



INVESTOR PRESENTATION

NASDAQ: PFSW

CAUTIONS REGARDING FORWARD LOOKING STATEMENTS

The matters discussed in this presentation, particularly information regarding future revenue, earnings, business plans and goals, consist of forward-looking information within the meaning of [Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934](#) and are subject to the safe harbor created by these sections and involve risks and uncertainties, which could cause actual results to differ materially from the forward-looking information. Such statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. These statements are based on assumptions and estimates that management believes are reasonable based on currently available information; however, management's assumptions and the Company's future performance are both subject to a wide range of business risks and uncertainties, and there is no assurance that these goals and projections can or will be met. Any number of factors could cause actual results to differ materially. The Company undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking information contained herein is subject to the risk factors and uncertainties described in the Company's filings with the Securities and Exchange Commission, which risk factors and uncertainties are incorporated by reference as though fully set forth herein.

This presentation contains certain non-GAAP measures including [Service Fee Equivalent Revenue, Non-GAAP Net Income \(Loss\), EBITDA, Adjusted EBITDA and Free Cash Flow](#). Service Fee Equivalent Revenue represents service fee revenue plus the gross profit earned on product revenue. Non-GAAP Net Income (Loss) represents net income (loss) calculated in accordance with U.S. GAAP as adjusted for income (loss) from discontinued operations, the impact of non-cash stock-based compensation expense, executive disability benefits, move related expenses, lease termination costs and restructuring and other charges. EBITDA represents net income (loss) before income (loss) from discontinued operations, interest, taxes, depreciation and amortization. Adjusted EBITDA further eliminates the effect of stock-based compensation expense, executive disability benefits, move related expenses, lease termination costs and restructuring and other charges. Free Cash Flow is defined as net cash provided by (used in) continuing operating activities less capital expenditures. Service Fee Equivalent Revenue, Non-GAAP Net Income (Loss), EBITDA, Adjusted EBITDA and Free Cash Flow are used by management, analysts, investors and other interested parties in evaluating our operating performance compared to that of other companies in our industry, as the calculation of Non-GAAP Net Income (Loss) eliminates income (loss) from discontinued operations, the effect of stock-based compensation, executive disability benefits, move related expenses, lease termination costs and restructuring and other charges and EBITDA and Adjusted EBITDA further eliminates the effect of financing, income taxes and the accounting effects of capital spending and Free Cash Flow which accounts for operating cash flow less cash paid for fixed assets, including capitalized software development, which items may vary from different companies for reasons unrelated to overall operating performance. Service Fee Equivalent Revenue allows client contracts with similar operational support models but different financial models to be combined as if all contracts were being operated on a service fee revenue basis. The non-GAAP measures are not intended to be considered in isolation of, as a substitute for or superior to our GAAP financial information. We have included reconciliations later in this presentation of the non-GAAP measures to the nearest GAAP measure.

KEY STATS: PFSW (NASDAQ)

Trading Data (@ 3/7/14)

Stock Price	\$8.94
52 Week Low/High	\$3.29/\$9.60
Avg. Daily Vol. (3 Mo.)	47,395
Shares Outstanding	16.5M
Public Float, est.	56%
Institutional/Strategic Owner Holdings	70%

Valuation Measures (@ 3/7/14)

Market Cap	\$147.6M
Enterprise Value	\$136.3M
EV/Revenue	0.6x
EV/Adj. EBITDA ²	12.7x

Financial Highlights (FY 2013)

Total Revenue	\$241.6M
Adj. EBITDA ²	10.7M
Diluted EPS	\$(0.39)
Cash & Equivalents	\$22.4M
Total Assets	\$132.0M
Total Debt	\$11.1M
Total Liabilities	\$91.1M
Total Equity	\$40.9M

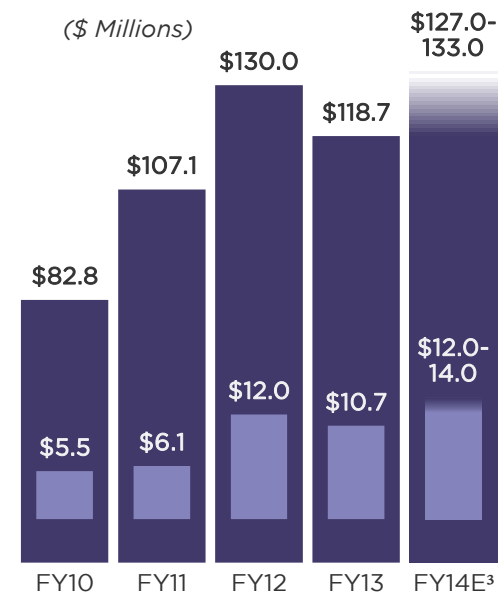
Share Price



■ Service Fee Equivalent Revenue¹

■ Adj. EBITDA²

(\$ Millions)



Source: Capital IQ

1) Service fee equivalent revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

2) Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

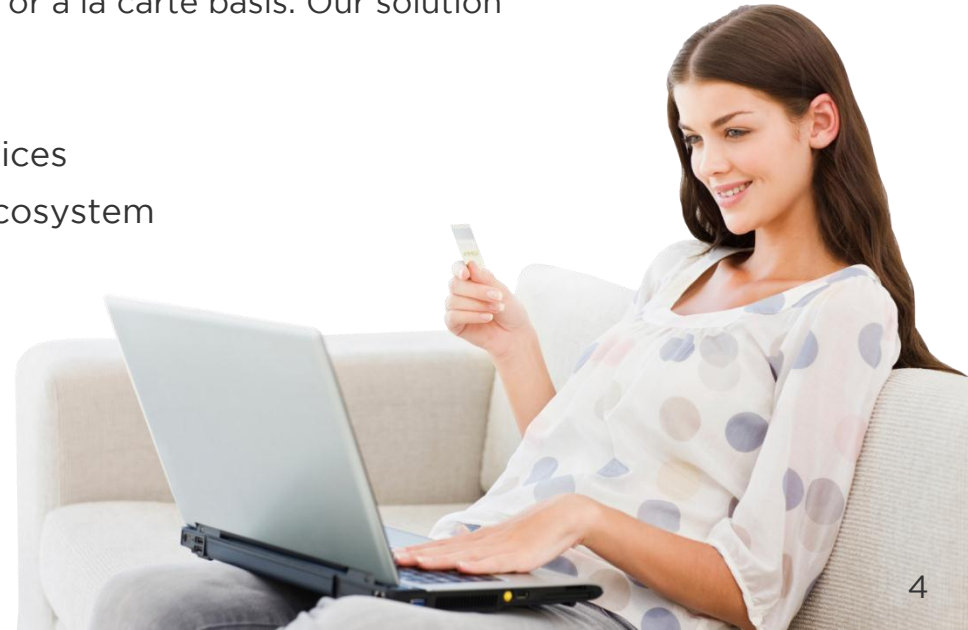
3) Guidance updated and only effective as of March 6, 2014.

WHO WE ARE

We envision, create and support world-class omni-channel commerce solutions that enable the world's leading brands to nurture customer relationships on a global scale.

Servicing over 80 client programs, we make the complex simple by providing a complete global commerce solution offered on an End-to-End or a la carte basis. Our solution includes:

- Digital Agency Services
- Platform Development and Support Services
- Omni-Channel Commerce Technology Ecosystem
- Financial Services
- Customer Care
- Order Fulfillment



PFSweb COMMERCE MODEL

Agency Services

Short-term strategy and design projects with extended marketing services retainers – growth engine leads to client “stickiness”

Technology Services

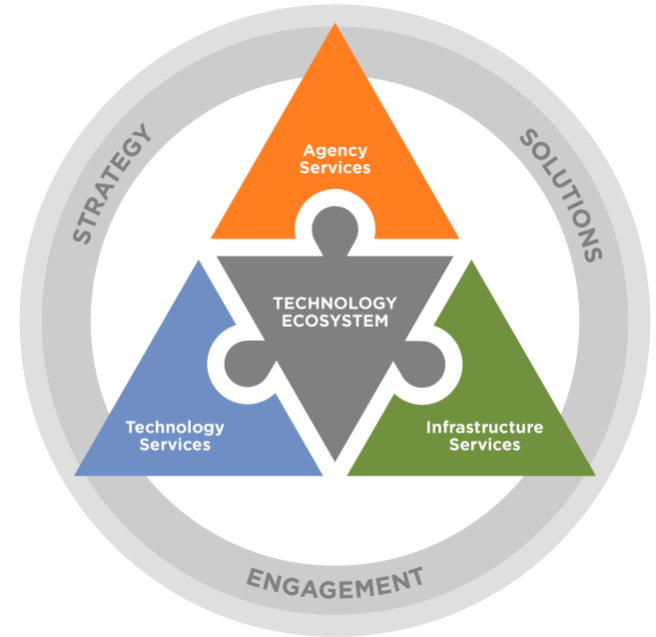
Short-term design and deployment projects with extended development and platform support engagements – innovation engine keeps client programs leading-edge

Infrastructure Services (BPO)

Long-term customer service and fulfillment engagements – strongest lever for customer satisfaction

Technology Ecosystem

Rev-share or click charge fees with some initial license fees – making the complex simple and still best-of-breed



PFSweb COMMERCE MODEL



AGENCY SERVICES

Provides the strategy, creative design and a comprehensive set of digital marketing services to enable brands to reach their online potential



Creative



SEO & Paid Search



Affiliate Marketing



Customer Experience



Product Merchandising



Web Analytics



eMail Marketing



Social Engagement

PFSweb COMMERCE MODEL



TECHNOLOGY SERVICES

Delivers a best-in-class online user experience built by a seasoned team of commerce professionals



eCommerce
Development



Platform
Support



Training



Quality
Assurance

PFSweb COMMERCE MODEL



INFRASTRUCTURE SERVICES

Facilitates the execution of commerce operations to run smoothly & effectively while delivering a highly branded customer experience



Financial
Services



Customer
Care



Order
Fulfillment

PFSweb COMMERCE MODEL



TECHNOLOGY ECOSYSTEM

Powers our entire commerce solution with highly available, scalable & flexible technology platforms & integrations



eCommerce
Technology



Omni-Channel
Order Management



Product
Content
Management

TARGET VERTICAL MARKETS

Fashion & Apparel

BCBGMAXAZRIA



Health & Beauty

L'ORÉAL



Collectibles & Toys



Consumer
Packaged Goods

P&G



SELECTED CLIENT PORTFOLIO

RECENT CLIENT WINS



Omni-Channel Commerce solution:

- Digital marketing services
- eCommerce web development
- Order management
- Payment processing & fraud management
- High-touch customer care
- Omni-channel marketing database
- Branded order fulfillment services
- Retail web-integrated point of sale

Launch planned for Q3 2014

Direct-to-consumer solution:

- Order management
- Payment processing & fraud management
- High-touch customer care
- Branded order fulfillment services
- Distribution center facilities management services

Launched in Q4 2013, with plans to add additional brands

BUILD OR BUY?

