



FedEx Corp (\$FDX) – BUY

Industrials & Energy Presentation to the General Body

February 19th, 2026

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A. Situation Overview



What is a Spinoff?

A corporate spin-off is when a company separates part of its business into a new company

Strategic Decision

- Company determines a business unit would create greater value as a standalone public entity and pursues a spinoff
- Separation designed to sharpen strategic focus and unlock long-term value

Structure & Separation Planning

- Assets, liabilities, operations, and people allocated between Remain and SpinCo
- Structure and distribution determined, typically as a pro-rata share distribution

Regulators & Legal Filings

- Form 10 registration statement filed with the SEC to register new company shares
- SEC review process completed; Form 10 declared effective prior to distribution

Share Distribution

- Shares distributed pro-rata to existing shareholders based on ownership
- Distribution ratio disclosed in Information Statement included within the Form 10

Launch & Standalone Execution

- New company lists on exchange and begins trading under separate ticker symbol
- Independent Board of Directors, executive team, and governance established

Situation Overview

Key Terms – Separation Agreement

Introduction

- FedEx announced plans to separate into two independent, publicly traded companies to unlock shareholder value and enhance strategic focus
- Separate FedEx Freight from FedEx Ground, and integrated logistics operations

Consideration

- No cash consideration – tax-free pro-rata distribution to existing FedEx shareholders will retain their FedEx shares and receive shares of FedEx Freight based on distribution ratio

Rationale

- Enhanced strategic focus – each company can pursue distinct growth strategies aligned with their respective end markets
- Superior capital allocation: Each entity can optimize capital structure

Conditions to Complete

- FedEx Board of Directors final authorization and approval of separation terms IRS private letter ruling confirming tax-free treatment for FedEx shareholders SEC effectiveness of Form 10 registration statement for FedEx Freight

Post-Separation Structure & Timeline

- Newly independent public companies will have independent Board of Directors, management team, and strategies optimized for their business model
- June 1, 2026: Expected separation completion and FedEx Freight distribution

Investment Opportunity

- Purchase FedEx shares prior to the separation, then sell the two separate companies once each is fairly valued relative to its respective industry peers

B. Company Overview



Company Overview

Overview

- **Description:** FedEx Corporation is a global leader in logistics, transportation, and delivery services, providing a broad portfolio of solutions including express shipping, ground and freight transportation, e-commerce fulfillment, and supply chain services to businesses and consumers worldwide
- **Investment Thesis:** FedEx trades at a discount despite strong fundamentals including industry tailwinds, margin expansion initiatives, AI advantages, and a diverse customer base. The June 2026 FedEx Freight spinoff will unlock value by allowing each business to trade at appropriate peer multiples rather than discounted conglomerate valuations
- **Founded:** 1971
- **Headquarters:** Memphis, Tennessee
- **Market Cap:** ~\$88.1B

Consolidated Financial Overview

Millions of USD	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026E	CAGR
Revenue	93,512.0	90,155.0	87,693.0	87,926.0	92,692.7	(0.2%)
<i>Growth %, Y/Y</i>	<i>11.4%</i>	<i>(3.6%)</i>	<i>(2.7%)</i>	<i>0.3%</i>	<i>5.4%</i>	
EBITDA	13,935.0	12,849.0	13,854.0	13,805.0	10,474.0	(6.9%)
<i>Margin %</i>	<i>14.9%</i>	<i>14.3%</i>	<i>15.8%</i>	<i>15.7%</i>	<i>11.3%</i>	
Free Cash Flow	3,069.0	2,674.0	3,136.0	2,981.0	3,634.5	4.3%
<i>Margin %</i>	<i>3.3%</i>	<i>3.0%</i>	<i>3.6%</i>	<i>3.4%</i>	<i>3.9%</i>	
Net Income	5,502.0	3,839.0	4,851.0	4,429.0	4,373.5	(5.4%)
<i>Margin %</i>	<i>5.9%</i>	<i>4.3%</i>	<i>5.5%</i>	<i>5.0%</i>	<i>4.7%</i>	

Sources: Company Reports

Business Segments

FedEx Corporation ("RemainCo")

- Provides integrated package delivery and logistics solutions through air, ground, and specialized transportation networks
- Focus areas: e-commerce fulfillment, B2B parcel delivery, international express shipping, same-day delivery, logistics
- Key segments: Federal Express (air/international), FedEx Ground (domestic parcel), FedEx Logistics, FedEx Office, FedEx Dataworks
- Operates the largest cargo air fleet with 700+ aircraft and 600+ ground hubs across 220+ countries and territories

FedEx Freight Company ("SpinCo")

- Largest North American LTL carrier with focus on safety, speed, service, and reliability serving diversified customers
- Focus areas: business-to-business freight transportation, palletized shipments (151-20,000 lbs)
- Serves commercial and industrial clients
- Operates 310 LTL service centers with 9,200+ tractors and 31,000+ trailers across North America
- Benefits from nearshoring trends, industrial production recovery, and optimized standalone operations with dedicated LTL salesforce

FedEx Corporation Management

FedEx Corporation’s management team brings decades of experience and unique industry expertise



- **Raj Subramaniam** has served as **President** since 2019 and succeeded the company’s founder in 2022 as the second **CEO** in FedEx history
- Subramaniam’s vast industry experience and 30+ years at FedEx led him to be appointed to The President’s Export Council by President Joe Biden in 2023



- **John Dietrich** is **Executive Vice President** and **CFO** of FedEx Corporation, where he oversees the corporation’s global financial functions
- Dietrich has over 30 years of experience in the global aviation and air cargo industries, including his time as President and CEO of Atlas Air Worldwide



- **Scott Ray** will serve as **COO** for U.S. and Canada Surface Operations effective June 1, succeeding John Smith
- Having served as the president of Surface Operations since 2024, Ray’s operational and leadership experience is extensive, with 39 years at FedEx



FedEx Freight Management

FedEx Freight’s management team will be a blend of seasoned FedEx executives and fresh talent



- Post-spin, **John A. Smith**, current **COO** of FedEx, will transition into **President and CEO** of FedEx Freight
- Smith has been with FedEx since 2000, serving various leadership roles within operations, sales, transportation, fleet maintenance, facility services and safety



- **Marshall Witt** will serve as **Senior Vice President and CFO** of FedEx Freight after the separation
- Witt previously led TD SYNEX’s 2020 separation of Concentrix as CFO, providing valuable experience in corporate spin-offs



SEATTLE UNIVERSITY



TD SYNEX



- **Clint McCoy** will become **COO** of FedEx Freight post-spin, continuing his 28-year career at FedEx



UNIVERSITY OF ARKANSAS



FedEx's Offerings

Unmatched Global Network

- ✓ Links more than **99% of the world's GDP**
- ✓ Operates in over **220 countries and territories**, including service to every address in the United States
- ✓ Maintains a fleet of over **700 aircraft** and more than **200,000 motorized vehicles** worldwide
- ✓ Runs more than **5,000 operating facilities** and serves over **650 airports** globally
- ✓ Delivers more than **17 million shipments per day** across its global network
- ✓ Employs more than **500,000 team members** worldwide

Independent Service Provider Model

- ✓ FedEx Ground contracts with independent service providers (ISPs) – separate businesses – to deliver packages rather than using FedEx employees or corporate vehicles for last-mile delivery
- ✓ These providers operate under contract with FedEx – ISPs own or lease their own delivery vehicles and are responsible for providing and maintaining those trucks
- ✓ Because FedEx outsources pickup & delivery to ISPs that supply trucks, drivers, and daily operations, FedEx avoids owning most last-mile delivery vehicles which keeps capital and labor costs lower than if it ran all routes directly
- ✓ The ISP model transfers volatility risk to contractors

Portfolio of Delivery Services



Express

- 1–3 days transit time
- Time-definite
- Money Back Guarantee
- Declared value up to \$50K



Home Delivery

- 1–5 days transit time
- Day-definite
- Declared value up to \$50K



Ground Economy

- 2–7 days transit time
- No declared value
- Lighter-weight
- E-commerce merchant offering



Freight

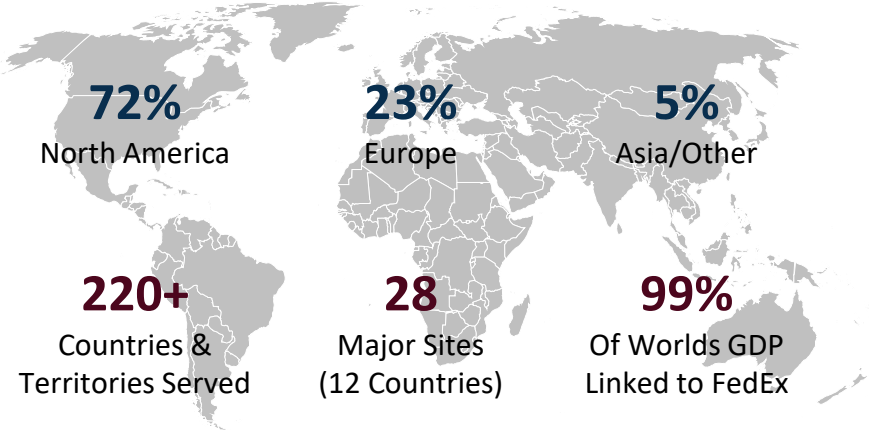
- 1–5+ days transit time
- Less-than-truckload (LTL) and full truckload options
- Palletized and heavyweight shipments

FedEx End Markets

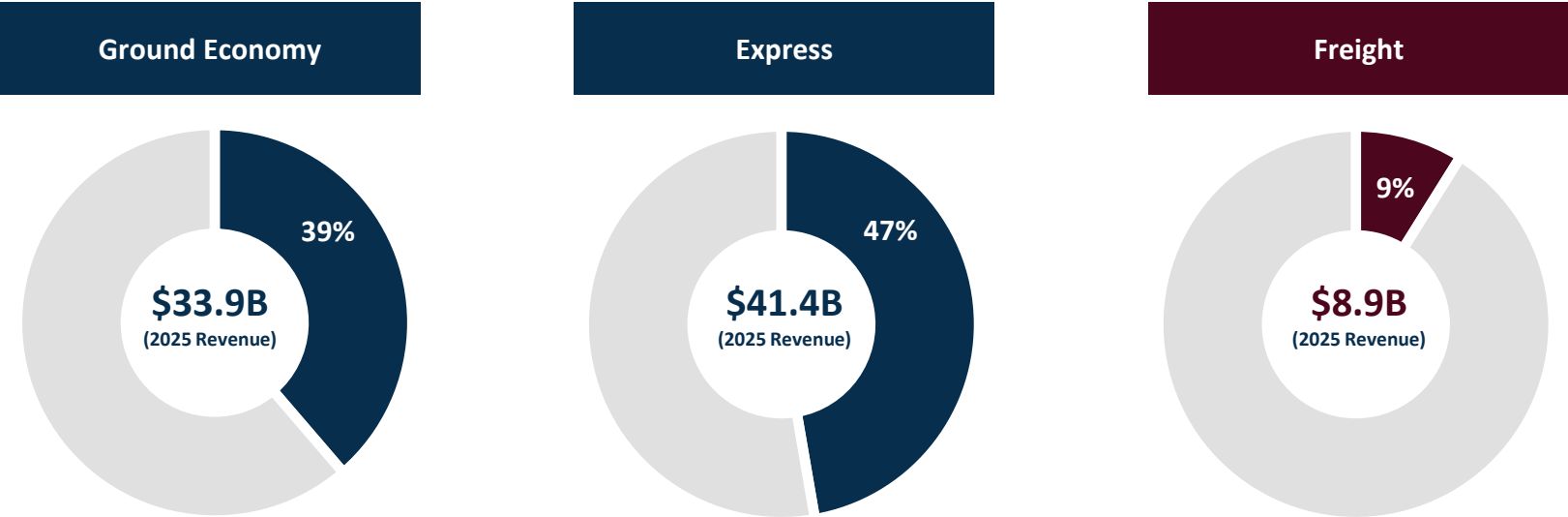
Business Model

- FedEx is a global transportation and logistics leader, providing timely express shipping, ground parcel delivery, and freight services to businesses and consumers
- The company is currently executing a multi-year operational transformation, focused on network and cost optimization
- FedEx’s scale, route density, and technology-enabled logistics capabilities position the company to capture share as e-commerce and global supply chains continue to evolve
- Most importantly, FedEx remains a mission-critical partner to global commerce, with an unmatched distribution network and deep customer relationships

