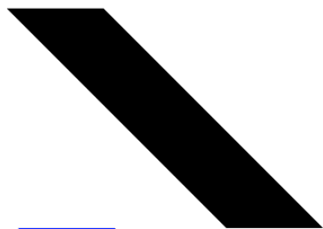


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Q3 2024 PITNEY BOWES INC EARNINGS CALL

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- **Lance Rosenzweig** *Pitney Bowes Inc - Chief Executive Director*
- **John Witek** *Pitney Bowes Inc - Interim Chief Financial Officer*
- **Kurt Wolf** *Pitney Bowes Inc - Independent Director*

CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Anthony Lebiezinski** *Sidoti & Company - Analyst*
- **David Steinhardt** *Contrarian Capital Management - Analyst*
- **Justin Dopierala** *DOMO Capital Management - Analyst*
- **Kartik Mehta** *Northcoast Research - Analyst*

PRESENTATION

Operator

Good afternoon and welcome to the Pitney Bowes' third-quarter 2024 earnings release call. (Operator Instructions) Today's call is also being recorded. (Operator Instructions)

I would now like to introduce the participants on today's conference call. Mr. Lance Rosenzweig, Chief Executive Officer and Board member; Mr. John Witek, Interim Chief Financial Officer; Mr. Kurt Wolf, Board member; and Mr. Alex Brown, Director, Investor Relations.

Mr. Brown will now begin the call with a Safe Harbor overview.

Alex Brown Pitney Bowes Inc - Director, Investor Relations

Good afternoon and thank you for joining us. Included in today's presentation are forward-looking statements about our future business and financial performance. Forward-looking statements involve risks and uncertainties that could cause actual results to be materially different from our projections. More information about these risks and uncertainties can be found in our earnings press release, our 2023 Form 10-K annual report, and other reports filed with the SEC that are located on our website at www.pb.com and by clicking on Investor Relations.

Please keep in mind we do not undertake any obligation to update forward-looking statements as a result of new information or developments. For non-GAP measures that are included in the press release or discussed in our presentation materials, you can find reconciliations to the appropriate GAAP measures in the tables attached to our press release.

Finally, in our prepared remarks, revenue comparisons will be on a constant currency basis with other items such as EBIT, EBITDA, EPS, and free cash flow on an adjusted basis.

At this time, I'd like to turn the call over to our CEO, Lance.

Thank you, Alex. Good afternoon, everyone. I want to begin by thanking the board.

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Thank you, Alex. Good afternoon, everyone. I want to begin by thanking the Board for appointing me permanent CEO of Pitney Bowes.

When I joined as Interim CEO five months ago, we set four key priorities for our turnaround: exit GEC, reduce excessive overheads, free up-trapped cash, and reduce and improve our debt stack. I am incredibly proud of our team's success in tackling these priorities at an accelerated pace. We are on track to complete all four initiatives ahead of schedule and beat our targets in several areas. I'll share more details on this shortly, but first, our quarterly results.

Q3 results reflect the strength of our core cash-generating businesses. I am pleased to highlight that we reported on a recast basis that adjusts for the GEC exit, revenue of \$499 million compared to \$503 million in the prior year, adjusted EBIT of \$103 million compared to \$84 million in the prior year, adjusted EPS of \$0.21 per share compared to \$0.16 per share in the prior year, and free cash flow of \$75 million compared to \$56 million in the prior year, excluding \$29 million of restructuring payments in the third quarter.

John will provide more information on the recast numbers and a deeper dive into some additional considerations related to performance. I believe those will paint an even stronger picture of the business's trajectory than the comps I just shared.

I also want to provide a comparison of our Q3 results to our reported results in Q3 2023, which included GEC. On this basis, comparing the new, more profitable Pitney Bowes with the old Pitney Bowes with GEC, we have achieved adjusted EBIT of \$103 million compared to adjusted EBIT as reported in Q3 '23 of \$43 million, adjusted EPS of \$21 compared to adjusted EPS as reported in Q3 '23 of zero cents, and free cash flow of \$75 million, compared to free cash flow as reported in Q3 '23 of \$15 million. This analysis illustrates the company's significant progress over the past few months.

I'll now provide an update on each of our four key initiatives. First, the GEC exit is progressing well and should be largely complete by year end. We remain focused on resolving legacy obligations in the most efficient manner possible.

In terms of exit costs, we continue to target one-time costs of approximately \$150 million. I would like to emphasize that we expect these exit costs will improve go-forward earnings by approximately \$136 million annually.

Second, we continue to make progress on our cost efficiency initiatives. At the end of the quarter, we had removed \$90 million in annualized costs. Given the ongoing progress we are making, we are now increasing our net cost savings forecast to \$150 million to \$170 million, up from \$120 million to \$160 million. To be clear, this improved range refers to net, not gross savings.

To provide a bit more color, we completed our first round of cost cuts, mainly focused on headcount by the end of Q3. We are now focusing largely on external cost savings, and these savings will stretch through much of 2025.

Third, we continue to make progress on cash optimization. We have largely completed our overseas cash repatriation, bringing \$117 million back to the US year to date. Furthermore, the cash pooling system we have implemented will allow us to maintain and even further reduce overseas cash levels. Additionally, the exit from GEC is stabilizing our cash flows, and once complete, will allow us to feel comfortable maintaining corporate cash levels that are \$100 million lower than prior to the exit.

We have found new ways to unlock value via the Pitney Bowes Bank. John will give more details on this initiative.

Our progress with the three above initiatives has set us up to begin paying down debt from a position of strength in the coming quarters. We currently have more than \$100 million of excess cash that can be used to pay down debt, and this number continues to grow. We have been in discussions with our current and prospective lending partners on various options for strategic deleveraging, and we intend to provide an update on the debt reduction front in the near term.

As we have taken decisive actions to turn around the company, I have had the opportunity to spend time hearing from our team members, partners, and clients. Allow me to unpack my on-the-ground interactions with each of our businesses.

While visiting many of our pre-sort centers around the US, I observed firsthand the pride that our team takes in delivering great results for our clients. Presort has built the leading player in its market with consistent revenue growth, improving operating margins, and strong and predictable cash flows. Presort now has an opportunity to accelerate its growth organically and via roll-up M&A.

I also spent time with our SendTech team in the US and our tech centers in India. SendTech has been the long-term market leader in its sector while developing exciting new products and services. We have an attractive opportunity with SendTech in the large and growing SaaS shipping market. And our incredible team of engineers and developers are driving innovation in integrated shipping technologies, automated lockers, and analytics.

Lastly, I spent time with our global financial services organization in Tampa and our Pitney Bowes Bank in Salt Lake City, observing how our financial services teams are accelerating cash generation and expanding the valuable lending and leasing services to enhance the liquidity and operations of hundreds of thousands of clients. This is a business that generates above market returns and has exciting growth potential.

My time in the field with our talented sales force and clients confirmed that the Pitney Bowes brand is respected and admired as our clients trust us to continually innovate in developing the most secure, fast, and cost-effective shipping and mailing solutions. As we look toward 2025, some of our plans to reimagine Pitney Bowes include simplifying our business toward a vertical go-to-market structure and accelerating our shift to fast growing markets and adjacencies. I look forward to providing more details about these improvements going forward.

Having spent my career improving and growing tech-enabled products and services companies, I recognize that there are tremendous advantages to having a trusted brand, a client base that includes over 90% of the Fortune 500, industry-leading products and services, and a talented and dedicated team of employees. Pitney Bowes has all of these attributes, positioning the company for a bright future.

In closing, I want to emphasize that we are committed to increasing profitability, effectively managing our capital, and building a solid foundation for improved financial strength in 2025. We intend to make good on these commitments while continually exploring all paths to maximizing value for shareholders.

John, on to you.

John Witek Pitney Bowes Inc - Interim Chief Financial Officer

Thanks. Lance. We had a strong third quarter. Revenue was \$499 million, down 1% versus prior year. EBIT was \$103 million, a \$19 million or 22% increase versus last year as both segments improve profitability.

Within these results are several items that impact the year-over-year comparison. There were \$22 million of savings associated with our cost reduction initiatives offset by a \$14 million variable compensation headwind reflecting better attainment on goals versus last year. In addition, we benefited from \$9 million of certain one-time items, split between \$5 million of one-time benefits in this quarter and \$4 million of one-time hits in the prior year.

EPS was \$0.21, up \$0.05 year over year, driven by better operational performance and partially offset by higher taxes. Free cash flow was \$75 million, \$19 million higher than third quarter last year. We continue to track well ahead on a year-to-date basis, as well with free cash flow up \$91 million for the first three quarters of the year.

Before I cover segment results, let me discuss the impact on the current quarter resulting from the GEC exit. A majority of GEC is now reported as discontinued operations in our consolidated financial statements. Certain amounts, however, did not qualify for discontinued operations treatment and remain in continuing operations as an other category.

Included in this category are operations that we are currently in the process of exiting and a smaller continuing operation. Prior periods have been recast to conform to the current-period presentation. We will post a spreadsheet with historical quarterly data reflecting this change on our IR website in the coming days.

Now turning to the business segments. SendTech revenue was \$313 million, 4% lower year over year. Key drivers were the required product migration to new IMI technology and an associated temporary increase in cancellation rates, lower equipment upgrade opportunities, and a higher mix of lease extensions.

At the end of the third quarter, we had migrated 93% of our low- to mid-volume install base to IMI compliant. As we near the end of the migration, we are seeing several factors at play. First, lower in period equipment sales declining \$10 million, or 13% year over year, due to lower upgrade opportunities and a shift towards lease extensions.

As a reminder, lease extension transactions are positive from a cash flow perspective, however, result in near-term equipment revenue and margin headwinds due to the timing of revenue recognition. We expect equipment sales decline to continue at the

same rate through the second half of next year before stabilizing.

Second, a temporary uptick in cancellation rates resulted in an increased decline of revenue streams such as support services, rentals, and supplies. Those revenue streams decline \$12 million, or 8% year over year. We expect a similar decline in Q4 as we complete the migration, and for this to remain a year-over-year headwind as cancellation rates normalize.

Shipping-related revenue grew 8% and now comprises 17% of segment revenue. We see significant opportunity in shipping. In particular, digital shipping offerings continue to perform well and drove most of the 29% year-over-year improvement in this quarter's business services revenue. These revenue sources are recurring and create a strong foundation for future growth. Impacting the comparison in this period was a large locker deal last year.

Over the long term, SendTech revenue will be driven by mail decline at low- to mid-single-digit rates and offset by the growth in shipping. Gross profit was \$209 million, down \$9 million or 4% year over year, as a result of lower revenue. EBIT was \$104 million, up 5% versus the prior year. Cost reductions have more than offset the gross profit decline in the period.

Operating expenses declined \$14 million, or 11% year over year, primarily associated with our broader cost reduction initiative. Net finance receivables were \$1.1 billion, down 3% year over year from a decrease in lease receivables. Cash flow from lower net finance receivables totaled \$15 million in the quarter and \$57 million year to date.

Now shifting to presort. Revenue was \$166 million, up 9% year over year, driven by higher volumes and pricing. EBIT was \$46 million, up 59% versus the prior year, thanks to both revenue improvements and a 6% year-over-year reduction in operating expenses associated with improved efficiencies.

Unit transportation costs declined 7% year over year as we continued to consolidate and optimize our lanes between insourcing and third-party contracts. Operating expenses declined 6% year over year from our cost reduction initiatives. OpEx as a percentage of revenue improved 170 basis points year over year.

Outside the business units, corporate expenses were \$43 million in the quarter, up \$2 million year over year. As mentioned, variable compensation was a headwind here.

Now let me turn to our strategic initiatives. Starting with the GEC exit. As of the end of the quarter, we had recorded approximately \$120 million in charges and paid out about \$75 million of cash related to the wind down. We communicated on August 8, the day that the GEC exit commenced, that we believe the one-time costs would total about \$150 million. As Lance mentioned, we are still targeting approximately \$150 million and expect to be largely complete by the end of the year.

Second, cost reduction. We accelerated the execution of this initiative in the quarter, which drove benefits in each of our segments.

During Q3, our cost reduction initiatives improved EBIT by just over \$22 million, exiting the quarter at an approximately \$90 million run rate. This is a \$20 million improvement in the run rate since the last quarter. We expect to step up the run rate more significantly beginning in the first quarter of 2025.

