2Q24
Earnings Call

July 23, 2024

PJ GUIDO

Investor Relations Officer

UPS Speakers

CAROL B. TOMÉ
Chief Executive Officer

BRIAN DYKES
Chief Financial Officer

Forward-Looking Statements and Non-GAAP Reconciliations

Forward-Looking Statements

This presentation and our filings with the Securities and Exchange Commission contain and in the future may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than those of current or historical fact, and all statements accompanied by terms such as "will," "believe," "project," "expect," "estimate," "assume," "intend," "anticipate," "target," "plan," and similar terms, are intended to be forward-looking statements. Forward-looking statements are made subject to the safe harbor provisions of the federal securities laws pursuant to Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

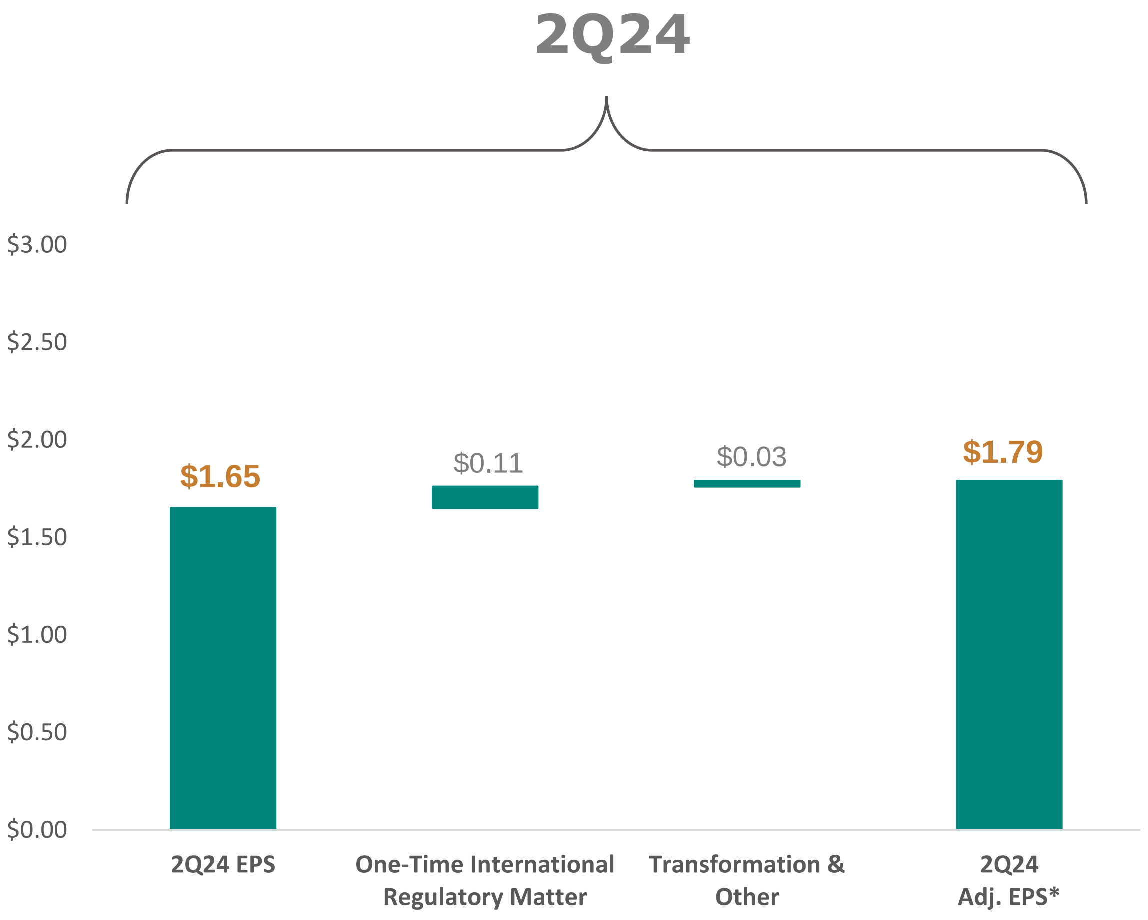
From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. Such statements may relate to our intent, belief, forecasts of, or current expectations about our strategic direction, prospects, future results, or future events; they do not relate strictly to historical or current facts. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any forward-looking statements because such statements speak only as of the date when made.

