International Post Corporation

UPS Releases 4Q 2020 Earnings

02-02-2021

Consolidated Revenue Increased 21.0% to $24.9B; Growth Across All Segments. Consolidated Operating Profit Up 1.6% to $2.2B, Up 26.0% on an Adjusted* Basis. Diluted EPS of ($3.75); Adjusted Diluted EPS of $2.66, Up 26.1%. For the Year, Reported Highest Revenue and Adjusted Diluted Earnings Per Share in Company History

UPS today announced fourth-quarter 2020 consolidated revenue of $24.9 billion, a 21.0% increase over the fourth quarter of 2019. Consolidated average daily volume increased 10.6% year over year. Operating profit was $2.2 billion, up 1.6% compared to last year's fourth quarter, or 26.0% on an adjusted basis. Net loss was $3.3 billion for the quarter; adjusted net income was $2.3 billion or 26.4% above the same period last year.

In the fourth quarter, diluted loss per share was $3.75, compared to a diluted loss per share of $0.12 in the fourth quarter of 2019. Adjusted diluted earnings per share (EPS) increased 26.1% to $2.66, compared to $2.11 from the same period last year.

For the fourth-quarter of 2020, GAAP results include a total charge of $5.6 billion, or $6.38 per diluted share, comprised of a non-cash, after-tax mark-to-market (MTM) pension charge of $4.9 billion, an after-tax transformation charge of $114 million and an after-tax impairment charge of $545 million associated with the Company's decision to sell UPS Freight. The Company's fourth-quarter 2019 GAAP results included a total charge of $1.9 billion, or $2.23 per diluted share, comprised of a non-cash, after-tax MTM pension charge of $1.8 billion, an after-tax transformation charge of $39 million and a U.S. Domestic after-tax legal reserve charge of $91 million.

"Our financial performance in the fourth quarter exceeded our expectations, and I thank all UPSers for their extraordinary efforts to deliver industry-leading service through the holidays." said Carol Tomé, UPS chief executive officer. "I'd also like to thank our customers who worked with us during this challenging year. As we look past 2020 into the new year, we are optimistic. During the fourth quarter, we began transporting COVID-19 vaccines and we stand ready to deliver hope and health to people around the world."

U.S. Domestic Segment

	4Q 2020	Adjusted 4Q 2020	4Q 2019	Adjusted 4Q 2019
Revenue	$ 15,744 M		$ 13,408	
Operating profit	$ 1,247 M	$ 1,379 M	$ 1,074 M	$ 1,207 M

- Revenue increased 17.4%, led by growth from small and medium-sized businesses.
- Revenue per piece increased 7.8%, driven by Ground residential.
- Operating margin was 7.9%; adjusted operating margin was 8.8%.

Supply Chain and Freight Segment

	4Q 2020	Adjusted 4Q 2020	4Q 2019	Adjusted 4Q 2019
Revenue	$ 4,382 M		$ 3,398 M	
Operating profit (loss)	- $ 228 M	$ 331 M	$ 260 M	$ 262 M

- Revenue increased 17.4%, led by growth from small and medium-sized businesses.
- Revenue per piece increased 7.8%, driven by Ground residential.
- Operating margin was 7.9%; adjusted operating margin was 8.8%.

Full -Year 2020 Consolidated Results

- Revenue increased 14.2% to $84.6 billion.
- Operating profit was $7.8 billion; adjusted operating profit was $8.7 billion, up 7.0%.
- Diluted EPS totaled $1.64; adjusted diluted EPS was $8.23.
- Capital expenditures were $5.4 billion, or on an adjusted basis $5.6 billion.
- Annual free cash flow was $5.1 billion, including $3.1 billion in pension contributions.
- Dividends paid were $3.6 billion, a per-share increase of 5.2% over the prior year.

* “Adjusted” amounts are non-GAAP financial measures. See the appendix to this release for a discussion of non-GAAP financial measures, including a reconciliation to the most closely correlated GAAP measure.

Outlook

Given continued economic uncertainty due to the global pandemic, the Company is not providing revenue or diluted earnings per share guidance. It is providing full-year guidance for capital allocation.

Full-Year 2021 Capital Allocation

- Capital expenditures are planned to be about $4.0 billion.

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- Dividends are expected to grow, subject to Board approval.
- Long-term debt maturities of $2.5 billion will be repaid when they come due.
- Effective tax rate is expected to be approximately 23.5%.
- The Company has no plans to repurchase shares or access the debt capital markets in 2021.

UPS CEO Carol Tomé and CFO Brian Newman will discuss fourth-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, February 2, 2021. That call will be open to others through a live Webcast. To access the call, go to www.investors.ups.com and click on "Earnings Webcast." Additional financial information is included in the detailed financial schedules being posted on www.investors.ups.com under "Financials" and as filed with the SEC as an exhibit to our Current Report on Form 8-K.

Source: UPS

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