Moving to cash optimization, we are driving progress in three specific areas. First, our US target cash balance is \$100 million less following the exit of GEC. Second, we continue to repatriate cash from our international entities to the US following the implementation of a cash pooling system earlier this year. Through the third quarter, we have brought \$117 million back to the US year to date.

Next, let me discuss the PB Bank receivables purchase program, which Lance teed up. This is our initiative to self-select captive lease receivables funded with corporate debt to the Pitney Bowes Bank. This helps PBI accelerate the realization of cash from leases while improving PB Bank's return on assets.

Year to date, this program has driven a \$31 million increase in captive lease receivables at PB Bank. It is worth noting that only certain receivables qualify for this program and the program will take time to build. That said, to give a sense of the magnitude of the opportunity, roughly \$57 million of net earning assets are sitting at the bank as of the end of third quarter out of approximately \$722 million in captive lease-related finance receivables in the US.

We continue to enhance the program and expect to drive roughly and increment the \$100 million net earning assets through this program over the next several years. And finally, Lance covered our fourth initiative, deleveraging.

Shifting gears, let me provide an update on our 2024 guidance. We now expect full-year revenue to decline at a low-single-digit rate. We are also raising our EBIT guidance to \$355 million to \$360 million.

Let me note several items impacting our guidance. One, in terms of year over year, our successful removal of costs and pre-sourced performance are positive factors. While in SendTech, we expect the IMI migration to continue driving a decline.

In addition, fourth quarter last year included the large government deal in SendTech, which was approximately \$8 million in revenue and should be taken into account. Second, speaking sequentially quarter over quarter, headwinds in our guidance include the \$5 million one-time benefit we mentioned earlier, which will not repeat in the fourth quarter, as well as approximately \$10 million in additional seasonal and one-time related costs.

As we continue to progress on our strategic initiatives in the fourth quarter, we will provide a more comprehensive view of our outlook for 2025 during our next earnings call.

And with that, I'll pass it back over to Lance. Thank you.

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Thank you, John. This now concludes the presentation portion of today's call. We'd now like to open the call for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Anthony Lebiedzinski, Sidoti & Company.

Anthony Lebiedzinski Sidoti & Company - Analyst

So yeah, Lance, congratulations on your promotion. I do have a few questions here.

So in terms of the third quarter, first as for SendTech, I know you guys talked about the product migration impacting that. I mean, I guess, when you look at the new technology that's required by the USPS, how should we think about that as far as you being able to transition the rest of the old technology meters? Do you think that those will happen or will that be a headwind looking out to next year?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yeah. Thanks, Anthony. I'll take just kind of a broad overview and then I'll turn it over to John for more color. So the IMI migration is largely complete and most of those machines have been migrated to the more recent technology. It did result in some additional attrition, but that will be moderating over the next couple of quarters and should be kind of largely behind us in the next few quarters.

John, do you want to add?

John Witek Pitney Bowes Inc - Interim Chief Financial Officer

Yeah. No, that's right. Hi, Anthony. So we would have seen in the quarter some uptick in cancellation rates as we get to the sort of the end of the migration process. As we said earlier, we're 93% complete. So we don't expect that that will fail to complete by the end of the year.

We have a requirement to get this done to get to the new security platform. and I suspect --

Anthony Lebiedzinski Sidoti & Company - Analyst

Okay. I'm sorry, I cut you off. I didn't mean to do that. But you were saying that you were suspecting something.

John Witek Pitney Bowes Inc - Interim Chief Financial Officer

Yeah. No, I was just going to say, so now that we're complete with the low- and mid-volume machines, what we'll see going forward is more of a lease extension period for this client base.

Anthony Lebieczinski Sidoti & Company - Analyst

Understood. Okay.

John Witek Pitney Bowes Inc - Interim Chief Financial Officer

What that will end up looking like is less in the equipment sales revenue for a period of time, but more in the recurring revenue over the longer lease -- secondary lease period.

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

It's kind of analogous to the transition that a lot of software companies made from kind of a licensed software model to a SaaS model where our expectation is that revenues will take a short-term hit, but cash flow should be positively impacted.

Anthony Lebieczinski Sidoti & Company - Analyst

Got it. Okay. Thanks for that. And then switching over to presort. It was certainly a nice quarter there.

