards to GEC. So obviously, Cross-Border was the biggest headwind within that. So if we were to exclude Cross-Border, can you comment on the profitability of GEC, how the numbers could have been like, but just kind of ballpark maybe estimates?

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

Yes. I would say directionally, domestic parcels profit increased and expedited, kind of traded with the market. I think Ana said it in her remarks or somewhere, the deterioration in Cross-Border revenue and profit consumed everything and then some of the progress that the rest of the segment made. So that's going to find its right level one way or the other.

But as we've said all along, and I go back to as we contemplate our long-term plan and where the value creation opportunity is, it's in domestic parcels. So I would say that Cross-Border is creating some noise right now and the results and the teams doing their best to kind of work their way through it. But we continue to keep our eye on the prize, and that's in the domestic parcels.

And if you kind of go through that dynamic, the parcel growth in the second quarter was terrific, well above the market. The unit costs behaved exactly, if not a little bit better than what we would have thought and are consistent with kind of the end points of the long-term plan. The service levels were terrific.

And as Ana said, there's some pressure on revenue per piece, which is a little bit of a market phenomenon. And a little bit of some of the new customers that we've brought on that come with slightly different revenue per piece because they're much more focused on regional types of services. So therefore, while they bring less revenue per piece, they also bring less cost. So the more we stare at the costs in the revenue per piece, the more that we get confident that those dynamics are working out precisely the way that we would expect on a long-term plan.

Anthony Chester Lebiedzinski ***Sidoti & Company, LLC - Senior Equity Research Analyst***

Got it. Okay. And then so just to follow-up as far as Cross-Border, so that's been sort of the biggest challenge for a few quarters. Is that a subsegment that you could perhaps maybe carve out and look to divest? Or that's not something you would consider?

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

No, we would absolutely consider, and this is true across the board. I mean, I've always said, we certainly put the portfolio together in a way that they can share structures and get efficiencies and economies of scale and all those things.

At the same time, we maintain optionality. So if a business -- and you saw it with Borderfree. I mean, Borderfree's kind of the proof in the pudding, that was a business that we chose to exit. And I would say the rest of the Cross-Border business, we have that same degree of optionality.

Anthony Chester Lebiedzinski ***Sidoti & Company, LLC - Senior Equity Research Analyst***

Got it. Okay. And then I know you mentioned that the revenue per piece will be down in the third quarter. Is that something -- is that dynamic something that you would expect in the fourth quarter as well? Or do you think that at some point you could start to see a reversal of that or maybe just kind of flattening out given the new client wins and -- or so far and maybe potential new client wins that you have in the pipeline?

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

I would say revenue per piece quarter-to-quarter is a touch of a question for me right now. Obviously, so much of that depends on client dynamics, what clients are hitting the ball what consumers are buying, et cetera. So quarter-to-quarter, I think it's a little bit of a -- I guess year-to-year. I do expect that it will likely be down because some of the new clients.

But again, if you look at RPP, revenue per piece decline in the second quarter, transportation costs declined the same amount. So it's easy to over-rotate on one particular variable. You've really got to look at the contribution margin and we look at it on a client basis. So looking at one variable without kind of looking at the attendant unit cost could lead you to the wrong conclusion.

Operator

And next, we can go to Kartik Mehta with Northcoast Research.

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

I know we've had a lot of conversation about the Cross-Border business. And I'm wondering, do you think this is a secular issue for you? Or is it temporary? So right now, I know it's a drag. And I'm wondering if there's a way to reposition the business to make it profitable? Or is it just you need volume and maybe it's a temporary issue?

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

Yes. Look, I think that's to be determined in all candor. It is a business that's highly concentrated into customers. Those customer relationships, as I said, have evolved.

Those dynamics we don't expect to change. The issue around exchange rates has stabilized to touch, so that's a little bit less of a problem. So I think it's a question mark of how that Cross-Border business evolves going forward.

But again, I think it's easy to kind of over-rotate in Cross-Border. I would draw your attention back to the domestic parcel business. I mean that's where the biggest chunk of the revenue is. If you look at the long-term plan, that's where all of the incremental EBITDA is. And to this -- to your question, the Cross-Border is going to work itself out one way or another either way. We'll get that business moving forward. Or if not, I'm confident that it's got some value in the marketplace.

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

And then, Marc, I know one of the things that you were doing was automating a lot of the warehouses, a lot of the distribution facilities. Kind of where do you stand on that? And obviously, you must be paying some dividends as you're seeing better, you're seeing lower unit cost.

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

Yes. I would say we are mostly done with the automation investment. We are in the process of deploying it. We had a great review with the team in it a couple of weeks ago. I would say we've got some sites that are aggressively deploying and using the new automation. We've got some that have some opportunities in front of them.

