

FedEx Lowers Forecast, Citing Weak Economy

Student's Name
Name of University



FEDEX Corporation (FedEx)

- ✓ a holding company. The Company provides a portfolio of transportation, e-commerce and business services under the FedEx brand;
- ✓ the world's second-largest package delivery company after United Parcel Service.



FIRST Quarter Results by FedEx

- ✓ Revenue of \$10.79 billion, up 3% from \$10.52 billion the previous year
- ✓ Operating income of \$742 million, up 1% from \$737 million last year
- ✓ Operating margin of 6.9%, down from 7.0% the previous year
- ✓ Net income of \$459 million, down 1% from last year's \$464 million



Outlook

FedEx projects earnings to be \$1.30 to \$1.45 per diluted share in the second quarter and \$6.20 to \$6.60 per diluted share for fiscal 2013, compared to the company's previous full year forecast of \$6.90 to \$7.40 per diluted share. This guidance assumes the current market outlook for fuel prices and does not include the impact of the cost reduction programs currently under review. The company reported earnings of \$1.57 per diluted share in last year's second quarter. The capital spending forecast for fiscal 2013 remains \$3.9 billion.

PROCESS of the global economy stalling

- ✓ Output has declined in Japan, China and elsewhere in Asia over the last several months.
- ✓ American industrial production last month fell by the largest amount in more than three years.
- ✓ Rising gas prices and high unemployment kept consumers from spending freely.

References

THE ASSOCIATED PRESS. (2012, September 18). FedEx lowers forecast, citing weak economy. The New York Times. Retrieved from: http://www.nytimes.com/2012/09/19/business/fedexlowers-forecast-citing-weak-economy.html?_r=1