

Pitney Bowes

Barclays High Yield Bond & Syndicated Loan Conference

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VP, Investor Relations
May 24, 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

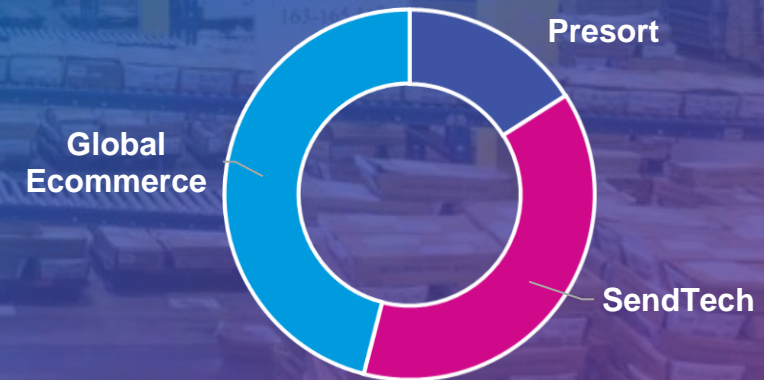


\$1.2 billion book value of net financing receivables



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








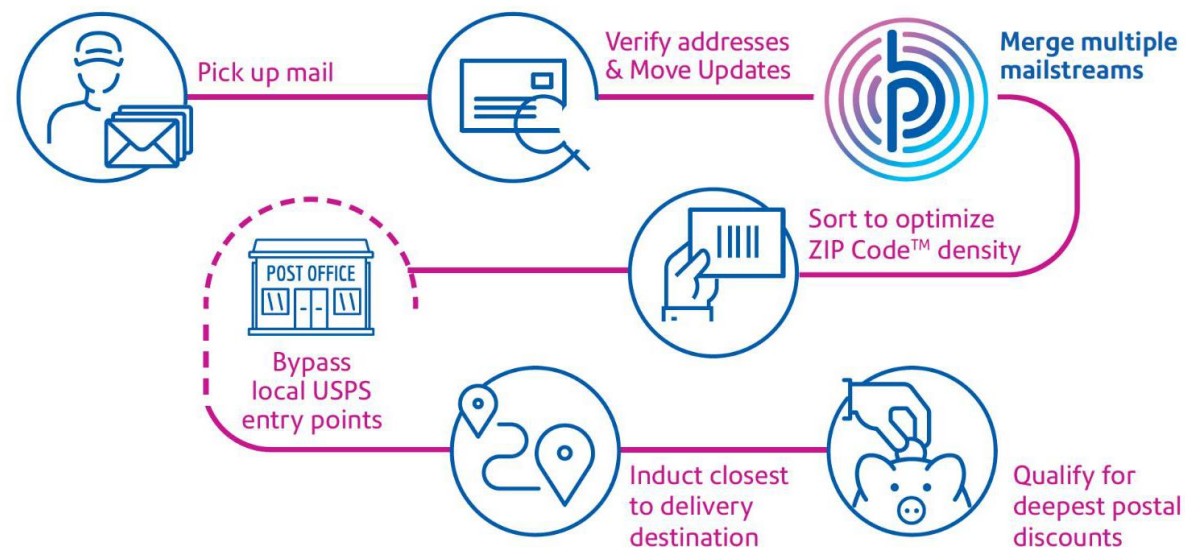
\$1.70 Billion
46%
of 2021 revenue

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



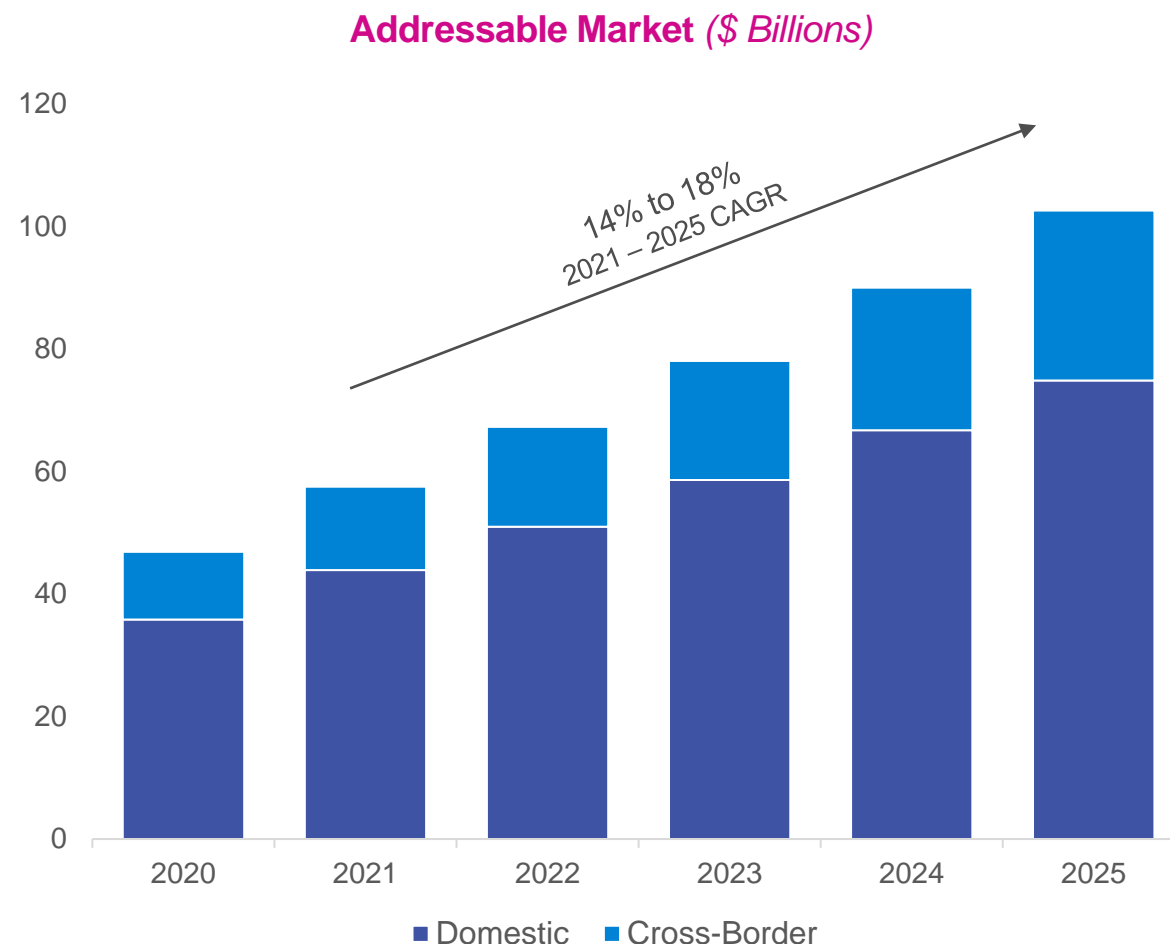
Shipping lanes to 200+ countries with 70+ currencies supported



