

Pitney Bowes Inc.
Consolidated Statements of Income

(Unaudited; in thousands, except share and per share amounts)

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|---|--------------------|--|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue: | | | | |
| Equipment sales | \$ 89,618 | \$ 88,799 | \$ 264,956 | \$ 289,318 |
| Supplies | 44,818 | 50,403 | 142,261 | 165,853 |
| Rentals | 19,737 | 21,432 | 60,339 | 65,852 |
| Financing | 90,577 | 96,799 | 280,039 | 294,277 |
| Support services | 126,274 | 138,055 | 382,578 | 417,303 |
| Business services | 419,101 | 364,793 | 1,243,609 | 1,121,505 |
| Total revenue | <u>790,125</u> | <u>760,281</u> | <u>2,373,782</u> | <u>2,354,108</u> |
| Costs and expenses: | | | | |
| Cost of equipment sales | 59,859 | 52,209 | 182,094 | 173,626 |
| Cost of supplies | 12,225 | 13,967 | 37,533 | 46,652 |
| Cost of rentals | 5,090 | 9,174 | 23,223 | 30,386 |
| Financing interest expense | 11,026 | 10,849 | 33,433 | 33,107 |
| Cost of support services | 41,086 | 45,872 | 123,453 | 134,204 |
| Cost of business services | 338,519 | 287,237 | 1,003,483 | 872,183 |
| Selling, general and administrative | 254,092 | 241,350 | 757,228 | 759,469 |
| Research and development | 12,272 | 15,636 | 38,421 | 44,651 |
| Restructuring charges and asset impairments, net | 47,017 | 6,099 | 56,616 | 18,771 |
| Interest expense, net | 28,704 | 26,588 | 84,325 | 89,377 |
| Other components of net pension and postretirement cost | (882) | (1,852) | (3,138) | (6,070) |
| Other expense | 667 | 7,964 | 18,350 | 7,964 |
| Total costs and expenses | <u>809,675</u> | <u>715,093</u> | <u>2,355,021</u> | <u>2,204,320</u> |
| (Loss) income from continuing operations before taxes | (19,550) | 45,188 | 18,761 | 149,788 |
| (Benefit) provision for income taxes | (24,895) | (2,468) | (13,351) | 17,235 |
| Income from continuing operations | 5,345 | 47,656 | 32,112 | 132,553 |
| (Loss) income from discontinued operations, net of tax | (8,470) | 32,621 | (14,199) | 59,289 |
| Net (loss) income | <u>\$ (3,125)</u> | <u>\$ 80,277</u> | <u>\$ 17,913</u> | <u>\$ 191,842</u> |
| Basic earnings (loss) per share (1): | | | | |
| Continuing operations | \$ 0.03 | \$ 0.25 | \$ 0.18 | \$ 0.71 |
| Discontinued operations | (0.05) | 0.17 | (0.08) | 0.32 |
| Net income | <u>\$ (0.02)</u> | <u>\$ 0.43</u> | <u>\$ 0.10</u> | <u>\$ 1.02</u> |
| Diluted earnings (loss) per share (1): | | | | |
| Continuing operations | \$ 0.03 | \$ 0.25 | \$ 0.18 | \$ 0.70 |
| Discontinued operations | (0.05) | 0.17 | (0.08) | 0.32 |
| Net income | <u>\$ (0.02)</u> | <u>\$ 0.43</u> | <u>\$ 0.10</u> | <u>\$ 1.02</u> |
| Weighted-average shares used in diluted earnings per share | <u>171,200,404</u> | <u>188,414,719</u> | <u>179,096,058</u> | <u>188,190,057</u> |

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

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

| <u>Assets</u> | September 30, 2019 | December 31, 2018 |
|---|-------------------------------|------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 514,851 | \$ 867,262 |
| Short-term investments | 137,032 | 59,391 |
| Accounts and other receivables, net | 365,522 | 371,797 |
| Short-term finance receivables, net | 617,178 | 653,236 |
| Inventories | 76,339 | 62,279 |
| Current income taxes | 25,598 | 5,947 |
| Other current assets and prepayments | 101,829 | 74,782 |
| Assets of discontinued operations | 568,413 | 602,823 |
| Total current assets | <u>2,406,762</u> | <u>2,697,517</u> |
| Property, plant and equipment, net | 371,666 | 398,501 |
| Rental property and equipment, net | 39,400 | 46,228 |
| Long-term finance receivables, net | 616,746 | 635,908 |
| Goodwill | 1,317,037 | 1,332,351 |
| Intangible assets, net | 199,715 | 213,200 |
| Operating lease assets | 172,617 | 152,554 |
| Noncurrent income taxes | 80,561 | 65,001 |
| Other assets | 392,720 | 397,159 |
| Total assets | <u>\$ 5,597,224</u> | <u>\$ 5,938,419</u> |
| <u>Liabilities and stockholders' equity</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 1,337,214 | \$ 1,348,127 |
| Current operating lease liabilities | 34,091 | 35,208 |
| Current portion of long-term debt | 501,728 | 199,535 |
| Advance billings | 106,968 | 116,862 |
| Current income taxes | 8,525 | 15,284 |
| Liabilities of discontinued operations | 157,034 | 174,798 |
| Total current liabilities | <u>2,145,560</u> | <u>1,889,814</u> |
| Long-term debt | 2,567,363 | 3,066,073 |
| Deferred taxes on income | 253,151 | 253,560 |
| Tax uncertainties and other income tax liabilities | 45,179 | 39,548 |
| Noncurrent operating lease liabilities | 148,125 | 125,294 |
| Other noncurrent liabilities | 412,434 | 462,288 |
| Total liabilities | <u>5,571,812</u> | <u>5,836,577</u> |
| Stockholders' equity: | | |
| Cumulative preferred stock, \$50 par value, 4% convertible | - | 1 |
| Cumulative preference stock, no par value, \$2.12 convertible | - | 396 |
| Common stock, \$1 par value | 323,338 | 323,338 |
| Additional paid-in-capital | 101,651 | 121,475 |
| Retained earnings | 5,270,741 | 5,279,682 |
| Accumulated other comprehensive loss | (926,452) | (948,961) |
| Treasury stock, at cost | (4,743,866) | (4,674,089) |
| Total stockholders' equity | <u>25,412</u> | <u>101,842</u> |
| Total liabilities and stockholders' equity | <u>\$ 5,597,224</u> | <u>\$ 5,938,419</u> |

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

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|--|----------------------------------|-------------------|-------------|---------------------------------|---------------------|-------------|
| | 2019 | 2018 | % Change | 2019 | 2018 | % Change |
| REVENUE | | | | | | |
| Global Ecommerce | \$ 278,995 | \$ 232,845 | 20% | \$ 827,568 | \$ 718,535 | 15% |
| Presort Services | 131,483 | 125,334 | 5% | 394,468 | 382,522 | 3% |
| Commerce Services | <u>410,478</u> | <u>358,179</u> | <u>15%</u> | <u>1,222,036</u> | <u>1,101,057</u> | <u>11%</u> |
| Sending Technology Solutions | <u>379,647</u> | <u>402,102</u> | <u>(6%)</u> | <u>1,151,746</u> | <u>1,253,051</u> | <u>(8%)</u> |
| Total revenue | <u>\$ 790,125</u> | <u>\$ 760,281</u> | <u>4%</u> | <u>\$ 2,373,782</u> | <u>\$ 2,354,108</u> | <u>1%</u> |
| Reconciliation of reported revenue to revenue excluding currency and Market Exits | | | | | | |
| Total revenue | \$ 790,125 | \$ 760,281 | 4% | \$ 2,373,782 | \$ 2,354,108 | 1% |
| Currency impact on revenue | 4,068 | - | | 17,982 | - | |
| Revenue, at constant currency | <u>794,193</u> | <u>760,281</u> | <u>4%</u> | <u>2,391,764</u> | <u>2,354,108</u> | <u>2%</u> |
| Less revenue from Market Exits | 1,470 | 10,873 | | 9,549 | 39,350 | |
| Revenue, excluding currency and Market Exits | <u>\$ 792,723</u> | <u>\$ 749,408</u> | <u>6%</u> | <u>\$ 2,382,215</u> | <u>\$ 2,314,758</u> | <u>3%</u> |

