

UPS stock price and earnings beat market Q1 expectations as the attack on jobs accelerates

Jane Wise
25 April 2024

UPS workers: Tell us what you think about the company beating expectations due to mass layoffs by filling out the form below. All submissions will be kept anonymous.

The announcement on Tuesday that United Parcel Service's quarterly earnings report had exceeded expert predictions sent stock prices higher throughout the day, as the company plans to cut tens of thousands of jobs in the coming period.

This is the first earnings report since the announcement of a massive cost-cutting plan, the "Network of the Future," at an investors' meeting last month. The goal of the plan is to save UPS \$3 billion by 2028 by closing 200 facilities and massively automating work in those that remain open. Half of the savings will be realized by 2026. The exact number of jobs on the line has not been released but will almost certainly be in the tens of thousands.

The jobs bloodbath is already well underway. UPS cut 30 sort shifts in 2023 and has plans to close another 40 sorts this year. In January, UPS announced its intention to cut 12,000 white collar and management jobs globally.

Last month, 206 workers were laid off from the New Stanton facility's day shift package sorting operations in Pennsylvania. The Greensboro, North Carolina facility cut 37 workers. In March, 333 UPSers were laid off in Ontario, California after a shift at the Ontario air hub was eliminated.

This exposes the contract pushed through last year by the Teamsters bureaucracy, which they falsely hailed as a massive victory, as being in reality a huge sellout. UPS CEO Carol Tomé cited "labor certainty" provided by the new contract as critical to the company's plans to slash jobs.

First-quarter 2024 consolidated revenues of \$21.7

billion marked a 5.3 percent decrease from the first quarter of 2023, while consolidated operating profit was \$1.6 billion, down 36.5 percent compared to the first quarter of 2023.

In the company's press release, Tomé said, "Our financial performance in the first quarter was in line with our expectations, and average daily volume in the U.S. showed improvement through the quarter."

UPS volumes have declined somewhat from 2022, when the company made a record \$100 billion in revenue. During an earnings call on Tuesday, Tomé told analysts that volume decline had slowed in the first quarter, down only 1 percent from a year ago.

During the call, UPS CFO Brian Newman said that customers are choosing more inexpensive shipping options. Lower-cost SurePost shipments, packages picked up by UPS then delivered by the United States Postal Service (USPS), grew 10.8 percent from a year ago while daily air volume was down 8.3 percent year over year.

In spite of the slight declines in revenue and profits, UPS reduced its expenses by \$414 million in the first quarter compared to a year ago. Most of this has been through layoffs. In the last year, UPS has closed 18 sortation facilities and cut 5,400 management and support staff positions so far this year, reducing operational resources by almost 5 percent on the year, according to Newman.

Tomé told analysts she expects 2024 revenue to total between \$92 billion and \$94.5 billion, up from \$91 billion in 2023. "Once we get through the second quarter, we'll tell you what we think the back half of the year will be," she said.

Wall Street analysts are encouraged by Tomé's projections as well as the new air cargo deal brokered with USPS, which is expected to show a profit in both

its first year and throughout the five-year term. According to UPS, USPS's unified network will lower costs by reducing the distances postal service shipments travel.

The mass layoffs at UPS are part of a broader jobs cutting campaign aimed at smashing resistance in the working class through mass unemployment.

In the first quarter, companies announced plans to cut 257,254 jobs, 90,309 of which were announced in March alone, making it the highest monthly job losses in 14 months according to outplacement firm Challenger, Gray, and Christmas. Layoffs in the transportation sector rose 483 percent since March 2023, a total of nearly 16,000 jobs.

The Teamsters bureaucracy have said nothing as UPS plans to carry out some of the deepest cuts in its history, which were well advanced by the time the new contract was ratified last year, in light of the slump in volume that has gripped the logistics industry since 2022.

In opposition to this guilty silence, this week the UPS Rank-and-File Committee demanded answers in an open letter to Teamsters President Sean O'Brien. The committee wrote, "We workers have every right to take all action deemed necessary to protect our jobs, regardless of whether you choose to sanction them or not. *If you will not fight the layoffs, then get out of the way so that UPS workers can do it ourselves.*"

The UPS Rank-and-File Committee has called for a rank and file rebellion against management and the union bureaucracies. UPS and other major corporations must be transferred to public ownership under the democratic control of the working class.

In the most recent statement against the closing of 200 facilities, the Committee wrote, "What we face is not a "contract issue," and there is no "middle ground" between our interests and those of the ruling elite around which reasonable minds will prevail. Either our interests prevail, or those of the capitalist oligarchy. There is no in-between."

A broad-based movement in the working class is required to stop the jobs bloodbath. UPS workers must join with workers in the auto industry, the post office, in healthcare and education, anywhere jobs are under attack in a common struggle based on the interests of the working class.

If you agree, join the UPS Workers Rank-and-File

Committee by emailing
upsrankandfilecommittee@gmail.com.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact