

DESK NOTE

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Pitney Bowes Inc. (PBI US) – A Strategic Buy with Substantial Upside as Business Transformation Drives Growth

Ticker: PBI US

Previous day close price: \$8.24

Price range (52w.): \$3.68 - \$8.37

Target price: \$15 (+85% upside)

Recommendation: **Buy@Current**

Conclusive Summary: PBI stock presents a compelling investment opportunity, with a target price of \$15, offering an 85% upside from its last closing price of \$8.24. The company's strategic exit from Global Ecommerce coupled with ongoing cost rationalization and cash optimization initiatives, **positions it for enhanced profitability and financial stability through effective deleveraging**. Core segments like Presort Services and SendTech Solutions continue to deliver strong revenue and EBIT growth, underscoring the resilience of PBI's operations. Furthermore, **hints for accretive M&A opportunities by the management adds to the growth prospects**. While challenges from competition and market dynamics remain, the company's focus on efficiency and innovation provides a durable edge. **With significant upside potential and expected upward revision in financial estimates from the sole analyst covering the stock, we recommend buying PBI stock at current prices to capitalize on its favorable risk-reward profile.**

Competitive Position: competes effectively across its segments by leveraging proprietary technology, an extensive network, and comprehensive solutions. Presort Services benefits from economies of scale and proprietary technology to deliver efficient, discounted mailing solutions. SendTech Solutions combines cloud-enabled platforms, integrated financing, and a broad range of physical and digital offerings. While facing competition from multinational firms, regional players, and digital alternatives, PBI's focus on innovation and tailored customer solutions supports its position in a dynamic market.

Valuation: We derive a **target price (TP) of \$15.53 for PBI stock** using an EV/EBITDA multiple of 7.7x, which represents one standard deviation above its historical average. The stock is currently trading at approximately one standard deviation below its 5-year average EV/EBITDA multiple. **We recommend buying PBI at current levels given the significant valuation discount and anticipated upside.**

Description: Pitney Bowes Inc. (PBI) is a global technology and logistics company specializing in shipping and mailing solutions. Catering to small and medium-sized businesses, large enterprises, retailers, and government agencies worldwide, PBI operates through three primary business segments. Presort Services focuses on mail sorting, leveraging proprietary technology to secure postal workshare discounts as the largest partner of the USPS. SendTech Solutions delivers digital and physical mailing systems, SaaS platforms, and financial services through The Pitney Bowes Bank, offering revolving credit and working capital solutions.

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Multiple Next 12 Months		Financial Metric	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/EBITDA	7.70	584	4,497	1,680	2,817	181.3	\$15.53



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