

Pitney Bowes

JP Morgan Leveraged Finance Conference

Ana Chadwick
Chief Financial Officer
February 2022

Forward Looking Statements

This document contains “forward-looking statements” about the Company’s expected or potential future business and financial performance. Forward-looking statements include, but are not limited to, statements about future revenue and earnings guidance and future events or conditions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially from those projected. In particular, we continue to navigate the impacts of the Covid-19 pandemic (Covid-19), and the effect that its unpredictability is having on our, and our client’s business, financial performance and results of operations. Other factors which could cause future financial performance to differ materially from expectations, and which may also be exacerbated by Covid-19 or a negative change in the economy, include, without limitation, declining physical mail volumes; changes in postal regulations or the operations and financial health of posts in the U.S. or other major markets or changes to the broader postal or shipping markets; the loss of, or significant changes to, our contractual relationships with the United States Postal Service (USPS) or USPS’ performance under those contracts; our ability to continue to grow and manage volumes, gain additional economies of scale and improve profitability within our Global Ecommerce segment; changes in labor and transportation availability and costs; and other factors as more fully outlined in the Company’s 2021 Form 10-K Annual Report and other reports filed with the Securities and Exchange Commission. Pitney Bowes assumes no obligation to update any forward-looking statements contained in this document as a result of new information, events or developments.

Pitney Bowes at a Glance



101 years of operations



Processed 175 million domestic ecommerce parcels in 2021 through 17 warehouses



40+ Presort sorting facilities processed over 17 billion pieces of mail in 2021



Installed base of 1 million postage meters



700k+ SendTech clients and 400+ Global Ecommerce clients

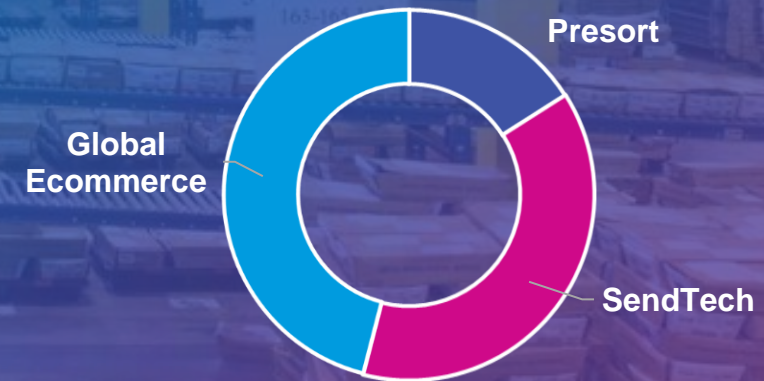


\$1.1 billion book value of net financing receivables



2021 Revenue of \$3.7 billion and Consolidated EBITDA of \$366 million ⁽¹⁾⁽²⁾

2021 Revenue by Segment (\$ Million)



2021 Free Cash Flow (\$ Million)⁽³⁾



(1) See Appendix for a reconciliation of the non-GAAP measure to comparable measure; (2) EBITDA includes \$181 million of unallocated expenses; (3) Other includes adjustments from restructuring payments, change in customer deposits at PB Bank, and transaction costs paid

Pitney Bowes is a global technology company that provides digital, physical and financing capabilities to facilitate the sending of parcels and mail



