



# FedEx Corporation

Fiscal third quarter 2026 earnings

March 19, 2026



# Jeni Hollander

VP of Investor Relations

# Forward-Looking Statements and Non-GAAP Financial Measures

Certain statements in this press release may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act, such as statements regarding expected cost savings, the optimization of our network through Network 2.0, the planned tax-free full separation of the FedEx Freight business into a new publicly traded company (the "FedEx Freight Spin-Off"), future financial targets, business strategies, management's views with respect to future events and financial performance, and the assumptions underlying such expected cost savings, targets, strategies, and statements. 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; uncertainty and additional volatility in the global trade environment; our ability to successfully implement our business strategies and global transformation program and network optimization initiatives, including Network 2.0 and Tricolor, effectively respond to changes in market dynamics, and achieve the anticipated benefits of such strategies and actions; our ability to achieve our cost reduction initiatives and financial performance goals, including our 2029 financial performance targets; our ability to successfully implement the FedEx Freight Spin-Off and achieve the anticipated benefits of such transaction; the timing and amount of any costs or benefits or any specific outcome, transaction, or change (of which there can be no assurance), or the terms, timing, and structure thereof, related to our global transformation program and other ongoing reviews and initiatives; a significant data breach or other disruption to our technology infrastructure; damage to our reputation or loss of brand equity; our ability to meet our labor and purchased transportation needs while controlling related costs; failure of third-party service providers to perform as expected, or disruptions in our relationships with those providers or their provision of services to FedEx; the effect of any international conflicts or terrorist activities, including as a result of the current conflicts between Russia and Ukraine and in the Middle East; evolving or new U.S. domestic or international laws and government regulations, policies, and actions, including regulatory and/or legal compliance requirements that can affect our ability to efficiently or fully utilize our aircraft; changes in fuel prices or currency exchange rates, including significant increases in fuel prices as a result of the ongoing conflicts between Russia and Ukraine and in the Middle East and other geopolitical and regulatory developments; the effect of intense competition; our ability to match capacity to shifting volume levels; an increase in self-insurance accruals and expenses; loss or delay in the collection of accounts receivable, including those related to tariffs in light of recent judicial rulings; the effect of technology developments, including autonomous technology and artificial intelligence; failure to receive or collect expected insurance coverage; our ability to effectively operate, integrate, leverage, and grow acquired businesses and complete and realize the anticipated benefits of acquisitions and other strategic transactions including FedEx's investment in InPost, as a consortium member, and related commercial agreements; noncash impairment charges related to our goodwill and certain deferred tax assets; the future rate of e-commerce growth; future guidance, regulations, interpretations, challenges, or judicial decisions related to tariffs and our tax positions; labor-related disruptions; legal challenges or changes related to service providers contracted to conduct certain linehaul and pickup-and-delivery operations and the drivers providing services on their behalf and the coverage of U.S. employees at Federal Express Corporation under the Railway Labor Act of 1926, as amended; our ability to quickly and effectively restore operations following adverse weather or a localized disaster or disturbance in a key geography; the effects of a widespread outbreak of an illness or any other communicable disease or public health crises; any liability resulting from and the costs of defending against litigation, including refunds of tariffs; our ability to achieve or demonstrate progress on our goal of carbon-neutral operations by 2040; successful completion of stock repurchases; and other factors which can be found in FedEx Corp.'s and its subsidiaries' press releases and FedEx Corp.'s filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended May 31, 2025 and subsequent Quarterly Reports on Form 10-Q. 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.

FedEx reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). We have supplemented the reporting of our financial information determined in accordance with GAAP with certain non-GAAP (or "adjusted") financial measures. Reconciliations of non-GAAP measures used in this presentation to the most directly comparable GAAP measures are included below under "Appendix."

The financial targets and outlook provided herein and discussed during this presentation assume the company's current economic forecast and fuel price expectations and no additional adverse economic, geopolitical or international trade-related developments. FedEx's earnings per share and effective tax rate forecasts are based on current law and related regulations and guidance. This presentation should be reviewed in conjunction with our third quarter fiscal 2026 earnings release and webcast of the earnings presentation conference call, which is available on FedEx's website at [investors.fedex.com](https://investors.fedex.com).



## Raj Subramaniam

President & CEO

# Key messages

- Team FedEx delivered its most profitable Peak and strong Q3 results
- Q3 performance demonstrates the power and resilience of FedEx's global industrial network
- Executing on key strategic priorities: growth in high-margin verticals, transforming the network, building on data and technology advantage, delivering ongoing efficiency gains
- FedEx Freight spin-off remains on track for June 1, 2026
- Raising full-year adjusted earnings outlook\*

\*Non-GAAP financial measure; see appendix for more information.

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## Q3 FY26 results overview

*Delivered strong third quarter revenue and earnings growth year-over-year*

Q3 FY26 Consolidated Results	
Revenue	\$24.0B 8% YoY
Adj. operating income*	\$1.62B 7% YoY
Adj. operating margin*	6.7% (10) bps YoY
Adj. EPS*	\$5.25 16% YoY

### Commentary:

- FEC revenue up 10% and adjusted operating income\* up 18% YoY, marking the sixth consecutive quarter of FEC margin expansion, driven by focus on revenue quality, profitable growth, and cost management
- FedEx Freight results remained pressured due to higher separation-related costs and continued weak LTL industry demand trends, partially offset by higher yields
- Updating FY26 adjusted earnings outlook\* to \$19.30 - \$20.10 per diluted share

\*Non-GAAP financial measure; see appendix for more information.

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## Growing in high-margin verticals

Similar to Q2, nearly half of revenue growth was driven by B2B services



HEALTHCARE

AUTOMOTIVE

DATA CENTERS

AEROSPACE

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## Transforming our industrial network

Tangible progress with one integrated, intelligent network



### Commentary:

- By the end of March, ~35% of eligible volume to flow through ~400 Network 2.0-optimized facilities
- On track for ~65% of eligible Network 2.0 volume to flow through optimized facilities by next Peak season
- Continue to expect \$2B of cumulative Network 2.0 and associated One FedEx savings by the end of 2027
- Flexed air network in response to global trade policy changes, reallocating some Purple-tail capacity to Asia-to-Europe and intra-Asia lanes
- Grew volumes while reducing net capacity and fuel usage, driving increased network density

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# Driving transformation in Europe

Achieved 11<sup>th</sup> consecutive quarter of international revenue share gains

## Commentary:

- Announced plans to transform our ground operations in France to improve the experience for employees, contractors, and customers
- France strategy will optimize the hub-and-spoke network with fewer, better-placed hubs and reduce overall station count by over 40%
- Announced participation in consortium for an offer to acquire all shares of InPost\*; transaction expected to be accretive to our earnings in year one after close



\*FedEx, as a member of a consortium, has entered into a conditional agreement, which is subject to regulatory approvals and customary closing conditions.

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# Data and technology at the foundation

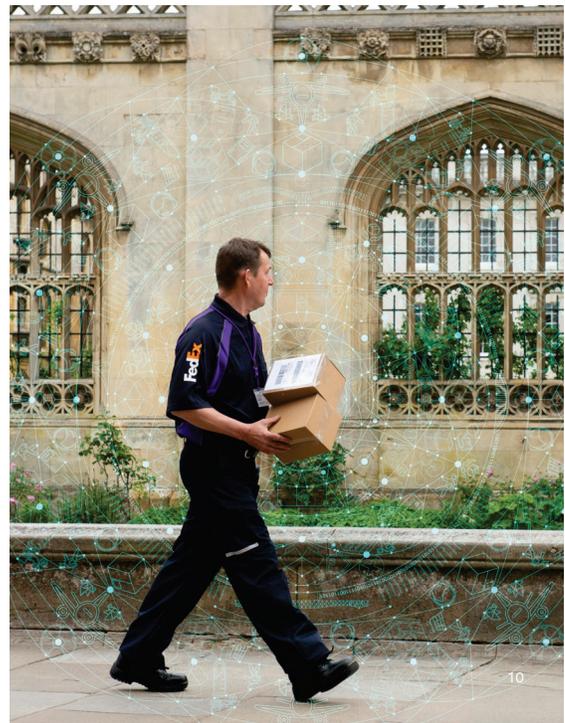
FedEx data and intelligence as force multiplier

## Retail Momentum Index

- Launching the Dun & Bradstreet and FedEx Dataworks Retail Momentum Index to help detect inflection points before they appear in traditional economic reports
- Combining vast amounts of shipping intelligence and business data insights to provide a near real-time, aggregated view of U.S. retail supply and demand
- Plan to release the index monthly beginning this spring

## Physical-AI in operations

- Long-term strategy utilizes physical AI to complement and strengthen FedEx's industrial network
- Working with key partners to scale robotic solutions across the network to enhance safety and support efficiency in operations

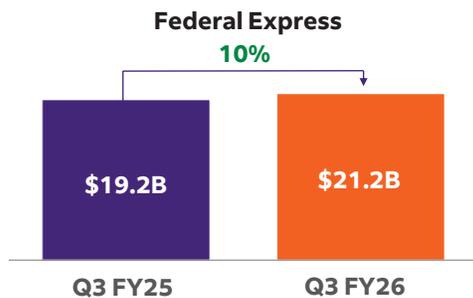


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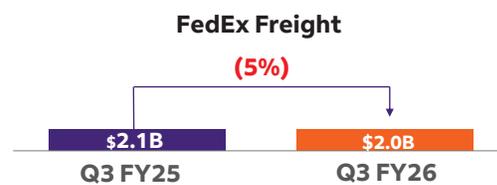


**Brie Carere**  
EVP & Chief Customer Officer

## Transportation segment revenue performance



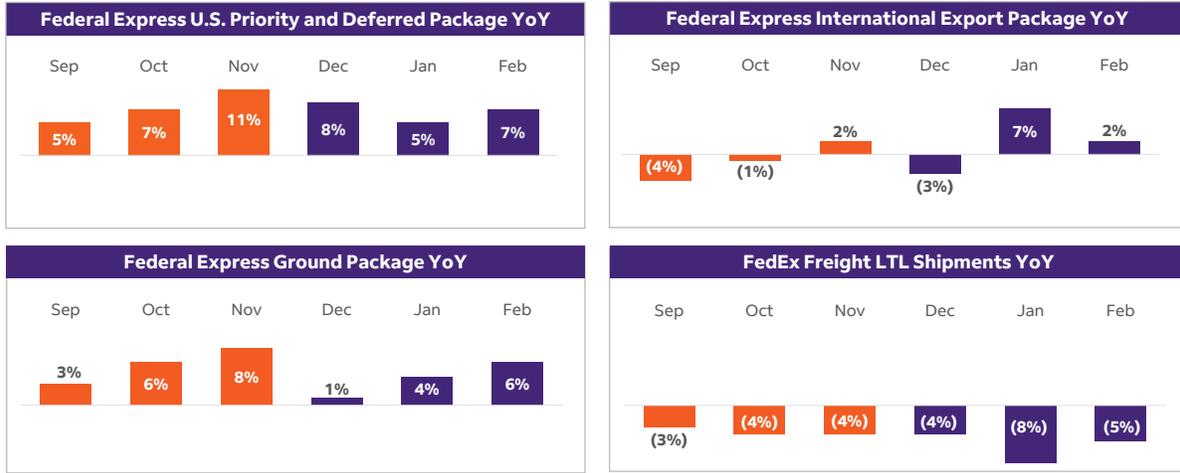
- FEC revenue growth driven by 10% U.S. domestic package revenue growth
- International strength driven by meaningful growth in Europe and Asia-to-Europe lanes
- Profitable global air freight market growth strategy supported by Tricolor



- FedEx Freight revenue pressured by lower shipments
- Encouraged by sequential increases in both revenue per shipment and contract rate capture
- LTL market remains rational, coupled with commercial team's unchanged disciplined approach to revenue quality

## Average daily volume (ADV) trends by service

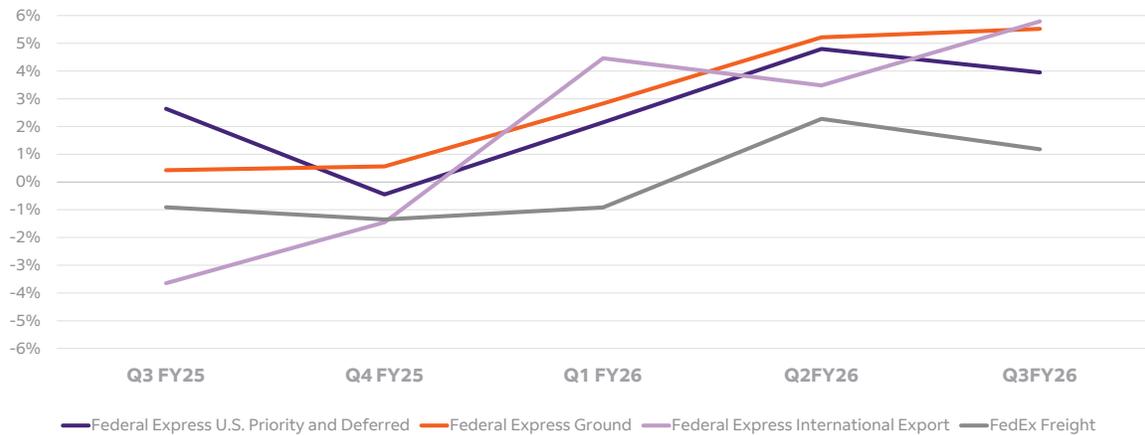
■ Q2 FY26 average daily volume / shipments
 ■ Q3 FY26 average daily volume / shipments



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## Transportation segment yield performance

YoY yield by fiscal quarter



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## Strategic commercial priorities

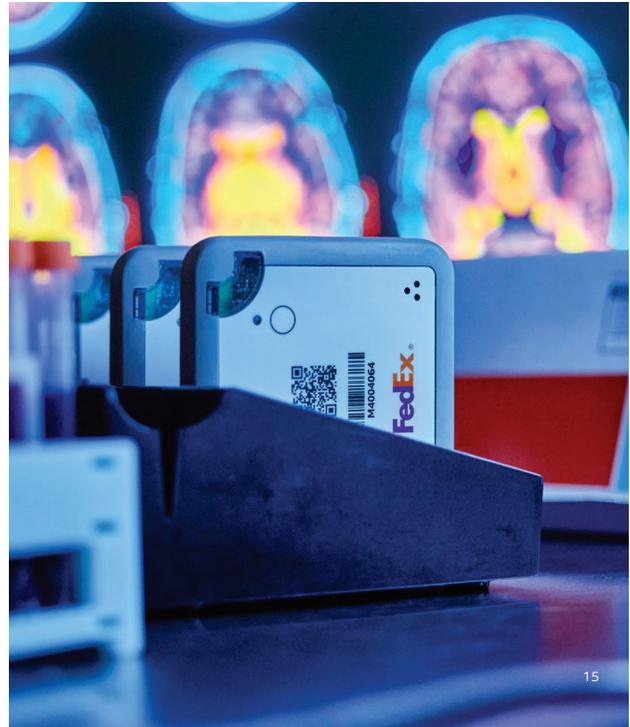
*Driving disciplined growth in key services*

### High-value B2B

- Sales pipeline continues to gain momentum in key verticals
- Further deepening expertise in healthcare logistics and pharmaceuticals by enhancing quality governance