Pitney Bowes Inc.
Business Segment EBIT & EBITDA

(Unaudited; in thousands)

| | Three Months Ended September 30, | | | | | | | |
|------------------------------|----------------------------------|------------------|----------------|-------------------|------------------|----------------|-------------------|--------------|
| | 2019 | | | 2018 | | | % change | |
| | EBIT (1) | D&A | EBITDA | EBIT (1) | D&A | EBITDA | EBIT | EBITDA |
| Global Ecommerce | \$ (21,793) | \$ 17,356 | \$ (4,437) | \$ (14,330) | \$ 15,150 | \$ 820 | (52%) | >(100%) |
| Presort Services | 17,687 | 7,667 | 25,354 | 17,435 | 6,867 | 24,302 | 1% | 4% |
| Commerce Services | (4,106) | 25,023 | 20,917 | 3,105 | 22,017 | 25,122 | >(100%) | (17%) |
| Sending Technology Solutions | 130,954 | 9,579 | 140,533 | 134,607 | 9,499 | 144,106 | (3%) | (2%) |
| Segment Total | \$ 126,848 | \$ 34,602 | 161,450 | \$ 137,712 | \$ 31,516 | 169,228 | (8%) | (5%) |

Reconciliation of Segment EBITDA to Net Income:

| | | | | |
|--|--|-------------------|--|------------------|
| Segment depreciation and amortization (2) | | (34,602) | | (31,516) |
| Unallocated corporate expenses | | (58,277) | | (40,988) |
| Restructuring charges and asset impairments, net | | (47,017) | | (6,099) |
| Interest, net | | (39,730) | | (37,437) |
| Other expense | | (667) | | (7,964) |
| Transaction costs | | (707) | | (36) |
| Benefit for income taxes | | 24,895 | | 2,468 |
| Income from continuing operations | | 5,345 | | 47,656 |
| (Loss) income from discontinued operations, net of tax | | (8,470) | | 32,621 |
| Net (loss) income | | <u>\$ (3,125)</u> | | <u>\$ 80,277</u> |

| | Nine Months Ended September 30, | | | | | | | |
|------------------------------|---------------------------------|-------------------|----------------|-------------------|------------------|----------------|-------------------|--------------|
| | 2019 | | | 2018 | | | % change | |
| | EBIT (1) | D&A | EBITDA | EBIT (1) | D&A | EBITDA | EBIT | EBITDA |
| Global Ecommerce | \$ (51,969) | \$ 50,697 | \$ (1,272) | \$ (28,034) | \$ 45,047 | \$ 17,013 | (85%) | >(100%) |
| Presort Services | 48,215 | 21,675 | 69,890 | 57,026 | 19,652 | 76,678 | (15%) | (9%) |
| Commerce Services | (3,754) | 72,372 | 68,618 | 28,992 | 64,699 | 93,691 | >(100%) | (27%) |
| Sending Technology Solutions | 378,095 | 30,347 | 408,442 | 412,427 | 30,979 | 443,406 | (8%) | (8%) |
| Segment Total | \$ 374,341 | \$ 102,719 | 477,060 | \$ 441,419 | \$ 95,678 | 537,097 | (15%) | (11%) |