Build Option

Brand functions as the master contractor to build a custom solution

Typical build investment of \$2M to \$5M

Typical build timeline of 12 to 18 months

Brand is responsible for PCI, and safe harbor compliance

Brand must manage the vendor community during and after launch

Agency Services



Technology Services



Technology Platform Components



Infrastructure Providers



BUILD OR BUY?

Buy Option

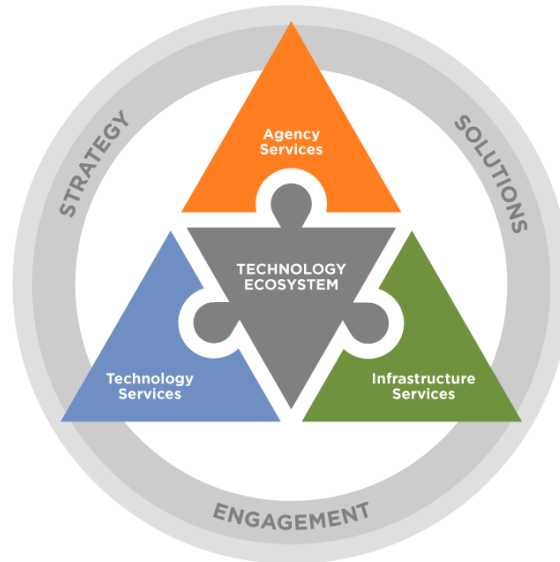
Brand collaborates with PFSweb to build the custom solution

Typical build investment of \$1M to \$2M

Typical build timeline of 4 to 6 months

PFSweb is responsible for PCI and safe harbor compliance

PFSweb is accountable to brand for the operational integrity of the entire solution



End-to-End Competition

ebay
enterprise

YOOX

Digital River

speed ⇨ commerce

ONESTOP

newgistics
SHIPPING HAS A NEW HOME

suresource

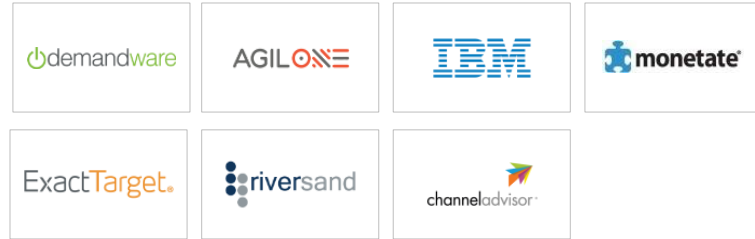
arvato
BERTELSMANN



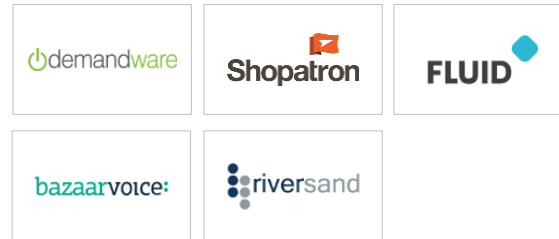
BUILD OR BUY?

PFSweb – Best of Both Worlds

PFSweb integrated partner technologies deliver custom best-of-breed solutions with end-to-end simplicity



Cloud-based technologies relieve brand from license and hosting complexity



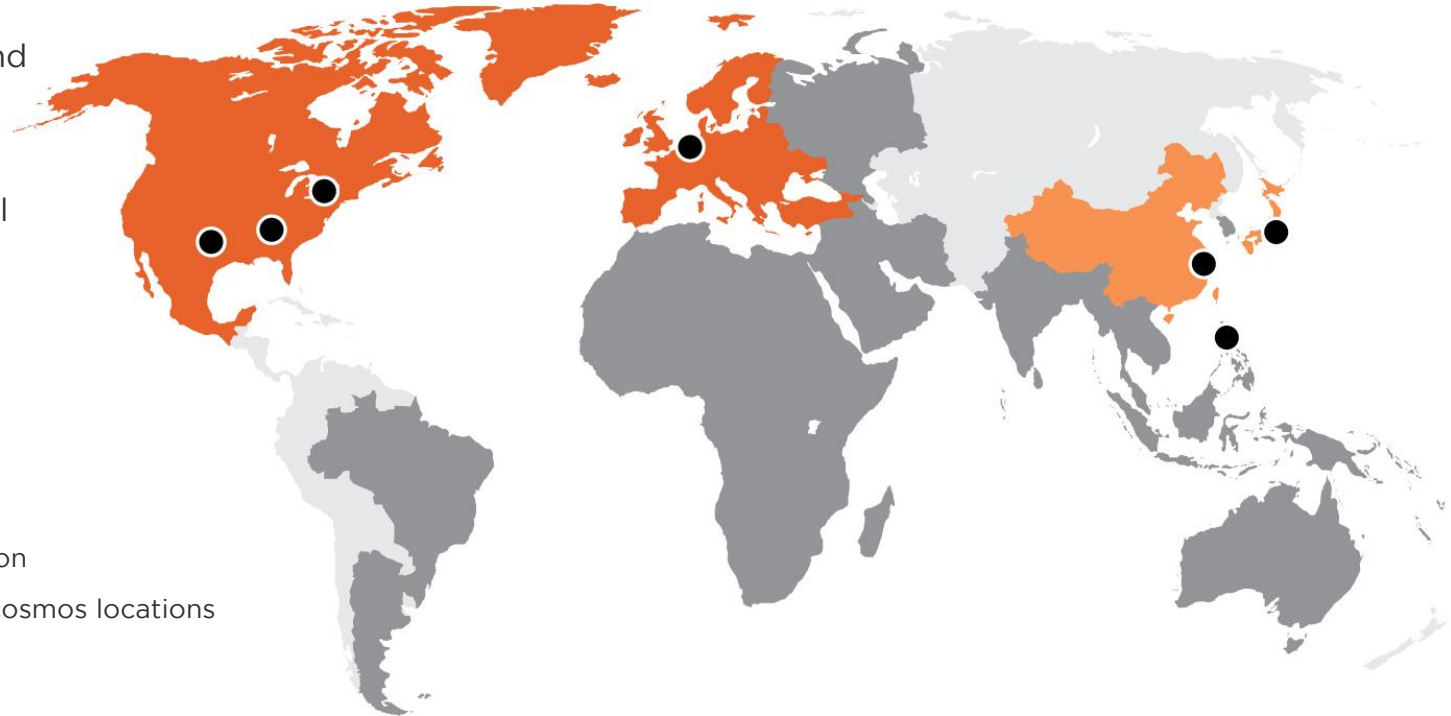
Reseller relationships simplify contracting for brand and creates profitable revenue stream for PFSweb



