

FEDEX CORPORATION NYSE-FDX

RECENT PRICE **247.34** P/E RATIO **14.0** 18.1 17.0 RELATIVE P/E RATIO **0.78** DIV'D YLD **0.9%** VALUE LINE



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
69.02	75.33	82.37	97.23	105.54	114.33	122.04	113.77	110.62	123.99	134.64	139.27	158.77	168.02	189.68	224.86	243.65	256.60	Revenues per sh ^A	327.10
7.00	7.31	8.15	9.74	11.13	12.39	12.13	10.09	10.01	11.13	13.26	13.73	16.32	18.35	21.27	23.58	26.65	29.60	"Cash Flow" per sh	36.25
2.39	2.74	3.52	4.82	5.98	6.67	5.83	3.76	3.76	4.90	6.59	6.23	6.75	8.95	10.80	12.30	15.15	17.50	Earnings per sh ^{A B}	20.00
.05	.20	.24	.29	.33	.37	.40	.44	.44	.48	.52	.56	.60	.80	1.00	1.60	2.10	2.25	Div'ds Decl'd per sh ^E	2.70
5.41	5.06	4.24	7.40	8.23	9.36	9.48	7.88	8.97	10.83	12.64	10.61	12.31	15.39	18.15	19.07	20.00	19.00	Cap'l Spending per sh	17.00
21.92	24.42	26.79	31.75	37.62	41.09	46.71	43.67	43.98	48.01	46.46	54.71	53.23	53.09	51.91	59.92	69.00	80.40	Book Value per sh ^C	110.25
298.57	298.50	300.00	302.00	306.00	308.00	311.00	312.00	314.00	317.00	317.00	318.00	287.00	282.43	265.52	268.26	268.00	265.00	Common Shs Outst'g ^D	240.0
19.7	19.3	19.6	18.5	16.3	16.5	17.0	17.5	20.6	17.9	13.0	15.0	18.5	18.4	14.4	14.6	17.0	17.0	Avg Ann'l P/E Ratio	17.0
1.08	1.10	1.04	.99	.88	.88	1.02	1.17	1.31	1.12	.83	.84	.97	.93	.76	.71	.76	.71	Relative P/E Ratio	.95
.1%	.4%	.3%	.3%	.3%	.3%	4%	7%	6%	5%	6%	6%	5%	5%	6%	9%	6%	9%	Avg Ann'l Div'd Yield	.8%

CAPITAL STRUCTURE as of 2/28/18				© VALUE LINE PUB. LLC														21-23		
Total Debt \$17580 mill. Due in 5 Yrs \$2278 mill.				37953	35497	34734	39304	42680	44287	45567	47453	50365	60319	65300	68000	Revenues (\$mill) ^A	76500			
LT Debt \$16017 mill. LT Interest \$450.0 mill				12.9%	11.1%	11.4%	11.6%	12.6%	12.6%	13.2%	14.5%	15.2%	13.9%	14.0%	14.5%	Operating Margin	15.0%			
(46% of Cap'l)				1950.0	1975.0	1958.0	1973.0	2113.0	2386.0	2587.0	2611.0	2631.0	2995.0	3065	3200	Depreciation (\$mill)	3900			
Leases, Uncapitalized \$2.445 billion.				1821.0	1173.0	1184.0	1554.0	2089.0	1980.0	2097.0	2572.0	3016.0	3330.0	4075	4650	Net Profit (\$mill)	4800			
Pension Assets-5/17 \$26.3 bill. Oblig. \$29.1 bill.				37.4%	37.6%	37.5%	36.9%	35.4%	36.4%	36.2%	36.1%	35.5%	33.6%	20.5%	26.5%	Income Tax Rate	25.5%			
Pfd Stock None.				4.8%	3.3%	3.4%	4.0%	4.9%	4.5%	4.6%	5.4%	6.0%	5.5%	6.2%	6.8%	Net Profit Margin	6.3%			
Common Stock 267,215,207 shs. as of 3/19/18				1876.0	2592.0	2639.0	3403.0	3682.0	5524.0	4371.0	4984.0	3981.0	4710.0	5000	5300	Working Cap'l (\$mill)	6500			
MARKET CAP: \$66.1 billion (Large Cap)				1506.0	1930.0	1668.0	1667.0	1250.0	2739.0	4736.0	7249.0	13838	14909	15300	15500	Long-Term Debt (\$mill)	15000			
CURRENT POSITION				14526	13626	13811	15220	14727	17938	15277	14993	13784	16073	18500	21300	Shr. Equity (\$mill)	26450			
2016				2017	2/28/18															
Cash Assets				3534	3969	2789														
Receivables				7252	7599	8671														
Inventory (FIFO)				496	514	523														
Other				707	546	1592														
Current Assets				11989	12628	13575														
Accts Payable				2944	2752	3102														
Debt Due				29	22	1563														
Other				5035	5144	4838														
Current Liab.				8008	7918	9503														

BUSINESS: FedEx Corp. provides overnight, door-to-door delivery of packages and documents through its own air-ground transportation system. Operates more than 150,000 ground vehicles, 650 aircraft. In fiscal 2017, Express segment accounted for 45% of total revenues; Ground, 30%; TNT, 12%; Freight, 11%; Services, 2%. Serves over 220 countries. Acq. American Freightways, 2/01; Kinko's, 2/04; Watkins Motor Lines, 9/06; TNT Express, 5/16. Labor expense: 38% of revenues. Officers/directors own 8.5% of common stock; BlackRock, 5.5%; PRIMECAP Management, 5.9%; Vanguard, 6.7% (8/17 Proxy). Chmn., Pres., & CEO: Frederick W. Smith. Inc.: DE. Address: 942 South Shady Grove Road, Memphis, TN 38120. Telephone: 901-818-7500. Internet: www.fedex.com.

FedEx has been recording solid results. Volume growth at home and overseas has been strong, owing partly to incremental online shopping activity and a generally healthy global economy. Shipping rates are also up across the board. The Express division performed admirably during peak season, and the Ground business saw operating income jump 23% year over year in the fiscal third quarter, owing to impressive revenue growth and the benefits of effective cost management. Meanwhile, the Freight unit's efforts to better balance volume, pricing, and capacity are paying off, resulting in a 34% rise in operating income. To be sure, an improving U.S. industrial economy is also driving results. Still, companywide operating income only rose slightly year over year, as top-line growth was offset by higher compensation, which was enabled by tax reform savings. Those same savings were the primary driver behind a 63% year-over-year earnings advance. In fiscal 2018, operating profits are expected to be up for all segments. Annual earnings per share guidance of \$15.00-\$15.40 was raised from the prior range of \$12.70-\$13.30. Too, management remains confident that it will improve operating income at the Express segment by \$1.2 billion to \$1.5 billion in fiscal 2020 versus fiscal 2017.

Network infrastructure investment remains a priority. FedEx plans to modernize its Indianapolis and Memphis hubs for around \$2.5 billion. Both projects should take several years and improve operational efficiency. Still, management plans to curb long-term capital spending a bit to better match capacity expansion with pricing and volume growth.

Expectedly, FedEx has spoken out against tariff proposals. The company maintains that protectionist tariffs are counterproductive to economic growth, and governments should encourage free exchange of products and services to reduce barriers to trade. We tend to agree, but outside of lobbying and making recommendations to the administration, the end result is outside of FDX's control.

This company is well positioned to take advantage of growing demand for parcel delivery and decent prospects for global economic expansion.

Kevin Downing
May 25, 2018

(A) Fiscal year ends May 31st. (B) Diluted earnings. Excl. nonrec. gains/(losses): '04, (72c); '05, (10c); '06, (15c); '07, (19c); '08, (\$2.23); '09, (\$3.45); '11, 10c. egs. do not sum	due to rounding/changes in share count. Next earnings report due mid-June. (C) Incl. intang.: At 5/31/17: \$7.154 bill., \$22.50/sh. (D) In millions. (E) Div'ds hist. paid in early Mar., June, Sept., and Dec.	Company's Financial Strength A++ Stock's Price Stability 80 Price Growth Persistence 85 Earnings Predictability 85
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