



Pitney Bowes Inc.

Consolidated Statements of Income (Loss)

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

	Three months ended March 31,	
	2020	2019
Revenue:		
Business services	\$ 444,379	\$ 406,545
Support services	122,015	128,599
Financing	89,078	97,043
Equipment sales	76,273	89,787
Supplies	45,709	50,953
Rentals	18,814	22,157
Total revenue	<u>796,268</u>	<u>795,084</u>
Costs and expenses:		
Cost of business services	374,665	327,046
Cost of support services	39,760	41,847
Financing interest expense	12,489	11,364
Cost of equipment sales	57,359	63,665
Cost of supplies	12,240	13,550
Cost of rentals	6,378	9,715
Selling, general and administrative	248,633	261,669
Research and development	12,116	12,577
Goodwill impairment	198,169	-
Restructuring charges	3,817	3,700
Interest expense, net	25,883	27,602
Other components of net pension and postretirement income	(151)	(638)
Other expense, net	33,487	17,710
Total costs and expenses	<u>1,024,845</u>	<u>789,807</u>
(Loss) income from continuing operations before taxes	(228,577)	5,277
(Benefit) provision for income taxes	(10,030)	7,820
Loss from continuing operations	(218,547)	(2,543)
Income (loss) from discontinued operations, net of tax	10,064	(116)
Net loss	<u>\$ (208,483)</u>	<u>\$ (2,659)</u>
Basic (loss) earnings per share (1):		
Continuing operations	\$ (1.28)	\$ (0.01)
Discontinued operations	0.06	-
Net loss	<u>\$ (1.22)</u>	<u>\$ (0.01)</u>
Diluted (loss) earnings per share (1):		
Continuing operations	\$ (1.28)	\$ (0.01)
Discontinued operations	0.06	-
Net loss	<u>\$ (1.22)</u>	<u>\$ (0.01)</u>
Weighted-average shares used in diluted earnings per share	<u>170,912,395</u>	<u>185,970,755</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)

	March 31, 2020	December 31, 2019
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 663,072	\$ 924,442
Short-term investments	67,180	115,879
Accounts and other receivables, net	342,823	373,471
Short-term finance receivables, net	597,805	629,643
Inventories	71,848	68,251
Current income taxes	16,356	5,565
Other current assets and prepayments	111,104	101,601
Assets of discontinued operations	-	17,229
Total current assets	1,870,188	2,236,081
Property, plant and equipment, net	371,464	376,177
Rental property and equipment, net	40,264	41,225
Long-term finance receivables, net	601,547	625,487
Goodwill	1,125,035	1,324,179
Intangible assets, net	181,624	190,640
Operating lease assets	193,635	200,752
Noncurrent income taxes	73,186	71,903
Other assets	436,487	400,456
Total assets	\$ 4,893,430	\$ 5,466,900
<u>Liabilities and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 653,539	\$ 793,690
Customer deposits of Pitney Bowes Bank	590,230	591,118
Current operating lease liabilities	36,085	36,060
Current portion of long-term debt	62,952	20,108
Advance billings	96,641	101,920
Current income taxes	3,070	17,083
Liabilities of discontinued operations	-	9,713
Total current liabilities	1,442,517	1,569,692
Long-term debt	2,567,010	2,719,614
Deferred taxes on income	275,815	274,435
Tax uncertainties and other income tax liabilities	36,096	38,834
Noncurrent operating lease liabilities	171,079	177,711
Other noncurrent liabilities	371,483	400,518
Total liabilities	4,864,000	5,180,804
Stockholders' equity:		
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	69,553	98,748
Retained earnings	5,200,024	5,438,930
Accumulated other comprehensive loss	(857,874)	(840,143)
Treasury stock, at cost	(4,705,611)	(4,734,777)
Total stockholders' equity	29,430	286,096
Total liabilities and stockholders' equity	\$ 4,893,430	\$ 5,466,900

