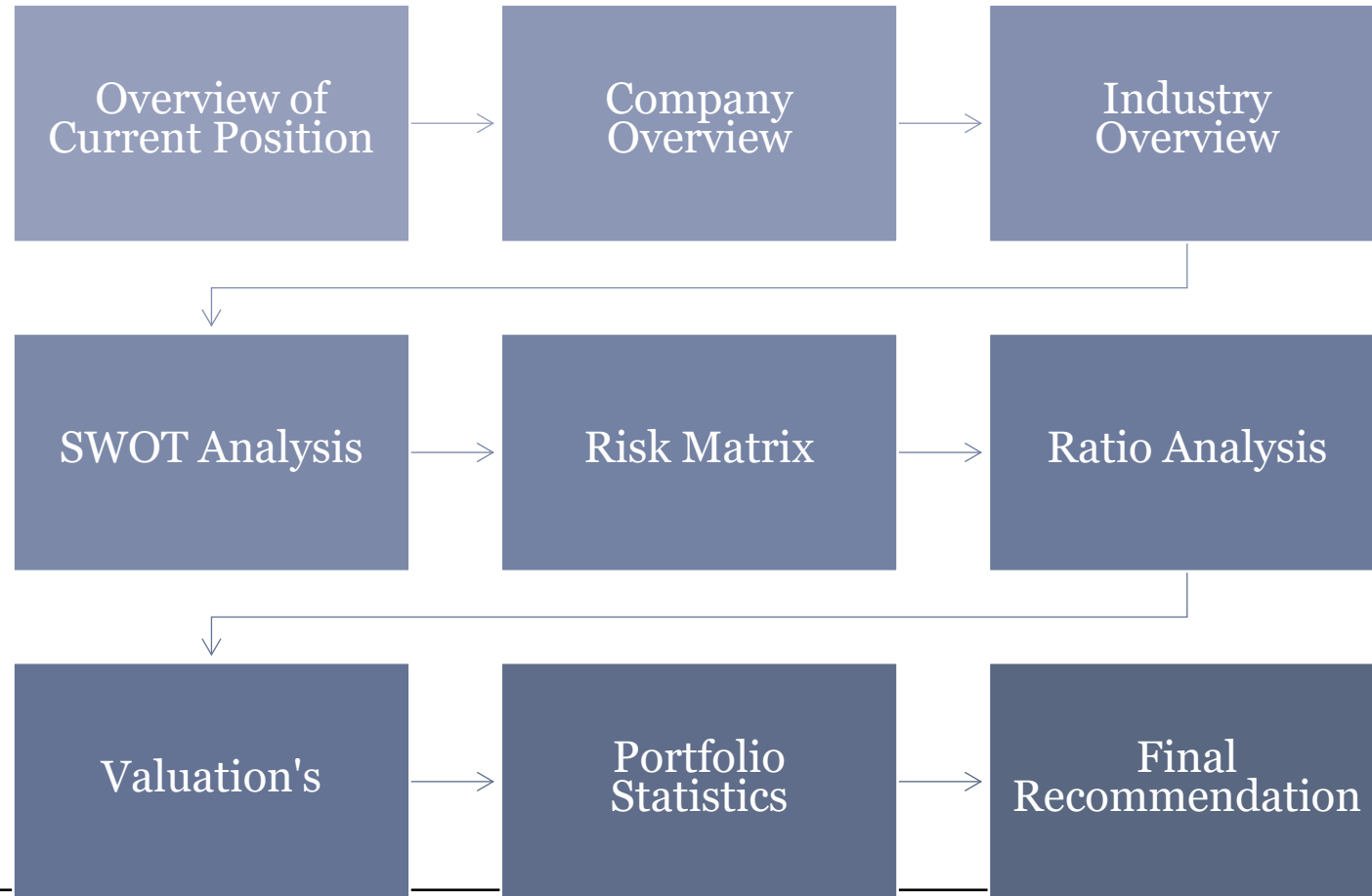




FEDEX

By Carter Sonnichsen,
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Ciolac

AGENDA - TBD



CURRENT POSITION

263 shares

\$54585.65

P&L

(7700.64)

COMPANY OVERVIEW

- Founded in 1971
- Headquarters: Memphis, Tennessee
- Providing end-to-end supply chain solutions, including warehousing, distribution, and inventory management.
- Key Business Segments:
 - **FedEx Express:** Focuses on time-sensitive, express delivery services.
 - **FedEx Air:** Largest cargo airline in terms of fleet size and freight tons flown.
 - **FedEx Ground:** Specializes in ground delivery services, primarily within North America.
 - **FedEx Freight:** Provides less-than-truckload (LTL) freight services.
 - **FedEx Services:** Offers sales, marketing, and technology support to the other FedEx companies.



INDUSTRY OVERVIEW



- **Focus on Healthcare Logistics:** Through acquisitions and partnerships



- **E-commerce Expansion:** DHL is investing heavily in expanding its e-commerce delivery network



- **Network Expansion:** Continued improvements to delivery network and creating new fulfillment centers

General Market Trends:

E-commerce Growth: The e-commerce market continues to grow rapidly, driving demand for parcel delivery services.

Last-Mile Delivery Challenges: Remains a key challenge for logistics companies, as they strive to improve speed, efficiency, and cost-effectiveness in urban areas.