What is your sense as to being able to sustain volumes there? And how should we think about pricing for presort going forward?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yeah. So presort is just really doing great just running on all cylinders. We're very happy with the team and with the performance of that business. And we're anticipating continued strong results.

Anthony Lebieczinski Sidoti & Company - Analyst

Okay. All right. And then as far as the cost reductions, so I know you guys talked a lot about taking cost out. But when I look at the corporate expenses, they were up on a year-over-year basis. So can you guys clarify that? And then as far as just to go over like what's driving the increased cost savings that you announced today, maybe the primary factors for that.

John Witek Pitney Bowes Inc - Interim Chief Financial Officer

Yeah, Anthony, it's John. I'll take that. So in the period, we actually had a headwind with respect to variable compensation in the period. We had actually booked more in the period versus what we had shown in the prior year. And that's really because -- and I mentioned it in my opening statements, that's because we're actually achieving the goals that we set internally for the team versus where we were last year.

So without that, I mean, we have cost savings across all of the segments, both in corporate as well as the two other business units. So that's really what the offset is.

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

And I think the second part of your question, Anthony, going forward, we're seeing significant savings coming from indirect or external spend. So examples would be things like insurance savings and contract renegotiations and outsourcing vendors that our team is confident that it will bring in-house for savings, et cetera. So these are all expenses that we have identified and that we have a plan to implement. But it just takes -- given the time of contract renewals and things like that, it takes a few quarters for it to be fully recognized.

Anthony Lebiedzinski Sidoti & Company - Analyst

Got you. Okay. All right. And then I guess lastly for me, I mean, so I know you haven't given specific guidance for 2025, but maybe just broad picture, when we look at the business now, obviously, very simplified. But what are the kind of the main or key tailwinds and headwinds that we should be looking out for next year, keeping in mind that like you said that you have 7% of your units in SendTech may not transition to the new platform.

But maybe if you could just speak to that, broadly speaking, as far as what are the main things that we should be on the look-out for next year as far as tailwinds and headwinds?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yeah. No, that's great. And again, we're not providing guidance at this point. But I would say that some of our tailwinds include the growth of our shipping business within SendTech and our really strong performance within the presort business, some growth initiatives that we're using within all three of our business units.

Headwinds would include the completion of the IMI migration in SendTech. And as John mentioned, some of the transition from equipment purchases to lease transactions as well within SendTech, which would be a revenue headwind but not an EBIT or cash flow headwind.

John Witek Pitney Bowes Inc - Interim Chief Financial Officer

And the other tailwind would actually be additional cost savings in this program. So we'll continue to add to the progress of what we already see in the period.

Operator

David Steinhardt, Contrarian Capital.

David Steinhardt Contrarian Capital Management - Analyst

So in terms of GEC being largely expected to be done by the end of this year, can you expand on that? And I wonder how much longer that process is actually going to take.

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yeah, that's great, David. Thank you. So we're super happy with the way the Hilco wind down of GEC is progressing. We believe that it will be largely complete by the end of the year. There may be one or two outliers in terms of creditors that might take a bit longer. But we as a company are prioritizing doing the right thing for our shareholders, even if that means taking a bit more time to resolve some of these last remaining creditor issues.

David Steinhardt Contrarian Capital Management - Analyst

Okay. And in terms of, I guess, SendTech and an inflection point, do we expect to be back in the growth mode in '25 or is there still more to do in terms of as we move to, as you described, a more [SaaS-E] model for our revenue stream?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yeah. So as we mentioned, we're not yet providing guidance into '25. And we gave some color as to the headwinds and tailwinds that are affecting SendTech and the other businesses. I think that what you'll see is the headwinds are more kind of revenue-related. And to the extent that that affects some of our earnings, but we've got a few nice earnings tailwinds behind us.

David Steinhardt Contrarian Capital Management - Analyst

Okay. And in terms of the strategic debt conversations, can you describe or expand on what you're thinking about right now or is it too early in the process to go into the detail?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yes, absolutely. So we are as a company a materially stronger credit than we were a few months ago. And now we can look at refinancing and rebalancing our debt from I think a much stronger position. So we mentioned that we have about \$100 million of cash that we've set aside for debt reduction.

And as we look at allocating that cash and look at other kind of restructuring of our debt, we're balancing things like our near-term maturities, our higher cost debt, minimizing fees. And we're taking a careful look at making sure we do the right thing from both a shareholder and a debt holder perspective.