Presort Services

Sorting: First Class Mail | Marketing Mail | Flats



\$573 Million
16%
of 2021 revenue



SendTech

Digital & Physical: Ship | Mail | Analytics



\$1.40 Billion
38%
of 2021 revenue



Global Ecommerce

Domestic Parcel | Cross-Border | Digital








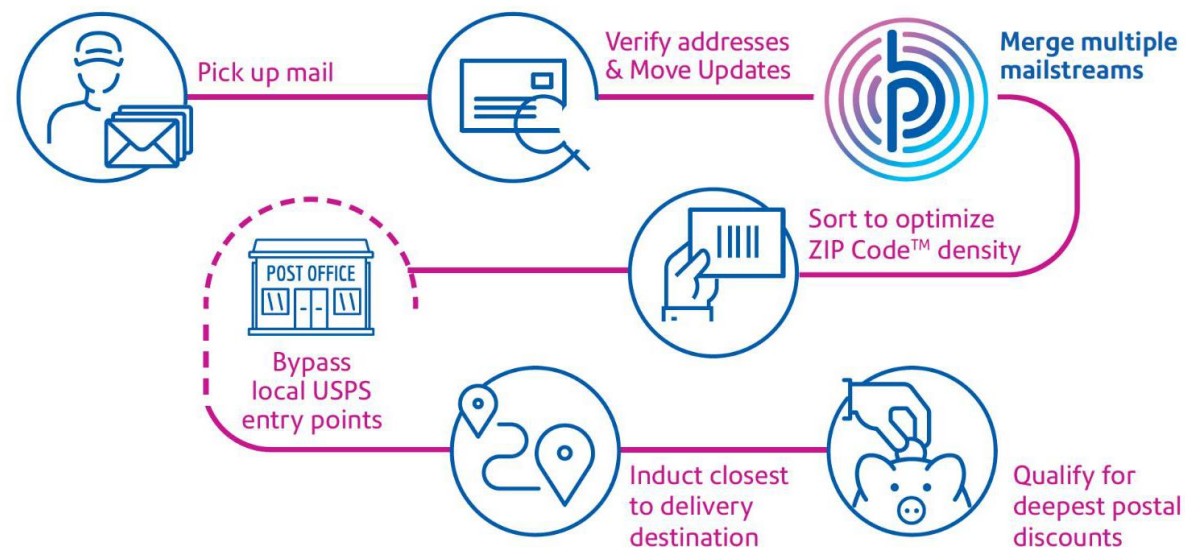
\$1.70 Billion
46%
of 2021 revenue

Financing Solutions Across Portfolio

Presort Services

Scaled and market-leading business with a predictable financial profile

-  **Largest workshare partner of the USPS with network of 40+ operating centers**
-  **Processed over 17 billion pieces of mail in 2021, making Presort the 2nd largest mail handler in the world**
-  **2,500+ clients in verticals including financial services, mail/marketing service, non-profit, and education**
-  **2018-2021 revenue CAGR of 3.6% despite secular headwinds facing mail**
-  **Operating at long-term EBIT margin profile of approx. 15%**



Presort Services maximize mailing speed and mail density by zip code to minimize cost for shippers

Sending Technology Solutions (SendTech)

Market-leading business with high margin recurring revenue model

Core Solution Portfolio



SendPro MailStation



SendPro C-Series



SendPro P-Series

Shipping Solution Portfolio



SendPro Online



Enterprise & Government
Shipping



Receiving & Parcel
Management



Global installed base of **~1 million postage meters**



700k+ clients with average relationship of **8+ years** and retention rate of **~90%**



65-70% recurring revenue with **30%+ EBIT margins**



75%+ of sales transactions via **low-cost GTM channels** (tele/web)



55% of U.S. client base is shipping capable (Multi-carrier / rate shopping)

Global Ecommerce

Global Ecommerce is well positioned to pursue a large and rapidly growing market opportunity



2018-2021 Revenue CAGR of 18.5%



Network of 17 logistics hubs processed 175 million domestic parcels in 2021



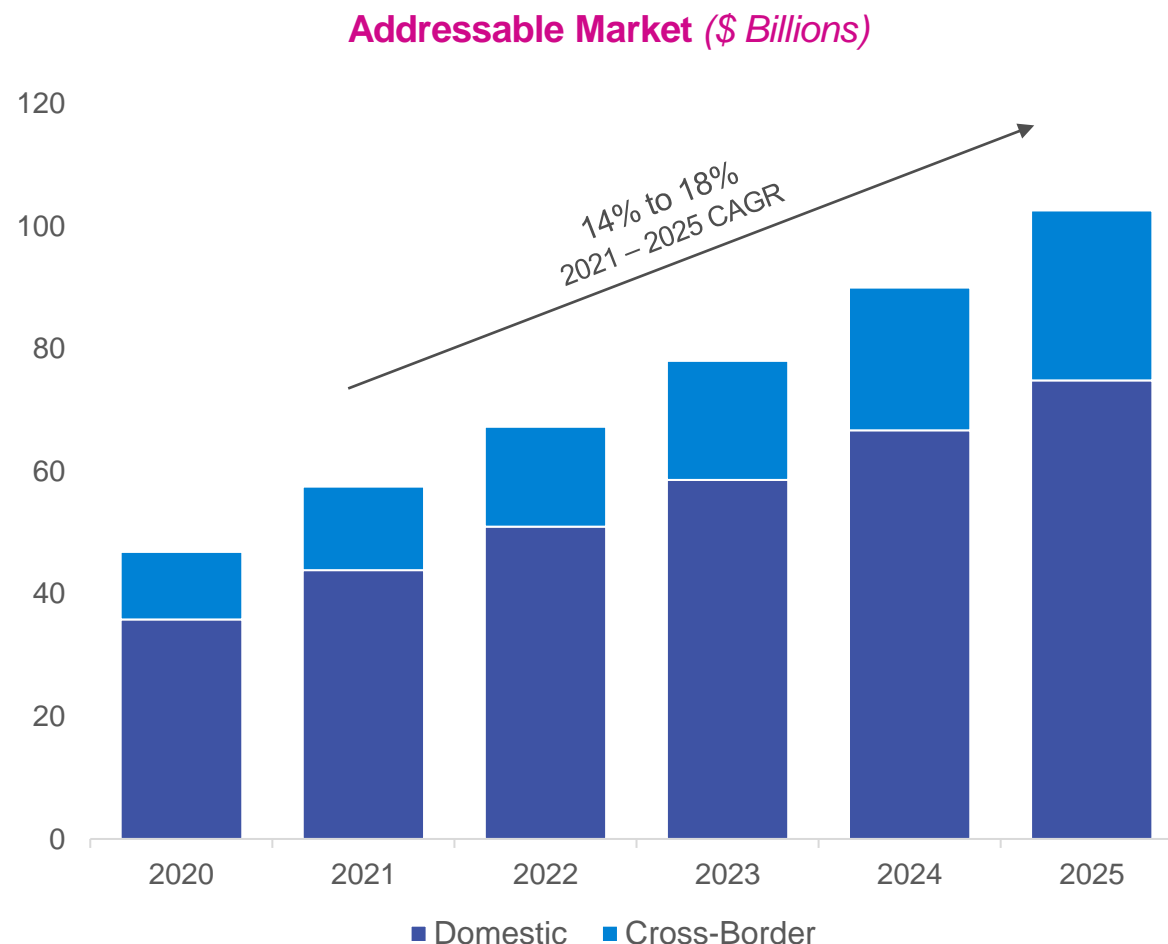
Shipping lanes to 200+ countries with 70+ currencies supported



400+ clients consisting of enterprise retailers, mid-market retailers, ecommerce marketplaces, and logistics service providers

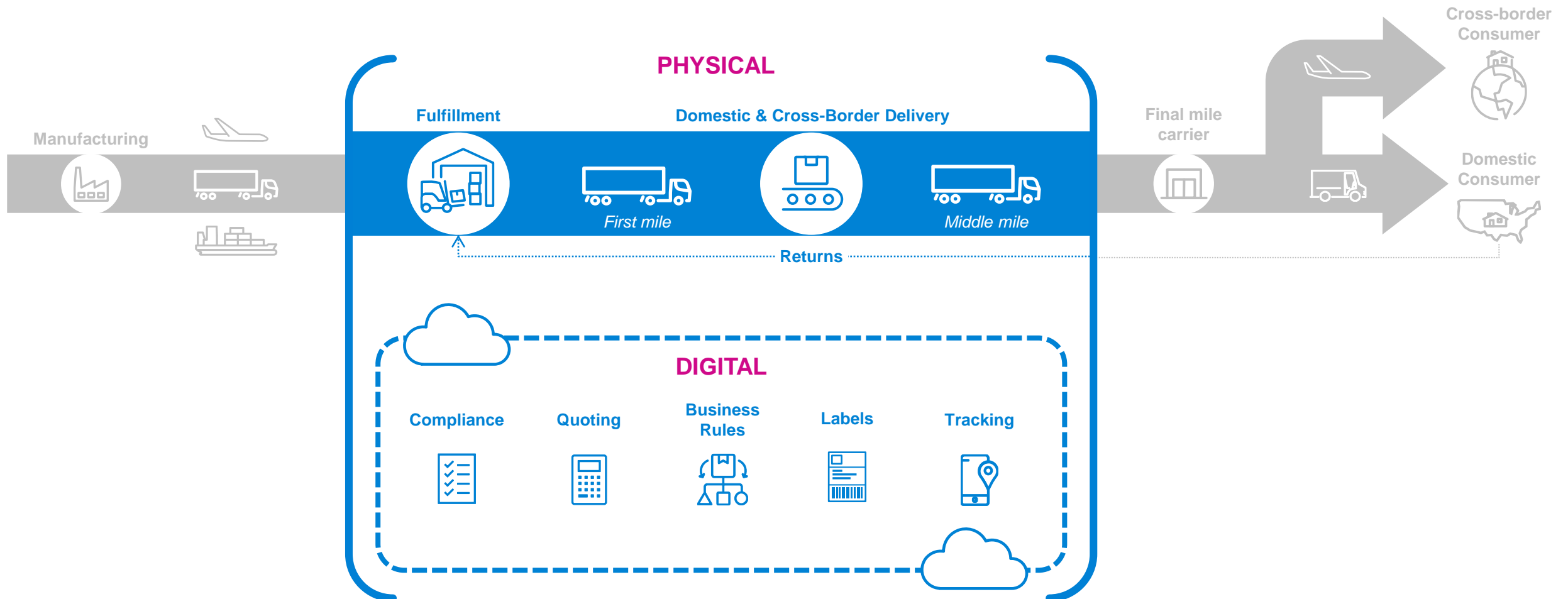


Current management priority on improving profitability with long-term EBIT margin profile of 8%+



Global Ecommerce (Continued)

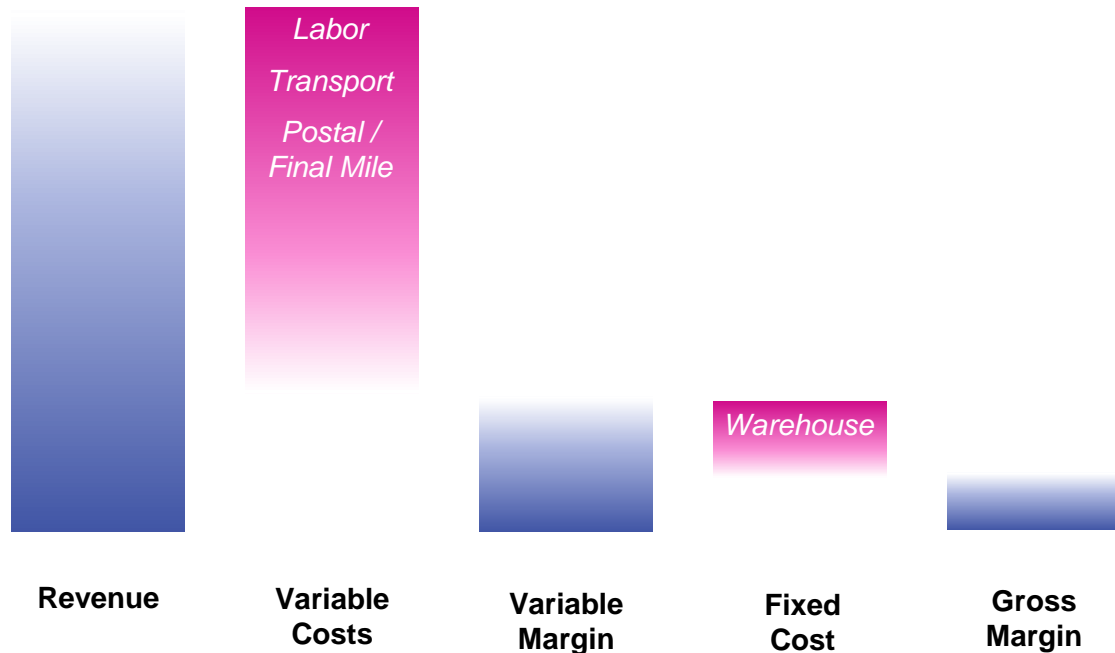
Pitney Bowes is pursuing this growing market with a tech-enabled and asset-light model



Global Ecommerce (Continued)

Margin expansion in Domestic Parcel will drive segment profitability

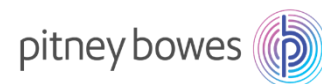
Domestic Parcel Unit Economics







Five Levers Driving Domestic Parcel Profitability

- **Volume:** Drives operating leverage across all cost inputs
- **Rate:** Expect improvement in line with industry trends
- **Transportation:** Operational efficiency to be gained with better resource utilization, network optimization, and fleet investment
- **Warehouse:** Fixed cost operating leverage as volumes grow; driven largely by existing warehouse footprint
- **Labor:** Enhance operating leverage from new labor management systems, additional automation, and advanced robotic/AI capabilities

