

CASE STUDY

Addition by Subtraction Provides Tangible Results for Pitney Bowes

Hilco Global's Expertise Transforms Operational Challenges into a Clear Path for Growth

Pitney Bowes, a global leader in shipping and mailing solutions, faced mounting challenges within its Global Ecommerce (GEC) division. Despite the company's overall financial health, GEC's adjusted EBIT losses were in excess of millions annually, jeopardizing the profitability and growth potential of Pitney Bowes' three successful segments. With limited options, the company sought a swift and decisive solution to address this persistent drain on resources.

The challenges tied to GEC extended beyond financial losses. Efforts to sell the division had failed, as its limited monetizable assets deterred potential buyers. Shutting down internally proved equally daunting, presenting high costs and operational complexities. Moreover, the broader implications were significant: over 1,000 employees in the division required thoughtful management during the transition; critical customer relationships needed to be safeguarded; and vendor and partner trust had to be preserved to avoid operational disruptions.

Pitney Bowes required a partner capable of executing a comprehensive solution that would address these multifaceted challenges while ensuring minimal disruption across all stakeholders.

Hilco Global stepped in with a customized and innovative approach that not only met but exceeded Pitney Bowes' needs. Taking full operational control of GEC, Hilco managed every aspect of the wind-down, from tax and legal functions to corporate governance and operations. Filing for Chapter 11 bankruptcy on August 8, Hilco delivered a confirmed plan of liquidation within just four months—aligning with the aggressive timeline set by Pitney Bowes. Through a fixed-fee structure supported by a DIP loan, a fraction of what a potential sale of its troubled segment would have cost the company, Hilco's solution was both efficient and cost-effective, far surpassing the company's internal wind-down projections.

Throughout the process, Hilco prioritized key relationships. Employees were treated with respect, provided advance notice, and equipped with resources to transition smoothly. Vendors and customers were paid in full and on time, ensuring trust and avoiding operational disruptions. Hilco also safeguarded Pitney Bowes' execution of the wind-down by purchasing GEC and assuming full control of operations, thereby eliminating delays and mitigating risks tied to bondholder consent.

The impact of Hilco's execution was immediate and profound. The market responded with approval, as Pitney Bowes' stock surged 26%, rising 32% within ten days, and has consistently held a 60% premium to pre-petition level following the announcement. This transformative outcome allowed Pitney Bowes to refocus its resources and energy on its core strengths and future growth.

This successful wind-down highlights Hilco Global's ability to deliver tailored, turnkey solutions that empower businesses to overcome complex challenges and achieve strategic realignment. By leveraging deep experience, a structured approach, and access to a global network of buyers, Hilco maximized value for Pitney Bowes and all stakeholders involved. This case underscores Hilco's role as a trusted leader in wind-down services, enabling otherwise healthy companies to exit underperforming divisions efficiently and refocus on long-term profitability and growth.

DEAL SNAPSHOT

Overview

Hilco Global leveraged its unparalleled expertise in managing complex, high-risk situations to execute the seamless carve-out of a distressed division, enabling Pitney Bowes to refocus on its core strengths and long-term growth.

Deal Type

Division Wind-Down & Asset Liquidation

Funding

DIP Loan, Fixed-Fee Engagement

Key Challenges

- Sustained annual losses
- Unsuccessful sale attempts due to limited monetizable assets
- Costly and complex shutdown risks
- Preservation of critical stakeholder relationships

What We Did

- Assumed full operational control of the division
- Managed legal, tax, accounting, and governance functions
- Delivered a cost-effective Chapter 11 plan
- Ensured respectful workforce transitions
- Preserved vendor and customer trust with timely payments
- Safeguarded strategic partnerships

RESULTS

Financial Impact:

- Stock price increase: +60%
- Profit improvement

Stakeholder Impact:

- Workforce treated with dignity and respect
- Uninterrupted partnerships



HILCO GLOBAL IS ASSET SMARTER.

Hilco Global leverages a blend of deep restructuring and advisory expertise combined with principal investing and capital solutions through our own merchant banking capabilities. This powerful one-two punch can deliver both stand-alone and highly customized integrated solutions capable of resolving complex and stressed situations while also enhancing long-term enterprise business value.



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