Pitney Bowes
First Quarter 2024 Earnings

May 2, 2024

Forward Looking Statements

This document contains "forward-looking statements" about the Company's expected or potential future business and financial performance. Forward-looking statements include, but are not limited to, statements about future revenue and earnings guidance and future events or conditions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially from those projected. Factors which could cause future financial performance to differ materially from expectations include, without limitation, declining physical mail volumes; changes in postal regulations or the operations and financial health of posts in the U.S. or other major markets or changes to the broader postal or shipping markets; our ability to continue to grow and manage unexpected fluctuations in volumes, gain additional economies of scale and improve profitability within our Global Ecommerce segment; the loss of some of our larger clients in our Global Ecommerce and Presort Services segments; the loss of, or significant changes to, United States Postal Service (USPS) commercial programs, or our contractual relationships with the USPS or their performance under those contracts; the impacts of higher interest rates and the potential for future interest rate increases on our cost of debt; and other factors as more fully outlined in the Company's 2023 Form 10-K Annual Report and other reports filed with the Securities and Exchange Commission during 2024. Pitney Bowes assumes no obligation to update any forward-looking statements contained in this document as a result of new information, events or developments.

Use of Non-GAAP Measures

Our financial results are reported in accordance with generally accepted accounting principles (GAAP). We also disclose certain non-GAAP measures, such as adjusted earnings before interest and taxes (Adjusted EBIT), adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), adjusted earnings per share (Adjusted EPS), revenue growth on a comparable basis and free cash flow.

Adjusted EBIT, Adjusted EBITDA and Adjusted EPS exclude the impact of restructuring charges, goodwill impairment charges, foreign currency gains and losses on intercompany loans, gains, losses and costs related to acquisitions and dispositions, gains and losses on debt redemptions and other unusual items. Management believes that these non-GAAP measures provide investors greater insight into the underlying operating trends of the business.

Free cash flow adjusts cash flow from operations calculated in accordance with GAAP for capital expenditures, restructuring payments and other special items. Management believes free cash flow provides investors better insight into the amount of cash available for other discretionary uses.

Adjusted Segment EBIT is the primary measure of profitability and operational performance at the segment level and is determined by deducting from segment revenue the related costs and expenses attributable to the segment. Adjusted Segment EBIT excludes interest, taxes, unallocated corporate expenses, foreign currency gains and losses on intercompany loans, restructuring charges, goodwill impairment, and other items not allocated to a business segment. The Company also reports Adjusted Segment EBITDA as an additional useful measure of segment profitability and operational performance.

Complete reconciliations of non-GAAP measures to comparable GAAP measures can be found in the attached financial schedules and at the Company's web site at www.pb.com/investorrelations.

“We came out of the gate strong with first quarter results that reflect enterprise-wide changes in our operating intensity and efficiency efforts. Net income improved $5 million over prior year. Adjusted EBIT grew by more than $23 million on relatively flat revenue. This includes solid segment-level performance and systematic cost reductions, resulting in an 8% decline in operating expenses.

At the segment level, Presort Services achieved record revenue and EBIT while SendTech once again delivered solid profit increases and margin expansion. Global Ecommerce grew domestic parcel volumes in a challenging market and reduced operating expense as we continue efforts to maximize value.

We are very encouraged by improvements in execution over the past six months and our results for the first quarter in particular. We continue to see opportunities in the remainder of the year. We will build on this momentum by maintaining strong execution and a disciplined focus on costs to increase cashflow and create capacity for investment in high-margin growth areas.”

