Company: United Parcel Service (UPS)	Ticker: UPS Price: $184.63 (2/13)	Industry: Industrials	
Target Price: $199.83 Stop Loss: ?? 52 Week High/Low: ??	TTM P/E: 14.10x Forward P/E: 16.17x EPS (22 FY): $13.26	Beta (5Y): 1.01 Credit Rating: A2 (Moody's) Rating Outlook: Stable	Market Cap: 162.86 billion Avg. Vol. (3M): ?? Div. Yield: 3.41%

Company Background:

United Parcel Service, or UPS, is the world's premier package delivery company and a leading provider of global supply chain management solutions. UPS offers a broad range of services including transportation and delivery, distribution, contract logistics, ocean freight, air freight, customs brokerage and insurance. UPS delivers an average of 17.5 million packages a day, totaling 6.4 billion packages over the course of a fiscal year, providing services to over 220 countries and territories. UPS has 534,000 employees who carry out services in 119,000 delivery trucks and 586 aircraft carriers. UPS has three revenue segments: U.S Domestic Package, International Package, and Supply Chain Solutions. U.S Domestic Package and International Package are both identified under Global Small Package Operations, which handles Express letters, documents, packages, and palletized freight via air and ground services in a single, global smart logistics network. Supply Chain Solutions offers services including forwarding, truckload brokerage, customs brokerage, insurance solutions, logistics and distribution. Its revenue segments are as follows, corresponding with the percentage each contributes to total revenue: U.S. Domestic Package (64%), International Package (20%), and Supply Chain Solutions (16%).

Industry Outlook:

The healthcare industry has experienced a slow post-pandemic recovery thus far. Companies and hospitals are battling tight labor markets, rising operational costs, higher interest rates, and inflationary challenges. This recovery is likely to remain at its current pace, as indicated by weak occupancy numbers. A recession would slow this recovery further, as it would exacerbate already difficult labor conditions, as well as increase uninsured patients and decrease patient willingness to spend on procedures. The industry is facing more scrutiny from corporate and governmental entities over high prices, and a divided Congress has led to cuts in government-sponsored programs. This has led to a wave of consolidation, with many nonprofits being acquired by for-profits. Other alliances and joint ventures have led to greater bargaining power and lower supply and operational costs. As the U.S. population continues to age, more individuals will enroll in Medicare and other government-sponsored programs, adjusting the revenue mix of some companies. There is still room for growth, although companies must overcome post-covid challenges to experience it.

Investment Thesis:

UPS is an industry leader with a strong market presence and growing market share. The company continues to increase its operational efficiency through its strong and talented workforce and ability to take on any patient across the markets it operates in. HCA is positioned to capture industry trends both now and into the future. An aging U.S. population will boost revenue in key retiree markets, including Florida and Texas. Additionally, consolidation throughout the industry will allow HCA to build on its competitive advantages. HCA is also committed to delivering superior value to shareholders. It has routinely made strategic investments, some of which are maturing, which has led to a high return on invested capital. Additionally, HCA has had consistent earnings growth and reduced shares outstanding by nearly 50% over the past decade. Lastly, HCA's ability to maintain stable margins amidst the toughest of headwinds illustrates the company's ability to survive and thrive in any macroeconomic scenario.

Investment Risks:

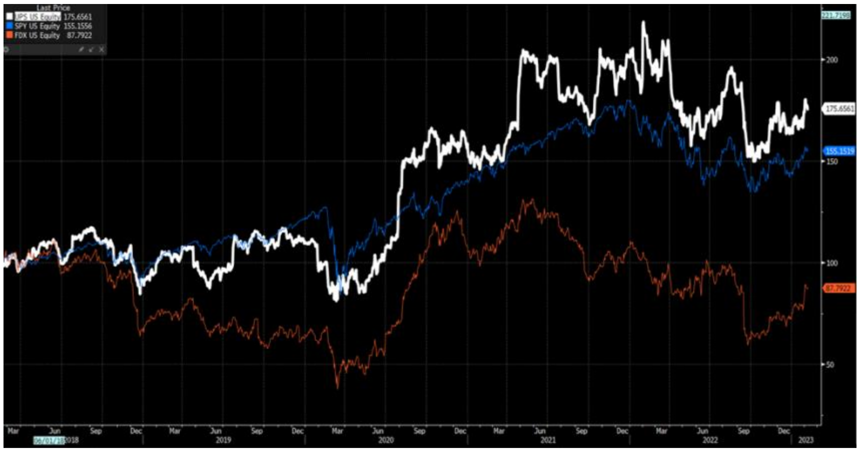
Increasing regulation throughout the industry and unfavorable legislation may reduce ability to grow revenue and profitability, given pressure to lower prices and various cuts to government spending. HCA has a large amount of debt (both historically and currently), a significant portion of which must be serviced in the next few years. An inability to do so or need to refinance at higher rates may reduce investment in other areas and hurt profitability. The slow post-covid recovery, as caused by a tight labor market and higher costs, may cause HCA to lose its competitive edge and market share if it cannot overcome these challenges. A recession would intensify an already tight labor market, spike uninsured patient rates, and reduce patient willingness to spend, all leading to reduced profitability.

3-5 takeaway's from last quarter investor call transcript:

- Amidst persistent capacity constraints, still performed well: YOY 4th quarter revenue and net income gains
- Higher revenue but lower net profit compared to 2021. Income and projections for 2023 came slightly below analyst expectations
- Facilities have seen return to normal seasonal demand, as well as a decline in covid volumes
- Making steady progress against staffing shortages, with turnover rate lower than industry average, although still higher than desired
- The focus of the coming year will be on addressing labor and capacity issues, countering inflationary pressures, and accelerating growth

5-Year Financial Performance:	DCF Valuation:

	UPS	NYSE	SPY
YTD	6.49%	4.99%	7.15%
5 Years	75.42%	23.58%	49.41%



Implied Perpetuity Growth Rate	
Terminal Year FCF	$16,073
Discount Rate	**9.00%**
Terminal Value	$275,917
Perpetuity Growth Rate	**3.00%**

Implied Equity Value and Share Price	
PV of FCF	$67,025
PV of Terminal Value	$116,550
Enterprise Value	$183,575
Less: Debt	$17,321
Add: Cash & Equivalents	$7,595
Equity Value	$173,849
Shares Outstanding	870
Implied Share Price	**$199.83**
Current Price	$ 184.75
Margin of Safety	**8.16%**

Comparable Companies:

Company Info		Key Financial Metrics (M)			Valuation Metrics					Operational Metrics		
Firm	Ticker	Market Cap	Revenue FY22	Enterprise Value	P/E	P/B	P/CF	EV/EBITDA	EV/Revenue	ROE	ROA	Operating Margin
United Parcel Service	**UPS**	$162,860	**$ 100,338**	$178,786	**14.10**	**12.74**	**11.55**	**10.86**	**1.78**	58.3%	16.2%	13.2%
Deutsche Post AG (DHL)	DPSGY	$55,734	$ 101,923	$72,922	9.31	6.59	5.11	5.30	0.72	27.0%	8.3%	9.7%
FedEx	FDX	$52,980	$ 93,512	$83,277	13.85	2.93	5.97	5.98	0.89	15.3%	4.4%	7.3%
Mean		$90,525	$98,591	$111,662	12.42	7.42	7.54	7.38	1.13	33.5%	9.7%	10.1%

ESG: