

Pitney Bowes Inc.
Consolidated Statements of (Loss) Income

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

	Three months ended March 31,	
	2019	2018
Revenue:		
Equipment sales	\$ 89,787	\$ 106,708
Supplies	50,953	59,993
Software	73,318	76,294
Rentals	22,157	24,965
Financing	97,043	100,349
Support services	128,621	140,650
Business services	406,523	387,624
Total revenue	<u>868,402</u>	<u>896,583</u>
Costs and expenses:		
Cost of equipment sales	63,665	62,469
Cost of supplies	13,550	16,947
Cost of software	23,383	24,129
Cost of rentals	9,715	12,748
Financing interest expense	11,364	11,064
Cost of support services	41,779	46,065
Cost of business services	327,046	294,379
Selling, general and administrative	300,982	302,810
Research and development	21,774	24,495
Restructuring charges	3,598	904
Other components of net pension and postretirement cost	(638)	(1,719)
Interest expense, net	27,602	32,014
Other expense	17,710	-
Total costs and expenses	<u>861,530</u>	<u>826,305</u>
Income from continuing operations before taxes	6,872	70,278
Provision for income taxes	8,301	18,795
(Loss) income from continuing operations	(1,429)	51,483
(Loss) income from discontinued operations, net of tax	(1,230)	8,487
Net (loss) income	<u>\$ (2,659)</u>	<u>\$ 59,970</u>
Basic (loss) earnings per share attributable to common stockholders:		
Continuing operations	\$ (0.01)	\$ 0.28
Discontinued operations	(0.01)	0.05
Net (loss) income	<u>\$ (0.01)</u>	<u>\$ 0.32</u>
Diluted (loss) earnings per share attributable to common stockholders:		
Continuing operations	\$ (0.01)	\$ 0.27
Discontinued operations	(0.01)	0.05
Net (loss) income	<u>\$ (0.01)</u>	<u>\$ 0.32</u>
Weighted-average shares used in diluted earnings per share	<u>185,970,755</u>	<u>188,174,983</u>

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

<u>Assets</u>	March 31, 2019	December 31, 2018
Current assets:		
Cash and cash equivalents	\$ 838,905	\$ 867,262
Short-term investments	65,405	59,391
Accounts receivable, net	412,661	456,138
Short-term finance receivables, net	684,436	758,511
Inventories	68,876	62,279
Current income taxes	21,897	5,947
Other current assets and prepayments	134,929	100,625
Assets of discontinued operations	-	4,854
Total current assets	<u>2,227,109</u>	<u>2,315,007</u>
Property, plant and equipment, net	412,727	410,114
Rental property and equipment, net	41,862	46,228
Long-term finance receivables, net	545,360	536,369
Goodwill	1,754,259	1,766,511
Intangible assets, net	223,005	227,137
Operating lease assets	152,139	156,788
Noncurrent income taxes	61,700	66,326
Other assets	388,104	419,677
Total assets	<u>\$ 5,806,265</u>	<u>\$ 5,944,157</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,313,440	\$ 1,390,362
Current operating lease liabilities	35,219	37,208
Current income taxes	5,697	15,284
Current portion of long-term debt	207,231	199,535
Advance billings	213,171	235,116
Liabilities of discontinued operations	-	3,276
Total current liabilities	<u>1,774,758</u>	<u>1,880,781</u>
Deferred taxes on income	257,639	254,353
Tax uncertainties and other income tax liabilities	51,950	39,548
Noncurrent operating lease liabilities	124,873	127,237
Long-term debt	3,047,661	3,066,073
Other noncurrent liabilities	463,028	474,323
Total liabilities	<u>5,719,909</u>	<u>5,842,315</u>
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	1	1
Cumulative preference stock, no par value, \$2.12 convertible	388	396
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	109,166	121,475
Retained earnings	5,267,615	5,279,682
Accumulated other comprehensive loss	(918,072)	(948,961)
Treasury stock, at cost	(4,696,080)	(4,674,089)
Total stockholders' equity	<u>86,356</u>	<u>101,842</u>
Total liabilities and stockholders' equity	<u>\$ 5,806,265</u>	<u>\$ 5,944,157</u>

Pitney Bowes Inc.
Business Segments
(Unaudited; in thousands)