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

	Three months ended March 31,		
	2020	2019	% Change
REVENUE			
Global Ecommerce	\$ 292,323	\$ 266,254	10%
Presort Services	140,720	134,847	4%
Commerce Services	433,043	401,101	8%
Sending Technology Solutions	363,225	393,983	(8%)
Total revenue - GAAP	796,268	795,084	0%
Currency impact on revenue	2,339	-	
Revenue, at constant currency	798,607	795,084	0%
Less revenue from Market Exits	552	4,102	
Revenue, excluding currency and Market Exits	<u>\$ 798,055</u>	<u>\$ 790,982</u>	<u>1%</u>

Pitney Bowes Inc.
Business Segment EBIT & EBITDA
(Unaudited; in thousands)

	Three Months Ended March 31,								
	2020			2019			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (29,475)	\$ 18,065	\$ (11,410)	\$ (14,600)	\$ 16,458	\$ 1,858	>(100%)	>(100%)	
Presort Services	15,695	7,774	23,469	15,066	6,920	21,986	4%	7%	
Commerce Services	(13,780)	25,839	12,059	466	23,378	23,844	>(100%)	(49%)	
Sending Technology Solutions	106,562	9,039	115,601	122,403	8,857	131,260	(13%)	(12%)	
Segment total	<u>\$ 92,782</u>	<u>\$ 34,878</u>	<u>127,660</u>	<u>\$ 122,869</u>	<u>\$ 32,235</u>	<u>155,104</u>	<u>(24%)</u>	<u>(18%)</u>	
Reconciliation of Segment EBITDA to Net Loss:									
Segment depreciation and amortization			(34,878)			(32,235)			
Unallocated corporate expenses (2)			(43,722)			(56,958)			
Interest, net			(38,372)			(38,966)			
Goodwill impairment			(198,169)			-			
Restructuring charges			(3,817)			(3,700)			
Loss on extinguishment of debt			(36,987)			-			
Loss on Market Exits			-			(17,710)			
Transaction costs			(292)			(258)			
Benefit (provision) for income taxes			10,030			(7,820)			
Loss from continuing operations			(218,547)			(2,543)			
Income (loss) from discontinued operations, net of tax			10,064			(116)			
Net loss			<u>\$ (208,483)</u>			<u>\$ (2,659)</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 \$5,841 and \$4,650 for the three months ended March 31, 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 March 31,	
	2020	2019
Reconciliation of reported net loss to adjusted net income, adjusted EBIT and adjusted EBITDA		
Net loss	\$ (208,483)	\$ (2,659)
(Income) loss from discontinued operations, net of tax	(10,064)	116
Goodwill impairment	196,600	-
Restructuring charges	2,671	2,745
Loss on extinguishment of debt	27,777	-
Loss on disposition of businesses	-	19,423
Transaction costs	223	192
Adjusted net income	8,724	19,817
Interest, net	38,372	38,966
Provision for income taxes, as adjusted	1,964	7,128
Adjusted EBIT	49,060	65,911
Depreciation and amortization	40,719	36,885
Adjusted EBITDA	<u>\$ 89,779</u>	<u>\$ 102,796</u>
Reconciliation of reported diluted loss per share to adjusted diluted earnings per share		
Diluted loss per share	\$ (1.22)	\$ (0.01)
Income from discontinued operations, net of tax	(0.06)	-
Goodwill impairment	1.15	-
Restructuring charges	0.02	0.01
Loss on extinguishment of debt	0.16	-
Loss on disposition of businesses	-	0.10
Adjusted diluted earnings per share	<u>\$ 0.05</u>	<u>\$ 0.11</u>

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 (used in) provided by operating activities	\$ (66,284)	\$ 69,728
Net cash used in (provided by) operating activities - discontinued operatic	37,805	(1,257)
Capital expenditures	(25,778)	(27,694)
Restructuring payments	6,047	8,246
Change in customer deposits at PB Bank	(888)	(23,036)
Transaction costs paid	1,740	1,839
Free cash flow	<u>\$ (47,358)</u>	<u>\$ 27,826</u>