- Jason Dies
Interim CEO

First Quarter 2024 Results

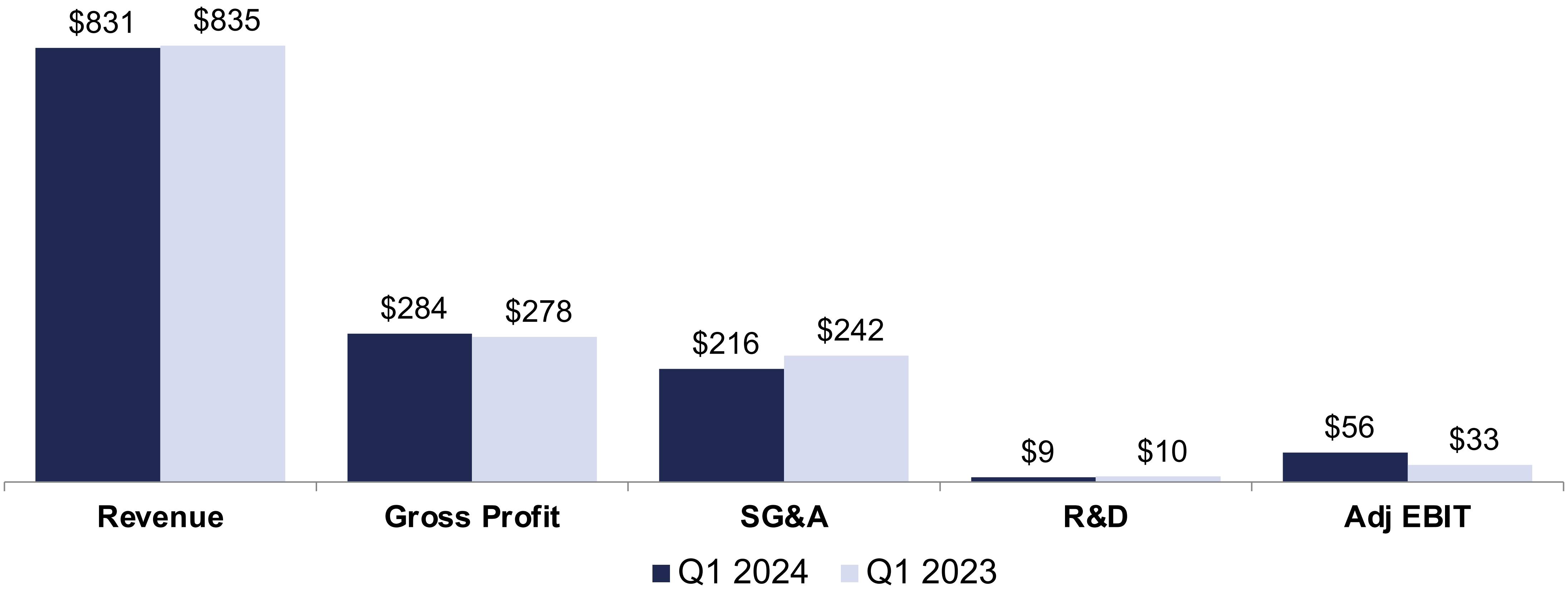
First Quarter 2024 – Overview

- Revenue in the quarter was $831 million
  - Flat on a reported basis and down 1% on a constant currency basis
- GAAP EPS was a loss of $0.02 and Adjusted EPS was a loss of $0.01
  - GAAP EPS improved $0.02 over prior year
  - Adjusted EPS was flat versus prior year
- Net income was a loss of $3 million; adjusted EBIT was $56 million
  - Net income improved $5 million over prior year despite higher interest and tax expense
  - Adjusted EBIT up $23 million or 71 percent over prior year
- GAAP cash from operating activities was a use of $13 million and Free Cash Flow was a use of $17 million
  - GAAP cash from operating activities improved $27 million year-over-year
  - Free Cash Flow improved $43 million year-over-year
- Cost reduction actions as part of 2023 restructuring plan generated significant benefit in the quarter; now expect savings to exceed $75 to $85 million target

First Quarter 2024 – Results vs Prior Year

$ millions

Revenue	Gross Profit	SG&A	R&D	Adj EBIT
Flat Y/Y	**Gross Profit Margin** *Q1 2024 = 34.2%* *Q1 2023 = 33.3%*	**SG&A as % of Revenue** *Q1 2024 = 26.0%* *Q1 2023 = 29.0%*	**R&D as a % of Revenue** *Q1 2024 = 1.1%* *Q1 2023 = 1.3%*	**Adj EBIT Margin** *Q1 2024 = 6.8%* *Q1 2023 = 4.0%*



First Quarter 2024 – SendTech

SendTech Solutions offers physical and digital mailing and shipping technology solutions, financing, services, supplies and other applications for clients of all sizes to help simplify and save on the sending, tracking and receiving of letters, parcels and flats

($ millions)	Q1 2024	Q1 2023	% Change Reported
Revenue	$327	$335	(2%)
Adjusted Segment EBITDA	$111	$105	6%
Adjusted Segment EBIT	$101	$96	6%

Shipping-related revenue grew 8%, partially offsetting the decline in mailing-related revenue of 4%. The timing of our product lifecycle and a continued reduction in our meter base drove the revenue decline in the quarter.

Favorable revenue mix, improvements in supply chain management, and cost reduction actions drove lower COGS and SG&A, resulting in higher Adjusted Segment EBITDA and EBIT.

First Quarter 2024 – Presort

Presort Services provides sortation services that enable clients to qualify for USPS workshare discounts in First Class Mail, Marketing Mail, Marketing Mail Flats and Bound Printed Matter

($ millions)	Q1 2024	Q1 2023	% Change Reported
Revenue	$170	$159	7%
Adjusted Segment EBITDA	$49	$35	39%
Adjusted Segment EBIT	$40	$27	50%

Presort achieved record revenue as higher revenue per piece offset a 2% decline in volumes.

Higher revenue per piece, improved labor productivity from automation refresh and process improvements, and transportation optimization drove margin expansion, resulting in record Adjusted Segment EBITDA and EBIT.

First Quarter 2024 – Global Ecommerce

Global Ecommerce provides business to consumer logistics services for domestic and cross-border delivery, returns and fulfillment

($ millions)	Q1 2024	Q1 2023	% Change Reported
Revenue	$333	$341	(2%)
Adjusted Segment EBITDA	($21)	($19)	(14%)
Adjusted Segment EBIT	($35)	($33)	(7%)

Lower Global Ecommerce revenue was driven by a 49% decline in cross-border revenue from changes in how two of our largest clients access our services that occurred in the second quarter 2023. Domestic parcel volumes grew 20% to 60 million processed in the quarter, driving domestic parcel revenue growth of 8%.

Adjusted Segment EBITDA and EBIT declined as a result of the decline in cross-border revenue and lower domestic parcel revenue per piece. Cost actions partially offset the impact of these items and drove a 19% improvement in operating expenses.

Debt Profile

Debt Composition at 3/31/2024 *($ Millions)*

Total Debt	**$ 2,134**
- Implied Financing Related Debt[1]	- 1,073
Implied Operating Company Debt	**$ 1,061**

Capital Structure *($ Millions)*

	Interest Rate	3/31/2024	12/31/2023
Revolver - ($500mm)		-	-
Term Loan A due March 2026	SOFR + 2.25%	273.5	285.5
Notes due March 2028	SOFR + 6.90%	273.6	274.3
Term Loan B due March 2028	SOFR + 4.00%	436.5	438.6
Subtotal: Secured Debt		**$983.6**	**$998.4**
Notes due March 2027	6.875%	380.0	380.0
Notes due March 2029	7.25%	350.0	350.0
Notes due January 2037	5.25%	35.8	35.8
Notes due March 2043	6.70%	425.0	425.0
Other debt		0.9	1.2
Subtotal: Unsecured Debt		**$1,191.7**	**$1,192.0**
Principal Debt[2]		**$2,175.3**	**$2,189.5**

Manageable debt profile

(1) *Total Finance Receivables at 8:1 debt:equity ratio*
(2) *Represent total principal amount due, exclusive of unamortized costs*

Full Year 2024 Expectations

Full Year 2024 Guidance

We are maintaining our guidance and expect revenue growth to range from flat to a low-single digit decline and EBIT margins to remain relatively flat on a year-over-year basis.

We are planning similar levels of capital expenditures in 2024 as in 2023 and expect interest expense and taxes to increase over prior year.

Appendix

Consolidated Statements of Operations
(Unaudited; in thousands, except per share amounts)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue:		
Business services	$ 535,597	$ 523,491
Support services	96,333	105,284
Financing	67,663	67,049
Equipment sales	77,403	82,610
Supplies	36,721	38,835
Rentals	16,792	17,269
Total revenue	830,509	834,538
Costs and expenses:		
Cost of business services	446,367	446,317
Cost of support services	33,055	36,840
Financing interest expense	16,603	14,536
Cost of equipment sales	52,559	57,171
Cost of supplies	10,195	11,225
Cost of rentals	4,684	5,428
Selling, general and administrative	216,197	242,120
Research and development	9,481	10,493
Restructuring charges	4,315	3,599
Interest expense, net	27,766	22,342
Other components of net pension and postretirement income	(387)	(1,710)
Other income	-	(2,836)
Total costs and expenses	820,835	845,525
Income (loss) before taxes	9,674	(10,987)
Provision (benefit) for income taxes	12,559	(3,250)
Net loss	$ (2,885)	$ (7,737)
Net loss per share:		
Basic	$ (0.02)	$ (0.04)
Diluted	$ (0.02)	$ (0.04)
Weighted-average shares used in diluted earnings per share	176,997	174,626

Consolidated Balance Sheets
(Unaudited; in thousands)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 516,092	$ 601,053
Short-term investments	21,859	22,166
Accounts and other receivables, net	307,201	342,236
Short-term finance receivables, net	547,235	563,536
Inventories	78,683	70,053
Current income taxes	987	564
Other current assets and prepayments	110,041	92,309
Total current assets	1,582,098	1,691,917
Property, plant and equipment, net	370,110	383,628
Rental property and equipment, net	22,580	23,583
Long-term finance receivables, net	638,380	653,085
Goodwill	729,291	734,409
Intangible assets, net	58,277	62,250
Operating lease assets	304,939	309,958
Noncurrent income taxes	58,884	60,995
Other assets	338,488	352,360
Total assets	$ 4,103,047	$ 4,272,185
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable and accrued liabilities	$ 784,020	$ 875,476
Customer deposits at Pitney Bowes Bank	599,976	640,323
Current operating lease liabilities	60,087	60,069
Current portion of long-term debt	58,111	58,931
Advance billings	89,014	89,087
Current income taxes	34,212	6,523
Total current liabilities	1,625,420	1,730,409
Long-term debt	2,076,054	2,087,101
Deferred taxes on income	199,769	211,477
Tax uncertainties and other income tax liabilities	19,054	19,091
Noncurrent operating lease liabilities	272,024	277,981
Other noncurrent liabilities	303,081	314,702
Total liabilities	4,495,402	4,640,761
Stockholders' deficit:		
Common stock	270,338	270,338
Retained earnings	3,027,030	3,077,988
Accumulated other comprehensive loss	(863,811)	(851,245)
Treasury stock, at cost	(2,825,912)	(2,865,657)
Total stockholders' deficit	(392,355)	(368,576)
Total liabilities and stockholders' deficit	$ 4,103,047	$ 4,272,185