David Steinhardt Contrarian Capital Management - Analyst

That's great. And in terms of, I guess, taking a look at all paths to maximize value for shareholders, I mean, it's clear that you're doing -- you're making a lot of progress. I'm not sure that the market is giving you full credit for the work that you and your team have made progress on so far. I think we're going to be at a much lower net leverage standpoint 9 to 18 months from now.

I guess, can you give us a preview like what you're thinking about potential path for maximizing value or how do you plan to engage with a wider investor community if that's the route that's taken instead of maybe a more strategic decision?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yeah. No, thank you, David. And I can't comment on the way the market values our company. But I would say, in the time that I've been here that the company had really a credibility issue when I started. And I feel like we're making good progress at earning that credibility with the market. And we're being very transparent in our information.

We're trying to be very clear in our outlook for the business and in identifying the progress that we're making. And we continue to take a very comprehensive look at the business. I think we made a real quick and bold decision on GEC, which is turning out really well. We're overachieving on our cash and cost savings. And we're just very optimistic on where we're heading.

Operator

Justin Dopierala, DOMO Capital Management.

Justin Dopierala DOMO Capital Management - Analyst

Thank you. Really fantastic quarter, guys. A few things.

First of all, you mentioned there's a part of GEC that's still in continuing ops. Looking at that, it looks like if that were to be excluded, it would have added about another \$0.03 per share to earnings. Does that sound about right?

John Witek Pitney Bowes Inc - Interim Chief Financial Officer

That's about right. All in, it was --

Justin Dopierala DOMO Capital Management - Analyst

Okay. All right, perfect. A few other questions. I was wondering, as you look out at the remaining two core segments, could you elaborate on the long-term prospects for the business and how you would respond to someone that would say major parts of the business are in secular decline?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Justin, we're not able to get your questions. Operator, maybe take another question and we come back to Justin if he has a better line.

Justin Dopierala DOMO Capital Management - Analyst

Are you unable to hear me?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Give that another shot. Let's try again.

Justin Dopierala DOMO Capital Management - Analyst

Okay. I said, as you look out at the remaining two core segments, can you elaborate on the long-term prospects for the business and how you would respond to someone that would say major parts of the business are in secular decline?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yeah. So we're looking at both the presort and the SendTech business. And as we've mentioned on the presort side, that business has been a consistent grower. So we've seen many consecutive quarters and years of regular continuing growth.

The SendTech business, we have identified some of the headwinds in this call and in prior releases and calls, but we're managing that very effectively. And I think the team is doing a terrific job at transitioning from some of those more legacy markets to the faster-growing SaaS technology-oriented shipping markets.

Justin Dopierala DOMO Capital Management - Analyst

Okay. And what future expansion of revenue-generating ideas that most excite you right now?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

So we'll give -- stay tuned another quarter when we talk about 2025 in particular. But I would say that we've mentioned that there's opportunities to accelerate our growth in presort, both through organic advantages that we have as well as through M&A of tuck-in

acquisitions that are very highly accretive.

And SendTech is looking at -- has some specific initiatives to enter some new segments of the shipping business. So for example, that business has been primarily in the office-to-office shipping market and has a great opportunity to expand into the e-commerce SaaS shipping market, which is kind of an adjacent market that's large and potentially offers a great opportunity for us.

Justin Dopierala DOMO Capital Management - Analyst

Okay, excellent. And given where the stock -- I'll kind of piggyback on the last caller. Given where the stock currently trades, despite earnings that are likely to approach close to \$1.50 per share next year, are there any specific leverage metrics that you guys are looking at before perhaps announcing a share repurchase plan?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yeah. So what I would say there, Justin, is that every quarter, the Board looks at its capital allocation and weighs very carefully the needs and goals of shareholders and the needs and goals of our debt holders. We did announce a dividend today, which we have been doing consistently. And we'll continue to take a good rigorous look at how we allocate our capital.

Justin Dopierala DOMO Capital Management - Analyst

Excellent. And lastly, did I hear correctly that Kurt is also available?

Kurt Wolf Pitney Bowes Inc - Independent Director

Yes, Justin, I'm on the call.

