



# FedEx Corp. Reports Fourth Quarter and Full-Year Results

6/23/2022

Additional Earnings Momentum Expected During Fiscal 2023

MEMPHIS, Tenn.--(BUSINESS WIRE)-- FedEx Corp. (NYSE: FDX) today reported the following consolidated results for the quarter ended May 31 (adjusted measures exclude the items listed below for the applicable fiscal year):

Fiscal 2022		Fiscal 2021	
As Reported	Adjusted	As Reported	Adjusted



	(GAAP)	(non-GAAP)	(GAAP)	(non-GAAP)
Revenue	\$24.4 billion	\$24.4 billion	\$22.6 billion	\$22.6 billion
Operating income	\$1.92 billion	\$2.23 billion	\$1.80 billion	\$1.97 billion
Operating margin	7.9%	9.2%	8.0%	8.7%
Net income	\$558 million	\$1.80 billion	\$1.87 billion	\$1.36 billion
Diluted EPS	\$2.13	\$6.87	\$6.88	\$5.01

This year's and last year's quarterly and full-year consolidated results have been adjusted for:

	Fiscal 2022		Fiscal 2021	
	Fourth Quarter	Full Year	Fourth Quarter	Full Year
Impact per diluted share				
Mark-to-market (MTM) retirement plans accounting adjustments	\$3.83	\$4.49	(\$3.44)	(\$3.33)
FedEx Ground legal matter	0.61	0.60	—	—
Business realignment costs	0.18	0.80	0.30	0.33
TNT Express integration expenses	0.12	0.39	0.18	0.60
Loss on debt extinguishment	—	—	1.09	1.11

“Our fiscal 2022 financial performance was a result of our team's ability to adapt to a number of unexpected challenges and is a testament to the FedEx value proposition and the execution of our long-term strategy,” said Raj Subramaniam, FedEx Corp. president and chief executive officer. “Our foundational investments have set the stage for a strong fiscal 2023. As we move forward, our focus will be on revenue quality and lowering our cost to serve. I am honored to lead our dedicated global team who enable FedEx to lead the industry from a position of strength.”

## Fourth Quarter Results

Fourth quarter operating income improved primarily due to revenue management actions, including the favorable net impact of fuel at each transportation segment, and lower variable compensation expense. These factors were partially offset by lower shipment demand due to slower economic growth and supply chain disruptions, as well as higher purchased transportation and wage rates.

Fourth quarter net income included a tax benefit of \$46 million (\$0.18 per diluted share) related to revisions of prior year estimates for actual tax return results.

FedEx Express operating results improved in the fourth quarter driven by revenue management actions, including increased fuel surcharges. Global volume softness, driven by COVID lockdowns, geopolitical uncertainty, and slower economic growth, partially offset the year-over-year improvement.

FedEx Ground operating results declined primarily due to higher self-insurance accruals and increased purchased transportation and wage rates. These costs were partially offset by higher revenue per package, including increased fuel surcharges. Average daily volume declined primarily due to yield management actions affecting the FedEx Ground Economy service.

FedEx Freight operating results sharply increased, with operating margin improving 570 basis points to 21.8%. The improved results were driven by a 28% increase in revenue per shipment from the continued focus on revenue quality and profitable growth.

## Full-Year Results

For the full fiscal year, FedEx Corp. reported the following consolidated results (adjusted measures exclude the items listed above for the applicable fiscal year):

	Fiscal 2022		Fiscal 2021	
	As Reported (GAAP)	Adjusted (non-GAAP)	As Reported (GAAP)	Adjusted (non-GAAP)
Revenue	\$93.5 billion	\$93.5 billion	\$84.0 billion	\$84.0 billion
Operating income	\$6.25 billion	\$6.87 billion	\$5.86 billion	\$6.18 billion
Operating margin	6.7%	7.3%	7.0%	7.4%
Net income	\$3.83 billion	\$5.50 billion	\$5.23 billion	\$4.89 billion
Diluted EPS	\$14.33	\$20.61	\$19.45	\$18.17

Capital spending for fiscal 2022 was \$6.8 billion.

## Share Repurchases

During fiscal 2022 the company repurchased \$2.2 billion of FedEx common stock. As of May 31, 2022, \$4.1 billion remained under the existing share repurchase authorization. The company expects to repurchase \$1.5 billion of FedEx common stock during the first half of fiscal 2023.

## Outlook

FedEx is unable to forecast the fiscal 2023 mark-to-market (MTM) retirement plans accounting adjustments. FedEx also may incur additional costs in fiscal 2023 related to business optimization initiatives. The company is currently unable to forecast the amount and timing of these additional costs, which may impact the fiscal 2023 effective tax rate (ETR). As a result, FedEx is unable to provide a fiscal 2023 earnings per share or ETR outlook on a GAAP basis.

For fiscal 2023, FedEx is forecasting:

- Earnings per diluted share of \$22.45 to \$24.45 before the MTM retirement plans accounting adjustments and costs related to business optimization initiatives;
- Earnings per diluted share of \$22.50 to \$24.50 before the MTM retirement plans accounting adjustments and costs related to business optimization initiatives, and excluding estimated costs associated with business realignment activities;
- ETR of approximately 24% prior to the MTM retirement plans accounting adjustments and costs related to business optimization initiatives; and
- Capital spending of \$6.8 billion, with a priority on investments to improve efficiency, including fleet and facility modernization,

and increased automation.

These forecasts assume the company's current economic forecast and fuel price expectations, no additional COVID-19-related business restrictions, successful completion of the planned stock repurchases, and no additional adverse geopolitical developments. FedEx's ETR and earnings per share forecasts are based on current law and related regulations and guidance.

"Our continued emphasis on revenue quality drove significant improvement in our fourth quarter results," said Michael C. Lenz, FedEx Corp. executive vice president and chief financial officer. "We expect further momentum in fiscal 2023 and beyond as we execute on our initiatives to drive increased profitability and returns."

## Investors Meeting

On June 29, 2022, the FedEx executive team will discuss its strategy and plans for the future. These plans will guide the company's short-term and long-term priorities for maximizing value for customers, stockholders, and team members. The meeting will be streamed beginning at 8:30 a.m. CDT at [investors.fedex.com](https://investors.fedex.com), and the materials presented will be available to download.

## Corporate Overview

FedEx Corp. (NYSE: FDX) provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With annual revenue of \$94 billion, the company offers integrated business solutions through operating companies competing collectively, operating collaboratively and innovating digitally under the respected FedEx brand. Consistently ranked among the world's most admired and trusted employers, FedEx inspires its 550,000 employees to remain focused on safety, the highest ethical and professional standards and the needs of their customers and communities. FedEx is committed to connecting people and possibilities around the world responsibly and resourcefully, with a goal to achieve carbon-neutral operations by 2040. To learn more, please visit [fedex.com/about](https://fedex.com/about).

Additional information and operating data are contained in the company's annual report, Form 10-K, Form 10-Qs, Form 8-Ks and Statistical Books. These materials, as well as a webcast of the earnings release conference call to be held at 5:00 p.m. EDT on June 23, are available on the company's website at [investors.fedex.com](https://investors.fedex.com). A replay of the conference call webcast will be posted on our website following the call.

The Investor Relations page of our website, [investors.fedex.com](https://investors.fedex.com), contains a significant amount of information about FedEx, including our Securities and Exchange Commission (SEC) filings and financial and other information for investors. The information that we post on our Investor Relations website could be deemed to be material information. We encourage investors, the media and others interested in the company to visit this website from time to time, as information is updated and new information is posted.

Certain statements in this press release may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance and underlying assumptions. Forward-looking statements include those