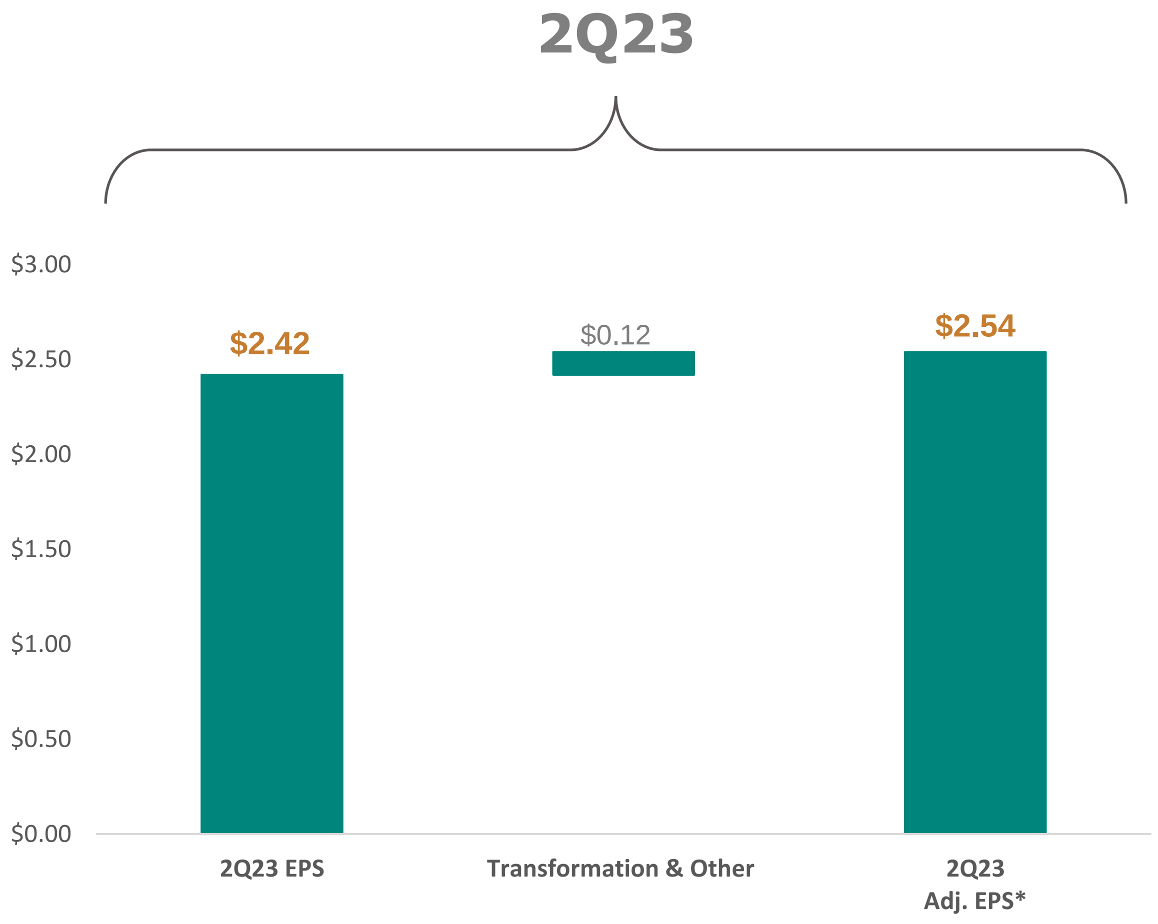
Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to: changes in general economic conditions in the U.S. or internationally; significant competition on a local, regional, national and international basis; changes in our relationships with our significant customers; our ability to attract and retain qualified employees; strikes, work stoppages or slowdowns by our employees; increased or more complex physical or operational security requirements; a significant cybersecurity incident, or increased data protection regulations; our ability to maintain our brand image and corporate reputation; impacts from global climate change; interruptions in or impacts on our business from natural or man-made events or disasters including terrorist attacks, epidemics or pandemics; exposure to changing economic, political, regulatory and social developments in international and emerging markets; our ability to realize the anticipated benefits from acquisitions, dispositions, joint ventures or strategic alliances; the effects of changing prices of energy, including gasoline, diesel, jet fuel, other fuels and interruptions in supplies of these commodities; changes in exchange rates or interest rates; our ability to accurately forecast our future capital investment needs; increases in our expenses or funding obligations relating to employee health, retiree health and/or pension benefits; our ability to manage insurance and claims expenses; changes in business strategy, government regulations or economic or market conditions that may result in impairments of our assets; potential additional U.S. or international tax liabilities; increasingly stringent regulations related to climate change; potential claims or litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; and other risks discussed in our filings with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K for the year ended December 31, 2023, and subsequently filed reports. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations or the occurrence of unanticipated events after the date of those statements.

Information, including comparisons to prior periods, may reflect adjusted results. See the appendix for reconciliations of adjusted results and other non-GAAP financial measures.

From time to time, the Company expects to participate in analyst and investor conferences. Materials provided or displayed at those conferences, such as slides and presentations, may be posted on our investor relations website at www.investors.ups.com under the heading "Presentations," when made available. These presentations may contain new material nonpublic information about the Company and you are encouraged to monitor this site for any new posts, as we may use this mechanism as a public announcement.

Diluted EPS





*Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

CAROL B. TOMÉ

Chief Executive Officer

Thank You UPSers

U.S. Domestic Returned to Volume Growth

2Q24 Consolidated Results

In $ Millions **(except per share)**	**2Q24**	**2Q23**	**Change Y/Y**
Revenue	$21,818	$22,055	-1.1%
Adj. Operating Profit*	$2,064	$2,919	-29.3%
Adj. Operating Margin*	9.5%	13.2%	-370 bps
Adj. Diluted EPS*	$1.79	$2.54	-29.5%

"Our second-quarter performance was a significant turning point for our company, as we returned to volume growth in the U.S., the first time in nine quarters."

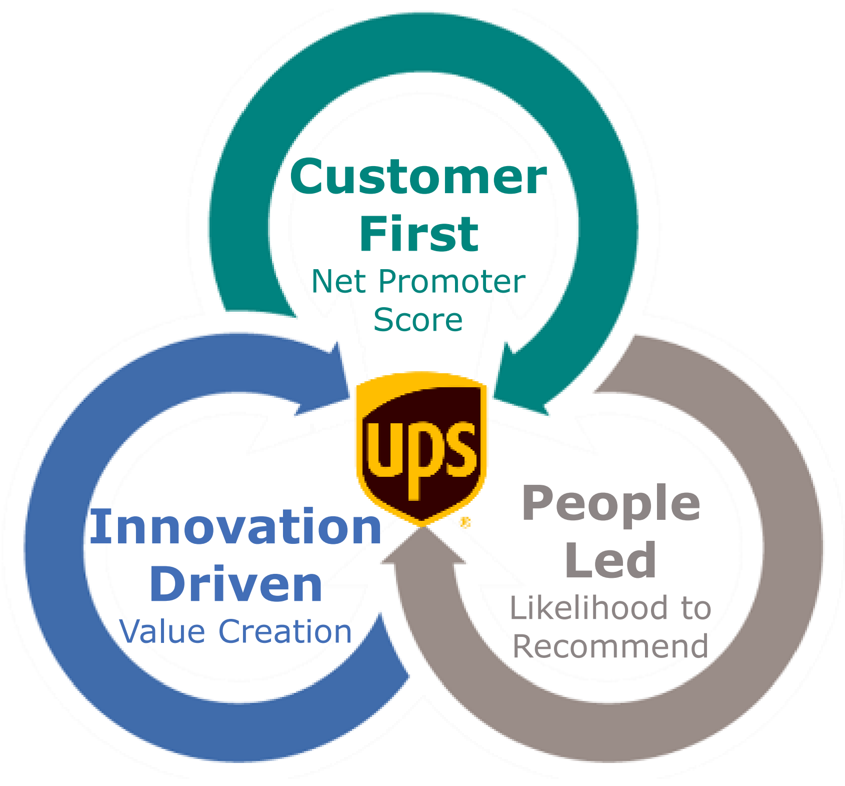
Carol B. Tomé, CEO

*Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

UPS to Acquire Estafeta

- Increases our logistics capabilities in Mexico
- Connects Estafeta to the reach of our global integrated network
- Further supports customers that are shifting manufacturing and distribution closer to the United States
- Targeting to close this acquisition by the end of this year

Customer First, People Led, Innovation Driven



- Opened first dedicated healthcare facility in Dublin, IE; increased size of Roermond, NL facility and expanded ultra-cold storage capabilities
- Expanded weekend services to six additional U.S. markets; UPS is the only private U.S.-based carrier that provides commercial and residential pickup and delivery services on Saturdays as a general service offering
- Launched enhancements to UPS Worldwide Economy globally, making it easier to ship non-urgent, cross border shipments
- Increased capacity in Taiwan by 30% and extended pickups to enable customers to better serve European markets
- Expanded SCS warehouse space by 25% at Frankfurt Airport gateway, a major hub in central Europe
- Network of the Future in the first half of the year: completed 35 operational closures, including five buildings, and on plan to complete additional five operational closures this year; automated driver dispatch process reduced staffing by 26%
- With Smart Package Smart Facility, enabling customers to print RFID labels themselves and installing RFID readers at customer locations to provide immediate visibility as trailers are loaded

Updated Full-Year 2024 Outlook

Consolidated guidance*

- Expect revenue of approximately $93.0B
- Expect adjusted operating margin** of approximately 9.4%
- Restarting share repurchasing program targeting $1.0B of share repurchases annually, including ~$500M in 2024

*Includes Coyote revenue and operating profit
** Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

BRIAN DYKES

Chief Financial Officer

2Q24 Consolidated Results

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Adj. Diluted EPS*	$1.79	$2.54	-29.5%

"The second quarter represented an important turning point for our business. In the U.S., volume inflected positively, and it was the last full quarter of the high wage growth-rate associated with the first year of our new Teamsters contract. Outside of the U.S., we saw pockets of demand improve in each export region, driving growth in many of our more profitable lanes."