PFSweb technologies and integrations add value and create “out-of-the-box” fully certified and tested technology ecosystem

SCALABLE GLOBAL PLATFORM

The only end-to-end solution covering mature and emerging markets with a single global technology ecosystem



- mature
- emerging
- cross border solution
- PFSweb and transcosmos locations

COMPETE IN A RAPIDLY EXPANDING GLOBAL MARKET

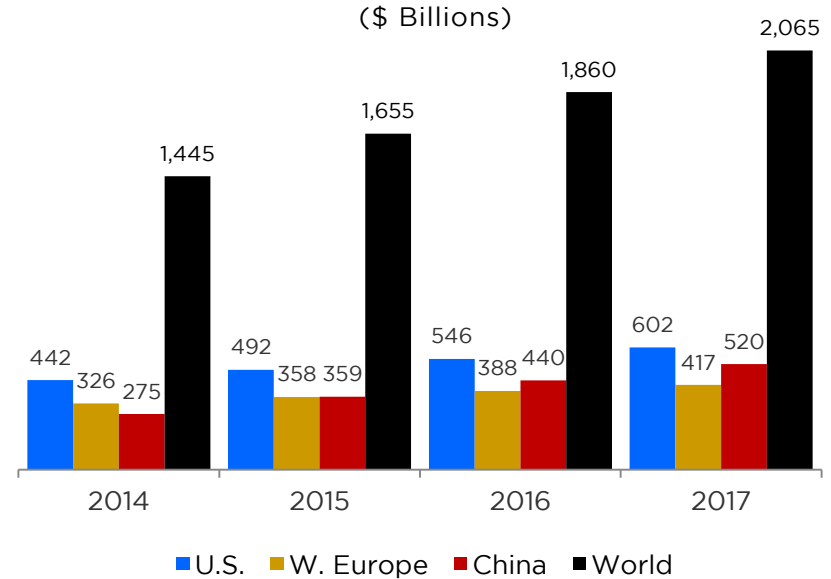
U.S. and Western Europe eCommerce markets mature but growing strongly

eCommerce sales in China expected to be second only to the U.S. beginning in 2015

Compound Annual Growth Rate Estimates through 2017:

- U.S. 11%
- Western Europe 9%
- China 24%
- Worldwide 13%

Global eCommerce Market Growth¹



¹) eMarketer, Worldwide B2C eCommerce, June 2013 - Includes travel, digital downloads and event tickets purchased via any digital channel (including online, mobile and tablet); excludes gambling; numbers may not add up to total due to rounding; *includes sales from businesses that occur over C2C platforms; excludes Hong Kong; **digital travel sales represent roughly 80% of B2C e-commerce sales.

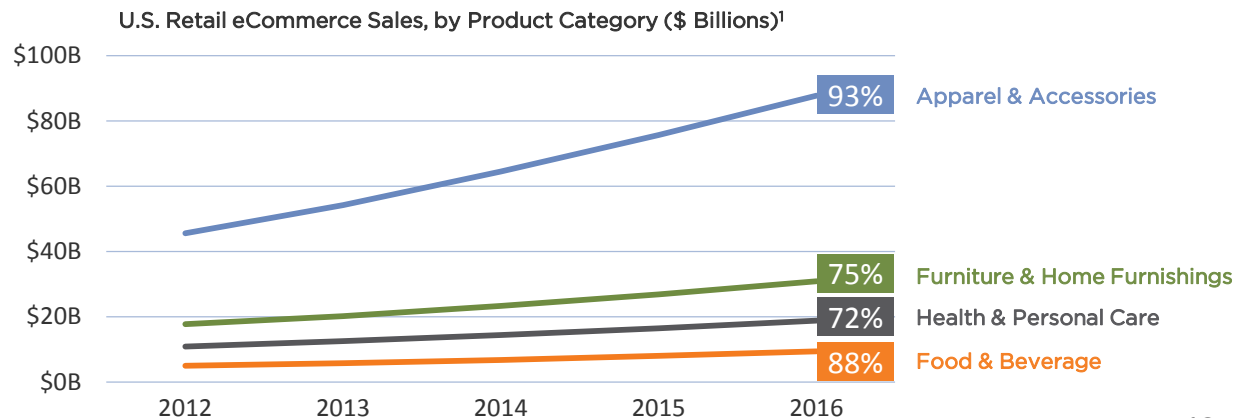
GROWTH OPPORTUNITIES

Capture & Grow Commerce Clients

Global Expansion

Strategic Acquisitions

- Market new omni-channel initiatives to further expand organic growth and drive new customer wins (i.e., U.S. Mint)
- Broaden range of services to drive higher margins & longer client life cycles
- Strong macro-industry growth in both domestic and international markets, particularly in our target verticals



¹) eMarketer, April 2013

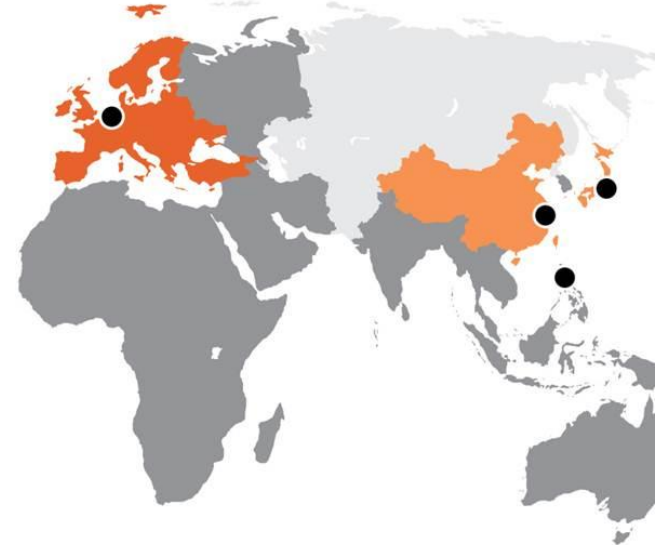
GROWTH OPPORTUNITIES

Capture & Grow
Commerce Clients

Global Expansion

Strategic Acquisitions

- eCommerce sales in Western Europe expected to grow steadily through 2017
- Rapidly changing competitive landscape in Europe creates near-term opportunities for growth
- This year alone, B2C eCommerce sales are expected to reach over \$502B in the Asia-Pacific market, making it the largest eCommerce market in the world¹
- Our strategic relationship with transcocosmos extends our reach to growing Asian markets
- Our End-to-End services will be available in China in 2014



GROWTH OPPORTUNITIES

Capture & Grow Commerce Clients
Global Expansion

PHASE 1

Enhance Technology Services with System Integrators supporting additional platforms & geographies

PHASE 2

Enhance Agency Services with strategy, design and search capabilities, and additional geographies

PHASE 3

Enhance Technology Ecosystem with mobile commerce, POS, CRM, affiliate management, tag management, etc.

Strategic Acquisitions





FINANCIAL OVERVIEW

CORPORATE SEGMENT OVERVIEW

2013 At-a-Glance¹

Total Revenue: \$204M² | Service Fee Equivalent Revenue: \$119M³ | Adj. EBITDA: \$10.7M³

PFSweb Services

Client Merchandise Value: \$1,535M

GAAP Revenue: \$113M

Service Fee Equivalent Revenue: \$113M

Retail & Supplies Distributors

Client Merchandise Value: \$91M

GAAP Revenue: \$91M

Service Fee Equivalent Revenue: \$6M⁴

- PFSweb Services business represents company's primary business activity
 - Long term contracts with recurring revenue stream
 - No inventory ownership
- Retail & Supplies Distributors business incorporates inventory ownership model
 - Primarily one client relationship
 - Gross profit reflects estimate of comparable service fees earned

1) Represents 2013 actual results

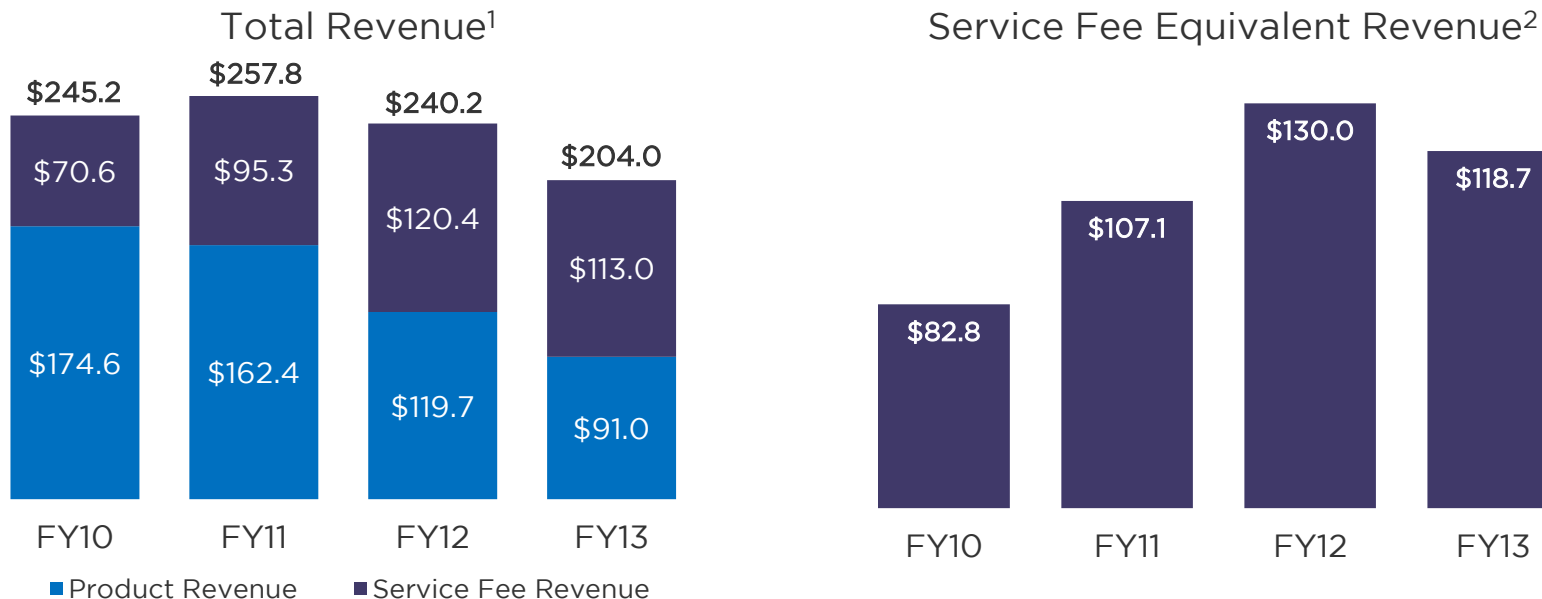
2) Excludes pass-through revenue

3) Service Fee Equivalent Revenue and Adjusted EBITDA are non-GAAP financial measures. See Appendix for a reconciliation to the most comparable GAAP financial measure.

4) Represents gross profit earned on product revenue

TOTAL REVENUE BREAKDOWN¹

(in \$ Millions)



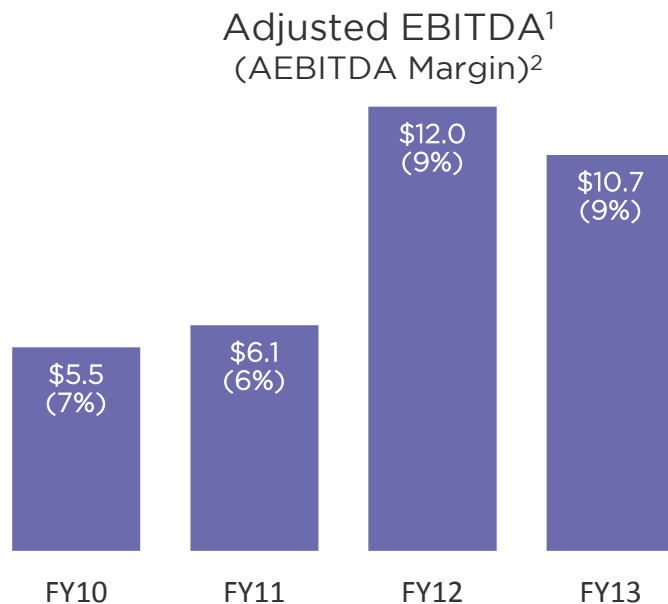
- Strong service fee revenues growth driven by new and expanded client relationships (Certain client transition activity impacted FY 2013 results)
- Product revenue declining due to restructuring activity by primary client in this segment

1) Excludes pass-through revenue

2) Service Fee Equivalent Revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

SERVICE FEE BUSINESS GROWTH DRIVES PROFITABILITY

(in \$ Millions)



Improved Adjusted EBITDA performance driven by:

- Expanded Service Fee Revenue, including high margin services (Agency and Technology Services)
- Leveraging infrastructure to support growth

FY 2013 impacted by certain client transitions

New/expanded client relationships expected to drive improved FY 2014 result

BALANCE SHEET

(in \$ Millions)

Select Balance Sheet Items	Dec 31, 2012	Dec 31, 2013
Cash & Restricted Cash	\$19.9	\$22.5
Accounts Receivable	45.7	55.3
Inventories	24.7	14.2
Property & Equipment, Net	27.9	27.2
Other	15.3	12.8
Total Assets	\$133.5	\$132.0
Accounts Payable	\$40.5	\$34.1
Accrued Expenses & Other	42.8	45.9
Debt	22.1	11.1
Total Liabilities	\$105.4	\$91.1
Total Shareholders' Equity	\$28.1	\$40.9

Highlights

\$22.4M cash and \$11.1M debt

In May 2013, we raised \$14.7M from transcosmos, inc.