Supply Chain Disruptions: Geopolitical events, natural disasters, and other disruptions are creating challenges for global supply chains

SWOT ANALYSIS

Strengths	Weaknesses
• Extensive Network: The company has a vast logistics and transportation network. • Strong Brand Recognition: FedEx is known globally for its reliable delivery services. • Diverse Services: From express shipping to freight services, FedEx offers a wide range of solutions.	• High Operating Costs: The transportation industry is generally capital-intensive, leading to high operating costs for FedEx. • Labor Relations: Managing labor costs and maintaining positive labor relations can be a challenge. • Fuel Price Volatility: Fluctuations in fuel prices can significantly impact profitability.
Opportunities	Threats
• Innovation: FedEx invests in technology and automation to improve efficiency and service offerings. • Specialized Logistics for Healthcare: The healthcare industry has complex and highly regulated logistics needs (temperature-controlled transport, secure handling of pharmaceuticals, etc.) • Partnerships: Enhanced fulfillment and logistics services to e-tailers worldwide	• Tariffs: Reduced trade volumes, increased costs, disrupted supply chains, and economic uncertainty • Competition: Intense competition from other major players like UPS and Amazon.

RISK MATRIX

Factors

Market Risks

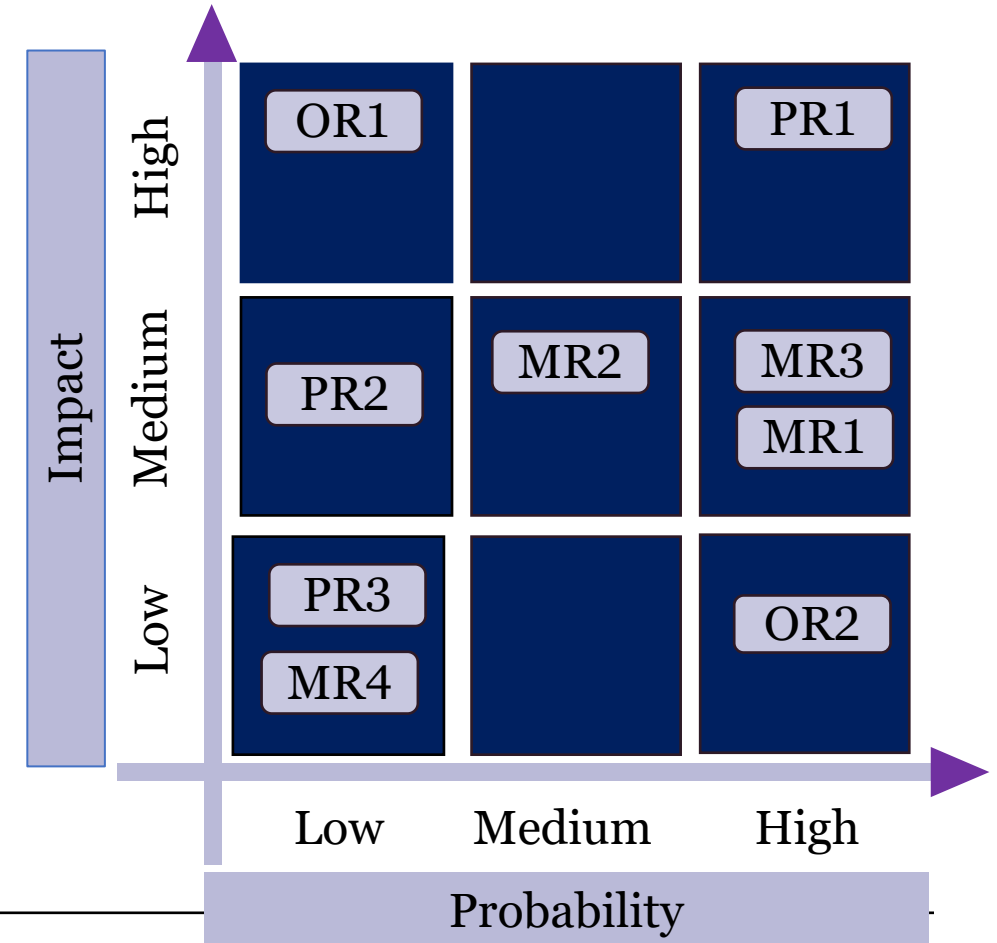
- MR1: Global Trade Volatility
- MR2: Shifts in E Commerce Demand
- MR3: Competitive Pressures from Peers
- MR4: Economic Downturn

Operational Risks

- OR1: Labor Relations/Potential Strikes
- OR2: Fuel Price Fluctuations

Political Risks

- PR1: Tariffs and Trade Barriers
- PR2: ESG Regulations
- PR3: Tax Changes



RATIO ANALYSIS

Ratios	FDX	UPS	DHL
Current Ratio	1.36	1.17	0.95
Net-Profit Margin	5.53	6.35	3.96
Debt-to-Equity Ratio	1.39	1.22	1.19
Return on Equity	16.14	33.99	14.40

DCF + EV/EBITDA

DCF

- WACC: 7.46%
- Implied Share Price: \$200.25
- Overvalued: 3.52%

EV/EBITDA

- Implied Share Price: \$259.99
 - Undervalued: 25.27%
-

SENSITIVITY ANALYSIS

		WACC				
LTG	200.253	5%	6%	7.46%	8%	9%
	0.50%	215.264	205.0139	194.6927	191.7279	187.042
	1%	223.0651	210.4189	198.2813	194.8952	189.6263
	1.25%	227.7458	213.5482	200.2924	196.6547	191.0435
	2%	246.4685	225.2827	207.4305	202.8132	195.9025
	3%	293.2754	250.0558	220.6824	213.8985	204.2707

PORTFOLIO STATISTICS

With FedEx

- Sharpe: -1.00
- J/Alpha: .56
- Treynor: -.30

Without FedEx

- Sharpe: -1.00
- J/Alpha: .58
- Treynor: -.25

RECOMMENDATION: SELL

Investment Basis

High volatility
environment and
history of
resiliency

Increasing debt %
position, Negative
Forecasted Growth

Valuations
contradict each
other

