



FedEx Corporation (FDX)

Updated December 30th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$294	5 Year Annual Expected Total Return:	7.0%	Market Cap:	\$69.4B
Fair Value Price:	\$276	5 Year Growth Estimate:	6.5%	Ex-Dividend Date:	12/15/25
% Fair Value:	107%	5 Year Valuation Multiple Estimate:	-1.3%	Dividend Payment Date:	01/06/26
Dividend Yield:	2.0%	5 Year Price Target	\$377	Years Of Dividend Growth:	5
Dividend Risk Score:	C	Sector:	Industrials	Rating:	Hold

Overview & Current Events

FedEx Corp. is a transportation and shipping company. It was founded in 1971. The company offers a variety of services including transportation, e-commerce, and business services. It operates four core segments: FedEx Express, FedEx Ground, FedEx Freight, and FedEx Services. FedEx provides domestic and international shipping for package delivery and freight. It also provides sales, marketing, information technology, communications, customer service, technical support, billing, and collection services.

On June 1st, 2024, FedEx Ground and FedEx Services merged into Federal Express, creating a unified air-ground network. FedEx Freight remains separate for freight services. FedEx Custom Critical is now included in the FedEx Freight segment.

On December 18th, 2025, FedEx released its fiscal Q2 results for the period ending November 30th, 2025. The company reported a 7% year-over-year revenue increase to \$23.5 billion. FedEx Express delivered higher adjusted operating income, driven by stronger U.S. domestic and international priority yields, continued structural cost reductions from transformation initiatives, and higher U.S. domestic package volumes. These gains were partially offset by higher wage rates, increased purchased transportation costs, global trade policy changes, and the temporary grounding of the MD11 aircraft fleet. FedEx Freight shared weaker operating results due to lower shipment volumes, higher wage rates, and investments in dedicated LTL sales professionals.

Adjusted EPS rose to \$4.82 from \$4.05. For fiscal 2026, FedEx raised its outlook, now forecasting 5%–6% revenue growth and adjusted EPS of \$17.80 to \$19.00 (up from \$17.20 to \$19.00), while reaffirming its target of \$1 billion in permanent cost savings from transformation initiatives. We have thus raised our fiscal 2026 adjusted EPS estimate to \$18.40. All other figures in our tables reflect GAAP results.

Separately, FedEx confirmed it remains on track to complete the tax-free spin-off of FedEx Freight into a standalone, publicly traded company on June 1st, 2026, with shares expected to trade on the NYSE under the ticker FDXF.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$6.59	\$11.25	\$17.10	\$2.06	\$4.92	\$19.45	\$14.33	\$15.48	\$17.21	\$16.81	\$18.40	\$25.16
DPS	\$1.15	\$1.70	\$2.15	\$2.60	\$2.60	\$2.70	\$3.40	\$4.71	\$5.16	\$5.59	\$5.80	\$7.76
Shares¹	279.0	270.0	272.0	265.0	262.0	268.0	266.0	256.0	251.0	243.0	236.0	230.0

FedEx is likely to continue facing growth headwinds during the current market environment. The company's business model is cyclical, and thus lower shipment volumes combined with higher expenses can have a violent impact on its margins. Still, over the long run, the company should continue to dominate and expand its footprint in the logistics industry while achieving operational efficiencies due to its massive possible scalability. We have seen this multiple times over the years, with FedEx coming out of recessions quite stronger than before. In terms of the dividend, management has been prudent with hikes, always making sure that it retains a considerable margin of safety before a potential increase. This way, FedEx can still keep paying shareholders and avoid potential dividend cuts, which have not occurred

¹ In millions



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since its first dividend was paid back in 2002. Following increased affordability by applying this strategy, the dividend has nearly doubled since 2019. While the current trading environment is unfavorable, we retain our EPS and DPS CAGR expectations at 6% due to a potential recovery in the coming years and FedEx's cost-reduction initiatives. Finally, FedEx has been executing a high amount of buybacks, having retired around 13% of its shares over the past decade.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.4	14.4	14.6	15.2	13.5	14.4	17.0	13.3	13.7	15.6	16.0	15.0
Avg. Yld.	0.5%	0.6%	0.9%	0.9%	1.2%	0.9%	0.9%	2.2%	2.1%	2.1%	2.0%	2.1%

Due to its sensitivity to economic cycles, FedEx has traditionally commanded reasonable valuation multiples in the mid-teens. Shares are now trading at a P/E ratio of 16, above the ten-year average of 15.0. We have set our fair P/E estimate at 15, in line with its last-decade average, implying the possibility of a modest valuation headwind. The dividend yield of 2.0% exceeds its historical average due to bold dividend hikes over the past five years, but remains moderate.