Global Presence



Annual Revenue by End-Market Breakdown⁽¹⁾



Sources: Company Reports, Bloomberg
 (1) Remaining 5% accounts for corporate & other

C. Industry Overview



Industry Overview

FedEx Separation Enables Distinct Valuation of Consumer Parcel vs. Industrial Freight

U.S. Parcel Delivery (Courier / Parcel)

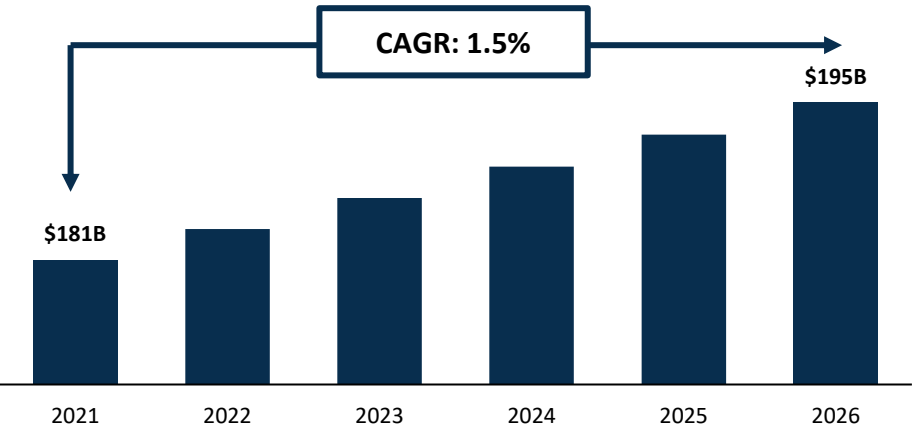
Market Characteristics

- **Parcel Market Size:** ~\$200B
- **Recurring demand:** Structural e-commerce growth tailwinds
- **Dense network economics:** High barriers to entry for competitors
- **Pricing power:** Pricing leverage in premium segments

Demand Drivers

- ✓ E-commerce penetration
- ✓ Consumer delivery expectations
- ✓ Urban Density

U.S. Parcel Delivery Market Size



U.S. Less-Than-Truckload (LTL) Freight

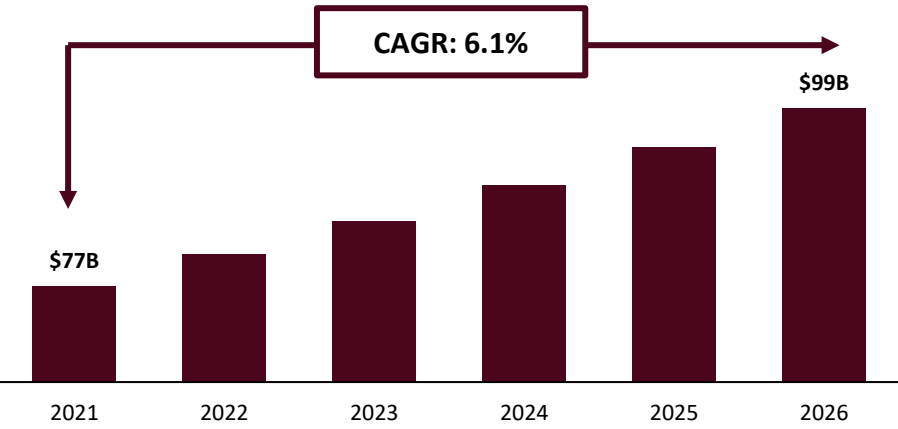
Market Characteristics

- **LTL Market Size:** ~\$99B
- **Highly concentrated revenue:** Top 25 carriers generate >90% of industry revenue
- **High fixed-cost model:** Labor, fleet, and terminal infrastructure drive operating leverage

Demand Drivers

- ✓ Industrial Production
- ✓ Manufacturing Reshoring
- ✓ Supply chain investment

U.S. Less-Than Truckload Market Size



Sources: Company Reports, Bloomberg, IBISWorld



D. Investment Considerations

Investment Considerations

1

**Margin Expansion Through DRIVE
and Network 2.0 Initiatives**

2

**Industry Tailwinds Support Both
RemainCo and SpinCo Growth**

3

**Durable Competitive Moats Create Pricing
Power & Customer Stickiness**

4

**Strategic M&A Strengthens Competitive
Moats & Market Position**

5

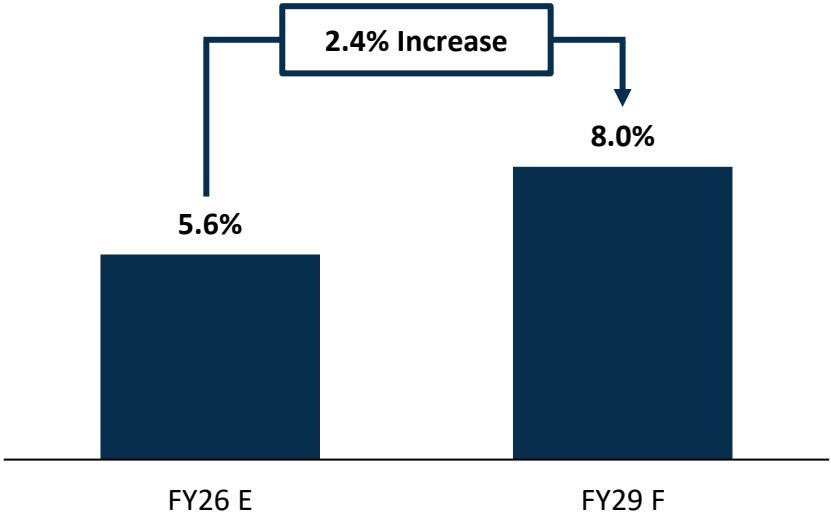
FedEx Freight Spinoff Catalyst

Margin Expansion Through DRIVE and Network 2.0 Initiatives

FedEx Initiatives transform their operating model, enabling a more efficient and intelligent network **Positioned to Create Shareholder Value**

