

Pitney Bowes Inc.

Consolidated Statements of Income (Loss)

(Unaudited; in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Revenue:				
Business services	\$ 528,990	\$ 417,963	\$ 973,369	\$ 824,508
Support services	113,786	127,705	235,801	256,304
Financing	85,462	92,419	174,540	189,462
Equipment sales	57,837	85,551	134,110	175,338
Supplies	32,773	46,490	78,482	97,443
Rentals	18,644	18,445	37,458	40,602
Total revenue	<u>837,492</u>	<u>788,573</u>	<u>1,633,760</u>	<u>1,583,657</u>
Costs and expenses:				
Cost of business services	454,311	337,918	828,976	664,964
Cost of support services	36,725	40,520	76,485	82,367
Financing interest expense	11,939	11,043	24,428	22,407
Cost of equipment sales	47,920	58,570	105,279	122,235
Cost of supplies	8,379	11,758	20,619	25,308
Cost of rentals	6,022	8,418	12,400	18,133
Selling, general and administrative	233,631	241,467	482,264	503,136
Research and development	7,467	13,572	19,583	26,149
Goodwill impairment	-	-	198,169	-
Restructuring charges and asset impairments	4,922	5,899	8,739	9,599
Interest expense, net	26,446	28,019	52,329	55,621
Other components of net pension and postretirement income	386	(1,618)	235	(2,256)
Other (income) expense	(17,375)	(27)	16,112	17,683
Total costs and expenses	<u>820,773</u>	<u>755,539</u>	<u>1,845,618</u>	<u>1,545,346</u>
Income (loss) from continuing operations before taxes	16,719	33,034	(211,858)	38,311
Provision for income taxes	17,016	3,724	6,986	11,544
(Loss) income from continuing operations	(297)	29,310	(218,844)	26,767
(Loss) income from discontinued operations, net of tax	(3,032)	(5,613)	7,032	(5,729)
Net (loss) income	<u>\$ (3,329)</u>	<u>\$ 23,697</u>	<u>\$ (211,812)</u>	<u>\$ 21,038</u>
Basic (loss) earnings per share (1):				
Continuing operations	\$ -	\$ 0.17	\$ (1.28)	\$ 0.15
Discontinued operations	(0.02)	(0.03)	0.04	(0.03)
Net (loss) income	<u>\$ (0.02)</u>	<u>\$ 0.13</u>	<u>\$ (1.24)</u>	<u>\$ 0.12</u>
Diluted (loss) earnings per share (1):				
Continuing operations	\$ -	\$ 0.16	\$ (1.28)	\$ 0.15
Discontinued operations	(0.02)	(0.03)	0.04	(0.03)
Net (loss) income	<u>\$ (0.02)</u>	<u>\$ 0.13</u>	<u>\$ (1.24)</u>	<u>\$ 0.12</u>
Weighted-average shares used in diluted earnings per share	<u>171,478</u>	<u>178,281</u>	<u>171,167</u>	<u>182,638</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)

Assets	June 30, 2020	December 31, 2019
Current assets:		
Cash and cash equivalents	\$ 862,897	\$ 924,442
Short-term investments	153,221	115,879
Accounts and other receivables, net	391,748	373,471
Short-term finance receivables, net	555,196	629,643
Inventories	73,653	68,251
Current income taxes	1,893	5,565
Other current assets and prepayments	121,924	101,601
Assets of discontinued operations	-	17,229
Total current assets	<u>2,160,532</u>	<u>2,236,081</u>
Property, plant and equipment, net	375,465	376,177
Rental property and equipment, net	40,875	41,225
Long-term finance receivables, net	583,839	625,487
Goodwill	1,132,785	1,324,179
Intangible assets, net	175,460	190,640
Operating lease assets	199,162	200,752
Noncurrent income taxes	68,449	71,903
Other assets	379,611	400,456
Total assets	<u>\$ 5,116,178</u>	<u>\$ 5,466,900</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 732,048	\$ 793,690
Customer deposits at Pitney Bowes Bank	613,449	591,118
Current operating lease liabilities	35,432	36,060
Current portion of long-term debt	163,257	20,108
Advance billings	122,606	101,920
Current income taxes	11,723	17,083
Liabilities of discontinued operations	-	9,713
Total current liabilities	<u>1,678,515</u>	<u>1,569,692</u>
Long-term debt	2,553,490	2,719,614
Deferred taxes on income	270,376	274,435
Tax uncertainties and other income tax liabilities	35,928	38,834
Noncurrent operating lease liabilities	177,901	177,711
Other noncurrent liabilities	355,388	400,518
Total liabilities	<u>5,071,598</u>	<u>5,180,804</u>
Stockholders' equity:		
Common stock	323,338	323,338
Additional paid-in-capital	68,498	98,748
Retained earnings	5,188,119	5,438,930
Accumulated other comprehensive loss	(836,262)	(840,143)
Treasury stock, at cost	(4,699,113)	(4,734,777)
Total stockholders' equity	<u>44,580</u>	<u>286,096</u>
Total liabilities and stockholders' equity	<u>\$ 5,116,178</u>	<u>\$ 5,466,900</u>

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

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
REVENUE						
Global Ecommerce	\$ 398,453	\$ 282,319	41%	\$ 690,776	\$ 548,573	26%
Presort Services	118,127	128,138	(8%)	258,847	262,985	(2%)
Commerce Services	516,580	410,457	26%	949,623	811,558	17%
Sending Technology Solutions	320,912	378,116	(15%)	684,137	772,099	(11%)
Total revenue - GAAP	837,492	788,573	6%	1,633,760	1,583,657	3%
Currency impact on revenue	2,627	-		4,967	-	
Revenue, at constant currency	\$ 840,119	\$ 788,573	7%	\$ 1,638,727	\$ 1,583,657	3%

Pitney Bowes Inc.
Business Segment EBIT & EBITDA

(Unaudited; in thousands)

	Three months ended June 30,								
	2020			2019			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (18,894)	\$ 17,297	\$ (1,597)	\$ (15,576)	\$ 16,883	\$ 1,307	(21%)	>(100%)	
Presort Services	12,582	7,857	20,439	15,462	7,088	22,550	(19%)	(9%)	
Commerce Services	(6,312)	25,154	18,842	(114)	23,971	23,857	>(100%)	(21%)	
Sending Technology Solutions	104,268	8,776	113,044	124,738	11,911	136,649	(16%)	(17%)	
Segment total	<u>\$ 97,956</u>	<u>\$ 33,930</u>	<u>131,886</u>	<u>\$ 124,624</u>	<u>\$ 35,882</u>	<u>160,506</u>	<u>(21%)</u>	<u>(18%)</u>	

Reconciliation of Segment EBITDA to Net (Loss) Income:

Segment depreciation and amortization	(33,930)	(35,882)
Unallocated corporate expenses (2)	(49,489)	(45,048)
Interest, net	(38,385)	(39,062)
Restructuring charges and asset impairments	(4,922)	(5,899)
Gain on sale of equity investment	11,908	-
Transaction costs	(349)	(1,581)
Provision for income taxes	(17,016)	(3,724)
(Loss) income from continuing operations	(297)	29,310
Loss from discontinued operations, net of tax	(3,032)	(5,613)
Net (loss) income	<u>\$ (3,329)</u>	<u>\$ 23,697</u>

	Six months ended June 30,								
	2020			2019			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (48,369)	\$ 35,363	\$ (13,006)	\$ (30,176)	\$ 33,341	\$ 3,165	(60%)	>(100%)	
Presort Services	28,277	15,631	43,908	30,528	14,008	44,536	(7%)	(1%)	
Commerce Services	(20,092)	50,994	30,902	352	47,349	47,701	>(100%)	(35%)	
Sending Technology Solutions	210,830	17,815	228,645	247,141	20,768	267,909	(15%)	(15%)	
Segment Total	<u>\$ 190,738</u>	<u>\$ 68,809</u>	<u>259,547</u>	<u>\$ 247,493</u>	<u>\$ 68,117</u>	<u>315,610</u>	<u>(23%)</u>	<u>(18%)</u>	