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

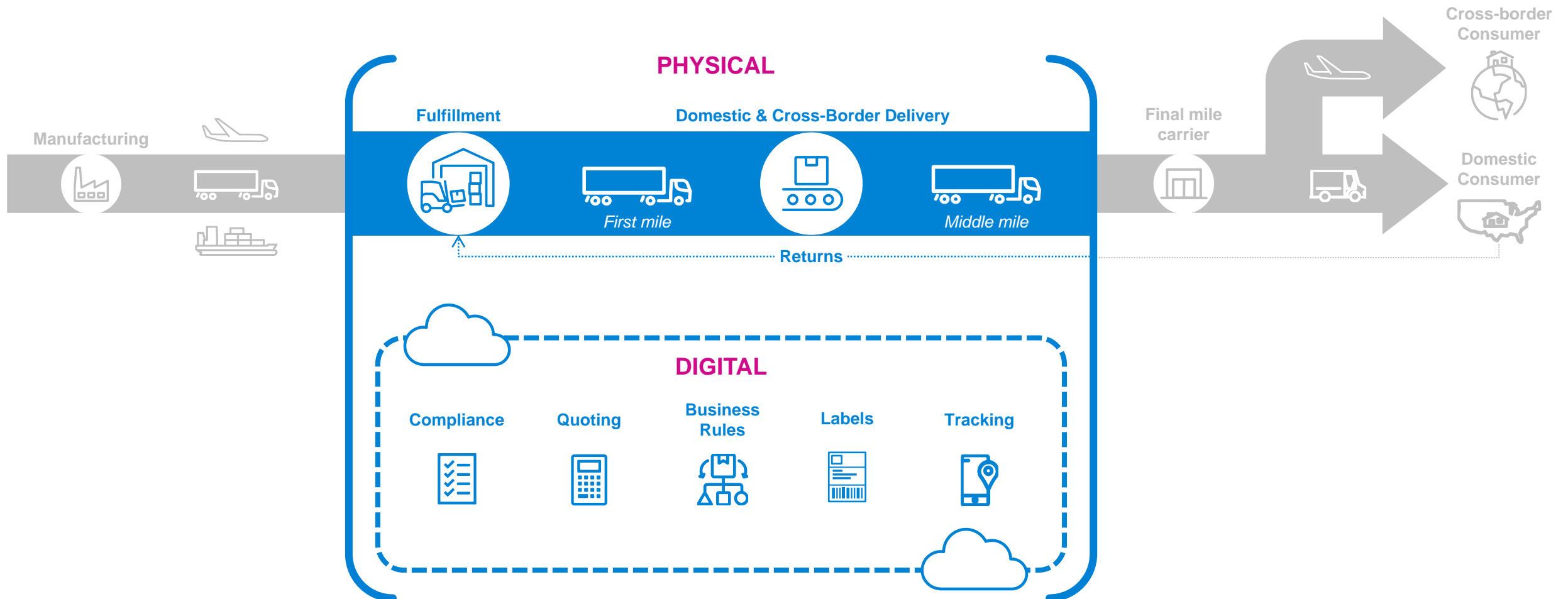


Current management priority on improving profitability with long-term EBIT margin profile of 8%+



Global Ecommerce (Continued)

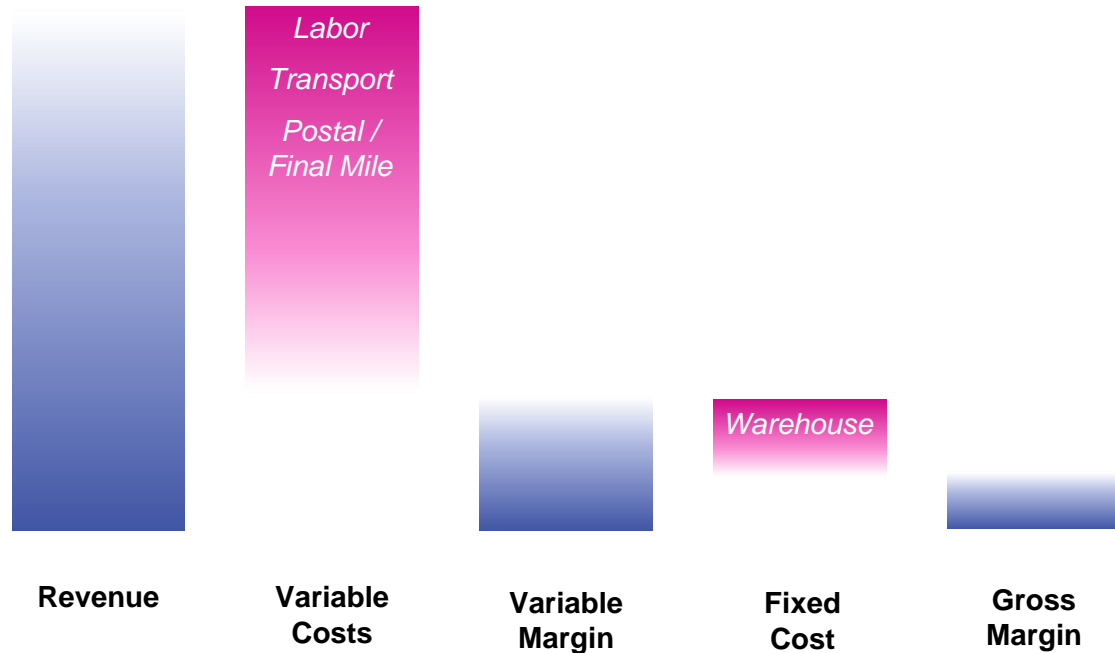
Pitney Bowes is pursuing this growing market with a tech-enabled and asset-light model