- ✓ **DRIVE:** Enterprise-wide program focused on improving long-term profitability that spans 14 domains across four major areas: Customer, Surface Network, Air Network & International, and General and Administrative, that delivered **\$4B in cumulative structural cost savings in FY2024–FY2025**
- ✓ **Network 2.0:** Simplifies and consolidates the network to enable sustained margin expansion and permanent cost savings, with **~\$2B in expected savings** by the end of 2027
- ✓ **AI capabilities and Network 2.0 monetize data advantage:** Route optimization, predictive maintenance, demand forecasting, and dynamic pricing algorithms improve unit economics while creating 3-5 year technology lead over peers

Projected Operating Margin Expansion



Network 2.0 Will Provide Structural Cost Reductions Across Surface Operations

Pickup & Delivery Integration

Now P&D duplication

2.0 One van, one neighborhood: **15–20% efficiency uplift**

Facilities Footprint Consolidation

Now ~70% of buildings are **within 20 miles**

2.0 Moving to a network design that results in **fewer locations**

Linehaul Optimization

Now **Limited** coordination and visibility

2.0 **Reduction of empty miles** in the linehaul network

Common Technology Platform

Now Software **built for each business**

2.0 Eliminate cost associated with **duplicative technologies**

Sources: Company Reports, Bloomberg, Global Market Insights

Industry Tailwinds Support Both RemainCo and SpinCo Growth

Secular demand drivers benefit FedEx's core parcel network and their freight segment

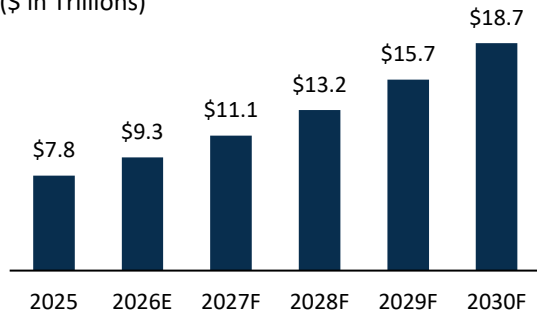
Primary Markets Impacting FedEx

U.S. Parcel Delivery Market

- ✓ U.S. e-comm market size expected to grow at ~19.1% CAGR from CY25-30
- ✓ Total U.S. domestic parcel market estimated at 101M ADV volume by '28
- ✓ B2C volumes above pre '19 levels with premium services driving expansion

B2C E-Commerce Market Size

(\$ in Trillions)

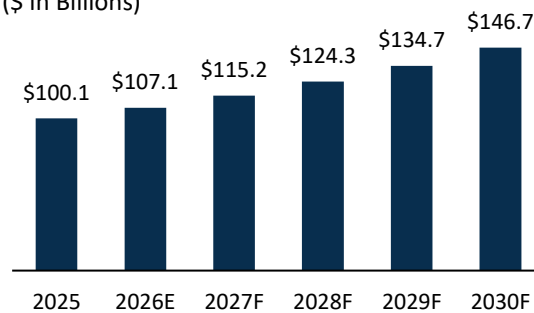


Healthcare Logistics Market

- ✓ Global healthcare logistics market expected to grow at ~8.5% CAGR
- ✓ North America accounts for 45.8% of total market share and is expanding
- ✓ FedEx generated \$9B+ in healthcare logistics from their unique solutions

Healthcare Logistics Market

(\$ in Billions)



U.S. LTL Freight Market

- ✓ \$200B+ in announced new N.A. manufacturing driving LTL demand
- ✓ 80%+ of firms use 3PL providers creating LTL network demand
- ✓ Warehouse expansion increasing freight flows and frequency

300K+

Jobs reshored through foreign investment in 2023

~69%

Of U.S. manufacturers began reshoring

~454%

Increase in citing of tariffs as a reshoring motivator

~82%

Of manufacturers moved facilities back to U.S.

~\$87.9B

2025A Revenue

Positioned to grow with markets and deepen penetration across key verticals

~\$98.0B

2029F Revenue

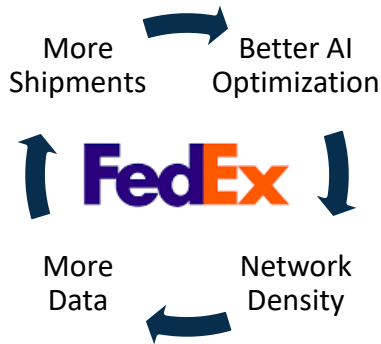
Durable Competitive Moats Create Pricing Power & Customer Stickiness

FedEx's entrenched competitive advantages defend their market share against competitors

Defensible Competitive Advantages

Network Scale & Technological Moat

- ✓ Incomparable air fleet and geographic reach create unmatched global synchronization capabilities
- ✓ #1 LTL carrier with 310 service centers
- ✓ FedEx Surround platform allows for unparalleled data insights
- ✓ \$200B+ in logistics infrastructure makes it very difficult for FedEx's competitors to replicate



Customer Lock-In & Switching Barriers

- ✓ Diverse blue-chip customer base: Govt., Fortune 500 and E-commerce
- ✓ Integrated IT systems create technical switching costs
- ✓ Mission-critical reputation justifies FedEx's premium pricing
- ✓ Long-term contracts with performance guarantees and termination penalties



Hard-to-Replicate Capabilities Lock In High-Value Customers



FedEx operates 130+ cold chain facilities globally with temperature-controlled infrastructure



IATA CEIV Pharma certification demonstrates compliance with GDP and FDA regulatory standards



FedEx Surround platform provides real-time monitoring with proactive intervention protocols



