

UNITED PARCEL SERVICE INC

| | | | | | | | | | | | | | | | | | |
|---------------------------------------|---|---------------------------------------|----|----------|---------------------|----|---|--|----|---|--|----|---|---|--------------|------------|--------------|
| BUY | | | | | HOLD | | | SELL | | | | | | BUY | RATING SINCE | 05/18/2015 | |
| A+ | A | A- | B+ | B | B- | C+ | C | C- | D+ | D | D- | E+ | E | | E- | F | TARGET PRICE |
| Annual Dividend Rate \$2.92 | | Annual Dividend Yield 2.81% | | | Beta 0.88 | | | Market Capitalization \$72.5 Billion | | | 52-Week Range \$93.64-\$114.40 | | | Price as of 10/15/2015 \$103.80 | | | |

Sector: **Industrials** | Sub-Industry: **Air Freight & Logistics** | Source: **S&P**

UPS BUSINESS DESCRIPTION

United Parcel Service, Inc., a package delivery company, provides transportation, logistics, and financial services in the United States and internationally. It operates in three segments: U.S. Domestic Package, International Package, and Supply Chain & Freight. The U.S.

STOCK PERFORMANCE (%)

| | 3 Mo. | 1 Yr. | 3 Yr (Ann) |
|--------------|-------|-------|------------|
| Price Change | 6.81 | 7.62 | 12.66 |

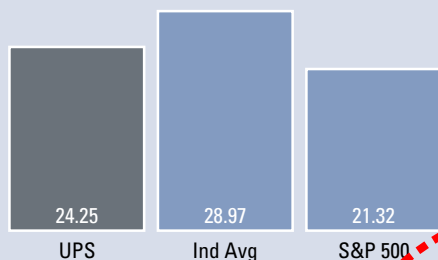
GROWTH (%)

| | Last Qtr | 12 Mo. | 3 Yr CAGR |
|------------|----------|--------|-----------|
| Revenues | -1.22 | 3.02 | 2.68 |
| Net Income | 170.92 | 8.10 | 0.34 |
| EPS | 175.51 | 10.30 | 2.45 |

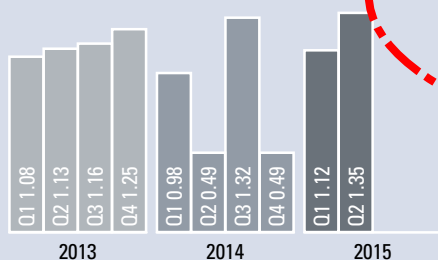
RETURN ON EQUITY (%)

| | UPS | Ind Avg | S&P 500 |
|---------|--------|---------|---------|
| Q2 2015 | 201.17 | 100.10 | 12.91 |
| Q2 2014 | 65.17 | 40.59 | 14.28 |
| Q2 2013 | 22.91 | 17.86 | 13.75 |

P/E COMPARISON



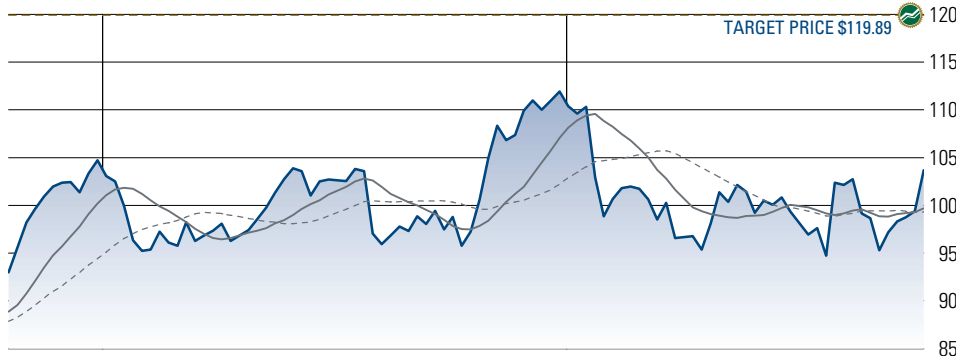
EPS ANALYSIS' (\$)



NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

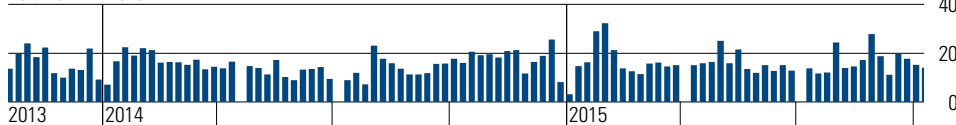
Weekly Price: (US\$) | SMA (50) — SMA (100) --- 1 Year | 2 Years



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate UNITED PARCEL SERVICE INC (UPS) a BUY. This is driven by a few notable strengths, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its increase in stock price during the past year, increase in net income, notable return on equity, good cash flow from operations and growth in earnings per share. We feel its strengths outweigh the fact that the company has had generally high debt management risk by most measures that we evaluated.

HIGHLIGHTS

Compared to where it was a year ago today, the stock is now trading at a higher level, reflecting both the market's overall trend during that period and the fact that the company's earnings growth has been robust. Looking ahead, unless broad bear market conditions prevail, we still see more upside potential for this stock, despite the fact that it has already risen over the past year.

The net income growth from the same quarter one year ago has significantly exceeded that of the S&P 500 and the Air Freight & Logistics industry. The net income increased by 170.9% when compared to the same quarter one year prior, rising from \$454.00 million to \$1,230.00 million.

The company's current return on equity greatly increased when compared to its ROE from the same quarter one year prior. This is a signal of significant strength within the corporation. Compared to other companies in the Air Freight & Logistics industry and the overall market, UNITED PARCEL SERVICE INC's return on equity significantly exceeds that of both the industry average and the S&P 500.

Net operating cash flow has significantly increased by 442.06% to \$1,488.00 million when compared to the same quarter last year. Despite an increase in cash flow of 442.06%, UNITED PARCEL SERVICE INC is still growing at a significantly lower rate than the industry average of 511.64%.

UNITED PARCEL SERVICE INC reported significant earnings per share improvement in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. But, we feel it is poised for EPS growth in the coming year. During the past fiscal year, UNITED PARCEL SERVICE INC reported lower earnings of \$3.28 versus \$4.62 in the prior year. This year, the market expects an improvement in earnings (\$5.28 versus \$3.28).