Pitney Bowes Growth & Margin Profile



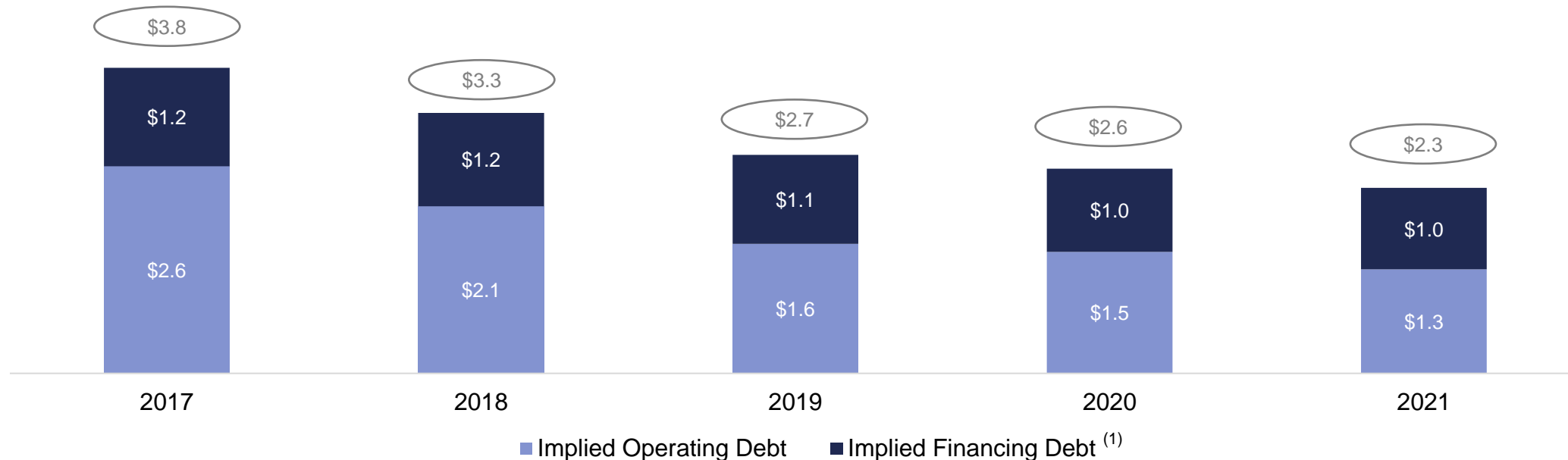
	Presort Services	SendTech Solutions	Global Ecommerce	Total
2021 Revenues (% of total revenue)	 \$573MM	 \$1,398MM	 \$1,703MM	 \$3,674MM
2018 – 2021 Revenue CAGR	3.6%	(5.8%)	18.5%	4.6%⁽¹⁾
2021 – 2025 market growth rate estimate	(6.0%) to (2.0%)	<div> <div> (7.5%) to (5.5%) <i>Mailing</i> </div> <div> 6.0% to 8.0% <i>Shipping</i> </div> </div>	14.0% to 18.0%	Mid-single digits
2021 EBITDA (Margin)	\$107MM 18.7%	\$459MM 32.9%	(\$20MM) (1.1%)	\$366MM⁽²⁾ 10.0%
Long-term EBIT margin	15%+	30%+	8%+	High-single digits to low-double digits

(1) Historical revenue figures exclude contribution from DMT and Software businesses, which were divested in 2018 and 2019

(2) Total EBITDA includes \$181 million of corporate expenses

Pitney Bowes Debt Profile

Total Debt Composition (\$ Billions)