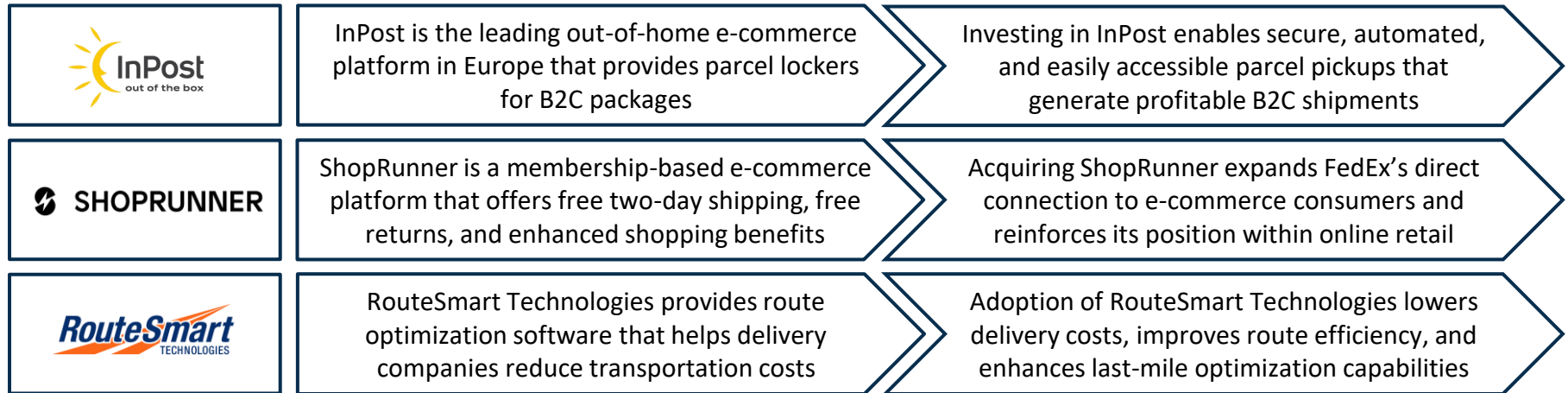
FedEx generated \$9B+ in healthcare vertical revenue in FY25 across trial logistics, pharma, hospital deliveries, and device shipments

Combined moats create competitive positions enabling market share gains

Strategic M&A Strengthens Competitive Moats & Market Position

FedEx expands its market through strategic acquisitions and investments, strengthening their logistics


Instrumental Acquisitions & Investments





Robust Market Expansion


- ✓ Expanding addressable market through modernization, automation, and optimization across all units
- ✓ Diversified growth drivers across International Express, U.S. Ground, and Freight reduce reliance on any single demand cycle while aligning with durable trends such as global trade complexity and rising expectations
- ✓ Share gains in higher-value segments including time-definite, healthcare, and supply chain solutions, supported by improved efficiency, scale, and reliability
- ✓ Increased customer reach through additional locations, new connections, and e-commerce platforms


Quantifiable Benefits From M&A

- 

A **10% increase** in efficiency, **saving \$100M+** annually
- 

61k additional automated parcel machines in Europe
- 

Added 33k pick up & drop off points across 9 nations
- 

Direct integration with **100+** retail partners
- 

A **gain of over 9 million** annual online subscribers

FedEx Freight Spinoff Catalyst

FedEx is separating Freight to enhance strategic focus to allow the market to properly value an LTL leader

Why Spinoffs Create Alpha

- ✓ Multi-division firms, like FedEx, trade at blended multiples – spinoffs allow each business to trade at its true intrinsic value
- ✓ Management compensation becomes tied to the standalone entity which leads to improved operations
- ✓ Each company can adopt leverage and capex policies suited to its own business model
- ✓ Newly spun entities often face limited financial history and minimal analyst coverage, creating a temporary information vacuum that can lead to pricing inefficiency



New leadership historically receives significant equity-based compensation, post-spin, these incentives are expected to transition to Freight equity, directly tying management compensation to standalone performance



Freight is not being spun with a rigid, over-levered structure – it is being capitalized with flexibility through a delayed draw term loan and revolver



As a standalone LTL business, Freight may trade closer to premium LTL peers rather than a blended parcel multiple

Spinoff Case Study: General Electric

- ✓ GE separated into three focused companies – GE Aerospace, GE HealthCare, and GE Vernova – allowing the market to assign sector-appropriate multiples and valuations to each business
- ✓ Separation created three clean, investable stories



9.3x

EV / EBITDA

Post Split



28.1x

EV / EBITDA



92.8x

EV / EBITDA



11.3x

EV / EBITDA

Delivered ~400% total return to shareholders post-split

E. Risks to Thesis



Risks to Thesis

Spin execution and freight cyclicalities pose risk to FedEx Corp’s and FedEx Freight’s growth

Risk	Explanation	Mitigants
<p>Macroeconomic Risks</p>	<p>The LTL and the transportation industry is cyclical and aligns with economic trends – tariffs also have the risk to lower demand for U.S goods</p>	<p>The ISP model absorbs volume volatility risk while FedEx Freight's diversified B2B end markets reduce cyclicalities</p>
<p>Inventory Cycles and Fuel Price Volatility</p>	<p>Inventory cycles directly impact B2B and parcel shipments, while fuel price volatility creates additional pressure for both business units</p>	<p>Diversified end markets reduce reliance on any single inventory cycle, and the DRIVE cost savings program will provide a margin buffer</p>
<p>Spinoff Execution Risk</p>	<p>FedEx retains the explicit right to terminate the separation at any time prior to distribution – failure to spin would likely yield a poor reaction</p>	<p>Even if the spin fails, FedEx remains undervalued on a standalone multiple basis and four of the five IC’s still remain intact</p>
<p>Loss of Contract and Contract Renewals</p>	<p>FedEx's contract with the USPS expired in September 2024, which previously generated approximately \$2 billion in annual revenue</p>	<p>The USPS contract was characterized as "barely profitable" low-margin volume, and DRIVE has already delivered \$4B in savings</p>
<p>Loss of Business to Competitors</p>	<p>Competitors such as UPS and DHL offer comparable service portfolios across express, ground, and freight, creating pressure for FedEx</p>	<p>FedEx differentiates through premium SameDay, specialized healthcare logistics, and proprietary data analytics</p>



F. Valuation & Recommendation

Stock Performance

Key Events

March 21, 2025

- Fiscal Q3 earnings missed EPS estimates and management lowered full-year outlook

April 14, 2025

- Market reactions to new aggressive trade policies including a 135% tariff rate on Chinese imports

June 24, 2025

- FedEx reported an adjusted EPS \$6.07, beating the forecasted \$5.96

September 18, 2025

- Fiscal Q1 for 2026 experienced increased year over year EPS and margin expansion

October 6, 2025

- Spin-off leadership announced and disclosed separation of expenses for the spin

October 8, 2025

- JPMorgan downgraded FedEx to neutral from overweight due to challenges in freight

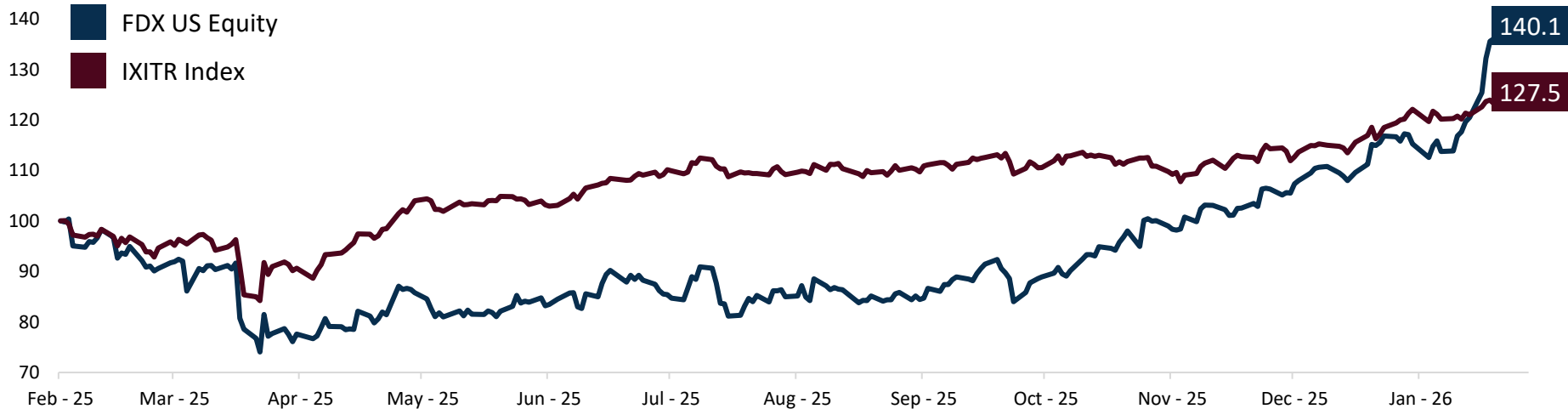
January 16, 2026

- Form 10 filed for Freight separation providing investors with transparency for the spin-off

February 5, 2026

- Freight spin-off debt financing completed and removed a key risk by clarifying capital structure

Price History⁽¹⁾



Sources: Company Reports, Bloomberg

(1) Normalized as of 2/18/2025

Comparable Companies Analysis – FedEx Corporation

Comp Analysis - FedEx Corp

<u>Name</u>	<u>Country</u>	<u>Ticker</u>	<u>Mkt Cap (\$M)</u>	<u>Revenue (\$M)</u>	<u>Growth (%)</u>	<u>Net Debt/EBITDA</u>	<u>P/E</u>	<u>EV/EBITDA</u>
United Parcel Service, Inc.	United States	UPS	101,161	88,661	(3)	2.0	16.6	8.1
DHL Group (Deutsche Post AG)	Germany	DHL	56,557	84,186	1	1.8	15.9	5.0
J.B. Hunt Transport Services, Inc.	United States	JBHT	21,116	11,999	(1)	0.9	34.8	9.8
ZTO Express (Cayman) Inc. (ADR)	China	ZTO	19,618	44,281	13	-0.3	15.7	6.7
DSV A/S	Denmark	DSV	406,351	247,331	48	3.0	46.8	13.3
FedEx Corp		FDX	88,105	87,926	3	2.5	18.8	6.9
Min			19,618	11,999	(3)	-0.3x	15.7x	5.0x
Median			56,557	84,186	1	1.8x	16.6x	8.1x
Max			406,351	247,331	48	3.0x	46.8x	13.3x

Comparable Selection Reasoning – FedEx Corporation

United Parcel Service

UPS is a U.S. based multinational courier and supply chain management firm that operates one of the most extensive parcel and freight networks globally

DHL Group

Operated by German company Deutsche Post AG, DHL is a global logistics leader with mail, parcel, express, freight forwarding, and third-party logistics operations. DHL specializes in freight forwarding rather than owning shipping transportation assets

J.B. Hunt Transport Services

Specializing in U.S. trucking and logistics, J.B. Hunt blends traditional road freight and rail transportation as they leverage partnerships with a large network of North American railroads

ZTO Express

One of China's largest express delivery and courier services, ZTO operates on a franchise model where independent partners handle local pickup and last-mile deliveries while the head of the company manages long haul transport

DSV A/S

DSV is a Danish logistics group providing broad global transportation services across air, sea, and road. Their asset-light model relies on partnerships and outsourcing for non-core assets but leverages their specialization in logistics

Comparable Companies Analysis – FedEx Freight

Comp Analysis - FedEx Freight

<u>Name</u>	<u>Country</u>	<u>Ticker</u>	<u>Mkt Cap (\$M)</u>	<u>Revenue (\$M)</u>	<u>Growth (%)</u>	<u>Net Debt/EBITDA</u>	<u>P/E</u>	<u>EV/EBITDA</u>
Old Dominion Freight Line, Inc.	United States	ODFL	40,400	5,496	(5)	0.0	39.8	19.3
Saia, Inc.	United States	SAIA	10,255	3,234	1	0.5	42.1	12.4
ArcBest Corporation	United States	ARCB	2,350	4,010	(4)	1.3	32.7	6.2
XPO Logistics, Inc.	United States	XPO	22,882	8,157	1	3.2	61.2	15.7
Werner Enterprises, Inc.	United States	WERN	1,988	2,974	(2)	2.3	87.5	4.6
Landstar System, Inc.	United States	LSTR	4,889	4,757	(2)	-1.6	33.0	18.7
FedEx Corp		FDX	88,105	87,926	3	2.5	18.8	6.9
Min			1,988	2,974	(5)	-1.6x	32.7x	4.6x
Median			7,572	4,384	(2)	0.9x	41.0x	14.1x
Max			40,400	8,157	1	3.2x	87.5x	19.3x