Global Ecommerce (Continued)

Margin expansion in Domestic Parcel will drive segment profitability

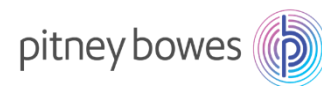
Domestic Parcel Unit Economics







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



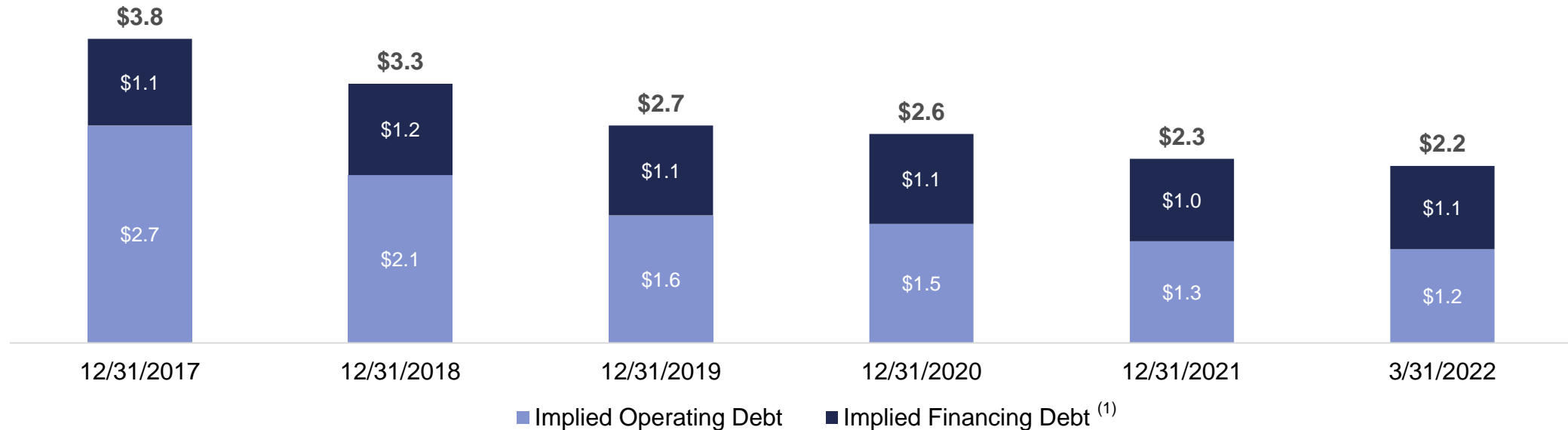
	Presort Services	SendTech Solutions	Global Ecommerce	Total
2021 Revenues (% of total revenue)	 \$573MM	 \$1,398MM	 \$1,703MM	 \$3,674MM
2018 – 2021 Revenue CAGR	3.6%	(5.8%)	18.5%	4.6%⁽¹⁾
2021 – 2025 market growth rate estimate	(6.0%) to (2.0%)	(7.5%) to (5.5%) <i>Mailing</i> 6.0% to 8.0% <i>Shipping</i>	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)

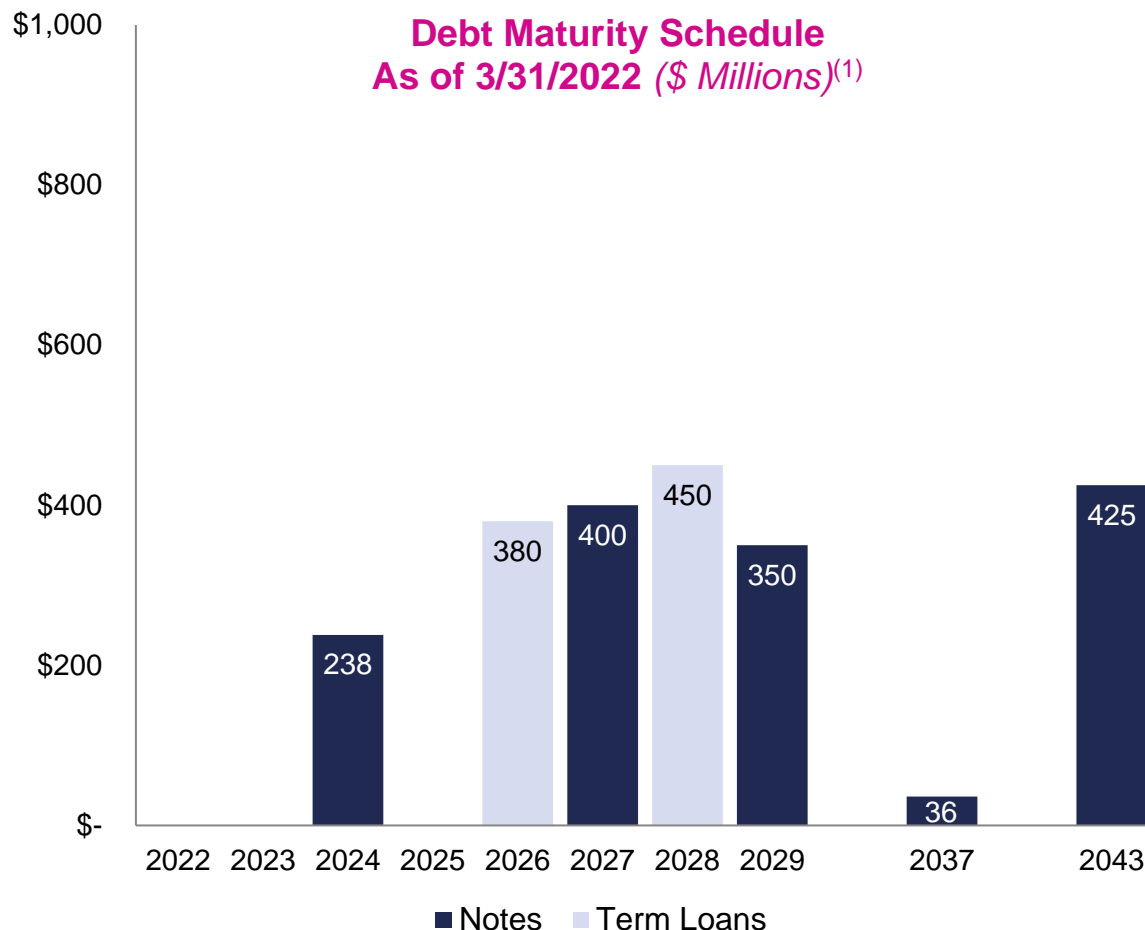


- Reduced debt balance each of the last four years with over \$1.5 billion in total reduction
- 2021 capital structure / refinancing actions extended duration of maturities
- Manageable debt profile given free cash flow generation

(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
As of 3/31/2022 (\$ Millions)⁽¹⁾



Capital Structure as of 3/31/2021 (\$ Millions)

	Interest Rate	12/31/2021	3/31/2022
Cash & S/T Investments		\$746.9	\$634.0
Revolver - (\$500mm)		0.0	0.0
Term Loan A due March 2026	LIBOR + 1.75%	370.5	365.8
Term Loan B due March 2028	LIBOR + 4.00%	446.6	445.5
Subtotal: Secured Debt		817.1	811.3
Notes due April 2023 ⁽²⁾	6.20%	90.3	0.0
Notes due March 2024	4.625%	242.6	238.4
Notes due March 2027	6.875%	400.0	400.0
Notes due March 2029	7.25%	350.0	350.0
Notes due January 2037	5.25%	35.8	35.8
Notes due March 2043	6.70%	425.0	425.0
Other debt		3.7	3.4
Subtotal: Unsecured Debt		1,547.4	1,452.6
Principal Debt⁽³⁾		\$2,364.5	\$2,263.9
Net Debt⁽³⁾		\$1,617.6	\$1,629.9

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

(1) Does not reflect Term Loan principal amortization

(2) Redeemed remaining \$90 million of 2023 notes in March 2022

(3) Excludes \$41 million and \$39 million of unamortized costs, net as of 12/31/2021 and 3/31/2022, respectively

Fixed Income Investment Thesis



**SendTech
and Presort
have leading
market
positions**



**Durable 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 \$2.3 billion debt stack⁽¹⁾**

(1) Excludes \$39 million of unamortized costs, net

Appendix

Consolidated Statement of Operations *(in thousands, except per share amounts)*

	Three months ended March 31,		Twelve months ended December 31,	
	2022	2021	2021	2020
Revenue:				
Business services	\$ 597,384	\$ 570,454	\$ 2,334,674	\$ 2,191,306
Support services	110,352	118,697	460,888	473,292
Financing	72,029	77,812	294,418	341,034
Equipment sales	89,296	86,803	350,138	314,882
Supplies	41,061	42,224	159,438	159,282
Rentals	16,820	19,207	74,005	74,279
Total revenue	<u>926,942</u>	<u>915,197</u>	<u>3,673,561</u>	<u>3,554,075</u>
Costs and expenses:				
Cost of business services	503,215	499,534	2,034,477	1,904,078
Cost of support services	37,134	36,717	149,706	149,988
Financing interest expense	11,602	11,886	47,059	48,162
Cost of equipment sales	63,771	61,840	251,914	235,153
Cost of supplies	11,517	11,211	43,980	41,679
Cost of rentals	5,309	6,447	24,427	25,600
Selling, general and administrative	242,785	238,102	924,163	963,323
Research and development	11,334	11,316	46,777	38,384
Restructuring charges	4,184	2,889	19,003	20,712
Goodwill impairment	-	-	-	198,169
Interest expense, net	22,124	25,158	96,886	105,753
Other components of net pension and postretirement expense (income)	844	350	1,010	(1,708)
Other expense (income), net	(11,901)	51,394	41,574	8,151
Total costs and expenses	<u>901,918</u>	<u>956,844</u>	<u>3,680,976</u>	<u>3,737,444</u>
Income (loss) from continuing operations before taxes	25,024	(41,647)	(7,415)	(183,369)
(Benefit) provision for income taxes	4,203	(13,992)	(10,922)	7,122
Income (loss) from continuing operations	20,821	(27,655)	3,507	(190,491)
(Loss) income from discontinued operations, net of tax	-	(3,886)	(4,858)	10,115
Net income (loss)	<u>\$ 20,821</u>	<u>\$ (31,541)</u>	<u>\$ (1,351)</u>	<u>\$ (180,376)</u>
Basic earnings (loss) per share ⁽¹⁾ :				
Continuing operations	\$ 0.12	\$ (0.16)	\$ 0.02	\$ (1.11)
Discontinued operations	-	(0.02)	(0.03)	0.06
Net income (loss)	<u>\$ 0.12</u>	<u>\$ (0.18)</u>	<u>\$ (0.01)</u>	<u>\$ (1.05)</u>
Diluted earnings (loss) per share ⁽¹⁾ :				
Continuing operations	\$ 0.12	\$ (0.16)	\$ 0.02	\$ (1.11)
Discontinued operations	-	(0.02)	(0.03)	0.06
Net income (loss)	<u>\$ 0.12</u>	<u>\$ (0.18)</u>	<u>\$ (0.01)</u>	<u>\$ (1.05)</u>
Weighted-average shares used in diluted earnings per share	<u>178,034</u>	<u>172,856</u>	<u>179,105</u>	<u>171,519</u>

