

PITNEY BOWES INC /DE/  
Form 10-Q  
May 05, 2015

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, 2015  
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, 2015, 201,683,304 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, 2015 and 2014 3

Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2015 and 2014 4

Condensed Consolidated Balance Sheets at March 31, 2015 and December 31, 2014 5

Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 6

Notes to Condensed Consolidated Financial Statements 7

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations 26

Item 3: Quantitative and Qualitative Disclosures about Market Risk 33

Item 4: Controls and Procedures 33

Part II - Other Information:

Item 1: Legal Proceedings 34

Item 1A: Risk Factors 34

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds 34

Item 6: Exhibits 34

Signatures 35

## PART I. FINANCIAL INFORMATION

## Item 1: Financial Statements

## PITNEY BOWES INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited; in thousands, except per share data)

	Three Months Ended March 31,	
	2015	2014
Revenue:		
Equipment sales	\$ 165,964	\$ 189,056
Supplies	73,368	79,517
Software	86,357	91,555
Rentals	113,997	123,579
Financing	105,630	110,050
Support services	139,558	158,252
Business services	205,807	185,488
Total revenue	890,681	937,497
Costs and expenses:		
Cost of equipment sales	75,013	82,534
Cost of supplies	22,659	24,154
Cost of software	29,864	30,164
Cost of rentals	20,701	25,444
Financing interest expense	18,770	19,653
Cost of support services	83,599	98,981
Cost of business services	139,919	128,936
Selling, general and administrative	314,529	351,375
Research and development	26,048	26,192
Restructuring charges, net	(81)	) 9,841
Interest expense, net	24,064	24,064
Other expense	—	61,657
Total costs and expenses	755,085	882,995
Income from continuing operations before income taxes	135,596	54,502
Provision for income taxes	50,547	8,036
Income from continuing operations	85,049	46,466
Income from discontinued operations, net of tax	157	2,801
Net income	85,206	49,267
Less: Preferred stock dividends attributable to noncontrolling interests	4,594	4,594
Net income attributable to Pitney Bowes Inc.	\$ 80,612	\$ 44,673
Amounts attributable to common stockholders:		
Net income from continuing operations	\$ 80,455	\$ 41,872
Income from discontinued operations, net of tax	157	2,801
Net income attributable to Pitney Bowes Inc.	\$ 80,612	\$ 44,673
Basic earnings per share attributable to common stockholders:		
Continuing operations	\$ 0.40	\$ 0.21
Discontinued operations	—	0.01
Net income attributable to Pitney Bowes Inc.	\$ 0.40	\$ 0.22
Diluted earnings per share attributable to common stockholders:		

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Continuing operations	\$0.40	\$0.21
Discontinued operations	—	0.01
Net income attributable to Pitney Bowes Inc.	\$0.40	\$0.22
Dividends declared per share of common stock	\$0.1875	\$0.1875

See Notes to Condensed Consolidated Financial Statements

PITNEY BOWES INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited; in thousands)

	Three Months Ended March 31,	
	2015	2014
Net income	\$85,206	\$49,267
Less: Preferred stock dividends attributable to noncontrolling interests	4,594	4,594
Net income attributable to Pitney Bowes Inc.	80,612	44,673
Other comprehensive (loss) income, net of tax:		
Foreign currency translations	(72,179)	(7,351)
Net unrealized gain on cash flow hedges, net of tax of \$341 and \$238, respectively	549	373
Net unrealized gain on investment securities, net of tax of \$1,012 and \$1,204, respectively	1,730	2,059
Amortization of pension and postretirement costs, net of tax of \$4,167 and \$3,641, respectively	7,409	6,142
Other comprehensive (loss) income	(62,491)	