Justin Dopierala DOMO Capital Management - Analyst

I was just wondering -- a question to Kurt. If maybe you could elaborate on the process that you went through in bringing on Lance full time as CEO -- as permanent CEO. That's my last question.

Kurt Wolf Pitney Bowes Inc - Independent Director

Yeah. Thank you, Justin. Great to hear from you. So what I'd say is I chaired the Value Enhancement Committee of the Board, which was very involved with the search process. And we ran a very thorough process and spoke with a number of very highly qualified candidates that came through our recruiting firm.

As we wrapped up the process, what was incredibly clear to us is that among this competitive field, Lance really stood out as a clear choice. And I would say, there are three reasons for that.

First of all, Lance has far exceeded our expectations on the turnaround to date. He significantly expanded and accelerated the cost-out opportunity, is the most notable example of that. Second, I think Lance has demonstrated strong change management skills and has done an impressive job of getting buy-in from our highly talented and dedicated team throughout the turnaround, which is I believe critical to any sort of turnaround.

And then finally, Lance presented to the Board a very compelling path forward for Pitney Bowes. We won't be talking about it today, but I do look forward to Lance sharing the path forward with you in future calls. And I'd add as well to it, I think Lance has really demonstrated something that was really important to the Board that I'd like to highlight.

Going back to David's question, when he was asking about -- essentially, we're doing all of the right things. What do we do to get the market to appreciate that? And as the Board spoke with Lance about how did he think about the opportunity, how did he think about the path forward, what I really appreciated was, as a long-term investor myself, and I think most on this call are long-term investors

as well, Lance's number one priority was to start doing the right things. And so I think Lance made very clear that his focus would be doing the right things, driving results, and earning credibility.

And to the point of how do we get the market to appreciate that, Lance, I agree wholly and I'm sure all the investors on this call would agree as well, with the attitude of let's perform, let's generate the results and then let's go talk to people and talk about what we've done. So I think his priorities are spot on in terms of how he thinks about fixing the company and driving value for shareholders.

Hopefully, that answers your question well.

Operator

Kartik Mehta, Northcoast Research.

Kartik Mehta Northcoast Research - Analyst

Lance, the shipping business in SendTech has done really well and I know you've given some commentary as to why. And I'm wondering, what is the primary competitor for you in that business? Is it just convincing your customers that you have a great solution and that they should use or are you displacing somebody to win that business?

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Yeah. Thank you, Kartik. So there's a few things. One is that one of the major competitors is a company called Octane, which has a number of business units that are in that space. Some companies opt to do this themselves, some go directly with a shipper. And what Pitney Bowes offers is a really wholesome technology that enables shippers to optimize their shipping.

So it selects the best of the shipping vendors that are available for their individual needs. It also provides some excellent analytic tools, which particularly large clients need and admire. And we do it with a very, very strong focus on security. And some of those needs are really the requirements that I heard when I was out in the field with our major clients. And I feel like our team is really delivering on those technologies.

Kartik Mehta Northcoast Research - Analyst

And then maybe, John, just to understand the opportunity at PB Bank on the receivable side, could you just maybe expand on that a little bit in terms of what percentage of those leases are available for that program? And what ultimately cash generation you can achieve from that?

John Witek Pitney Bowes Inc - Interim Chief Financial Officer

Yeah. So Kartik, it's John. So yes, so I would say that we're still evaluating what percentage is actually available to us. Today, it's fairly limited and we're actually looking to actually qualify more opportunities. I would tell you that we're looking to expand that by about \$100 million over the next couple of years that would actually benefit both Pitney Bank as well as the parent over that same period.

Kartik Mehta Northcoast Research - Analyst

Perfect. Lance, just lastly, congrats on the permanent CEO position. Great to see.

Lance Rosenzweig Pitney Bowes Inc - Chief Executive Director

Thank you, Kartik. I appreciate that.

Operator

Okay. At this time, we have no further questions in queue. Mr. Rosenzweig, any additional remarks at this time?

Lance Rosenzweig *Pitney Bowes Inc - Chief Executive Director*

Thank you, operator, and thank you all for joining. We look forward to updating you again in our fourth quarter earnings call early next year.

Operator

Thank you. Ladies and gentlemen, that does conclude your conference. We do thank you for joining. You may now disconnect.

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