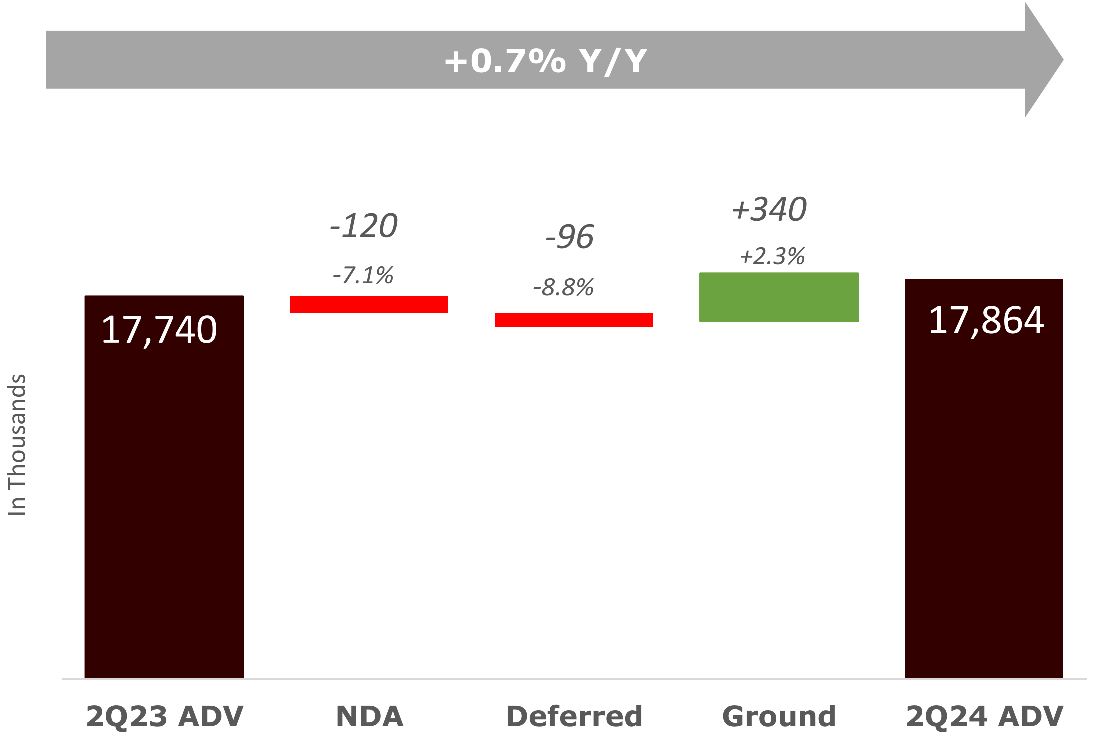
Brian Dykes, CFO

*Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

2Q Average Daily Volume Increased 0.7% Y/Y

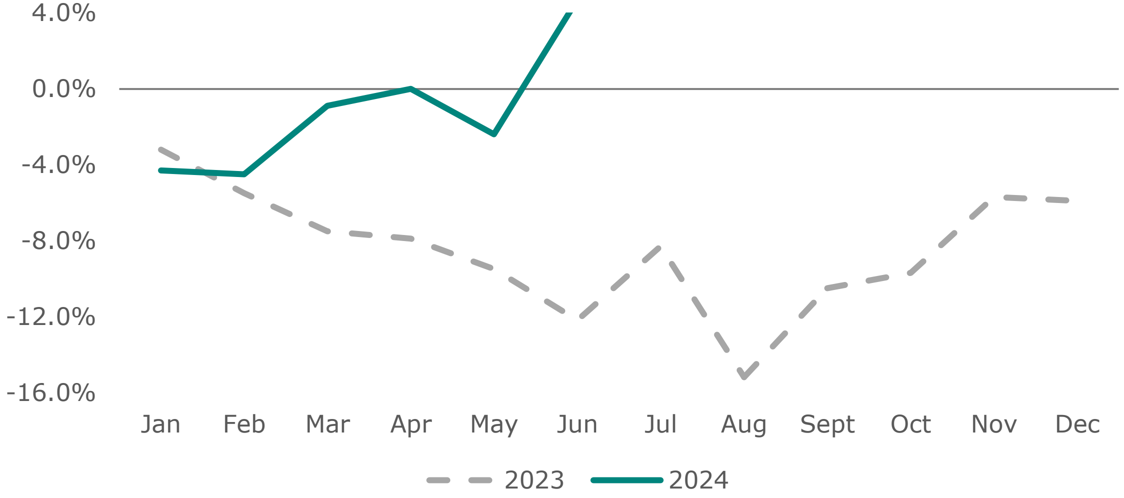
Returned to volume growth for the first time since the fourth quarter of 2021

ADV Change (Y/Y)



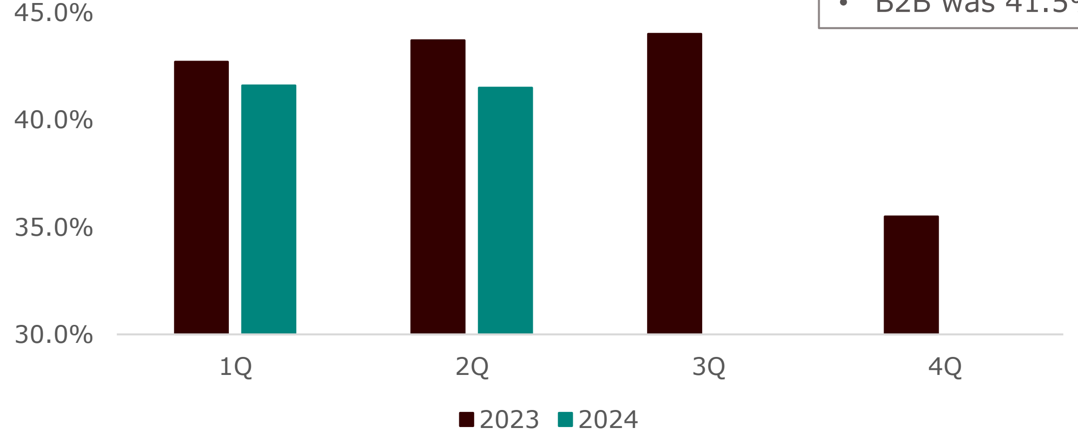
- Within Ground, SurePost ADV grew 25%

Monthly ADV Growth (Y/Y)



Quarterly B2B % of U.S. ADV Mix

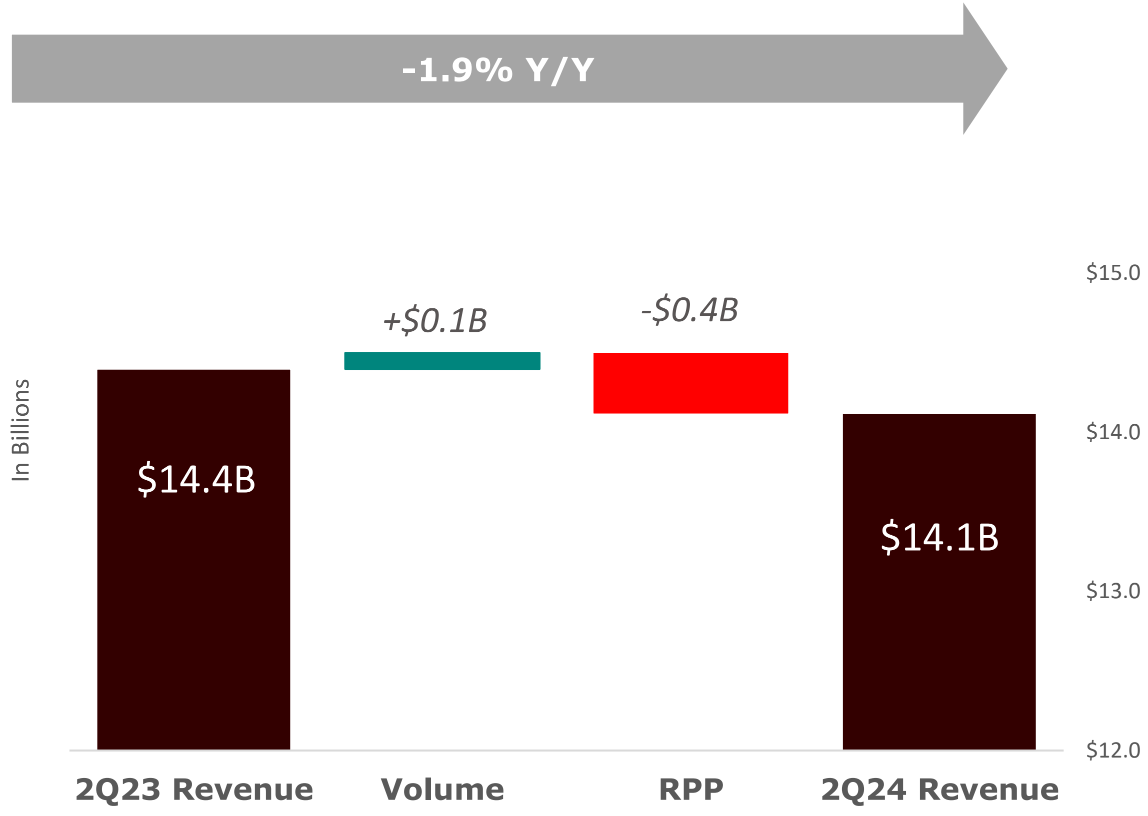
2Q24
- B2B declined 4.6%
- B2B was 41.5% of ADV