### Specialized B2C

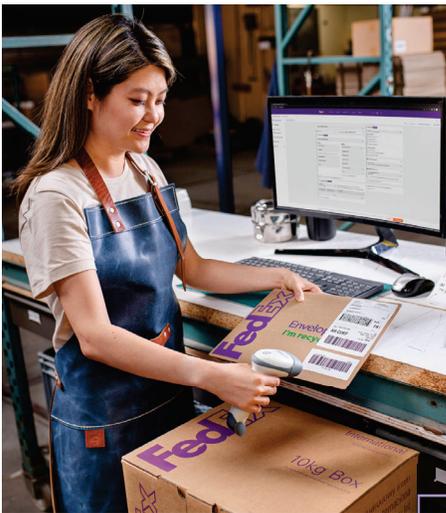
- Recently launched FedEx Returns+, and AI-powered digital tracking and returns product to strengthen visibility, communication, and efficiency between shipper and customer
- Early market reaction from U.S. launch is positive, and excited to expand the offering to Europe in April



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## Revenue outlook

*Planning for continued momentum and focused execution across the enterprise*



### Commentary:

- Now expecting 6.0% - 6.5% of FY26 consolidated revenue growth, versus the prior estimate of 5%-6%; implies 6.0%-7.5% consolidated revenue growth in Q4
- Anticipate ~8% revenue growth YoY at FEC in FY26, supported by Peak and discipline with revenue quality; expect ~8% revenue growth in Q4 driven by strong U.S. domestic and international yields
- Expect FedEx Freight revenue to be down low-single-digits YoY in FY26 and revenue flat-to-down slightly in Q4, with planned yield growth offsetting a mid-single-digit percentage decline in Q4 shipments

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# John Dietrich

EVP & Chief Financial Officer

## Third quarter fiscal 2026 financial results

Delivered improved profitability through disciplined revenue strategies and cost management



**\$24.0B**

Consolidated Revenue

8% YoY

**\$1.62B**

Adj. Operating Income\*

7% YoY

**\$5.25**

Adj. Earnings Per Share\*

16% YoY

**\$1.0B**

YTD Dividends Paid

**\$776M**

YTD Share Repurchases

### FEC

**\$21.2B** +10% YoY  
Revenue

**\$1.7B** +18% YoY  
Adj. Operating Income\*

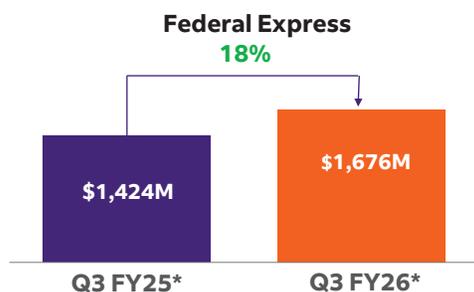
### FXF

**\$2.0B** (5%) YoY  
Revenue

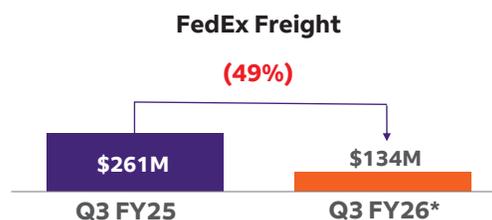
**\$134M** (49%) YoY  
Adj. Operating Income\*

\*Non-GAAP financial measure; see appendix for more information.

## Transportation segment adjusted operating income\* performance



- FEC results driven by base yield improvement, cost reduction priorities, and increased U.S. domestic demand
- Growth in premium revenue in international export lanes contributed to adjusted operating income\* improvement
- Yield trended better than expected in the quarter



- FedEx Freight results declined due to increased separation-related costs, lower shipments, and higher wage rates
- Increased yield partially offset headwinds

\*Non-GAAP financial measure; see appendix for more information.