Business Segment Revenue
(Unaudited; in thousands)

	Three months ended March 31,		
	2024	**2023**	**% Change**
Global Ecommerce			
Revenue, as reported	$ 333,265	$ 340,641	**(2%)**
Impact of currency on revenue	(719)		
Revenue, constant currency	$ 332,546	$ 340,641	**(2%)**
Presort Services			
Revenue, as reported	$ 169,807	$ 158,902	**7%**
Sending Technology Solutions			
Revenue, as reported	$ 327,437	$ 334,995	**(2%)**
Impact of currency on revenue	(72)		
Revenue, constant currency	$ 327,365	$ 334,995	**(2%)**
Consolidated			
Revenue, as reported	$ 830,509	$ 834,538	**(0%)**
Impact of currency on revenue	(791)		
Revenue, constant currency	$ 829,718	$ 834,538	**(1%)**

Adjusted Segment EBIT & EBITDA
(Unaudited; in thousands)

	Three months ended March 31,							
	2024			2023			% change	
	Adjusted Segment EBIT(1)	D&A	Adjusted Segment EBITDA	Adjusted Segment EBIT (1)	D&A	Adjusted Segment EBITDA	Adjusted Segment EBIT	Adjusted Segment EBITDA
Global Ecommerce	$ (35,427)	$ 14,033	$ (21,394)	$ (33,172)	$ 14,431	$ (18,741)	(7%)	(14%)
Presort Services	40,329	8,758	49,087	26,905	8,523	35,428	50%	39%
Sending Technology Solutions	101,278	9,996	111,274	95,637	9,450	105,087	6%	6%
Segment total	$ 106,180	$ 32,787	138,967	$ 89,370	$ 32,404	121,774	19%	14%
Reconciliation of Segment Adjusted EBITDA to Net Loss:								
Segment depreciation and amortization			(32,787)			(32,404)		
Interest expense, net			(44,369)			(36,878)		
Unallocated corporate expenses			(49,770)			(56,349)		
Restructuring charges			(4,315)			(3,599)		
Foreign currency gain on intercompany loans			4,638			-		
Transaction costs			(2,690)			-		
Proxy solicitation fees			-			(6,367)		
Gain on debt redemption			-			2,836		
Benefit (provision) for income taxes			(12,559)			3,250		
Net loss			$ (2,885)			$ (7,737)		

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

Reconciliation of Reported Consolidated Results to Adjusted Results

(Unaudited; in thousands, except per share amounts)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Reconciliation of reported net loss to adjusted EBIT and adjusted EBITDA		
Net loss	$ (2,885)	$ (7,737)
Provision (benefit) for income taxes	12,559	(3,250)
Income (loss) before taxes	9,674	(10,987)
Restructuring charges	4,315	3,599
Foreign currency gain on intercompany loans	(4,638)	-
Gain on debt redemption	-	(2,836)
Transaction costs	2,690	-
Proxy solicitation fees	-	6,367
Adjusted net income before tax	12,041	(3,857)
Interest, net	44,369	36,878
Adjusted EBIT	56,410	33,021
Depreciation and amortization	40,879	39,897
Adjusted EBITDA	$ 97,289	$ 72,918
Reconciliation of reported diluted loss per share to adjusted diluted loss per share		
Diluted loss per share	$ (0.02)	$ (0.04)
Restructuring charges	0.02	0.01
Foreign currency gain on intercompany loans	(0.02)	-
Gain on debt redemption	-	(0.01)
Transaction costs	0.01	-
Proxy solicitation fees	-	0.03
Adjusted diluted loss per share	$ (0.01)	$ (0.01)

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Reconciliation of reported net cash from operating activities to free cash flow		
Net cash from operating activities	$ (12,525)	$ (39,714)
Capital expenditures	(19,957)	(28,666)
Restructuring payments	14,989	4,641
Proxy solicitation fees paid	-	3,038
Free cash flow	$ (17,493)	$ (60,701)