But what I would say is that automation is producing the productivity that was contemplated in the business case when it is deployed as was planned.

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

Marc, just one last question. In today's environment, where maybe the labor is still hard to get and these are looking to make their parcels or e-commerce a little bit more efficient, what are you hearing from new customers or your salespeople, are companies looking to outsource that? Or is that attitude changing at all?

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

Outsource what? I'm not sure I understood the question.

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

Just outsourcing all their parcel needs coming to a company like you they say, "Hey, take over the entire parcel shipment process for us."

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

Well, I mean, so we provide a portion of the total logistics chain. So we don't do the whole thing end-to-end. I would say the mid-market customers are more interested in outsourcing more of it. Larger customers are a little bit more selective. I would say, as you look at the benefits of our business model, I would point to a couple of things.

One is the postal service final mile delivery got terrific economics and one that economics that others have a very hard time recreating. I would say as it relates to our capabilities in the middle, our unit costs, our labor costs are very, very competitive versus our competitors. And we're more flexible to deal with. So we provide a nice veneer of economic capabilities for clients for middle mile to get parcels to into the postal service network.

Operator

And time for one more question, we'll go to Matt Swope with Baird.

Matthew Warren Swope ***Robert W. Baird & Co. Incorporated, Research Division - MD and High Yield Desk Analyst***

Just one last for me on GEC. If you took out Cross-Border, would global e-commerce have had positive EBITDA for the quarter?

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

Yes, I'm not going to get to that level of detail. What I would say is -- I'd just reiterate what I said, you take out Cross-Border, EBIT performance and EBITDA performance would have been better.

Matthew Warren Swope ***Robert W. Baird & Co. Incorporated, Research Division - MD and High Yield Desk Analyst***

Okay. Fair enough. And Ana, one that I've asked you a couple of times before on the cash side. Could you characterize again for us to make -- you have about $560-odd million of cash and short-term investments. How much of that cash is available to you versus tied up in the bank or overseas, et cetera?

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

Sure. So about 1/3 of that is available to us as U.S. cash on hand, and then the rest is between the bank and international.

Matthew Warren Swope ***Robert W. Baird & Co. Incorporated, Research Division - MD and High Yield Desk Analyst***

And so again, just being highly theoretical. If you chose to deploy all $200 million of that 1/3, would you still be able to run the business? Or do you need to keep some of that cash around?

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

No, I need a good amount of that to run my working capital needs.

Matthew Warren Swope ***Robert W. Baird & Co. Incorporated, Research Division - MD and High Yield Desk Analyst***

Got you. Okay. And then -- and Marc, maybe back to the Board question. What is the cadence of meetings with the Board? When is your guy's next meeting? Or how often does that happen?

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

I would say it varies. I mean, we altered the Board schedule to accommodate the new Board members. I would say right now, they're maybe more frequently just because there's more coming up to speed. So I'm not going to comment on the specific cadence per se. But I would say right now it's a very active and engaged Board.

Matthew Warren Swope ***Robert W. Baird & Co. Incorporated, Research Division - MD and High Yield Desk Analyst***

No, that's fair. And then you can imagine that people are sort of interested in what might come out of that. Maybe to focus on the 2 other businesses just for a second. On the SendTech side, you showed nice profitability in the face of some revenue challenges still. Can you just talk a little bit about the profitability mix in SendTech and what we should expect on that going forward?

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

Sure. So the profitability we expect to continue at those margins that we're anticipating. From a revenue perspective, I touched on this during my remarks here. As we are now 63% through the IMI conversion, more of those new opportunities for clients that are coming up have a mix of renewal or an extension concept to their leases instead of a new product being put out because our product lasts longer than the 4 to 5 -- so what we will see in the dynamics playing out is we will see less of the upfront, which comes with that original equipment sales and more a very good profit margin renewals coming through a stream revenue and that flows better to the bottom line. So net-net, is a very positive thing from a durability of those cash flows as we anticipate in the SendTech segment.

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

I'll give you the CEO summary. I mean, if we expect those margins to kind of continue where they are through the long-term plan. So we just had all the businesses update their long-term plan, and the margins that we've experienced for the last 5 years are kind of like the margins we expect the next 5 years.

Matthew Warren Swope ***Robert W. Baird & Co. Incorporated, Research Division - MD and High Yield Desk Analyst***

So we see the same kind of trend where maybe there's a little bit of pressure on the revenue side, but solid performance on the profitability side?

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

Correct.

Matthew Warren Swope ***Robert W. Baird & Co. Incorporated, Research Division - MD and High Yield Desk Analyst***

That's great. And speaking of good profitability, the Presort numbers were exceedingly strong. Could you talk about sort of the same forward conversation about where revenue and where profitability goes in Presort?