- Proceeds currently used to reduce debt, but also provides funding to support growth

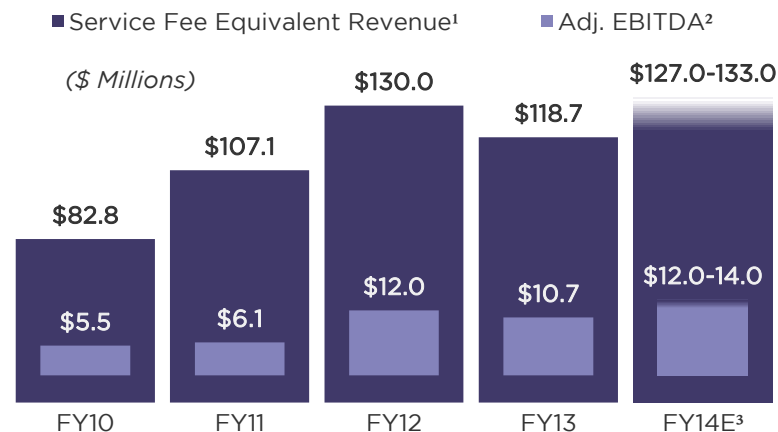
2014 GUIDANCE

2014 Guidance³

Service Fee Equivalent Revenue¹	\$127-133M
YOY Growth	7-12%
Gross Margins⁴	25-30%
Adjusted EBITDA²	\$12-14M
YOY Growth	12-31%
Capital Expenditures	\$12-14M
Infrastructure Upgrades	\$3M
Internal IT Development	\$2M
Client Start Up Activity	\$8M

SFE growth of over 20% excluding impact of previously announced client transitions

Implementation of new and expanded client relationships, including U.S. Mint, projected to result in strong exit run rate for 2014 and further improved 2015



1) Service Fee Equivalent Revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

2) Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

3) Guidance updated & only effective as of March 6, 2014.

4) Gross margins for Service Fee segment

TARGETED FINANCIAL MODEL- EXCLUDES M&A

(in \$ Thousands)

	FY 2013 ¹	Potential Financial Model	
Service Fee Revenue ²	\$112,977	\$175,000	\$250,000
Product Revenue	<u>90,982</u>	<u>75,000</u>	<u>-0-</u>
Total Revenue (GAAP) ²	<u>\$203,959</u>	<u>\$250,000</u>	<u>\$250,000</u>
Service Fee Revenue	\$112,977	\$175,000	\$250,000
Gross Margin on Product Revenue	<u>5,745³</u>	<u>5,000</u>	<u>-0-</u>
Service Fee Equivalent Revenue ⁴	<u>\$118,722</u>	<u>\$180,000</u>	<u>\$250,000</u>
Adjusted EBITDA ⁴	\$10,656	\$21,000	\$35,000
<i>Adjusted EBITDA Margin % of Service Fee Equivalent Revenue</i>	9%	12%	14%

Long Term Targets

Service Fee Equivalent Revenue growth of 20%+

Further expansion of higher margin services

Potential transition of product revenue relationship to service fee engagement

Continuous cost control initiatives and operating efficiencies

Improving Adjusted EBITDA as percent of Service Fee Equivalent Revenue from 9% in FY2013 to 12-14%

1) Based on CY 2013 financial results.

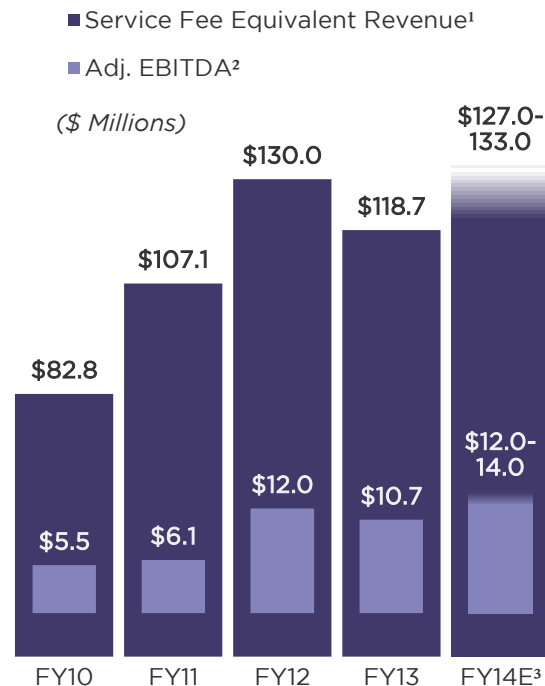
2) Excludes pass-through revenue.

3) Product revenue of \$90,982 less cost of product revenues of \$85,237 results in gross profit of \$5,745, or 6.3% of product revenue.

4) Service Fee Equivalent Revenue and Adjusted EBITDA are non-GAAP financial measures. See Appendix for a reconciliation to the most comparable GAAP financial measure.

KEY TAKEAWAYS

- **Strong commerce growth** across market segments
- **PFSweb provides a “one-stop-shop”** for world-class brands to grow their sales channels
- Our **scalable, global platform** operates across North American, European and Asia-Pacific markets
- **80+ iconic brand client programs** that validate the value of our services offering
- **Long term relationships** with recurring revenue stream
- **Significant operating leverage** expected to lead to expanding margins & Adjusted EBITDA growth



1) Service Fee Equivalent Revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

2) Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

3) Guidance updated & only effective as of March 6, 2014.



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Cody Slach or Greg Falesnik

Tel 949-574-3860

PFSW@liolios.com

A dark blue silhouette of a lizard is positioned on the left side of the page, facing right. Above the lizard, a thin, light blue curved line arches across the top left corner. The word "APPENDIX" is centered in the middle of the page in a white, sans-serif font.

