FedEx Corporation (FDX) is an American multinational courier delivery services company headquartered in Memphis, Tennessee. The name "FedEx" is an abbreviation of the name of the company’s original air division, Federal Express (now FedEx Express). The company is known for its overnight shipping service and pioneering a system that could track packages and provide real-time updates on package location long before any of its competitors.

FedEx has the largest aircraft fleet and express courier service in the world. This gives the company great positioning in the midst of global, online commerce, and logistics growth. We believe that FedEx’s competitive advantage is the segmentation of the company. The express, freight, and ground division each function independently, which allows for overall faster delivery times. The company operates very differently than its main competitor, UPS, which enables FedEx to grow despite direct competition. We believe that the company will continue to grow revenues, cut costs, and expand globally, aided by the addition of TNT Express.

Using technical and fundamental analysis, we consider FedEx to be a strategic investment in our portfolio. Currently, the company is greatly undervalued, trading at a P/E of just 12.77. The market is greatly undervaluing its stock because of an earnings miss, trade tensions, and USPS rate hikes. There has been a large selloff of the stock and the RSI is currently indicating oversold. We believe that the company is very strong financially and the market will soon realize this as well. With a WACC of 7.21, we came up with a price target of $286.2. This closely mirrors analyst’s consensus of a fair value of $290. There is a huge upside potential for the company and now is the most opportune time to buy.

**Rationale**
- Strong positioning in logistics industry during a time of global and e-commerce growth
- Higher revenue per package and faster delivery times than its competitors
- Expansion of automated facilities and the implementation of the ISP model will help cut costs and lower margins

**Risks**
- Global trade tensions could increase costs of shipping and decrease international trade of goods
- Increased rate hikes by USPS may decrease consumer demand
- Last mile delivery services may eat into future market share

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**Implied Share Price**

<table>
<thead>
<tr>
<th>Exit Multiple</th>
<th>6.1x</th>
<th>6.6x</th>
<th>7.1x</th>
<th>7.6x</th>
<th>8.1x</th>
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</thead>
<tbody>
<tr>
<td>6.2%</td>
<td>279.1</td>
<td>287.9</td>
<td>296.8</td>
<td>305.6</td>
<td>314.5</td>
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<tr>
<td>6.7%</td>
<td>274.2</td>
<td>282.8</td>
<td>291.4</td>
<td>300.1</td>
<td>308.7</td>
</tr>
<tr>
<td>7.2%</td>
<td>269.4</td>
<td>277.8</td>
<td>286.2</td>
<td>294.6</td>
<td>303.1</td>
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<tr>
<td>7.7%</td>
<td>264.6</td>
<td>272.9</td>
<td>281.1</td>
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<td>260.0</td>
<td>268.1</td>
<td>276.1</td>
<td>284.2</td>
<td>292.2</td>
</tr>
</tbody>
</table>

**Current Price** $223.46
**Market Cap** $57.54 B
**Beta** 1.45
**Dividend Yield** 1.18%
**Sector/Industry** Industrials
**Target Price** $286.2
**P/E TTM** 12.61

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*Created by: Sophie Forstein, Luke Fox, Kevin Kennedy, and Ryan Snyder*