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

Consolidated Balance Sheet *(in thousands)*

	March 31, 2022	December 31, 2021	December 31, 2020
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 622,575	\$ 732,480	\$ 921,450
Short-term investments	11,383	14,440	18,974
Accounts and other receivables, net	297,713	334,630	389,240
Short-term finance receivables, net	564,835	560,680	568,050
Inventories	87,661	78,588	71,480
Current income taxes	12,778	13,894	23,219
Other current assets and prepayments	145,167	157,341	120,145
Total current assets	1,742,112	1,892,053	2,112,558
Property, plant and equipment, net	430,498	429,162	391,280
Rental property and equipment, net	33,849	34,774	38,435
Long-term finance receivables, net	588,040	587,427	605,292
Goodwill	1,129,027	1,135,103	1,152,285
Intangible assets, net	124,739	132,442	159,839
Operating lease assets	236,477	208,428	201,916
Noncurrent income taxes	66,208	68,398	71,244
Other assets	436,114	471,084	491,514
Total assets	<u>\$ 4,787,064</u>	<u>\$ 4,958,871</u>	<u>\$ 5,224,363</u>
<u>Liabilities and stockholders' equity</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 876,645	\$ 922,543	\$ 880,616
Customer deposits at Pitney Bowes Bank	619,103	632,062	617,200
Current operating lease liabilities	41,600	40,299	39,182
Current portion of long-term debt	24,746	24,739	216,032
Advance billings	102,289	99,280	114,550
Current income taxes	2,864	9,017	2,880
Total current liabilities	1,667,247	1,727,940	1,870,460
Long-term debt	2,199,833	2,299,099	2,348,361
Deferred taxes on income	286,536	286,445	279,451
Tax uncertainties and other income tax liabilities	31,358	31,935	38,163
Noncurrent operating lease liabilities	220,614	192,092	180,292
Other noncurrent liabilities	288,594	308,728	437,015
Total liabilities	<u>4,694,182</u>	<u>4,846,239</u>	<u>5,153,742</u>
Stockholders' equity:			
Common stock	323,338	323,338	323,338
Additional paid-in-capital	-	2,485	68,502
Retained earnings	5,141,636	5,169,270	5,205,421
Accumulated other comprehensive loss	(800,330)	(780,312)	(839,131)
Treasury stock, at cost	(4,571,762)	(4,602,149)	(4,687,509)
Total stockholders' equity	<u>92,882</u>	<u>112,632</u>	<u>70,621</u>
Total liabilities and stockholders' equity	<u>\$ 4,787,064</u>	<u>\$ 4,958,871</u>	<u>\$ 5,224,363</u>

Business Segment Financials *(in thousands)*

	Three months ended March 31,			Twelve months ended December 31,		
	2022	2021	% Change	2021	2020	% Change
Segment Revenue						
Global Ecommerce	\$ 418,527	\$ 413,086	1%	\$ 1,702,580	\$ 1,618,897	5%
Presort Services	160,544	143,126	12%	573,480	521,212	10%
Sending Technology Solutions	347,871	358,985	(3%)	1,397,501	1,413,966	(1%)
Total revenue - GAAP	926,942	915,197	1%	3,673,561	3,554,075	3%
Currency impact on revenue	3,992	-		(27,910)	-	
Revenue, at constant currency	\$ 930,934	\$ 915,197	2%	\$ 3,645,651	\$ 3,554,075	3%

	Three months ended March 31,						Twelve months ended December 31,					
	2022			2021			2021			2020		
	EBIT ⁽¹⁾	D&A	EBITDA	EBIT ⁽¹⁾	D&A	EBITDA	EBIT ⁽¹⁾	D&A	EBITDA	EBIT ⁽¹⁾	D&A	EBITDA
Global Ecommerce	\$ (13,696)	\$ 21,444	\$ 7,748	\$ (26,376)	\$ 18,176	\$ (8,200)	\$ (98,673)	\$ 79,128	\$ (19,545)	\$ (82,894)	\$ 69,676	\$ (13,218)
Presort Services	19,632	6,418	26,050	19,051	7,499	26,550	79,721	27,243	106,964	55,799	31,769	87,568
Sending Technology Solutions	104,575	7,003	111,578	114,470	7,604	122,074	429,415	29,951	459,366	442,648	34,316	476,964
Segment Total	\$ 110,511	\$ 34,865	145,376	\$ 107,145	\$ 33,279	140,424	\$ 410,463	\$ 136,322	546,785	\$ 415,553	\$ 135,761	551,314

Reconciliation of Segment EBITDA to Net Income:

Segment depreciation and amortization	(34,865)	(33,279)	(136,322)	(135,761)
Unallocated corporate expenses	(57,834)	(57,465)	(207,774)	(200,406)
Restructuring charges	(4,184)	(2,889)	(19,003)	(20,712)
Gain on sale of assets/business	16,894	-	11,635	11,908
Loss on debt redemption/refinancing	(4,993)	(51,394)	(56,209)	(36,987)
Goodwill impairment			-	(198,169)
Transaction costs	(1,644)	-	(2,582)	(641)
Interest, net	(33,726)	(37,044)	(143,945)	(153,915)
Benefit (provision) for income taxes	(4,203)	13,992	10,922	(7,122)
Income (loss) from continuing operations	20,821	(27,655)	3,507	(190,491)
Income (loss) from discontinued operations, net of tax	-	(3,886)	(4,858)	10,115
Net income	\$ 20,821	\$ (31,541)	\$ (1,351)	\$ (180,376)

(1) Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges, and other items that are not allocated to a particular business segment. In 2022, we refined the methodology for allocating transportation costs between Global Ecommerce and Presort Services, resulting in a \$3 million increase in Global Ecommerce EBIT and corresponding decrease in Presort Services EBIT

Reconciliation of Reported Consolidated Results to Adjusted Results *(in thousands)*

	Three months ended March 31,		Twelve months ended December 31,	
	2022	2021	2021	2020
Reconciliation of reported net income (loss) to adjusted EBIT and EBITDA				
Net income (loss)	\$ 20,821	\$ (31,541)	\$ (1,351)	\$ (180,376)
Loss (income) from discontinued operations, net of tax	-	3,886	4,858	(10,115)
Provision (benefit) for income taxes	4,203	(13,992)	(10,922)	7,122
Income (loss) from continuing operations before taxes	25,024	(41,647)	(7,415)	(183,369)
Restructuring charges	4,184	2,889	19,003	20,712
Gain on sale of assets/business	(16,894)	-	(11,635)	(11,908)
Loss on debt refinancing	4,993	51,394	56,209	36,987
Goodwill impairment	-	-	-	198,169
Transaction costs	1,644	-	2,582	641
Adjusted net income before tax	18,951	12,636	58,744	61,232
Interest, net	33,726	37,044	143,945	153,915
Adjusted EBIT	52,677	49,680	202,689	215,147
Depreciation and amortization	42,002	39,594	162,859	160,625
Adjusted EBITDA	\$ 94,679	\$ 89,274	\$ 365,548	\$ 375,772
Reconciliation of reported diluted earnings (loss) per share to adjusted diluted earnings per share ⁽¹⁾				
Diluted earnings (loss) per share	\$ 0.12	\$ (0.18)	\$ (0.01)	\$ (1.05)
Loss (income) from discontinued operations, net of tax	-	0.02	0.03	(0.06)
Restructuring charges	0.02	0.01	0.08	0.09
Gain on sale of assets/business	(0.08)	-	(0.03)	(0.05)
Loss on debt refinancing	0.02	0.22	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	\$ 0.08	\$ 0.07	\$ 0.32	\$ 0.31
Reconciliation of reported net cash from operating activities to free cash flow				
Net cash provided by operating activities	\$ 10,562	\$ 65,923	\$ 301,515	\$ 301,972
Net cash (provided by) used in operating activities - discontinued operations	-	-	-	37,912
Capital expenditures	(32,555)	(43,328)	(184,042)	(104,987)
Restructuring payments	3,285	3,955	21,990	20,014
Change in customer deposits at PB Bank	(12,959)	(27,794)	14,862	26,082
Transaction costs paid	2,132	-	-	2,117
Free cash flow	\$ (29,535)	\$ (1,244)	\$ 154,325	\$ 283,110

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