

UPS made massive revenues in the last quarter, financial statement reveals

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UPS made \$22.1 billion in revenue and \$2.0 billion in net income in the second quarter, the logistics company announced in its financial statement Tuesday.

These figures show that UPS continues to make record money off of its highly-exploited low-paid workforce, as voting continues on a new sellout tentative agreement. Announced by the Teamsters bureaucracy shortly before the August 1 strike deadline, the contract limits increases to part-time starting pay to \$21 an hour and includes below-inflation wage increases for drivers. It also freezes pension contribution increases for workers in much of the country.

The quarterly results were originally due last July but were delayed by nearly a month. The obvious reason for this was to limit the impact that revelations of massive profits would have on the rank and file under conditions where the Teamsters bureaucracy was conducting cynical maneuvers, pledging to strike by August 1 if it did not have a contract by then. This was done to get in front of rank-and-file opposition and prevent it from escaping their control and developing into a full-blown rebellion.

The union bureaucracy is boasting that the new contract includes \$30 billion in new money spread out over five years. This must be taken with more than a grain of salt. For the 2018 contract, which was imposed by the bureaucracy after workers voted it down, the Teamsters bureaucracy claimed that their deal created \$14.5 billion in new money. But in reality, the company's total spending on compensation and

benefits, including tens of thousands of managers, overseas workers and nonunion employees, increased by little more than \$10 billion by the end of 2022.

However, even if this \$30 billion figure is taken as granted, UPS makes almost as much as that in revenue in a single quarter. The company's annual revenues topped \$100 billion for the first time last year and net profits surpassed \$10 billion, more than double the levels before the pandemic. This has been due to the shift towards online shopping over the last three years, meanwhile the company, with the support of the Teamsters, kept workers on the job without meaningful protections from COVID-19 or even hazard pay, leading to a significant number of deaths.

While remaining at historically high levels, total quarterly revenue fell by about \$2.7 billion compared to the same quarter last year and slightly missed analysts expectations of \$23 billion (however, adjusted earnings per share beat Wall Street's forecasts). Operating profit year-on-year also declined from \$513 to \$295 million in its supply chains solutions business.

Some of this was due to a diversion of some volume as customers sought to avoid the impact of a potential strike at the company. But UPS has also reduced its forecast for the rest of the year slightly, due to a slight shift away from online shopping now that all limits on the spread of COVID have been removed. That is already leading to a major new surge of the pandemic, according to wastewater treatment data, although exact figures are unavailable because the Biden administration discontinued its tracking of cases.

Nevertheless, the company will continue shoveling massive amounts of money to its shareholders. It intends to move forward with its previous plans to pay out \$5.4 billion in dividends and \$3 billion in share buybacks by the end of the year. This \$8.4 billion in

payments to investors amounts to nearly \$25,000 for each of its 340,000 unionized workers in the United States. Many part-time workers, for whom starting pay is currently as low as \$15.50 an hour and who work shifts lasting three or four hours, do not even make that much in a year.

UPS' stock price dropped little more than 1 percent on the news. At the close of trading, shares were trading at \$180.55, around 55 percent above the level in January 2020.

According to UPS, the new contract, if ratified, will cut into its profits, but only slightly. The company forecasts its profit margin this year will be 1 percent lower than previously estimated, in part due to the contract. By comparison, the company's adjusted consolidated operating margin was 13.2 percent last quarter.

The financial report exposes the lie from the Teamsters bureaucracy that the contract is "historic." In reality, it maintains a highly-exploited workforce whose conditions would not change substantially over the next five years. \$21 an hour, in fact, is so low that many workers already make this due to regional Market Rate Adjustment (MRA) pay increases the company implemented to attract and retain workers. The status of their wages under the new contract is uncertain due to highly vague language.

"We can't keep making 'record breaking' profit every year after year. Someone's being exploited if you're making [hundreds of millions in profit], and your employees are fighting to make \$21," one UPS worker said.

"As someone who had gotten an MRA, then had it taken away from me [after being switched from part-time to full-time], to see part-time employees and full-time drivers have it supposedly written and signed that they get to keep theirs, plus general wage increases is frustrating," In fact, while the union is claiming workers will not have their MRAs reduced to offset pay increases, this is far from certain. "We feel like we've been left behind and forgotten again. So much for 'leave no man behind.' So much for 'no concessions.'"

In response to the quarterly financial results, a member of the UPS Worker Rank-and-File Committee, which is organizing workers to fight against the corrupt Teamsters bureaucracy, had this to say:

"This is a call to action. The decision before us is monumental. It sets the course of our lives for the next five years. We know what's on the table, but not what lies ahead. We have persevered through 20-plus years of sellouts. This is no different, they are just playing with numbers.

"They say that this is the largest contract ever. Well, no wonder! We have 70,000 more workers and online shopping continues to increase every year. It will continue to do so. The economy might tighten up for a time, but the trend will continue to change the landscape of global trade in regards to the retail space. In other words, we are in a good position to win major increases!

"Now is our time to reap the fruits of our labor. To be compensated, to be rewarded. We did our job and we delivered to the whole world. It's time we deliver to ourselves and to our families. They walked through it with us!

"Never take the first deal and beware of the consensus that endorses it! If they [the bureaucracy] won't stand up, then we will! The time is now. The time is ours. The time has come. Without us, the whole world stops spinning. Remember that. The real strength lies in our numbers. Not theirs."



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