Reconciliation of Segment EBITDA to Net (Loss) Income:

Segment depreciation and amortization	(68,809)	(68,117)
Unallocated corporate expenses (2)	(93,211)	(102,006)
Interest, net	(76,757)	(78,028)
Goodwill impairment	(198,169)	-
Restructuring charges and asset impairments	(8,739)	(9,599)
Gain on sale of equity investment	11,908	-
Loss on debt extinguishment	(36,987)	-
Loss on dispositions and transaction costs	(641)	(19,549)
Provision for income taxes	(6,986)	(11,544)
(Loss) income from continuing operations	(218,844)	26,767
Income (loss) from discontinued operations, net of tax	7,032	(5,729)
Net (loss) income	<u>\$ (211,812)</u>	<u>\$ 21,038</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 corporate depreciation and amortization expense of \$7,138 and \$5,210 for the three months ended June 30, 2020 and 2019, respectively and \$12,978 and \$9,860 for the six months ended June 30, 2020 and 2019, respectively.

Pitney Bowes Inc.

Reconciliation of Reported Consolidated Results to Adjusted Results

(Unaudited; in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Reconciliation of reported net (loss) income to adjusted net income, adjusted EBIT and adjusted EBITDA				
Net (loss) income	\$ (3,329)	\$ 23,697	\$ (211,812)	\$ 21,038
Loss (income) from discontinued operations, net of tax	3,032	5,613	(7,032)	5,729
Goodwill impairment	-	-	196,600	-
Restructuring charges and asset impairments	3,183	4,242	5,854	6,987
Gain on sale of equity investment	(8,943)	-	(8,943)	-
Tax on settlement of investment securities	12,229	-	12,229	-
Loss on extinguishment of debt	-	-	27,777	-
Loss on dispositions and transaction costs	264	1,171	487	20,786
Adjusted net income	6,436	34,723	15,160	54,540
Interest, net	38,385	39,062	76,757	78,028
Provision for income taxes, as adjusted	3,646	5,791	5,610	12,919
Adjusted EBIT	48,467	79,576	97,527	145,487
Depreciation and amortization	41,068	41,092	81,787	77,977
Adjusted EBITDA	\$ 89,535	\$ 120,668	\$ 179,314	\$ 223,464

Reconciliation of reported diluted (loss) earnings per share to adjusted diluted earnings per share				
Diluted (loss) earnings per share	\$ (0.02)	\$ 0.13	\$ (1.24)	\$ 0.12
Loss (income) from discontinued operations, net of tax	0.02	0.03	(0.04)	0.03
Goodwill impairment	-	-	1.14	-
Restructuring charges and asset impairments	0.02	0.02	0.03	0.04
Gain on sale of equity investment	(0.05)	-	(0.05)	-
Tax on settlement of investment securities	0.07	-	0.07	-
Loss on debt extinguishment	-	-	0.16	-
Loss on dispositions and transaction costs	-	0.01	-	0.11
Adjusted diluted earnings per share	\$ 0.04	\$ 0.19	\$ 0.09	\$ 0.30

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	\$ 153,093	\$ 17,054	\$ 86,809	\$ 86,782
Net cash used in (provided by) operating activities - discontinued operatio	618	(4,277)	38,423	(5,534)
Capital expenditures	(34,176)	(31,493)	(59,954)	(59,187)
Restructuring payments	5,318	4,759	11,365	13,005
Change in customer deposits at PB Bank	23,219	14,720	22,331	(8,316)
Transaction costs paid	377	4,269	2,117	6,108
Free cash flow	\$ 148,449	\$ 5,032	\$ 101,091	\$ 32,858