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## Revised FY26 outlook

Raising outlook based on steady momentum at FEC

	Dec 2025	Mar 2026
<b>Revenue</b> growth rate YoY	5%-6%	6.0%-6.5%
<b>Adjusted EPS*</b>	\$17.80 – \$19.00	\$19.30 – \$20.10
<b>Effective tax rate*</b>	~25%	~24%
<b>Capital spend</b>	\$4.5B	≤\$4.1B

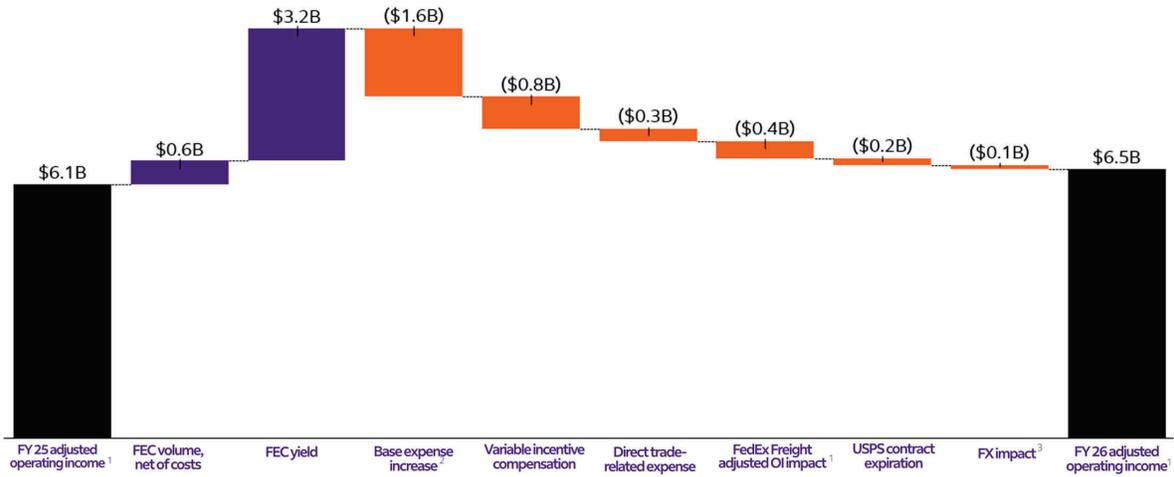
### Additional guidance:

- Revised outlook does not assume any share repurchases in Q4; expect an EPS headwind from the impact from share dilution and FedEx Freight's recent debt issuance resulting in higher interest costs
- At FedEx Corp., anticipate sequential growth in adjusted operating income\* in Q4
- At FEC, anticipate both sequential and YoY growth in adjusted operating income\*
- Expect FedEx Freight adjusted operating income\* to be down YoY due to soft LTL market conditions and higher separation costs
- Now expect permanent cost reductions of more than \$1B in transformation-related savings in FY26

\*Non-GAAP financial measure; prior to mark-to-market retirement plans accounting adjustments, which are impracticable to calculate at this time. See appendix for more information.

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# Illustrative operating income bridge based on the midpoint of FY26 adjusted EPS outlook<sup>1</sup>



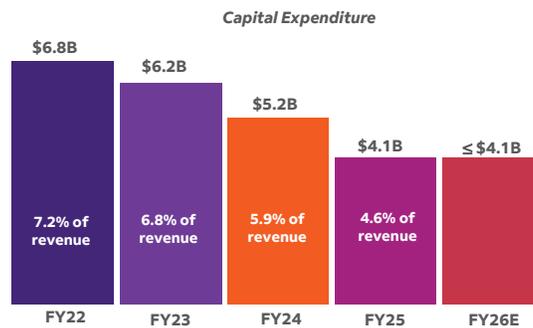
<sup>1</sup> Non-GAAP financial measure; see appendix for more information.

<sup>2</sup> Base Expense Increase excludes costs related to incremental FY26 volume, variable incentive compensation, and direct trade-related expense.

<sup>3</sup> FX impact reflects \$0.9B of higher expense, partially offset by higher revenue of \$0.8B.