2Q Revenue of $14.1B, Down 1.9% Y/Y

Revenue per piece decline driven by increase in SurePost e-commerce volume

Revenue Change (Y/Y)



2Q revenue per piece (RPP) declined 2.6%:

- Base rates increased RPP growth rate ~90 basis points
- Combination of product mix, lighter weights and shorter zones decreased RPP growth rate ~310 basis points
- Remaining ~40 basis point decline due to combination of changes in customer mix and fuel

Delivered $997M in Adjusted Operating Profit* in 2Q

Held the adjusted cost per piece* growth rate to only 2.5%, despite union wages increasing nearly 12%

U.S. Domestic Results

	2Q24	2Q23	Change Y/Y
Revenue	$14.1B	$14.4B	-1.9%
Adj. Operating Profit*	$997M	$1.7B	-40.7%
Adj. Operating Margin*	7.1%	11.7%	-460 bps

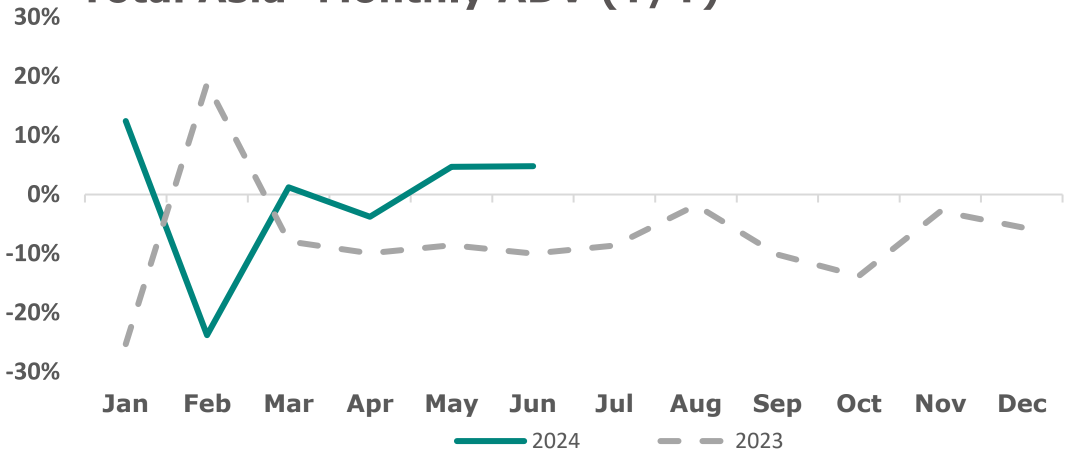
- Total adjusted expense* increased 3.2%, despite 11.7% increase in union wage rates
  - Leveraged Total Service Plan and Network Planning Tools to reduce total operational hours 1.4%, while volume grew 0.7%
  - Operational closures
  - Lowered block hours 12.5%
  - Recorded our best auto safety results in 10 years
  - Adjusted operating margin* of 7.1%

*Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

2Q International Average Daily Volume Down 2.9% Y/Y

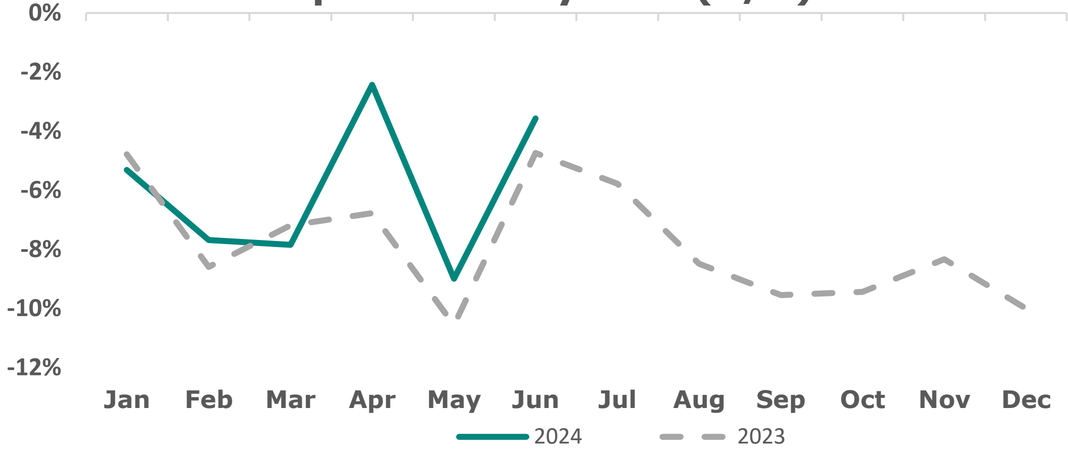
Eleven of our top 20 export countries demonstrated Y/Y average daily volume growth