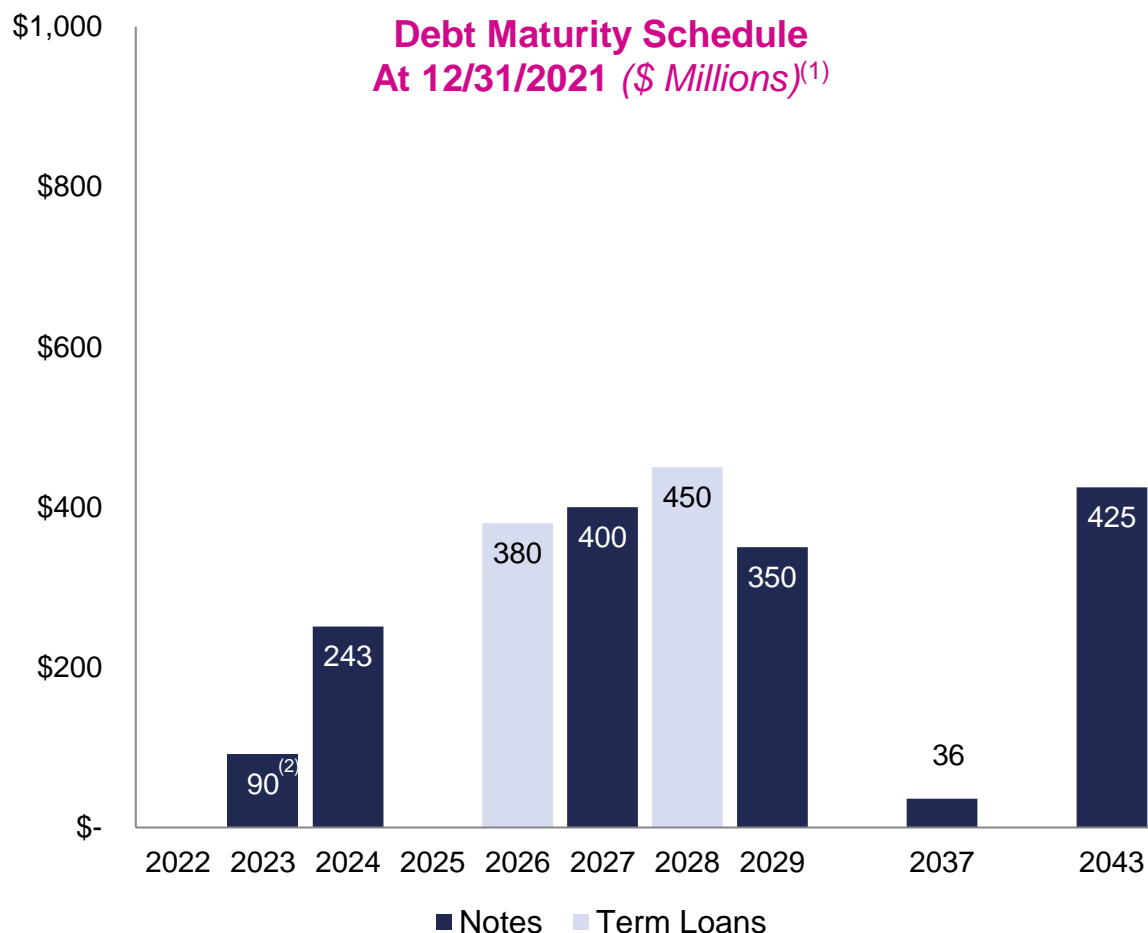


- Reduced debt balance each of the last four years with \$1.5 billion in total reduction
- 2021 capital structure / refinancing actions extended duration of maturities
- Recently announced \$90 million redemption of 2023 notes to be completed on March 7, 2022
- Manageable debt profile given free cash flow generation

(1) Total Finance Receivables at 10:1 debt:equity ratio for 2017-2018 and 8:1 for 2019-2021

Pitney Bowes Debt Profile (Continued)

Debt Maturity Schedule
At 12/31/2021 (\$ Millions)⁽¹⁾



Capital Structure (\$ Millions)

	Interest Rate	2020	2021
Cash and cash equivalents		\$921.5	\$732.5
Revolver - (\$500mm)		0.0	0.0
Notes due October 2021	4.875%	152.6	0.0
Notes due May 2022	5.625%	148.8	0.0
Notes due April 2023 ⁽²⁾	6.20%	271.0	90.3
Notes due March 2024	4.625%	374.0	242.6
Notes due March 2027	6.875%	0.0	400.0
Notes due March 2029	7.25%	0.0	350.0
Notes due January 2037	5.25%	35.8	35.8
Notes due March 2043	6.70%	425.0	425.0
Term loan due January 2025	LIBOR + 5.50%	818.1	0.0
Term loan due March 2026	LIBOR + 1.75%	380.0	370.5
Term loan due March 2028	LIBOR + 4.00%	0.0	446.6
Other debt		4.9	3.7
Total Debt⁽³⁾		\$2,610.2	\$2,364.5
Net Debt⁽³⁾		\$1,688.8	\$1,632.0

Strong credit protection from cash flow generation, cash balances, and undrawn revolver

(1) Does not reflect Term Loan principal amortization

(2) Announced Make Whole of 2023 Notes on February 25, 2022, to be redeemed on March 7, 2022

(3) Excludes \$46 million and \$41 million of unamortized costs, net in 2020 and 2021, respectively

Fixed Income Investment Thesis



**SendTech
and Presort
have leading
market
positions**



**Visible and
recurring
cash flow
generation**



**GEC now
poised for
profitability
following
period of
rapid growth**



**Strong cash
balances
with an
undrawn
\$500 million
revolver**



**March 2021
refinancing
substantially
extended
maturity
profile**



**Deep and
experienced
management
team**

**Recurring revenue & cash flow
business model**

+

**Conservative financial
philosophy**

=

**Excellent credit support for
our \$2.4 billion debt stack⁽¹⁾**

(1) Excludes \$41 million of unamortized costs, net

Appendix

Pitney Bowes Inc.