## Capital allocation priorities

Remain committed to prudent capital allocation and maximizing stockholder returns



### Commentary

- Anticipate FY26 CapEx of ≤\$4.1B, versus \$4.5B assumption provided in December
- Maintain commitment to disciplined capital allocation policy, prioritizing reinvestment in the business and returning cash to stockholders

\*Non-GAAP financial measure; prior to mark-to-market retirement plans accounting adjustments, which are impracticable to calculate at this time. See appendix for more information.

## FedEx Freight update

*FedEx Freight well-positioned to create meaningful value as independent, industry-leading LTL company*

- Planned spin-off of FedEx Freight is on track for June 1, 2026
- Leadership team fully in place
- Hiring of dedicated salesforce substantially onboarded
- Successfully completed \$3.7B debt offering in January
- FedEx Freight expected to be listed on the New York Stock Exchange (NYSE) under ticker symbol FDXF
- FedEx Freight Investor Day planned for April 8, 2026, in New York City

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# Appendix



## Non-GAAP financial measures

### FY26 EPS and ETR forecasts

Our fiscal 2026 diluted earnings per share ("EPS") forecast is a non-GAAP financial measure because it excludes fiscal 2026 mark-to-market ("MTM") retirement plans accounting adjustments, estimated costs related to business optimization initiatives, the planned spin-off of FedEx Freight in fiscal 2026, the planned fiscal year change, and the partial reversal of a loss accrual related to an international regulatory matter. Our fiscal 2026 effective tax rate ("ETR") forecast is a non-GAAP financial measure because it excludes the effect of fiscal 2026 MTM retirement plans accounting adjustments. We are unable to predict the amount of the MTM retirement plans accounting adjustments, as they are significantly affected by changes in interest rates and the financial markets, so such adjustments are not included in our fiscal 2026 EPS and ETR forecasts. For this reason, a full reconciliation of our fiscal 2026 EPS and ETR forecasts to the most directly comparable GAAP measures is impracticable. It is reasonably possible, however, that our fiscal 2026 MTM retirement plans accounting adjustments could have a material effect on our fiscal 2026 consolidated financial results and ETR. The table included below titled "FY26 earnings per share forecast" outlines the effects of the items that are excluded from our fiscal year 2026 EPS forecast, other than the MTM retirement plans accounting adjustments.

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.

## GAAP to non-GAAP reconciliations

### FedEx Corporation

Dollars in millions, except EPS	Q3 FY26					Q3 FY25				
	Operating Income	Operating Margin	Income Taxes <sup>1</sup>	Net Income <sup>2</sup>	Diluted Earnings Per Share	Operating Income	Operating Margin	Income Taxes <sup>1</sup>	Net Income <sup>2</sup>	Diluted Earnings Per Share
<b>GAAP measure</b>	\$ 1,348	5.6 %	\$ 207	\$ 1,056	\$ 4.41	\$ 1,292	5.8 %	\$ 272	\$ 909	\$ 3.76
FedEx Freight spin-off costs <sup>3</sup>	194	0.8 %	48	147	0.61	5	—	5	17	0.07
Business optimization costs <sup>4</sup>	65	0.3 %	16	49	0.21	179	0.8 %	42	137	0.56
Fiscal year change costs <sup>4</sup>	8	—	2	6	0.02	—	—	—	—	—
International regulatory and legacy FedEx Ground legal matters <sup>5</sup>	—	—	—	—	—	38	0.2 %	9	29	0.12
Non-GAAP measure	\$ 1,615	6.7 %	\$ 273	\$ 1,258	\$ 5.25	\$ 1,514	6.8 %	\$ 328	\$ 1,092	\$ 4.51

1,2,3,4,5 See "Footnotes for Non-GAAP Reconciliation Slides" below for details.  
Note: tables may not sum to totals due to rounding.