Comparable Selection Reasoning – FedEx Freight

Old Dominion Freight Line

Old Dominion is a LTL freight carrier that consolidates many small shipments from multiple customers into shared truck space. They are a top LTL carrier known for higher service quality and pricing power

Saia

Saia operates a network of terminals for LTL shipping across North America and has a broad customer mix from industrial to retail shippers. Their revenue is focused on accessorial charges such as assistance in loading and unloading freight

ArcBest Corporation

ArcBest has more diversified revenue such as moving services, logistics, and freight brokerage. They are on the smaller scale in terms of LTL freight but their broader service can appeal to shippers looking for logistics alongside freight transport

XPO Logistics

XPO is primarily concentrated on LTL in North America and their revenue focuses on additional fees for specialized services such as excessive fuel surcharges covered by the customer in long distance freight shipments

Werner Enterprises

Werner is a U.S based transportation company that specializes in full truckload freight for goods and shippers. Unlike the LTL model, Werner generates revenue by charging customers for full truckloads and larger shipments

Landstar Systems

Distinctive for their asset-light third-party logistic model in the LTL freight industry, Landstar utilizes a wide network of independent owner-operators and independent freight agents who match freight with carriers

Sum-of-the-Parts Analysis – EV / EBITDA Multiple Method

Sum-of-the-Parts Build

FedEx Corporation:

FedEx Corporation Enterprise Value	\$96,233
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FedEx Freight Holding Company, Inc.:

FedEx Freight Enterprise Value	\$26,355
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Implied Total Enterprise Value	\$122,588
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Less: Net Debt	15,077
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Implied Equity Value	\$107,511
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Implied Equity Value / Share	\$457
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Shares Outstanding	235
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Sum-of-the-Parts Sensitivity

Low

\$290

Mid

\$457

High

\$830

FedEx Corp - Assumptions & Enterprise Value EV / EBITDA Multiple Method

2025 EBITDA	11,930
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Implied Total Enterprise Value	96,233
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Implied EBITDA Multiple	8.1x
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FedEx Freight - Assumptions & Enterprise Value EV / EBITDA Multiple Method

2025 EBITDA	1,875.00
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Implied Total Enterprise Value	26,355
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Implied EBITDA Multiple	14.1x
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DCF Analysis – FedEx Corporation

Cash Flow Projections for FedEx Corporation

(USD in millions)

	Year ending May 31			Projected year ending May 31				
	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	80,116	78,269	79,008	85,000	87,550	90,177	92,882	95,668
Operating Expenses	(77,053)	(74,463)	(75,221)	(80,240)	(81,422)	(83,413)	(85,451)	(87,058)
Operating Profit	3,063	3,806	3,787	4,760	6,129	6,763	7,431	8,610
Taxes	(826)	(972)	(962)	(1,209)	(1,557)	(1,718)	(1,888)	(2,187)
NOPAT	2,237	2,834	2,825	3,551	4,572	5,045	5,543	6,423
Depreciation & Amortization	3,789	3,883	3,848	3,892	3,885	3,869	3,865	3,873
Other Non-Cash Operating Costs	4,373	3,529	3,874	4,038	4,159	4,283	4,412	4,544
Capital Expenditures	(5,616)	(4,715)	(3,618)	(3,825)	(3,721)	(3,833)	(3,947)	(4,066)
Change in Working Capital	0	0	479	(301)	(24)	(25)	(26)	(26)
Unlevered Free Cash Flow	4,783	5,531	7,408	7,354	8,870	9,340	9,847	10,748
Ratios/Assumptions								
Sales growth	N/A	(2.3%)	0.9%	7.6%	3.0%	3.0%	3.0%	3.0%
Operating Expenses (as a % of sales)	96.2%	95.1%	95.2%	94.4%	93.0%	92.5%	92.0%	91.0%
Effective Tax Rate	27.0%	25.5%	25.4%	25.4%	25.4%	25.4%	25.4%	25.4%
Depreciation & Amortization (as a % of PPE)	N/A	10.0%	9.9%	10.0%	10.0%	10.0%	10.0%	10.0%
Other Non-Cash Costs (as a % of sales)	5.5%	4.5%	4.9%	4.8%	4.8%	4.8%	4.8%	4.8%
Capital Expenditures (as a % of sales)	7.0%	6.0%	4.6%	4.5%	4.3%	4.3%	4.3%	4.3%

DCF Analysis – FedEx Freight

Cash Flow Projections for FedEx Freight

(USD in millions)

	Year ending May 31			Projected year ending May 31				
	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	10,084	9,424	8,892	8,697	9,066	9,247	9,432	9,621
Operating Expenses	(8,190)	(7,671)	(7,488)	(7,219)	(7,434)	(7,490)	(7,546)	(7,601)
Operating Profit	1,894	1,753	1,404	1,478	1,632	1,757	1,886	2,020
Taxes	(509)	(505)	(456)	(434)	(480)	(516)	(554)	(594)
NOPAT	1,385	1,248	948	1,044	1,152	1,241	1,332	1,427
Depreciation & Amortization	387	404	416	409	413	419	425	432
Other Non-Cash Operating Costs	306	169	238	217	227	231	236	241
Capital Expenditures	(558)	(461)	(437)	(435)	(453)	(462)	(472)	(481)
Change in Working Capital	0	0	3	13	(25)	(12)	(12)	(13)
Unlevered Free Cash Flow	1,520	1,360	1,168	1,248	1,314	1,416	1,509	1,606
Ratios/Assumptions								
Sales growth	N/A	(6.5%)	(5.6%)	(2.2%)	4.2%	2.0%	2.0%	2.0%
Operating Expenses (as a % of sales)	81.2%	81.4%	84.2%	83.0%	82.0%	81.0%	80.0%	79.0%
Effective Tax Rate	26.9%	28.8%	32.5%	29.4%	29.4%	29.4%	29.4%	29.4%
Depreciation & Amortization (as a % of PPE)	N/A	14.8%	15.3%	15.0%	15.0%	15.0%	15.0%	15.0%
Other Non-Cash Costs (as a % of sales)	3.0%	1.8%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%
Capital Expenditures (as a % of sales)	5.5%	4.9%	4.9%	5.0%	5.0%	5.0%	5.0%	5.0%