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

Yes. Let me just make a connection. I think if you look at the Presort result they were absolutely terrific. To us, Presort in some ways is the poster child for global e-commerce. If you look at those 2 businesses and you substitute the word mail for parcels, they're fairly analogous.

And candidly, if you look at the history of Presort over the last 15 years and as they build scale and as they've got more operationally sufficient excellent, you can see those margins improve. In terms of Presort going forward, last time we gave guidance around Presort, it was margins 15-plus percent. I still think that's the right basic ZIP code.

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We expect flat to slightly positive revenue growth there. So it's a good business. And I would say there's opportunities certainly on the revenue side to do better than that. If there's some interesting acquisitions that become available and more customers decide to outsource, which is also possible in Bound and Packet Mail and Marketing Mail continue to be great opportunities.

I would say the rate case that the postal service passed in July, and it's terrific for the marketplace, and it's reflective of the value that we provide, but that's a really important boost to our economics and our customers' economics going forward.

Operator

And we can go to Peter Sakon with Credit Suisse.

Peter Sakon ***CreditSights - Senior Research Analyst***

Following up on the Presort business, can you talk about the -- in the press release, the growth in the higher-yielding mail classes. Can you elaborate on what that means?

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

Sure. So inside of Presort, we have first-class mail. We have marketing mail, marketing mail flats. There's different classes. And first-class mail is the vast majority of what we process, and that is what mainly declines in that mid-single-digit range.

On the other hand, we've been going into marketing mail and bounded print matter, which are classes of mail that are growing. They represent a small portion of the total at the moment, but we anticipate that growth to continue and help offset some of the first-class mail declines.

Peter Sakon ***CreditSights - Senior Research Analyst***

That's great. And can you talk about, you said that a lot of the investment has been done in automation. For CapEx in the quarter, what was it by division if you haven't had that yet?

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

Sure. So what we've talked about is CapEx on a year-over-year basis is declining because the vast majority of our global e-commerce investments are done. So I will tell you that about 40 or so percent of our total CapEx is attributable to global e-commerce. And then SendTech would be the next big one.

Presort has done a lot of the refresh of these orders already. So I hope that gives you a little bit of a perspective.

Peter Sakon ***CreditSights - Senior Research Analyst***

Okay. And Marc, twice you said on the Cross-Border business, I think you said one way or the other. What is your sense of timing on resolution of that business?

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

Listen, I mean we're going to make a thoughtful decision on that business. I mean, I would say the Board and management continually looks at the portfolio. So it's not like it's once-a-year thing. We look at the portfolio all of the time. And the decision that we'll make is what's the best way for, first of all, the customers and the team and ultimately, our shareholders to move forward. So I'm not going to box myself into a timeframe.

Peter Sakon ***CreditSights - Senior Research Analyst***

Okay. And I guess the last part on the Cross-Border. Given the negative EBITDA is you said it's value in the marketplace. Is that, I guess, consistent? Or like is it maybe more expensive to close it because otherwise, you would not have lost that EBITDA?

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

I didn't say it was negative EBITDA. I just said the decline in EBITDA surpassed the improvement in the other businesses.

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Peter Sakon ***CreditSights - Senior Research Analyst***

Are you saying that Cross-Border business is EBITDA positive?

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

I didn't say it was negative.

Operator

And I'll turn the call back over to Mr. Lautenbach for any closing remarks.

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

Great. And thanks, everyone, for joining this morning. I want to go back to kind of the theme. The second quarter played out largely as expected. It was consistent with the first quarter. So not a lot of drama in the second quarter results.

What I really like is how we're positioned going forward. So we've been fighting through an interesting economic moment for the last candidly a couple of years since COVID. The fact the broader economy affected supply chains, affected retail, it feels like we're getting on the tail end of that right now.

And as we're coming out of that period, I like how we're positioned. Our cost and expense are in good shape, good opportunity as we get into the second half, that will make a meaningful difference. So all of the cost, not all the -- most of the cost and expense benefits are still in front of us, and we'll start to realize those in the second half. That's terrific.

The Presort and SendTech, as I said, are well positioned in the second half of the year for continued good profit performance. That's important to the overall ballast of the enterprise. It's also important for our cash. And as it relates to global e-commerce, the domestic parcel momentum is absolutely terrific, and we see that continuing. And then again, we didn't get any questions, but there were some important adjustments that we made that will fortify the bank, the PB Bank going forward, but we're really excited about how the bank is well positioned.

So this economic moment that we're in is going to end and the company is extremely well positioned on all fronts as we go forward. So with that, we'll close this morning's call, and we look forward to busying with you going forward. Thank you.

Operator

And that does conclude our conference for today. Thanks for your participation and for using AT&T Teleconference service. You may now disconnect.

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