	Three months ended March 31,		
	2019	2018	% Change
REVENUE			
Global Ecommerce	\$ 266,254	\$ 246,590	8%
Presort Services	134,847	134,458	0%
Commerce Services	401,101	381,048	5%
North America Mailing	315,474	340,811	(7%)
International Mailing	78,509	98,430	(20%)
Small & Medium Business Solutions	393,983	439,241	(10%)
Software Solutions	73,318	76,294	(4%)
Total revenue	\$ 868,402	\$ 896,583	(3%)
EBIT			
Global Ecommerce	\$ (14,600)	\$ (7,711)	(89%)
Presort Services	15,066	27,026	(44%)
Commerce Services	466	19,315	(98%)
North America Mailing	110,613	128,568	(14%)
International Mailing	11,790	16,022	(26%)
Small & Medium Business Solutions	122,403	144,590	(15%)
Software Solutions	1,692	2,492	(32%)
Segment EBIT ⁽¹⁾	\$ 124,561	\$ 166,397	(25%)
EBITDA			
Global Ecommerce	\$ 1,858	\$ 6,719	(72%)
Presort Services	21,986	33,188	(34%)
Commerce Services	23,844	39,907	(40%)
North America Mailing	117,053	136,067	(14%)
International Mailing	14,208	19,632	(28%)
Small & Medium Business Solutions	131,261	155,699	(16%)
Software Solutions	4,172	4,736	(12%)
Segment EBITDA ⁽²⁾	\$ 159,277	\$ 200,342	(20%)

Reconciliation of segment EBITDA to net (loss) income

Segment EBITDA	\$ 159,277	\$ 200,342
Less: Segment depreciation and amortization	(34,716)	(33,945)
Segment EBIT	124,561	166,397
Corporate expenses	(55,689)	(51,082)
Adjusted EBIT	68,872	115,315
Interest, net ⁽³⁾	(38,966)	(43,078)
Restructuring charges	(3,598)	(904)
Loss from market exits	(17,710)	-
Transaction costs	(1,726)	(1,055)
Provision for income taxes	(8,301)	(18,795)
(Loss) income from continuing operations	(1,429)	51,483
(Loss) income from discontinued operations, net of tax	(1,230)	8,487
Net (loss) income	\$ (2,659)	\$ 59,970

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

⁽²⁾ Segment EBITDA is calculated as Segment EBIT plus segment depreciation and amortization expense.

⁽³⁾ Includes financing interest expense and interest expense, net.

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

	<u>Three months ended March 31,</u>		YY Chg.
	<u>2019</u>	<u>2018</u>	
Reconciliation of reported revenue to revenue excluding currency			
Revenue, as reported	\$ 868,402	\$ 896,583	(3%)
Currency impact on revenue	9,981	-	NM
Revenue, at constant currency	878,383	896,583	(2%)
Less revenue from Market Exits	(6,013)	(14,879)	NM
Revenue, excluding currency and Market Exits	<u>\$ 872,370</u>	<u>\$ 881,704</u>	<u>(1%)</u>
Reconciliation of reported net (loss) income to adjusted earnings			
Net (loss) income	\$ (2,659)	\$ 59,970	
Loss (income) from discontinued operations, net of tax	1,230	(8,487)	
Restructuring charges	2,659	672	
Loss from market exits	19,423	-	
Transaction costs	1,289	785	
Adjusted net income	21,942	52,940	
Provision for income taxes, as adjusted	7,964	19,297	
Interest, net	38,966	43,078	
Adjusted EBIT	68,872	115,315	
Depreciation and amortization	39,365	39,738	
Adjusted EBITDA	<u>\$ 108,237</u>	<u>\$ 155,053</u>	
Reconciliation of reported diluted (loss) earnings per share to adjusted diluted earnings per share			
Diluted (loss) earnings per share	\$ (0.01)	\$ 0.32	
Loss (income) from discontinued operations, net of tax	0.01	(0.05)	
Restructuring charges	0.01	-	
Loss from market exits	0.10	-	
Transaction costs	0.01	-	
Adjusted diluted earnings per share	<u>\$ 0.12</u>	<u>\$ 0.28</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 provided by operating activities	\$ 69,728	\$ 69,629	
Net cash used in (provided by) operating activities - discontinued operation	3,614	(24,856)	
Capital expenditures	(28,754)	(29,017)	
Restructuring payments	8,144	15,585	
Reserve account deposits	(23,036)	6,654	
Transaction costs paid	1,839	2,593	
Free cash flow	<u>\$ 31,535</u>	<u>\$ 40,588</u>	