Consolidated Statements of Operations

(Unaudited; in thousands, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2021	2020	2021	2020
Revenue:				
Business services	\$ 645,814	\$ 666,983	\$ 2,334,674	\$ 2,191,306
Support services	113,622	119,972	460,888	473,292
Financing	71,217	80,276	294,418	341,034
Equipment sales	93,834	101,200	350,138	314,882
Supplies	40,348	41,165	159,438	159,282
Rentals	18,877	18,821	74,005	74,279
Total revenue	983,712	1,028,417	3,673,561	3,554,075
Costs and expenses:				
Cost of business services	579,913	592,137	2,034,477	1,904,078
Cost of support services	37,060	35,856	149,706	149,988
Financing interest expense	11,690	12,108	47,059	48,162
Cost of equipment sales	66,292	69,821	251,914	235,153
Cost of supplies	11,597	10,928	43,980	41,679
Cost of rentals	5,487	7,145	24,427	25,600
Selling, general and administrative	224,847	242,441	924,163	963,323
Research and development	13,781	9,546	46,777	38,384
Restructuring charges	7,569	8,207	19,003	20,712
Goodwill impairment	-	-	-	198,169
Interest expense, net	23,070	26,249	96,886	105,753
Other components of net pension and postretirement expense (income)	302	(1,834)	1,010	(1,708)
Other expense (income), net	633	(1,636)	41,574	8,151
Total costs and expenses	982,241	1,010,968	3,680,976	3,737,444
Income (loss) from continuing operations before taxes	1,471	17,449	(7,415)	(183,369)
(Benefit) provision for income taxes	(320)	(350)	(10,922)	7,122
Income (loss) from continuing operations	1,791	17,799	3,507	(190,491)
(Loss) income from discontinued operations, net of tax	(524)	2,467	(4,858)	10,115
Net income (loss)	\$ 1,267	\$ 20,266	\$ (1,351)	\$ (180,376)
Basic earnings (loss) per share (1):				
Continuing operations	\$ 0.01	\$ 0.10	\$ 0.02	\$ (1.11)
Discontinued operations	-	0.01	(0.03)	0.06
Net income (loss)	\$ 0.01	\$ 0.12	\$ (0.01)	\$ (1.05)
Diluted earnings (loss) per share (1):				
Continuing operations	\$ 0.01	\$ 0.10	\$ 0.02	\$ (1.11)
Discontinued operations	-	0.01	(0.03)	0.06
Net income (loss)	\$ 0.01	\$ 0.11	\$ (0.01)	\$ (1.05)
Weighted-average shares used in diluted earnings per share	179,506	176,835	179,105	171,519

(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)

	December 31, 2021	December 31, 2020
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 732,480	\$ 921,450
Short-term investments	14,440	18,974
Accounts and other receivables, net	334,630	389,240
Short-term finance receivables, net	560,680	568,050
Inventories	78,588	71,480
Current income taxes	13,894	23,219
Other current assets and prepayments	154,165	120,145
Total current assets	1,888,877	2,112,558
Property, plant and equipment, net	429,162	391,280
Rental property and equipment, net	34,774	38,435
Long-term finance receivables, net	587,427	605,292
Goodwill	1,135,103	1,152,285
Intangible assets, net	132,442	159,839
Operating lease assets	208,428	201,916
Noncurrent income taxes	68,398	71,244
Other assets	471,084	491,514
Total assets	<u>\$ 4,955,695</u>	<u>\$ 5,224,363</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 919,367	\$ 880,616
Customer deposits at Pitney Bowes Bank	632,062	617,200
Current operating lease liabilities	40,299	39,182
Current portion of long-term debt	24,739	216,032
Advance billings	99,280	114,550
Current income taxes	9,017	2,880
Total current liabilities	1,724,764	1,870,460
Long-term debt	2,299,099	2,348,361
Deferred taxes on income	286,445	279,451
Tax uncertainties and other income tax liabilities	31,935	38,163
Noncurrent operating lease liabilities	192,092	180,292
Other noncurrent liabilities	308,728	437,015
Total liabilities	<u>4,843,063</u>	<u>5,153,742</u>
Stockholders' equity:		
Common stock	323,338	323,338
Additional paid-in-capital	2,485	68,502
Retained earnings	5,169,270	5,205,421
Accumulated other comprehensive loss	(780,312)	(839,131)
Treasury stock, at cost	(4,602,149)	(4,687,509)
Total stockholders' equity	<u>112,632</u>	<u>70,621</u>
Total liabilities and stockholders' equity	<u>\$ 4,955,695</u>	<u>\$ 5,224,363</u>

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

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	2021	2020	% Change
Global Ecommerce	\$ 473,054	\$ 518,140	(9%)	\$ 1,702,580	\$ 1,618,897	5%
Presort Services	156,439	134,660	16%	573,480	521,212	10%
Sending Technology Solutions	354,219	375,617	(6%)	1,397,501	1,413,966	(1%)
Total revenue - GAAP	983,712	1,028,417	(4%)	3,673,561	3,554,075	3%
Currency impact on revenue	(317)	-		(27,910)	-	
Revenue, at constant currency	<u>\$ 983,395</u>	<u>\$ 1,028,417</u>	<u>(4%)</u>	<u>\$ 3,645,651</u>	<u>\$ 3,554,075</u>	<u>3%</u>

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

	Three months ended December 31,								
	2021			2020			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (40,516)	\$ 20,957	\$ (19,559)	\$ (14,768)	\$ 17,490	\$ 2,722	>(100%)	>(100%)	
Presort Services	23,474	6,711	30,185	13,041	8,107	21,148	80%	43%	
Sending Technology Solutions	108,874	7,116	115,990	119,506	8,545	128,051	(9%)	(9%)	
Segment total	<u>\$ 91,832</u>	<u>\$ 34,784</u>	126,616	<u>\$ 117,779</u>	<u>\$ 34,142</u>	151,921	<u>(22%)</u>	<u>(17%)</u>	