Total Asia* Monthly ADV (Y/Y)



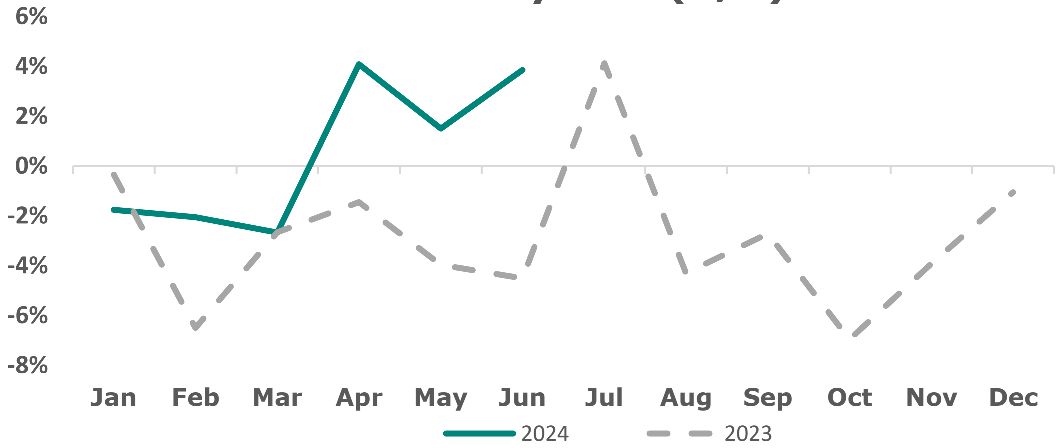
*Lunar New Year was in February of 2024 and in January of 2023

Total Europe** Monthly ADV (Y/Y)

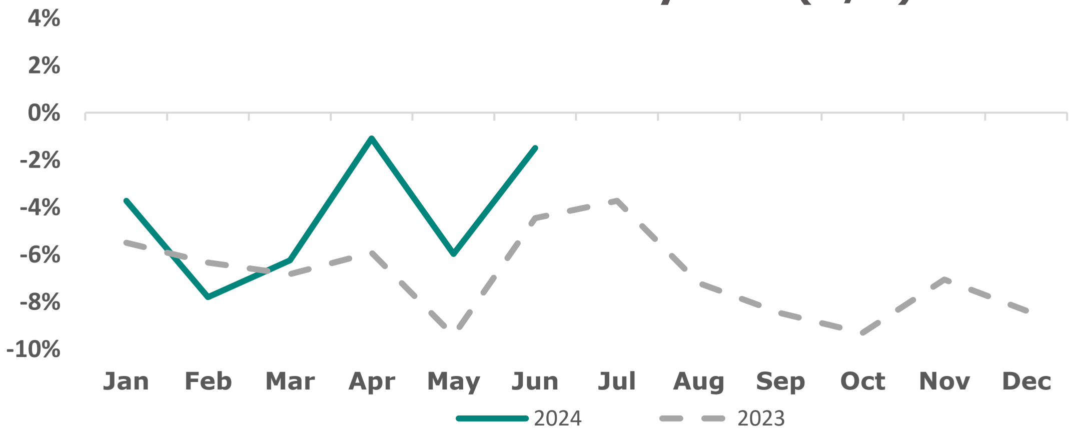


**Europe includes ISMEA (Indian Subcontinent, Middle East, and Africa)

Total Americas Monthly ADV (Y/Y)



Total International Monthly ADV (Y/Y)



Generated 2Q Adjusted Operating Profit* of $824M

Strong base pricing and positive region/product mix drove an increase in revenue per piece

International Results

	2Q24	2Q23	Change Y/Y
Revenue	$4.4B	$4.4B	-1.0%
Adj. Operating Profit*	$0.8B	$0.9B	-8.6%
Adj. Operating Margin*	18.9%	20.4%	-150 bps

- Revenue per piece increased 2.4% Y/Y driven by strong base pricing and the positive impact of region and product mix
- Total adjusted operating expense* was relatively flat
- Adjusted operating margin* of 18.9%

*Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

Revenue of $3.3B, Up 2.6% Y/Y

Remained agile and leaned into areas of growth in the face of a dynamic market

Supply Chain Solutions Results

	2Q24	2Q23	Change Y/Y
Revenue	$3.3B	$3.2B	+2.6%
Adj. Operating Profit*	$243M	$336M	-27.7%
Adj. Operating Margin*	7.3%	10.4%	-310 bps

- Strong e-commerce demand in international air freight drove increase in volume and revenue
- In ocean freight, total volume and revenue was down Y/Y; demand late in the quarter on Asia outbound lanes drove market rates higher
- Truckload brokerage business continued to face market rate pressures
- Logistics delivered revenue growth, driven by the impact of MNX and healthcare

*Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

2Q24 YTD Cash Flow and Dividends

Cash From Operations	Free Cash Flow*	Dividends Paid
$5.3B	$3.4B	$2.7B
		$1.63 per share

* Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

2024 Full-year Outlook

Moving to point estimate as it represents best view of the many moving parts within our business

Considerations

- *In 2024, expect global GDP to be up 2.7% and U.S. GDP to be up 2.4%*
- *U.S. small package market growth <1% (ex. Amazon)*
- *1H24 financial performance*
- *U.S. product shift from 1H will continue through 2H*
- *Includes roughly $1.0B in savings from Fit to Serve*
- *Coyote revenue and operating profit remains in guidance*

Outlook

- Full-year 2024 Consolidated:
  - Revenue of ~$93.0B
  - Adjusted operating margin* of ~9.4%
  - Capital expenditures of ~$4.0B
  - Free cash flow* of ~$5.8B, before any pension contributions
  - Dividend payout of ~$5.4B
  - Share repurchases of ~$500M
- U.S. Domestic 2H24
  - Revenue growth of ~5.0%
  - Average daily volume up mid-single digits
  - Anniversary the first year of Teamsters contract on August 1
  - 3Q operating profit up double-digits; exit year with adjusted operating margin* of 10%
- International 2H24 revenue up mid-single digits and adjusted operating margin* of ~20%
- Supply Chain Solutions 2H24 revenue of ~$7.0B, and adjusted operating margin* in high-single digits

* Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

Questions & Answers

Appendix

Reconciliation of GAAP and Non-GAAP Financial Measures

Reconciliation of GAAP and Non-GAAP Financial Measures

We supplement the reporting of our financial information determined under generally accepted accounting principles ("GAAP") with certain non-GAAP financial measures.

Adjusted financial measures should be considered in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP. Our adjusted financial measures do not represent a comprehensive basis of accounting and therefore may not be comparable to similarly titled measures reported by other companies.

Forward-Looking Non-GAAP Metrics

From time to time when presenting forward-looking non-GAAP metrics, we are unable to provide quantitative reconciliations to the most closely correlated GAAP measure due to the uncertainty in the timing, amount or nature of any adjustments, which could be material in any period.

One-Time Payment for International Regulatory Matter

In the second quarter of 2024, we made a one-time payment of $94 million of previously restricted cash to settle a previously-disclosed challenge by Italian tax authorities to the deductibility of Value Added Tax payments by UPS to certain third-party service providers, a review of which was launched in the fourth quarter of 2023. We supplement the presentation of our operating profit, operating margin, interest expense, total other income (expense), income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of this payment. We believe excluding the impact of this payment, which we do not believe is a component of our ongoing operations and we do not expect to recur, better enables users of our financial statements to view and evaluate underlying business performance from the same perspective as management.

Incentive Compensation Program Design Changes

During 2022, we completed certain structural changes to the design of our incentive compensation programs that resulted in a one-time, non-cash charge in connection with the accelerated vesting of certain equity incentive awards that we do not expect to repeat. We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of these changes. We believe excluding the impacts of such changes allows users of our financial statements to more appropriately identify underlying growth trends in compensation and benefits expense.

Long-lived Asset Estimated Residual Value Changes

During the fourth quarter of 2022, we incurred a one-time, non-cash charge resulting from a reduction in the estimated residual value of our MD-11 fleet. We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of this charge. We believe excluding the impact of this charge better enables users of our financial statements to understand the ongoing cost associated with our long-lived assets.

Transformation and Other Costs, and Asset Impairment Charges

We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of charges related to transformation activities, asset impairments and other charges. We believe excluding the impact of these charges better enables users of our financial statements to view and evaluate underlying business performance from the perspective of management. We do not consider these costs when evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards.

One-Time Compensation Payment

We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of a one-time payment made to certain U.S.-based, non-union part-time supervisors following the ratification of our labor agreement with the Teamsters. We do not expect this or similar payments to recur. We believe excluding the impact of this one-time payment better enables users of our financial statements to view and evaluate underlying business performance from the same perspective as management.

Defined Benefit Pension and Postretirement Medical Plan Gains and Losses

We recognize changes in the fair value of plan assets and net actuarial gains and losses in excess of a 10% corridor (defined as 10% of the greater of the fair value of plan assets or the plan's projected benefit obligation), as well as gains and losses resulting from plan curtailments and settlements, for our pension and postretirement defined benefit plans immediately as part of Investment income (expense) and other in the statements of consolidated income. We supplement the presentation of our income before income taxes, net income and earnings per share with adjusted measures that exclude the impact of these gains and losses and the related income tax effects. We believe excluding these defined benefit pension and postretirement plan gains and losses provides important supplemental information by removing the volatility associated with plan amendments and short-term changes in market interest rates, equity values and similar factors.

Free Cash Flow

We calculate free cash flow as cash flows from operating activities less capital expenditures, proceeds from disposals of property, plant and equipment, and plus or minus the net changes in other investing activities. We believe free cash flow is an important indicator of how much cash is generated by our ongoing business operations and we use this as a measure of incremental cash available to invest in our business, meet our debt obligations and return cash to shareowners.

Adjusted Return on Invested Capital

Adjusted ROIC is calculated as the trailing twelve months ("TTM") of adjusted operating income divided by the average of total debt, non-current pension and postretirement benefit obligations and shareowners' equity, at the current period end and the corresponding period end of the prior year. Because adjusted ROIC is not a measure defined by GAAP, we calculate it, in part, using non-GAAP financial measures that we believe are most indicative of our ongoing business performance. We consider adjusted ROIC to be a useful measure for evaluating the effectiveness and efficiency of our long-term capital investments.