preceded by, followed by or that include the words “will,” “may,” “could,” “would,” “should,” “believes,” “expects,” “forecasts,” “anticipates,” “plans,” “estimates,” “targets,” “projects,” “intends” or similar expressions. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, economic conditions in the global markets in which we operate; our ability to meet our labor and purchased transportation needs while controlling related costs; a significant data breach or other disruption to our technology infrastructure; the continuing effect of the COVID-19 pandemic; anti-trade measures and additional changes in international trade policies and relations; the effect of any international conflicts or terrorist activities, including as a result of the current conflict between Russia and Ukraine; our ability to successfully implement our business strategy, effectively respond to changes in market dynamics, and achieve the anticipated benefits and associated cost savings of such strategies and actions, including our ability to successfully implement our FedEx Express workforce reduction plan in Europe and to continue to transform and optimize the FedEx Express international business, particularly in Europe; damage to our reputation or loss of brand equity; changes in the business or financial soundness of the U.S. Postal Service, including strategic changes to its operations to reduce its reliance on the air network of FedEx Express; changes in fuel prices or currency exchange rates, including significant increases in fuel prices as a result of the ongoing conflict between Russia and Ukraine; our ability to match capacity to shifting volume levels; the effect of intense competition; an increase in self-insurance accruals and expenses; our ability to effectively operate, integrate, leverage, and grow acquired businesses and realize the anticipated benefits of acquisitions and other strategic transactions; the future rate of e-commerce growth and our ability to successfully expand our e-commerce services portfolio; the timeline for recovery of passenger airline cargo capacity; evolving or new U.S. domestic or international laws and government regulations, policies, and actions; future guidance, regulations, interpretations, challenges, or judicial decisions related to our tax positions; legal challenges or changes related to service providers engaged by FedEx Ground and the drivers providing services on their behalf; our ability to quickly and effectively restore operations following adverse weather or a localized disaster or disturbance in a key geography; our ability to achieve our goal of carbon-neutral operations by 2040; and other factors which can be found in FedEx Corp.’s and its subsidiaries’ press releases and FedEx Corp.’s filings with the SEC. Any forward-looking statement speaks only as of the date on which it is made. We do not undertake or assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

The financial section of this release is provided on the company's website at [investors.fedex.com](https://investors.fedex.com).

## RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

### Fourth Quarter and Full-Year Fiscal 2022 and Fiscal 2021 Results

The company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP” or “reported”). We have supplemented the reporting of our financial information determined in accordance with GAAP with certain non-GAAP (or “adjusted”) financial measures, including our adjusted fourth quarter and adjusted full-year fiscal 2022 and 2021 consolidated



operating income and margin, net income and diluted earnings per share, and adjusted fourth quarter and adjusted full-year fiscal 2022 and 2021 FedEx Express segment operating income and margin. These financial measures have been adjusted to exclude the impact of the following items (as applicable):

- MTM retirement plans accounting adjustments in fiscal 2022 and 2021;
- Business realignment costs in fiscal 2022 and 2021;
- Costs related to a FedEx Ground legal matter in fiscal 2022;
- TNT Express integration expenses incurred in fiscal 2022 and 2021; and
- Loss on debt extinguishment in fiscal 2021.

The MTM retirement plans accounting adjustments, costs related to business realignment activities in connection with the FedEx Express workforce reduction plan in Europe, costs related to a FedEx Ground legal matter, and loss on debt extinguishment are excluded from our fourth quarter and full-year fiscal 2022 and 2021 consolidated and FedEx Express segment non-GAAP financial measures, as applicable, because they are unrelated to our core operating performance and/or to assist investors with assessing trends in our underlying businesses. The charges related to accrued pre- and post-judgment interest incurred in connection with the FedEx Ground legal matter are extraordinary in nature and do not represent a recurring expense arising in our ordinary course of business.

We have incurred significant expenses through fiscal 2022 in connection with our integration of TNT Express. We have adjusted our fourth quarter and full-year fiscal 2022 and 2021 consolidated and FedEx Express segment financial measures to exclude TNT Express integration expenses because we generally would not incur such expenses as part of our continuing operations. The integration expenses are predominantly incremental costs directly associated with the integration of TNT Express, including professional and legal fees, salaries and employee benefits, advertising and travel expenses. Internal salaries and employee benefits are included only to the extent the individuals are assigned full-time to integration activities. The integration expenses do not include costs associated with our business realignment activities.

We believe these adjusted financial measures facilitate analysis and comparisons of our ongoing business operations because they exclude items that may not be indicative of, or are unrelated to, the company's and our business segments' core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying businesses. These adjustments are consistent with how management views our businesses. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and evaluating the company's and each business segment's ongoing performance.