APPENDIX

EXPERIENCED LEADERSHIP TEAM

<p>Mike Willoughby Chief Executive Officer</p>	<ul style="list-style-type: none"> • Promoted to CEO in March 2013 • 20+ years of business development and digital marketing experience
<p>Tom Madden Chief Financial Officer</p>	<ul style="list-style-type: none"> • Appointed CFO in 1994 • 30+ years of finance and accounting experience
<p>Cindy Almond EVP of Client Services</p>	<ul style="list-style-type: none"> • Leads sales and marketing, contracting, implementation and program management • 20+ years with PFSweb
<p>Dave Reese EVP of Global Operations</p>	<ul style="list-style-type: none"> • Oversees client solutions, distribution, customer care, IT and QA • 15+ years with PFSweb

RECONCILIATION TABLES

(in \$ Millions)

Reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA & Non-GAAP Net Income (Loss)

	2009 Cons	2010 Cons	2011				2011 Cons	2012				YTD Cons	2013				YTD Cons
			March Cons	June Cons	Sept Cons	Dec Cons		March Cons	June Cons	Sept Cons	Dec Cons		March Cons	June Cons	Sept Cons	Dec Cons	
Net Income (Loss)	\$ (4.6)	\$ (7.4)	\$ (2.3)	\$ (1.2)	\$ (1.8)	\$ 0.8	\$ (4.6)	\$ (1.3)	\$ (0.5)	\$ (0.4)	\$ 0.7	\$ (1.5)	\$ (2.6)	\$ (1.0)	\$ (2.0)	\$ (0.3)	\$ (5.9)
(Income) loss from discontinued operations, net of tax	(0.3)	4.0	0.6	-	-	0.3	0.9	-	-	-	-	-	-	-	-	-	-
Income tax expense	0.3	0.5	0.1	0.1	0.1	0.1	0.4	0.1	0.2	0.2	0.2	0.6	0.3	-	0.1	0.1	0.5
Interest expense	1.2	0.9	0.2	0.3	0.3	0.3	1.1	0.3	0.2	0.2	0.2	1.0	0.2	0.2	0.2	0.1	0.7
Depreciation and amortization	6.5	6.1	1.5	1.5	1.5	1.8	6.3	2.1	2.2	2.5	2.4	9.2	2.4	2.7	2.4	2.7	10.2
EBITDA	\$ 3.1	\$ 4.1	\$ 0.1	\$ 0.7	\$ 0.1	\$ 3.3	\$ 4.1	\$ 1.2	\$ 2.1	\$ 2.5	\$ 3.5	\$ 9.3	\$ 0.3	\$ 1.9	\$ 0.8	\$ 2.5	\$ 5.5
Stock-based compensation	0.4	0.8	0.3	0.4	0.3	0.3	1.4	0.3	0.4	0.3	0.3	1.3	0.3	0.3	0.6	1.4	2.6
Executive disability benefits	-	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Move related expenses	-	-	-	-	0.3	0.2	0.5	0.6	0.3	-	-	0.9	-	-	-	-	-
Lease termination costs	-	-	-	-	-	-	-	0.5	-	-	-	0.5	-	-	-	-	-
Restructuring and other charges	-	-	-	-	-	-	-	-	-	-	-	-	2.3	0.3	-	-	2.5
Adjusted EBITDA	\$ 3.5	\$ 5.6	\$ 0.5	\$ 1.1	\$ 0.7	\$ 3.9	\$ 6.1	\$ 2.6	\$ 2.8	\$ 2.8	\$ 3.8	\$ 12.0	\$ 2.9	\$ 2.5	\$ 1.4	\$ 3.9	\$ 10.7
Net Income (Loss)	\$ (4.6)	\$ (7.4)	\$ (2.3)	\$ (1.2)	\$ (1.8)	\$ 0.8	\$ (4.6)	\$ (1.3)	\$ (0.5)	\$ (0.4)	\$ 0.7	(1.5)	\$ (2.6)	\$ (1.0)	\$ (2.0)	\$ (0.3)	\$ (5.9)
(Income) loss from discontinued operations, net of tax	(0.3)	4.0	0.6	-	-	0.3	0.9	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	0.4	0.8	0.3	0.4	0.3	0.3	1.4	0.3	0.4	0.3	0.3	1.3	0.3	0.3	0.6	1.4	2.6
Executive disability benefits	-	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Move related expenses	-	-	-	-	0.3	0.2	0.5	0.6	0.3	-	-	0.9	-	-	-	-	-
Lease termination costs	-	-	-	-	-	-	-	0.5	-	-	-	0.5	-	-	-	-	-
Restructuring and other charges	-	-	-	-	-	-	-	-	-	-	-	-	2.3	0.3	-	-	2.5
Non-GAAP Net Income (Loss)	\$ (4.5)	\$ (1.9)	\$ (1.4)	\$ (0.8)	\$ (1.2)	\$ 1.6	\$ (1.8)	\$ 0.1	\$ 0.2	\$ (0.1)	\$ 1.0	\$ 1.1	\$ -	\$ (0.4)	\$ (1.3)	\$ 1.0	\$ (0.8)

RECONCILIATION TABLES (CONT'D)

(in \$ Thousands)

Reconciliation of Total Revenue to Service Fee Equivalent Revenue

	2010	2011	2012	2013
Total revenue	\$274,516	\$298,766	\$281,563	\$241,603
Pass-thru revenue	(29,267)	(40,974)	(41,390)	(37,644)
Cost of product revenue	(162,485)	(150,738)	(110,183)	(85,237)
Service Fee Equivalent Revenue	\$82,764	\$107,054	\$129,990	\$118,722