Reconciliation of Segment EBITDA to Net Income:

| | | | | |
|--|--|------------------|--|-------------------|
| Segment depreciation and amortization (2) | | (102,719) | | (95,678) |
| Unallocated corporate expenses | | (160,283) | | (141,321) |
| Restructuring charges and asset impairments, net | | (56,616) | | (18,771) |
| Interest, net | | (117,758) | | (122,484) |
| Other expense | | (18,350) | | (7,964) |
| Transaction costs | | (2,573) | | (1,091) |
| Benefit (provision) for income taxes | | 13,351 | | (17,235) |
| Income from continuing operations | | 32,112 | | 132,553 |
| (Loss) income from discontinued operations, net of tax | | (14,199) | | 59,289 |
| Net income | | <u>\$ 17,913</u> | | <u>\$ 191,842</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) Represents depreciation and amortization expense of reporting segments only and does not include corporate depreciation and amortization expense of \$5,935 and \$5,111 for the three months ended September 30, 2019 and 2018, respectively, and \$15,795 and \$16,477 for the nine months ended September 30, 2019 and 2018, respectively.

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|------------|------------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Reconciliation of reported net income to adjusted earnings | | | | |
| Net (loss) income | \$ (3,125) | \$ 80,277 | \$ 17,913 | \$ 191,842 |
| Loss (income) from discontinued operations, net of tax | 8,470 | (32,621) | 14,199 | (59,289) |
| Restructuring charges and asset impairments, net | 34,722 | 4,466 | 41,709 | 13,784 |
| Loss on disposition of businesses | - | - | 19,396 | - |
| Loss on extinguishment of debt | 497 | 5,933 | 497 | 5,933 |
| Transaction costs | 527 | 27 | 1,917 | 814 |
| Tax adjustments, net | - | (7,986) | - | (13,966) |
| Adjusted net income | 41,091 | 50,096 | 95,631 | 139,118 |
| (Benefit) provision for income taxes, as adjusted | (12,250) | 9,191 | 669 | 38,496 |
| Interest, net | 39,730 | 37,437 | 117,758 | 122,484 |
| Adjusted EBIT | 68,571 | 96,724 | 214,058 | 300,098 |
| Depreciation and amortization | 40,537 | 36,627 | 118,514 | 112,155 |
| Adjusted EBITDA | \$ 109,108 | \$ 133,351 | \$ 332,572 | \$ 412,253 |

| | | | | |
|---|-----------|---------|---------|---------|
| Reconciliation of reported diluted earnings per share to adjusted diluted earnings per share | | | | |
| Diluted (loss) earnings per share | \$ (0.02) | \$ 0.43 | \$ 0.10 | \$ 1.02 |
| Loss (income) from discontinued operations, net of tax | 0.05 | (0.17) | 0.08 | (0.32) |
| Restructuring charges and asset impairments, net | 0.20 | 0.02 | 0.23 | 0.07 |
| Loss on disposition of businesses | - | - | 0.11 | - |
| Loss on extinguishment of debt | - | 0.03 | - | 0.03 |
| Transaction costs | - | - | 0.01 | - |
| Tax adjustments, net | - | (0.04) | - | (0.07) |
| Adjusted diluted earnings per share | \$ 0.24 | \$ 0.27 | \$ 0.53 | \$ 0.74 |

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 | \$ 95,502 | \$ 104,077 | \$ 182,284 | \$ 258,570 |
| Net cash used in operating activities - discontinued operations | (10,324) | (20,954) | (15,858) | (68,428) |
| Capital expenditures | (36,034) | (27,854) | (95,221) | (105,295) |
| Restructuring payments | 5,840 | 11,449 | 18,845 | 39,242 |
| Reserve account deposits | 11,441 | 905 | 3,125 | 6,864 |
| Transaction costs paid | 2,917 | 9,205 | 9,025 | 13,242 |
| Free cash flow | \$ 69,342 | \$ 76,828 | \$ 102,200 | \$ 144,195 |