Our non-GAAP financial measures are intended to supplement and should be read together with, and are not an alternative or substitute for, and should not be considered superior to, our reported financial results. Accordingly, users of our financial statements should not place undue reliance on these non-GAAP financial measures. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. As required by SEC rules, the tables below present a reconciliation of our presented non-GAAP financial measures to

the most directly comparable GAAP measures.

## Fiscal 2023 Earnings Per Share and Effective Tax Rate Forecasts

Our fiscal 2023 earnings per share (EPS) forecast is a non-GAAP financial measure because it excludes (i) fiscal 2023 MTM retirement plans accounting adjustments, (ii) costs related to business optimization initiatives in fiscal 2023, and (iii) estimated fiscal 2023 business realignment costs. Our fiscal 2023 effective tax rate (ETR) forecast is a non-GAAP financial measure because it excludes the impact of fiscal 2023 MTM retirement plans accounting adjustments and costs related to business optimization initiatives.

We have provided these non-GAAP financial measures for the same reasons that were outlined above for historical non-GAAP measures. These items are excluded from our fiscal 2023 EPS and ETR forecasts, as applicable, for the same reasons described above for historical non-GAAP measures.

We are unable to predict the amount of the MTM retirement plans accounting adjustments, as they are significantly impacted by changes in interest rates and the financial markets. We also may incur additional costs in fiscal 2023 related to business optimization initiatives. We are currently unable to forecast the amount and timing of these additional costs, which may impact the fiscal 2023 ETR. Accordingly, such adjustments and costs are not included in our fiscal 2023 EPS and ETR forecasts. For this reason, a full reconciliation of our fiscal 2023 EPS and ETR forecasts to the most directly comparable GAAP measures is impracticable. It is reasonably possible, however, that our fiscal 2023 MTM retirement plans accounting adjustments and costs related to business optimization initiatives could have a material impact on our fiscal 2023 consolidated financial results and ETR.

The table included below titled “Fiscal 2023 Earnings Per Share Forecast” outlines the impacts of the items that are excluded from our fiscal 2023 EPS forecast, other than the MTM retirement plans accounting adjustments and costs related to business optimization initiatives.

## Fourth Quarter Fiscal 2022

### FedEx Corporation

	Operating		Income Taxes <sup>1</sup>	Net Income <sup>2</sup>	Diluted Earnings Per Share
	Income	Margin			
Dollars in millions, except EPS					
GAAP measure	\$ 1,924	7.9%	\$ 126	\$ 558	\$ 2.13
MTM retirement plans accounting adjustment <sup>3</sup>	—	—	315	1,003	3.83
FedEx Ground legal matter <sup>4</sup>	210	0.9%	50	160	0.61
Business realignment costs <sup>5</sup>	60	0.2%	14	46	0.18
TNT Express integration expenses <sup>6</sup>	40	0.2%	8	32	0.12
Non-GAAP measure	\$ 2,234	9.2%	\$ 513	\$ 1,799	\$ 6.87

### FedEx Express Segment



Dollars in millions	Operating	
	Income	Margin
GAAP measure	\$ 886	7.4%
Business realignment costs	60	0.5%
TNT Express integration expenses	38	0.3%
Non-GAAP measure	\$ 984	8.2%

## Full-Year Fiscal 2022

### FedEx Corporation

Dollars in millions, except EPS	Operating		Income Taxes <sup>1</sup>	Net Income <sup>2</sup>	Diluted Earnings Per Share
	Income	Margin			
GAAP measure	\$ 6,245	6.7%	\$ 1,070	\$ 3,826	\$ 14.33
MTM retirement plans accounting adjustments <sup>3</sup>	—	—	379	1,199	4.49
Business realignment costs <sup>5</sup>	278	0.3%	64	214	0.80
FedEx Ground legal matter <sup>4</sup>	210	0.2%	50	160	0.60
TNT Express integration expenses <sup>6</sup>	132	0.1%	29	103	0.39
Non-GAAP measure	\$ 6,865	7.3%	\$ 1,592	\$ 5,502	\$ 20.61

### FedEx Express Segment

Dollars in millions	Operating	
	Income	Margin <sup>7</sup>
GAAP measure	\$ 2,922	6.4%
Business realignment costs	278	0.6%
TNT Express integration expenses	115	0.3%
Non-GAAP measure	\$ 3,315	7.2%

## Fourth Quarter Fiscal 2021

### FedEx Corporation

Dollars in millions, except EPS	Operating		Income Taxes <sup>1</sup>	Net Income <sup>2</sup>	Diluted Earnings Per Share
	Income	Margin <sup>7</sup>			
GAAP measure	\$ 1,797	8.0%	\$ 745	\$ 1,868	\$ 6.88
MTM retirement plans accounting adjustment <sup>3</sup>	—	—	(292)	(936)	(3.44)
Loss on debt extinguishment	—	—	96	297	1.09
Business realignment costs <sup>5</sup>	106	0.5%	24	82	0.30
TNT Express integration expenses <sup>6</sup>	64	0.3%	15	49	0.18



Non-GAAP measure \$ 1,967 8.7% \$ 588 \$ 1,360 \$ 5.01

## Fourth Quarter Fiscal 2021 (continued)

### FedEx Express Segment

Dollars in millions	Operating	
	Income	Margin <sup>7</sup>
GAAP measure	\$ 737	6.5%
Business realignment costs	106	0.9%
TNT Express integration expenses	55	0.5%
Non-GAAP measure	\$ 898	8.0%

## Full-Year Fiscal 2021

### FedEx Corporation

Dollars in millions, except EPS	Operating		Income Taxes <sup>1</sup>	Net Income <sup>2</sup>	Diluted Earnings Per Share <sup>7</sup>
	Income	Margin			
GAAP measure	\$ 5,857	7.0%	\$ 1,443	\$ 5,231	\$ 19.45
MTM retirement plans accounting adjustments <sup>3</sup>	—	—	(281)	(895)	(3.33)
Loss on debt extinguishment	—	—	96	297	1.11
TNT Express integration expenses <sup>6</sup>	210	0.3%	48	162	0.60
Business realignment costs <sup>5</sup>	116	0.1%	26	90	0.33
Non-GAAP measure	\$ 6,183	7.4%	\$ 1,332	\$ 4,885	\$ 18.17

### FedEx Express Segment

Dollars in millions	Operating	
	Income	Margin
GAAP measure	\$ 2,810	6.7%
TNT Express integration expenses	176	0.4%
Business realignment costs	116	0.3%
Non-GAAP measure	\$ 3,102	7.4%

## Fiscal 2023 Earnings Per Share Forecast

Dollars in millions, except EPS	Adjustments	Diluted Earnings Per Share
Earnings per diluted share before MTM retirement plans accounting adjustments and costs related to business		



optimization initiatives (non-GAAP) <sup>8</sup>			\$22.45 to \$24.45
Business realignment costs	\$	20	
Income tax effect <sup>1</sup>		(5)	
Net of tax effect	\$	15	0.05
Earnings per diluted share with adjustments <sup>8</sup>			\$22.50 to \$24.50

Notes:

- 1 -Income taxes are based on the company's approximate statutory tax rates applicable to each transaction.
- 2 -Effect of "total other (expense) income" on net income amount not shown.
- 3 -The MTM retirement plans accounting adjustment reflects the year-end adjustment to the valuation of the company's defined benefit pension and other postretirement plans. For the full-year fiscal 2022 period, the MTM retirement plans accounting adjustments also include the second quarter TNT Express MTM retirement plans accounting adjustment related to a noncash loss associated with the termination of a TNT Express European pension plan and a curtailment charge related to the U.S. FedEx Freight pension plan. For the full-year fiscal 2021 period, the MTM retirement plans accounting adjustments also include the second quarter TNT Express MTM retirement plans accounting adjustment related to a noncash loss associated with amending a TNT Express European pension plan to harmonize retirement benefits.
- 4 -These charges were recognized at FedEx Corporation.
- 5 -Business realignment costs were recognized at FedEx Express.
- 6 -These expenses were recognized at FedEx Corporation and FedEx Express.
- 7 -Does not sum to total due to rounding.
- 8 -The MTM retirement plans accounting adjustments and costs related to business optimization initiatives, which are impracticable to calculate at this time, are excluded.

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Source: FedEx Corp.