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## GAAP to non-GAAP reconciliations

### Federal Express Segment

Dollars in millions	Q3 FY26		Q3 FY25	
	Operating Income	Operating Margin	Operating Income	Operating Margin
<b>GAAP measure</b>	\$ 1,572	7.4 %	\$ 1,294	6.7 %
FedEx Freight spin-off costs	32	0.2 %	—	—
Business optimization costs	67	0.3 %	92	0.5 %
Fiscal year change costs	5	—	—	—
International regulatory and legacy FedEx Ground legal matters	—	—	38	0.2 %
Non-GAAP measure	\$ 1,676	7.9 %	\$ 1,424	7.4 %

### FedEx Freight Segment

Dollars in millions	Q3 FY26		Q3 FY25	
	Operating Income	Operating Margin	Operating Income	Operating Margin
<b>GAAP measure</b>	\$ 8	0.4 %	\$ 261	12.5 %
FedEx Freight spin-off costs	126	6.3 %	—	—
Non-GAAP measure	\$ 134	6.7 %	\$ 261	12.5 %

Note: tables may not sum to totals due to rounding.

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## GAAP to non-GAAP reconciliations

### FedEx Corporation

### Full Year FY25

Dollars in millions, except EPS

	Operating Income	Operating Margin	Income Taxes <sup>1</sup>	Net Income <sup>2</sup>	Diluted Earnings Per Share
<b>GAAP measure</b>	<b>\$ 5,217</b>	<b>5.9 %</b>	<b>\$ 1,349</b>	<b>\$ 4,092</b>	<b>\$ 16.81</b>
MTM retirement plans accounting adjustment <sup>6</sup>	—	—	(125)	(390)	(1.60)
Business optimization costs <sup>3</sup>	756	0.9 %	178	577	2.37
International regulatory and legacy FedEx Ground legal matters <sup>5</sup>	88	0.1 %	(2)	90	0.37
FedEx Freight spin-off costs <sup>7</sup>	38	—	13	44	0.18
Asset impairment charges <sup>5</sup>	21	—	5	16	0.06
<b>Non-GAAP measure</b>	<b>\$ 6,120</b>	<b>7.0 %</b>	<b>\$ 1,418</b>	<b>\$ 4,429</b>	<b>\$ 18.19</b>

1,2,3,5,6,7 See "Footnotes for Non-GAAP Reconciliation Slides" below for details.  
Note: tables may not sum to totals due to rounding.

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## GAAP to non-GAAP reconciliations

### FY26 Diluted Earnings Per Share Forecast

	FY26 Outlook	
	Adjustments	Diluted Earnings per Share
Dollars in millions, except EPS		
Diluted earnings per share before MTM retirement plans accounting adjustments (non-GAAP) <sup>8</sup>		\$16.05 to \$16.85
FedEx Freight spin-off costs	700	
Business optimization costs	290	
Fiscal year change costs	30	
International regulatory matter	(12)	
Total adjustments	1,008	
Income tax effect <sup>1</sup>	(228)	
Net of tax effect	\$ 780	3.25
Diluted earnings per share with adjustments (non-GAAP) <sup>8</sup>		\$19.30 to \$20.10

### FY26 Outlook Midpoint Operating Income Forecast

	FY26 Outlook
Dollars in millions, except EPS	
<b>Operating income (GAAP measure)</b>	<b>\$5,492</b>
FedEx Freight spin-off costs	700
Business optimization costs	290
Fiscal year change costs	30
International regulatory matter	(12)
Total adjustments	1,008
<b>Operating income (Non-GAAP measure)</b>	<b>\$6,500</b>

1,8 See "Footnotes for Non-GAAP Reconciliation Slides" below for details.  
Note: tables may not sum to totals due to rounding.

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## Footnotes for non-GAAP reconciliation slides

- 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 - These expenses were recognized at FedEx Freight, Corporate, other, and eliminations, as well as Federal Express.
- 4 - These expenses were recognized at Federal Express, as well as Corporate, other, and eliminations.
- 5 - These expenses were recognized at Federal Express.
- 6 - 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.
- 7 - These expenses were recognized at Corporate, other, and eliminations.
- 8 - The MTM retirement plans accounting adjustments, which are impracticable to calculate at this time, are excluded.