Reconciliation of Segment EBITDA to Net Income:

Segment depreciation and amortization	(34,784)	(34,142)
Unallocated corporate expenses	(44,817)	(53,766)
Restructuring charges	(7,569)	(8,207)
Loss on debt refinancing	(633)	-
Transaction costs	(2,582)	-
Interest, net	(34,760)	(38,357)
Benefit for income taxes	320	350
Income from continuing operations	1,791	17,799
(Loss) income from discontinued operations, net of tax	(524)	2,467
Net income	<u>\$ 1,267</u>	<u>\$ 20,266</u>

	Twelve months ended December 31,							
	2021			2020			% change	
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA
Global Ecommerce	\$ (98,673)	\$ 79,128	\$ (19,545)	\$ (82,894)	\$ 69,676	\$ (13,218)	(19%)	(48%)
Presort Services	79,721	27,243	106,964	55,799	31,769	87,568	43%	22%
Sending Technology Solutions	429,415	29,951	459,366	442,648	34,316	476,964	(3%)	(4%)
Segment Total	\$ 410,463	\$ 136,322	546,785	\$ 415,553	\$ 135,761	551,314	(1%)	(1%)

Reconciliation of Segment EBITDA to Net Loss:

Segment depreciation and amortization	(136,322)	(135,761)
Unallocated corporate expenses	(207,774)	(200,406)
Restructuring charges	(19,003)	(20,712)
Gain on sale of assets/business	11,635	11,908
Loss on debt refinancing	(56,209)	(36,987)
Goodwill impairment	-	(198,169)
Transaction costs	(2,582)	(641)
Interest, net	(143,945)	(153,915)
Benefit (provision) for income taxes	10,922	(7,122)
Income (loss) from continuing operations	3,507	(190,491)
(Loss) income from discontinued operations, net of tax	(4,858)	10,115
Net loss	<u>\$ (1,351)</u>	<u>\$ (180,376)</u>

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

Pitney Bowes Inc.
Reconciliation of Reported Consolidated Results to Adjusted Results

(Unaudited; in thousands, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2021	2020	2021	2020
Reconciliation of reported net income (loss) to adjusted EBIT and EBITDA				
Net income (loss)	\$ 1,267	\$ 20,266	\$ (1,351)	\$ (180,376)
Loss (income) from discontinued operations, net of tax	524	(2,467)	4,858	(10,115)
(Benefit) provision for income taxes	(320)	(350)	(10,922)	7,122
Income (loss) from continuing operations before taxes	1,471	17,449	(7,415)	(183,369)
Restructuring charges	7,569	8,207	19,003	20,712
Gain on sale of assets/business	-	-	(11,635)	(11,908)
Loss on debt refinancing	633	-	56,209	36,987
Goodwill impairment	-	-	-	198,169
Transaction costs	2,582	-	2,582	641
Adjusted net income before tax	12,255	25,656	58,744	61,232
Interest, net	34,760	38,357	143,945	153,915
Adjusted EBIT	47,015	64,013	202,689	215,147
Depreciation and amortization	41,634	40,222	162,859	160,625
Adjusted EBITDA	\$ 88,649	\$ 104,235	\$ 365,548	\$ 375,772
Reconciliation of reported diluted earnings (loss) per share to adjusted diluted earnings per share ⁽¹⁾				
Diluted earnings (loss) per share	\$ 0.01	\$ 0.11	\$ (0.01)	\$ (1.05)
Loss (income) from discontinued operations, net of tax	-	(0.01)	0.03	(0.06)
Restructuring charges	0.03	0.04	0.08	0.09
Gain on sale of assets/business	-	-	(0.03)	(0.05)
Loss on debt refinancing	-	-	0.24	0.16
Goodwill impairment	-	-	-	1.13
Tax on surrender of investment securities	-	-	-	0.07
Transaction costs	0.01	-	0.01	-
Adjusted diluted earnings per share	\$ 0.06	\$ 0.14	\$ 0.32	\$ 0.31
Reconciliation of reported net cash from operating activities to free cash flow				
Net cash provided by operating activities	\$ 85,341	\$ 110,806	\$ 301,515	\$ 301,972
Net cash (provided by) used in operating activities - discontinued operations	-	(511)	-	37,912
Capital expenditures	(43,135)	(24,200)	(184,042)	(104,987)
Restructuring payments	7,143	4,145	21,990	20,014
Change in customer deposits at PB Bank	(10,650)	6,618	14,862	26,082
Transaction costs paid	-	-	-	2,117
Free cash flow	\$ 38,699	\$ 96,858	\$ 154,325	\$ 283,110

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