Safety, Quality, Competitive Advantage, & Recession Resiliency

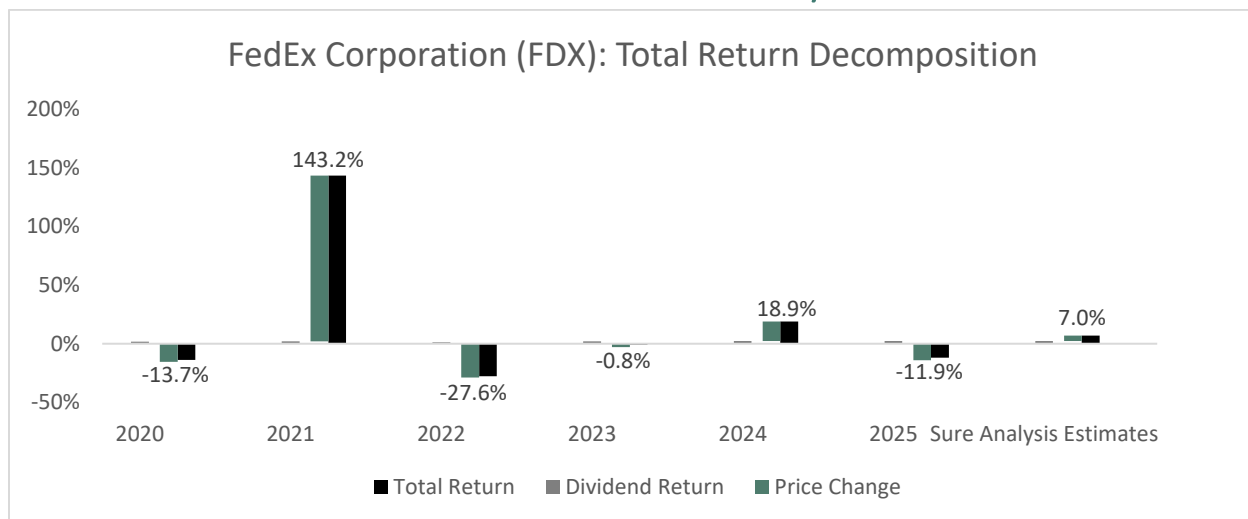
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	17%	15%	13%	126%	53%	14%	24%	30%	30%	33%	32%	31%

FedEx excels in safety and quality, maintaining consistent profitability and a robust balance sheet. With ample cash flow, it comfortably meets debt obligations, funds growth, and returns capital to shareholders. Despite the current interest rate environment, its interest coverage ratio is strong at nine times operating cash flows, and its projected dividend payout ratio remains low at 32%. Since it is operating in a duopolistic sector alongside UPS, FedEx benefits from a strong competitive position and significant economies of scale. Its extensive network has cemented its reputation as a reliable global transportation leader. Finally, the pandemic underscored the essential nature of its services, reinforcing confidence in its ability to maintain dividends even under severe conditions.

Final Thoughts & Recommendation

FedEx's faces some pressure in the current consumer economy. That said, with inflation easing and purchasing power among consumers remaining strong, the company should keep driving earnings growth. We forecast annualized returns of 7.0% over the next five years, driven by our modest growth expectations and the starting dividend yield, partially offset by the possibility of a modest valuation headwind. FedEx earns a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	50365	60319	65450	69693	69217	83960	93510	90160	87690	87930
Gross Profit	11826	13318	14102	14827	13344	17950	20170	19170	18950	19000
Gross Margin	23.5%	22.1%	21.5%	21.3%	19.3%	21.4%	21.6%	21.3%	21.6%	21.6%
SG&A Exp.	1498	---	---	---	---	---	---	---	---	---
D&A Exp.	2631	2995	3095	3353	3615	3793	3970	4176	4287	4264
Operating Profit	3077	4566	4652	4786	2852	5973	6523	5338	6298	6082
Operating Margin	6.1%	7.6%	7.1%	6.9%	4.1%	7.1%	7.0%	5.9%	7.2%	6.9%
Net Profit	1820	2997	4572	540	1286	5231	3826	3972	4331	4087
Net Margin	3.6%	5.0%	7.0%	0.8%	1.9%	6.2%	4.1%	4.4%	4.9%	4.6%
Free Cash Flow	890	-186	-989	123	-771	4251	3069	2674	3136	2981
Income Tax	920	1582	-219	115	383	1443	1070	1391	1505	1349

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	45959	48552	52330	54403	73537	82780	85990	87140	87010	87630
Cash & Equivalents	3534	3969	3265	2319	4881	7087	6897	6856	6501	5572
Accounts Receivable	7252	7599	8481	9116	10102	12070	11860	10190	10090	11370
Inventories	496	514	525	553	572	587	637	604	614	602
Goodwill & Int. Ass.	7755	7683	7453	7300	6372	7344	6544	6669	6423	6603
Total Liabilities	32175	32479	32914	36646	55242	58610	61060	61060	59420	59550
Accounts Payable	2944	2752	2977	3030	3269	3840	4030	3848	3189	3692
Long-Term Debt	13762	14931	16585	17581	22003	20350	20260	19780	20200	37420
Shareholder's Equity	13784	16073	19416	17757	18295	24170	24940	26090	27580	28070
LTD/E Ratio	1.00	0.93	0.85	0.99	1.20	0.84	0.81	0.76	0.73	1.33

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.4%	6.3%	9.1%	1.0%	2.01%	6.7%	4.5%	4.6%	5.0%	4.7%
Return on Equity	12.6%	20.1%	25.8%	2.9%	7.13%	24.6%	15.6%	15.6%	16.1%	14.7%
ROIC	7.3%	10.2%	13.6%	1.5%	3.40%	12.4%	8.5%	8.8%	9.2%	6.3%
Shares Out.	265.5	268.3	272.0	260.9	262.45	264	267	256	251	243
Revenue/Share	180.52	223.40	240.63	262.99	263.74	318.03	350.24	352.17	349.37	361.84
FCF/Share	3.19	-0.69	-3.64	0.46	-2.94	16.10	11.49	10.45	12.49	12.27

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

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