

PITNEY BOWES INC /DE/  
Form 10-Q  
May 06, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q  
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2016  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 1-3579  
PITNEY BOWES INC.  
(Exact name of registrant as specified in its charter)

Delaware 06-0495050  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3001 Summer Street, Stamford, Connecticut 06926  
(Address of principal executive offices) (Zip Code)  
(203) 356-5000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 29, 2016, 188,620,368 shares of common stock, par value \$1 per share, of the registrant were outstanding.

PITNEY BOWES INC.  
INDEX

Page  
Number

Part I - Financial Information:

Item 1: Financial Statements (Unaudited)

Condensed Consolidated Statements of Income for the Three Months Ended March 31, 2016 and 2015 3

Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2016 and 2015 4

Condensed Consolidated Balance Sheets at March 31, 2016 and December 31, 2015 5

Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2016 and 2015 6

Notes to Condensed Consolidated Financial Statements 7

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations 27

Item 3: Quantitative and Qualitative Disclosures about Market Risk 36

Item 4: Controls and Procedures 36

Part II - Other Information:

Item 1: Legal Proceedings 37

Item 1A: Risk Factors 37

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds 37

Item 6: Exhibits 37

Signatures 38

## PART I. FINANCIAL INFORMATION

## Item 1: Financial Statements

## PITNEY BOWES INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited; in thousands, except per share amounts)

|  | Three Months Ended<br>March 31, |            |
|--|---------------------------------|------------|
|  | 2016                            | 2015       |
| Revenue:   |                                 |            |
| Equipment sales  | \$ 159,361                      | \$ 165,964 |
| Supplies   | 72,051                          | 73,368     |
| Software   | 78,058                          | 86,357     |
| Rentals  | 104,090                         | 113,997    |
| Financing  | 97,423                          | 105,630    |
| Support services   | 128,260                         | 139,558    |
| Business services  | 205,346                         | 205,807    |
| Total revenue  | 844,589                         | 890,681    |
| Costs and expenses:  |                                 |            |
| Cost of equipment sales  | 71,539                          | 75,013     |
| Cost of supplies   | 20,690                          | 22,659     |
| Cost of software   | 26,815                          | 29,864     |
| Cost of rentals  | 20,495                          | 20,701     |
| Financing interest expense   | 14,915                          | 18,770     |
| Cost of support services   | 75,249                          | 83,599     |
| Cost of business services  | 135,538                         | 139,919    |
| Selling, general and administrative                                      | 326,882                         | 314,529    |
| Research and development   | 26,568                          | 26,048     |
| Restructuring charges, net   | 6,933                           | (81 )      |
| Interest expense, net  | 19,301                          | 24,064     |
| Total costs and expenses   | 744,925                         | 755,085    |
| Income from continuing operations before income taxes                    | 99,664                          | 135,596    |
| Provision for income taxes   | 37,024                          | 50,547     |
| Income from continuing operations  | 62,640                          | 85,049     |
| Income from discontinued operations, net of tax                          | —                               | 157        |
| Net income   | 62,640                          | 85,206     |
| Less: Preferred stock dividends attributable to noncontrolling interests | 4,594                           | 4,594      |
| Net income attributable to Pitney Bowes Inc.                             | \$ 58,046                       | \$ 80,612  |
| Amounts attributable to common stockholders:                             |                                 |            |
| Net income from continuing operations                                    | \$ 58,046                       | \$ 80,455  |
| Income from discontinued operations, net of tax                          | —                               | 157        |
| Net income attributable to Pitney Bowes Inc.                             | \$ 58,046                       | \$ 80,612  |
| Basic earnings per share attributable to common stockholders:            |                                 |            |
| Continuing operations  | \$ 0.30                         | \$ 0.40    |
| Discontinued operations  | —                               | —          |
| Net income attributable to Pitney Bowes Inc.                             | \$ 0.30                         | \$ 0.40    |
| Diluted earnings per share attributable to common stockholders:          |                                 |            |
| Continuing operations  | \$ 0.30                         | \$ 0.40    |

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|  |          |          |
|--|----------|----------|
| Discontinued operations                      | —        | —        |
| Net income attributable to Pitney Bowes Inc. | \$0.30   | \$0.40   |
| Dividends declared per share of common stock | \$0.1875 | \$0.1875 |

See Notes to Condensed Consolidated Financial Statements

3

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PITNEY BOWES INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Unaudited; in thousands)

|  | Three Months<br>Ended March 31, |           |
|--|---------------------------------|-----------|
|  | 2016                            | 2015      |
| Net income   | \$62,640                        | \$85,206  |
| Less: Preferred stock dividends attributable to noncontrolling interests                           | 4,594                           | 4,594     |
| Net income attributable to Pitney Bowes Inc.   | 58,046                          | 80,612    |
| Other comprehensive income (loss), net of tax:   |                                 |           |
| Foreign currency translations  | 39,849                          | (72,179 ) |
| Net unrealized (loss) gain on cash flow hedges, net of tax of \$(18), and \$341, respectively      | (28 )                           | 549       |
| Net unrealized gain on investment securities, net of tax of \$2,029 and \$1,012, respectively      | 3,454                           | 1,730     |
| Adjustments to pension and postretirement plans, net of tax of \$(777) and \$0, respectively       | (1,230 )                        | —         |
| Amortization of pension and postretirement costs, net of tax of \$3,799, and \$4,167, respectively | 6,748                           | 7,409     |
| Other comprehensive income (loss), net of tax  | 48,793                          | (62,491 ) |