Adjusted Total Debt / Adjusted EBITDA

Adjusted total debt is defined as our long-term debt and finance leases, including current maturities, plus non-current pension and postretirement benefit obligations. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for the impacts of incentive compensation program redesign, one-time compensation, goodwill & asset impairment charges, transformation and other costs, a one-time international regulatory matter, defined benefit plan gains and losses and other income. We believe the ratio of adjusted total debt to adjusted EBITDA is an important indicator of our financial strength, and is a ratio used by third parties when evaluating the level of our indebtedness.

Adjusted Cost per Piece

We evaluate the efficiency of our operations using various metrics, including adjusted cost per piece. Adjusted cost per piece is calculated as adjusted operating expenses in a period divided by total volume for that period. Because adjusted operating expenses exclude costs or charges that we do not consider a part of underlying business performance when monitoring and evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards, we believe this is the appropriate metric on which to base reviews and evaluations of the efficiency of our operational performance.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and As Adjusted Income Statement Data
(unaudited)

Three Months Ended June 30,

(in millions, except operating days, average daily volume and per share and per piece data)	2024				2023				
	As Reported (GAAP)	One-Time Int'l Regulatory Matter[1]	Transformation & Other Adj.[2]	As Adjusted (Non-GAAP)	As Reported (GAAP)	Transformation & Other Adj.[3]	As Adjusted (Non-GAAP)	% Change As Rep. (GAAP)	% Change As Adj. (Non-GAAP)
Operating Days	64				64				
Average Daily Volume									
U.S. Domestic Package	17,864				17,740				
U.S. Domestic Package	$ 13,130	$ —	$ 8	$ 13,122	$ 12,794	$ 79	$ 12,715	2.6 %	3.2 %
International Package	3,652	88	18	3,546	3,532	19	3,513	3.4 %	0.9 %
Supply Chain Solutions	3,092	—	6	3,086	2,949	41	2,908	4.8 %	6.1 %
Operating Expense	19,874	88	32	19,754	19,275	139	19,136	3.1 %	3.2 %
Cost per Piece									
U.S. Domestic Package	11.48			11.48	11.27		11.20	1.9 %	2.5 %
U.S. Domestic Package	989	—	8	997	1,602	79	1,681	(38.3)%	(40.7)%
International Package	718	88	18	824	883	19	902	(18.7)%	(8.6)%
Supply Chain Solutions	237	—	6	243	295	41	336	(19.7)%	(27.7)%
Operating Profit	1,944	88	32	2,064	2,780	139	2,919	(30.1)%	(29.3)%
Other Income and (Expense):									
Other pension income (expense)	67	—	—	67	66	—	66	1.5 %	1.5 %
Investment income (expense) and other	70	—	—	70	65	—	65	7.7 %	7.7 %
Interest expense	(212)	6	—	(206)	(191)	—	(191)	11.0 %	7.9 %
Total Other Income (Expense)	(75)	6	—	(69)	(60)	—	(60)	25.0 %	15.0 %
Income Before Income Taxes	1,869	94	32	1,995	2,720	139	2,859	(31.3)%	(30.2)%
Income Tax Expense	460	—	6	466	639	33	672	(28.0)%	(30.7)%
Net Income	$ 1,409	$ 94	$ 26	$ 1,529	$ 2,081	$ 106	$ 2,187	(32.3)%	(30.1)%
Basic Earnings Per Share	$ 1.65	$ 0.11	$ 0.03	$ 1.79	$ 2.42	$ 0.12	$ 2.54	(31.8)%	(29.5)%
Diluted Earnings Per Share	$ 1.65	$ 0.11	$ 0.03	$ 1.79	$ 2.42	$ 0.12	$ 2.54	(31.8)%	(29.5)%
Weighted-average shares outstanding:									
Basic	856				860				
Diluted	857				861				

(1) Reflects a one-time payment for an international regulatory matter and related interest of $94 million.
(2) Reflects other employee benefits costs of $20 million and $12 million of other costs, including a one-time expense related to a regulatory matter.
(3) Reflects other employee benefits costs of $109 million and other costs of $30 million.

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers. Earnings Per Share amounts disclosed above may not cross-foot due to calculations based on unrounded numbers.

Reconciliations

United Parcel Service, Inc.
Reconciliation of Adjusted Debt to Adjusted EBITDA (Non-GAAP measure)
(unaudited)

(amounts in millions):	TTM[1] Ended June 30, 2024	TTM[1] Ended June 30, 2023
Net income	$ 5,254	$ 10,013
Add back:		
Income tax expense	1,482	2,965
Interest expense	815	738
Depreciation and amortization	3,489	3,324
EBITDA	11,040	17,040
Add back (deduct):		
Incentive compensation program redesign	—	505
One-time compensation	61	—
Asset impairment charges	276	8
Transformation and other	411	224
Defined benefit plan (gains) and losses	359	(1,028)
Investment income and other pension income	(533)	(1,059)
One-time international regulatory matter	88	—
Adjusted EBITDA	$ 11,702	$ 15,690
Debt and finance leases, including current maturities	$ 22,205	$ 20,763
Add back:		
Non-current pension and postretirement benefit obligations	6,449	4,635
Adjusted total debt	$ 28,654	$ 25,398
Adjusted total debt/Net income	5.45	2.54
Adjusted total debt/adjusted EBITDA (Non-GAAP)	2.45	1.62

(1) Trailing twelve months

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

Reconciliations

United Parcel Service, Inc.
Reconciliation of Free Cash Flow (Non-GAAP measure)
(unaudited)

(amounts in millions):	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash flows from operating activities	$ 5,309	$ 5,594
Capital expenditures	(1,968)	(1,820)
Proceeds from disposals of property, plant and equipment	28	50
Other investing activities	(4)	12
Free Cash Flow (Non-GAAP measure)	$ 3,365	$ 3,836

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.