

FedEx seeing profits grow as airlines increase cargo ops

A Monitor Report

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Memphis: FedEx reports record profits in its fiscal fourth quarter and full year as consumers stuck at home during Covid-19 lockdowns shifted their purchases of even mundane household goods online.

Better yet, this trend shows no signs of stopping, marking a structural shift toward e-commerce that FedEx expects will fuel it to sustainable profits and growth of between 13-18 percent this year.

FedEx is confident about the package and air freight sectors to grow. Thus it is adding 20 aircraft to its fleet. The company exercised options for the Boeing 767F, with 10 aircraft expected in fiscal 2024 and an additional 10 joining the fleet the following year, a spokesperson said.

The company has 102 767Fs in its fleet now and had planned to take 30 more by fiscal 2025. By exercising its options, FedEx now expects 50 767F deliveries by the end of that year. FedEx has 406 aircraft in its mainline fleet, and by the end of fiscal 2025 after factoring in retirements, expects to have 525. The 767F will be the dominant aircraft type in the carrier's fleet by then.

FedEx is also stepping up its air operations with [TNT Express](#), which it acquired in 2016. The integration will allow the combined carrier to move packages and freight between Europe and both Asia and the US more seamlessly, and allow for overnight deliveries between the regions, Raj Subramaniam, President, and CEO said during the company's fiscal 2021 fourth-quarter and full-year earnings call.

In fact, FedEx projects global GDP to grow by almost 6 percent this year and by 4.5 percent next year. The company expects US economic output to grow by almost 7 percent this year and just over 4 percent next year. The company forecasts industrial production in the US will grow by 6 percent this year and 4.5 next year.

[FedEx](#) reported fiscal fourth-quarter 2021 profits of USD 1.4 billion, up 105 percent from the same period last year, on revenues that were 30 percent higher than fiscal 2020. Revenues for the full year were up 20 percent to USD 84 billion.

The company's fourth-quarter operating margin was 8 percent for the fourth quarter, up from 2.7 percent the year prior, and 7 percent for the full year, double that of 2020.