Sum-of-the-Parts Analysis – DCF Method

Sum-of-the-Parts Build

FedEx Corporation:

NPV Cash Flows	36,585
NPV of Terminal Value	105,977

FedEx Corporation Enterprise Value \$142,562

FedEx Freight Holding Company, Inc:

NPV Cash Flows	5,640
NPV of Terminal Value	20,033

FedEx Freight Enterprise Value \$25,673

Implied Total Enterprise Value \$168,235

Less: Net Debt 15,077

Implied Equity Value \$153,158

Implied Equity Value / Share \$652

Shares Outstanding 235

Sum-of-the-Parts Sensitivity

Low

\$426

Mid

\$652

High

\$1,107

FedEx Corp - Assumptions & Enterprise Value EBITDA Multiple Method

Discount Rate (WACC)	7.80%
NPV Cash Flows	\$36,585

Terminal Value	100,696
PV Terminal Value	69,170

Implied Total Enterprise Value 105,755

Implied EBITDA Multiple 8.1x

FedEx Freight - Assumptions & Enterprise Value EBITDA Multiple Method

Discount Rate (WACC)	7.80%
NPV Cash Flows	5,640

Terminal Value	34,476
PV Terminal Value	23,682

Implied Total Enterprise Value \$29,322

Implied EBITDA Multiple 14.1x

FedEx Corp - Assumptions & Enterprise Value Perpetual Growth Method

Discount Rate (WACC)	7.80%
NPV Cash Flows	36,585

Terminal Value	207,862
PV Terminal Value	142,785

Implied Total Enterprise Value \$179,370

Implied Perpetuity Growth Rate 2.5%

FedEx Freight - Assumptions & Enterprise Value Perpetual Growth Method

Discount Rate (WACC)	7.80%
NPV Cash Flows	5,640

Terminal Value	23,852
PV Terminal Value	16,384

Implied Total Enterprise Value \$22,025

Implied Perpetuity Rate 1.0%

DCF Analysis Summary

Key Assumptions

- Valued each division separately by projecting standalone cash flows and calculating Enterprise Value using appropriate discount rates and terminal value assumptions
- Terminal value calculated as the mean of the values derived from the EV/EBITDA multiple method and the perpetual growth method
- Added the Enterprise Values of both divisions to determine total consolidated Enterprise Value
- Subtracted net debt to arrive at Equity Value and divided by share count to arrive at a per share valuation estimate

Sensitivity Analysis

FedEx Corp - Enterprise Value Sensitivity
EBITDA Multiple Method

		WACC				
		5.8%	6.8%	7.8%	8.8%	9.8%
Terminal Multiple	7.1x	105,271	101,118	97,180	93,442	89,893
	7.6x	109,979	105,610	101,467	97,536	93,804
	8.1x	114,688	110,102	105,755	101,630	97,715
	8.6x	119,396	114,594	110,042	105,724	101,626
	9.1x	124,104	119,086	114,330	109,819	105,537

FedEx Corp - Enterprise Value Sensitivity
Perpetual Growth Method

		WACC				
		5.8%	6.8%	7.8%	8.8%	9.8%
Terminal Growth Rate	1.5%	230,108	185,769	155,533	133,604	116,977
	2.0%	256,356	202,006	166,424	141,330	122,688
	2.5%	290,559	222,018	179,370	150,282	129,182
	3.0%	336,976	247,297	195,012	160,778	136,630
	3.5%	403,576	280,237	214,292	173,254	145,261

FedEx Freight - Enterprise Value Sensitivity
EBITDA Multiple Method

		WACC				
		5.8%	6.8%	7.8%	8.8%	9.8%
Terminal Multiple	7.1x	19,040	18,273	17,546	16,856	16,202
	7.6x	19,965	19,156	18,388	17,660	16,970
	8.1x	20,890	20,038	19,231	18,465	17,738
	8.6x	21,815	20,921	20,073	19,269	18,507
	9.1x	22,740	21,803	20,915	20,074	19,275

FedEx Freight - Enterprise Value Sensitivity
Perpetual Growth Method

		WACC				
		5.8%	6.8%	7.8%	8.8%	9.8%
Terminal Growth Rate	0.0%	26,852	22,795	19,783	17,457	15,609
	0.5%	28,936	24,236	20,827	18,242	16,215
	1.0%	31,455	25,925	22,025	19,127	16,890
	1.5%	34,560	27,933	23,412	20,133	17,647
	2.0%	38,482	30,359	25,040	21,288	18,500

Valuation Summary

We rate FedEx a BUY rating, as our fair value estimate of \$652.74 implies substantial upside from the current price of \$374.72

Methodology		Valuation	Commentary
Market Based	EV / EBITDA	\$502.35	Public comparables indicate an attractive valuation based on RemainCo's & SpinCo's EV/EBITDA
	52 Wk. High/Low	High: \$380.86 Low: \$194.29	Wide trading range reflects market uncertainty creating an attractive entry point for a value-driven thesis
Assumption Based	DCF	\$652.74	DCF yields an implied share price of \$652.74, for an upside of 74%
	Analyst Reports	High: \$479.00 Low: \$220.00	64.7% of analysts (22) rate FDX as a BUY, with 26.5% (3) a HOLD and 8.8% of analysts (3) a SELL

Recommendation

We recommend purchasing 54 shares of FedEx at the market price of \$374.72

Thesis

FedEx Corporation represents a compelling buy opportunity driven by our five key investment considerations. The June 2026 separation of FedEx Freight creates a unique value arbitrage opportunity, as spinoffs have the ability to unlock shareholder value through enhanced strategic focus and the elimination of conglomerate inefficiencies and discounts. With substantial upside potential and multiple paths to value realization, with or without the spinoff, FedEx offers an asymmetric risk-reward opportunity to capitalize on.

Proposal

Buy: 54 shares
 Total value: \$20,234.88

Sector Weight: 4.69%
 Overall Weight: 1.41%

Illustrative Impact

